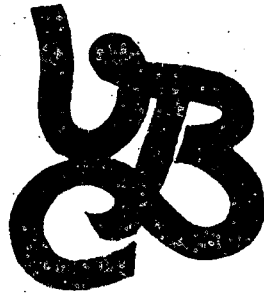


**TWENTY SEVENTH ANNUAL REPORT
2008-2009**



VBC FERRO ALLOYS LIMITED

(AN ISO 9001 : 2000 COMPANY)
6-2-913/914, Third Floor, Progressive Towers,
Khairatabad, Hyderabad - 500 004,
Andhra Pradesh, INDIA.

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TWENTY SEVENTH ANNUAL GENERAL MEETING

Day	:	Thursday
Date	:	27.08.2009
Time	:	11.00 A.M.
Venue	:	Surana Udyog Auditorium, FAPCCI, 11-6-841 Red Hills, HYDERABAD - 500 004.

REGISTERED OFFICE

6-2-913/914, Third Floor, Progressive Towers, Khairatabad,
HYDERABAD - 500 004. ANDHRA PRADESH, INDIA.
Tel +91 40 23301166/99, Fax +91 40 23390721

WORKS

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

GIFTS WILL NOT BE DISTRIBUTED AT THE AGM



BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

INVESTORS' GRIEVANCE & SHARE TRANSFER COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

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

Sri K. KAILASANATHA REDDY	Vice President (Finance)
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AUDITORS :

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

BANKERS :

BANK OF INDIA
Nampally Station Road,
HYDERABAD.

SHARE TRANSFER AGENTS

VENTURE CAPITAL & CORPORATE INVESTMENTS PVT. LIMITED

12-10-167, Bharat Nagar, HYDERABAD - 500 018.

Tel: +91 40 23818475 / 76, Fax: +91 40 23868024

e-mail : info@vccilindia.com

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

NOTICE OF 27th ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of the Members of VBC Ferro Alloys Limited will be held on **Thursday, 27th August, 2009 at 11.00 A.M.** at Surana Udyog Auditorium of The Federation of Andhra Pradesh Chambers of Commerce & Industry situated at 11-6-841, Red Hills, Hyderabad - 500 004, to consider the following:-

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Balance Sheet as at 31st March 2009 and Profit & Loss Account for the year ended on that date together with report of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Dr. P.L. Sanjeev Reddy, who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in place of Shri M.N. Rao, who retires by rotation and being eligible offers himself for re-election.
5. To appoint Auditors for the financial year 2009-10 to hold office till the conclusion of next Annual General Meeting and fix their remuneration. M/s. Brahmayya & Co., Chartered Accountants, the retiring auditors, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

6. Preferential Allotment:

To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) and in accordance with the relevant provisions of the Memorandum and Articles of Association of the Company, the regulations/rules/guidelines issued by the Securities and Exchange Board of India (SEBI) and/or any other regulatory authority, Listing Agreement(s) entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the consents, approvals, permissions and / or sanctions, if any, of all other concerned authorities, and subject to such conditions as may be prescribed by any of them while granting consents, approvals, permissions and /or sanctions, the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of Board constituted/ to be constituted to exercise its powers, including the power conferred by this resolution), be and is hereby authorized to create, issue, offer and allot on preferential basis upto 2,00,000 (Two Lakhs only) number of Equity Shares of the Company of the face value of Rs.10/- for cash at a price of Rs.300/- per equity share (including a premium of Rs.290/- per Equity Shares) to M/s Padmakshi Investments Pvt Limited, the price whereof is determined on the basis of the valuation report as prepared by M/s. Brahmayya & Co., Statutory Auditors, in accordance with the provisions of Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000;

RESOLVED FURTHER THAT the equity shares shall rank pari passu in all respects with the existing equity shares of the Company, including entitlement to the dividend;

RESOLVED FURTHER THAT the Board/any Committee thereof be authorized to determine, vary, modify or alter any of the terms and conditions of the issue and allotment of the equity shares, including reducing the size of the issue, as it may deem expedient;

RESOLVED FURTHER that the relevant date for the proposed issue of equity shares shall be **27th July, 2009** as per the provisions of Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board/Committee of Directors be and is hereby authorized to take all such steps and do all such acts, deeds, matters and things and execute all such deeds/documents as may be necessary and settle any query or doubt that may arise with regard to the said issue and allotment of Equity Shares and utilization of the proceeds of the issue;



RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any Director or Directors or to any Committee of Directors or to any Officer or Officers of the Company to give effect to this resolution."

