

**THIRTY SECOND ANNUAL REPORT**  
**2013-2014**



**VBC FERRO ALLOYS LIMITED**

(AN ISO 9001 - 2008 COMPANY)  
CIN No : L27101TG1981PLC003223  
6-2-913/914, Third Floor, Progressive Towers,  
Khairatabad, Hyderabad - 500 004,  
Telangana, INDIA.

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### THIRTY SECOND ANNUAL GENERAL MEETING

Day : Tuesday  
Date : 30.09.2014  
Time : 4.00 P.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.  
Telangana, India.  
Tel +91 40 23301166/99, Fax +91 40 23390721

#### WORKS

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

GIFTS WILL NOT BE DISTRIBUTED AT THE AGM



**BOARD OF DIRECTORS**

Sri V.S. RAO	Chairman
Sri PRAMOD KUMAR THATTE	Director
Sri M.V. ANANTHAKRISHNA	Director
Sri M.S. LAKSHMAN RAO	Managing Director

**AUDIT COMMITTEE**

Sri M.V. ANANTHAKRISHNA	Chairman
Sri V.S. RAO	Member
Sri PRAMOD KUMAR THATTE	Member

**INVESTORS' GRIEVANCE & SHARE TRANSFER COMMITTEE**

Sri. V.S. RAO	Chairman
Sri M.V. ANANTHAKRISHNA	Member
Sri M.S. LAKSHMAN RAO	Member

**REMUNERATION COMMITTEE**

Sri M.V. ANANTHAKRISHNA	Chairman
Sri V.S. RAO	Member
Sri PRAMOD KUMAR THATTE	Member

**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 32<sup>nd</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting of the Members of VBC Ferro Alloys Limited will be held on 30<sup>th</sup> September, 2014 at 4.00 P.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, 2014 and the Statement of Profit & Loss and the Cash Flow statement for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To appoint Statutory Auditors for the Company for a term of three Financial Years viz., 2014-15, 2015-16, 2016-17 and to fix their remuneration. Present Auditors M/s. Brahmayya & Co., Chartered Accountants (Firm Regd.No.000513S), retire at this Annual General Meeting and offer themselves for re-appointment.

**Special Business:**

**3. Appointment of Sri M.V. Anantkrishna as an Independent Appointment:**

to consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri. M.V Ananthkrishna (DIN No: 00897536), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years effective from 30<sup>th</sup> September, 2014.”

**4. Appointment of Sri Pramod Kumar Thatte as Independent Appointment:**

to consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri. Pramod Kumar Thatte (DIN No: 06627484), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company.”

**5. Appointment of Sri V.S. Rao as Independent Appointment:**

to consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri. V.S. Rao(DIN: 00046917), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of 5 (Five) consecutive years effective from 30<sup>th</sup> September, 2014.”

By Order of the Board  
for VBC Ferro Alloys Limited  
Sd/-

M.S. Lakshman Rao  
Managing Director

Place : Hyderabad

Date : 12.08.2014



**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

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. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. Pursuant to provisions of the Companies Act, 2013 and applicable provisions of the Listing Agreement, Register of Members and Share Transfer Books of the Company will be closed from 27.09.2014 to 30.09.2014 (Both days inclusive), for the purpose of Annual General Meeting and ascertainment of entitlement for payment of dividend.
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 Managing Director 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. 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.
10. The dividend, 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).

For the financial year 2002-03, 2003-04, 2004-05 and 2005-06 the Company has transferred the unclaimed dividend to IEPF and filed necessary forms with Registrar of Companies, Telangana.

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

11. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days during business hours up to the date of the Meeting.
12. In accordance with the MCA's "Green Initiative in Corporate Governance" allowing companies to share documents with its shareholders in the electronic mode and related amendments to the Listing Agreement with the Stock Exchanges, the company is sharing all documents with shareholders in the electronic mode, wherever the same has been agreed by the shareholders. Shareholders are requested to support this green initiative by registering/ updating their e-mail addresses for receiving electronic communications



## VBC FERRO ALLOYS LIMITED

13. Voting through electronic means;

a. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

b. The instructions for e-voting are as under:

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Physical Form	For Members holding shares in Demat Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department(Applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account Bank or in the company records for the said demat account or folio.	

\* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of your name and the Folio Number in the PAN field. Eg. If your name is Ramesh Kumar with Folio Number 1 then enter RA00000001 in the PAN field.

# Please enter any one of the details in order to login. In case both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.



- (xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on <Date and Time> and ends on <Date and Time>. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

The e-voting period commences on 22<sup>nd</sup> September 2014 (9:00 am) and ends on 24<sup>th</sup> September, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22<sup>nd</sup> August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 22<sup>nd</sup> August, 2014.

Mr. A.J.Sharma, Practicing Company Secretary (Membership No. 2120) and has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.

The Results shall be declared in the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.vbcindia.com](http://www.vbcindia.com) in and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

14. As required under Clause 49 of the Listing Agreements with Stock Exchanges, brief particulars of Directors to be appointed are provided in the explanatory statement annexed this notice of AGM.

**EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013:**

**Item No3:** Appointment of Shri M.V. Ananthkrishna as an Independent Director:

The company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchange, appointed Mr. M.V. Ananthkrishna as an Independent Director, in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Act, which came in to effect from April 2014, every listed company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

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 Committees of Andhra Chamber of Commerce, Madras 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 121MW of CHP Projects with an annual savings of Rs 125 Crores. MKRC has carried out over 500 Energy Studies with an annual savings of Rs.250 Crores. He is also a Director in VBC Industries Limited, VBC Power Company Limited, Jumbo Bag Limited and Andhra Chamber of Commerce.

Pursuant to section 160 of the Act, notices have been received from a shareholder signifying his intention to propose the appointment of Shri M.V. Ananthkrishna along with a deposit of Rs. 1,00,000/- (Rupees one lakh) as required under the aforesaid section.

Based on the disclosures received from Shri M.V. Ananthkrishna. and after reviewing the provisions of the Act, is of the opinion that Shri. M.V. Ananthkrishna fulfills the conditions specified in the Act and the Rules made there under, the Board satisfied that Shri. M.V. Ananthkrishna meets the criteria for independence as laid down in Section 149(6) of the Companies Act, 2013 and he is not disqualified as contemplated under Section 164 of the Companies Act, 2013. The Board of Directors of your Company is also of the opinion that Shri. M.V. Ananthkrishna is independent of the management of the Company.

The Board considers that his association with the Company would be of immense benefit to the Company and it is desirable to continue to avail services of Shri M.V. Ananthkrishna as an Independent Director. Accordingly, the Board recommends the resolution for appointment of Shri M.V. Ananthkrishna as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, Shri M.V. Ananthkrishna is not liable to retire by rotation.

The Board of Directors of your Company commends the Ordinary Resolution set out at the item 3 of the Notice for approval by the Shareholders.

As on date, Shri. M.V. Ananthkrishna does not hold any equity shares of the Company.

Save and Except above, none of the Directors/ Key Managerial Personnel of the Company/their respective relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution.

**Item No.4:** Appointment of Shri Pramod Kumar Thatte as Director:

Mr. Pramod Kumar Thatte aged about 65 years. He started his career in Renusagar Power Company with 2x67.5 MW Captive Power Plant as Maintenance Engineer in 1971 and moved to BHEL in 1975. During his long tenure. Mr Thatte has worked with BHEL in various senior level positions from Engineer to General Manager. He was associated with erection of STG & Auxiliaries for 2 X 110MW Thermal Power Plant at Panki Thermal Power Station under UPSEB and worked for commissioning of 2 X 120MW Thermal Power Plants supplied by BHEL at Tripoli West Libya (an overseas project). He was responsible for Renovation & modernization of 2 X 120MW Boilers & STGs at Ukai & Gandhinagar Thermal Power Plants in Gujarat.





He executed the installation of Captive Power Project of 3x 33MW STG & Auxiliaries plus 3X275 TPS CFBC Boilers at Bina Refinery of M/s Bharat Oman Refineries Ltd as General Manager in charge of CPP Project. This prestigious Rs.950 Cr. Project was executed by BHEL Power Sector Western Region as EPC Contract. He was working in VBC Ferro Alloys Limited as a General Manger(Projects). He does not hold any Directorships in other Companies.

In order to utilize his experience and expertise in power sector, the Board of Directors at their meeting held on 02<sup>nd</sup> August 2014 appointed him as an Additional Director on the Board in accordance with provisions of Article 104 of the Articles of Association and provisions of the Companies Act 2013.

Pursuant to section 160 of the Act, notices have been received from a shareholder signifying his intention to propose the appointment of Shri Pramod Kumar Thatte along with a deposit of Rs. 1,00,000/- (Rupees one lakh) as required under the aforesaid section.

