

# **THIRTY SEVENTH ANNUAL REPORT 2018-2019**



## **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.

Tel +91 40 23301200/1230,

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Web: [www.vbcfal.in](http://www.vbcfal.in)

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## THIRTY SEVENTH ANNUAL GENERAL MEETING

Day : Monday  
Date : 30.09.2019  
Time : 11.30 A.M.  
Venue : Surana Udyog Auditorium, FTAPCCI,  
11-6-841 Red Hills, HYDERABAD - 500 004.

### REGISTERED OFFICE

6-2-913/914, Third Floor, Progressive  
Towers, Khairatabad, Hyderabad - 500 004.  
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### WORKS

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**GIFTS WILL NOT BE DISTRIBUTED AT THE AGM**



## BOARD OF DIRECTORS

Shri K V ANJANEYULU	Chairman
Shri INDOORI NARSING RAO	Director
Smt DESHRAJU REKHA	Director
Shri VIJAY GOVIND GEJJI	Managing Director
Shri M.V. ANANTHAKRISHNA	Whole-Time Director
Shri M SIDDARTHA	Director

## MANAGEMENT TEAM

Shri VVVSU MURTY	Group Company Secretary
Shri V RAVI	Technical Advisor
Shri K. SRINIVAS	General Manager
Shri A V RAMANA	General Manager
Shri R. DHARMENDER	CFO

### **AUDITORS:**

M/s. C V RAMANA RAO & CO.,  
Chartered Accountants,  
Visakhapatnam

### **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.



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## NOTICE OF 37TH ANNUAL GENERAL MEETING

Notice is hereby given that the 37<sup>th</sup> Annual General Meeting of the shareholders of VBC Ferro Alloys Limited will be held on Monday, 30<sup>th</sup> September, 2019 at 11.30 A.M. at Surana Udyog Auditorium, The Federation of Telangana Chambers of Commerce & Industry (FTCCI), situated at 11-6-841, Red Hills, Hyderabad, Telangana - 500 004, to consider the following:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31<sup>st</sup>, 2019, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.

### SPECIAL BUSINESS:

2. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri K V Anjaneyulu (DIN: 08311363), who was appointed as an Additional Director in the Board Meeting held on 14.12.2018 pursuant to the provisions of Section 161 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 commencing from the date of his appointment i.e. 14.12.2018 to 13.12.2023.

“RESOLVED FURTHER THAT the Board is hereby authorized to take all necessary steps as may be necessary to give effect to the above resolution including filing of all such necessary documents as may be required in this regard.”

3. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Shri Indoori Narsing Rao (DIN: 01852112), Additional Director in the Board Meeting held on 12.03.2019 pursuant to the provisions of Section 161 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 commencing from the date of his appointment i.e. 12.03.2019 to 11.03.2024.



“RESOLVED FURTHER THAT the Board is hereby authorized to take all necessary steps as may be necessary to give effect to the above resolution including filing of all such necessary documents as may be required in this regard.”

4. 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 Section 152 of the Companies Act, 2013 read with the enabling provisions of the Articles of Association of the Company Shri Mathukumilli Siddhartha (DIN: 07630456), who has been appointed as an Additional Director w.e.f. 13<sup>th</sup> August 2019 and who ceases to hold office at the commencement of this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 along with requisite deposit, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.”

“RESOLVED FURTHER THAT the Board is hereby authorized to take all necessary steps as may be necessary to give effect to the above resolution including filing of all such necessary documents as may be required in this regard.”

5. Appointment of Shri Vijay Govind Gejji as Director:

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 Section 152 of the Companies Act, 2013 read with the enabling provisions of the Articles of Association of the Company Shri Vijay Govind Gejji (DIN: 07781207) who has been appointed as an Additional Director w.e.f. 28<sup>th</sup> January 2019 and who ceases to hold office at the commencement of this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 along with requisite deposit, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.”

“RESOLVED FURTHER THAT the Board is hereby authorized to take all necessary steps as may be necessary to give effect to the above resolution including filing of all such necessary documents as may be required in this regard.”

6. Appointment of Shri Vijay Govind Gejji as Managing Director:

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 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (Act), read with Schedule V (as amended from time to time) to the said Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subject to such other approvals as may be necessary, Shri Vijay Govind Gejji be and is hereby appointed as Managing Director of the Company for a period of 3 (Three ) years w.e.f. 28<sup>th</sup> January, 2019 to 27<sup>th</sup> January, 2022 (both days inclusive) with such duties and powers as may be delegated to him by the Board of Directors / Chairman of the Company from time to time and on the terms and conditions as to remuneration and other benefits as set out hereunder:

- 1 Salary: Basic: Rs.1,00,000/- per month (Rs. One Lakh only)



2. Term: 3 (Three) Years
3. Other benefits as per the Rules of the Company

The total remuneration in any one financial year shall not exceed the limits prescribed from time to time under sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (Act), read with Schedule V (as amended from time to time) to the said Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as may for the time being, be in force and any amendments thereto.

“RESOLVED FURTHER THAT the Board is hereby authorized to take all necessary steps as may be necessary to give effect to the above resolution including filing of all such necessary documents as may be required in this regard.”

By Order of the Board  
for VBC Ferro Alloys Limited

Sd/-

M.V. Ananthakrishna  
Whole-Time Director

Place: Hyderabad  
Date: 13.08.2019

**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.
2. 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.
3. 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.
4. 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.
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 September 23, 2019 to September 30, 2019 (both days inclusive) for the purpose of Annual General Meeting.
6. Members who wish to seek any further information / clarification at the meeting, on the annual accounts 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, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11, 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
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 dropdown 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:
      - \* 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 26.09.2019 (9.00 a.m.) and ends on 29.09.2019 (5.00 p.m). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cutoff date (Record Date) of 22.09.2019, 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 26.09.2019 (9.00 a.m.) and ends on 29.09.2019 (5.00 p.m).

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> September 2019, 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> September, 2019.

Mr. A.J. Sharma, Practicing Company Secretary (Membership No. 2120) 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 e-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 declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.vbcfal.in](http://www.vbcfal.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.

Shareholders with physical shares please update your PAN and Bank details by filling the updation form and submit the same along with original cancelled cheque leaf and self attested copy of the first page of Bank Passbook. The updation form is available for download in our website [www.vbcfal.in](http://www.vbcfal.in).

By Order of the Board  
for VBC Ferro Alloys Limited

Sd/-

M.V. Ananthakrishna  
Whole-Time Director

Place: Hyderabad  
Date: 13.08.2019



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## EXPLANATORY STATEMENT

[Pursuant to Section 102 of the Companies Act, 2013]

### ITEM NO.2: APPOINTMENT OF SHRI K V ANJANEYULU AS AN INDEPENDENT DIRECTOR

Shri K.V. Anjaneyulu did M.Tech in IIT, Chennai. He served various positions in Oil and Natural Gas Corporation Limited (ONGC) and retired as Executive Director.

He was carrying over 35 years of comprehensive experience and expertise in devising and implementing strategies for effective management of operations, projects including World Bank/Exim Bank aided projects, risks, and contracts in the oil & gas sector, offshore and onshore, refining, petrochemicals and power. He is also having expertise knowledgeable about the energy industry and the management of mega gas terminals/projects and cryogenic gas/process plants in India and abroad. Proven track record of leadership capabilities, growth, innovation, value creation and delivered performance/results.

Board of Directors has appointed Shri K V Anjaneyulu as an Additional Director and his term expires on the date of the ensuing Annual General Meeting.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Shri K V Anjaneyulu is proposed to be appointed as an Independent Director of the Company, to hold office for a term of 5(Five) years. A notice has been received from a Member proposing Shri K V Anjaneyulu, as a candidate for the office of Director of the Company.

In the opinion of the Board, Shri K V Anjaneyulu fulfills condition specified in the Companies Act, 2013 and the Rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the Management.

Copy of the draft letter for appointment of Shri K V Anjaneyulu, as an Independent Director, setting out the terms and conditions would be available for inspection by the Members at the Registered Office of the Company on any working day, (Monday to Saturday), during the business hours of the Company up to the date of the Meeting.

Pursuant to section 160 of the Companies Act, 2013, notice has been received from a shareholder signifying his intention to propose the appointment of Shri K V Anjaneyulu, as Director along with a deposit of Rs. 1,00,000/- (Rupees One Lakh) as required under the aforesaid section

The Board considers that his appointment as an Independent Director would be of immense benefit to the Company and it desirable to avail services of Shri K V Anjaneyulu as an Independent Director of the Company.

Shri K V Anjaneyulu, does not hold any shares in the Company and is not related to any other Director of the Company.

The Board of Directors of your Company recommends the Ordinary Resolution set out at the item 2 of the Notice for approval by the Shareholders.



Except Shri K V Anjaneyulu, none of the Directors/ Key Managerial Personnel of the Company/their respective relatives is in any way concerned or interested, financially or otherwise, in this Resolution.

**ITEM NO.3: APPOINTMENT OF SHRI INDOORI NARSING RAO AS AN INDEPENDENT DIRECTOR**

Shri Indoori Narsing Rao is Chartered Accountant with experience of four decades in Accounting, Taxation and Finance, Expertise in International Tax Planning, Project Consultancy and Advisory Services to companies in Oil & Gas, Refineries, Aviation, Pharmaceuticals and Manufacturing sectors etc.

Board of Directors has appointed Shri Indoori Narsing Rao as an Additional Director and his term expires on the date of the ensuing Annual General Meeting.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Shri Indoori Narsing Rao, is proposed to be appointed as an Independent Director of the Company, to hold office for a term of 5(Five) years. A notice has been received from a Member proposing Shri Indoori Narsing Rao, as a candidate for the office of Director of the Company.

In the opinion of the Board, Shri Indoori Narsing Rao fulfills condition specified in the Companies Act, 2013 and the Rules made thereunder for his appointment as an Independent Director of the Company and is Independent of the Management.

Copy of the draft letter for appointment of Shri Indoori Narsing Rao, as an Independent Director, setting out the terms and conditions would be available for inspection by the Members at the Registered Office of the Company on any working day, (Monday to Saturday), during the business hours of the Company up to the date of the Meeting.

Pursuant to section 160 of the Companies Act, 2013, notice has been received from a shareholder signifying his intention to propose the appointment of Shri Indoori Narsing Rao as Director along with a deposit of Rs. 1,00,000/- (Rupees One Lakh) as required under the aforesaid section

The Board considers that his appointment as an Independent Director would be of immense benefit to the Company and it desirable to avail services of Shri Indoori Narsing Rao as an Independent Director of the Company.

Shri Indoori Narsing Rao, does not hold any shares in the Company and is not related to any other Director of the Company.

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

Except Shri Indoori Narsing Rao, none of the Directors/ Key Managerial Personnel of the Company/their respective relatives is in any way concerned or interested, financially or otherwise, in this Resolution.

**ITEM NO.4: APPOINTMENT OF SHRI MATHUKUMILLI SIDDHARTHA AS DIRECTOR**

A renewable moderator & optimistic enthusiast, Siddartha Mathukumilli holds a degree in Bachelor of Arts with a Major in International Studies-Economics with all the Rights & Privileges, from University of California, San Diego, USA. Siddartha was actively involved and played the role in analyzing data using

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mathematical models and statistical techniques for setting up the GITAM UNIVERSITY's new Campus situated in Rudraram Village, Hyderabad-Mumbai Highway, Hyderabad, India.

Board of Directors has appointed Shri Mathukumilli Siddhartha as an Additional Director and his term expires on the date of the ensuing Annual General Meeting.

In this regard the Company has received request in writing from a member of the company proposing Shri Mathukumilli Siddhartha candidature for appointment as Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013 along with a deposit of Rs. 1,00,000/- (Rupees One Lakh) as required under the aforesaid section

The Board feels that presence of Shri Mathukumilli Siddhartha on the Board is desirable and would be beneficial to the company and hence recommend resolution No.4 for adoption.

Shri Mathukumilli Siddhartha, holds 73,500 Equity shares in the Company and is not related to any other Director of the Company.

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

Except Shri Mathukumilli Siddhartha, none of the Directors/ Key Managerial Personnel of the Company/ their respective relatives is in any way concerned or interested, financially or otherwise, in this Resolution.

#### **ITEM NO. 5&6: APPOINTMENT OF SHRI VIJAY GOVIND GEJJI AS MANAGING DIRECTOR**

Shri Vijay Govind Gejji, aged about 59 years, did Mechanical Engineering from Karnataka University. He also completed his Post Graduate Diploma in Operations Management from All India Institute of Management, New Delhi. He worked in India and abroad for more than 30 years in various Managerial & Senior Managerial capacities in reputed organizations such as Voltas Limited, BPL Limited and PZ Cussons PLC (UK) etc. Board of Directors has appointed Shri Vijay Govind Gejji as an Additional Director and his term expires on the date ensuing Annual General Meeting. He is also Managing Director of Orissa Power Consortium Limited.

In order to utilize his experiences in business, the Board of Directors at their meeting held on 28<sup>th</sup> January, 2019 appointed him as an Additional Director on the Board in accordance with provisions of Article of Association of the Company and the Companies Act, 2013 and thereon appointed him as Managing Director of the Company for a period of three years w.e.f. 28<sup>th</sup> January 2019.

Pursuant to section 160 of the Companies Act, 2013, notice has been received from a shareholder signifying his intention to propose the appointment of Shri Vijay Govind Gejji as Director along with a deposit of Rs. 1,00,000/- (Rupees One Lakh) as required under the aforesaid section.

Shri Vijay Govind Gejji, does not hold any shares in the Company and is not related to any other Director of the Company.

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The Board considers that his appointment as Director would be of immense benefit to the Company and it desirable to avail services of Shri Vijay Govind Gejji as Managing Director of the Company.

The Board of Directors of your Company recommends the Ordinary Resolution(s) set out at the item 4&5 of the Notice for approval by the Shareholders.

Except Shri Vijay Govind Gejji, none of the Directors/ Key Managerial Personnel of the Company/their respective relatives is in any way concerned or interested, financially or otherwise, in this Resolution.

### Information in accordance with Schedule V of Companies Act, 2013

#### I. GENERAL INFORMATION

1	Nature of Industry: Manufacture of Ferro Alloys			
2	Date of re-commencement of commercial production: 18 <sup>th</sup> February 2019			
3	In case of new companies, expected date of commencement of business activities as per project approved by financial institutions appearing in the prospects: Not Applicable			
4	Financial performance based on given indications			
	Particulars	2018-19 (Rs. in lakhs )	2017-18 (Rs. in lakhs )	2016-17 (Rs. in lakhs)
	Turnover	418.57	Nil	Nil
	Net profit/ (Loss) after Tax	(14988.61)	(2182.20)	(109.07)
5.	Foreign investments or collaborations, if any: Not Applicable			

#### II. INFORMATION ABOUT THE APPOINTEE:

1.	1	Background Details: Shri Vijay Govind Gejji, aged about 59 years, did Mechanical Engineering from Karnataka University. He also completed his Post Graduate Diploma in Operations Management from All India Institute of Management, New Delhi. He worked in India and abroad for more than 30 years in various Managerial & Senior Managerial capacities in reputed organizations such as Voltas Limited, BPL Limited and PZ Cussons PLC (UK) etc. He is the Managing Director of Orissa Power Consortium Limited.
	2.	Past Remuneration: He is drawing a remuneration about Rs. 37 Lakhs per annum from Orissa Power Consortium Limited as Managing Director.
	3.	Job Profile and his suitability: He worked in India and abroad for more than 30 years in various Managerial & Senior Managerial capacities in reputed organizations such as Voltas Limited, BPL Limited and PZ Cussons PLC (UK) etc. He is the Managing Director of Orissa Power Consortium Limited.



4.	Remuneration proposed: As set out in the resolution for the item No.5 the remuneration to Shri Vijay Govind Gejji, Managing Director has the approval of the Nomination and Remuneration Committee and Board of Directors.
5.	Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): Taking into consideration of the size of the Company, the profile of Shri. Vijay Govind Gejji and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial positions in other companies.
6.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Besides the remuneration proposed, he is holding Nil Equity Shares of the Company.

By Order of the Board  
for VBC Ferro Alloys Limited

Sd/-

M.V. Ananthakrishna  
Whole-Time Director

Place: Hyderabad  
Date: 13.08.2019



## DIRECTORS' REPORT

### Dear Members,

Your Directors have pleasure in presenting the 37<sup>th</sup> Director's Report of the Company together with the Audited Statements of Accounts for the Financial Year ended March 31, 2019.

### FINANCIAL RESULTS:

(Rs. Lakhs)

PARTICULARS	Current Year 2018-19	Previous Year 2017-18
Gross Revenue	418.57	-
Profit/(Loss) Before Interest, Depreciation & Tax(PBIDT)	(14169.92)	(1817.44)
Finance Charges	173.25	306.36
Profit/(Loss) before Depreciation and Tax(PBDT)	(14343.17)	(2123.80)
Depreciation	645.43	58.40
Profit/(Loss) Before Tax(PBT)	(14988.60)	(2182.20)
Provision for Tax	-	-
Profit/(Loss) After Tax (PAT)	(14988.60)	(2182.20)
Profit/(Loss) brought forward from previous year	(2894.45)	(712.25)
Adjustment in Depreciation	587.55	-
Profit/(Loss) carried to Balance Sheet	(17295.50)	(2894.45)

### Industry Overview:

The Government of India had announced a vibrant steel policy recently in which the need for growth of the domestic steel industry to strengthen the Make-in-India concept was recognized. The domestic steel production is now improving and consequently the demand for Ferro Alloy Products has also improved.

