

**THIRTIETH ANNUAL REPORT  
2011-2012**



**VBC FERRO ALLOYS LIMITED**

(AN ISO 9001 - 2008 COMPANY)  
6-2-913/914, Third Floor, Progressive Towers,  
Khairatabad, Hyderabad - 500 004,  
Andhra Pradesh, INDIA.

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## THIRTIETH ANNUAL GENERAL MEETING

Day : Saturday  
Date : 29.09.2012  
Time : 10.30 A.M.  
Venue : Surana Udyog Auditorium, FAPCCI, 11-6-841  
Red Hills, HYDERABAD - 500 004.

### REGISTERED OFFICE

6-2-913/914, Third Floor, Progressive Towers,  
Khairatabad, Hyderabad - 500 004.  
Andhra Pradesh, India.  
Tel +91 40 23301166/99, Fax +91 40 23390721

### WORKS

Rudraram Village, Patancheru Mandal  
Medak District, Andhra Pradesh.  
Tel: 08455-220084, 08455-220130,  
Fax: 08455-220142

GIFTS WILL NOT BE DISTRIBUTED AT THE AGM



**BOARD OF DIRECTORS**

Dr. M.V.V.S. MURTHI	Chairman
Dr. P.L. SANJEEV REDDY	Director
Sri M.N. RAO	Director
Sri M.V. ANANTHAKRISHNA	Director
Sri M.S. LAKSHMAN RAO	Managing Director

**AUDIT COMMITTEE**

Sri M.N. RAO	Chairman
Dr. P.L. SANJEEV REDDY	Member
Sri M.V. ANANTHAKRISHNA	Member

**INVESTORS' GRIEVANCE & SHARE TRANSFER COMMITTEE**

Dr. M.V.V.S. MURTHI	Chairman
Sri M.N. RAO	Member
Sri M.S. LAKSHMAN RAO	Member

**REMUNERATION COMMITTEE**

Dr. P.L. SANJEEV REDDY	Chairman
Sri M.N. RAO	Member
Sri M.V. ANANTHAKRISHNA	Member

**COMPANY SECRETARY**

Sri V.V.V.S.N. MURTY	AGM (Fin.) & CS / Compliance Officer
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**SENIOR MANAGEMENT STAFF**

Sri K. KAILASANATHA REDDY	Vice President (Finance)
Sri K.R.K. MURTHY	Head - Works

**AUDITORS :**

M/s. BRAHMAYYA & CO.,  
Chartered Accountants,  
Vijayawada.

**BANKERS :**

**BANK OF INDIA**  
Nampally Station Road,  
Hyderabad.

**SHARE TRANSFER AGENTS**

**VENTURE CAPITAL & CORPORATE INVESTMENTS PVT. LIMITED**

12-10-167, Bharat Nagar, Hyderabad - 500 018.  
Tel: +91 40 23818475 / 76, Fax: +91 40 23868024  
e-mail : info@vccilindia.com

As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to kindly bring their copies to the meeting.



**NOTICE OF 30<sup>th</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the 30<sup>th</sup> Annual General Meeting of the Members of VBC Ferro Alloys Limited will be held on 29<sup>th</sup> September, 2012 at 10.30 a.m. at Surana Udyog Auditorium of The Federation of Andhra Pradesh Chambers of Commerce & Industry, situated at 11-6-841, Red Hills, Hyderabad - 500 004, to consider the following:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2012 and the Statement of Profit & Loss for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Dr.M.V.V.S.Murthi, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri M.V.Ananthakrishna, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors for the financial year 2012-13 to hold office till the conclusion of next Annual General Meeting and fix their remuneration. M/s. Brahmayya & Co., Chartered Accountants (Firm Regd.No.000513S), the retiring auditors, being eligible, offer themselves for re-appointment.

By Order of the Board  
for VBC Ferro Alloys Limited

Sd/-  
V.V.V.S.N.Murty  
AGM(Finance)&Company Secretary

Place : Hyderabad  
Date : 24.05.2012

**NOTES:**

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE THE PROXIES SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. For the convenience of Members, Attendance Slip is annexed to this Notice. Members / Proxies / Authorized Representatives are requested to fill in and affix their signatures at the space provided therein and submit the same at the venue of the Annual General Meeting.
3. Copies of Annual Report will not be distributed at the venue of the Annual General Meeting and therefore, Members are requested to bring their copies of the Annual Report which are mailed by the Company to them at their registered addresses.
4. Pursuant to Section 154 of the Companies Act, 1956 and applicable provisions of the Listing Agreement, Register of Members and Share Transfer Books of the Company will be closed from **Saturday the 22<sup>nd</sup> September, 2012 to Saturday the 29<sup>th</sup> September, 2012** (Both days inclusive), for the purpose of Annual General Meeting and ascertainment of entitlement for payment of dividend.
5. The dividend of ₹ 3 /- per equity share will be credited/dispatched between 16.10.2012 and 18.10.2012 for the year ended 31<sup>st</sup> March,2012 as recommended by the Board of Directors , if approved at the Annual General Meeting.



6. Members who wish to seek any further information / clarification at the meeting, on the annual accounts or operations of the Company are requested to send their queries at least one week in advance from the date of the Meeting to the Company Secretary at the Registered Office of the Company.
7. Members are requested to quote Folio No. / DP ID and Client ID in all correspondence and intimate any change in their address to the Company's Share Transfer Agents promptly.
8. Members who have multiple folios in identical names or joint holding in the same order are requested to intimate the Company's Registrars and Share Transfer Agents about the Ledger Folios of such holdings to enable them to consolidate all such shareholdings into a single folio.
9. Annual Listing Fee for the financial year 2012-13 has been paid to the Bombay Stock Exchange Limited, Mumbai where the Company's shares are listed. Application made to Calcutta Stock Exchange Association Limited for de-listing of its shares is under process.
10. Members are requested to avail the facility of converting their physical shareholdings into electronic mode of holding for their own convenience coupled with increased flexibility in dealing with such shares.
11. The dividend for the following years if remaining unclaimed for 7 years from the date of declaration are required to be transferred by the Company to Investor Education and Protection Fund (IEPF) and the various dates for transfer of such amounts are as under:

Financial Year	Unclaimed Dividend as on 31 <sup>st</sup> March, 2012(₹)	Date of Declaration	Due for transfer to IEPF
2004-05	3,96,625.00	30.09.2005	31.10.2012
2005-06	1,42,125.00	24.07.2006	24.08.2013
2006-07	4,01,900.00	17.08.2007	17.09.2014
2007-08	3,81,972.00	05.09.2008	05.10.2015
2008-09	3,65,230.00	27.08.2009	27.09.2016
2009-10	4,13,854.00	14.07.2010	14.08.2017
2010-11	5,10,276.00	12.09.2011	12.10.2018

For the financial year 2002-03 and 2003-04, the Company has transferred the unclaimed dividend to IEPF and filed necessary forms with Registrar of Companies, Andhra Pradesh.

Members who wish to claim dividends of past years, which remain unclaimed, are requested to correspond with Registrars & Share transfer Agents of the Company.

12. The Ministry of Corporate Affairs (vide circular nos.17/2011 and 18/2011 dated April 21<sup>st</sup>, 2011 and April 29<sup>th</sup>, 2011 respectively), has undertaken a "Green Initiative in Corporate Governance" and allowed companies to share documents with its members in the electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their e-mail address for the said purpose. Members are requested to support this green initiative by registering/updating their e-mail addresses for receiving electronic communications.



13. As required under Clause 49 of the Listing Agreements with Stock Exchanges, brief particulars of Dr.M.V.V.S.Murthi and Shri M.V.Ananthkrishna, who are proposed to be re-appointed as Directors are provided below:

1. Dr. M. V. V. S. MURTHI

Dr. M. V. V. S. Murthi, aged 74 years, is the Promoter Director of VBC Ferro Alloys Limited. He is a Post Graduate in Arts, Graduate in Law and did his Ph.D in Economics. Before entering into industry, he was a practicing Advocate in the High Court of Andhra Pradesh. He is a distinguished personality in politics also, twice elected to Parliament (Loksabha) from Visakhapatnam. Apart from being the Chairman of VBC Ferro Alloys Limited, he is also the Chairman of VBC Industries Limited and Orissa Power Consortium Limited and holds directorship in Techno Infratech Projects (India) Private Limited. He is the Chairman of Investor Grievance & Share Transfer Committee of VBC Industries Limited.

Dr. M.V.V.S. Murthi holds 1,57,769 (3.59%) number of equity shares of the Company.

2. Shri. M.V. Ananthkrishna

Shri. M.V. Ananthkrishna, aged 54 years, is an MBA from the University of Michigan, Ann Arbor, USA and a BE in Electronics and Communications Engineering from the College of Engineering, Guindy, University of Madras. He worked as a consultant for the Environmental Protection Agency in USA and was responsible for setting up the Design Automation Center for Texas Instruments Inc. USA in Bangalore in 1986. He is actively involved in developing Renewable Energy Projects using biomass gasification technology from USA. He is a member of the Rotary Club of Madras, Executive Committee of Andhra Chamber of Commerce, the Institute for Energy Studies, Anna University and the International Process and Performance Institute, USA. He is a certified Management Consultant and an Immediate Past President of the Institute of Management Consultants, Chennai Chapter. He is an Executive Director of M.K.Raju Consultants Private Limited (MKRC) which has completed over 100 CHP studies and implemented 121 MW of CHP Projects with an annual savings of ₹ 125 Crores. MKRC has carried out over 500 Energy Studies with an annual savings of ₹ 250 Crores. He is also a Director in VBC Industries Limited.

Shri. M.V. Ananthkrishna does not hold any equity shares of the Company.

By Order of the Board  
for VBC Ferro Alloys Limited

Sd/-

V.V.V.S.N.Murthy  
AGM(Finance)&Company Secretary

Place : Hyderabad  
Date : 24.05.2012

**DIRECTORS' REPORT**

**Dear Members,**

Your Directors have pleasure in presenting the 30<sup>th</sup> Annual Report of VBC Ferro Alloys Limited with audited statements of accounts for the 12 months period ended 31<sup>st</sup> March, 2012.

**FINANCIAL RESULTS:**

	(₹. in Lakhs)	
PARTICULARS	Current Year 2011-2012	Previous Year 2010-2011
Gross Revenue	11627.21	12057.49
Profit before Interest, Depreciation & Tax (PBITD)	1718.96	2047.82
Less: Interest	453.26	434.88
Profit before Depreciation and Tax (PBDT)	1265.70	1612.94
Less: Depreciation	101.57	127.22
Profit before Tax (PBT)	1164.13	1485.72
Less: Provision for Taxation including Deferred Tax for the year	361.51	466.23
Profit after Tax (PAT)	802.62	1019.49
Profit brought forward from previous year	3018.23	2421.96
<b>Profit available for Appropriation</b>	<b>3820.85</b>	<b>3441.45</b>
Transfer to General Reserve	270.00	270.00
Proposed Dividend	131.83	131.83
Tax on Proposed Dividend	21.39	21.39
Profit carried to Balance Sheet	3397.63	3018.23

**DIVIDEND:**

Your Directors recommend a dividend of ₹ 3/- (30 %) per Equity Share of ₹ 10/- each, for the financial year ended 31<sup>st</sup> March, 2012, in spite of reduced profits.

**INDUSTRY OVERVIEW:**

During the year under review, the exports of Ferro Alloys were drastically affected due to Euro Zone debt crisis. In addition to this, the units in Andhra Pradesh suffered production losses due to severe power cuts imposed by the power distribution companies, resulting in lower profitability. To overcome energy shortages, your Company has been taking steps to establish 2x60 MW Captive Power Plant for which almost all clearances were obtained.

**BUSINESS PERFORMANCE**

During the financial year 2011-12, your Company produced 15459 MT of Ferro Silicon against 16386 MT in the previous year, which is lower. The Turnover during the year was also lower at ₹ 11400 lakhs as against ₹11929 lakhs in the previous year. Your Company exported 648 MT of Ferro Silicon to Italy and United Kingdom.