By Order of the Board
for VBC Ferro Alloys Limited

Sd/-

V.V.V.S.N. MURTY

AGM (Finance) & Company Secretary

Place : Hyderabad
Date : 28-07-2009

NOTES:

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE THE PROXIES SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Explanatory Statement in respect of item No.6 of the Notice is annexed hereto in pursuance of the Section 173(2) of the Companies Act, 1956 and the same forms part of the notice.
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 Section 154 of the Companies Act, 1956 and applicable provisions of the Listing Agreement, Register of Members and Share Transfer Books of the Company will be closed **from Thursday 20th August, 2009 to Thursday 27th August, 2009 (Both days inclusive)**, for the purpose of Annual General Meeting and ascertainment of entitlement for payment of dividend.
6. The dividend of Rs.2/- per equity share for the year ended 31st March, 2009 as recommended by the Board of Directors, if approved, at the Annual General Meeting, will be payable to those shareholders whose names appear on the Company's Register of Members
 - a) as beneficial owners at the end of the business hours on 19th August, 2009 as per the list to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of shares held in Dematerialized form.
 - b) as shareholders, in the register of Members of the Company after giving effect to valid share transfers lodged with the Company, on or before 19th August 2009.
7. Members who wish to seek any further information / clarification at the meeting, on the annual accounts or operations of the Company are requested to send their queries at least one week in advance from the date of the Meeting to the Company Secretary at the Registered Office of the Company.
8. 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
9. 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; the Ledger Folios of such holding to enable them to consolidate all such shareholdings into a single folio.
10. Annual Listing Fee for the financial year 2009-10 has been paid to the Bombay Stock Exchange Limited, Mumbai where the Company's shares are listed. Application made to Calcutta Stock Exchange Association Limited for de-listing of its shares is under process.
11. 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.



- 12 The dividend for the following years if remaining unclaimed for 7 years from the date of declaration are required to be transferred by the Company to Investor Education and Protection Fund (IEPF) and the various dates for transfer of such amounts are as under:-

Financial Year	Unclaimed Dividend as on 31 st March, 2009(Rs)	Date of declaration	Due for transfer to IEPF
2002-03	2,24,379.00	30-09-2003	31-10-2010
2003-04	2,48,576.00	30-09-2004	31-10-2011
2004-05	3,99,005.00	30-09-2005	31-10-2012
2005-06	10,34,783.00	24-07-2006	24-08-2013
2006-07	4,12,030.00	17-08-2007	17-09-2014
2007-08	3,94,742.00	05-09-2008	05-10-2015

- 13 As required under Clause 49 of the Listing Agreements with Stock Exchanges, brief particulars of Dr. P.L.Sanjeev Reddy, and Shri. M.N.Rao, Directors who are proposed to be re-appointed as Directors are provided below:

1. Name of the Director : Dr.P.L.Sanjeev Reddy, Ph.D.
Date of Birth : 05-12-1940
Occupation : IAS (Retd)

Expertise in specific functional areas:

Held several senior positions in the Government of India & A.P. as Secretary to various Ministries, worked as Chairman and Managing Director for several Government Companies & Corporations during his tenure of his service.

- Director ship in other Companies : 1
Committee positions held in other Companies : Nil
Shareholding in the Company : Nil

Brief Profile:

Dr. P.L.Sanjeev Reddy, Ph.D, a Superannuated IAS Officer, during the period spanning over 35 years in the Indian Administrative Service, held various sensitive, responsible, challenging and top-level assignments in different fields. Specialized mainly in the fields of Industry, Finance, International Trade & Commerce and Development Administration.

He has to his honour several outstanding National Awards for managerial excellence, productivity enhancement, trade promotion and for excellent contribution towards investment and cause of industrial promotion, technology transfer, sustainable development, social development and for all round achievement and outstanding services and excellence in the fields of public administration, industrial management and strategic policy formulation and implementation.

In the year 2002, he was awarded Golden Peacock Award instituted by the Institute of Directors London (UK) for "Excellence in Public services" by H.E.P.C. Alexander, Governor of Maharashtra at Mumbai.

He was Secretary to the Government of India, Department of Company Affairs, Department of Rural Development & Land Resources, Principal Secretary to Chief Minister, Government of Andhra Pradesh; Director General of Foreign Trade, Secretary MRTP Commission, Special Assistant to the President of India, National President, Council of State Industrial Development and Investment Corporation of India (COSIDICL), Vice Chairman and Managing Director of AP Industrial Development Corporation, Vice Chairman and Managing Director for AP State Agro Industries Development Corporation Limited, Director of Agriculture, Govt. of Andhra Pradesh and held many other important assignments. He was also a Director on the SEBI Board. He also headed Indian Institute of Foreign Trade (IIFT) and Indian Institute of Public Administration (IIPA), the two National level Institutions to greater heights of excellence and professionalism.