It is expected that at the current rate of GDP growth, the steel demand will grow threefold in next 15 years to reach a demand of 230 Million MT by 2030-31. It is anticipated that a crude steel capacity of 300 Million MT will be required by 2030-31, based on the demand projections as mentioned above. The expected demand for Ferro Alloys is 4 Million Tons per annum in 2030-31 based on the demand for steel.

### Performance of your Company:

Your Company resumed its manufacturing operations effective from 18<sup>th</sup> February 2019 during the Financial Year 2018-19. During the financial year under review, the total revenue for the Company was Rs.1263.39 Lakhs against Rs.8075.87 Lakhs in the previous year. The Company incurred an operational loss of Rs.682.14 Lakhs compared to Rs.47.46 Lakhs in the previous year.

**Prospects:**

The medium to long-term economic outlook in India continues to look promising and though there is slowdown in economy, it is important to note that the Government's initiative to continue to liberalize the economy and focus on social sector spending in building both hard and soft infrastructure. Steel is the most crucial ingredient in industrial development, infrastructure and construction industry and is, therefore, of strategic importance for national transformation. The progress in domestic steel industry is a pre-requisite for India to succeed in its industrial vision for 'Make-in India'. This presents good potential growth of Ferro Alloys industry in the Country as it solely depends on steel industry hence Ferro Alloy Industry can run its industry profitably subject to other market driven factors.

**Outlook of your Company:**

Keeping in view of the encouragement given by the Telangana Government by way of giving uninterrupted and quality power supply along with reasonable power tariff to Ferro Alloy Industry, we hope that your company runs profitably in coming years.

**Projects under Implementation- Thermal Power Plant -120 MW (2x60MW):**

You are aware that your Company is setting up 120MW (2x60MW) Coal Based Captive Power Plant at Bodepalli (Village & Gram Panchayat), Sirpur Kagaznagar Mandal, Asifabad, Komaram Bhim District, Telangana State. 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 Captive 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 and demerge the said power division into VBC Power Company Limited. The company has obtained a Fuel Supply Agreement with Western Coal fields by giving a Bank Guarantee of Rs.5.28 crores.

**Merger of Orissa Power Consortium Limited (OPCL):**

The Board of Directors intended to amalgamate Orissa Power Consortium Limited into VBC Ferro Alloys Limited to benefit the shareholders of both companies. Your Company is in the process of getting various approval such as BSE/SEBI/Shareholders.

**Dividend & Reserves:**

As the Company incurred losses during the year under review, the Directors could not recommend dividend for the Financial Year 2018-19. Due to inadequate profits, no amount has been transferred to Reserves.

**Share Capital:**

The Paid-up Share Capital as on 31<sup>st</sup> March 2019 was Rs.12.16Cr. During the year under review, the company has issued 77,72,590 Equity Shares by converting convertible warrants.

**Deposits:**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and as such, no amount of principal and interest was outstanding as on 31<sup>st</sup> March 2019.

**Details of Subsidiary/Joint Ventures/Associate Companies:**

Information pursuant to sub-section (3) of section 129 of the Act, i.e., the statement containing the





salient features of the financial statement of a company's subsidiary or subsidiaries, associate company or companies and joint venture or ventures is not applicable during the year, as there are no Subsidiary/ Joint Venture Companies.

**However, your Company has promoted the following two power companies by way of Equity Investments:**

**Investment in KGPL 445 MW Gas Based Power Plant:**

Konaseema Gas Power Limited (KGPL) (Associate Company), in which your Company has invested in equity, could not operate its plant during the financial year under review as there is no domestic natural gas supply. KGPL suspended its manufacturing operations due to non-availability of Gas (i.e., raw material) and as a result, the KGPL could not service its debts to the Financial Institutions/Banks. IDBI Bank, one of the Term Lender of KGPL, filed a petition U/s 7 of the Insolvency and Bankruptcy Code (IBC), 2016 against KGPL before Hon'ble National Company Law Tribunal (NCLT), Hyderabad. Hon'ble NCLT admitted said petition and appointed Interim Resolution Professional to initiate Corporate Insolvency Resolution Process(CIRP) against KGPL vide its Order dated 18.12.2018.

As per the IBC, 2016, the Secured and unsecured Lenders of KGPL are getting priority over those of Equity Shareholders. VBCFAL being Equity Investor, it is very difficult to get any amount in CIRP Proceedings. Hence, the management had written off the entire Equity Investment of Rs.143.06 Crores.

**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 75.55 million units during the financial year 2018-19 and the said generation is below the designed energy level due to failure of monsoon and in turn low inflow to the Plant from upstream Rengali HEPP. OPCL established 3.42 MWp Solar Power Project and achieved COD on 31.10.2016 and generated 4.55 MU during the financial year under review. Your Company is holding Equity Share Capital of about 13.43% in OPCL.

**Presentation of Financial Statements:**

The Financial Statements for the year ended 31<sup>st</sup> March 2019 are prepared in due compliance of the Indian Accounting Standards.

**Corporate Social Responsibility Policy:**

Section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable and hence the Company has not adopted any Corporate Social Responsibility Policy.

**Cash Flow Statement:**

A Cash Flow Statement for the year 2018-19 is annexed to the Statement of Accounts.

**Board of Directors and Key Managerial Personnel:**

- a) Resignation of Directors:
  - i) Shri V.S. Rao, Shri M.S. Lakshman Rao and Shri R.K.R. Gonela have resigned from the office of Directorship during the year under review and Board acknowledges hereby their invaluable services given to Company. Shri B. Mahender Singh, Additional Director also resigned during the year under review and Board acknowledges hereby his invaluable services given to Company.
  - b) Reappointment/Change in designation of Directors: There are no Directors liable to retire at the Annual General Meeting on the Board of Directors.
  - c) Additional Director:
    - i) As per the provisions of the Companies Act, 2013 and Articles of Association of the



- Company, Board of Directors appointed Shri K V Anjaneyulu as an Additional Director on 14.12.2018 and his tenure expires on the date of the ensuing Annual General Meeting and Board recommends his appointment u/s 149 and 160 of the Companies Act, 2013 at the ensuing Annual General Meeting (AGM).
- ii) As per the provisions of the Companies Act, 2013 and Articles of Association of the Company, Board appointed Shri. I Narsingh Rao as an Additional Director on 12.03.2019 whose term of office expires on the date of ensuing Annual General Meeting and Board recommends his appointment u/s 149 and 160 of the Companies Act, 2013 at the ensuing Annual General Meeting (AGM)
  - iii) As per the provisions of the Companies Act, 2013 and Articles of Association of the Company, Board appointed Shri. Vijay Govind Gejji as an Additional Director on 28.01.2019 whose term of office expires on the date of ensuing Annual General Meeting and Board recommends his appointment u/s 149 and 160 of the Companies Act, 2013 at the ensuing Annual General Meeting (AGM). Board also appointed him as Managing Director for a period of three years for which Board recommends his appointment as Managing Director as per the applicable provisions of the Companies Act, 2013
  - iv) As per the provisions of the Companies Act, 2013 and Articles of Association of the Company, Board appointed Shri. M. Siddartha as an Additional Director on 13.08.2019 whose term of office expires on the date of ensuing Annual General Meeting and Board recommends his appointment u/s 149 and 160 of the Companies Act, 2013 at the ensuing Annual General Meeting (AGM)

As required under regulation 36 (3) of the SEBI (LODR), Regulations, 2015, brief particulars of the Directors seeking appointment/re-appointment are given as under:-

Name of the Director	K.V. Anjanayulu	I Narsingh Rao	M.Siddartha	Vijay Govind Gejji
Date of Birth	01-06-1952	18-01-1949	06-03-1994	10-01-1960
Qualification	M.Tech from IIT, Chennai	Chartered Accountant	B.A., USA	B.E.
Expertise in specific functional areas	He was working as a Executive Director in Oil and Natural Gas Company Ltd(ONGC)	Shri Indoori Narsing Rao is Chartered Accountant with experience of four decades in Accounting, Taxation and Finance, Expertise in International Tax Planning, Project Consultancy and Advisory Services to companies in Oil & Gas, Refineries, Aviation, Pharmaceuticals and Manufacturing sectors etc.	Shri Siddartha Mathukumilli holds a degree in Bachelor of Arts with a Major in International Studies Economics with all the Rights & Privileges, from University of California, San Diego, USA. He, involved and played the role in analyzing data using mathematical models and statistical techniques for setting up the GITAM UNIVERSITY's new Campus situated in Rudraram Village, Hyderabad-Mumbai Highway, Hyderabad, India.	Shri Vijay Govind Gejji, aged about 59 years, did Mechanical Engineering from Karnataka University. He also completed his Post Graduate Diploma in Operations Management from All India Institute of Management, New Delhi. He worked in India and abroad for more than 30 years in various Managerial & Senior Managerial capacities in reputed organizations such as Voltas Limited, BPL Limited and PZ Cussons PLC (UK) etc. Board of Directors has appointed Shri Vijay Govind Gejji as an Additional Director and his term expires on the date ensuing Annual General Meeting. He is also Managing Director of Orissa Power Consortium Limited.



Names of listed entities in which the person also holds the directorship and the membership of Committees of the board	Nil	Nil	Nil	Nil
Shareholding of non-executive directors.	Nil	Nil	Nil	Nil
No. of Shares held in the Company	Nil	Nil	73,500	Nil
Interserelationship with any Director	Nil	Nil	Nil	Nil

#### **Number of Meetings of Board:**

During the year, fourteen meetings of the Board of Directors were held, the details of which forms part of the report on Corporate Governance.

#### **Annual Evaluation of the Board, Committees and Individual Directors:**

As per section 149 of the Companies Act, 2013 read with clause VII (1) of the schedule IV and rules made thereunder, the independent directors of the company had a meeting on 13.08.2019 without attendance of non-independent directors and members of management. In the meeting the following issues were taken up:

- (a) Review of the performance of non-independent directors and the Board as a whole;
- (b) Review of the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) Assessing the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### **The meeting also reviewed and evaluated the performance of non-independent directors. The company has 2 (two) non-independent directors namely:**

- i.) Shri. M.V. Ananthakrishna – Whole-Time Director
- ii.) Shri. Vijay Govind Gejji – Managing Director

The meeting recognized the significant contribution made by Shri. M.V. Ananthakrishna and Shri. Vijay Govind Gejji, non-independent directors in the shaping up of the company and putting the company on accelerated growth path. They have devoted more time and attention to bring up the company to the present level.

The meeting also reviewed and evaluated the performance the Board as whole in terms of the following aspects:

- Preparedness for Board/Committee meetings
- Attendance at the Board/Committee meetings



- Guidance on corporate strategy, risk policy, corporate performance and overseeing acquisitions and disinvestments.
- Monitoring the effectiveness of the company's governance practices
- Ensuring a transparent board nomination process with the diversity of experience, knowledge, perspective in the Board.
- Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for financial and operational control and compliance with the law and relevant standards.

The meeting also noted that Shri. K.V. Anjaneyulu, Chairman of the Board of Directors of the company has performed exceptionally well by attending board meetings regularly, by taking active participation in the discussion of the agenda and by providing required guidance from time to time to the company for its growth etc.

It was noted that the Board Meetings have been conducted with the issuance of proper notice and circulation of the agenda of the meeting with the relevant notes thereon.

#### **Policy on Directors Appointment and Remuneration Policy:**

The Board, on recommendation of Nomination & Remuneration Committee, has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Policy is also available on the website of the Company i.e., [www.vbcfal.in](http://www.vbcfal.in)

#### **Auditors:**

In terms of the provisions of the Companies Amendment Act, 2017 read with Notification S.O. 1833(E) dated 7<sup>th</sup> May 2018 deletes provision of annual ratification of the appointment of auditor. Now during a single term of 5 years, there shall be no requirement for ratification of the appointment of auditor. A company sending notices for Annual General Meeting on or after 7<sup>th</sup> May 2018 is not required to include ratification of the auditor as its agenda item.

The Auditors, M/s C.V. Ramana Rao,, Chartered Accountants were appointed as Statutory Auditors to hold office till the conclusion of AGM to be held in the year 2022, since there is no requirement of annual ratification of appointment of Statutory Auditors, the Board has not recommended for ratification of Statutory Auditors in the Notice of 37<sup>th</sup> AGM.

#### **Auditors' Report:**

The following is the reply of the Board on the qualifications made by the Auditors in their Report:

No	Audit Qualification	Reply given by the Board
1	Non-provision of load shortfall charges for earlier years amounting to Rs 56,54,81,522, pending disposal of company's objections by various administrative authorities as per the directions of Forum for Redressal of Consumer grievances of CPDCL as stated in Note No. 2.28(a) to the standalone Ind AS financial statements has resulted in understatement of the loss for the year.	Company approached Telangana State Electricity Regulatory Commission(TSERC) with a request to waive the demand as the said amounts relating to deemed energy charges. We hope that Company will get a favourable decision from TSERC/TSSPDCL and hence, the Board is not providing any liability.



2	Company has not measured its Investments in Equity Instruments designed to be measured at Fair Value through Other Comprehensive Income at fair values as required by Indian Accounting Standard “Financial Instruments” (Ind AS 109) which is not in compliance with the provisions of section 133 of the Companies Act, 2013.	The books of accounts of Investee Companies not yet finalized. Therefore, we could not comply the said requirement.
3	Note No. 2.35 that balances lying in the lenders', sundry creditors, like, suppliers', service providers', employees' and customers' accounts are subject to confirmation.	Company is yet to receive.
4	Provision towards present liability in respect of future payments of gratuity and leave encashment has not been made using Projected Unit Credit method as required by Ind AS 19 “Employee Benefit”, which is non compliance with the provisions of section 133 of the Companies Act, 2013.	As per the company’s assessment, the required liability has been created. However, we will comply in future.
5	Other observations	The said other observations are self-explanatory.

#### **Cost Audit Report:**

The requirement of appointment of cost auditor is depends up on the turnover of the previous financial year and consequently the Company have not appointed Cost Auditors for the Financial Year 2019-20.

#### **Secretarial Audit Report:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Company had appointed M. Nagakishore, Practicing Company Secretary to conduct the Secretarial Audit and give a Secretarial Audit Report for the Financial Year 2018-19 to be annexed to the Report of Board of Directors.

The Board has gone through the report of the secretarial auditor and decided to address all the issues in an appropriate manner and while specifically authorizing the Whole-Time Director to take all such steps as may be required in this regard in order to ensure proper compliance of all the applicable/provisional laws.

#### **Internal Audit & Controls:**

The Company appointed M/s K.S.Rao & Co., Chartered Accountants, Hyderabad, as its Internal Auditors. Their scope of work includes review of Records, Ledgers, voucher checking and the internal controls applied and practiced by the Company to ensure the Assets are safeguarded and payments are made only for the benefits received and also review of operational expenditure, effectiveness of internal control procedures and systems, and assessing the internal control strengths in all areas.

The internal control procedures and systems are adequate commensurate with the nature and size of the operations of the Company.



Internal Auditors findings are discussed, and suitable corrective actions are taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.

#### **Particulars of Loans, Guarantees or Investments under Section 186:**

The particulars of loans, guarantees and investments have been disclosed in the Financial Statements.

#### **Extract of Annual Return (MGT-9):**

Pursuant to section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in form MGT-9 is provided in this Annual Report as Annexure-II.

#### **Particulars of Employees:**

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- (i) the ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year;

Our Non-executive Directors draw remuneration only by way of sitting fee. The details of the same are provided in the Corporate Governance Report which forms Annexure to this report. Hence, the ratio of remuneration of each Non-executive Director to the median remuneration could not be given.

- (ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Name of the Person	% increase in remuneration in the financial year
M.V. Ananthakrishna*	Nil
Vijay Govind Gejji*	Nil
R. Dharmender	Nil

\*They were appointed during the financial year under review.

- (iii) the percentage increase in the median remuneration of employees in the financial year: Nil  
 (iv) the number of permanent employees on the rolls of company: 20.  
 (v) the explanation on the relationship between average increase in remuneration and company performance;

There is no increase of the salary of the employees during the year under review.

- (vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company;

The Remuneration to Key Managerial Personnel is below the norms being practiced in Comparable Industries for such experienced persons.

- (vii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: There is no increase of salaries to the employees.



- (viii) the key parameters for any variable component of remuneration availed by the Directors: There is no variable component of remuneration availed by Directors
- (ix) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Not Applicable as Company paid only sitting fees to Non-executive Directors.
- (x) Affirmation that the remuneration is as per the remuneration policy of the company. The Company affirms remuneration is as per the remuneration policy of the Company. None of the employees are drawing Rs. 85,00,000/- and above per month or Rs.1,02,00,000/- and above in aggregate per annum, the limits prescribed under Section 197(12) of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### Management Discussion & Analysis

Pursuant to SEBI (LODR), Regulations, 2015, a Report on Management Discussion & Analysis is provided in this Annual Report as Annexure –III.