The power cuts and demand recession in exports led to decrease in profitability during the year under review. The profit after tax declined to ₹ 803 lakhs as against ₹1019 lakhs in the previous year.

**PROSPECTS**

The Government of India's support to infrastructure development in both rural and urban segments led to a significant demand for steel and allied products. The steel industry is likely to grow further due to government's proactive plans to boost economic growth by infusing funds in various industries, such as construction, infrastructure building, automobile and power. The steel consumption in India is expected to grow exponentially. This presents good potential growth of Ferro Alloys industry in the Country which is backbone of steel industry.

**THERMAL POWER PLANT -120 MW (2X60MW)**

You are aware that your Company is setting up 120 MW (2x60MW) coal based Captive Power Plant at Bodepalli (V&GP), Sirpur Kagaznagar Mandal, Adilabad District, A.P. The estimated project cost is ₹632 Cr. PTC India Financial Services Limited (PFS) had sanctioned term loan ₹150 Cr and our application for balance Term Loan with Rural Electrification Corporation Limited (REC) is under consideration. The Company has obtained most of the clearances such as Environmental Clearance (EC), Consent for Establishment (CFE), NoC from Forest Department and Airport Authority.

**CAPACITY EXPANSION:**

Your Company is expanding its Ferro Alloy production capacity by setting up 3 furnaces with a rated capacity of 9 MVA each (3x9MVA) at Bodepalli (V&GP), Sirpur Kagaznagar Mandal, Adilabad District, A.P. for which the Company is in the process of obtaining permissions and clearances. The proposed Captive Power Plant will feed power to the expansion unit also.

**STATUS OF RIGHTS ISSUE OF EQUITY SHARES**

The Members of the Company have accorded their approval in the 29<sup>th</sup> Annual General Meeting of the Members of the Company for issue of shares on Rights basis to mobilize the equity contribution for the Captive Power Project as well as Ferro Alloy expansion project. The Company will approach Members after obtaining sanctions for entire debt funds to the Captive Power Plant from the Financial Institutions.

**INVESTMENT IN KGPL 445 MW GAS BASED POWER PLANT**

Konaseema Gas Power Limited (KGPL) in which your Company has invested in equity, was able to receive natural gas to operate its power plant at 54% only during the financial year 2011-12 as the natural gas production in KG basin has been drastically comedown. Consequently KGPL could generate, only 2279 million units of power during the financial year.

**INVESTMENT IN OPCL 20 MW DAM BASED HYDEL POWER PLANT**

20 MW Dam Based Hydro Electric Power Project by Orissa Power Consortium Limited (OPCL), in which your Company has invested in equity has generated 90.60 million units of power during the financial year 2011-12 there by showing good results and exceeding designed capacity during the year.

**DIRECTORS**

In accordance with the provisions of Section 255 of the Companies Act, 1956 and clause 108 of the Articles of Association of the Company, Dr. M.V.V.S.Murthi and Shri.M.V.Ananthakrishna, who are liable to retire by rotation and being eligible, offer themselves for re-appointment. Board recommends their re-appointment.

In accordance with the provisions of Clause 49 of the Listing Agreement with Stock Exchanges, brief particulars of Dr.M.V.V.S.Murthi and Shri.M.V.Ananthakrishna are annexed to the Notice of the Annual General Meeting which is forming part of this Annual Report.

**CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION**

In compliance with the requirements of Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the statement showing the particulars in relation to conservation of energy, technology absorbed and foreign exchange earnings and outgoings is furnished and the same forms part of this report.





**CORPORATE GOVERNANCE**

As required under Clause 49 of the Listing Agreement, Reports on Management Discussion & Analysis and Corporate Governance together with the Certificate of Auditors on Corporate Governance are provided separately in this Annual Report and the same forms part of Directors' Report.

**FIXED DEPOSITS**

The Company has not accepted any fixed deposits.

**PERSONNEL**

Your Company has maintained cordial relations with all its employees. Your Directors and Management express their appreciation for the commitment and devotion shown by the employees.

**INSURANCE**

All the movable and immovable assets of the Company have been adequately insured against various risks.

**PARTICULARS OF EMPLOYEES READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AS AMENDED**

Statement under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, is given in the Annexure forming part of this Report.

**AUDITORS**

M/s Brahmayya & Co., Chartered Accountants, the Auditors of the Company, who retire at the conclusion of the forthcoming Annual General Meeting have consented to continue in office, if re-appointed. They have confirmed that their re-appointment, if made, will be in accordance with the limits specified u/s 224(1B) of the Companies Act, 1956. Your Directors recommend their re-appointment for the financial year 2012-13.

**COST AUDITOR**

Pursuant to section 233B(2) of the Companies Act, 1956, the Board of Directors on the recommendations of the Audit Committee appointed Shri A.V.N.S.Nageswara Rao, Cost Accountant as the Cost Auditor of the Company for the year ended 31<sup>st</sup> March, 2012. The Audit Report of the cost accounts for the year ended 31<sup>st</sup> March, 2012, will be submitted to the Central Government in due course.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2012, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) Such accounting policies have been selected and applied and that such judgments and estimates have been made as are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period;
- (iii) Proper and sufficient care for the maintenance of adequate accounting records have been taken in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts of the Company have been prepared on a 'going concern' basis.

**DECLARATION**

The Company has been regular in filing all Forms and Returns with the Registrar of Companies as required under the Companies Act, 1956 and has not defaulted in repayment of deposits, payment of dividend, redemption of debentures and preference shares. Accordingly, the Company has not committed any of the defaults specified under Section 274(1)(g) of the Companies Act, 1956 (as amended by the Companies Amendment Act, 2000) disqualifying its Directors to act as Directors of other Public Companies.

**ACKNOWLEDGEMENTS**

Your Directors thank the Government of India and Government of Andhra Pradesh for their support. They also place on record their appreciation for the help and encouragement received from Bank of India, PTC India Financial Services Limited (PFS) and other Financial Institutions.

Your Directors sincerely thank Customers, Vendors and Members for their sustained support and co-operation.

for and on behalf of the Board

Place : Hyderabad  
Date : 24.05.2012

Sd/-  
**Dr. M.V.V.S. MURTHI**  
Chairman

**ANNEXURE TO DIRECTORS' REPORT**

Statement showing particulars of Employees of the Company as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2012.

Sl. No.	Name	Qualification	Experience (Years)	Designisation/ Nature of Duties	Age (Years)	Date of Employment with the company	Remuneration ₹	Previous Employment
1.	Shri M.S. Lakshman Rao	B.Tech.	26	Managing Director	49	30-10-2000	61,48,044	Managing Director VBC Exports Ltd.

**Notes :**

1. Remuneration includes Salary, Commission, House Rent Allowance, Company's contribution to Provident Fund, Gratuity and the monetary value of perquisites provided to the employee.
2. Nature of employment is contractual.



## ANNEXURES TO DIRECTORS' REPORT

ANNEXURE

FORM - A  
(See Rule 2)

## Form of Disclosure of Particulars with respect to Conservation of Energy

**A. CONSERVATION OF ENERGY :**

Ferro Alloy industry is highly power intensive and energy charges constitute a major element in the cost of production. Company, therefore, gives importance to energy conservation measures.

**Power and Fuel Consumption**

	<b>Current Year 2011-12</b>	Previous Year 2010-11
1. Electricity		
(a) Purchased Units (KWH)	<b>14,11,87,957</b>	15,09,62,148
Total Amount (₹ in lacs)	<b>4,145.26</b>	4,131.13
Rate/Unit (in ₹)	<b>2.94</b>	2.73
(b) Own Generation		
i) Through diesel generator		
Units (KWH)	Nil	Nil
Units per ltrs. of Diesel Oil	Nil	Nil
Cost/Unit (₹) (Fuel+Oil)	Nil	Nil
ii) Through steam Turbine/Generation		
Units	Nil	Nil
Units per ltrs. of fuel oil/gas	Nil	Nil
Cost/Unit	Nil	Nil
2. Coal (specify quality & where used)	Nil	Nil
Quantity (tonnes)		
Total Cost		
Average rate		
3. Furnace Oil	Nil	Nil
Quantity (K.ltrs.)		
Total amount		
Average rate		
4. Other internal generation	Nil	Nil
<b>Consumption per unit of Production</b>		
Electricity KWH/MT - Ferro Silicon	<b>9,134</b>	9,180
Furnace Oil	Nil	Nil
Coal (specify quality)	Nil	Nil
Others (specify)	Nil	Nil

**B. TECHNICAL ABSORPTION**

## 1. RESEARCH AND DEVELOPMENT (R&amp;D)

(a) Specify areas in which R&D is carried out by the Company :	Nil	Nil
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Company has successfully substituted coal as reductant in place of charcoal and coke



(b) Benefits derived as a result of the above R&D  
Replacement of imported coke with local reductants  
and reduction in cost of the same.

(c) Future plan of action : a) Production of special grade Ferro Silicon for  
high grade Steels  
b) Improvements in preparation of raw material  
facilities.

(d) Expenditure on R & D :

i) Capital	:	Nil
ii) Recurring	:	Nil
iii) Total	:	Nil
iv) Total R&D expenditure as a percentage of total turnover	:	Nil

2. TECHNOLOGY ABSORPTION,  
ADOPTATION & INNOVATION :

(a) Efforts, in brief, made towards : --  
technology absorption, adoption  
and innovation

(b) Benefits derived as a result of : --  
the above efforts, e.g., product  
improvement, cost reduction,  
product development, import  
substitution, etc.

(c) In case of imported technology : --  
(imported during the last 5 years  
reckoned from the beginning of the  
financial year), following information  
may be furnished :

i) Technology imported	:	Nil
ii) Year of Import	:	Nil
iii) Has technology been fully absorbed	:	Nil
iv) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action	:	Not Applicable

(d) Foreign Exchange Earnings & Outgo

i) Foreign Exchange Earnings at FOB value (₹)		4,78,31,733	10,15,60,735
ii) Foreign Exchange outgo			
a) CIF value of imports	:	Nil	
Raw Materials, Components and Spares	:	Nil	
Capital Goods	:	Nil	
(b) Others	:	Nil	

For and on behalf of the Board

Sd/-

**Dr. M.V.V.S. MURTHI**  
Chairman

Place : Hyderabad  
Date : 24-05-2012



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. BACKGROUND

The Management Discussion and Analysis sets out the developments in the business environment and the Company's performance since our last report. This analysis supplements the Directors' Report and the Audited Financial Statements forming part of this Annual Report.

### 2. INDUSTRY STRUCTURE

Ferro Alloy Industry was established to cater to the needs of steel industry. Ferro alloys are used as additives and deoxidizing agents in steel manufacture. Steel producers use Ferro manganese, Silico manganese and Ferro silicon, while stainless steel units use Ferro chrome and charge chrome. At present, though there is surplus capacity in the country, severe power cuts is hampering the production.

Strong growth in steel and stainless steel is expected in the near future with strong demands in infrastructure industry. And it is expected that the excess capacity will be absorbed and further growth is anticipated in Ferro Alloys Industry in the years to come to match the growth of Steel Industry.

### 3. OPERATIONS, OPPORTUNITIES & THREATS

#### OPERATIONS:

This has been dealt with in the Directors' Report.

#### OPPORTUNITIES:

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.

#### THREATS:

The manufacture of Ferro alloys is highly power intensive and therefore the cost of power is critical to the competitiveness of the products. On an average, 50% of the total cost of production per tonne of Ferro alloys is accounted for by power. This is the major threat that this industry is facing and in order to be competitive on a global scale, it is necessary for an Indian Ferro alloys Industry to have captive power to tide over the situation in power starved country like India.