The Board considers that his association with the Company would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Pramod Kumar Thatte as Director. Accordingly, the Board recommends the resolution for appointment of Shri Pramod Kumar Thatte as Director pursuant to provisions of the Companies Act. Shri Pramok Kumar Thatte is liable to retire by rotation.

The Board of Directors of your Company commends the Ordinary Resolution set out at the item 4 of the Notice for approval by the Shareholders.

As on date, Shri. Pramod Kumar Thatte does not hold any equity shares of the Company.

Save and Except above, none of the Directors/ Key Managerial Personnel of the Company/their respective relatives are, in any way, concerned or interested, financially or otherwise,in this Resolution.

**Item No.5:** Appointment of Shri V.S. Rao as an Independent Director:

Shri. V.S. Rao, aged about 76 years, is a graduate engineer in Mining from Osmania University. He worked in TISCO for nearly 36 years in various capacities and acquired varied experience during the tenure of his service. Shri V.S. Rao, was the Managing Director of Orissa Power Consortium Limited and VBC Industries Limited. He is continuing as Director in the said two Companies. He is also a Director in DMT Consulting Private Limited.

In order to utilize his experience and expertise, the Board of Directors at their meeting held on 12<sup>th</sup> August 2014 appointed him as an Additional Director on the Board in accordance with provisions of Article 104 of the Articles of Association and provisions of the Companies Act 2013.

Pursuant to section 160 of the Act, notices have been received from a shareholder signifying his intention to propose the appointment of Shri V.S. Rao along with a deposit of Rs. 1,00,000/- (Rupees one lakh) as required under the aforesaid section.

The Board considers that his association with the Company would be of immense benefit to the Company and it is desirable to continue to avail services of Shri V.S. Rao as an Independent Director. Accordingly, the Board recommends the resolution for appointment of Shri V.S. Rao as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, Shri V.S. Rao is not liable to retire by rotation.

The Board of Directors of your Company commends the Ordinary Resolution set out at the item 5 of the Notice for approval by the Shareholders.

As on date, Shri. V.S. Rao does not hold any equity shares of the Company.

Save and Except above, none of the Directors/ Key Managerial Personnel of the Company/their respective relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution.

By Order of the Board  
for VBC Ferro Alloys Limited

Sd/-  
M.S. Lakshman Rao  
Managing Director

Place : Hyderabad  
Date : 12.08.2014



**DIRECTORS' REPORT**

**Dear Members,**

Your Directors have pleasure in presenting the 32<sup>nd</sup> Annual Report of VBC Ferro Alloys Limited with audited statement of accounts for the 12 months period ended 31<sup>st</sup> March, 2014.

**FINANCIAL RESULTS:**

(₹. in Lakhs)

PARTICULARS	Current Year 2013-2014	Previous Year 2012-2013
Gross Revenue	1583.14	3210.75
Profit/(Loss) before Interest, Depreciation & Tax	(1404.29)	(716.63)
Less: Interest	516.03	347.70
Profit/(Loss) before Depreciation and Tax	(1920.32)	(1064.33)
Less: Depreciation	66.53	71.26
Profit/(Loss) before Tax	(1986.85)	(1135.59)
Less: Provision for Taxation including Deferred Tax Charge for the year	21.55	(38.43)
Profit/(Loss) after Tax	(1965.30)	(1174.02)
Profit brought forward from previous year	2223.61	3397.63
<b>Profit available for Appropriation</b>	<b>258.31</b>	2223.61
Profit carried to Balance Sheet	258.31	2223.61

**INDUSTRY OVERVIEW:**

In general, Ferro alloys industry in India is currently passing through a very difficult financial position because of high power tariffs coupled with low market realizations. Particularly, the units in erstwhile Andhra Pradesh are hit further due to severe power cuts imposed by power distribution companies along with steep tariff hike and FSAs.

As the manufacture of Ferro Alloys is highly power-intensive, on an average 40% of the total cost per ton of Ferro alloys is accounted towards cost of power. To overcome this, your Company has taken necessary steps for setting-up a Captive Power Plant on priority basis.

**BUSINESS PERFORMANCE**

During the financial year 2013-14, your Company could produce only 1,715 MT of Ferro Silicon as against 4510 MT in the previous year due to severe power cuts imposed by the power distribution companies resulting in lower turnover of at ₹ 1260.03 lakhs as against ₹ 2851.59 lakhs in the previous year.

The main reason for fall in turnover and profitability of the Company is lower capacity utilization and suspension of production activities from 19<sup>th</sup> June, 2014 due to power crisis in the then Andhra Pradesh. In addition to the power crisis, the hike in power tariff led to un-remunerative operations of the Company resulting in a net loss of ₹ 1965.29 Lakhs as against net Loss of ₹ 1174.02 lakhs in the previous year.

**PROSPECTS**

India's per capita steel consumption is about one-fourth of the global average. There are demands for better housing, sophisticated transport hubs and new infrastructure for better connectivity. Hence, the long term future of the Iron and Steel industry is optimistic and positive as Government of India is giving utmost importance to develop infrastructure facilities, which will enhance the consumption of the Iron and steel in the country. Further the bifurcation of the erstwhile Andhra Pradesh and the need for establishment of a new capital for Andhra Pradesh will create huge demand for steel. This presents a good potential growth for Ferro Alloys Industry in the Country.

**DIVIDEND:**

The Board of Directors has not recommended any dividend for the year 2013-14 in view of the loss during the year under review.

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

You are aware that your Company is setting up 120MW (2x60MW) Coal Based Captive Power Plant at Bodepalli (V&GP), Sirpur Kagaznagar Mandal, Adilabad Dt. The estimated project cost is ₹ 696 Cr. The Company has obtained most of the clearances such as Environmental Clearance (EC), Consent for Establishment (CFE), NoC from Forest Department, Permission for water drawal and Airport Authority. Your Company has decided to setup the power project on priority basis through VBC Power Company Limited, a Special Purpose Vehicle Company and initiated the steps to hive off the power project division.

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

Konaseema Gas Power Limited (KGPL), in which your Company has invested in equity, could not operate its plant during the financial year under review as there is no natural gas supply.

**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 93.12 million units during the financial year 2013-14 and the said generation has exceeded the Designed Energy.

**DIRECTORS****APPOINTMENT OF INDEPENDENT DIRECTORS**

Pursuant to the provisions of section 149 of the Act, which came in to effect from April 2014, every listed company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation. Accordingly, Board recommends and commends your approval for the appointment of Sri. M.V. Anantakrishna, who was appointed as a Director under erstwhile Companies Act, 1956 as an "Independent Director" for a period of Five years as per Section 149 of the Companies Act, 2013.

Sri Pramod Kumar Thatte has been appointed as an additional director on 02<sup>nd</sup> August, 2014 and Board recommends for his appointment u/s 149 and 160 of the Companies Act 2013.

Sri V.S.Rao has been appointed as an additional director on 12<sup>th</sup> August, 2014 and Board recommends for his appointment u/149(4) and 160 of the Companies Act, 2013.

**RESIGNATION OF Dr. M.V.V.S. Murthi and Sri M.N. Rao**

Dr. M.V.V.S. Murthi and Sri M.N. Rao have resigned during the period under review. The Board accepted their resignations and has placed on record its appreciation for the valuable services rendered by them during their tenure as Directors of the Company.

**REPLIES TO AUDIT QUALIFICATIONS**

As advised by Legal Council, your Company has not made any provision for Fuel Surcharges Adjustment (FSA) charges due to the cases pending before various Forums/Courts. Your Directors are of the view that there are bright chances of winning the cases.

**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.



## VBC FERRO ALLOYS LIMITED

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### FIXED DEPOSITS

The Company has not accepted any fixed deposits.

### PERSONNEL

The Cost of production of Ferro Silicon has exceeds the market price due to steep increase of power tariff. Accordingly, Company has closed down its production unit at Rudraram Village, Medak District. To reduce the fixed cost burden your Company has entered into a cordial settlement into the worker's union for Retrenchment under the Industrial Disputes Act. 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

As per the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, there is no employee covered under Section 217(2A) of the Companies Act, 1956.

### AUDITORS

M/s. Brahmayya & Co., Chartered Accountants, who are the statutory auditors of the Company, hold office till the conclusion of the forthcoming AGM and are eligible for re-appointment. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules framed there under, it is proposed to appoint M/s. M/s. Brahmayya & Co., Chartered Accountants as statutory auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the AGM to be held in the year 2017, subject to ratification of their appointment at every AGM.

### 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, 2014, 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, 2013 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/ Section 152 (5) of Companies Act 2013 disqualifying its Directors to act as Directors of other Public Companies.