He is a Director of Aurobindo Pharma Limited.

Dr.P.L.Sanjeev Reddy has a highly meritorious record as an academician. He did his B.A. (Hons) in Economics, M.A.in Economics, Post Graduate Diploma in Development Studies from the University of Cambridge (UK) and Ph.D.in Industrial Management. He is an empanelled Examiner for Doctorate (Ph.D.) Degree of Several Universities in the Fields of Economics, Industry, Trade Management and Corporate Governance.

2. Name	:	Shri. M.N.Rao
Date of Birth	:	01.07.1937
Occupation	:	Senior Official of IDBI (Retd.)
Directorships in other Companies	:	4
Committee positions held in other Companies	:	1
Shareholding in the Company	:	Nil

Brief Profile:

Shri. M.N.Rao is a Science Graduate (B.Sc) and did his Bachelors in Mechanical Engineering from REC, Warangal. He is a person of eminence with excellence in financial and accounting areas. He has served in senior management cadre of IDBI for more than a decade and was involved in the processing of loan proposals of Mineral and Metal based Industries. He is also a Director of M/s. Jaya Diagnostic & Research Centre Limited, M/s. Saurashtra Cement Limited, M/s. Sai Shakti Projects Private Limited and M/s. Sai Shakti Infrastructure Private Limited. Further, he is the Chairman of Audit Committee of Saurashtra Cement Limited.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT 1956.

Item No.6

The Company proposes to increase its capacity utilization and reduce the cost of production by augmenting and modernization of plant operations. This would increase the productivity of the plant resulting in increased profitability. Your Company, therefore, proposes to utilize the funds for augmenting working capital requirements as well as for reducing the debt burden of the company.

To partly achieve the above objectives, the consent of the shareholders is therefore being sought pursuant to the provisions of Section 81 (1A) of the Companies Act, 1956, SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the Listing Agreements entered into with the Stock Exchanges, authorizing the Board to raise additional capital by further issue of equity shares.

The information as required under SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI is given hereunder:

- i) **Object of the Issue:**The issue of equity shares vide preferential allotment is to augment the working capital requirements as well as for reducing the debt burden of the company.
- ii) **Allotment to the Promoters:** Person Acting in Concert to Promoters' group intend to subscribe to the offer.
- iii) **Pricing of the shares:** Pricing of the shares is determined in accordance with the provisions of Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000. Certificate from M/s. Brahmayya & Co, Statutory Auditors, will be made available for inspection during working hours from 9.30 am to 5.30 pm on all working days and also at the meeting.
- iv) The proposed issue of equity shares shall rank pari passu in all respects with the existing equity shares of the Company, including entitlement to the dividend.



v) **Shareholding Pattern** of the Company before and after the issue of shares would be as under:

	Category	Pre Issue Holding		Post Issue Holding	
		No. of shares	% of Share holding	No. of shares	% of Share holding
A	Promoter Holding				
1	Indian Promoters	775279	18.48	775279	17.64
2	Foreign Promoters	---	---	---	---
3	Persons Acting In Concert	639180	15.24	839180	19.10
	Sub Total	1414459	33.72	1614459	36.74
B	Non Promoter Holding				
1	Institutional Investors	1900	0.05	1900	0.04
	Sub Total	1900	0.05	1900	0.04
2	Others				
a.	Private Corporate Bodies	539423	12.86	539423	12.28
b.	Indian Public	2012711	47.99	2012711	45.80
c.	NRIs	225857	5.38	225857	5.14
d.	Any Other	---	---	---	---
	Sub Total	2777991	66.23	2777991	63.22
	GRAND TOTAL	4194350	100.00	4394350	100.00

Note : The above shareholding pattern has been prepared on the basis of shareholdings as on 24th July, 2009.

- vi) **Proposed time of allotment:** The allotment would be completed within fifteen days from the approval of the members at this meeting.
- vii) **Identity of Proposed Allottee:** M/s Padmakshi Investments Private Limited, the proposed allottee, is a person acting in concert to the Promoters' group. Promoters hold 33.72% of the paid up capital before the proposed preferential offer. Their shareholding would be 36.74% of the post preferential offer. The issue of 2,00,000 (Two Lakhs Only) equity shares would be made to M/s. Padmakshi Investments Pvt. Limited.

