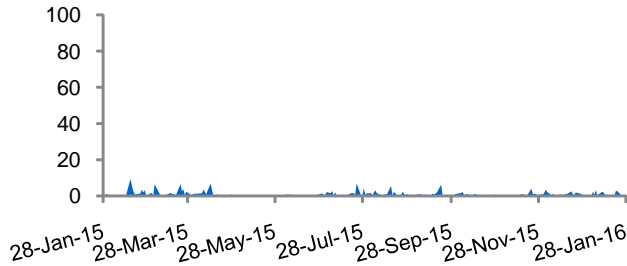


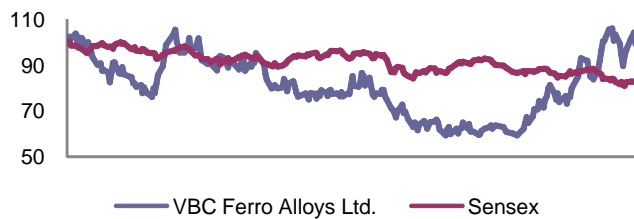
Equity Statistics

Current Market Price	Rs.	70.1
52 Week High/Low	Rs.	78.00/40.50
Market Capitalisation	Rs. Crores	30.8
Free Float	Rs. Crores	
Dividend Yield	%	0.0
One Year Regression Beta	Times	0.3

BSE Volumes Trend - Average = 1.01 Thousand

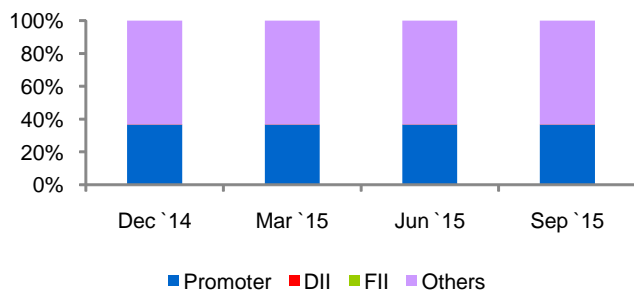


Relative Returns



Returns	1M	3M	6M	1Y
Absolute	8%	59%	28%	-1%
Rel. to Sensex	15%	76%	44%	20%

Shareholding Pattern



Source: CARE, BSE and ACE Equity

Business Summary

V.B.C. Ferro Alloys Limited (VBC) is engaged in the manufacturing of ferro alloys. The company's products include Ferro Silicon, HC Ferro Chrome and HC Silico Manganese. It operates with two plants, one located at Rudraram Village, Patancheru Mandal, Telangana and the other located at Rayagada District, Orissa.

The company exports its products to Italy, the United Kingdom, Netherlands, Germany, Korea, France, Poland, Romania and Belgium

Konaseema Gas Power Limited is the associate of the company, which has a natural gas-based combined cycle power plant with a capacity of approximately 445 megawatts (Phase-I) and supplies power to the Transmission Corporation of Andhra Pradesh (APTRANSCO). The company also has investments in Orissa Power Consortium Limited for implementing hydro-based power projects. Orissa Power Consortium Limited operates Samal Barrage Hydro Electric Project.

Due to the decline in domestic consumption of steel in China, the company suspended its manufacturing operations during the Financial Year 2014-15, keeping in view the above situation and to avoid further erosion of net worth. As a result, the company incurred a net loss of Rs.717.25 Lakhs during the Financial Year 2014-15 as against net loss of Rs.1965.30 Lakhs in previous financial year.

VBC is currently trading at -16.32 times FY15 EPS and 244.55 times FY15 adjusted book value.

Board of Directors

Person	Role
V.S. Rao	Chairman
Pramod Kumar Thatte	Director
M.V. Ananthakrishna	Director
B. Kineera Murthy	Director
M.S. Lakshman Rao	Managing Director

Source: AR and CARE Research

Background

V.B.C. Ferro Alloys was incorporated on October 3rd, 1981 in Hyderabad. The company was promoted by Mr. J.S. Krishna Murthi, Mr. A. Sudhakar and Mr. M.V. Subba Rao with Andhra Pradesh Industrial Development Corporation Limited (APIDC) as co-promoters. The company is engaged in manufacturing Ferro Silicon. It operates with two plants, one located at Rudraram Village, Patancheru Mandal, Telangana and the other located at Rayagada District, Orissa.