### ACKNOWLEDGEMENTS

Your Directors thank the Government of India, erstwhile Government of Andhra Pradesh and Government of Telangana 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

for and on behalf of the Board

Place : Hyderabad  
Date : 12.08.2014

Sd/-  
**M.V. ANANTHA KRISHNA**  
Director

Sd/-  
**M.S. LAKSHMAN RAO**  
Managing Director



## 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 2013-14</b>	Previous Year 2012-13
1. Electricity		
(a) Purchased Units (KWH)	<b>1,39,86,654</b>	4,06,18,080
Total Amount (₹ in lacs)	<b>884.21</b>	1,816.98
Rate/Unit (in ₹)	<b>6.23</b>	4.47
(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>8,155</b>	9,006
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 : Nil Nil  
carried out by the Company

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 (₹)	:	Nil	76,51,296
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

Place : Hyderabad  
Date : 12.08.2014

Sd/-  
**M.V. ANANTHA KRISHNA**  
Director

Sd/-  
**M.S. LAKSHMAN RAO**  
Managing Director



## 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.

Indian steel demand is expected to increase due to Infrastructure & Construction activities as Government of India is giving highest priority to develop infrastructure facilities.

### 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.

Out of the global production of over 1,527 million tonnes, India's share in steel manufacturing is 77.6 million tonnes which is increasing. Given the important role that infrastructure creation can play in restoring economic growth in the country, the consumption of steel is bound to show an increasing trend. This is a positive indicator for growth of ferro alloy production in India, as ferro alloys are vital inputs to steel-making.

#### 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, 40% of the total cost per tonne of Ferro alloys is accounted for by power. Repeated power tariff hikes by state run power utility company have put the Industry in a fix. Further the problems of this industry are aggravated because of the high input cost of power including FSA charges.

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 reasons:

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

### 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 and approval of hive off scheme.



- b. Government regulations, like reduction in import duties, anti dumping duty and increase in power tariffs by SPDC of Telangana Limited and shortage of power , may also affect the profitability of the Company, since 40% 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. 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 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.

for and on behalf of the Board

Place : Hyderabad  
Date : 12.08.2014

Sd/-  
**M.V. ANANTHA KRISHNA**  
Director

Sd/-  
**M.S. LAKSHMAN RAO**  
Managing Director





## 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 31.03.2014

Category	No. of Directors	%
Executive Directors	1	33.00
Non-Executive Promoter Directors	1	33.00
Independent Non-Executive Directors*	1	34.00
Total	3	100.00

\*Sri M.N. Rao has submitted his resignation w.e.f. 14.02.2014 and Dr. M.V.V.S. Murthi has submitted his resignation on 02.08.2014. Sri Pramod Kumar Thatte has been appointed as an Additional Director w.e.f 02.08.2014. Sri V.S.Rao has been appointed as an Additional Director w.e.f 12.08.2014.

The Attendance record of the Directors at the Board Meetings held during the financial year ended on 31<sup>st</sup> March, 2014 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	1	3	NIL	1
Shri M. N. Rao*	Non Executive Independent	Director	Yes	4	4	2	NIL	1
Shri.M.V.Ananthakrishna	Non Executive Independent	Director	Yes	4	4	3	NIL	NIL
Shri M. S. Lakshman Rao	Executive	Managing Director	Yes	4	4	7	1	NIL

M.N. Rao resigned on 14<sup>th</sup> February 2014 and Dr. M. V. V. S. Murthi resigned on 2<sup>nd</sup> August 2014. Pramod Kumar Thatte has been appointed as an Additional Director w.e.f 02.08.2014. V.S.Rao has been appointed as an Additional Director w.e.f 12.08.2014.

# 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 2013-14 on 30<sup>th</sup> May 2013, 14<sup>th</sup> August, 2013, 9<sup>th</sup> November, 2013, and 14<sup>th</sup> February, 2014.

**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, 2014

Shri M. N. Rao*	Chairman	Independent Non-executive Director
Shri.M.V.Ananthakrishna	Member	Independent Non-executive Director
Dr. M.V.V.S. Murthi	Member	Promoter Non-executive Director

\*Shri M. N. Rao has submitted his resignation on 14.02.2014

- Meetings and Attendance during the year 2013-14 on 30<sup>th</sup> May 2013, 14<sup>th</sup> August, 2013, 9<sup>th</sup> November, 2013, and 14<sup>th</sup> February, 2014

Company Secretary of the Company acts as the Secretary of the Audit Committee.

The Audit Committee was reconstituted on 12.08.2014 with Shri M.V. Ananthakrishna as Chairman, Shri V.S.Rao and Shri Pramod Kumar Thatte as members.

**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, 2014:

Shri M.N. Rao	Chairman	Independent non-executive Director
Dr.M.V.V.S. Murthi	Member	Promoter Non-executive Director
Shri M.V. Ananthakrishna	Member	Independent non-executive Director

The remuneration committee was reconstituted on 12.08.2014 with Shri M.V.Ananthakrishna as a Chairman and Shri Pramod Kumar Thatte and Shri V.S. Rao as Members.



Company Secretary of the Company acts as the Secretary of the Committee

- There is no meeting of the Remuneration Committee
- 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 2013-14.

(in ₹)

Name	Designation	Sitting fee	Remuneration	Benefits	Total
Dr. M. V. V. S. Murthi	Non-Executive Chairman	Nil	Nil	Nil	Nil
Shri M. N. Rao	Independent Non-Executive Director	1,20,000	Nil	Nil	1,20,000
Shri. M.V.Ananthakrishna	Independent Non-Executive Director	80,000	Nil	Nil	80,000
Shri M. S. Lakshman Rao	Managing Director	Nil	9,00,000	2,08,800	11,08,800

\* Benefits include 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, 2014.

## 6. Investors' Grievance & Share Transfer Committee

- The Investors' Grievance & Share Transfer Committee met four times during the financial year 2013-14 on 30<sup>th</sup> May 2013, 14<sup>th</sup> August, 2013, 9<sup>th</sup> November, 2013, and 14<sup>th</sup> February, 2014.

The Constitution of the Committee as on 31.03.2014 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	1
Shri M. N. Rao	Member	Independent Non-Executive Director	4
Shri M.S. Lakshman Rao	Member	Managing Director	4

Company Secretary of the Company acts as the Secretary of the Investors' Grievance & Share Transfer Committee.

Investors' Grievance & Share Transfer Committee was reconstituted on 12.08.2014 with Shri V.S. Rao as Chariman and Shri M.V.Ananthakrishna and Shri Pramod Kumar Thatte as members.



Name and Designation of Compliance officer:

Mr. V.V.V.S.N.Murthy, Assistant General Manager (Finance) & Company Secretary.(Mr.V.V.V.S.N. Murthy has relieved from the duties of Company Secretary w.e.f 24.04.2014). Managing Director is acting as a Compliance Officer till the appointment of new 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 2013-14 and pending as on 31.03.2014.

Nature of Grievances	Received	Attended	Pending
1. Non-receipt of dividend warrants	2	2	Nil
2. Non-receipt of Annual Report	11	11	Nil
3. Other Miscellaneous	8	8	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
29 <sup>th</sup> AGM	2010-11	12-09-2011	3.00 PM	<b>One Special Resolution</b>
30 <sup>th</sup> AGM	2011-12	29-09-2012	10.30 AM	-NIL-
31 <sup>st</sup> AGM	2012-13	30-09-2013	2.30 PM	-NIL-

### 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 2013-14.

## 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- 2.28.3 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 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.

**10. Means of Communication**

The quarterly financial results are generally published in Financial Express and Andhra Prabha/ Prajasakthi 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 32<sup>nd</sup> Annual General Meeting:

The 30<sup>th</sup> September 2014 at 4.00 p.m. 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> September, 2014	14 <sup>th</sup> November,2014
Financial Reporting for the quarter ended 31 <sup>st</sup> December, 2014	14 <sup>th</sup> February,2015
Financial Reporting for the year ended 31 <sup>st</sup> March, 2015	30 <sup>th</sup> May,2015
Financial Reporting for the year ended 30 <sup>th</sup> June, 2015	14 <sup>th</sup> August 2015

- iii) **Dates of Book Closure**

September 27, 2014 to September 30, 2014 (Both days inclusive).

- iv) **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.