The details of the pre and post issue equity shareholding of the allottee are given as under:

Name of the Allottee	Pre- issue equity holding	Post – issue equity holding	% to the total Post Issue share capital*
M/s. Padmakshi Investments Pvt. Ltd.	NIL	2,00,000	4.55

*Paid up share capital will increase from Rs.4,19,43,500/- consisting of 41,94,350 equity shares of Rs.10/- each to Rs. 4,39,43,500/- consisting of 43,94,350 equity shares of Rs.10/- each.

- viii) **Change in control or Composition of the Board:** There will be no change in the composition of the Board or in the control of the company on account of the proposed preferential allotment.

Your Directors commend the above resolution as a Special Resolution for its approval by the Shareholders.

None of the Directors of the Company is concerned or deemed to be interested in the proposed resolution except to the extent of his holding of equity shares of the Company.

By Order of the Board
for VBC Ferro Alloys Limited

Sd/-
V.V.V.S.N. MURTY

AGM (Finance) & Company Secretary

Place : Hyderabad
Date : 28-07-2009



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 27th Annual Report of VBC Ferro Alloys Limited with Audited Statements of accounts for the 12 months period ended 31st March 2009.

FINANCIAL RESULTS :

PARTICULARS	(Rs. in Lakhs)	
	Current Year 2008-2009	Previous Year 2007-2008
Profit before Interest and Depreciation	801.27	664.50
Interest	(569.37)	(421.43)
Depreciation	(138.88)	(146.69)
Profit before taxation	93.02	96.38
Provision for taxation : Current Tax	(9.60)	(11.00)
Deferred Tax	(31.62)	(32.76)
Fringe Benefit Tax	(6.25)	(5.00)
For earlier years	(6.32)	256.11
MAT Credit Entitlement	9.60	11.00
Profit after tax	48.83	314.73
Profit brought forward from previous year	3489.10	3687.42
Transfer from Re-valuation Reserve	5.60	0
Profit available for appropriation	3543.53	4002.15
Transfer to General Reserve	10.00	414.90
Proposed Dividend	83.89	83.89
Tax on Proposed Dividend	14.26	14.26
Profit carried over to next year	3435.38	3489.10

DIVIDEND

Your Directors have recommended a dividend of Rs 2/- (20% on the face value of Rs 10/-) per Equity Share for the Financial Year ended on 31st March 2009.

INDUSTRY OVERVIEW

During the year under review, the Indian Ferro Alloys Industry faced difficulties in marketing its products due to global meltdown, which adversely affected the export market and with shrinking margins. The units in Andhra Pradesh suffered further due to severe power cuts imposed by the power distribution companies. However those units with captive power were able to tide over the problem.

BUSINESS PERFORMANCE

In spite of the depressed industrial scenario in the given circumstances, your company could produce during the year under review, 11,340 MT of Ferro Silicon as against 7,111 MT Ferro Silicon, 3,431 MT of Silico Manganese produced in the previous year and sold during the year 12,082 MT of Ferro Silicon for a value of Rs.8,066.50 lakhs as against 7,404 MT of Ferro Silicon, 3,429 MT of Silico Manganese put together for a value of Rs.4,647.91 lakhs in the previous year. Your Company earned an operating profit of Rs 426.80 Lakhs during the year as against Rs.96.37 Lakhs in the previous year. However, the profit before taxation for the year amounted to Rs. 93.02 Lakhs only due to the loss of Rs. 333.78 lakhs incurred by the company, at Rayagada leased unit and resulted in the closure of the unit.

**PROSPECTS**

It is expected that the Indian Ferro alloys Industry would stabilize in the later half of the current year as some of the steel mills world over which were closed due to global melt down are expected to commence their manufacturing operations, resulting in reopening of export markets to Ferro alloys, with stable prices. However the units in Andhra Pradesh are expected to rear under power shortages during the current year, due to monsoon failure.

The units having captive power facilities may thrive. Your company is actively engaged in setting up of 65 MW coal based power plant to enable it to perform better with higher and improved quality production resulting in higher realization and earnings. Your company has already obtained your permission for a rights issue of equity shares to raise required capital for setting up of the power project.