### Corporate Governance:

Pursuant to Reg. 27 of SEBI (LODR), Regulations, 2015 Report on Corporate together with the Auditors Certificate regarding compliance of the conditions of Corporate Governance and Management Discussion and Analysis Report forms part of this Report.

### Familiarisation Programmes:

The Company familiarises its Independent Directors on their appointment as such on the Board with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, etc. through familiarisation programme. The Company also conducts orientation programme upon induction of new Directors, as well as other initiatives to update the Directors on a continuing basis. The familiarisation programme for Independent Directors is disclosed on the Company's website [www.vbcfal.in](http://www.vbcfal.in)

### Particulars of Contracts or Arrangements with Related Parties:

Your Company has formulated a policy on related party transactions which has been placed on the website of the company i.e. [www.vbcfal.in](http://www.vbcfal.in). There are no related party transactions except mentioned in the Financial Statements.

Accordingly, the details of Related Party Transactions are annexed in Form AOC-2 is not applicable.

### Declaration by Independent Director(s):

All the Independent Directors have submitted declarations to the Company to the effect that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

### DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM:

The Audit Committee consists of the following members as of date:

Shri. I Narsingh Rao	Chairman	Independent Non-executive Director
Shri. K. V. Anjaneyulu	Member	Independent Non-executive Director
Smt. Rekha Deshraj	Member	Independent Non-executive Director

All the members of the Audit Committee are independent Directors.





## NOMINATION & REMUNERATION COMMITTEE

### Terms of reference:

The main term of reference of the Committee is to approve the fixation/revision of remuneration of the Managing Director/Whole Time Director of the Company and while approving:

- To consider the financial position of the Company, trend in the industry, appointee's qualification, experience, past performance, past remuneration etc.
- To bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.

### Remuneration Policy:

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities shouldered, individual performance etc.

Composition of the Committee as on 31<sup>st</sup> March, 2019:

Shri. K.V. Anjaneyulu	Chairman	Independent Non-executive Director
Shri I Narsingh Rao	Member	Independent Non-executive Director
Smt. Deshrajuk Rekha	Member	Independent Non-executive Director

## POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE

### 1. Scope:

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

### 2. Terms and References:

“**Director**” means a Director appointed to the Board of a Company.

“Nomination and Remuneration Committee means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and reg. 19 of SEBI (Listing Obligation and Disclosure Requirement), Regulations, 2015.

“Independent Director” means a Director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1) (b) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

### 3. Policy:

#### Qualifications and criteria

The Nomination and Remuneration (NR) Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company's operations.





In evaluating the suitability of individual Board member, the NR Committee may take into account factors, such as:

- General understanding of the company's business dynamics, global business and social perspective;
- Educational and professional background
- Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

The proposed appointee shall also fulfil the following requirements:

- shall possess a Director Identification Number;
- shall not be disqualified under the Companies Act, 2013;
- shall Endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
- shall abide by the code of Conduct established by the company for Directors and senior Management personnel;
- shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and other relevant laws.

The Nomination & Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the company's business.

#### **criteria of independence**

The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.

The criteria of independence shall be in accordance with guidelines as laid down in Companies Act, 2013 and reg. 16(1) (b) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

The Independent Director shall abide by the "Code for Independent Directors" as specified in Schedule IV to the companies Act, 2013.

#### **Other Directorships/ Committee Memberships**

The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as Director of the company. The NR Committee shall consider the nature of, and the time involved in a Director service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.



A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.

A Director shall not serve as independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.

A Director shall not be a member in more than 10 committee or act chairman of more than 5 committee across all companies in which he holds directorships.

For the purpose of considering the limit of the committee, Audit committee and stakeholder's relationship committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under section 8 of the Companies Act, 2013 shall be excluded.

## **Remuneration policy for Directors, key managerial personnel and other employees**

### **1. Scope:**

This policy sets out the guiding principles for the Nomination and Remuneration committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the company.

### **2. Terms and Reference:**

In this policy the following terms shall have the following meanings:

"Director" means a Director appointed to the Board of the company.

"key managerial personnel" means

- (i) The Chief Executive Office or the managing director or the manager;
- (ii) The company secretary;
- (iii) The whole-time director;
- (iv) The chief finance Officer; and
- (v) Such other office as may be prescribed under the companies Act, 2013

"Nomination and Remuneration Committee" means the committee constituted by Board in accordance with the provisions of section 178 of the companies Act, 2013 and reg. 19 of SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015.

### **3. Policy:**

Remuneration to Executive Director and Key Managerial Personnel

The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the company within the overall limits approved by the shareholders.

The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the company.

The Remuneration structure to the Executive Director and key managerial personnel shall include the following components:

- (i) Basic pay
- (ii) Perquisites and Allowances
- (iii) Commission (Applicable in case of Executive Directors)



- (iv) Retrial benefits
- (v) Annual performance Bonus

The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance Bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

### Remuneration to Non – Executive Directors

The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders as per provisions of the companies act.

Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof.

### Remuneration to other employees

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

## VI. STAKEHOLDERS RELATIONSHIP COMMITTEE

### A.) Composition:

The Details of composition of the Committee are given below:

Name of the Director	Designation	Category
Smt. Rekha Deshraj	Chairman	Independent Non-Executive Director
Shri I. Narsingh Rao	Member	Independent Non-Executive Director
Shri M.V. Ananthakrishna	Member	Whole-Time Director

### B) Powers:

The Committee has been delegated with the following powers:

- To redress shareholder and investor complaints relating to transfer of shares, Dematerialization of Shares, non-receipt of Annual Reports, non-receipt of declared dividend and other allied complaints.
- To approve, transfer, transmission, and issue of duplicate / fresh share certificate(s)
- Consolidate and sub-division of share certificates etc.
- To redress, approve and dispose off any, other complaints, transactions and requests etc., received from any shareholder of the company and investor in general.

The Board has delegated the power to process the transfer and transmission of shares to the Registrar and Share Transfer Agents, who process share transfers within a week of lodgment in the case of shares held in physical form.

The Company has designated an exclusive e-mail ID called [vbcbalhyd@gmail.com](mailto:vbcbalhyd@gmail.com) for complaints/grievances.



## VII. RISK MANAGEMENT COMMITTEE A.) Composition:

The Details of composition of the Committee are given below:

Name of the Director	Designation	Category
Smt. Rekha Deshraj	Chairman	Independent Non-Executive Director
Shri I. Narsingh Rao	Member	Independent Non-Executive Director
Shri. M.V. Ananthakrishna	Member	Whole-Time Director

## B) RISK MANAGEMENT POLICY:

The Company follows a comprehensive system of Risk Management. The Company has adopted a procedure for assessment and minimization of probable risks. It ensures that all the risks are timely defined and mitigated in accordance with the well-structured risk management process.

## UNPAID / UNCLAIMED DIVIDEND:

In terms of the provisions of the Companies Act, the Company is obliged to transfer dividends which remain unpaid or unclaimed for a period of seven years from the declaration to the credit of the Investor Education and Protection Fund established by the Central Government. Accordingly, the Members are hereby informed that the 7 years period for payment of the dividend pertaining to financial year 2011-2012 will expire on 29.10.2019 and thereafter the amount standing to the credit in the said account will be transferred to the "Investor Education and Protection Fund" of the Central Government.

The details of Dividend of earlier years remain unclaimed by the shareholders as on 31.03.2019 are as given below:

Financial Year	Date of Declaration	Last Date of Claiming the Dividend	Unclaimed amount as on 31.03.2019	Due date for transfer to Investor Education and Protection Fund (IEPF)
2011-12	29-09-2012	28-09-2019	5,63,316	29-10-2019

Pursuant to provisions of Section 124 of Companies Act, 2013, the unclaimed dividend within the last date mentioned for the respective years, will be transferred to Investor Education and Protection Fund (IEPF) established by Government of India pursuant to Section 125 of the Companies Act, 2013.

## NAMES OF THE COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR. Nil

## DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT:

There have been no frauds reported by the auditors u/s 143(12).

## SECRETARIAL AUDIT:

Pursuant to the provisions of Section 134(3) (f) & Section 204 of the Companies Act, 2013, Secretarial audit report as provided by Mr. M. Nagakishore, Practicing Company Secretary is annexed to this Report as annexure-I.

## VIGIL POLICY

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Company empowered



the victimized Employees or Director to approach directly the Chairman of the Audit Committee for a solution to the issue so that the victimized Employee/Director is rescued. The said policy is available on the website of the Company [www.vbcfal.in](http://www.vbcfal.in).

#### **DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS:**

Your Company has well established procedures for internal control across its various locations, commensurate with its size and operations. The organization is adequately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment. The internal audit function is adequately resourced commensurate with the operations of the Company and reports to the Audit Committee of the Board.

The Board has appointed M/s K. S. Rao & Co, Chartered Accountant, Hyderabad as Internal Auditors for the year 2018-19. Deviations are reviewed periodically and due compliances are ensured. Summary of significant Audit observations along with recommendations and its implementations are reviewed by the Audit committee and concerns, if any, are reported to Board.

#### **CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:**

A separate section on Corporate Governance for fiscal 2019 forms part of this Annual Report as Annexure-IV.

#### **SECRETARIAL STANDARDS**

The Company is in compliance with the applicable secretarial standards.

#### **MATERIAL CHANGES AND COMMITMENTS:**

No material changes occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of this report which affecting Financial position of the Company as on 31.03.2019.

#### **MATERIAL ORDERS, IF ANY, PASSED BY THE REGULATORS, COURTS ETC.:**

There are no orders passed by Regulators/Courts/Tribunals which have impact on the going concern status and Company's operations in future.

#### **PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:**

In order to prevent sexual harassment of women at workplace as per provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year under review, the company has not received any complaints.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The details of conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are as follows:

a) Conservation of Energy

The information in accordance with the provision of Section 134 of the Companies Act, 2013, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 2014, regarding conservation of Energy a separate Annexure has been provided in this annual report.

b) Technology Absorption

No expenditure is incurred by the Company attributable to Technology absorption during the year under review.



- (c) Foreign exchange earnings and Outgo  
During the year, there are no foreign exchange inflows/earnings or outflows/investments.
- (d) Expenditure on Research and Development  
No expenditure is incurred by the Company attributable to Expenditure on Research and Development during the year under review.

**HUMAN RESOURCES:**

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

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, the best of their knowledge and ability confirm that:

- (a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March 2019 and of the profit and loss of the company for the year ended on that date;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**ACKNOWLEDGEMENTS**

Your Directors thank the Government of India and Government of Telangana for their support. They also place on record their appreciation for the help and encouragement received from Bank of India, 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

Sd/-

K.V. Anjaneyulu  
Chairman

Place: Hyderabad  
Date: 13.08.2019



Form No. MR-3

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
VBC Ferro Alloys Limited

Corporate Identity Number (CIN):	L27101AP1981PLC003223
Authorised Capital:	Rs.20.00 Crores
Paid up capital:	Rs. 12,16,69,400/-

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. VBC Ferro Alloys Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the M/s. VBC Ferro Alloys Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. VBC Ferro Alloys Limited ("the Company") a listed Public Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;



- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) Other laws applicable to the company as provided by the management as mentioned below:
- Employees State Insurance Act, 1948 and Employees' State Insurance (General) Regulations, 1950;
  - Employees Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees' Provident Funds Scheme, 1952;
  - Payment of Bonus Act, 1965 and the Payment of Bonus Rules, 1965;
  - Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959
  - Contract Labour (Regulation and Abolition) Act, 1970 and the Contract Labour (Regulation and Abolition) Central Rules, 1971;
  - Factories Act, 1948 and the rules made thereunder;
  - A.P. Shops and Establishment Act, 1988;
  - Water (Prevention and Control of Pollution) Act, 1974
  - Air (Prevention and Control of Pollution) Act, 1981
  - Environment Protection Act, 1986
  - Public Liability Insurance Act, 1991
  - Indian Boilers Act, 1923
  - Explosives Act, 1884

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Listing Agreement entered into by the company with Stock Exchange(s), if any / SEBI (LODR) Regulations, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

1. The Company has appointed Company Secretary on 12-11-2018, but he resigned w.e.f. 4-4-2019.
2. The Company is due and payable in respect of Income Tax, Sales Tax, Service Tax, duty of Excise, value added tax, EPF, ESI or cess which are arrears as at 31<sup>st</sup> March, 2019.
3. The Company is delay in filing of various forms with Ministry of Corporate Affairs.
4. Other laws:

Management has submitted representation about the Compliances of various labour laws, however the required documents were not produced for audit purpose relating to Boilers Act, 1923; Air (Prevention & Control of Pollution) Act, 1981; Water (Prevention & Control of Pollution) Act, 1974; Water (Prevention and Control of Pollution) Cess Act, 1977; Andhra Pradesh Factories and Establishments (National, Festival and other Holidays) Act, 1974; The Public Liability Insurance





Act, 1991; Equal Remuneration Act, 1976; Environment Protection Act, 1986; Minimum Wages Act, 1948; Payment of Wages Act, 1936; Payment of Bonus Act, 1965; The Employees' Provident Fund & Misc Provisions Act 1952 and EFP Scheme 1952; The Payment of Gratuity Act, 1972 and The A.P. Payment of Gratuity Rules 1972; Andhra Pradesh Contracts Labor (regulations and abolition) Act rules 1971; Apprentice Act 1961; Andhra Pradesh Labor welfare Fund Act, 1987; Maternity Benefits Act, 1961; Employees Compensation Act, 1923; Industrial Disputes Act, 1947; The Factories Act, 1948; A.P Shops and Establishment Act, 1988 and also for other industry specific acts as applicable to the company .

Hence I am unable to comment on the Compliance of the above said Acts.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period the company has not entered into / carried out any activity that has major bearing on the company's affairs.

Place: Hyderabad  
Dated: 13-08-2019

(M.Naga Kishore)  
Company Secretary in Practice  
M.No.: F7684  
CP No.: 13597

This report is to be read with our letter of even date which is annexed as Annexure -A and forms an integral part of this report.



To,  
The Members,  
VBC Ferro Alloys Limited

Corporate Identity Number (CIN): L27101AP1981PLC003223  
Authorised Capital: Rs.20.00 Crores  
Paid up capital: Rs. 12,16,69,400/-

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Hyderabad  
Dated: 13-08-2019

(M.Naga Kishore)  
Company Secretary in Practice  
M.No.: F7684  
CP No.: 13597



## ANNEXURE-II

### FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

#### I. REGISTRATION & OTHER DETAILS:

1.	CIN	L27101TG1981PLC003223
2.	Registration Date	03.10.1981
3.	Name of the Company	VBC FERRO ALLOYS LIMITED
4.	Category/Sub-category of the Company	Company Limited by Shares/Indian Non-government Company
5.	Address of the Registered office & contact details	6-2-913/914, 3 <sup>rd</sup> Floor, Progressive Towers, Khairatabad, Hyderabad-500 004. Phone:040-23301166/99
6.	Whether listed company	Listed
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s Venture Capital & Corporate Investments Pvt Ltd 12-10-167, Bharat Nagar, Hyderabad-500 018. Phone No.040-23818475 E - m a i l : info@vccilindia.com

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S.No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing of Ferro Alloys	27101	100

#### PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary Associate	% Shares	Applicable Section
1	Konaseema Gas Power Ltd.	U40101TG1997PLC037013	Associate	26	2(6)



**VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the end of the year [As on 1-April 2018]				No. of Shares held at the end of the year [As on 31-March-2019]				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/									
HUF	631779	143500	775279	17.64	631779	3148500	3780279	31.07	13.43
b) Central Govt	-	-	-	-	-	-	-	-	NIL
c) State Govt (s)	-	-	-	-	-	-	-	-	NIL
d) Bodies Corp.	639180	200000	839180	19.10	639180	200000	839180	6.90	-12.20
e) Banks/FI	-	-	-	-	-	-	-	-	NIL
f) Any other—	-	-	-	-	-	-	-	-	NIL
Sub-total (A) (1):-	1270959	343500	1,614,459	36.74	1270959	3348500	4619459	37.97	1.23
(2) Foreign									NIL
a) NRIs - Individuals	-	-	-	-	-	-	-	-	NIL
b) Other – Individuals	-	-	-	-	-	-	-	-	NIL
c) Bodies Corp.	-	-	-	-	-	-	-	-	NIL
d) Banks / FI	-	-	-	-	-	-	-	-	NIL
e) Any Other....	-	-	-	-	-	-	-	-	NIL
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	1270959	343500	1614459	36.74	1270959	3348500	4619459	37.97	1.23
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	NIL
b) Banks / FI	-	1350	1350	0.03	-	1350	1350	0.01	NIL
c) Central Govt	-	-	-	-	-	-	-	-	NIL
d) State Govt(s)	5960	-	5960	0.14	5960	-	5960	0.05	NIL
e) Venture Capital Funds	-	-	-	-	-	-	-	-	NIL
f) Insurance Companies	-	-	-	-	-	-	-	-	NIL
g) FIs	-	-	-	-	-	-	-	-	NIL