- 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:**

<b>Month</b>	<b>High (₹)</b>	<b>Low (₹)</b>	<b>Close (₹)</b>	<b>No. of Shares</b>
Apr 2013	88.70	62.20	64.25	36,010
May 2013	71.75	60.55	67.00	62,936
Jun 2013	79.60	62.35	72.50	62,458
July 2013	80.00	65.15	65.15	12,379
Aug 2013	65.05	52.00	55.00	8,837
Sep 2013	57.85	50.05	54.50	8,896
Oct 2013	56.45	51.00	54.00	30,188
Nov 2013	65.00	54.50	55.70	25,401
Dec 2013	60.50	52.35	56.00	14,833
Jan 2014	71.80	52.20	56.75	42,417
Feb 2014	57.95	48.25	49.30	14,482
Mar 2014	57.00	47.00	54.00	20,542

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, 2014.

**(x) (a) Distribution of Shareholding as on 31<sup>st</sup> March, 2014**

Category		No. of shareholders	%	Shares held	%
From	To				
Upto	500	7801	93.09	7,39,803	16.84
501	1000	309	3.69	2,33,326	5.31
1001	2000	131	1.56	1,89,038	4.30
2001	3000	52	0.62	1,30,560	2.97
3001	4000	10	0.12	34,805	0.79
4001	5000	12	0.14	57,531	1.31
5001	10000	25	0.30	1,77,964	4.05
10001	And above	40	0.48	28,31,323	64.43
Total		8380	100	43,94,350	100.00

**(b) Distribution of Shareholding according to categories of shareholders as on 31<sup>st</sup> March, 2014.**

Categories	No. of Shares	% to Total
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	83,293	1.90
Private Corporate Bodies	4,94,034	11.24
Indian Public	21,95,254	49.95
<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, 2014, 85% of the Equity Share Capital, representing 37,25,384 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, Telangana.

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 2013-14 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 : 12.08.2014

Sd/-  
**M.V. ANANTHA KRISHNA**  
Director

Sd/-  
**M.S. LAKSHMAN RAO**  
Managing Director

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, 2013 to 31<sup>st</sup> March, 2014 in terms of the clause 49(1) (D)(ii) of the Listing Agreement with the Stock Exchange.

Place: Hyderabad  
Date : 12.08.2014

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, 2014, 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 : 12-08-2014

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



## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
VBC Ferro Alloys Limited,  
Hyderabad.

### Report on the Financial Statements:

01. We have audited the accompanying financial statements of VBC Ferro alloys Limited, Hyderabad ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements:

02. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility:

03. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
04. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
05. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis of Qualification:

06. Non-provision of FSA charges for the years 2010-11 to 2012-13 totaling to Rs 19,06,53,769 pending resolution of the appeals pending before various judicial authorities as stated in Note no 2.28(2)(a) to annual accounts, has resulted in understatement of the loss for the year.
07. Non-provision of load shortfall charges for earlier years amounting to Rs 8,66,99,649, pending disposal of company's objections by the various administrative authorities as per the directions of Forum for Redressal of Consumer grievances of CPDCL as stated in note no. 2.28(2)(b) to annual accounts has resulted in understatement of the loss for the year.



**Qualified Opinion:**

08. In our opinion and to the best of our information and according to the explanations given to us, **subject to our remarks under paragraphs (06) and (07) above dealing with the Basis of Qualified Opinion** the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
  - In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
  - In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of Matters**

09. We draw attention to note no 2.28 (3) to the financial statements relating the maintenance of books of account on "going concern concept" though the Ferro Alloys plant of the company did not carry any production activities during the year under report, due to non-supply of power by CPDCL, as described more elaborately, in paragraph (08) of the independent audit report. Our opinion is not qualified in respect of this matter

**Report on Other Legal and Regulatory Requirements:**

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- As required by section 227(3) of the Act, we report that:
  - 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;
  - 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 those books ;
  - the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement, dealt with by this Report are in agreement with the books of account;
  - in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement, comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - on the basis of the written representations received from the directors as on 31st March, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of section 274 (1) (g) 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 : 29-05-2014



**ANNEXURE TO THE AUDITORS REPORT REFERRED TO IN PARAGRAPH 8 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.
- b) The fixed assets could not be physically verified by the management during the year in accordance with a phased programme of verification, due to closure of its plant for the entire year. Accordingly, we are unable to report on any material discrepancies between the fixed assets register and the assets physically available.
- 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 could not be conducted during the year by the management due to closure of the plant for the entire year.
- b) As no physical verification has been conducted during the year, we are unable to report on the adequacy of the procedures of physical verification of inventory followed by the management.
- 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. As no physical verification of inventories has been carried out during the year under report, we are unable to report regarding the discrepancies between the physical stocks and the book records.
- 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, besides loans totaling to Rs 798.67 lakhs taken from two parties in earlier years, who are 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 interest of the company.
- d) The company in arrears of payment of interest of Rs.247.06 lakhs as on the date of Balance Sheet. However, the date of repayment of principal amount has not been stipulated.

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.

- 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.

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.

The Company has not accepted any deposits from public. Consequently the clause 4(vi) of the order is not applicable.



In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

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.

- a) According to the information and explanations given to us and on the basis of examination of the records of the Company, there are delays in deposit/ remittances of 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 during the year by the Company with the appropriate authorities.
- b) According to the information and explanations given to us, the details of 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 31st March 2014 for a period of more than six months from the date they became payable are as under:

<b>Nature of Statute</b>	<b>Nature of Dues</b>	<b>Period for which the amount relates</b>	<b>Amount (in ₹)</b>
Employee Provident Fund Act, 1952	Employer contribution	From 01.04.2012 to 31.08.2013	64,02,508
Employee Provident Fund Act, 1952	Employee contribution	From 01.04.2012 to 31.08.2013	54,29,533
Employee state Insurance Corporation Act 1948	Employer contribution	From 01.07.2012 to 31.08.2013	91684
Employee state Insurance Corporation Act 1948	Employee contribution	From 01.07.2013 to 31.08.2013	16316
Professional Tax 1975	Employee contribution	From 01.07.2012 to 31.08.2013	376980
Central Sales Tax Act	Central sales tax	For the year 2011-12	1073520
Central Sales Tax Act	Central sales tax	For the year 2012-13	330578
Central Sales Tax Act	Central sales tax	From 01.04.2013 to 31.08.2013	2104965
AP VAT Act, 2000	Value Added Tax	From 01.04.2013 to 31.08.2013	711649
Income Tax Act, 1961	Regular assessment tax	For the financial year 2011-12	38759642 excluding interest
Income Tax Act, 1961	Income tax deducted at source	From 01.04.2012 to 31.08.2013	960991
Income Tax Act, 1961	Dividend Distribution Tax	For the financial year 2011-12	2138620 excluding interest



- c) As at 31st March 2014, 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 Rs.)	Period of which the amount relates	Forum where dispute is pending
Central Sales Tax Act	Non submission of 'C' and 'F' forms	1868890	1996-97	Dy. Commissioner (Appeals)
Central Sales Tax Act	Non submission of 'H' forms	1186633	2008-09	Appellate Dy. Commissioner (CT)

(\*) Net of pre deposits made

- x) The Company has no accumulated losses. It has incurred cash losses in the financial year covered by our audit and also in the immediately preceding financial year.
- xi) 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 explanation 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 these 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.
- 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 : 29-05-2014

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2014**

(Amount in ₹)

Particulars	Note	As at 31.03.2014		As at 31.03.2013	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds :</b>					
Share Capital	2.01	<b>4,39,49,875</b>		4,39,49,875	
Reserves & Surplus	2.02	<b>115,41,97,116</b>	<b>119,81,46,991</b>	135,07,26,958	139,46,76,833
<b>Non-current liabilities:</b>					
Long term Borrowings	2.03	<b>30,07,81,898</b>		32,89,67,589	
Deferred Tax Liability	2.04	<b>3,86,76,497</b>		4,08,31,948	
Other Long Term Liabilities	2.05	<b>8,00,000</b>		8,00,000	
Long term Provisions	2.06	<b>13,73,705</b>	<b>34,16,32,100</b>	8,24,048	37,14,23,585
<b>Current Liabilities:</b>					
Short term Borrowings	2.07	<b>10,16,11,259</b>		11,00,58,187	
Trade Payables	2.08	<b>19,57,17,005</b>		33,60,57,039	
Other Current Liabilities	2.09	<b>15,87,83,727</b>		8,18,82,709	
Short term Provisions	2.10	<b>6,29,44,651</b>	<b>51,90,56,642</b>	6,16,88,898	58,96,86,833
<b>TOTAL</b>			<b>205,88,35,733</b>		<b>235,57,87,251</b>
<b>ASSETS</b>					
<b>Non-current Assets</b>					
<b>Fixed Assets :</b>					
Tangible Assets	2.11	<b>13,92,44,081</b>		14,59,09,774	
Capital works-in-progress	2.12	<b>11,79,52,431</b>		11,73,96,303	
		<b>25,71,96,512</b>		26,33,06,077	
Non-current Investments	2.13	<b>157,49,93,744</b>		157,49,93,744	
Long term Loans and Advances	2.14	<b>4,45,93,116</b>	<b>187,67,83,372</b>	21,00,10,115	204,83,09,936
<b>Current Assets :</b>					
Inventories	2.15	<b>14,77,63,773</b>		18,48,51,640	
Trade receivables	2.16	<b>79,27,444</b>		1,58,59,278	
Cash and Bank Balances	2.17	<b>113,17,629</b>		6,01,55,019	
Short term Loans and Advances	2.18	<b>85,50,108</b>		3,45,01,542	
Other Current Assets	2.19	<b>64,93,407</b>	<b>18,20,52,361</b>	1,21,09,836	30,74,77,315
<b>TOTAL</b>			<b>205,88,35,733</b>		<b>235,57,87,251</b>