### 4. SEGMENT-WISE PERFORMANCE OR PRODUCT-WISE PERFORMANCE

The Company has only one business segment i.e., Ferro Alloys.

### 5. OUTLOOK

Long term outlook of your Company will be encouraging because of the following :

A Captive Power Plant of 120 MW (2x60MW) capacity is being setup by the Company at Bodepalli (V&GP), Sircpur Kaghaznagar Mandal, Adilabad District in the State of Andhra Pradesh.

### 6. RISKS & CONCERNS

- a. In a time frame for setting up of Captive Power Plant and coming into production will depend upon the financial closure of the project.
- b. Government regulations, like reduction in import duties, anti dumping duty and increase in power tariffs by CPDC of AP Limited and shortage of power, may also affect the profitability of the Company, since 50% or more production costs account for power.

**7. INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The Company has sound internal control system, which ensures that all the assets are protected against loss from unauthorized use and all transactions are recorded and reported correctly.

The internal control system is supplemented by an extensive programme of internal audits and reviews by the Management. The internal control systems are designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

Further, all internal control functions and its entire gamut of activities are covered by independent audit, conducted by separate internal auditors, whose findings are reviewed regularly by the Audit Committee and Management of the Company.

**8. DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

This has been dealt with in the Directors' Report.

**9. HUMAN RESOURCE DEVELOPMENT**

Human capital is one of the key elements of your Company. The Company has employed 267 employees who are highly motivated and have been contributing towards the growth of the Company. The Company's human resource policies are aimed at motivating its employees to deliver high quality performance and reward talent with adequate compensation and accelerated career growth opportunities.

Your Company believes that an on-going learning process is vital for growth in the fast changing business environment and for this purpose, your Company has been conducting various training and development workshops for improving the knowledge levels of the employees at all levels.

**10. INDUSTRIAL RELATIONS**

This has been dealt with in the Directors' Report.

**Cautionary Statement:**

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates, etc., may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections, etc., whether expressed or implied. Several factors could make a significant difference to the Company's operations. These include climatic conditions, economic conditions affecting demand and supply, Government Regulations and taxation, natural calamities etc., over which the Company does not have any control.

Place: Hyderabad  
Date : 24.05.2012

for and on behalf of the Board

Sd/-  
**Dr. M.V.V.S. MURTHI**  
CHAIRMAN



## CORPORATE GOVERNANCE

**1. A brief statement on the Company's philosophy on code of governance**

Corporate Governance is about directing and controlling the Company with the overriding objective of optimizing return for the shareholders. A good governance process aims to achieve this by providing long-term visibility of its business, ensuring effective relationship with stakeholders, establishing systems that help the Board in understanding risk appetite and monitoring risk at every stage of corporate evolution process.

The Company believes that any meaningful policy on corporate governance must provide empowerment to the executive management of the Company and simultaneously create a mechanism of checks & balances which ensure that the decision making powers vested in the executive management is used with care and responsibility to meet stakeholders' aspirations and societal expectations.

**2. Board of Directors**

- Composition and Category of Directors as on 31.03.2012

Category	No. of Directors	%
Executive Directors	1	20.00
Non-Executive Promoter Directors	1	20.00
Independent Non-Executive Directors	3	60.00
Total	5	100.00

The Attendance record of the Directors at the Board Meetings held during the financial year ended on 31<sup>st</sup> March, 2012 and the last Annual General Meeting (AGM) and the details of their other Directorships and Committee Chairmanships and Memberships are given below:

Name of the Director	Category	Designation	Attendance at Last AGM (YES/NO)	Attendance in Board Meetings		No. of Directorships and No. of Committee positions in other public companies		
				No. of Board Meetings held during his tenure	Present	Other Directorships#	Committee Memberships*	Committee Chairmanships*
Dr. M.V.V.S. Murthi	Non Executive Promoter	Chairman	Yes	4	4	2	NIL	1
Shri M.N. Rao	Non Executive Independent	Director	Yes	4	4	2	Nil	1
Dr. P.L. Sanjeev Reddy	Non Executive Independent	Director	Yes	4	4	1	NIL	NIL
Shri M.V. Ananthakrishna	Non Executive Independent	Director	Yes	4	3	2	NIL	NIL
Shri M.S. Lakshman Rao	Executive	Managing Director	Yes	4	4	6	1	NIL

# Excluding Directorships in Private Limited Companies.

\* Chairmanship/Membership of only Audit Committee and Shareholders/Investor Grievance Committee have been considered.



- **Number of Board Meetings held, dates on which held:**

Four Board Meetings were held during the financial year 2011-12 on 14<sup>th</sup> May, 2011, 26<sup>th</sup> July, 2011, 11<sup>th</sup> November, 2011, and 14<sup>th</sup> February, 2012.

**3. Audit Committee**

- Brief description of Terms of Reference

The Audit Committee of the Board is responsible for overseeing of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate, credible and reviewing with management the annual financial statements before submission to the Board. The Committee’s purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company’s financial statements, the appointment, independence, performance and remuneration of the Statutory Auditors including the Cost Auditors, the performance of Internal Auditors and the Company’s risk management policies.

The Committee periodically interacts with the internal auditors to review the manner in which they are discharging their responsibilities. The Committee holds discussion with Statutory Auditors including Cost Auditors before the audit commences, about the nature and scope of audit to ascertain any area of concern and review their written comments. The Committee reviews the financial and risk management policies of the Company. The Committee has full access to financial data and to the Company’s staff. The Committee also reviews the quarterly (un-audited) and annual financial statements before they are presented to the Board.

- Composition of the Audit Committee as on 31<sup>st</sup> March, 2012:

Shri M.N. Rao	Chairman	Independent Non-Executive Director
Dr. P. L. Sanjeev Reddy	Member	Independent Non-Executive Director
Shri.M.V.Ananthakrishna	Member	Independent Non-Executive Director

Mr.V.V.S.N.Murty, AGM (Finance) &Company Secretary of the Company acts as the Secretary of the Audit Committee.

- Meetings and Attendance during the year:

Date	Shri M. N. Rao	Dr.P L Sanjeev Reddy	Shri.M.V.Ananthakrishna
14.05.2011	YES	YES	NO
26.07.2011	YES	YES	YES
11.11.2011	YES	YES	YES
14.02.2012	YES	YES	YES

**4. Remuneration Committee**

- Brief description of terms of reference

To recommend compensation terms for Executive Directors.

- Composition, name of members, Chairman and Secretary as on 31<sup>st</sup> March, 2012:

Dr. P. L. Sanjeev Reddy	Chairman	Independent Non-Executive Director
Shri M.N. Rao	Member	Independent Non-Executive Director
Shri M.V. Ananthakrishna	Member	Independent Non-Executive Director

Mr.V.V.S.N.Murty, AGM (Finance) &Company Secretary of the Company acts as the Secretary of the Committee.





- Meetings and Attendance during the year:

Date	Dr. P. L. Sanjeev Reddy	Shri M. N. Rao	Shri M.V. Ananthkrishna
26.07.2011	YES	YES	YES

- Remuneration policy

The remuneration policy is to pay remuneration and benefits adequately so as to attract, motivate and retain talent.

## 5. Remuneration of Directors

Details of remuneration paid to Directors during the financial year 2011-12:

(in ₹)

Name	Designation	Sitting fee	Remuneration	Benefits	Total
Dr. M. V. V. S. Murthi	Non-Executive Chairman	80,000	Nil	Nil	80,000
Shri M. N. Rao	Independent Non-Executive Director	1,40,000	Nil	Nil	1,40,000
Dr. P. L. Sanjeev Reddy	Independent Non-Executive Director	1,00,000	Nil	Nil	1,00,000
Shri. M.V.Ananthkrishna	Independent Non-Executive Director	80,000	Nil	Nil	80,000
Shri M. S. Lakshman Rao	Managing Director	Nil	56,09,703*	5,38,341	61,48,044

\* Remuneration includes Salary and Commission. Benefits includes contribution to Provident Fund, Gratuity Fund and payment of Perquisites.

There was no Employee Stock Option Scheme during the financial year ended 31<sup>st</sup> March, 2012.

## 6. Investors' Grievance & Share Transfer Committee

The Investors' Grievance & Share Transfer Committee met 4 times during the financial year 2011-12 on 14<sup>th</sup> May, 2011, 26<sup>th</sup> July, 2011, 11<sup>th</sup> November, 2011, and 14<sup>th</sup> February, 2012.

The Constitution of the Committee as on 31.03.2012 and attendance of each Member is as given below:

Name of the Director	Designation	Category	No. of Meetings Attended
Dr. M. V. V. S. Murthi	Chairman	Non-Executive Promoter Director	4
Shri M. N. Rao	Member	Independent Non-Executive Director	4
Shri M. S. Lakshman Rao	Member	Managing Director	4

Mr.V.V.V.S.N.Murthy, AGM (Finance) & Company Secretary of the Company acts as the Secretary of the Investors' Grievance & Share Transfer Committee.



Name and Designation of Compliance officer:

Mr. V.V.V.S.N.Murty, Assistant General Manager (Finance) & Company Secretary.

- Number of shareholder complaints received, number solved to the satisfaction of the shareholder and number of pending transfers:

Investor grievances received and attended during the year 2011-12 and pending as on 31.03.2012.

Nature of grievances	Received	Attended	Pending
1. Non-receipt of dividend warrants	2	2	NIL
2. Non-receipt of share certificates after transfer/duplicate	1	1	NIL
3. Non-receipt of Annual Report	6	6	NIL
4. Other Miscellaneous	2	2	NIL

The Company generally attends to all queries of investors within a week from the date of receipt.

## 7. General Body Meetings

### a) Details of the Last 3 AGMs

- The last 3 Annual General Meeting (AGMs) were held at Surana Udyog Auditorium of the Federation of Andhra Pradesh Chambers of Commerce & Industry, situated at 11-6-841, Red Hills, Hyderabad- 500 004.

### • Date , Time and Special Resolutions passed:

S.No.	Financial Year	Date	Time	Special Resolutions
27 <sup>th</sup> AGM	2008-09	27-08-2009	11.00 AM	<b>One Special Resolution</b> Preferential Issue of 2 Lakhs Equity Shares of ₹10/- each
28 <sup>th</sup> AGM	2009-10	14-07-2010	3.00 PM	<b>-NIL-</b>
29 <sup>th</sup> AGM	2010-11	12-09-2011	3.00 PM	<b>One Special Resolution</b> Rights Issue of Equity Shares

### b) Special Resolutions passed through Postal Ballot during last year and person who conducted the postal ballot exercise:

No Special Resolution was passed through postal ballot during the year 2011-12.

## 8. Management Discussion & Analysis Report

Management Discussion & Analysis Report forms part of the Annual Report.

## 9. Disclosures

- There are no transactions, which may have potential conflict with the interests of the Company. Note No. 2.30 of the Annual Accounts contains the details of related party transactions as required by the Accounting Standard 18 (AS-18) on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India.
- There is no non-compliance by the Company and no penalties, strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- The Company has complied with all the mandatory requirements of Clause 49 and is in the process of implementation of Non-mandatory requirements.



- A Certificate duly signed by the Managing Director & CEO and Vice President (Finance) relating to financial statements and internal controls and internal control systems for financial reporting as per the format provided in Clause 49(V) of the listing agreement was placed before the Board, who took the same on record.
- Profile and other information regarding the Directors being re-appointed as required under Clause 49 IV (G) (i) of the Listing Agreement have been given in the Notice of the Annual General Meeting annexed to this Annual Report.

**10. Means of Communication**

The quarterly financial results are generally published in Financial Express and Andhra Prabha Newspapers. Copies of the Results published are forwarded to Stock Exchange and are displayed on the Company's website i.e., www.vbcindia.com. The Company's website www.vbcindia.com contains separate section "Investor information" where shareholders information is made available. The Annual Report of the Company is also available on the website in a downloadable form.