Foreign Venture Capital Funds									
i)Others (specify)	-	-	-	-	-	-	-	-	NIL
Sub-total (B)(1):-	5960	1350	7310	0.17	5960	1350	7310	0.06	NIL
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	507341	19075	526416	11.98	411377	4772200	5183577	42.61	0.12
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i)Individual shareholders holding nominal share capital upto Rs.2 lakh	1220007	269433	1489440	33.89	1220061	257821	1477882	12.15	-21.39
ii) Individual shareholders holding nominal share capital in excess of Rs.2 lakh	623923	-	623923	14.20	757502	-	757502	6.23	-9.98
c) Others:NRI & Clearing Members	111917	20885	132802	3.03	100725	20485	121210	0.98	2.04
Sub-total (B)(2):-	2463188	309393	2772581	63.09	2489665	5050506	7540171	61.97	-1.12
Total Public Shareholding (B)=(B)(1)+(B)(2)	2463138	316753	2779891	63.26	2495625	5051856	7547481	62.03	-1.23
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	3734097	660253	4394350	100	3734097	660253	12166940	100	-

**B) Shareholding of Promoter-**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% of Change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	M Sri Bharath	70000	1.59	1.59	70000	1.59	0.57	NIL
2	M Siddhartha	73500	1.67	1.36	73500	1.67	0.49	NIL
3	Padmakshi Investments Private Limited	200000	4.55	4.55	200000	4.55	1.63	NIL
4	Techno Infratech Projects (India) Private Limited	350865	7.98	-	350865	7.98	-	NIL
5	VBC Industries Limited	25000	0.57	-	25000	0.57	-	NIL
6	Yasaswini Investments Private Limited	202315	4.6	4.60	202315	4.6	1.66	NIL
7	VBC Industrial Holdings Private Limited	36000	0.82	-	36000	0.82	-	NIL



8	Konaseema Infra- Structure Private Limited	25000	0.57	-	25000	0.57	-	NIL
9	MSP Rama Rao	202900	4.62	4.62	797900*	6.56	1.65	NIL
10	M V V S Murthi	157769	3.59	-	2567769*	21.10	-	NIL
11	M S Lakshman Rao	78300	1.78	-	78300	1.78	-	NIL
12	Mathukumilli Sri Mani	120010	2.73	2.73	120010	2.73	0.98	NIL
13	Surya Mathukumilli	2850	0.06	-	2850	0.06	-	NIL
14	M Aishwarya	9950	0.23	-	9950	0.23	-	NIL
15	Bharadwaj Mathukumilli	60000	1.38	-	60000	1.38	-	NIL
	Total	1614459	36.74	19.42	3780279	31.07	6.98	NIL

\* Conversion of their loans into equity (by converting their convertible warrents).

**C) Change in Promoters' Shareholding (please specify, if there is no change):**

The following is the change in the Promoters' shareholding during the Financial Year 2018-19:

1. Company allotted 24,10, 000 Equity Shares to Dr. M.V.V.S. Murthi by converting convertible warrents.
2. Company allotted 5,95,000 Equity Shares to Shri M.S.P. Rama Rao by converting convertible warrents.

**D. Shareholding Pattern of top ten Shareholders**

(other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year/ end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year				
1	Amaravathi Infrastructure Pvt Limited	-	-	1192590	9.80
2	OPL Renewable Energy Private Limited	-	-	900000	7.40
3	Sourya Vidyt Nigam Private Limited	-	-	750000	6.16
4	Frontline Minerals Private Limited	-	-	650000	5.34
5	KSR Entrepreneurs Private Limited	-	-	500000	4.11
6	Maha Infrastructure India Limited	-	-	398600	3.28
7	Bhadrachalam Power & Alloys Limited	-	-	376400	3.09



8	Madhuri Omprakash Damani	213039	4.85	305696	2.51
9	Aditya Omprakash Damani	134009	3.05	283009	2.33
10	BLB Limited	155172	3.53	155172	1.28
	Total	502220	11.43	5511467	45.30

**Note:**

1. The shares of the Company are traded on a daily basis on the stock exchanges and hence date wise increase/ decrease in shareholding is not provided.
2. The details of date wise increase/decrease will be provided at the request of shareholder.

**E) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1	K.V. Anjaneyulu -Director	-	-	-	-
2	I Narsingh Rao-Director	-	-	-	-
3	Smt. Rekha Deshraj	-	-	-	-
4	Vijay Govind Gejji	-	-	-	-
5	M.V Ananthakrishna	-	-	-	-
6	R. Dharmender-CFO	44	-	44	-
	Total	44	-	44	-
	Increase / Decrease in Share holding during the year				
1	K.V. Anjaneyulu -Director	-	-	-	-
2	I Narsingh Rao-Director	-	-	-	-
3	Smt. Deshraj Rekha	-	-	-	-
4	Vijay Govind Gejji	-	-	-	-
5	M.V Ananthakrishna	-	-	-	-
	R. Dharmender-CFO	-	-	-	-
	Total	-	-	-	-



	At the End of the year	-	-	-	-
1	K.V. Anjaneyulu -Director	-	-	-	-
2	I Narsingh Rao-Director	-	-	-	-
3	Smt. Deshrajju Rekha	-	-	-	-
4	Vijay Govind Gejji	-	-	-	-
5	M.V Ananthakrishna	-	-	-	-
6	R. Dharmender-CFO	44	-	44	-
	Total	44	-	44	-

**F) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.**

Rs.in Crores

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-			
ii) Interest due but not paid	-			
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	35.01		35.01
Change in Indebtedness during the financial year	-	-	-	-
- Addition	-	-	-	-
- Reduction	-	19.31	-	19.31
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	15.70		15.70




**XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**
**A. Remuneration to Managing Director & Whole-Time Director:**

SN.	Particulars of Remuneration	Vijay Govind Gejji, Managing Director*	M.V.Ananthakrishna Whole-Time Director
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,12,903	6,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission- as % of profit- others, specify	Nil	Nil
5	Others, please specify	Nil	Nil
	Total (A)	2,12,903	6,00,000

\* Appointed as Managing Director w.e.f 28.01.2019

**B. Remuneration to other Directors**

S.L. No	Name of the Director	Fee for Attending Meeting	Commission	Others	Total
1	V.S. Rao	3,000	-	-	3,000
2	R.K. R.Gonela	7,000	-	-	7,000
3	Rekha Deshraj	7,000	-	-	7,000
4	K.V. Anjaneyulu	-	-	-	-
5	I. Narsingh Rao	3,000	-	-	3,000
6	M.S. Lakshman Rao	-	-	-	0
7	B.Mahender Singh	-	-	-	-
	Total	20,000	0	0	20,000


**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(Amount in Rs.)

SN	Particulars of Remuneration	Key Managerial Personnel	
	R. Dharmender	CFO	Total
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,08,756	4,08,756
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	95,979	95,979
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission		
	- as % of profit		
	others, specify...		
5	Others, please specify		
	Total	5,04,735	5,04,735


**XII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

for and on behalf of the Board

Place : Hyderabad  
Date : 13.08.2019

Sd/-  
K.V. Anjaneyulu  
Chairman



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## ANNEXURE - III

### 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.

The Government of India had announced a vibrant steel policy recently in which the need for growth of the domestic steel industry to strengthen the Make-in-India concept was recognized. The domestic steel production is now improving and consequently the demand for Ferro Alloy Products has also improved.

#### 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.

It is expected that at the current rate of GDP growth, the steel demand will grow threefold in next 15 years to reach a demand of 230 Million MT by 2030-31. It is anticipated that a crude steel capacity of 300 Million MT will be required by 2030-31, based on the demand projections as mentioned above. The demand for Ferro Alloys is 4 Million Tons in 2030-31 based on the demand for steel.

##### THREATS:

The manufacture of Ferro alloys is highly power intensive and therefore the cost of power is critical to the competitiveness of the products. On an average, 50% of the total cost per ton 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.



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## 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 State 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. The Company's human resource policies are aimed at motivating its employees to deliver high quality performance and reward talent with adequate compensation and accelerated career growth opportunities.

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

## 10. INDUSTRIAL RELATIONS

This has been dealt with in the Directors' Report. Cautionary Statement:

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates, etc., may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ

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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: 13.08.2019

Sd/-  
K.V. Anjaneyulu  
Chairman



## ANNEXURE-IV

### 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 31.03.2019

Category	No. of Directors	%
Executive Directors*	2	40.00
Non-Executive Non-Promoter Directors	0	0
Independent Non-Executive Directors	3	60.00
Total	5	100.00

The Attendance record of the Directors at the Board Meetings held during the financial year ended on 31<sup>st</sup> March, 2019 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
Shri. V.S. Rao	Non Executive Independent	Chairman	Yes	8	3	1	1	Nil
Shri. R.K.R.Gonela	Non Executive Non Promoter	Director	Yes	8	7	1	1	Nil
Smt. Deshrajuk Rekha	Non Executive Independent	Director	Yes	14	14	Nil	Nil	Nil



Shri. M. S. Lakshman Rao	Non-Executive Non-Independent	Director	Yes	6	6	Nil	Nil	Nil
K.V. Anjaneyulu	Non Executive Independent	Additional Director	NA	7	7	-	-	-
I.Narsingh Rao	Non Executive Independent	Additional Director	NA	3	3	1	1	Nil
Mahender Singh	Non Executive Independent	Additional Director	NA	3	3	Nil	Nil	Nil
Shri Vijay Govind Gejji*	Executive	Managing Director	NA	5	4	1	Nil	Nil
Shri. M.V. Ananthakrishna	Executive	Whole-Time Director	Yes	14	14	Nil	Nil	1

\* Appointed as Managing Director w.e.f 28.01.2019. Shri V.S. Rao resigned on 11-12-2018, Shri RKR Gonela resigned on 14-12-2018, Shri M.S. Laxmanrao resigned on 1-11-2018 and Shri B. Mahendra Singh resigned on 12-3-2019.

In the above table the number of directorships do not include the company itself, alternate directorships, directorships of private limited companies, companies incorporated under section 25 of the Companies Act, 1956 or section 8 of Companies Act, 2013 and of companies incorporated outside India. Chairmanship/Membership of committees includes only Audit and Shareholders/ Investors Grievance Committees.

### 3. Number of Board Meetings held, dates on which held:

Fourteen Board Meetings were held during the financial year 2018-19 on 07<sup>th</sup> April, 2018, 30<sup>th</sup> May, 2018, 1<sup>st</sup> June 2018, 14<sup>th</sup> August 2018, 21<sup>st</sup> August 2018, 28<sup>th</sup> August 2018, 12<sup>th</sup> November 2018, 14<sup>th</sup> December 2018, 24<sup>th</sup> December 2018, 28<sup>th</sup> January 2019, 14<sup>th</sup> February 2019, 12<sup>th</sup> March 2019, 19<sup>th</sup> March 2019 and 22<sup>nd</sup> March 2019. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

### 4. Formal letter of appointment to independent directors:

The company issues a formal letter of appointment to independent directors in the manner as provided in the Companies Act, 2013 and SEBI(LODR) Regulations, 2015. The terms and conditions of appointment of independent directors are placed on the company website.

### 5. Separate meeting of independent directors:

The Independent Directors held their separate meeting on 22<sup>nd</sup> March 2019 as mandated by the provisions of the Companies Act, 2013 and Listing Agreement.

### 6. Familiarization program for independent directors:

All independent attend an orientation program. The details of training and familiarization program are available on company's website (<http://www.vbcfal.in>). Further, at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities. The terms and conditions of appointment is available on our website (<http://www.vbcfal.in>).





## 7. 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, 2019\*

Shri. I. Narsingh Rao	Chairman	Independent Non-executive Director
Shri. K.V.Anajaneyulu	Member	Independent Non-executive Director
Smt. Deshrajuk Rekha	Member	Independent Non-executive Director

\*Reconstituted on 22.03.2019

- Meetings and Attendance during the year 2018-19 30<sup>th</sup> May 2018, 14<sup>th</sup> August, 2018, 12<sup>th</sup> November, 2018 and 14<sup>th</sup> February, 2019.

Date of Meeting	B.Mahendra Singh	K.V. Anjaneyulu	Deshrajuk Rekha	R K R Gonela	V.S.Rao
30.05.2018	NA	NA	YES	YES	YES
14.08.2018	NA	NA	YES	YES	YES
12.11.2018	NA	NA	YES	YES	YES
14.02.2019	YES	YES	YES	NA	NA

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

## 8. Nomination and 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, 2019

Shri K.V. Anjaneyulu	Chairman	Independent non-executive Director
Shri I. Narsingh Rao	Member	Independent Non-executive Director
Smt.Deshrajuk Rekha	Member	Independent Non-executive Director

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



- Nomination and Remuneration Committee met on 24.12.2018, 28<sup>th</sup> January 2019 and 12<sup>th</sup> March 2019. All the members of the said committee as of date were attended.
- Nomination and Remuneration Committee was reconstituted on 22.03.2019
- Remuneration policy  
The remuneration policy is to pay remuneration and benefits adequately so as to attract, motivate and retain talent.

### Remuneration of Directors:

Details of remuneration paid to Directors during the financial year 2018-19.

(in Rupees)

Name	Designation	Sitting fee	Remuneration	Benefits	Total
Shri. V.S. Rao	Independent Non-Executive Director	3,000	Nil	Nil	3,000
Shri. R.K.R. Gonela	Director	7,000	Nil	Nil	7,000
Smt. Rekha Deshraj	Director	7,000	Nil	Nil	7,000
Shri. M. S. Lakshman Rao.	Director	Nil	Nil	Nil	Nil
Shri. K.V. Anjaneyulu	Additional Director	Nil	Nil	Nil	Nil
Shri I Narsingh Rao	Additional Director	3,000	Nil	Nil	3,000
Shri Mahender Singh	Additional Director	Nil	Nil	Nil	Nil
Shri. Vijay Govind Gejji	Managing Director	Nil	2,12,903	Nil	2,12,903
Shri. M.V. Ananthakrishna	Whole-Time Director	Nil	6,00,000	Nil	6,00,000

There was no Employee Stock Option Scheme during the financial year ended 31<sup>st</sup> March, 2019.

### 9. Mechanism for evaluation of the Board:

Evaluation of all Board members is performed on an annual basis. The evaluation is performed by the Board, Nomination and Remuneration Committee and Independent Directors with specific focus on the performance and effective functioning of the Board and Individual Directors.

In line with Securities and Exchange Board of India Circular No. SEBI/HO/CFD/CMD/CIR/ P/2017/004, dated January 5, 2017 and the Companies Amendment Act, 2017 the Company adopted the recommended criteria by Securities and Exchange Board of India.

The Directors were given six Forms for evaluation of the following:

- Evaluation of Board;
- Evaluation of Committees of the Board;



- (iii) Evaluation of Independent Directors;
- (iv) Evaluation of Chairperson;
- (v) Evaluation of Non-Executive and Non-Independent Directors; and
- (vi) Evaluation of Managing Director.

The Directors were requested to give following ratings for each criteria:

1. Could do more to meet expectations;
2. Meets expectations; and
3. Exceeds expectations.

The Directors have sent the duly filled forms to Nomination & Remuneration committee. Based on the evaluation done by the Directors, the Committee has prepared a report and submitted the Evaluation Report. Based on the report, the Board of Directors has informed the rankings to each Director and also

informed that the performance of Directors is satisfactory, and they are recommended for continuation as Directors of the Company.

#### 10. Stakeholders Relationship Committee:

- The Stakeholders Relationship Committee met 4 times during the financial year 2018- 19 on 30<sup>th</sup> May 2018, 14<sup>th</sup> August, 2018, 12<sup>th</sup> November, 2018 and 14<sup>th</sup> February, 2019.

The Constitution of the Committee as on 31.03.2019 and attendance of each Member is as given below:

Name of the Director	Designation	Category	No. of Meetings Attended
Smt. Rekha Deshraj	Chairman	Independent Non-Executive Director	4
Shri. I. Narsingh Rao	Member	Independent Non-Executive Director	NA
Shri. M.V. Ananthakrishna	Member	Whole-Time Director	4

Company Secretary of the Company acts as the Secretary of the Stakeholders Relationship Committee.

Committee reconstituted on 22.03.2019 and all the Committee members as of that date were attended.