For and on behalf of the Board

Per our report of even date annexed  
For BRAHMAYYA & CO.,  
Chartered AccountantsSd/-  
M.S.LAKSHMAN RAO  
Managing DirectorSd/-  
M.V. ANANTHAKRISHNA  
DirectorSd/-  
(CA. C.V. RAMANA RAO)  
Partner  
Membership No. 018545Place : Hyderabad  
Date : 29.05.2014



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2014

(Amount in ₹)

Particulars	Note	This Year ended 31.03.2014	Previous Year ended 31.03.2013
<b>I. REVENUE</b>			
Revenue from operations	2.20	12,60,03,463	28,51,58,683
Other Income	2.21	1,39,97,474	1,10,15,036
<b>Total Revenue</b>		<b>14,00,00,937</b>	<b>29,61,73,719</b>
<b>II. EXPENDITURE</b>			
Consumption of raw materials	2.22	3,96,82,788	10,92,97,665
Change in Inventories of Finished Goods	2.23	3,64,73,301	(1,71,68,258)
Employee Benefit expenses	2.24	10,28,01,093	5,93,89,806
Power and Fuel		8,84,21,511	18,16,98,340
Other Operational Expenses	2.25	55,70,667	1,48,55,407
Finance cost	2.26	5,16,02,797	3,47,70,045
Depreciation		66,53,694	71,26,083
Other expenses	2.27	74,80,379	1,97,63,632
<b>Total expenses</b>		<b>33,86,86,230</b>	<b>40,97,32,720</b>
<b>III. Profit/(Loss) before tax (I-II)</b>		<b>(19,86,85,293)</b>	<b>(11,35,59,001)</b>
<b>IV. Tax expense :</b>			
(1) Current year		-	
Income Tax for earlier years			(71,12,851)
(2) Deferred tax		21,55,451	32,69,703
<b>V. Profit/(Loss) after Tax (III-IV)</b>		<b>19,65,29,842</b>	<b>(11,74,02,149)</b>
<b>VI. Earnings per share (Basic and Diluted) in ₹</b>		<b>(44.72)</b>	<b>(26.72)</b>
Significant Accounting Policies and notes on accounts	1 to 2		

For and on behalf of the Board

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

Sd/-  
M.S.LAKSHMAN RAO  
Managing Director

Sd/-  
M.V. ANANTHAKRISHNA  
Director

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

Place : Hyderabad  
Date : 29.05.2014



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

(Amount in ₹)

	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax and after extraordinary items	(19,86,85,293)	(11,35,59,001)
Adjustments for :		
Depreciation	66,53,694	71,26,083
Interest Paid	5,16,02,797	3,47,70,045
Interest Received	(77,94,208)	(81,68,032)
Dividend Received	(1,27,000)	(68,400)
Income Tax Refund Received	(9,27,056)	-
Provision for Gratuity & leave encashment	10,289	25,29,691
Credit Balances written Back	(11,13,383)	-
Bad debts, Irricoverable Deposits & Advances Written off	4,12,919	6,27,528
<b>Operating Profit before working capital changes</b>	<b>(14,99,67,241)</b>	<b>(7,67,42,086)</b>
Adjustment for:		
Trade and other receivables	20,05,09,409	5,70,09,625
Inventories	3,70,87,867	19,92,112
Trade payables	(6,23,25,634)	9,24,47,363
<b>Cash generated from operations</b>	<b>2,53,04,401</b>	<b>7,47,07,014</b>
Interest Paid	(4,22,11,254)	(3,47,70,045)
Direct Taxes Paid	(17,40,000)	(1,11,28,609)
<b>NET CASH FLOW / (USED) FROM OPERATING ACTIVITIES (A)</b>	<b>(1,86,46,853)</b>	<b>2,88,08,360</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-	(22,800)
(Increase) / Decrease in Capital work-in-progress	(5,56,128)	(2,87,23,019)
Sale of Investments	-	-
Purchase of Investments	-	-
Advance for Purchase of Investments	-	(2,62,38,481)
Interest received	68,59,210	81,68,032
Sale of Fixed Assets	12,000	-
Dividend received	1,27,000	68,400
<b>NET CASH FLOW / (USED) IN INVESTING ACTIVITIES (B)</b>	<b>64,42,082</b>	<b>(4,67,47,868)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase / (Decrease) in Borrowings	(3,66,32,619)	4,74,33,497
Dividend Paid	-	(1,31,83,050)
Tax on dividend	-	-
<b>NET CASH GENERATED / (USED) IN FINANCING ACTIVITIES (C)</b>	<b>(3,66,32,619)</b>	<b>3,42,50,447</b>
Net increase/(decrease) in cash and Cash equivalents (A+B+C)	<b>(4,88,37,390)</b>	<b>1,63,10,939</b>
Cash and Cash equivalents at the beginning of the year	6,01,55,019	4,38,44,080
Cash and Cash equivalents as at the close of the year	1,13,17,629	6,01,55,019
	<b>4,88,37,390</b>	<b>(1,63,10,939)</b>

For and on behalf of the Board

Per our report of even date annexed  
For BRAHMAYYA & CO.,  
Chartered AccountantsSd/-  
M.S.LAKSHMAN RAO  
Managing DirectorSd/-  
M.V. ANANTHAKRISHNA  
DirectorSd/-  
(CA. C.V. RAMANA RAO)  
Partner  
Membership No. 018545Place : Hyderabad  
Date : 29.05.2014

**NOTE NO. 1: SIGNIFICANT ACCOUNTING POLICIES****1.1 Accounting Concepts:**

Financial statements are prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) in India under historical cost convention on accrual basis and comply all material aspects with the Accounting Standards and the relevant provisions prescribed in the Companies Act, 1956, besides the pronouncements/ guidelines of the Institute of Chartered Accountants of India and the Securities and Exchange Board of India.

**1.2 Use of Estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and reported amount of revenues and expenses during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, the actual outcome may be different from the estimates. Difference between actual results and estimates are recognized in the period in which the results are known or materialize.

**1.3 Fixed Assets:**

- a. Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is net of CENVAT / Input VAT Credit and inclusive of freight, duties, taxes, incidental expenses including interest on specific borrowings as apportioned.
- b. Expenditure during construction/erection period is included under Capital Work-in-Progress and allocated to the respective fixed assets on completion of construction/erection.

**1.4 Classification of Assets and Liabilities as Current and Non-Current:**

All assets and liabilities are classified as current and non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current - non-current classification of assets and liabilities.

**1.5 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 made, if in the opinion of the Management such diminution is permanent in nature.

**1.6 Inventories:**

Inventories are valued at the lower of the cost (net of CENVAT / Input VAT Credit) or net realisable value (except by-products, waste and scrap which are valued at estimated net realisable value). Cost is computed on monthly weighted average basis. Finished Goods and Process Stock include cost of conversion and other costs incurred in bringing the inventories to their present condition and location.

**1.7 Borrowing Costs:**

Borrowing cost is charged to statement of Profit and Loss except cost of specific borrowing for acquisition of qualifying assets which is capitalised till date of commercial use of the said asset.



**1.8 Sales:**

Sales are inclusive of Excise Duty and net of rebates and Sales Tax.

**1.9 Employee Benefits:**

(i) Defined Contribution Plans

Employee Benefits in the form of Employee Provident Pension Funds 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 fund 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 gains / losses, if any, are immediately recognised in the statement of Profit & Loss.

**1.10 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.

**1.11 Foreign Currency Transactions:**

Transactions on account of foreign currency are accounted for at the rates prevailing on the date of the transaction. Foreign Currency assets and liabilities are restated at the rates prevailing as on the date of Balance Sheet. Exchange rate differences are dealt with in the statement of Profit and Loss. Premium or discount on forward exchange contracts are amortised and recognised in the statement of Profit & Loss over the period of the contract.