**11. Code of Conduct**

The Company has laid down a Code of Conduct for all its Board Members and Senior Management Personnel of the Company. The declaration of Managing Director is provided in this annual report.

The Code of Conduct is available on the Company's website i.e., www.vbcindia.com

**12. General Shareholders' Information**

- i) Date, Time and Venue of the 30<sup>th</sup> Annual General Meeting:

Saturday, the 29<sup>th</sup> September, 2012 at 10.30 AM at Surana Udyog Auditorium of the Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI), situated at 11-6-841, Red Hills, Hyderabad-500 004.

- ii) **Financial Calendar (tentative and subject to change)**

Financial Reporting for the quarter ended 30 <sup>th</sup> June, 2012	13 <sup>th</sup> August, 2012
Financial Reporting for the quarter ended 30 <sup>th</sup> September, 2012	14 <sup>th</sup> November, 2012
Financial Reporting for the quarter ended 31 <sup>st</sup> December, 2012	14 <sup>th</sup> February, 2013
Financial Reporting for the year ended 31 <sup>st</sup> March, 2013	31 <sup>st</sup> May, 2013

- iii) **Dates of Book Closure**

22<sup>nd</sup> September, 2012 to 29<sup>th</sup> September, 2012 (Both days inclusive).

- iv) **Dividend Payment Date:** Credit/Dispatch between 16<sup>th</sup> October, 2012 and 18<sup>th</sup> October, 2012.

- v) **Listing on Stock Exchanges**

The Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street Mumbai – 400 021.	The Calcutta Stock Exchange Association Ltd* 7, Lyons Range, Kolkatta – 700 001.
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\* Application for de-listing from The Calcutta Stock Exchange Association Limited is under process.

**Listing Fees**

The Company has paid annual listing fee for the year 2012-13 to the Bombay Stock Exchange Limited, where the securities are listed.


**vi) Stock Code**

- BSE - 513005
- Under the Depository System the International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE114E01013

**vii) Monthly High and Low Quotation of Shares traded on the Bombay Stock Exchange Limited, Mumbai:**

<i>Month</i>	<i>High (₹)</i>	<i>Low (₹)</i>	<i>Close (₹)</i>	<i>No. of Shares</i>
Apr 2011	275.00	239.50	240.20	38,771
May 2011	270.00	210.00	213.20	57,389
Jun 2011	232.95	195.00	211.50	49,716
July 2011	219.95	207.50	211.00	31,635
Aug 2011	213.80	150.00	169.65	75,762
Sep 2011	219.80	161.50	165.85	50,351
Oct 2011	193.85	158.00	169.35	16,519
Nov 2011	170.50	129.00	153.35	18,434
Dec 2011	164.70	118.30	121.85	54,218
Jan 2012	148.95	117.25	138.15	56,459
Feb 2012	199.40	138.30	146.35	79,099
Mar 2012	149.60	127.00	139.90	29,002

**viii) Registrar and Share Transfer Agents**

M/s Venture Capital and Corporate Investments Private Limited having registered office at 12-10-167, Bharat Nagar, Hyderabad – 500 018, Ph:040-23818475/6 are the Company's Share Transfer Agents in both physical and dematerialized form.

**ix) Share Transfer System**

The Managing Director and the Company Secretary have been individually authorized to attend to share transfers and issue of duplicate share certificates once a fortnight.

The Investors' Grievance & Share Transfer Committee shall approve the share transfers affected by the above under the delegated authority once in a quarter.

The average time taken for processing of share transfers including dispatch of share certificates was approximately 15 days, if the documents are clear in all respects. As the Company's shares are currently traded in dematerialized form the transfers are processed and approved in the electronic form by NSDL/CDSL through their depository participants.

There are no pending share transfer requests as on 31<sup>st</sup> March, 2012.

**(x) (a) Distribution of Shareholding as on 31<sup>st</sup> March, 2012**

Category		No. of shareholders	%	Shares held	%
From	To				
Upto	500	8,265	93.56	7,64,884	17.41
501	1000	303	3.43	2,33,309	5.31
1001	2000	130	1.47	1,88,446	4.29
2001	3000	51	0.58	1,27,003	2.89
3001	4000	8	0.09	28,462	0.65
4001	5000	10	0.11	46,236	1.05
5001	10000	27	0.31	1,95,289	4.44
10001	and above	40	0.45	28,10,721	63.96
Total		8834	100.00	43,94,350	100.00

**(b) Distribution of Shareholding according to categories of shareholders as on 31<sup>st</sup> March, 2012.**

<i>Categories</i>	<i>No. of Shares</i>	<i>% to Total</i>
Promoters, Directors / Relatives and associated Persons	16,14,459	36.74
Financial Institutions & Banks/Mutual Funds/Central & State Governments	7,310	0.17
Foreign Institutional Investors	-	-
Non-resident Indians	2,46,420	5.61
Private Corporate Bodies	6,67,939	15.20
Indian Public	18,58,222	42.28
<b>TOTAL</b>	<b>43,94,350</b>	<b>100.00</b>

**xi) Dematerialisation of Shares and Liquidity**

Trading of securities of your Company has been made compulsorily in dematerialized form under rolling settlement with effect from 2<sup>nd</sup> January, 2002 and available for trading under both the Depository Systems in India - NSDL (National Securities Depository Limited) and CDSL (Central Depository Services (India) Limited). Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE114E01013.

As at 31<sup>st</sup> March, 2012, 82.75% of the Equity Share Capital, representing 36,36,419 shares were held in depository mode.

Investors who wish to exercise the option of dematerialisation of their shares are required to submit Dematerializations Request Form (DRF) duly filled in along with the original share certificate to the Depository Participant (DP).

For guidance on Depository services, shareholders may write to the Company or to the Registrars and Share Transfer Agents.

**xii) There are no outstanding GDRs / ADRs / Warrants or any Convertible Instruments due for conversion.**



- xiii) **Plant Location:** Rudraram Village,  
Patancheru Mandal,  
Medak District, A.P.
- xiv) **Address for Correspondence** Contact Numbers:  
Company Secretary, Phone : 040-23301166 / 99  
VBC Ferro Alloys Limited, 040-23320904 - 7  
6-2-913/914, 3<sup>rd</sup> Floor, Fax : 040-23390721  
Progressive Towers, Khairatabad, Email : hyd1\_vbcfal@sancharnet.in  
Hyderabad -500 004. investor@vbcindia.com

xv) **Investor Relations**

All the queries received from shareholders during the financial year 2011-12 have been resolved. The Company generally replies to the queries within a week of their receipt. The Company has designated e-mail [investor@vbcindia.com](mailto:investor@vbcindia.com) for investor services.

xvi) **Nomination Facility**

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Company's Share Transfer Agents M/s Venture Capital & Corporate Investments Private Limited, 12-10-167, Bharat Nagar, Hyderabad-500 018, Ph: 040-23818475/6. Prescribed Form (Form 2B) is annexed to this report. Nomination facility in respect of shares held in Electronic form is also available with the Depository Participant (DP) as per the Byelaws and Business rules applicable to NSDL and CDSL.

**13. Compliance**

The Company shall obtain a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with stock exchanges and annexed the certificate with the Directors' Report, which is sent annually to all the shareholders of the Company.

***Auditor's Certificate is annexed to the Report of the Directors.***

for and on behalf of the Board

Place: Hyderabad  
Date : 24.05.2012

Sd/-  
**Dr. M. V. V. S. MURTHI**  
Chairman

To  
The Members of  
VBC Ferro Alloys Limited

**DECLARATION**

All the Board members and the Senior Management Personnel have affirmed their compliance of the 'Code of Conduct for the Members of the Board and Senior Management' for the period from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012 in terms of the clause 49(1) (D)(ii) of the Listing Agreement with the Stock Exchange.

Place: Hyderabad  
Date : 24.05.2012

Sd/-  
**M.S. LAKSHMAN RAO**  
MANAGING DIRECTOR & CEO



**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To

**The Members of  
VBC Ferro Alloys Limited,  
Hyderabad.**

We have examined the compliance of conditions of corporate governance by **VBC Ferro Alloys Limited, Hyderabad** for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For BRAHMAYYA & Co.,**  
Chartered Accountants  
(Firm Regd. No. 000513S)

Camp : Hyderabad  
Date : 24-05-2012

Sd/-  
**(CA. C.V. RAMANA RAO)**  
PARTNER  
Membership No.018545

**AUDITORS' REPORT**

**To  
The Members of  
VBC Ferro Alloys Limited,  
Hyderabad.**

- 1 We have audited the attached Balance Sheet of VBC Ferro Alloys Limited, Hyderabad as at 31<sup>st</sup> March, 2012, the Statement of Profit and Loss for the year ended on that date and cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in the Annexure referred to above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of such books.
  - c) The Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of account.
  - d) In our opinion the Balance Sheet and Statement of Profit and Loss dealt with by this report comply with the accounting standards referred to in Sub Section (3c) of Section 211 of the Companies Act, 1956.
  - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2012.
    - ii) in the case of the statement of Profit and Loss, of the Profit for the year ended on that date.
    - iii) In case of the cash flow statement, of the cash flows for the year ended on that date.
  - f) On the basis of written representations received from the Directors as on March 31<sup>st</sup>, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31<sup>st</sup>, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**For BRAHMAYYA & CO.,**  
Chartered Accountants  
(Firm Regd. No.000513S)  
Sd/-  
**(CA. C.V.RAMANA RAO)**  
PARTNER  
Membership No. 018545

Camp : Hyderabad  
Date : 24-05-2012





**ANNEXURE TO THE AUDITORS REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE:**

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except in the case of few assets in respect of which particulars required to be updated, the value in respect of which is not material.
- b) The fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information furnished to us, no material discrepancies have been noticed on such verification
- c) The Fixed Assets disposed off by the Company during the year do not form a substantial part thereof.
- ii) a) Physical verification of inventory has been conducted during the year by the management at reasonable intervals.
- b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on such verification between the physical stocks and the book records were not material.
- iii) a) The Company has not granted any loans, secured or unsecured to companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Consequently, clauses 4(iii)(b) to (d) of the Order are not applicable.
- b) The Company has not taken any new loans during the year. However it has taken a loan of Rs 500 lakhs in an earlier year from a party, who is covered in the register maintained under section 301 of the Companies Act. 1956.
- c) In our opinion and according to the information and explanations given to us , the rate of interest and other terms & conditions in respect of the loans are not prima facie prejudicial to the to the interest of the company.
- d) The company in arrears of payment of interest of Rs.77.07 lakhs as on the date of Balance Sheet. However, the date of repayment of principal amount has not been stipulated.
- iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- v) a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts and arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the contracts and arrangements made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.



- vi) The Company has not accepted any deposits from public. Consequently the clause 4(vi) of the order is not applicable.
- vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- ix) a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, custom duty, excise duty, service-tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues which were in arrears as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date they became payable.
- c) As at 31<sup>st</sup> March, 2012, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Sales tax, Wealth-tax, Service tax, Customs duty, Excise Duty and Cess except the following:

Name of the Statute	Nature of the Dues	(*)Amount (₹ in lakhs)	Period of which the amount relates	Forum where dispute is pending
Central Sales Tax Act	Non submission of 'C' and 'F' forms	18.69	1996-97	Dy. Commissioner (Appeals)
Central Sales Tax Act	Non submission of 'H' forms	23.84	2008-09	Appellate Dy. Commissioner (CT)
Income Tax Act	Income Tax	4.96	Assessment Year 2008-09	CIT (Appeals), Hyderabad

(\*) Net of pre deposits made

- x) The Company has no accumulated losses and has not incurred cash losses in the financial year covered by our audit and the immediately preceding financial year.
- x) The Company has neither taken any term loan from a financial institution or a bank nor issued any debentures. Accordingly clause 4(xi) of order is not applicable.
- xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Consequently the clause 4(xii) of the order is not applicable.



- xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Consequently the clause 4(xiii) of the order is not applicable.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other instruments. Consequently the clause 4(xiv) of the order is not applicable.
- xv) According to the information and explanations given to us, the company has given two guarantees for loans taken by others from financial institutions. The guarantees given by the company along with other co-promoters to financial institutions on behalf of two companies promoted by them are with the approval of shareholders in a general meeting and in accordance with the promoters' agreements. Having regard to the information and explanations given to us the said guarantees are not prejudicial to the interest of the company.
- xvi) In our opinion, the company has not obtained any term Loans, accordingly clause 4(xvi) of the order is not applicable.
- xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- xviii) During the year, the Company has not made any preferential allotment of shares. Consequently the clause 4(xviii) of the order is not applicable.
- xix) The Company has not issued any debentures so far. Consequently clause 4(xix) of the order is not applicable.
- xx) During the year, the Company has not raised money by Public issue. Consequently the clause 4(xx) of the order is not applicable.
- xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For BRAHMAYYA & CO.,**  
Chartered Accountants  
(Firm Regd. No. 000513S)

Sd/-  
**(CA. C.V.RAMANA RAO)**  
PARTNER  
Membership No. 018545

Camp : Hyderabad  
Date : 24-05-2012

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012**

(Amount in ₹)

Particulars	Notes	As at 31.03.2012	As at 31.03.2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds :</b>			
Share Capital	2.01	4,39,49,875	4,39,49,875
Reserves & Surplus	2.02	146,81,29,107	140,31,88,964
		<b>151,20,78,982</b>	<b>144,71,38,839</b>
<b>Non-current liabilities:</b>			
Long term Borrowings	2.03	18,53,51,341	17,61,07,845
Deferred Tax Liability	2.04	4,41,01,651	5,04,00,632
Other Long Term Liabilities	2.05	8,00,000	8,00,000
Long term Provisions	2.06	16,41,106	13,54,025
		<b>23,18,94,098</b>	<b>22,86,62,502</b>
<b>Current Liabilities:</b>			
Short term Borrowings	2.07	21,39,48,622	22,26,93,681
Trade Payables	2.08	21,66,73,209	24,25,60,426
Other Current Liabilities	2.09	10,11,11,492	5,75,08,610
Short term Provisions	2.10	7,55,40,957	7,69,04,784
		<b>60,72,74,280</b>	<b>59,96,67,501</b>
<b>TOTAL</b>		<b>235,12,47,360</b>	<b>227,54,68,842</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
<b>Fixed Assets :</b>			
Tangible Assets	2.11	15,30,13,057	15,85,34,068
Capital works-in-progress	2.12	8,86,73,284	1,78,07,585
		<b>24,16,86,341</b>	<b>17,63,41,653</b>
Non-current Investments	2.13	1,57,49,93,744	1,57,50,15,244
Long term Loans and Advances	2.14	18,39,71,634	16,01,60,727
		<b>200,06,51,719</b>	<b>191,15,17,624</b>
<b>Current Assets :</b>			
Inventories	2.15	18,68,43,752	18,47,52,461
Trade receivables	2.16	8,04,30,911	10,29,32,109
Cash and Bank Equivalents	2.17	4,38,44,080	4,51,80,946
Short term Loans and Advances	2.18	2,29,20,185	86,38,861
Other Current Assets	2.19	1,65,56,713	2,24,46,841
<b>TOTAL</b>		<b>35,05,95,641</b>	<b>36,39,51,218</b>
		<b>235,12,47,360</b>	<b>227,54,68,842</b>
Statement of Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For and on behalf of the Board

 Per our report of even date  
 For BRAHMAYYA & CO.,  
 Chartered Accountants

 Sd/-  
 M.S.LAKSHMAN RAO  
 Managing Director

 Sd/-  
 M.N.RAO  
 Director

 Sd/-  
 K.KAILASANATHA REDDY  
 Vice President (Finance)

 Sd/-  
 V.V.V.S.N.MURTY  
 AGM (Fin) &  
 Company Secretary

 Sd/-  
 (CA. C.V. RAMANA RAO)  
 Partner  
 Membership No. 018545

 Place : Hyderabad  
 Date : 24.05.2012

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

(Amount in ₹)

Particulars	Notes	This Year ended 31.03.2012	Previous Year ended 31.03.2011
<b>I. REVENUE</b>			
Revenue from operations	2.20	<b>107,05,24,246</b>	112,44,11,501
Other Income	2.21	<b>2,27,34,871</b>	1,28,04,935
<b>Total Revenue</b>		<b>109,32,59,117</b>	<b>113,72,16,436</b>
<b>II. EXPENDITURE</b>			
Consumption of raw materials	2.22	<b>36,14,65,316</b>	38,01,15,793
Change in Inventories of Finished Goods	2.23	<b>(14,84,122)</b>	(8,46,399)
Employee Benefit expenses	2.24	<b>7,63,98,889</b>	7,02,67,441
Power and Fuel		<b>41,45,26,498</b>	41,31,12,636
Other Operational Expenses	2.25	<b>4,06,73,522</b>	3,64,21,891
Finance cost	2.26	<b>4,53,26,387</b>	4,34,87,710
Depreciation		<b>101,56,574</b>	1,27,22,368
Other expenses	2.27	<b>2,97,83,221</b>	3,33,63,206
<b>Total expenses</b>		<b>97,68,46,285</b>	<b>98,86,44,646</b>
<b>III. Profit before tax (I-II)</b>		<b>11,64,12,832</b>	14,85,71,790
<b>IV. Tax expense :</b>			
(1) Current year		<b>(4,24,50,000)</b>	(5,48,00,903)
MAT Credit Entitlement		-	47,33,294
(2) Deferred tax		<b>62,98,981</b>	34,44,218
		<b>(3,61,51,019)</b>	(4,66,23,391)
<b>V. Profit after Tax (III-IV)</b>		<b>8,02,61,813</b>	10,19,48,399
<b>VI. Earnings per share</b>			
<b>(Basic and Diluted) in ₹</b>		<b>18.26</b>	23.19
Statement of Significant Accounting Policies	1		
Notes forming part of Financial Statements	2		

For and on behalf of the Board

Per our report of even date  
For BRAHMAYYA & CO.,  
Chartered AccountantsSd/-  
M.S.LAKSHMAN RAO  
Managing DirectorSd/-  
M.N.RAO  
DirectorSd/-  
K.KAILASANATHA REDDY  
Vice President (Finance)Sd/-  
V.V.V.S.N.MURTY  
AGM (Fin) &  
Company SecretarySd/-  
(CA. C.V. RAMANA RAO)  
Partner  
Membership No. 018545Place : Hyderabad  
Date : 24.05.2012

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012**

(Amount in ₹)

	Year Ended 31.03.2012	Year Ended 31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax and after extraordinary items	11,64,12,832	14,85,71,790
Adjustments for :		
Depreciation	1,01,56,575	1,27,22,368
Interest Paid	4,53,26,387	3,77,34,511
Interest Received	(59,83,851)	(72,66,067)
Dividend received	(59,000)	(1,61,600)
Profit on sale of fixed assets	(72,957)	-
Provision for Gratuity & Leave encashment	41,44,278	38,11,048
Bad debts, Irrrecoverable Deposits & Advances Written off	8,99,656	-
<b>Operating Profit before working capital changes</b>	<b>17,08,23,920</b>	<b>19,54,12,050</b>
Adjustments for :		
Trade and other receivables	2,58,99,439	(2,41,98,021)
Inventories	(20,91,291)	(6,27,75,066)
Trade payables	1,77,15,667	7,92,46,522
<b>Cash generated from operations</b>	<b>21,23,47,735</b>	<b>18,76,85,485</b>
Interest Paid	(4,53,26,387)	(3,77,34,511)
Direct taxes paid	(4,76,71,026)	(3,99,51,712)
<b>NET CASH FLOW/(USED) FROM OPERATING ACTIVITIES (A)</b>	<b>11,93,50,322</b>	<b>10,99,99,262</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(55,03,865)	(2,82,89,194)
(Increase)/Decrease in Capital work-in-progress	(7,08,65,699)	(1,04,97,626)
Sale of Investments	21,500	-
Purchase of Investments	-	(7,18,350)
Advance for Purchase of Investments	(3,65,00,000)	(7,82,41,188)
Interest received	59,83,851	72,66,067
Sale of Fixed Assets	9,41,258	-
Dividend received	59,000	1,61,600
<b>NET CASH FLOW / (USED) IN INVESTING ACTIVITIES (B)</b>	<b>(10,58,63,955)</b>	<b>(11,03,18,691)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in Borrowings	4,98,437	3,85,03,623
Dividend Paid	(1,31,83,050)	(1,09,85,875)
Tax on dividend	(21,38,620)	(18,67,050)
<b>NET CASH GENERATED/(USED) IN FINANCING ACTIVITIES (C)</b>	<b>(1,48,23,233)</b>	<b>2,56,50,698</b>
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	<b>(13,36,866)</b>	<b>2,53,31,269</b>
Cash and Cash equivalents at the beginning of the year	<b>4,51,80,946</b>	<b>1,98,49,677</b>
Cash and Cash equivalents as at the close of the year	<b>4,38,44,080</b>	<b>4,51,80,946</b>

For and on behalf of the Board

 Per our report of even date  
 For BRAHMAYYA & CO.,  
 Chartered Accountants

 Sd/-  
 M.S.LAKSHMAN RAO  
 Managing Director

 Sd/-  
 M.N.RAO  
 Director

 Sd/-  
 K.KAILASANATHA REDDY  
 Vice President (Finance)

 Sd/-  
 V.V.V.S.N.MURTY  
 AGM (Fin) &  
 Company Secretary

 Sd/-  
 (CA. C.V. RAMANA RAO)  
 Partner  
 Membership No. 018545

 Place : Hyderabad  
 Date : 24.05.2012



Annexure to and forming part of Balance Sheet as at and Statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2012:

**NOTE NO. 1: SIGNIFICANT ACCOUNTING POLICIES**

**1. ACCOUNTING POLICIES**

**(1) GENERAL:**

Financial statements are prepared on accrual basis under the historical cost convention and in accordance with the accounting standards specified in sub-section 3(c) of section 211 of the Companies Act 1956.

**(2) FIXED ASSETS:**

(a) Fixed Assets, other than Land, Building and Plant & Machinery are stated at cost less accumulated depreciation. Cost of acquisition of Fixed Assets is net of CENVAT and inclusive of freight, duties, taxes, incidental expenses including interest on specific borrowing and pre-operative expenses as allocated.

(b) Land, Buildings and Plant & Machinery were revalued during the year ended 31<sup>st</sup> March, 2000 which now appear at carrying values based on such valuation.

**(3) INVESTMENTS:**

Investments are stated at cost, inclusive of all expenses relating to acquisition. Provision for diminution in the market value of long term investments is not made, if in the opinion of the Management such diminution is temporary in nature.

**(4) INVENTORIES:**

(a) Finished goods are valued at cost, inclusive of excise duty, or market value whichever is lower.

(b) Stocks of raw materials, stores, spare parts, materials-in-transit etc are valued at cost after providing for cost of obsolescence. Cost includes expenses for procurement, excise and customs duty and is net of credits under CENVAT & VAT schemes.

(c) Scrap, including by products, is valued at estimated realisable value.

**(5) REVENUE RECOGNITION:**

(a) Sales are inclusive of excise duty, export incentives and net of trade and quantity discounts and rebates.

(b) Interest and Dividend income from investments is accounted on accrual basis.

(c) Insurance and other claims/refunds and export incentives and accounted for as and when admitted by appropriate authorities.



**(6) EMPLOYEE BENEFITS:**

(i) Defined Contribution Plans

Employee Benefits in the form of Employee Provident and Pension Funds, Employee State Insurance plan and Superannuation are considered as Defined Contribution Plans and the contributions are charged to the Statement of Profit & Loss of the year when the contributions to the said funds are due.