DIRECTORS

In accordance with the provisions of Section 255 of The Companies Act, 1956 and clause 108 of the Articles of Association of the Company, Dr.P.L.Sanjeev Reddy and Shri.M.N.Rao, who are liable to retire by rotation and being eligible, offer themselves for re-appointment. Your Board recommends their re-appointment. In accordance with the provisions of Clause 49 of the Listing Agreement with Stock Exchanges, brief particulars of Dr. P.L.Sanjeev Reddy and Shri.M.N.Rao are provided in the Notes annexed to the Notice of the AGM and is forming part of this Annual Report.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

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

CORPORATE GOVERNANCE

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

FIXED DEPOSITS

The company has not accepted any fixed deposits.

PERSONNEL

Your Company is maintaining cordial relations with the employees. Your Directors and Management express happiness for commitment shown by the employees.

INSURANCE

Your company's movable and immovable assets have been adequately insured against various risks.

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

There is no employee covered under Section 217 (2A) of the Companies Act, 1956.

AUDITORS

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

Your Directors recommend their re-appointment for the financial year 2009-10.



DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of annual accounts for the financial year ended 31st March 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) Such accounting policies have been selected and applied and that such judgements and estimates have been made as are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period.
- (iii) Proper and sufficient care for the maintenance of adequate accounting records have been taken in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts of the company have been prepared on a 'going concern' basis.

DECLARATION

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

ACKNOWLEDGEMENTS

Your Directors thank all Members, Customers, Vendors, Regulatory & Government Authorities and Bank of India for the support extended by them. Your Directors place on record their sincere appreciation for the support and contribution of employees through their dedication, hard work and commitment and look forward to the future with confidence.

for and on behalf of the Board

Sd/-

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

Place: Hyderabad
Date : 28.07.2009



(b) Benefits derived as a result of the above R&D

Replacement of imported coke with local reductants and reduction in cost of the same.

(c) Future plan of action

- a). Production of low aluminium grade Ferro Silicon for high grade Steels and low phosphorus silico manganese
- b) Improvements in preparation of raw material facilities.

(d) Expenditure on R & D :

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

2. TECHNOLOGY ABSORPTION, ADOPTATION & INNOVATION :

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

Successfully used coal in place of coke for manufacture of Manganese Alloys

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

: Reduction in cost of reductants

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

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

(d) Foreign Exchange Earnings & Outgo

i) Foreign Exchange Earnings at FOB value (Rs.)	:	32,96,71,499	5,14,54,694
ii) Foreign Exchange outgo	:		
a) CIF value of imports	:		
Raw Materials, Components and Spares	:	Nil	Nil
Capital Goods	:	Nil	Nil
(b) Others	:	Nil	Nil

For and on behalf of the Board

Sd/-

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

Place : Hyderabad
Date : 28-07-2009.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****1. BACKGROUND**

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

2. INDUSTRY STRUCTURE

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

Strong growth in steel and stainless steel is expected in the near future with generally healthy economic conditions over the next few years. And it is expected that the excess capacity will be absorbed and further growth is anticipated in Ferro Alloys Industry.

3. OPERATIONS, OPPORTUNITIES & THREATS

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

OPPORTUNITIES: India's natural resources and geographical position is exceptionally well positioned to benefit from the growing demand for steel making raw materials. However, for the Ferro alloys industry, high energy costs have meant that India hasn't gained much of the market shares as its potential suggests. Now, with electricity reforms in the pipeline, the Indian Ferro alloys industry is preparing for better times ahead.

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 tonne of Ferro alloys is accounted for by power. This is the only major threat that this industry is facing and in order to be competitive on a global scale, it is imperative for an Indian Ferro alloys producer to have access to viable captive power and those units that manage to have captive power plants may show better performance.

4. SEGMENT-WISE PERFORMANCE OR PRODUCT-WISE PERFORMANCE

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

5. OUTLOOK

Long term outlook of your company seems to be encouraging because of the following reasons:

- a) A Captive Power Plant of 65 MW capacity is being set up by M/s. Karthik Rukmini Alloys & Energy Limited in association with your Company as well as with other Group companies, at Village Jagannathpur, Sirpur Kaghaznagar Mandal, Adilabad District in the State of Andhra Pradesh, which will enable your Company to draw the required power with out any load restrictions, which will result in higher profitability.
- b) Your company had already invested significant funds in 445 MW Natural Gas Based Power Project of M/s. Konaseema Gas Power Limited and 20 MW Dam Based Hydro Electric Power Project of M/s. Orissa Power Consortium Limited, which are expected to yield good returns.

6. RISKS & CONCERNS

Any economic slowdown can adversely impact the demand- supply dynamics and profitability and your Company too is vulnerable to these changes.