**Note No.2.01 : SHARE CAPITAL**

Particulars	As at 31.03.2014		As at 31.03.2013	
	No of Equity Shares	Amount in ₹	No of Equity Shares	Amount in ₹
a) <b>Authorised :</b> Equity Shares of ₹.10/- each	<b>2,00,00,000</b>	<b>20,00,00,000</b>	2,00,00,000	20,00,00,000
b) (i) <b>Issued :</b> Equity Shares of ₹.10/- each	<b>43,96,450</b>	<b>4,39,64,500</b>	43,96,450	4,39,64,500
(ii) <b>Subscribed and Fully Paid up:</b> 43,94,350 Equity Shares of ₹. 10/- each fully paid up Add: Amount received on 2100 forfeited shares	<b>43,94,350</b>	<b>4,39,43,500</b>	43,94,350	4,39,43,500
		<b>6,375</b>		<b>6,375</b>
	<b>43,94,350</b>	<b>4,39,49,875</b>	43,94,350	4,39,49,875

**c) Equity shares in the company held by each shareholder holding more than 5% shares specifying the number of shares held**

Name of the Share holder	As at 31.03.2014		As at 31.03.2013	
	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.	<b>3,50,865</b>	<b>7.98%</b>	3,50,865	7.98%

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

Particulars	As at 31-03-2014 Amount in ₹	As at 31-03-2013 Amount in ₹
a. Capital Reserves:		
Balance in State Govt Subsidy Received	<b>15,00,000</b>	15,00,000
b. Securities Premium Account:		
Balance in Securities Premium Reserve	<b>11,91,79,000</b>	11,91,79,000
c. Asset Revaluation Reserve:		
Balance in Asset Revaluation Reserve	<b>4,36,87,426</b>	4,36,87,426
d. Other Reserves (General Reserve):		
Balance at the beginning of the year	<b>96,40,00,000</b>	96,40,00,000
(+) Current Year Transfer	-	-
Balance at the end of the year	<b>96,40,00,000</b>	96,40,00,000
e. Surplus:		
Balance at the beginning of the year	<b>22,23,60,532</b>	33,97,62,681
(+) Net Profit/(Loss) for the year	<b>(19,65,29,842)</b>	(11,74,02,149)
(-) Transfer to General Reserve	-	-
(-) Proposed Dividends	-	-
(-) Tax on Proposed Dividends	-	-
Balance at the end of the year	<b>2,58,30,690</b>	22,23,60,532
Total	<b>1,15,41,97,116</b>	1,35,07,26,958



(Amount in ₹)

Particulars	As at 31-03-2014		As at 31-03-2013	
<b>Note No.2.03: LONG TERM BORROWINGS</b>				
<b>Unsecured Loans :</b>				
From LIC of India		82,91,250		82,91,250
From Directors		10,88,29,278		7,93,67,042
From Other Body Corporates		18,36,61,370		24,13,09,297
<b>Total</b>		<b>30,07,81,898</b>		<b>32,89,67,589</b>
<b>Note No.2.04: DEFERRED TAX LIABILITY</b>				
<b>Deferred tax liability:</b>				
Timing difference between book and tax depreciation		73,27,298		73,27,298
Items of contingent liability in nature claimed as expenditure for tax purpose	4,30,88,278	5,04,15,576	4,30,88,278	5,04,15,576
<b>Deferred tax asset:</b>				
Items covered under section 43B of the Income Tax Act		80,90,852		59,35,401
Provision for doubtful debts		25,79,127		25,79,127
Unabsorbed depreciation under Income Tax Act	10,69,100	1,17,39,079	10,69,100	95,83,628
<b>Total</b>		<b>3,86,76,497</b>		<b>4,08,31,948</b>
<b>Note No.2.05: OTHER LONG TERM LIABILITIES</b>				
Deposits refundable		8,00,000		8,00,000
<b>Total</b>		<b>8,00,000</b>		<b>8,00,000</b>
<b>Note No.2.06: LONG TERM PROVISIONS</b>				
Provision for Compensated leaves		13,73,705		8,24,048
<b>Total</b>		<b>13,73,705</b>		<b>8,24,048</b>



(Amount in ₹)

Particulars	As at 31-03-2014	As at 31-03-2013
<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.	10,16,11,259	11,00,58,187
<b>Total</b>	<b>10,16,11,259</b>	<b>11,00,58,187</b>
<b>Note No.2.08: TRADE PAYABLES</b>		
Trade Payables	19,57,17,005	33,60,57,039
<b>Total</b>	<b>19,57,17,005</b>	<b>33,60,57,039</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>		
Interest accrued and due	-	66,55,823
Advances from customers	1,02,61,605	97,70,183
Un-Paid Dividends	26,18,556	27,67,481
Other current Liabilities	14,59,03,566	6,26,89,222
<b>Total</b>	<b>15,87,83,727</b>	<b>8,18,82,709</b>
<b>Note No.2.10: SHORT TERM PROVISIONS</b>		
Provision for Gratuity	1,46,84,129	1,51,60,348
Provision for leave encashment	15,31,903	15,95,052
Provision for Income Tax (net of Prepaid Taxes)	4,45,89,999	4,27,94,878
Dividend distribution tax payable	21,38,620	21,38,620
<b>Total</b>	<b>6,29,44,651</b>	<b>6,16,88,898</b>



**Note No. 2.11 : Fixed Assets**

(in ₹)

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 1 <sup>st</sup> April 2013	Additions	Disposals	As at 31 <sup>st</sup> March, 2014	As at 1 <sup>st</sup> April 2013	For the year	On disposals	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
<b>TANGIBLE ASSETS:</b>									
Land	6,90,38,312	-	-	6,90,38,312	-	-	-	6,90,38,312	6,90,38,312
Buildings	8,30,83,066	-	-	8,30,83,066	5,95,99,226	13,00,153	-	2,21,83,687	2,34,83,840
Plant & Machinery	57,26,71,521	-	-	57,26,71,521	52,70,76,887	42,43,520	-	4,13,51,114	4,55,94,634
Furniture&Fixtures	35,94,066	-	-	35,94,066	32,69,187	78,691	-	2,46,188	3,24,879
Office Equipment	1,00,21,395	-	-	1,00,21,395	80,26,203	4,47,370	-	15,47,822	19,95,192
Vehicles	1,61,60,818	-	3,71,710	1,57,89,108	1,06,87,901	5,83,959	3,59,710	48,76,958	54,72,917
<b>Total</b>	<b>75,45,69,178</b>	<b>-</b>	<b>3,71,710</b>	<b>75,41,97,468</b>	<b>60,86,59,404</b>	<b>66,53,693</b>	<b>3,59,710</b>	<b>13,92,44,081</b>	<b>14,59,09,774</b>
Previous Year	75,45,46,378	22,800	-	75,45,69,178	60,15,33,321	71,26,083	-	14,59,09,774	15,30,13,057

(Amount in ₹)

Particulars	As at 31-03-2014	As at 31-03-2013
<b>Note No.2.12: CAPITAL WORK IN PROGRESS</b>		
<b>Capital Works in Progress:</b>		
a. Civil works under progress	7,00,14,077	7,00,14,077
b. Capital Stock in Stores	13,90,518	13,90,518
<b>Expenditure incidental to construction awaiting allocation (Vide Note No.2.12(a):</b>	<b>4,65,47,836</b>	<b>4,59,91,708</b>
	<b>11,79,52,431</b>	<b>11,73,96,303</b>
Note No.2.12(a): Expenditure incidental to construction awaiting allocation:		
a. Balance at the beginning of the year:	4,59,91,708	3,81,73,577
b. Net Expenditure incurred during the year:		
Staff Cost	10,48,719	46,70,474
Professional and Consultancy Charges	-	2,44,720
Travelling and Conveyance	2,21,451	11,44,361
Advertisement	-	-
Bank Charges and guarantee commission	-	18,15,816
Licence & Fees	-	-
Miscellaneous Expenses	11,35,949	12,02,760
	<b>24,06,119</b>	<b>90,78,131</b>
Less: Interest Received during the year	<b>18,49,991</b>	<b>12,60,000</b>
	<b>5,56,128</b>	<b>78,18,131</b>
<b>Total</b>	<b>4,65,47,836</b>	<b>4,59,91,708</b>
<b>Note No.2.13: NON-CURRENT INVESTMENTS (Long term Investments)</b>		
<b>Non Trade:</b>		
<b>1) Investment in Equity Shares</b>		
<b>i) 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	<b>2,28,000</b>	<b>2,28,000</b>
	<b>17,13,000</b>	<b>17,13,000</b>
<b>ii) 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.	<b>6,17,26,700</b>	<b>6,17,26,700</b>
	<b>149,33,72,910</b>	<b>149,33,72,910</b>