Name and Designation of Compliance officer: \*Mr. M.V. Ananthakrishna, Whole-Time Director w.e.f. 04.04.2019 as Shri A. Mahipal Reddy, Company Secretary resigned from his duties w.e.f 04.04.2019

- 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 2018-19 and pending as on 31.03.2019

Nature of Grievances	Received	Attended	Pending
1. Non-receipt of dividend warrants	-	-	-
2. Non-receipt of Annual Report	3	3	-
3. Other Miscellaneous	2	2	-

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

## 11. General Body Meetings:

### a) Details of the Last 3 AGMs

- The last 3 Annual General Meeting (AGMs) were held at the Federation of Telangana and 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
34 <sup>th</sup> AGM	2015-16	30.09.2016	3.00 PM	-NIL-
35 <sup>th</sup> AGM	2016-17	29.09.2017	3.00 PM	-NIL-
36 <sup>th</sup> AGM	2017-18	03.07.2018	11.00 AM	Allotment of convertible warrants on preferential basis

### 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 2018-19.

## 12. Management Discussion & Analysis Report:

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

## 13. Disclosures:

- There are no transactions, which may have potential conflict with the interests of the Company. Note No - 2.32 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.
- Whistle Blower Policy** (Set up in terms of Sec 177 of the Companies Act, 2013 read with Regulation 22 of SEBI LODR Regulations, 2015)

With a view to adopt the highest ethical standards in the course of business, the Company has a whistle blower policy in place for reporting the instances of conduct which are not in conformity with the policy. Directors, employees, vendors or any person having dealings with the Company



may report non-compliance to the Chairman of the Audit Committee, who reviews the report. Confidentiality is maintained of such reporting and it is ensured that the whistle blowers are not subjected to any discrimination. No person was denied access to the Audit Committee.

**14. 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.vbcfal.in](http://www.vbcfal.in) The Company's website [www.vbcfal.in](http://www.vbcfal.in) 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.

**15. 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 Code of Conduct is available on the Company's website i.e. [www.vbcfal.in](http://www.vbcfal.in).

**16. Disclosure of Accounting Treatment:**

The Company has complied with the appropriate accounting policies and has ensured that they have been applied consistently. There have been no deviations from the treatment prescribed in the Accounting Standards notified under the Companies Act.

**17. Non-Executive Directors' Compensation and Disclosures:**

None of the Independent / Non-Executive Directors has any pecuniary relationship or transactions with the Company which in the Judgment of the Board may affect the independence of the Directors.

**18. CEO/ CFO Certification:**

Company obtained a certificate on the financial statements for the financial year 2018-19 cum CEO/CFO.

**19. General Shareholders' Information**

i) Date, Time and Venue of the 37<sup>th</sup> Annual General Meeting:

Monday, 30<sup>th</sup> September 2019 at 11.30 a.m. at Surana Udjoyg Auditorium of the Federation of Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), situated at 11-6-841, Red Hills, Hyderabad-500 004.

iii) Financial Calendar (tentative and subject to change)

Financial Reporting for the quarter ended 30 <sup>th</sup> September, 2019	14 <sup>th</sup> November,2019
Financial Reporting for the quarter ended 31 <sup>st</sup> December, 2019	14 <sup>th</sup> February,2020
Financial Reporting for the year ended 31 <sup>st</sup> March, 2020	30 <sup>th</sup> May, 2020
Financial Reporting for the year ended 31 <sup>st</sup> March, 2020	30 <sup>th</sup> May, 2020



## iii) Dates of Book Closure:

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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September 23, 2019 to September 30, 2019 (Both days inclusive).

## vi) Listing on Stock Exchanges:

\*Application for de-listing from The Calcutta Stock Exchange Association Limited is under process.

## v) Listing Fees

The Company has paid annual listing fee for the year 2018-19 to the Bombay Stock Exchange Limited, where the securities are listed.

## vi) Stock Code and Electronic connectivity

- 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 ( There is no trading of shares on Calcutta Stock Exchange):

Month	High (₹)	Low (₹)	Close (₹)	No. of Shares
Apr-18	57.2	38.95	43.5	20,904
May-18	46.9	38.2	38.2	2,35,356
Jun-18	42	35.65	40.4	10,851
Jul-18	45	33.6	44.1	7,051
Aug-18	50	37.5	45.75	19,165
Sep-18	48	39.55	45	12,383
Oct-18	48.8	40	48	1,625
Nov-18	59.75	42	47.45	4,766
Dec-18	48.95	39.45	45.35	2,844
Jan-19	47.4	35.3	38.1	27,485
Feb-19	42.1	34.2	37.25	13,183
Mar-19	44.95	35.55	44.9	1,57,019



**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 Stakeholders Relationship 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 2019.

**(x) (a) Distribution of Shareholding as on 31<sup>st</sup> March 2019**

Category		No. of shareholders	%	Shares held	%
From	To				
Upto	500	6361	91.76	617708	5.08
501	1000	291	4.2	217659	1.79
1001	2000	115	1.66	162124	1.33
2001	3000	52	0.75	131960	1.08
3001	4000	16	0.23	54868	0.45
4001	5000	18	0.26	83448	0.69
5001	10000	26	0.38	179195	1.47
10001	And above	53	0.76	10719978	88.11
Total		6932	100	12166940	100

**(b) Distribution of Shareholding according to categories of shareholders as on 31<sup>st</sup> March 2019.**

Categories	No. of Shares	% to Total
Promoters, Directors / Relatives and associated Persons	46,19,459	37.97
Financial Institutions & Banks/Mutual Funds/Central & State Governments	5,960	0.05
Foreign Institutional Investors	---	---



Non-resident Indians	87,764	0.72
Private Corporate Bodies	5183577	42.60
Indian Public	22,35,384	18.66
TOTAL	43,94,350	100.00

**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 2019, 30.95% of the Equity Share Capital, representing 37,66,544 shares were held in demat 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,  
Sanga Reddy District, Telengana.

**Contact Numbers:**

08455-221802, 221806

Mail: vbcsilicon@gmail.com / info@vbcfal.in

Web: www.vbcfal.in

**xiv) Address for Correspondence**

Company Secretary  
VBC Ferro Alloys Limited, 6-2-913/914,  
3<sup>rd</sup> Floor, Progressive Towers, Khairatabad,  
Hyderabad 500 004, Telengana, India

**Contact Numbers:**

040-23301200, 1230

Mail: vbcsilicon@gmail.com / info@vbcfal.in

Web: www.vbcfal.in

For and on behalf of the Board

Sd/-

**K. V. Anjaneyulu**  
Chairman

Place : Hyderabad  
Date : 13.08.2019





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## 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 31<sup>st</sup> March, 2019 as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the "Listing Agreement" of the said 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 Regulations.

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 C V RAMANA RAO & CO.,  
Chartered Accountants  
Firm Regn No.002917S

Sd/-  
(Katyayani K)  
Partner

Membership No.225030

Place: Visakhapatnam  
Date: 13-08-2019



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## INDEPENDENT AUDITOR'S REPORT

TO

**THE MEMBERS OF VBC Ferro Alloys Limited, Hyderabad**

**Report on the Audit of the Standalone Ind AS Financial Statements**

### **Qualified Opinion:**

We have audited the accompanying standalone Ind AS financial statements of VBC Ferro Alloys Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### **Basis for Qualified Opinion**

Non-provision of shortfall of deemed energy charges for earlier years amounting to Rs 56,54,81,522/-, pending disposal of company's petition before TSERC as stated in Note No. 2.27 to the standalone Ind AS financial statements has resulted in understatement of the loss for the year.

As stated in Note No. 2.03c the company has not measured its Investments in Equity Instruments designed to be measured at Fair Value through Other Comprehensive Income at fair values as required by Indian Accounting Standard "Financial Instruments" (Ind AS 109) which is not in compliance with the provisions of section 133 of the Companies Act, 2013.

As stated in Note No. 2.35 that balances lying in the lenders', sundry creditors, like, suppliers', service providers', employees' and customers' accounts are subject to confirmation.

Provision towards present liability in respect of future payments of gratuity and leave encashment has not been made using Projected Unit Credit method as required by Ind AS 19 "Employee Benefits", which is non compliance with the provisions of section 133 of the Companies Act, 2013.

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that



the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Emphasis of Matter Paragraphs:

We draw attention to the following matters in the Notes to the standalone Ind AS financial statements:

- a. Note No. 2.03 with marks (#) that 124.589 Lakhs of shares acquired by the company in Konaseema Gas Power Limited, the title in respect of which is not transferred in the name of the company.
- b. Note No. 2.14a that trade payables are classified as non current financial liabilities pending confirmation from various creditors seeking moratorium for about two years for settlement of their dues.
- c. Note No. 2.22a that cost of materials consumed includes the loss of the raw materials due to the loss of the technical properties and usability of the materials in the production due to passage of time besides consumption.

Our opinion is not modified in respect of these matters.

### Material Uncertainty related to Going Concern

We draw attention to Note 2.29 in the financial statements, the events or conditions mentioned in the said note indicate that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

SL. No.	Key Audit Matter	How our audit addressed the Key Audit Matter
1	Provisioning of electricity dues for restoration of power connection	
	<p>The company has commenced its manufacturing activities during the month of January 2019 after being shut down for over past 5 years due to high power tariffs.</p> <p>As per Administrative approval for restoration of power supply to sick industries accorded by the Govt of Telangana vide Letter No. 582/PR (A2)/2018 dated 04.09.2018, TSSPDCL has restored the power connection subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• Initial Security Deposit of Rs. 3,00,00,000/-</li> </ul>	<p>We assessed the managements' approach to provisioning of electricity dues by performing the following procedures:</p> <ul style="list-style-type: none"> <li>• We have read the Administrative approval accorded by the State Government of Telangana for restoration of supply to 6 nos. sick industries.</li> <li>• We have gone through the terms and conditions of the TSSPDCL for restoration of power supply.</li> <li>• We have verified the correctness and completeness of the asset/liability recognised in the books of account.</li> <li>• We found the disclosures in the Standalone Ind AS Financial Statements to be appropriate.</li> </ul> <p>Conclusion: We found management's judgment to be reasonable based on available evidence.</p>



	<p>The company has commenced its manufacturing activities during the month of January 2019 after being shut down for over past 5 years due to high power tariffs.</p> <p>As per Administrative approval for restoration of power supply to sick industries accorded by the Govt of Telangana vide Letter No. 582/PR (A2)/2018 dated 04.09.2018, TSSPDCL has restored the power connection subject to the following conditions:</p> <ul style="list-style-type: none"> <li>• Initial Security Deposit of Rs. 3,00,00,000/-</li> <li>• FSA charges of Rs. 17,71,38,060/- shall be paid in 24 equal interest free monthly instalments with one year moratorium commencing from 1<sup>st</sup> September, 2019.</li> <li>• Deemed Energy charges and surcharge thereon of Rs.56,54,81,522/- shall be payable subject to the outcome on the issue pending with the TSERC.</li> </ul> <p>Refer Note 2.29 to the Standalone Ind AS Financial Statements</p>	
2	Fair valuation of Land, Buildings and Plant & Machinery	
	<p>The determination and valuation of the assets involves judgment and continues to be an area of inherent risk because market prices are not readily available.</p> <p>Refer Note 4.2 to the Standalone Ind AS Financial Statements</p>	<p>Our audit procedures to assess the managements' approach to valuation included the following:</p> <ul style="list-style-type: none"> <li>• The management has adopted the fair values determined by the External Valuer using the market comparable method which is based on active market prices significantly adjusted for difference in the nature, location or condition of the specific property.</li> <li>• We evaluated the reasonableness of key assumptions applied to determine the fair values.</li> <li>• We checked the accuracy and relevance of the input data used.</li> <li>• We found the disclosures in the Standalone Ind AS Financial Statements to be appropriate.</li> </ul> <p>Conclusion: Based on the work performed, we found management's assessment to be reasonable based on available evidence.</p>



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### **Information Other than the Standalone Ind AS Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board of Directors' Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. The above specified reports are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the above specified reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material



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misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS Financial Statements .

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS Financial Statements , whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Ind AS Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Ind AS Financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure- A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and, except for the matters described in the Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) Except for the effects of the matter described in the Basis for Qualified Opinion section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) Except for the effects of the matter described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we are unable to express any opinion as required under section 143 (3) of the Act 2013, as we could not carry -out any verification or review of its internal financial controls over financial reporting as the company has not carried-out any operations during substantial period under report.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
The remuneration paid to the Directors by the company is in accordance with the provisions of the sec.197.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements.



ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There is a delay of sixty four days in transferring amount which is required to be transferred during the year to the Investor Education and Protection Fund by the Company.

**For C V RAMANA RAO & CO.,**

Chartered Accountants

Firm Regn No. 002917S

**(KATYAYANI K)**

Partner

Membership No.225030

Place: Visakhapatnam

Date: 19-06-2019





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## ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

The **Annexure A** referred to in our Independent Auditor's report of even date, to the members of VBC Ferro Alloys Limited, Hyderabad, for the year ended 31 March 2019. We report that:

- i)
    - a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
    - b) The fixed assets including capital work in progress could not be physically verified by the management during the year in accordance with phased programme of verification. Accordingly we are unable to report on any material discrepancies between the fixed asset register and the assets physically available.
    - c) We could not verify the title deeds of the immovable properties as the same are not produced for our verification.
  - ii) Physical verification of inventory including Capital stock of stores and spares could not be conducted during the year by the management in the entire year. 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) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, clauses 3 (iii) (a), (b) and (c) of the Order are not applicable.
  - iv) The company has neither given any loans to the directors or any other persons in whom the director(s) is interested nor given/provided any guarantee/security in connection with any loan taken by directors or such other persons as per the provisions of section 185 of the Companies Act, 2013. The investment made by the company in an earlier year does not exceed the limits prescribed under section 186 of the Companies Act, 2013.
  - v) The Company has not accepted any deposits from the public. Consequently, the clause 3(v) of the order is not applicable to the Company.
  - vi) 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 sub-section (1) of section 148 of the Companies Act, 2013 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.
  - vii)
    - a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.  
According to the information and explanations given to us, no undisputed amounts are payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess and other material statutory dues which were in arrears as at 31<sup>st</sup> March 2019 for a period of more than six months from the date they became payable.
-



Sr. No.	Name of the Statute	Nature of the Dues	Amount (in Rs.)	Period to which the amount relates
1.	Employee state Insurance Corporation Act 1948	Employer contribution	1,00,000	From 01.04.2012 to 31.03.2015
2.	Employee state Insurance Corporation Act 1948	Employee contribution	26,216	From 01.07.2013 to 31.03.2015
3.	Professional Tax 1975	Employee contribution	4,42,530	From 01.07.2012 to 31.03.2017
4.	Central Sales Tax Act	Central sales tax	2,01,050	For the year 2011-12
5.	Central Sales Tax Act	Central Sales Tax	11,40,003	For the year 2013-14
6.	AP VAT Act, 2000	Value Added Tax	7,89,829	For the year 2013-14
7.	Income Tax Act, 1961	Regular assessment tax	5,07,92,344	For the financial year 2011-12
8.	Income Tax Act, 1961	Dividend Distribution Tax	21,38,620 excluding interest	For the financial year 2011-12
9.	Income Tax Act, 1961	Income tax deducted at source	1,02,32,592	From 01.04.2012 to 31.08.2019
10.	Service tax Act	Service tax including education cess	7,27,412	From 01.04.2012 to 31.08.2014
11.	Central Excise Act	Excise duty	81,81,486 excluding interest	From 01.05.2013 to 31.08.2014
12.	Greater Hyderabad Municipal Corporation Act	Property Tax	1,99,859	From 01.04.2012 to 31.03.2013

- b) As at 31<sup>st</sup> March 2019, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Service tax, duty of customs, duty of excise, value added tax and Cess, except the following:



Sr. No.	Name of the Statute	Nature of the Dues	Amount *(in Rs.)	Period to which the amount relates	Forum where dispute is pending
1.	Central Sales Tax Act	Non submission of 'C' and 'F' forms	18, 68,890	1996-97	Dy. Commissioner (Appeals)
2.	Central Sales Tax Act	Non submission of 'H' forms	11, 86,633	2008-09	Appellate Dy. Commissioner (CT)

(\*)Net of Pre deposits made

- viii) In our opinion, the company has not obtained any Term Loans during the financial year under report. Consequently the clause 3(viii) of the order is not applicable.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year under report. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) The company has provided for managerial remuneration during the financial year in accordance with the provisions of the Section 197 of the Act.
- xii) In our opinion, the company is not a Nidhi Company. Consequently the clause 3(xii) of the order is not applicable.
- xiii) According to the information and explanations given to us and on overall examination of the records of the Company, we report that all transactions with related parties are in compliance with the provisions of sections 177 and 188 of the Companies Act, 2013 and the related party disclosures as required by relevant Indian Accounting Standards are disclosed in the Standalone Ind AS Financial Statements.
- xiv) According to the information and explanations given to us and on overall examination of the records of the Company, we report that the preferential allotment/private placement of shares made are in compliance with the provisions of section 42 of the Companies Act, 2013 and the amount raised have been used for the purposes for which the funds were raised.
- xv) The Company has not entered into any non cash transactions with the directors or persons connected with them during the year under report. Consequently the clause 3(xv) of the order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Consequently the clause 3(xvi) of the order is not applicable.

**For C V RAMANA RAO & CO.,**  
Chartered Accountants  
Firm Regn No. 002917S

**(KATYAYANI K)**  
Partner  
Membership No.225030

Place: Visakhapatnam  
Date: 19-06-2019



## 1. Significant Accounting Policies

### 1.1 Company overview

VBC Ferro Alloys Limited (VBCFAL) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956 and has its registered office at 6-2-913/914, Third Floor, Progressive Towers, Khairatabad, Hyderabad - 500004. The securities of the company are listed in BSE Limited.

The Company is engaged in the business of manufacturing Ferro Alloys at Rudraram Village, Patancheru Mandal, Medak District, Telangana.