Power contributes close to 50% of the variable cost of production for producing Ferro Alloy. Hence supply of quality as well as consistent power supply is a concern on performance of your Company.



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 the transactions are recorded and reported correctly.

The internal control system is supplemented by an extensive programme of internal audits and reviews by 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, reliance of all internal control functions and its entire gamut of activities are covered by independent audit, conducted by separate internal auditors, whose findings are reviewed regularly by the Audit Committee and Management of the Company.

8. DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

This has been dealt with in the Directors' Report

9. HUMAN RESOURCE DEVELOPMENT

Human capital is one of the key elements of your Company. The Company has employed 231 employees who are highly motivated and have been contributing towards the growth of the Company. The company's human resource policies are aimed at motivating its employees to deliver high quality performance and reward talent with adequate compensation and accelerated career growth opportunities.

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

10 INDUSTRIAL RELATIONS

This has been dealt with in the Directors' Report

Cautionary Statement:

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

For and on behalf of the Board

Sd/-

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

Place : Hyderabad
Date : 28-07-2009

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 31.03.2009

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

The Attendance record of the Directors at the Board Meetings held during the financial year ended on 31st March, 2009 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	Last AGM attendance (YES/NO)	Attendance in Board Meetings		No. of Directorship and No. of Committee positions in other public companies		
				No. of Board Meetings held during his tenure	Present	Other Directorships#	Committee Memberships*	Committee Chairmanships*
Dr. M.V.V.S. Murthi	Non Executive Promoter	Chairman	Yes	4	4	2	NIL	NIL
Shri M.N. Rao	Non Executive Independent	Director	Yes	4	4	2	Nil	1
Dr. P.L. Sanjeev Reddy	Non Executive Independent	Director	Yes	4	4	1	NIL	NIL
Shri G. Narayanan*	Non Executive Independent	Director	Yes	2	1	Nil	NIL	NIL
Shri M.S. Lakshman Rao	Executive	Managing Director	Yes	4	4	7	1	NIL

*Shri G. Narayanan had been appointed on 17.07.2008 as an Additional Director

Excluding Directorships in Private Limited Companies

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



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

Four Board Meetings were held during the financial year 2008-09 on 26th April 2008, 17th July 2008, 30th October 2008 and 21st January 2009.

3. **Audit Committee**

- Brief description of Terms of Reference

The Audit Committee of the Board is responsible for overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate, credible and reviewing with management the annual financial statements before submission to the Board. The Committee periodically reviews with the management, external and internal auditors about the adequacy of internal control systems.

The Committee periodically interacts with the internal auditors to review the manner in which they are discharging their responsibilities. The Committee holds discussions with external auditors before the commencement of statutory audit on the nature and scope of audit and ascertains any areas of concern and review of 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 31st March, 2009:

Shri M.N. Rao	Chairman	Independent, non-executive Director
Dr. M.V.V.S. Murthi	Member	Non-executive, Promoter Director
Dr. P.L. Sanjeev Reddy	Member	Independent, non-executive Director

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

- Meetings and Attendance during the year

Date	Sri M.N. Rao	Dr. M.V.V.S. Murthi	Dr. P.L. Sanjeev Reddy
26.04.2008	YES	YES	YES
17.07.2008	YES	YES	YES
30.10.2008	YES	YES	YES
21.01.2009	YES	YES	YES



VBC FERRO ALLOYS LIMITED

4. Remuneration Committee

- Brief description of terms of reference
To recommend remuneration terms for Executive Directors.
- Composition, name of members, Chairman and Secretary

Dr. P. L. Sanjeev Reddy	Chairman	Independent, non-executive Director
Dr. M.V.V.S. Murthi	Member	Non-executive, Promoter Director
Shri M.N. Rao	Member	Independent, non-executive Director

- Remuneration policy

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

There was no occasion for the Remuneration Committee to meet in the financial year 2008-09.

5. Remuneration of Directors

Details of remuneration paid to Directors during the financial year 2008-09.

(In Rupees)

Name	Designation	Sitting fee	Salary	Benefits	Total
Dr. M. V. V. S. Murthi	Non-Executive, Chairman	1,20,000	Nil	Nil	1,20,000
Shri M. N. Rao	Independent, Non-Executive Director	1,20,000	Nil	Nil	1,20,000
Dr. P. L. Sanjeev Reddy	Independent, Non-Executive Director	80,000	Nil	Nil	80,000
Shri. G.Narayanan	Independent, Non-Executive Director	10,000	Nil	Nil	10,000
Shri M. S. Lakshman Rao	Managing Director	Nil	9,00,000	2,60,700	11,60,700

Benefits include contribution to Provident Fund, Gratuity Fund, payment of Perquisites and Commission.