(Amount in ₹)

Particulars	As at 31-03-2014		As at 31-03-2013	
<b>iii) 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>		<b>157,59,93,744</b>
Less: Diminution in value of Investments		10,00,000		10,00,000
<b>Total</b>		<b>157,49,93,744</b>		<b>157,49,93,744</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	6,62,000		6,62,000	
Deposits Recoverable	4,39,31,116		4,40,57,616	
Advance for purchase of Investments	-		16,52,90,499	
<b>Total</b>	<b>4,45,93,116</b>		<b>21,00,10,115</b>	

**Note No.2.15: INVENTORIES**

(As Valued and Certified by the Management)

Stores & Spares	3,02,11,849		3,08,49,265	
Stores in Transit	-		77,418	
Raw Materials	10,54,14,400		10,53,14,132	
Finished Goods	1,21,37,524		4,86,10,825	
<b>Total</b>	<b>14,77,63,773</b>		<b>18,48,51,640</b>	

Inventories are valued as per Accounting Policy No. 1.6 of Note No. 1

**Note No.2.16: TRADE RECEIVABLES**

Unsecured:

Debts, outstanding over six months				
Considered good	-		79,31,834	
Considered doubtful	79,49,228	79,49,228	79,49,228	1,58,81,062
Other Debts, Considered good		79,27,444		79,27,444
		1,58,76,672		2,38,08,506
Less: Provision for doubtful debts		79,49,228		79,49,228
<b>Total</b>		<b>79,27,444</b>		<b>1,58,59,278</b>





(Amount in ₹)

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
<b>Note No.2.22: CONSUMPTION OF RAW MATERIALS</b>		
Opening Stock	10,53,14,132	12,58,81,981
Add: Purchases (Net)	3,97,83,056	8,87,29,816
	<u>14,50,97,188</u>	<u>21,46,11,797</u>
Less: Closing Stock	10,54,14,400	10,53,14,132
<b>Total</b>	<u><u>3,96,82,788</u></u>	<u><u>10,92,97,665</u></u>
<b>Note No.2.22 (a): PARTICULARS OF RAW MATERIALS CONSUMED</b>		
<b>Indigenous:</b>		
Char Coal	3,21,90,579	7,96,42,979
Quartz	7,68,685	62,62,371
Mill Scale	27,81,180	85,04,495
Electro Carbon Paste	24,87,812	74,57,445
Others	14,54,532	74,30,375
<b>Total</b>	<u><u>3,96,82,788</u></u>	<u><u>10,92,97,665</u></u>
<b>Note No.2.23: CHANGE IN INVENTORIES OF FINISHED GOODS</b>		
Opening Stock	4,86,10,825	3,14,42,567
Less: Closing Stock	1,21,37,524	4,86,10,825
<b>Total</b>	<u><u>3,64,73,301</u></u>	<u><u>(1,71,68,258)</u></u>
<b>Note No.2.24: EMPLOYEE BENEFIT EXPENSE</b>		
Salaries, Wages & Bonus	2,58,96,797	4,92,21,655
Workmen compensation	7,26,85,774	-
Contribution to Provident fund and other funds	24,83,521	52,39,951
Gratuity	-	17,51,697
Remuneration to Managing Director	10,00,800	9,66,373
Staff Welfare Expenses	7,34,201	22,10,130
<b>Total</b>	<u><u>10,28,01,093</u></u>	<u><u>5,93,89,806</u></u>

**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 ₹)	
	2013-14	2012-13
Employer's Contributions to Provident and Pension Funds	<b>18,02,112</b>	41,46,849
Employer's Contributions to Employees State Insurance	<b>1,70,509</b>	4,71,533
Contribution to Superannuation Scheme	<b>5,10,900</b>	6,20,400

**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>1,80,51,504</b>	1,62,47,870	<b>24,19,100</b>	16,41,106
Interest Cost	<b>5,93,916</b>	12,92,937	<b>36,875</b>	1,31,288
Current Service Cost	<b>9,22,546</b>	12,96,098	<b>4,35,278</b>	25,99,800
Past Service Cost - (vested benefits)	-	-	-	-
Benefits paid	<b>(6,81,574)</b>	(1,72,314)	-	-
Actuarial loss / (gain) on obligation	<b>(18,36,980)</b>	(6,13,087)	<b>14,355</b>	(19,53,094)
Defined Benefit obligation at year end	<b>1,70,49,412</b>	1,80,51,504	<b>29,05,608</b>	24,19,100

**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>28,91,156</b>	28,39,219
Expected return on plan assets	<b>96,215</b>	2,47,776
Contributions	-	-
Benefits paid	<b>(6,81,574)</b>	(1,72,314)
Actuarial loss / (gain) on obligation	<b>59,486</b>	(23,525)
Fair value of plan assets as at the end of the year	<b>23,65,283</b>	28,91,156



## III. Reconciliation of fair value of assets and obligations as at 31.3.2014.

(Amount in ₹)

	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Fair value of plan assets	<b>23,65,283</b>	28,91,156	-	-
Present value of obligation	<b>1,70,49,412</b>	1,80,51,504	<b>29,05,608</b>	24,19,100
Amount recognized as liability in Balance sheet	<b>1,46,84,129</b>	1,51,60,348	<b>29,05,608</b>	24,19,100
IV. Expenses recognized during the year (in the Statement of Profit & Loss)				
Current Service Cost	<b>9,22,546</b>	12,96,098	<b>4,35,278</b>	25,99,800
Interest Cost	<b>5,93,916</b>	12,92,937	<b>36,875</b>	1,31,288
Past Service Cost - (vested benefits)	-	-	-	-
Expected return on plan assets	<b>(96,215)</b>	(2,47,776)	-	-
Actuarial (gain)/ loss	<b>(18,96,466)</b>	(5,89,562)	<b>14,355</b>	(19,53,094)
Expenses recognized in the statement of Profit & Loss Account	<b>(4,76,219)</b>	17,51,697	<b>4,86,508</b>	7,77,994

## V. Principals Actuarial Assumptions

	Gratuity (Funded)		Compensated absences (Unfunded)	
	This year	Previous year	This year	Previous year
Discount Rate	<b>9.19%</b>	8.00%	<b>9.19%</b>	8.00%
Salary Escalation Rate	<b>1.00%</b>	1.00%	<b>1.00%</b>	1.00%
Expected rate on return on plan assets	<b>9.00%</b>			
Employee attrition rate	<b>3.00%</b>	3.00%	<b>3.00%</b>	3.00%

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 31.03.2014		For the year ended 31.03.2013	
Stores & Spares consumed		<b>2,35,274</b>		14,84,959
Other Manufacturing Expenses		<b>43,26,445</b>		1,06,10,186
Repairs & Maintenance:				
Plant & Machinery	<b>10,08,948</b>		27,46,262	
Buildings	-	<b>10,08,948</b>	14,000	27,60,262
<b>Total</b>		<b>55,70,667</b>		1,48,55,407



**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	2,35,274	100	14,84,959	100

**Note No.2.26:FINANCE COST**

(Amount in ₹)

Particulars	For the year ended 31.03.2014	For the year ended 31.03.2013
Interest on Cash Credit	1,62,34,900	1,59,50,557
Interest - Others	3,31,55,447	1,61,76,275
L C Charges	10,93,241	17,77,005
Bank Charges	11,19,209	8,66,208
<b>Total</b>	<b>5,16,02,797</b>	<b>3,47,70,045</b>

**Note No.2.27:OTHER EXPENSES**

Rent	15,60,739	15,22,545
Insurance	29,49,712	27,07,622
Rates & Taxes	-29,76,523	27,52,494
Director's Sitting Fees	2,00,000	4,00,000
Payment to:		
<b>Statutory Auditors</b>		
As auditor's	2,00,000	2,00,000
for Certification Charges	145,000	2,18,000
for Tax Audit	-	80,000
for Cost Audit Fee	60,000	60,000
Transportation,Selling and Other Distribution Expenses	3,22,446	18,40,184
Commssion on Sales	3,26,060	6,70,480
Donations	-	10,000
Bad Debts, Irrecoverable Claims and advances Written Off	4,12,919	6,27,528
Miscellaneous Expenses	42,80,026	86,74,779
<b>Total</b>	<b>74,80,379</b>	<b>1,97,63,632</b>
Expenditure in foreign currency during the financial year on account of travelling.	-	67,800