The company is setting up a coal based captive power plant of 120MW (2x60MW) at Bodepalli (V&GP), Sirpur Kagaznagar Mandal, Adilabad district in the State of Telangana State through VBC Power Company Limited, a Special Purpose Vehicle (SPV) company. The estimated project cost is about Rs. 696 crore. It has equity investments in Konaseema Gas Power Limited (KGPL) 445 MW gas based power plant and Orissa Power Consortium Limited (OPCL) 20 MW dam based hydel power plant.

The company had employed 7 permanent employees as on March 31, 2015.

Business overview

The company operates in only one business segment i.e., Ferro Alloys. The company exports its products to Italy, the United Kingdom, Netherlands, Germany, Korea, France, Poland, Romania and Belgium.

Strengths and growth drivers

- India's natural resources and geographical position is well poised to benefit from the growing demand for steel and steel making raw materials. However, for the ferro alloys industry, high energy costs have hampered the growth and remedial measures expected to push the growth. India's per capita steel consumption is about one-fourth of the global average. Given the important role that infrastructure creation can play in restoring economic growth in the country, the consumption of steel is bound to show an increasing trend. This is a positive indicator for growth of ferro alloy production in India, as ferro alloys are vital inputs to steel-making.
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Risk and concerns

- Government regulations, like reduction in import duties, anti dumping duty and increase in power tariffs by Southern Power Distribution Company of Telangana Limited and shortage of power may also affect the profitability of the company, since 40% or more production costs account for power.
- The time frame for setting up of captive power plant and coming into production will depend upon the financial closure of the project and approval of hive off scheme

Future strategy and expansion plans

Steel is the most crucial material in industrial development and infrastructure construction, and is, therefore, of strategic importance for national transformation. The Government of India has recognized the importance of development of manufacturing sector and announced a series of policies to develop manufacturing sector particularly 'Make-in India' theme, designed to facilitate investment, foster innovation, enhance skill development and job creation, and build best-in-class manufacturing capability. The progress in domestic steel industry is a pre-requisite for India to succeed in its industrial vision for 'Make in India'. This presents good potential growth of Ferro Alloys industry in the country as it solely depends on steel industry.

The company is in the process of setting up captive power plant of 120 MW (2x60MW) capacity at Bodepalli Village, Sirpur Kagaznagar Mandal, Adilabad District in the State of Telangana State through VBC Power Company Limited, a Special Purpose Vehicle (SPV) company.

Industry outlook

The domestic consumption of steel in China is declining due to slowdown in its economy and exported its excess production capacity to across the globe including India. This situation has driven global steel prices lower and impacted profitability of steel companies. Therefore, Ferro Alloys industry could not sell its products at remunerative prices. Further to this, the ferro alloys units in Telangana state suffered due to high power tariff. Hence, they could not recover even variable cost also due to this high power tariff and most of ferro alloys manufacturers in Telangana suspended their manufacturing operations to avoid incurring of losses.

Peer comparison	Year ended March 31, 2015			
	VBC	JSW STEEL	NAGPI	SURYODAL
Income statement (Rs. crore)				
Total income	2.34	46700.81	2.70	97.84
Net sales	-	46087.32	0.48	97.84
EBITDA	-2.13	8942.11	-0.86	0.15
Ordinary PAT	-7.17	2166.48	-1.28	0.10
Adjusted PAT	-7.17	2166.48	-1.28	0.10
Per share data (Rs.)				
Adjusted BVPS	244.55	1030.08	48.39	0.49
Diluted EPS*	-16.32	88.47	-0.98	0.18
Growth (Y-o-Y) (%)				
Growth in Total income	-83.29	2.35	-10.19	403186.14
Growth in Net sales	0.00	1.74	-68.61	403186.14
Growth in EBITDA	-84.80	-1.88	65.80	14118.29
Growth in Adjusted PAT	-63.50	62.34	52.32	9225.89
Growth in EPS*	-63.50	63.67	52.32	9225.89
Profitability ratio (%)				
EBITDA margin	-	19.40	-177.60	0.15
Adjusted PAT margin	-	4.70	-264.87	0.10
Valuation ratios (Times)				
Price/EPS (P/E)	0.00	10.26	0.00	0.00
Price/Book value (P/BV)	0.27	0.88	0.56	0.00
Enterprise value (EV)/EBITDA	-30.97	5.48	-40.71	40.17