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorized for issue on 13<sup>th</sup> August, 2019.

### 1.2 Basis of preparation of financial statements

#### 1.2.1 Statement of Compliance with Ind AS

These financial statements are the standalone financial statements prepared in accordance with Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act, 2013, read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016 and therefore Ind ASs issued, notified and made effective till the financial statements are authorized have been considered for the purpose of preparation of these financial statements and guidelines issued by the Securities and Exchange Board of India (SEBI).

These are the Company's first Ind AS Financial Statements and the date of transition to Ind AS, as required has been considered to be April 1, 2016.

#### 1.2.2 Recent Accounting Pronouncements –Standards issued but not yet effective

On 28 March 2018, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) (Amendments) Rules, 2018. The key amendments to the Ind AS Rules are:

- Introduction of new revenue standard Ind AS 115 "Revenue from contracts with customers" and omitted Ind AS 11 "Construction contracts" and Ind AS 18 "Revenue".
- Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21 "The Effect of Changes in Foreign Exchange Rates".
- Amendment to Ind AS 40 "Investment property",
- Amendments to Ind As 12 "Income Taxes",
- Amendment to Ind As 28 "Investments in Associates and Joint ventures" and
- Amendment to Ind AS 112 "Disclosure of interests in other entities"
- Consequential amendments to other Ind AS due to notification of Ind AS 115 and other amendments referred above.

These amendment rules are effective from the reporting periods beginning on or after 1<sup>st</sup> April, 2018.

#### **Amendment to Ind AS 40:**

The amendment lays down the principles regarding when a company should transfer asset to, or from, investment property. As the Company does not have any investment property, this amendment does not have any impact on the financial statements of the Company.

**Amendment to Ind AS 21:**

The appendix clarifies that the date of transaction, for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income, should be the date on which an entity initially recognises the non-monetary asset or liability arising from the advance consideration. The effect of this amendment on the financial statements of the Company will be evaluated.

**Amendment to Ind AS 12:**

The amendment clarifies the requirements for recognising deferred tax asset on unrealised losses. The effect of this amendment on the financial statements of the Company will be evaluated.

**Amendment to Ind AS 28:**

The amendment provides clarification requiring to measure investments separately for each associate or joint venture. . The effect of this amendment on the financial statements of the Company will be evaluated.

**Amendment to Ind AS 112:**

The amendment clarifies that disclosure requirement for interests in other entities also apply to interests that are classified as held for sale or as discontinued operations in accordance with Ind AS 105 “Non-current Assets held for sale and Discontinued operations”. The effect of this amendment on the financial statements of the Company will be evaluated.

The Company will adopt these amendments from their applicability date.

**1.2.3 Basis of Preparation**

For all periods up to and including year ended 31<sup>st</sup> March, 2017, the Company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 (“Previous GAAP”). These financial statements for the year ended 31<sup>st</sup> March, 2019 are the second financial statements of the Company prepared in accordance with Ind AS. The date of transition to Ind AS is 1<sup>st</sup> April, 2016. Details of the exceptions and optional exemptions availed by the Company and principal adjustments along with related reconciliations are detailed in Note 5 (First-time Adoption).

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are approved for issue by the Board of Directors has been considered in preparing these financial statements.

**1.3 Use of Estimates:**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of



assumptions in these financial statements have been disclosed in Note 3. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are effected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

#### **1.4 Current and non-current classification**

All assets and liabilities in the balance sheet are presented based on current/ non-current classification.

An asset is treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is treated as current when it is:

- expected to be settled in normal operating cycle
- held primarily for the purpose of trading
- due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

#### **1.5 Property, Plant and Equipment:**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes all costs directly attributable to bringing the asset to the location and condition necessary for its intended use and initial estimation of dismantling and site restoration costs. Subsequent costs relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

Property, Plant and Equipment are componentized and are depreciated separately over their estimated useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

Depreciation on buildings and plant and machinery is charged under straight line method and on the remaining assets under the diminishing balance method. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Directly attributable expenditure (including finance costs relating to borrowed funds for construction or acquisition of property, plant and equipments) incurred on projects under implementation are



treated as expenditure during construction pending for allocation to the assets and are shown under CWIP. CWIP is stated at the amount expended upto balance sheet date on assets or property, plant and equipment that are not yet ready for their intended use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

#### **1.6 Investment in Associates:**

Investments in associates are carried at cost.

#### **1.7 Inventories:**

Inventories are valued at the lower of the cost (net of eligible input tax credits) or net realisable value (except by-products, waste and scrap which are valued at estimated net realisable value). Cost is computed on annual weighted average basis.

Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.
- Stores and spares: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **1.8 Cash and cash equivalents:**

Cash and cash equivalents include cash on hand and at bank, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments. Equity investments and bank borrowings are excluded from cash equivalents. However, bank overdrafts which are repayable on demand are included as a component of cash and cash equivalents.

#### **1.9 Trade receivables:**

Receivables are initially recognized at fair value, which in most cases approximates the nominal value of consideration receivable. If there is a subsequent indication that those assets may be impaired, they are reviewed for impairment and an allowance is recognized.

#### **1.10 Trade payables:**

Trade Payables are recognized for amounts to be paid for goods or services acquired in the ordinary course of the business whether billed by the supplier/service provider or not. Trade payables are classified as current liabilities.



### 1.11 Provisions, contingent assets and contingent liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty. Information about such litigations is provided in notes to the financial statements.

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect. When the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

### 1.12 Revenue recognition:

Revenue is recognised to the extent it is probable that economic benefits would flow to the Company and the revenue can be reliably measured, regardless of when the revenue proceeds is received from customers.

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances rebates and amounts collected on behalf of third parties and excluding taxes, levies or duties collected on behalf of the government/ other statutory bodies.

#### a. Sale of products:

Sale of products is recognized, when significant risks and rewards of ownership pass to the dealer / customer, as per terms of contract and it is probable that the economic benefits associated with the transaction will flow to the Company.

#### b. Dividend income:

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of dividend can be reliably measured.

#### c. Unbilled income:

Unbilled income represents the value of services rendered but not yet been invoiced on the reporting date due to contractual terms.

### 1.13 Expenses:

All expenses are accounted for on accrual basis.





#### 1.14 Employee Benefits include:

(i) Short term employee benefits-

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

The company recognises a liability and an expense for bonus only when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of obligation can be made.

(ii) Post employment benefits-

The company operates the following post-employment schemes:

(a) Defined benefit plans such as gratuity: and

(b) Defined contribution plans such as provident and pension funds.

**Defined Benefit Plans** -The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

**Defined Contribution Plans**- The Company pays provident fund contributions to publicly administered provident funds as per local regulations. It has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### 1.15 Income Taxes:

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### 1.16 Prior period items

In case prior period adjustments are material in nature the Company prepares the restated financial



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statement as required under Ind AS 8 - “Accounting Policies, Changes in Accounting Estimates and Errors”. Immaterial items pertaining to prior periods are shown under respective items in the Statement of Profit and Loss.

### **1.17 Earnings Per Share:**

The basic earnings per share are computed by dividing the net profit/(loss) after tax for the period from continuing operations attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as per IND AS-33.

Diluted earnings per share are computed by dividing the net profit/(loss) after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are determined as at the end of each period presented. Dilutive potential equity shares are determined independently for each period presented.

### **1.18 Cash flow statement:**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

### **1.19 Impairment of assets:**

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of its fair value less costs of disposal and value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### **1.20 Non Derivative Financial Instruments:**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

#### **1.20.1 Initial Recognition-**

All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added/ deducted to/from the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

#### **1.20.2 Subsequent measurement-**

For purposes of subsequent measurement, financial assets are classified in four categories:



- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

**(i) Debt instruments at amortised cost**

A debt instrument is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation of EIR is included in finance income in the profit or loss. The impairment losses and gain/loss on de-recognition are recognised in the profit or loss.

**(ii) Debt instruments at fair value through other comprehensive income**

A debt instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments under this category are measured at fair value at each reporting date. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the profit & loss. On de-recognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**(iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss**

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL (residual category).

In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has not designated any debt instrument as at FVTPL.

All equity instruments in scope of Ind AS 109 are measured at fair value by the Company. Equity investments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The classification is made on initial recognition and is irrecoverable.

Financial instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**(iv) Equity instruments measured at fair value through other comprehensive income**

The Company has made an irrevocable election to present the subsequent fair value changes in 'other comprehensive income' for its investments in equity instruments that are



not held for trading. Fair value changes on the instrument, impairment losses & reversals and foreign exchange gain or loss are recognized in the OCI. Dividends are recognised in the Profit & Loss. There is no recycling of the amounts from OCI to Profit & Loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

**Financial liabilities** are classified in two measurement categories:

- Financial liability measured at amortised cost
  - Financial liability measured at fair value through profit or loss
- (i) **Financial liabilities measured at fair value through profit or loss** include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The company has not designated any financial liability as at fair value through profit and loss.
- (ii) **Financial liability measured at amortised cost**

All other financial liabilities are subsequently carried at amortized cost using effective interest rate (EIR) method, thereby resulting in amortisation of transaction costs and interest expenses through Profit & Loss over the life of the instrument. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### **1.20.3 Reclassification of financial assets-**

The company reclassifies its financial assets only when there is a change in entity's business model for managing its financial assets.

#### **1.20.4 Derecognition of financial instruments-**

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind. AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

#### **1.20.5 Impairment of financial assets-**

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- a. Trade receivables
- b. Financial assets measured at amortized cost (other than trade receivables)
- c. Financial assets measured at fair value through other comprehensive income.

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets, the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.



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ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of Profit and Loss under the head 'Other expenses'.

**1.20.6 Offsetting of financial instruments-**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**1.20.7 Fair Value of Financial instruments-**

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized. For trade and other receivables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**For and on behalf of the Board**  
**For C V RAMANA RAO & CO.,**  
Chartered Accountants  
Firm Registration No. 002917S

Sd/-  
**(Katyayani K)**  
Partner  
Membership No.225030  
Place: Hyderabad  
Place: Visakhapatnam

Date: 13.08.2019

Date: 13.08.2019



## Balance Sheet as at 31<sup>st</sup> March, 2019

( Amount in ₹ )

Particulars 1	Note No. 2	As at 31-03-2019 3	As at 31-03-2018 4
<b>ASSETS</b>			
<b>1.Non-current assets</b>			
a)Property, plant and equipment	2.01	1,93,15,16,576	7,30,67,885
b)Capital work-in-progress	2.02	16,43,52,867	14,45,23,839
c)Financial assets			
Investments	2.03	15,72,88,190	1,58,79,34,400
d)Other non-current assets	2.04	10,22,000	10,22,000
<b>2.Current assets</b>			
a)Inventories	2.05	12,00,05,195	5,14,74,891
b)Financial assets			
i) Trade receivables	2.06	2,27,18,332	79,27,444
ii)Cash and cash equivalents	2.07	59,42,779	16,34,446
iii) Bank balances other than above	2.08	1,94,06,651	1,05,79,189
c)Current Tax Assets (net)	2.09	-	9,00,000
d)Other current assets	2.10	14,81,23,626	8,44,50,508
<b>Total Assets</b>		<u>2,57,03,76,215</u>	<u>1,96,35,14,603</u>
<b>EQUITY AND LIABILITIES</b>			
<b>1.Equity</b>			
a)Equity Share capital	2.11	12,16,75,775	4,39,49,875
b)Other equity	2.12	1,62,30,01,633	83,34,84,645
		<u>1,74,46,77,408</u>	<u>87,74,34,520</u>
<b>2.LIABILITIES</b>			
Non-current liabilities			
a)Financial liabilities			
i)Borrowings	2.13	15,70,09,930	35,01,21,436
ii)Other financial liabilities	2.14	33,40,91,466	32,30,51,060
b)Deferred tax liability(Net)	2.15	3,21,80,456	3,21,80,456
Current liabilities			
a)Financial liabilities			
i)Borrowings	2.16	2,98,80,411	8,32,34,445
ii)Trade payables	2.17	12,17,49,585	11,43,70,107
iii)Other financial liabilities	2.18	2,56,42,165	2,32,14,020
b)Other current liabilities	2.19	12,24,53,710	15,72,37,262
c)Provisions	2.20	26,91,084	26,71,296
<b>Total Equity and Liabilities</b>		<u>2,57,03,76,215</u>	<u>1,96,35,14,603</u>

For and on behalf of the Board

Sd/-  
M.V.ANANTHAKRISHNA  
Whole Time Director

Sd/-  
DESHRAJU REKHA  
Director

Sd/-  
R.DHARMENDER  
CFO

As per our report of even date annexed  
FOR C V RAMANA RAO & CO.,  
CHARTERED ACCOUNTANTS  
Firm Registration Number: 002917 S

Sd/-  
(KATYAYANI K)  
Partner

Membership Number: 225030  
Place : Visakhapatnam  
Date : 19.06.2019

Place : HYDERABAD  
Date : 19.06.2019


**Statement of Profit and Loss for the period ended 31<sup>st</sup> March, 2019**

( Amount in ₹ )

Particulars	Note No.	Current year	Previous Year
<b>I. REVENUE</b>			
Revenue from operations		<b>4,18,57,300</b>	-
Other income	2.21	<b>8,44,82,541</b>	8,07,58,798
<b>Total Revenue</b>		<b>12,63,39,841</b>	<b>8,07,58,798</b>
<b>II. EXPENSES</b>			
Cost of materials consumed	2.22	<b>4,42,65,632</b>	-
Change in inventories of finished goods	2.23	<b>(6,26,11,129)</b>	-
Power	2.24	<b>7,59,02,223</b>	-
Employee benefit expenses	2.25	<b>3,05,61,152</b>	1,08,94,576
Finance cost	2.26	<b>1,73,25,832</b>	3,06,36,194
Depreciation		<b>6,45,43,378</b>	58,40,429
Other expenses	2.27	<b>2,45,66,918</b>	3,81,33,761
<b>Total expenses</b>		<b>19,45,54,007</b>	<b>8,55,04,960</b>
<b>III. Profit/(Loss) before Exceptional items and tax (I-II)</b>		<b>(6,82,14,166)</b>	<b>(47,46,162)</b>
<b>IV. Exceptional Items :</b>			
FSA charges for earlier years		-	21,34,74,646
Diminution in the Value of Investment		<b>1,43,06,46,210</b>	-
<b>V. Profit/(Loss) after Exceptional items and before tax</b>		<b>(1,49,88,60,376)</b>	<b>(21,82,20,808)</b>
<b>VI. Tax expense :</b>			
Current tax		-	-
Deferred tax		-	-
<b>IX. Profit/ (loss) for the period</b>		<b>(1,49,88,60,376)</b>	<b>(21,82,20,808)</b>
<b>X. Other comprehensive income</b>			
A Items that will not be reclassified to profit or loss			
(i) Remeasurement gains/(losses) on the defined benefit plans		-	-
(ii) Gains/(losses) on sale of Equity Instruments measured at FVTOCI		-	-
(iii) Gains/(losses) on restatement of Equity Instruments measured at FVTOCI		-	1,23,45,340
(iv) Changes in Property, Plant & equipment recognised to Revaluation Surplus		<b>1,91,65,49,864</b>	-
Income tax effect on above		-	-
B Items that may be reclassified to profit or loss			
Income tax relating to items that will be reclassified to profit or loss		-	-
<b>XI. Total comprehensive income for the period</b>		<b>41,76,89,488</b>	<b>(20,58,75,468)</b>
<b>XIV. Earnings per equity share</b>			
Basic		<b>(312.07)</b>	(49.66)
Diluted		<b>(205.19)</b>	(49.66)
Significant accounting policies and other accompanying notes form an integral part of the financial statements			

For and on behalf of the Board

Sd/-  
M.V.ANANTHAKRISHNA  
Whole Time Director

Sd/-  
DESHRAJU REKHA  
Director

Sd/-  
R.DHARMENDER  
CFO

As per our report of even date annexed  
FOR C V RAMANA RAO & CO.,  
CHARTERED ACCOUNTANTS  
Firm Registration Number: 002917 S

Sd/-  
(KATYAYANI K)  
Partner

Membership Number: 225030  
Place : Visakhapatnam  
Date : 19.06.2019

Place : HYDERABAD  
Date : 19.06.2019



## Statement of Cashflows for the year ended 31<sup>st</sup> March, 2019

( Amount in ₹ )