Particulars	Current Year	Previous Year
<b>Note No: 2.28:</b>		
1 Contingent liabilities and commitments		
a) Unexpired Bank Guarantees and letters of Credit	<b>5,24,29,000</b>	12,90,32,974
b) The company could not conclude the agreement entered in an earlier year with IFCI to buyback 3 cores of equity shares of Rs 10 each of Konaseema Gas Power Limited (KGPL), which have been subscribed by IFCI on behalf of the company and two other promoter companies of KGPL as part of the undertaking given by them to the financial institutions to meet the cost overrun, if any. Accordingly during the year another promoter company has since bought back the said equity shares.		
c) Unexpired Corporate Guarantees given to Financial Institutions and strategic Investors on behalf of Body Corporates	<b>1,57,10,00,000</b>	1,57,10,00,000
2 a) The company has received demands for fuel surcharge adjustment (FSA) from Central Power Distribution Company of AP Ltd (CPDCL) pursuant to clause 45B of the Andhra Pradesh Electricity Regulatory Commission (Conduct of Business Amendment) Regulations 2003 (FSA Regulations) The levy has been a subject matter of challenge ever since the DISCOMS made their claim in the year 2010 in respect of the period 2008.09 onwards. The challenge with respect to 2008.09 and 2009.10 were initially accepted by a single judge of the Andhra Pradesh High Court and the appeals filed with respect to 2008.09 and 2009.10 are currently pending before the Supreme Court and a full bench of the Andhra Pradesh High Court respectively. With respect to the levy for the years 2010.11 to 2012.13 totaling to Rs 190653769 no stay has been granted against the levy and collection of FSA charges. Pending the resolution of the legal course being pursued by the company of the dispute no provision has been made for the said demand in the books of account.		
b) Pending disposal of its objections filed before the various administrative authorities of CPDCL as per the directions given by Forum for Redressal of Consumer Grievances of CPDCL towards load shortfall charges for earlier years, totaling to Rs 86699649, no provision has been made by the company for the said demand in the books of account.		
c) Disputed Sales Tax Demands for non submission of "C" & "F" Forms	<b>38,09,838</b>	42,53,723



Particulars	Current Year	Previous Year
<p>d) Disputed Income Tax demands for the financial years 2008.09 to 2009.10</p> <p style="padding-left: 40px;">An amount of Rs 11,98,200 (previous year Rs 5192568) Paid under protest against item nos (e) &amp; (f) is shown under the head of "Loans and advances"</p>	<b>3,04,56,364</b>	3,47,35,780
<p>e) claims against the company not acknowledged as debts</p>		
<p>3. Due to steep increase in the power tariff, by CPDCL, the cost of production of Ferro Silicon has far exceeded the market prices, resulting in non recovery of even variable cost of production. Accordingly the company has closed down its production unit at Rudraram Village, Medak district since June 2013. Further the company is negotiating with the workers union for their retrenchment. However, the books of account are maintained under "going concern" concept, as the company has initiated effective steps to meet its power requirements by setting-up a 120 MW captive thermal power plant at Sirpur Kagaznagar Mandel, Adilabad District through VBC Power Company Ltd, by transferring its power project division by way of demerger.</p>		
<p>4. The company operates in only one business Segment of manufacture of Ferro Alloys and there are no geographical segments to be reported</p>		
<p>5A. Related parties in terms of AS 18 issued by the Institute of Chartered Accountants of India.</p>		
<p>a) Associates: Konaseema Gas Power Ltd VBC Industries Limited Orissa power Consortium Limited.</p>		
<p>b) Key Managerial Personnel: Sri M S Lakshmana Rao, Managing Director</p>		
<p>c) Relatives of Key Managerial Personnel: Dr. M V V S Murthi, Sri M S Rama Rao</p>		
<p>d) Others: Enterprises in which key Managerial Personnel or their relatives have substantial interest</p> <p style="padding-left: 40px;">VBC Exports Ltd. Techno Infratech Projects (India) Pvt. Ltd. BASIL Infrastructure projects Ltd. Indo-Us Coal Washeries Ltd VBC Power Company Ltd.</p>		
<p>B. Transactions carried with related parties:</p>		
<p><u>Nature of Transactions</u></p>		
<p>i) Transactions pertaining to Associates:</p>		
<p>a) Purchases :VBC Industries Ltd</p>	-	19,50,956





Particulars	Current Year	Previous Year
b) Sales VBC Industries Ltd	-	2,60,505
c) Rent: Received from Konaseema Gas Power Ltd	<b>24,00,000</b>	24,00,000
d) Rental deposit refundable at the end of the year: Konaseema Gas Power Ltd	<b>4,00,000</b>	4,00,000
ii) Transactions pertaining to Key Management Personnel: Remuneration payable to M S Lakshman Rao, Managing Director	<b>11,08,800</b>	10,74,373
iii) Transactions with Relatives of the Key Managerial Personne:		
a) Interest paid to Dr. M.V.V.S. Murthi M.S.P. Rama Rao	<b>88,29,596</b> <b>45,79,271</b>	79,51,832 8,79,435
b) Amounts payable to the end of the year Dr. M.V.V.S. Murthi M.S.P. Rama Rao	<b>6,38,10,970</b> <b>4,07,62,835</b>	5,58,64,332 2,57,91,491
iv) Transactions pertaining to Companies/Firms/Other concerns in which Key Managerial Personnel or his relatives holds substantial interest:		
a) Rent paid to Techno Infratech Projects (India) Pvt Ltd.	<b>1,68,540</b>	1,68,540
b) Amount payable as at the end of the year		
VBC Exports Ltd	<b>38,20,993</b>	38,20,993
Techno Infratech Projects (India) Pvt. Ltd.	<b>87,68,540</b>	36,00,000
BASIL Infrastructure Projects Ltd.,	<b>4,58,849</b>	3,98,584
Indo-US Coal Washeries Ltd	<b>2,40,957</b>	2,40,957
VBC Power Company Ltd	<b>98,57,400</b>	-
c) Amount Invested during the year	-	-
d) Amount Invested up to the end of the year in		
BASIL Infrastructure Projects Ltd.,	<b>13,50,000</b>	13,50,000
Konaseema Gas Power Ltd	<b>1,43,06,46,210</b>	1,43,06,46,210
Orissa Power Consortium Ltd.	<b>6,17,26,700</b>	6,17,26,700
Indo-US Coal Washeries Ltd	<b>1,08,57,364</b>	1,08,57,364
6 Earning Per Share (EPS):		
a) Net Profit available for Equity Share Holders	<b>(19,65,29,842)</b>	(11,74,02,149)
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>(44.72)</b>	(26.72)



Particulars	Current Year	Previous Year
<p>7 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> <p>8 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> <p>9 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 annexed  
For BRAHMAYYA & CO.,  
Chartered Accountants

Sd/-  
M.S.LAKSHMAN RAO  
Managing Director

Sd/-  
M.V. ANANTHAKRISHNA  
Director

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

Place : Hyderabad  
Date : 29.05.2014



**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Company : VBC Ferro Alloys Limited  
 Registered Office : 6-2-913/914, 3<sup>rd</sup> Floor, Progressive Towers, Khairatabad, Hyderabad-500 004.

Name of the member(s) :	
Registered Address :	
E-mail Id :	
Folio No./ Client id :	
DP ID :	

I/We being the member(s) of ..... Shares of VBC Ferro Alloys Limited, hereby appoint:

- Name : .....  
 Email id : .....  
 Address : .....  
 Signature : ..... Or failing him
- Name : .....  
 Email id : .....  
 Address : .....  
 Signature : ..... Or failing him
- Name : .....  
 Email id : .....  
 Address : .....  
 Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the company to be held on the 30<sup>th</sup> September, 2014 at 4.00 P.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, any adjournment thereof in respect of such resolutions as are indicated below:

**Ordinary Business:**

- To receive, consider and adopt, the audited statement of profit and loss for the financial year ended on 31 March 2014 and the balance sheet as at that date and the reports of the board of directors and auditors thereon
- To re-appoint M/s. Brahmayya & Co, Chartered Accountants (ICAI Reg. No. 000513S), as auditors of the company.

**Special Business:**

- To appoint Mr. M.V. Ananthakrishna as an independent director for a period of five years
- To appoint Mr. Pramod Kumar Thatee as director
- To appoint Mr. V.S.Rao as an independent director for a period of three years

Signed this ..... day of ..... 2014

Signature of Shareholder .....

Signature of Proxyholder(s) .....



NOTE: 1. The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before 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.

.....

.....

I hereby record my presence at the 32<sup>nd</sup> ANNUAL GENERAL MEETING of the Company held on Monday, the 30<sup>th</sup> September, 2014 at 4.00 p.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 - COURIER**

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

**VBC FERRO ALLOYS LIMITED**

(An ISO 9001 - 2008 Company)

CIN No : L27101TG1981PLC003223

6-2-913/914, Third Floor, Progressive Towers,

Khairatabad, Hyderabad - 500 004,

Telangana, INDIA.