Source: BSE, ACE Equity and CARE Research

Quarterly financials	Quarter ended Sept 30, 2015				
	Q2FY16	Q1FY16	Q4FY15	Q3FY15	Q2FY15
Income statement (Rs. crore)					
Total income	0.00	0.00	0.32	0.06	1.89
Net sales					
EBITDA	-0.21	-0.11	-0.13	-0.40	0.88
Ordinary PAT	-1.42	-1.33	1.19	-3.34	-1.52
Adjusted PAT	-1.42	-1.33	1.19	-3.34	-1.52
Growth (Q-o-Q) (%)					
Growth in net sales	0.00	0.00	0.00	0.00	0.00
Profitability ratio (%)					
EBITDA margin	-	-	-	-	-
Adjusted PAT margin	-	-	-	-	-

Source: BSE, Capitaline and CARE Research

Financial analysis

- In FY15, VBC reported total income of Rs. 2.34 crores with a y-o-y decline of 83.29%.
- The company reported loss at EBITDA level of Rs. 2.13 crore and net loss of Rs. 7.17 crore respectively in FY15.
- VBC had satisfactory capital structure as on March 31, 2015. The total debt as on March 31, 2015 was at Rs. 37.14 crore compared to an adjusted networth of Rs. 107.46 crore.
- The company has not paid any dividend for FY15 as the company incurred losses during the year.

Annual financial statistics	FY11	FY12	FY13	FY14	FY15
Income statement (Rs. crore)					
Total income	113.72	109.33	29.62	14.00	2.34

Net sales	112.44	107.05	28.52	12.60	-
EBITDA	20.48	17.19	-7.17	-14.04	-2.13
Depreciation and amortisation	1.27	1.02	0.71	0.67	0.76
EBIT	19.21	16.17	-7.88	-14.71	-2.89
Interest	4.35	4.53	3.48	5.16	4.93
PBT	14.86	11.64	-11.36	-19.87	-7.82
Ordinary PAT	10.19	8.03	-11.74	-19.65	-7.17
Adjusted PAT	10.19	8.03	-11.74	-19.65	-7.17
Balance sheet (Rs. crore)					
Adjusted network	140.34	146.84	135.10	115.45	107.46
Total debt	40.01	39.24	43.90	40.24	37.14
Cash and bank	4.52	4.38	6.02	1.13	0.24
Investments	157.50	157.50	157.50	157.50	155.00
Net fixed assets (incl. CWIP)	17.63	24.17	26.33	25.72	24.51
Net current assets (excl. cash, cash equivalents)	-28.09	-24.90	-34.24	-34.83	-40.61
Per share data (Rs.)					
Adjusted BVPS	319.37	334.15	307.44	262.71	244.55
Diluted EPS*	23.20	18.26	-26.72	-44.72	-16.32
DPS	3.00	3.00	0.00	0.00	0.00
Growth (Y-o-Y) (%)					
Growth in total income	29.82	-3.87	-72.91	-52.73	-83.29
Growth in net sales	34.14	-4.79	-73.36	-55.81	0.00
Growth in EBITDA	64.16	-16.06	-141.69	95.96	-84.80
Growth in adjusted PAT	96.46	-21.27	-246.27	67.40	-63.50
Growth in EPS*	96.46	-21.27	-246.27	67.40	-63.50
Key financial ratio					
EBITDA margin (%)	18.21	16.06	-25.13	-111.45	-
Adjusted PAT margin (%)	9.07	7.50	-41.17	-155.97	-
RoCE (%)	11.03	8.83	-4.32	-8.79	-1.93
RoE (%)	7.50	5.59	-8.33	-15.69	-6.44
Gross debt - equity (times)	0.29	0.27	0.32	0.35	0.35
Net debt - equity (times)	0.25	0.24	0.28	0.34	0.34
Interest coverage (times)	4.42	3.57	-2.27	-2.85	-0.59
Current ratio (times)	0.61	0.63	0.52	0.35	0.28
Inventory days	46.92	59.49	218.78	420.62	-
Receivable days	29.31	29.35	56.68	30.08	-

Source: BSE, Capitaline and CARE Research