	31-Mar-2019	31-Mar-2018
<b>A) Cash Flow from Operating Activities:</b>		
<b>Profit/(Loss) before tax and after exceptional items:</b>	<b>(1,49,88,60,376)</b>	<b>(21,82,20,808)</b>
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Depreciation of property, plant and equipment and amortisation	6,45,43,378	58,40,429
Finance costs(including fair value change in financial instruments)	1,26,82,412	2,62,39,791
Gain on disposal of property, plant and equipment	-	(8,07,43,224)
Excess provision of earlier years written back	(6,19,72,745)	-
Provision for Diminution of Investment	1,43,06,46,210	-
Operating Profit before Working Capital changes	1,44,58,99,255	(4,86,63,004)
<b>Working capital adjustments:</b>		
Movements in provisions,gratuity and government grants	19,788	22,990
Decrease/ (Increase) in trade and other receivables and Pre payments	(8,63,91,468)	(2,87,11,526)
Decrease / (Increase) in inventories	(6,85,30,304)	(37,73,451)
Increase /(Decrease) in trade and other payables	4,80,37,221	14,60,42,129
Cash generated from operations	1,33,90,34,493	6,49,17,138
Income Tax (paid)/refund	-	(13,34,764)
Net Cash generated in operations	1,33,90,34,493	6,35,82,374
Insurance proceeds received on fire loss of profits claim settlement	-	-
<b>Net cash flows from operating activities</b>	<b>(15,98,25,883)</b>	<b>(15,46,38,434)</b>
<b>B) Cash Flow from Investing Activities:</b>		
Purchase of property,plant and equipments	(64,42,205)	(1,30,421)
Increase/(decrease) in Capital Work in Progress	(1,98,29,028)	(1,84,61,312)
Proceeds from sale of Investment Property	-	9,00,00,000
Net cash flows used in investing activities	(2,62,71,233)	7,14,08,267
<b>C) Cash Flow from Financing Activities:</b>		
Proceeds from issue of Equity shares	14,52,41,550	-
Proceeds from issue of share warrants	9,97,86,850	-
Interest paid	(1,26,82,412)	-
Proceeds from borrowings	1,14,13,494	8,32,34,445
Repayments of borrowings	(5,33,54,034)	-
Net Cash flows/(used in) Financing Activities	19,04,05,449	8,32,34,445
<b>Net increase/(decrease) in Cash &amp; Cash equivalents (A + B + C)</b>	<b>43,08,332</b>	<b>4,278</b>
Opening balance of Cash & Cash equivalents	16,34,447	16,30,169
Closing balance of Cash & Cash equivalents	59,42,779	16,34,447





**Reconciliation of cash and cash equivalents as per cash flow statement:  
Cash and cash equivalent comprises of the following**

( Amount in ₹ )

Particulars	31-Mar-2019	31-Mar-2018	31-Mar-2017
Cash and cash equivalents	59,42,779	16,34,446	16,28,399
Bank Overdrafts	-	-	-
<b>Balance as per statement of cash flows</b>	<b>59,42,779</b>	<b>16,34,446</b>	<b>16,28,399</b>

**Reconciliation of Liabilities arising from Financing activities as at 31.03.2019**

Particulars	Long term unsecured loans	Short term unsecured loans
Balance as on 1 <sup>st</sup> April, 2018	35,01,21,436	8,32,34,445
Add: Proceeds from fresh borrowings	-	-
Amortised interest/ transaction costs using EIR	1,14,13,494	-
Less: Repayments of the borrowings	19,31,11,506	-
Interest paid for the period	1,14,13,494	5,33,54,034
<b>Balance as on 31<sup>st</sup> March, 2019</b>	<b>15,70,09,930</b>	<b>2,98,80,411</b>

**Reconciliation of Liabilities arising from Financing activities as at 31.03.2018**

Particulars	Long term unsecured loans	Short term unsecured loans
Balance as on 1 <sup>st</sup> April, 2017	32,65,05,624	-
Add: Proceeds from fresh borrowings	-	8,32,34,445
Amortised interest/ transaction costs using EIR	2,36,15,812	-
Less: Repayments of the borrowings	-	-
Interest paid for the period	-	-
<b>Balance as on 31<sup>st</sup> March, 2018</b>	<b>35,01,21,436</b>	<b>8,32,34,445</b>

For and on behalf of the Board

As per our report of even date annexed  
FOR C V RAMANA RAO & CO.,  
CHARTERED ACCOUNTANTS  
Firm Registration Number: 002917 S

Sd/-  
M.V.ANANTHAKRISHNA  
Whole Time Director

Sd/-  
DESHRAJU REKHA  
Director

Sd/-  
R.DHARMENDER  
CFO

Sd/-  
(KATYAYANI K)  
Partner  
Membership Number: 225030

Place : HYDERABAD  
Date : 19.06.2019

Place : Visakhapatnam  
Date : 19.06.2019


**Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2019**

( Amount in ₹ )

<b>A Equity share capital</b>	<b>As at 31-03-2019</b>	<b>As at 31-03-2018</b>
Balance at the beginning of the reporting period	4,39,49,875	4,39,49,875
Changes in equity share capital during the year	7,77,25,900	-
Balance at the end of the reporting period	12,16,75,775	4,39,49,875

**B Other Equity**

(Amount in ₹ )

Particulars	Balance as on 01.04.2018	Total comprehensive income for the year	Transfer to retained earnings*	"Any other change (to be specified)"	Balance as on 31.03.2019
Capital Reserve	15,00,000	-	-	-	15,00,000
Reserves and surplus	11,91,79,000	-	-	27,20,40,650	39,12,19,650
Securities Premium Reserve					
General Reserve	96,40,00,000	-	-	-	96,40,00,000
Retained Earnings	(28,94,45,375)	(1,49,88,60,376)	-	58755604	(1,72,95,50,147)
Asset Revaluation Surplus	-	1,91,65,49,864	(5,87,55,604)	-	1,85,77,94,260
Equity Instruments through Other Comprehensive Income	3,82,51,020	-	-	-	3,82,51,020
Money received against Share warrants	-	-	-	9,97,86,850	9,97,86,850
<b>Total</b>	<b>83,34,84,645</b>	<b>41,76,89,488</b>	<b>(5,87,55,604)</b>	<b>43,05,83,104</b>	<b>1,62,30,01,633</b>

\*Represents depreciation on revaluation of Property, Plant &amp; Equipment

(Amount in ₹ )

Particulars	Balance as on 01.04.2017	Total comprehensive income for the year	Transfer to retained earnings	"Any other change (to be specified)"	Balance as on 31.03.2018
Capital Reserve	15,00,000	-	-	-	15,00,000
Reserves and surplus	11,91,79,000	-	-	-	11,91,79,000
Securities Premium Reserve					
General Reserve	96,40,00,000	-	-	-	96,40,00,000
Retained Earnings	(7,12,24,567)	(21,82,20,808)	-	-	(28,94,45,375)
Equity Instruments through Other Comprehensive Income	2,59,05,680	1,23,45,340	-	-	3,82,51,020
<b>Total</b>	<b>1,03,93,60,113</b>	<b>(20,58,75,468)</b>	-	-	<b>83,34,84,645</b>



**Note No 2.01:**  
**Property, Plant & Equipment as on 31.03.2019**  
 (Amount in ₹)

Particulars	Gross Block			Accumulated Depreciation			Net Block			
	As at 1 <sup>st</sup> April, 2018	Additions *	(Dispos- als)	As at 31 <sup>st</sup> Mar, 2019	Up to 1 <sup>st</sup> April, 2018	Depreciation charge for the year	On dis- posals	Up to 31 <sup>st</sup> Mar, 2019	As at 31 <sup>st</sup> Mar, 2019	As at 31 <sup>st</sup> March, 2018
Land	4,47,26,745	81,28,73,255	-	85,76,00,000	-	-	-	-	85,76,00,000	4,47,26,745
Buildings	6,96,90,492	23,46,08,635	-	30,42,99,127	6,13,96,529	47,20,454	-	6,61,16,983	23,81,82,144	82,93,962
Plant & Machinery	57,26,71,521	87,48,28,175	-	1,44,74,99,696	55,39,85,478	5,93,29,884	-	61,33,15,362	83,41,84,334	1,86,86,043
Furniture&Fixtures	35,94,066	7,804	-	36,01,870	35,19,107	31,049	-	35,50,156	51,714	74,959
Office Equipment	1,00,82,454	2,44,200	-	1,03,26,654	97,32,906	77,254	-	98,10,159	5,16,495	3,49,548
Vehicles	1,58,68,470	4,30,000	-	1,62,88,470	1,49,21,842	3,84,738	-	1,53,06,580	9,81,890	9,36,628
Total	71,66,23,747	1,92,29,92,069	-	2,63,96,15,816	64,35,55,862	6,45,43,378	-	70,80,99,240	1,93,15,16,576	7,30,67,886

Note: Additions include the effect of revaluation of Property, Plant & equipment of Rs. 191,65,49,864.

**Note No 2.02: Capital work in progress**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
Capital Works in Progress:				
a. Civil works under progress		7,00,14,077		7,00,14,077
b. Heat Exchanger & Pollution Equipment		3,54,56,460		1,75,50,000
c. Capital Stock in Stores		13,90,518		13,90,518
Expenditure incidental to construction awaiting allocation (Vide Note No.2.03(a)):		5,74,91,812		5,55,69,244
<b>Total</b>		<b>16,43,52,867</b>		<b>14,45,23,839</b>

**Note No. 2.03(a): Expenditure incidental to construction awaiting allocation:**

a. Balance at the beginning of the year:		5,55,69,244		5,46,57,932
b. Net Expenditure incurred during the year:				
Bank charges and guarantee commission	19,22,568		8,91,312	
Rent	-		20,000	
	<u>19,22,568</u>		<u>9,11,312</u>	
Less: Miscellaneous income	-		-	
		<u>19,22,568</u>		<u>9,11,312</u>
<b>Total</b>		<b>5,74,91,812</b>		<b>5,55,69,244</b>

**Note No 2.03: Non-current financial assets - Investments**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
Non Trade:				
<b>1) Investment in Associates measured at cost</b>				
# 140141414 Equity Shares of Rs.10/- each fully paidup in Konaseema Gas Power Ltd.	143,06,46,210		143,06,46,210	
5596047 Equity Shares of Rs.10/- each fully paidup in Peninsular Power Ventures Private Limited	<u>5,59,60,470</u>	<u>148,66,06,680</u>	<u>5,59,60,470</u>	<u>148,66,06,680</u>
<b>2) Investment in equity instruments measured at Fair Value through Other Comprehensive Income</b>				
i) Unquoted				
135000 Equity Shares of Rs.10/-each fully paidup in Basil Infrastructure Projects Ltd.	25,65,000		25,65,000	
100000 Equity Shares of Rs.10/- each fully paid up in Konaseema Power Corporation Ltd.	-		-	
* 6172670 Equity Shares of Rs.10/- each fully paidup in Orissa Power Consortium Ltd.	<u>9,87,62,720</u>	<u>10,13,27,720</u>	<u>9,87,62,720</u>	<u>10,13,27,720</u>
Provision for Diminution in the value Investment of Konaseema Gas Power Ltd.		(143,06,46,210)		-
<b>TOTAL</b>		<b>15,72,88,190</b>		<b>158,79,34,400</b>

# includes 124.589 Lakhs (P.Y.124.589 Lakhs) 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.

\*6172670 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. 2.03a Details of Material Associates

Name of the Associate	Proportion of Ownership interest	Method of accounting adopted	Principal Place of Business
Konaseema Gas Power Ltd	26.06%	Cost	Devarapalli Village, Ravulapalem Mandal, East Godavari District, Andhra Pradesh, India
Peninsular Power Ventures Private Limited	25.37%	Cost	3-160, Vedeswaram, Ravulapalem Mandalam, Andhra Pradesh-533 223, India

#### Note No. 2.03b Reasons for Investments in Equity Instruments designated to be measured at Fair Value through Other Comprehensive Income

The Company has elected an irrevocable option of classifying the non current investments under fair value through other comprehensive income as they are not held primarily for trading.

**Note No. 2.03c** Fair valuation of Equity Instruments measured at Fair Value through Other Comprehensive Income - The company is unable to determine the fair value as on 31.03.2019 of its investments in various unlisted companies due to non availability of financial statements of the said unlisted entities as at 31.03.2019.

#### Note No 2.04: Other Non Current Assets

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
Capital advances		10,22,000		10,22,000
<b>Total</b>		<b>10,22,000</b>		<b>10,22,000</b>

#### Note No 2.05: Inventories

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
(As Valued and Certified by the Management)				
Stores & spares		3,10,34,340		3,17,37,849
Raw materials		2,30,30,553		1,64,07,869
Finished goods		6,59,40,302		33,29,173
<b>Total</b>		<b>12,00,05,195</b>		<b>5,14,74,891</b>

Inventories are valued as per Significant Accounting Policies No. 1.7 of Note No. 1

**Note No .2.06: Trade receivables**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
Unsecured:				
Debts, outstanding over six months				
Considered good		1,47,90,888		79,27,444
Considered doubtful		79,27,444		-
		2,27,18,332		79,27,444
<b>Total</b>		<b>2,27,18,332</b>		<b>79,27,444</b>

**Note No 2.07: Cash and cash equivalents**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
a. Balances with banks		57,95,210		12,71,316
This includes:				
(Earmarked Balances towards Unpaid Dividend accounts - less than seven years)		5,63,316		10,62,537
b. Cash on hand		1,47,569		3,63,131
<b>Total</b>		<b>59,42,779</b>		<b>16,34,446</b>

**Note No. 2.08: Bank balances other than above**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
Margin Money Deposit with bank (Towards guarantees taken)		1,94,06,651		1,05,79,189
<b>Total</b>		<b>1,94,06,651</b>		<b>1,05,79,189</b>

**Note No 2.09: Current tax assets (net)**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
Prepaid taxes (Including Tax Deducted at Source)		-		9,00,000
<b>Total</b>		<b>-</b>		<b>9,00,000</b>

**Note No 2.10: Other current assets**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
(Unsecured, considered good)				
Advances paid to Suppliers		4,11,01,909		2,88,98,339
Deposits recoverable		3,19,81,071		4,39,44,211
Other Advances Recoverable		2,57,67,139		31,99,641
Income Tax Refund Receivable		24,68,764		15,68,764
Input Tax Credit Receivable		72,06,942		68,39,553
Power Subsidy receivable from Telangana State Govt.		2,23,12,307		-
Surcharge on power receivable from Telangana State Govt.		1,72,85,495		-
<b>Total</b>		<b>14,81,23,626</b>		<b>8,44,50,508</b>

**Note No 2.11: Equity****a) Equity share capital**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Number	₹	Number	₹
a) Authorised :				
Equity Shares of Rs.10/- each	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
b) (i) Issued :				
Equity Shares of Rs.10/- each (includes 7772590 number of issue of equity shares on conversion of warrants)	1,21,69,040	12,16,90,400	43,96,450	4,39,64,500
b) (ii) Subscribed and Fully Paid up:				
Equity Shares of Rs.10/- each fully paid up (includes 7772590 number of issue of equity shares on conversion of warrants)	1,21,66,940	12,16,69,400	43,94,350	4,39,43,500
Add: Amount received on 2100 forfeited shares		6,375		6,375
<b>Total</b>	<b>1,21,66,940</b>	<b>12,16,75,775</b>	<b>43,94,350</b>	<b>4,39,49,875</b>

**Terms/ rights attached to equity shares**

Equity shares have a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts.

**b. Equity Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held.**

Particulars	As at 31.03.2019		As at 31.03.2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
MVVS Murthi	2567769	21.10		
MSP Rama Rao	797900	6.56		
OPL Renewable energy pvt ltd	900000	7.40		
Sourya Vidyut Nigam pvt ltd	750000	6.16		
Frontline Minerals Private Limited	650000	5.34		
Techno Infratech Projects (India) Private Limited			350,865	7.98



## Note 2.12 Other Equity

Particulars	As at 31-03-2019		As at 31-03-2018	
	Details	Rs.	Details	Rs.
a) Capital Reserve		15,00,000		15,00,000
b) Securities Premium:				
Balance at the beginning of the year	11,91,79,000		11,91,79,000	
Add: Received on conversion of 7772590 convertible warrants	27,20,40,650	39,12,19,650	-	11,91,79,000
c) General Reserve		96,40,00,000		96,40,00,000
d) Asset Revaluation Surplus		185,77,94,260		-
e) Retained Earnings		(172,95,50,147)		(28,94,45,375)
f) Other Comprehensive Income - Equity Instruments through Other Comprehensive Income		3,82,51,020		3,82,51,020
g) Money received against Share warrants		9,97,86,850		-
<b>Total</b>		<b>162,30,01,633</b>		<b>83,34,84,645</b>

### Nature of reserves:

**a) Capital Reserve :** Capital reserve represents the subsidy received from the State Government of India.

**b) Securities premium :** Securities premium represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of Companies Act, 2013.

**c) General reserve :** The general reserve is created by way of transfer of part of the profits before declaring dividend pursuant to the provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

**d) Asset Revaluation Surplus:** Revaluation Surplus represents the upward or downward changes in the value of assets in response to major changes in its fair market value.

**e) Retained earnings :** Retained earnings generally represents the undistributed profit/ amount of accumulated earnings of the company.

### f) Other Comprehensive Income:

Other Comprehensive Income (OCI) represents the balance in equity for items to be accounted under OCI and comprises of:

items that will not be reclassified to profit and loss

a. The Company has made an irrevocable election to present the subsequent fair value changes of investments in OCI. This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value including tax effects. The company transfers restated fair value amounts from this reserve to retained earnings when the relevant financial instruments are disposed.