There was no Employee Stock Option Scheme during the financial year ended 31st March, 2009.

**6. Investors' Grievance & Share Transfer Committee**

The Investors' Grievance & Share Transfer Committee met 4 times during the year ended on 26th April 2008, 17th July 2008, 30th October 2008 and 21st January 2009.

The Constitution of the Committee as on 31.03.2009 and attendance of each Member is as given below:

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

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

Name and Designation of Compliance officer:

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

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

Investor grievances received and attended during the year 2008-'09 and pending as on 31.03.2009.

Nature of grievances	Received	Attended	Pending
1. Non-receipt of dividend warrants	8	8	NIL
2. Non-receipt of share certificates after transfer/duplicate	1	1	NIL
3. Non-receipt of Annual Report	10	10	NIL
4. Other Miscellaneous	4	4	NIL

The Company generally attends to all queries of investors within a period of fortnight from the date of receipt

7. General Body Meetings**a) Details of the Last 3 AGMs**

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



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

	Financial Year	Date	Time	Special Resolutions
24 th AGM	2005-06	24-07-2006	2.00 PM	Three Special Resolutions (i) Preferential Allotment (ii) Rights Issue and (iii) Authorization to invest Securities Under Section 372A.
25 th AGM	2006-07	17-08-2007	3.00 PM	One Special Resolution Authorization to invest Securities Under Section 372A.
26 th AGM	2007-08	05-09-2008	3.00 PM	One Special Resolution Rights Issue of Equity Shares

b) i) **Special Resolution passed through Postal Ballot:**

Particulars of the Resolution	Resolution Passed on	Applicable Section of the Companies Act, 1956	No. and % of votes infavour	No. and % of votes against
Provide Corporate Guarantee to Group Companies to the extent of Rs.180.00 Crores as follows : (i) [Orissa Power Consortium Limited:Rs.80.00 crores {Existing-40.00 crores; Proposed-40.00 crores}] (ii) Karthik Rukmini Alloys & Energy Limited: Rs.100.00 crores	2 nd September, 2008	Section 192A and all other applicable provisions, if any, of the Companies Act,1956	15,65,201 99.99%	82 0.01%

ii) **Person who conducted the Postal Ballot exercise.**

Mr.A.J.Sharma, a Practicing Company Secretary, appointed as the scrutinizer conducted the Postal Ballot voting process.

iii) **Procedure for Postal Ballot:**

The procedures as prescribed in the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 were followed for passing the Resolution by Postal Ballot during the year ended 31st March, 2009.

8. Management Discussion & Analysis Report

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



9. Disclosures

- There are no transactions, which may have potential conflict with the interests of the Company. Schedule 18 of the Annual Accounts contains the details of related party transactions as required by the Accounting Standard 18 (AS-18) on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India.
- There is no non-compliance by the company and no penalties, strictures have been imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- The Company has complied with all the mandatory requirements of Clause 49 and is in the process of implementation of Non-mandatory requirements.
- A Certificate duly signed by the Managing Director & CEO and Vice President(Finance) relating to financial statements and internal controls and internal control systems for financial reporting as per the format provided in Clause 49(V) of the listing agreement was placed before the Board, who took the same on record.
- Profile and other information regarding the Directors being appointed / reappointed as required under Clause 49 IV (G) (i) of the Listing Agreement have been given in the Notice of the Annual General Meeting annexed to this Annual Report.

10. Means of Communication

- The quarterly financial results are generally published in Business Standard, Financial Express, Andhra Bhoomi and Andhra Prabha Newspapers. Copies of the Results published are forwarded to Stock Exchange.

11. CODE OF CONDUCT

The Company has laid down a Code of Conduct for all its Board members and Senior Management personnel of the Company. The declaration of Managing Director is provided in this annual report. The code of Conduct is available on the Company's website i.e., www.vbcindia.com

12. GENERAL SHAREHOLDER INFORMATION

i) Date, Time and Venue of the 27th Annual General Meeting

- The 27th day of August, 2009, at 11.00 AM at Surana Udyog Auditorium of the Federation of Andhra Pradesh Chambers of Commerce and Industry (FAPCCI) situated at 11-6-841, Red Hills, Hyderabad-500 004.

ii) Financial Calendar (tentative and subject to change)