(ii) Defined Benefit Plans

Retirement Benefit in the form of Gratuity is considered as Defined Benefit Obligation and is provided for on the basis of an actuarial valuation using the projected unit credit method as at the date of Balance Sheet.

(iii) Other Long Term Benefits

Long-Term Compensated Absences are provided on the basis of an actuarial valuation using the Projected Unit Credit Method as at the date of Balance Sheet.

Actuarial gain/losses, if any, are immediately recognized in the Statement of Profit & Loss.

**(7) DEPRECIATION:**

Depreciation is charged under Straight Line Method applying the rates worked out in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956 prevalent in respective years of acquisition in respect of items acquired prior to 1.7.1986 and in accordance with Schedule XIV of the Companies Act, 1956 in respect of items acquired after 1.7.1986.

**(8) FOREIGN CURRENCY TRANSACTIONS:**

Foreign currency assets and liabilities covered by forward contracts are stated at the forward contract rates while those not covered by forward contracts are restated at rates ruling at the year end.

Exchange differences are credited/ charged to Statement of Profit and Loss.




**Note No.2.01 : SHARE CAPITAL**

Particulars	As at 31.03.2012		As at 31.03.2011	
	No of Equity Shares	Amount in ₹	No of Equity Shares	Amount in ₹
a) <b>Authorised :</b> Equity Shares of ₹.10/- each	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
b) (i) <b>Issued :</b> Equity Shares of ₹.10/- each	43,96,450	4,39,64,500	43,96,450	4,39,64,500
(ii) <b>Subscribed and Fully Paid up:</b> Equity Shares of ₹. 10/- each fully paid up	43,94,350	4,39,43,500	43,94,350	4,39,43,500
Add: Amount received on 2100 forfeited shares		6,375		6,375
	43,94,350	4,39,49,875	43,94,350	4,39,49,875

**c) Details of Share holders holding more than 5% shares in the Company**

Name of the Share holder	As at 31.03.2012		As at 31.03.2011	
	No of Equity shares	% of share holding	No of Equity shares	% of share holding
Equity Shares of ₹10/- each fully paid Techno Infratech Projects (India) Private Limited, VSP.	350,865	7.98%	3,50,865	7.98%

**Note No. 2.02: RESERVES AND SURPLUS**

Particulars	As at 31-03-2012 Amount in ₹	As at 31-03-2011 Amount in ₹
a. Capital Reserves: Balance in State Govt Subsidy Received	15,00,000	15,00,000
b. Securities Premium Account: Balance in Securities Premium Reserve	11,91,79,000	11,91,79,000
c. Asset Revaluation Reserve: Balance in Asset Revaluation Reserve	4,36,87,426	4,36,87,426
d. Other Reserves (General Reserve): Balance at the beginning of the year (+) Current Year Transfer	93,70,00,000 2,70,00,000	91,00,00,000 2,70,00,000
Balance at the end of the year	96,40,00,000	93,70,00,000
e. Surplus: Balance at the beginning of the year (+) Net Profit For the year (-) Transfer to General Reserve (-) Proposed Dividends (-) Tax on Proposed Dividends	30,18,22,538 8,02,61,813 2,70,00,000 1,31,83,050 21,38,620	24,21,95,809 10,19,48,399 2,70,00,000 1,31,83,050 21,38,620
Balance at the end of the year	33,97,62,681	30,18,22,538
Total	146,81,29,107	140,31,88,964

(Amount in ₹)

Particulars	As at 31-03-2012	As at 31-03-2011
<b>Note No.2.03: LONG TERM BORROWINGS</b>		
<b>Secured Loans :</b>		
Due to others on hypothecation of vehicles	-	7,93,490
<b>Unsecured Loans :</b>		
From LIC of India	82,91,250	-
From Other Body Corporates	17,70,60,091	17,53,14,355
<b>Total</b>	<u>18,53,51,341</u>	<u>17,61,07,845</u>
<b>Note No.2.04: DEFERRED TAX LIABILITY</b>		
<b>Deferred tax liability:</b>		
Timing difference between book and tax depreciation	87,49,237	1,11,13,181
Items of contingent liability in nature claimed as expenditure for tax purpose	4,30,88,278	5,18,37,515
	<u>5,18,37,515</u>	<u>4,30,88,278</u>
<b>Deferred tax asset:</b>		
Items covered under section 43B of the Income Tax Act	51,56,737	39,30,114
Provision for doubtful debts	25,79,127	77,35,864
	<u>77,35,864</u>	-
<b>Total</b>	<u>4,41,01,651</u>	<u>5,02,71,345</u>
<b>Note No.2.05: OTHER LONG TERM LIABILITIES</b>		
Deposits refundable	8,00,000	8,00,000
<b>Total</b>	<u>8,00,000</u>	<u>8,00,000</u>
<b>Note No.2.06: LONG TERM PROVISIONS</b>		
Provision for Compensated leaves	16,41,106	13,54,025
<b>Total</b>	<u>16,41,106</u>	<u>13,54,025</u>



(Amount in ₹)

Particulars	As at 31-03-2012	As at 31-03-2011
<b>Note No.2.07: SHORT TERM BORROWINGS</b>		
<b>Secured Loans :</b>		
Cash credit facilities from :		
Cash credit from a bank on hypothecation of Stock of Finished goods, Raw Materials, stores and spares and book debts and a first charge on all the fixed assets of the Company and guaranteed by Managing Director and a shareholder of the Company, in their personal capacity.	15,47,47,627	16,25,17,440
<b>UnSecured Loans :</b>		
From Directors	5,92,00,995	6,01,76,241
<b>Total</b>	<b>21,39,48,622</b>	<b>22,26,93,681</b>
<b>Note No.2.08: TRADE PAYABLES</b>		
Trade Payables	21,66,73,209	24,25,60,426
<b>Total</b>	<b>21,66,73,209</b>	<b>24,25,60,426</b>
<b>There are no dues as at the end of the year (as at the end of the previous year also) to Micro, Small and Medium Enterprises as defined under Micro, Small, and Medium Enterprises Development Act, 2006 based on the information available with the Company.</b>		
<b>Note No.2.09: OTHER CURRENT LIABILITIES</b>		
Current maturities of Finance lease obligations	7,93,490	13,37,779
Advances from customers	5,07,56,504	1,70,83,213
Un-Paid Dividends	26,11,982	23,52,372
Other current Liabilities	4,69,49,516	3,67,35,246
<b>Total</b>	<b>10,11,11,492</b>	<b>5,75,08,610</b>
<b>Note No.2.10: SHORT TERM PROVISIONS</b>		
Provision for Gratuity	1,34,08,651	95,51,454
Provision for Income Tax (net of Prepaid Taxes)	4,68,10,636	5,20,31,659
Proposed Dividend	1,31,83,050	1,31,83,050
Tax on Proposed Dividend	21,38,620	21,38,620
<b>Total</b>	<b>7,55,40,957</b>	<b>7,69,04,783</b>



**Note No. 2.11 : Fixed Assets**

(in ₹)

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 1 <sup>st</sup> April 2011	Additions	Deductions	As at 31 <sup>st</sup> March, 2012	As at 1 <sup>st</sup> April 2011	Depreciation charge for the year	Deductions	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2012	As at 31 <sup>st</sup> March, 2011
<b>TANGIBLE ASSETS:</b>										
Land	6,90,38,312	-	-	6,90,38,312	-	-	-	-	6,90,38,312	6,90,38,312
Buildings	8,29,65,601	1,17,465	-	8,30,83,066	5,61,82,857	17,11,019	-	5,78,93,876	2,51,89,190	2,67,82,744
Plant & Machinery	56,85,15,504	41,56,017	-	57,26,71,521	51,58,11,255	70,22,112	-	52,28,33,367	4,98,38,154	5,27,04,249
Furniture & Fixtures	34,13,156	1,80,910	-	35,94,066	30,79,452	94,397	-	31,73,849	4,20,217	3,33,704
Office Equipment	95,37,495	4,61,100	-	99,98,595	71,10,712	4,52,888	-	75,63,600	24,34,995	24,26,783
Vehicles	1,95,06,545	5,88,373	39,34,100	1,61,60,818	1,22,58,269	8,76,159	30,65,799	1,00,68,629	60,92,189	72,48,276
<b>Total</b>	<b>75,29,76,613</b>	<b>55,03,865</b>	<b>39,34,100</b>	<b>75,45,46,378</b>	<b>59,44,42,545</b>	<b>1,01,56,575</b>	<b>30,65,799</b>	<b>60,15,33,321</b>	<b>15,30,13,057</b>	<b>15,85,34,068</b>
Previous Year	72,46,87,419	2,82,89,194	-	75,29,76,613	58,17,20,176	1,27,22,368	-	59,44,42,545	15,85,34,068	14,29,67,243



(Amount in ₹)

Particulars	As at 31-03-2012		As at 31-03-2011	
<b>Note No.2.12: CAPITAL WORK IN PROGRESS</b>				
<b>Capital Works in Progress:</b>				
a. Civil works under progress		4,91,09,189		5,91,185
b. Capital Stock in Stores		13,90,518		-
<b>Expenditure incidental to construction awaiting allocation:</b>				
a. Balance at the beginning of the year:		1,72,16,400		3,73,542
b. Net Expenditure incurred during the year:				
Staff Cost	54,84,334		73,69,584	
Professional and Consultancy Charges	77,50,263		11,24,200	
Travelling and Conveyance	29,14,441		16,24,760	
Advertisement	3,96,476		2,37,024	
Bank Charges and guarantee commission	3,094		52,41,877	
Licence & Fees	14,32,064		-	
Miscellaneous Expenses	43,96,505	2,23,77,177	12,45,413	1,68,42,858
Less: Interest Received		14,20,000		-
Sub-Total		3,81,73,577		1,72,16,400
<b>Total</b>		<b>8,86,73,284</b>		<b>1,78,07,585</b>
<b>Note No.2.13: NON-CURRENT INVESTMENTS (Long term Investments)</b>				
<b>A) Non Trade</b>				
<b>i) Investment in Government Securities</b>				
2000 units of ₹.10/- each in Unit Trust of India Unit Growth Scheme 2000 (sold during the year)		-		21,500
<b>B) Other Investments</b>				
<b>I) Investment in Equity Shares</b>				
<b>1) Quoted</b>				
a) 135000 Equity Shares of ₹.10/-each fully paidup in Basil Infrastructure Projects Ltd.	13,50,000		13,50,000	
b) 3000 Equity Shares of ₹.10/- each fully paidup in BOI	1,35,000		1,35,000	
c) 380 Equity Shares of ₹.10/- each fully paidup in State Bank of Tranvencore	2,28,000	17,13,000	2,28,000	17,13,000
<b>2) Unquoted</b>				
a) # 140141414 Equity Shares of ₹.10/- each fully paidup in Konaseema Gas Power Ltd.	143,06,46,210		143,06,46,210	
b) 100000 Equity Shares of ₹. 10/- each fully paid up Konaseema Power Corporation Ltd.	10,00,000		10,00,000	
c) * 6172670 Equity Shares of ₹.10/- each fully paidup in Orissa Power Consortium Ltd.	6,17,26,700	149,33,72,910	6,17,26,700	149,33,72,910

(Amount in ₹)

Particulars	As at 31-03-2012		As at 31-03-2011	
<b>II) Share Application Money with</b>				
i) Indo-Us Coal Washeries Ltd	1,08,57,364		1,08,57,364	
ii) Orissa Hydel Power Balimela Ltd	1,40,90,000		1,40,90,000	
iii) Karthik Rukmini Alloys & Energy Ltd	5,59,60,470	8,09,07,834	5,59,60,470	8,09,07,834
<b>TOTAL(A+B)</b>		<b>157,59,93,744</b>		157,60,15,244
Less: Diminution in value of Investments		10,00,000		10,00,000
<b>Total</b>		<b>157,49,93,744</b>		<b>157,50,15,244</b>

# includes 184.589 lacs(P.Y.184.589 lacs) shares acquired, the title in respect of which is in the process of transfer.

10 crore equity shares of Konaseema Gas Power Ltd have been pledged with various financial institutions as a collateral security against the term loans sanctioned to the said company.