### g) Money received against Share Warrants:

a. The company at its extraordinary general meeting held on 3<sup>rd</sup> July, 2018 has issued 12000000 number of share warrants of Rs. 45/-each, which convertible into 12000000 equity shares of the Company of the face value of Rs.10/- each.

b. Each warrant is convertible into one equity share, which can be exercised at any time within a period of 18 months from the date of issue of such Warrants. 25% of the consideration has been paid by the allottees to the Company upon issue and allotment of the warrants. The amount paid will be forfeited if the holders of warrants have not exercised within a period of 18 months from the date of issue of warrants. During the year the holders of 7772590 warrants have exercised their option for conversion into equity shares by depositing the balance amount of Rs 33.75 each per warrant.

c. Equity Shares to be issued and allotted by the Company on exercising of the option against the warrants, shall rank pari-passu in all respects with the then existing fully paid-up Equity Shares of the Company.



**Note No 2.13: Non current Financial liabilities- Borrowings**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
Unsecured Loans :				
From Directors		-		1,75,36,316
From other body corporates		14,54,58,273		14,54,58,273
From Others		1,15,51,657		18,71,26,847
<b>Total</b>		<b>15,70,09,930</b>		<b>35,01,21,436</b>

**Note No 2.14: Non current Financial liabilities- others**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
Deposits refundables		4,00,000		4,00,000
FSA Charges Payable		17,71,38,060		21,34,74,646
Liabilities Payable		15,65,53,406		10,91,76,414
<b>Total</b>		<b>33,40,91,466</b>		<b>32,30,51,060</b>

Pending confirmation from various creditors seeking moratorium for the settling their dues till 31.03.2020. The company has classified their dues as non-current liabilities.

**Note No 2.15: Deferred tax liability**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
Deferred tax liability:				
Timing difference between book and tax depreciation		14,92,927		14,92,927
Items of contingent liability in nature claimed as expenditure for tax purpose		4,30,88,278	4,30,88,278	4,45,81,205
<b>Deferred tax asset:</b>				
Items covered under section 43B of the Income Tax Act		80,90,852		80,90,852
Provision for doubtful debts		25,79,127		25,79,127
Unabsorbed depreciation under Income Tax Act		17,30,769	1,24,00,748	1,24,00,748
<b>Total</b>		<b>3,21,80,456</b>		<b>3,21,80,456</b>

**Note No 2.16: Current financial Liabilities- Borrowings**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
<b>Secured Loans :</b>				
Cash credit facilities		-		-
<b>Unsecured Loans :</b>				
From Body Corporates		2,48,09,370		7,72,12,809
From Others		50,71,041	2,98,80,411	60,21,636
<b>Total</b>		<b>2,98,80,411</b>		<b>8,32,34,445</b>

**Note No 2.17: Current Financial liabilities- Trade payables**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
Total outstanding dues of micro enterprises and small enterprises		-		-
Total outstanding dues of creditors other than micro enterprises and small enterprises		12,17,49,585		11,43,70,107
<b>Total</b>		<b>12,17,49,585</b>		<b>11,43,70,107</b>

Dues to Small and Medium Enterprises:

(a) Principal amount and interest due thereon remaining unpaid

(b) Interest paid in terms of Section 16 of MSMED Act, 2006

(c) Interest due and payable for the period of delay excluding interest specified under MSMED Act, 2006

(d) Interest accrued and remaining unpaid at the end of the year

(e) Further interest due and payable in terms of section 23 of MSMED Act, 2006

**Note No 2.18: Current Financial Liabilities - Others**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
Advances from customers refundable		1,19,90,683		91,57,683
Un-Paid Dividends		5,63,316		10,62,537
Other current liabilities		1,30,88,166		1,29,93,800
<b>Total</b>		<b>2,56,42,165</b>		<b>2,32,14,020</b>

**Note No 2.19: Other Current Liabilities**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
Liability towards statutory dues		8,55,54,208		8,20,18,686
Tax on Equity dividend		21,38,620		21,38,620
Other Liabilities		3,47,60,882		7,30,79,956
<b>Total</b>		<b>12,24,53,710</b>		<b>15,72,37,262</b>

**Note No 2.20: Short term provisions**

Particulars	As at 31.03.2019		As at 31.03.2018	
	Details	₹	Details	₹
Provision for Gratuity		11,75,044		11,55,256
Provision for leave encashment		15,16,040		15,16,040
<b>Total</b>		<b>26,91,084</b>		<b>26,71,296</b>

**Note No 2.21: Revenue From Opreations**

Particulars	For the year end 31.03.2019		For the year ended 31.03.2018	
	Details	₹	Details	₹
Revenue from sale of Ferro Silicon		4,18,57,300		-
<b>Total</b>		<b>4,18,57,300</b>		<b>-</b>

**Note No 2.21: Other income**

Particulars	For the year end 31.03.2019		For the year ended 31.03.2018	
		₹	Details	₹
Interest received from Banks		1,96,984		-
Profit on Sale of Property, Plant and Equipment		-		8,07,43,224
Adjustment of changes in Excise Duty on Closing Stock		-		15,574
Power Subsidy received from Telangana State Govt.		2,23,12,307		-
Excess provisions made in earlier years Written back		6,19,72,745		-
Sundry Credit balances writtn back		505		-
<b>Total</b>		<b>8,44,82,541</b>		<b>8,07,58,798</b>

**Note No 2.22: Cost of materials consumed**

Particulars	For the year ended 31.03.2019		For the year ended 31.03.2018	
	Details	₹	Details	₹
Opening Stock		1,64,07,869		1,41,60,419
Add: Purchases ( Net)		5,08,88,316		22,47,451
		6,72,96,185		1,64,07,869
Less: Closing stock		2,30,30,553		1,64,07,869
Debit to profit & loss account		4,42,65,632		-

**Note No 2.22A:** The debit includes storages, loss of the raw materials due to the loss of the technical properties and usability of the materials in the production due to passage of time, besides consumption.

**Note No 2.23: Change in inventories of finished goods**

Particulars	For the year ended 31.03.2019		For the year ended 31.03.2018	
	Details	₹	Details	₹
Opening stock		33,29,173		33,29,173
Less: Closing stock		6,59,40,302		33,29,173
Increase in Finished Goods		(6,26,11,129)		-

**Note No 2.24: Power**

Particulars	For the year ended 31.03.2019		For the year ended 31.03.2018	
	Details	₹	Details	₹
Power		7,59,02,223		-
(net of surcharge reimbursable by the State govt. of Telangana amounting to Rs. 1,72,85,495/- vide letter No. 582/PR (A2)/2018 dated 04.09.2018 issued by special chief secretary, energy dept. of Govt. of TS)				
<b>Total</b>		<b>7,59,02,223</b>		<b>-</b>



### Note No 2.25: Employee benefit expenses

Particulars	For the year ended 31.03.2019		For the year ended 31.03.2018	
	Details	₹	Details	₹
Salaries, Wages & Bonus		2,73,73,952		1,04,15,433
Contribution to Gratuity fund		19,788		22,990
Staff Welfare Expenses		23,54,509		4,56,153
Managerial remuneration		8,12,903		-
<b>Total</b>		<b>3,05,61,152</b>		<b>1,08,94,576</b>

**Note No 2.25 (a):** The company has not provided both Employer' and Employees' contribution to Provident fund during the year based on Order no. TS/PTC/ENF/17192/4741 dated 08.05.2015 issued by Regional PF Commissioner-II & Authority under section 7A of EPF & MP Act, treating the establishment as permanently closed after making the assessment up to August 2013.

### Note No 2.25 (b): Employee benefit plans:

As per IND AS 19 "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:

	2018-19
Employer's Contributions to Provident and Pension Funds	-
Employer's Contributions to Employees State Insurance	-

#### Defined Benefit Plans:

A. In view of retrenchment of all work men as memorandum of settlement entered into by the company with the workers' union and termination of services of most of the employees of the company, the liability towards the gratuity of the Skeleton staff on rolls as at the balance sheet date has been computed at the present value, instead of actuarial valuation using the Projected Unit Credit Method. Accordingly the various disclosures required under the Accounting standard could not be made.

### Note No 2.26: Finance cost

Particulars	For the year ended 31.03.2019		For the year ended 31.03.2018	
	Details	₹	Details	₹
Interest - Others		1,26,82,412		2,62,73,219
Interest under the provisions of Income Tax Act		30,34,776		32,91,415
Interest paid on statutory dues		12,24,964		9,81,778
Interest on Trade deposit		60,000		60,000
Bank charges		3,23,680		29,782
<b>Total</b>		<b>1,73,25,832</b>		<b>3,06,36,194</b>

**Note No .2.27 : Other expenses**

Particulars	For the period ended 31.03.2019		For the period ended 31.03.2018	
	Details	₹	Details	₹
Consumption of Stores and Spares		28,22,130		1,80,62,843
Repairs and Maintenance		88,19,163		1,15,79,196
Factory Expenses		6,84,162		14,26,180
Rates & Taxes		2,99,831		26,50,368
Directors' sitting Fees		20,000		31,000
Payment to Auditor's:				
As Auditor's	1,00,000		1,00,000	
corporate Law services	-	1,00,000	2,18,000	3,18,000
Maintenance Charges		11,49,151		1,64,062
Listing and filing fees		3,78,675		3,88,446
Printing & stationery		3,65,916		84,730
Transportation Charges		10,12,262		8,32,817
Communication expenses		8,77,194		83,453
Travelling & conveyance		8,25,583		2,25,619
Legal & professional charges		21,24,800		1,09,200
Advertisement Expenses		7,21,202		-
Insurance on Vehicles		1,11,438		-
Corporate Social responsibility		26,250		-
Rent & Maintenance		13,05,500		-
Office maintenance		11,62,251		-
Miscellaneous expenses		17,61,410		21,77,847
<b>Total</b>		<b>2,45,66,918</b>		<b>3,81,33,761</b>
Expenditure in foreign currency during the financial year on account of travelling.				-

**Note No: 2.28**

The Superintending Engineer of TSSPDCL vide his letter No.SE/OP/SAO/HT/F.SGR-129/D.No.450/18 Dated 25-09-2018 has restored the power connection with a condition that the company shall pay the demand totalling to Rs 565481522 towards shortfall of deemed energy charges subject to the outcome of its petition pending before TSERC. The company has not made any provision towards the same pending the disposal of the said petition by TSERC.

**Note No: 2.29**

Contingent liabilities and commitments	As At 31.03.2019	As at 31.03.2018
a) Unexpired Bank Guarantees and letters of Credit	5,24,29,000	5,24,29,000
b) Unexpired Corporate Guarantees given to Financial Institutions and strategic Investors on behalf of Body Corporates	65,00,00,000	57,10,00,000
c) Disputed Sales Tax Demands for non submission of "C" & "F" Forms	34,59,375	34,59,375

**Note No: 2.30**

The company has commenced its manufacturing activities during the year after the restoration of power supply by TS SPDCL, besides providing several concessions including payment of arrears over two years commencing from Spetember 2019. Besides the market for Ferro Silicon has improved, which will result in improved performance. Further the company has successfully settled its bank borrowing with a one time settlement. Accordingly, the books of account are maintained under "going concern" concept, as the company is hopeful of turning into profits in future years.

**Note No: 2.31**

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

**Note No: 2.32**

Related parties in terms of IND AS 24

## a) Associates:

Konaseema Gas Power Ltd

VBC Industries Limited

Orissa power Consortium Limited.

## b) Key Managerial Personnel:

Sri Vijay Govind Gejji, Managing Director

Sri M S P Rama Rao, Chief Executive

Sri M. V. Ananthakrishna, Whole Time Director

Sri R.Dharmender-Chief Finance Officer

d) Others: Enterprises in which key Managerial Personnel or their relatives have substantial interest  
VBC Exports Ltd.

Techno Infratech project (India) Pvt. Ltd.

BASIL Infrastructure projects Ltd.

Indo-Us Coal Washeries Ltd

**Transactions carried with related parties:**

	This year	Previous Year
Transactions pertaining to Key Management Personnel:		
Remuneration payable to Vijay Govind Gejji, Managing Director	2,12,903	-
Remuneration payable to M.S.P. Rama Rao, Chief Executive	24,00,000	-
Remuneration payable to M.V. Ananthakrishna, Whole Time Director	6,00,000	-
Transactions with Relatives of the Key Managerial Personnel:		



a) Interest paid to			
Dr. M.V.V.S. Murthi	72,43,795	1,31,29,020	
M.S.P. Rama Rao	54,37,867	93,14,489	
b) Rent paid to			
M.Srimani	12,00,000	-	
b) Amounts payable to the end of the year			
Dr. M.V.V.S. Murthi	65,97,814	9,50,34,519	
M.S.P. Rama Rao	49,53,843	6,84,76,516	
M S Lakshman Rao	0	1,75,36,316	
M.Srimani	14,90,017	-	

Transactions pertaining to Companies/Firms/Other concerns

in which Key Managerial Personnel or his relatives holds substantial interest:

a) Amount payable as at the end of the year			
VBC Exports Ltd	38,20,993	38,20,993	
Techno Infratech Project (India) Pvt. Ltd.	89,37,080	89,37,080	
BASIL Infrastructure Projects Ltd.,	4,78,970	57,49,613	
VBC Power Company Ltd	98,57,400	98,57,400	
b) Amount Invested up to the end of the year in			
BASIL Infrastructure Projects Ltd.,	13,50,000	13,50,000	
Konaseema Gas Power Ltd	143,06,46,210	143,06,46,210	
Orissa Power Consortium Ltd.	6,17,26,700	6,17,26,700	

### Note No: 2.33: Earning Per Share (EPS)

Particulars	This year	Previous year
Profit attributable to equity holders:		
Continuing operations	(149,88,60,376)	(21,82,20,808)
Discontinued operation	-	-
Profit attributable to equity holders of the parent for basic earnings	(149,88,60,376)	(21,82,20,808)
Interest on convertible preference shares	-	-
Profit attributable to equity holders of the parent adjusted for the effect of dilution	(149,88,60,376)	(21,82,20,808)



Particulars	This year	Previous year
Weighted average number of Equity shares for basic EPS*	48,02,963	43,94,350
Effect of dilution	25,01,700	-
Share options	-	-
Convertible preference shares	-	-
Weighted average number of Equity shares adjusted for the effect of dilution	73,04,663	43,94,350

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements

Earnings per equity share (for continuing operations)	This year	Previous year
c) Basic Earnings per Share of Rs. 10/-each	(312.07)	(49.66)
e) Diluted Earnings per share of Rs.10/-each	(205.19)	(49.66)

#### Note No: 2.34

In the opinion of the board of directors of the company the diminution in the value of certain investments is temporary in nature and hence no provision towards diminution in the value of investments is considered necessary.

#### Note No: 2.35

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 (IND AS 36) of Companies (Indian Accounting Standard) Rules, 2015.

#### Note No: 2.36

Balances lying in the lenders', sundry creditors, like, suppliers', service providers', employees' and customers' accounts are subject to confirmation.

#### Note No: 2.37

In accordance with IND AS - 12: "Income Taxes" issued by Ministry of Corporate Affairs and mandated under Sec 133 of Companies Act, 2013, the Company has not recognised in the books of account as there is no virtual certainty of realisation of the same in future years.

#### Note No: 2.38

Previous year figure were regrouped wherever necessary to make them comparable with current year figures.

For and on behalf of the Board

As per our report of even date annexed  
FOR C V RAMANA RAO & CO.,  
CHARTERED ACCOUNTANTS  
Firm Registration Number: 002917 S

Sd/-  
M.V.ANANTHAKRISHNA  
Whole Time Director

Sd/-  
DESHRAJU REKHA  
Director

Sd/-  
R.DHARMENDER  
CFO

Sd/-  
(KATYAYANI K)  
Partner  
Membership Number: 225030  
Place : Visakhapatnam  
Date : 19.06.2019

Place : HYDERABAD  
Date : 19.06.2019



**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 37<sup>th</sup> Annual General Meeting of the company to be held on Monday 30<sup>th</sup> September 2019 at 11.30 A.M. at Surana Udyog Auditorium of The Federation of Andhra Pradesh & Telangana 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 Financial Statements of the Company for Financial Year ended 31<sup>st</sup> March 2019 together the reports of Directors and the Auditors Report thereon.

**Special Business:**

- Appointment of Shri. K.V. Anjaneyulu as an Independent Director
- Appointment of Shri I Narsingh Rao as an Independent Director
- Appointment of Shri M.Siddartha as Director
- Appointment of Shri Vijay Govind Gejji as Director
- Appointment of Shri Vijay Govind Gejji as Managing Director



Signed this..... day of ..... 2019  
 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 37<sup>th</sup> Annual General Meeting of the company to be held on Monday 30<sup>th</sup> September 2019 at 11.30 A.M. at Surana Udyog Auditorium of The Federation of Andhra Pradesh & Telangana Chambers of Commerce & Industry situated at 11-6-841, Red Hills, Hyderabad-500 004.

SIGNATURE OF THE SHAREHOLDER OR PROXY





## PRINTED MATTER - COURIER

### Route Map to the AGM Venue:

**The Federation of Telangana  
Chambers of Commerce and  
Industry**

- 11-6-841, Federation House, Red Hills, FAPCCI Marg,  
Hyderabad, Telangana 500004
- ftapcci.com
- 040 2339 5515



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.

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