\*5912670 Equity shares of Orissa Power Consortium Ltd have been pledged with various financial institutions as a collateral security against the term loans sanctioned to the said company.

**Note No.2.14: LONG TERM LOANS AND ADVANCES**

Unsecured, considered good  
(otherwise than stated)

Capital Advances	8,62,000		1,31,03,093	
Deposits Recoverable	4,40,57,616		4,45,05,616	
Advance for purchase of Investments	13,90,52,018		10,25,52,018	
<b>Total</b>		<b>18,39,71,634</b>		<b>16,01,60,727</b>

**Note No.2.15: INVENTORIES**

(As Valued and Certified by the  
Management)

Stores & Spares	2,95,19,203		2,33,68,831	
Stores in Transit	-		81,004	
Raw Materials	12,58,81,982		13,13,44,181	
Finished Goods	3,14,42,567		2,99,58,445	
<b>Total</b>		<b>18,68,43,752</b>		<b>18,47,52,461</b>

Inventories are valued as per  
Accounting Policy No. 4 of Note No. 1

**Note No.2.16: TRADE RECEIVABLES**

Unsecured:

Debts, outstanding over six months				
Considered good	91,91,673		1,02,98,652	
Considered doubtful	79,49,228	1,71,40,901	79,49,228	1,82,47,880
Other Debts, Considered good		7,12,39,238		9,26,33,457
		8,83,80,139		11,08,81,337
Less: Provision for doubtful debts		79,49,228		79,49,228
<b>Total</b>		<b>8,04,30,911</b>		<b>10,29,32,109</b>



(Amount in ₹)

Particulars	As at 31-03-2012	As at 31-03-2011
<b>Note No.2.17: CASH AND BANK EQUIVALENTS</b>		
a. Balances with banks	36,24,835	59,65,117
This includes:		
Earmarked Balances (e.g. Unpaid Dividend accounts - less than seven years)	26,11,982	23,52,372
b. Cash on hand	1,47,357	2,34,267
c. Balance With Post office in Savings Bank Account	-	10,000
d. Margin-money Deposits (maturing for a period less than 12 months)	4,00,71,888	3,89,71,562
<b>Total</b>	<b>4,38,44,080</b>	<b>4,51,80,946</b>
<b>Note No.2.18: SHORT-TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances Recoverable	2,29,20,185	86,38,861
<b>Total</b>	<b>2,29,20,185</b>	<b>86,38,861</b>
<b>Note No.2.19: OTHER CURRENT ASSETS</b>		
Balances with Central Excise Authorities	17,62,863	8,24,540
Claims Receivable	26,16,867	40,20,047
Prepaid Expenses	24,40,807	29,32,740
Income Tax Paid Under Protest	39,94,368	14,94,368
MAT credit entitlement	-	86,78,629
Interest receivable	57,41,808	44,96,517
<b>Total</b>	<b>1,65,56,713</b>	<b>2,24,46,841</b>
<b>Note No.2.20: REVENUE FROM OPERATIONS</b>		
	(Amount in ₹)	
Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Sale of Products - Ferro Silicon	113,99,86,217	119,29,43,615
Less: Excise Duty Collected	6,94,61,971	6,85,32,114
<b>Total</b>	<b>107,05,24,246</b>	<b>112,44,11,501</b>
Earning in foreign exchange including on account of third party exports of goods calculated on FOB Basis of ₹.	4,78,31,733	10,15,60,735
<b>Note No.2.21: OTHER INCOME</b>		
Interest received : from Banks	14,99,878	47,48,277
: from Others	44,83,973	59,83,851
		25,17,790
Rent Received	24,00,000	24,00,000
Dividends received	59,000	1,61,600
Sundry Credit Balances written back	16,803	1,833
Miscellaneous Receipts	1,42,02,260	29,75,435
Profit on Sale of Assets	72,957	-
<b>Total</b>	<b>2,27,34,871</b>	<b>1,28,04,935</b>

(Amount in ₹)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
<b>Note No.2.22: CONSUMPTION OF RAW MATERIALS</b>		
Opening Stock	13,13,44,181	7,39,42,061
Add: Purchases ( Net)	35,60,03,116	43,75,17,913
	48,73,47,297	51,14,59,974
Less: Closing Stock	12,58,81,981	13,13,44,181
<b>Total</b>	<b>36,14,65,316</b>	<b>38,01,15,793</b>
<b>Note No.2.22 (a): PARTICULARS OF RAW MATERIALS CONSUMED</b>		
<b>Indigenous:</b>		
Char Coal	25,92,95,944	26,18,39,226
Quartz	1,68,83,346	1,27,45,805
Mill Scale	2,82,05,217	1,90,23,594
Electro Carbon Paste	2,40,06,098	2,23,93,498
Others	3,30,74,710	6,41,13,670
<b>Total</b>	<b>36,14,65,315</b>	<b>38,01,15,793</b>
<b>Note No.2.23: CHANGE IN INVENTORIES OF FINISHED GOODS</b>		
Opening Stock	2,99,58,445	2,91,12,046
Less: Closing Stock	3,14,42,567	2,99,58,445
<b>Total</b>	<b>(14,84,122)</b>	<b>(8,46,399)</b>
<b>Note No.2.24: EMPLOYEE BENEFIT EXPENSE</b>		
Salaries, Wages & Bonus	5,56,05,512	4,82,00,613
Contribution to Provident fund and other funds	67,40,186	51,60,686
Gratuity	39,67,978	42,27,742
Remuneration to Managing Director	56,81,775	74,44,043
Staff Welfare Expenses	44,03,438	52,34,357
<b>Total</b>	<b>7,63,98,889</b>	<b>7,02,67,441</b>



**Note no. 2.24 (a) EMPLOYEE BENEFIT PLANS:**

As per Accounting Standard 15 "Employees Benefits" the disclosure of Employee Benefits as defined in the Accounting Standard are given hereunder:

**Defined Contributions Plans:**

Contributions to Defined Contribution plans, recognized as expense for the year, are as under: (Amount in ₹)

	2011-12	2010-11
Employer's Contributions to Provident and Pension Funds	<b>46,74,931</b>	32,40,723
Employer's Contributions to Employees State Insurance	<b>13,16,545</b>	14,01,923
Contribution to Superannuation Scheme	<b>7,47,855</b>	5,18,040

**Defined Benefit Plans:**

A. The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for compensated absences is recognized in the same manner as gratuity.

I. Reconciliation of opening and closing balances of Defined Benefit obligations (Amount in ₹)

	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Defined Benefit obligation at beginning of the year	<b>1,23,38,508</b>	83,78,208	<b>13,54,025</b>	11,12,465
Interest Cost	<b>9,77,767</b>	6,54,170	<b>1,08,322</b>	88,997
Current Service Cost	<b>12,02,736</b>	9,63,685	<b>12,02,690</b>	9,71,131
Past Service Cost - (vested benefits)	-	64,362	-	-
Benefits paid	<b>(2,32,837)</b>	(4,02,168)	-	-
Actuarial loss / (gain) on obligation	<b>19,61,696</b>	26,80,251	<b>(10,23,931)</b>	(8,18,568)
Defined Benefit obligation at year end	<b>1,62,47,870</b>	1,23,38,508	<b>16,41,106</b>	13,54,025

II. Reconciliation of opening and closing balances of fair value of plan assets (Amount in ₹)

	Gratuity (Funded)	
	This year	Previous year
Fair value of plan assets at beginning of the year	<b>27,87,054</b>	23,96,242
Expected return on plan assets	<b>2,42,342</b>	2,24,296
Contributions	<b>44,111</b>	5,94,036
Benefits paid	<b>(2,32,837)</b>	(4,02,168)
Actuarial loss / (gain) on obligation	<b>(1,451)</b>	(25,352)
Fair value of plan assets as at the end of the year	<b>28,39,219</b>	27,87,054

## III. Reconciliation of fair value of assets and obligations as at 31.3.2012.

(Amount in ₹)

	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Fair value of plan assets	<b>28,39,219</b>	27,87,054	-	-
Present value of obligation	<b>1,62,47,870</b>	1,23,38,508	<b>16,41,106</b>	13,54,025
Amount recognized as liability in Balance sheet	<b>1,34,08,651</b>	95,51,454	<b>16,41,106</b>	13,54,025
IV. Expenses recognized during the year (in the Statement of Profit & Loss)				
Current Service Cost	<b>12,02,736</b>	9,63,685	<b>12,02,690</b>	9,71,131
Interest Cost	<b>9,77,767</b>	6,54,170	<b>1,08,322</b>	88,997
Past Service Cost - (vested benefits)	-	64,362	-	-
Expected return on plan assets	<b>(2,42,342)</b>	(1,34,726)	-	-
Actuarial (gain)/ loss	<b>19,63,147</b>	26,80,251	<b>(10,23,931)</b>	(8,18,568)
Expenses recognized in the statement of Profit & Loss Account	<b>39,01,308</b>	42,27,742	<b>2,87,081</b>	2,41,560

## V. Principals Actuarial Assumptions

	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Discount Rate	<b>8.00%</b>	8.00%	<b>8.00%</b>	8.00%
Salary Escalation Rate	<b>1.00%</b>	1.00%	<b>1.00%</b>	1.00%

As per the enterprise's accounting policy actuarial gains and losses are recognized immediately during the same year itself.

The above information is certified by the Actuary.

**Note No.2.25: OTHER OPERATIONAL EXPENSES**

(Amount in ₹)

Particulars	For the year ended 31.03.2012		For the year ended 31.03.2011	
Stores & Spares consumed		<b>38,82,570</b>		34,87,037
Other Manufacturing Expenses		<b>2,59,94,934</b>		2,14,88,770
Repairs & Maintenance:				
Plant & Machinery	<b>1,04,17,882</b>		1,14,14,347	
Buildings	<b>3,78,136</b>		31,737	
		<b>1,07,96,018</b>		1,14,46,084
<b>Total</b>		<b>4,06,73,522</b>		3,64,21,891

**Note No. 2.25 (a):** There are no imports of capital goods or components and spare parts during the current year and the previous year.

**Note No. 2.25 (b):** Details of imported and indigeneous raw materials and spares consumed:

	This Year		Previous Year	
	Amount (₹)	%	Amount (₹)	%
<b>Stores &amp; Spares</b>				
Imported	-		-	
Indigenous	<b>38,82,570</b>	<b>100</b>	34,87,037	100

**Note No.2.26:FINANCE COST**

(Amount in ₹)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
Interest On Cash Credit	<b>1,49,64,132</b>	1,30,99,892
Interest -Others	<b>2,25,27,065</b>	2,28,86,652
L C Charges	<b>67,11,423</b>	65,53,012
Bank Charges	<b>11,23,767</b>	9,48,154
<b>Total</b>	<b>4,53,26,387</b>	4,34,87,710

**Note No.2.27:OTHER EXPENSES**

Rent	<b>23,32,414</b>	38,41,429
Insurance	<b>27,78,776</b>	27,48,738
Rates & Taxes	<b>27,06,513</b>	11,47,511
Director's Sitting Fees	<b>4,00,000</b>	4,70,000
Payment to Auditor's:		
As auditor's	<b>2,00,000</b>	1,75,000
for Certification Charges	<b>1,32,500</b>	77,500
for Tax Audit	<b>15,000</b>	92,000
for Cost Audit Fee	<b>60,000</b>	-
Transportation,Selling and Other		
Distribution Expenses	<b>59,00,410</b>	1,04,81,357
Commssion on Sales	<b>25,34,610</b>	14,86,188
Donations	<b>1,00,000</b>	20,200
Bad Debts, Irrecoverable Claims and advances Written Off	<b>8,99,656</b>	5,61,198
Miscellaneous Expenses	<b>1,17,23,342</b>	1,22,62,085
<b>Total</b>	<b>2,97,83,221</b>	3,33,63,206
Expenditure in foreign currency during the financial year on account of travelling.	<b>2,14,916</b>	2,03,136

**Note No. 2.28:**

Contingent liabilities and commitments

a). Unexpired Bank Guarantees and letters of Credit	<b>12,90,32,974</b>	7,51,48,735
b) The company together with two other promoter companies has furnished an undertaking on behalf of Konaseema Gas Power Limited (KGPL) jointly promoted by them to the financial institutions to finance the cost over-run, if any, in respect of the power project executed by the said company. Accordingly, in an earlier year, the company has entered into an agreement with IFCI to buy back 3 crores of equity shares of ₹.10/- each in KGPL, which have been subscribed by them to meet the cost over run.		
c) Unexpired Corporate Guarantees given to Financial Institutions and strategic Investors on behalf of Body Corporates	<b>157,10,00,000</b>	157,10,00,000
d) Disputed Sales Tax Demands for non submission of "C" & "F" Forms	<b>42,53,723</b>	28,30,172
e) Disputed Income Tax demands An amount of ₹.39.94 lakhs (previous year ₹.64.94 lakhs) Paid under protest against item (e) is shown under the head of "Other Current Assets"	<b>44,90,463</b>	2,12,17,831
f) Demands towards load factor shortfall charges for earlier years, disputed by the company (against which 200 lakhs paid under protest grouped under the head of "Short Term Loans & Advances")	<b>13,93,55,496</b>	12,89,88,244

**Note No. 2.29:**

The company operates in only one business Segment of manufacture of Ferro Alloys and there are no geographical segments to be reported

**Note No. 2.30:**

Related parties in terms of AS 18 issued by the Institute of Chartered Accountants of India.

- a) Associates: Konaseema Gas Power Ltd  
VBC Industries Limited  
Orissa power Consortium Limited.
- b) Key Managerial Personnel:  
Sri M S Lakshmana Rao, Managing Director
- c) Relatives of Key Managerial Personnel:  
Dr. M V V S Murthi,  
Sri M S Rama Rao
- d) Others: Enterprises in which key Managerial Personnel or their relatives have substantial interest

VBC Exports Ltd.

Techno Infratech project (India) Pvt. Ltd.

BASIL Infrastructure projects Ltd.

Indo-Us Coal Washeries Ltd



Transactions carried out with Related Parties during 2011-12						
S. No.	Nature of Transactions	Amount ₹				Total
		Referred in (a) Above	Referred in (b) Above	Referred in (c) Above	Referred in (d) Above	
1	Purchases	17,12,680 (14,30,352)	0 (0)	0 (0)	0 (0)	17,12,680 (14,30,352)
2	Sales	3,71,196 (10,60,818)	0 (0)	0 (0)	0 (0)	3,71,196 (10,60,818)
3	Remuneration		61,48,044 (81,47,105)	0 (0)	0 (0)	61,48,044 (81,47,105)
4	Interest Paid	0 (0)	0 (0)	85,01,005 (97,04,800)	0 (0)	85,01,005 (97,04,800)
5	Rent Paid	0 (0)	0 (0)	0 (0)	4,96,350 (18,78,856)	4,96,350 (18,78,856)
6	Rent Received	24,00,000 (24,00,000)	0 (0)	0 (0)	0 (0)	24,00,000 (24,00,000)
7	Amounts Payable as at the end of the year	0 (0)	0 (0)	5,92,00,995 (6,01,76,241)	10,87,794 (3,98,584)	6,02,88,789 (6,05,74,825)
8	Balance of deposits payable at the end of the year	4,00,000 (4,00,000)	0 (0)	0 (0)	0 (0)	4,00,000 (4,00,000)

Note: Figures shown in brackets relate to the previous year.

Particulars	Current Year	Previous Year
<b>Note No.2.31: Earning Per Share (EPS)</b>		
a) Net Profit available for Equity Share Holders. (₹)	<b>8,02,61,813</b>	10,19,48,399
b) Weighted Average Number of Equity Shares Used as denominator for calculating EPS	<b>43,94,350</b>	43,94,350
c) Basic and Diluted Earnings per Share of ₹. 10/- Each	<b>18.26</b>	23.20
<b>Note No.2.32:</b>		
<p>Konaseema Gas Power Limited, Hyderabad is an Associate Company as defined in paragraph 4 of Accounting Standard on "Accounting for Investments in Associates in Consolidated Financial Statements (AS 23)" of Companies (Accounting Standards) Rules, 2006 as the company's voting power in the said Company exceeds the limits prescribed in the said paragraph. However, the said Accounting Standard is not applicable, as the company is not required to prepare consolidated statements under AS 21</p>		
<b>Note No.2.33:</b>		
<p>According to an internal technical assessment, There is no impairment in the carrying cost of cash Generating assets of the Company in terms of Accounting for Impairment of Asset (AS 28) of Companies (Accounting Standard) Rules, 2006.</p>		
<b>Note No.2.34:</b>		
<p>Previous year figure were regrouped wherever necessary to make them comparable with current year figures</p>		

For and on behalf of the Board

Per our report of even date  
For BRAHMAYYA & CO.,  
Chartered Accountants

Sd/-  
M.S.LAKSHMAN RAO  
Managing Director

Sd/-  
M.N.RAO  
Director

Sd/-  
K.KAILASANATHA REDDY  
Vice President (Finance)

Sd/-  
V.V.V.S.N.MURTY  
AGM (Fin) &  
Company Secretary

Sd/-  
(CA. C.V. RAMANA RAO)  
Partner  
Membership No. 018545

Place : Hyderabad  
Date : 24.05.2012



FORM 2B

NOMINATION FORM

(To be filled by individual(s) applying individually or jointly)

Account No. :
No. of Shares :

I/We \_\_\_\_\_  
 and \_\_\_\_\_  
 and \_\_\_\_\_

the Members of VBC Ferro Alloys Limited holding shares bearing Distinctive Numbers \_\_\_\_\_ wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of my or our death.

Name and Address of Nominee

Name : \_\_\_\_\_

Address : \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Date of Birth : \_\_\_\_\_

(if nominee is a minor)

Guardian of the Minor is (to be furnished only if nominee is a minor)

Name : \_\_\_\_\_

Address : \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

1 Signature : \_\_\_\_\_

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Date : \_\_\_\_\_

2 Signature : \_\_\_\_\_

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Date : \_\_\_\_\_

3 Signature : \_\_\_\_\_

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Date : \_\_\_\_\_

SHAREHOLDERS' INFORMATION

Name, Address and Signature of two Witnesses

	Name and Address	Signature with Date
1.		
2.		

**Instructions :**

1. The Nomination can be made by Individuals holding shares on their own behalf individually or jointly. Non-individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, Holder of Power of Attorney cannot nominate. If the Shares are held jointly, all Joint holders shall sign the nomination form.
2. A Minor can be nominated by a Holder of shares and in that event, the name and address of the Guardian should be provided.
3. The Nominee shall not be a Trust, Society, Body Corporate, Partnership firm, Karta of Hindu Undivided Family or a Power of Attorney Holder. A Non-Resident Indian can be a nominee on repatriable basis.
4. Nomination stands rescinded upon transfer of shares.
5. Transfer of shares in favour of Nominee shall be valid discharge by the Company against the Legal heir.
6. The Nomination form shall be filed in duplicate with the Company's Share Transfer Agents M/s Venture Capital and Corporate Investments Pvt. Limited, 12-10-167, Bharat Nagar, HYDERABAD - 500 018, which will return one copy thereof to the Shareholder.

**FOR OFFICE USE ONLY**

Nomination Registration Number	:
Date of Registration	:
Checked by (Name and Signature)	:





# VBC FERRO ALLOYS LIMITED

Regd. Office: D.No. 6-2-913/914, 3<sup>rd</sup> Floor, Progressive Towers, Khairatabad, Hyderabad-4

## ELECTRONIC CLEARING SERVICE (CREDIT CLEARING) ECS Mandate for payment of dividend on Equity Shares

1. First Shareholder's Name  
(IN BLOCK LETTERS) :
2. Shareholders Folio No. :
3. Particulars of Bank Account
  - A Bank Name :
  - B Branch Name, Address &  
Phone Number :
  - C Account No.  
(as appearing on the cheque book) :
  - D Account Type  
(SB Account / Credit A/c or  
Cash Credit). :  S.B A/c  Current A/c  Cash Credit A/c.  
Please tick the correct box
  - E Ledger Folio No. of the  
Bank A/c.  
(as if appearing on the Cheque Book):
  - F 9 Digit Code No. of the Bank &  
Branch appearing on the MICR  
Cheque issued by the bank. :

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete information, I would not hold the Company responsible.

Date : \_\_\_\_\_ Signature of the First Shareholder

**Notes:**

1. Please attach photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the code number.
2. You are advised to submit the ECS Bank details in the format prescribed latest by 29.09.2012 to enable us to include the same for the payment of the current years dividend.





**VBC FERRO ALLOYS LIMITED**

**VBC FERRO ALLOYS LIMITED**

Regd. Office : 6-2-913/914, 3<sup>rd</sup> Floor, Progressive Towers, Khairatabad, Hyderabad - 4.

**PROXY FORM**

I/We .....  
..... of .....

being a member(s) of the above named Company, hereby appoint the following as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30<sup>th</sup> Annual General Meeting of the Company to be held on Saturday the 29<sup>th</sup> September 2012 at 10.30 a.m. at Surana Udyog Auditorium of The Federation of Andhra Pradesh, Chambers of Commerce & Industry situated at 11-6-841, Red Hills, Hyderabad-500 004 and at any adjournment thereof.

- 1. Mr./Ms. \_\_\_\_\_ , \_\_\_\_\_ or failing him/her  
(name of the proxy) (signature of proxy)
- 2. Mr./Ms. \_\_\_\_\_ , \_\_\_\_\_ or failing him/her  
(name of the proxy) (signature of proxy)
- 3. Mr./Ms. \_\_\_\_\_ , \_\_\_\_\_ or failing him/her  
(name of the proxy) (signature of proxy)

I/We direct my/our Proxy to vote on Resolutions in the manner as indicated below :

RESOLUTIONS	FOR	AGAINST
Item No.1		
Item No.2		
Item No.3		

RESOLUTIONS	FOR	AGAINST
Item No.4		
Item No.5		

Number of Shares held \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2012

Folio No./DP ID & Client ID No. ....

Signature(s) of Members

Affix  
Revenue  
Stamp

- 1. \_\_\_\_\_ 2. \_\_\_\_\_ 3. \_\_\_\_\_

Note: Proxies must reach the Company's Registered Office not less than 48 Hours before the time fixed for the meeting.

**VBC FERRO ALLOYS LIMITED**

Regd. Office : 6-2-913/914, 3<sup>rd</sup> Floor, Progressive Towers, Khairatabad, Hyderabad - 500 004.

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

NAME & ADDRESS OF THE SHARE HOLDER

Folio No. /  
DP ID & Client ID No.

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.....  
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.....

I hereby record my presence at the 30<sup>th</sup> ANNUAL GENERAL MEETING of the Company held on Saturday, the 29<sup>th</sup> September, 2012 at 10.30 a.m. at Surana Udyog Auditorium of The Federation of Andhra Pradesh Chambers of Commerce & Industry situated at 11-6-841, Red Hills, Hyderabad-500 004.

SIGNATURE OF THE SHAREHOLDER OR PROXY

**PRINTED MATTER - BOOK POST**

***If undelivered please return to :***

**VBC FERRO ALLOYS LIMITED**

(An ISO 9001 - 2008 Company)

6-2-913/914, Third Floor, Progressive Towers,  
Khairatabad, Hyderabad - 500 004,  
Andhra Pradesh, INDIA.