Financial Reporting for the quarter ended 30 th September 2009	29 th October 2009
Financial Reporting for the quarter ended 31 st December 2009	28 th January 2010
Financial Reporting for the quarter ended 31 st March 2010	25 th April 2010
Financial Reporting for the quarter ended 30 th June 2010	29 th July 2010

iii) Dates of Book Closure

20th August, 2009 to 27th August, 2009 (Both days inclusive)



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- iv) Dividend Payment Date: Within 30 days from the date of AGM.
v) Listing on Stock Exchanges

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

Listing Fees

The Company has paid annual listing fee for the year 2009-10 to the Bombay Stock Exchange Limited, where the securities are listed.

vi) Stock Code

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

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

Month	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares
Apr 2008	308.30	156.75	308.30	289941
May 2008	331.00	241.20	265.30	428538
Jun 2008	269.80	206.95	218.05	255028
Jul 2008	252.00	180.75	230.85	242823
Aug 2008	267.30	208.00	213.00	73216
Sep 2008	251.00	142.15	147.95	118404
Oct 2008	151.00	83.00	84.45	68228
Nov 2008	124.00	81.00	93.20	123611
Dec 2008	131.15	85.25	130.25	84684
Jan 2009	166.10	119.05	128.00	82894
Feb 2009	194.00	134.40	174.30	104541
Mar 2009	213.50	146.00	193.70	107806

viii) Registrar and Share Transfer Agents

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

ix) Share Transfer System

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

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

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

There are no pending share transfer requests as on 31st March, 2009.

x) (a) Distribution of Shareholding as on 31st March 2009

Category		No. of shareholders	%	Shares held	%
From	To				
Upto	500	8,838	93.73	8,15,876	19.45
501	1000	324	3.44	2,52,354	6.02
1001	2000	125	1.33	1,78,141	4.25
2001	3000	42	0.44	1,06,114	2.53
3001	4000	17	0.18	62,354	1.49
4001	5000	16	0.17	74,174	1.77
5001	10000	23	0.24	1,65,809	3.95
10001	And above	44	0.47	25,39,528	60.54
Total		9429	100.00	41,94,350	100.00

(b) Distribution of Shareholding according to categories of shareholders as on 31st March 2009.

Categories	No. of Shares	% to Total
Promoters, Directors / Relatives and associated Persons	1414459	33.72
Financial Institutions & Banks	1900	0.05
Foreign Institutional Investors	12431	0.30
Non-resident Indians	220188	5.25
Private Corporate Bodies	488992	11.66
Indian Public	2056380	49.02
TOTAL	4194350	100.00

xi) Dematerialisation of Shares and Liquidity

Trading of securities of your Company has been made compulsory in dematerialized form under rolling settlement with effect from 2nd 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 31st March 2009, 82.63 % of the Equity Share Capital, representing 34,65,891 shares were held in depository mode.



VBC FERRO ALLOYS LIMITED

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

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

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

xiii) Plant Location: Rudraram Village,
Patancheru Mandal,
Medak District, A.P.

xiv) Address for Correspondence: Company Secretary
VBC Ferro Alloys Limited
6-2-913/914, 3rd Floor,
Progressive Towers,
Khairatabad, HYDERABAD - 500 004.

Contact Numbers:
Phone : 040-23301166 / 99
040-23320904 - 7
Fax : 040-23390721
Email : hyd1_vbcfal@sancharnet.in
investor@vbcindia.com

xv) Investor Relations

All the queries received from shareholders during the financial year 2008-09 have been responded to. The Company generally replies to the queries within a week of their receipt. The Company has designated e-mail investor@vbcindia.com for investor services.

xvi) Nomination Facility

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

13. Compliance

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

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

For and on behalf of the Board

Sd/-

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

Place : Hyderabad
Date : 28-07-2009.

To
The Members of VBC Ferro Alloys Limited

DECLARATION

All the Board members and the Senior Management personnel have affirmed their compliance of the 'Code of Conduct for the Members of the Board and Senior Management' for the period from 1st April, 2008 to the 31st March, 2009 in terms of the clause 49(1)(D)(ii) of the Listing Agreement with the Stock Exchange.

Sd/-

M.S. LAKSHMAN RAO
MANAGING DIRECTOR & CEO

Place : Hyderabad
Date : 28.07.2009



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of
VBC Ferro Alloys Limited,
6-2-913/914, 3rd Floor,
Progressive Towers, Khairatabad,
Hyderabad- 500 004

We have examined the compliance of conditions of Corporate Governance by VBC Ferro Alloys Limited for the year ended 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchange.

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

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

We state that generally no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

For **BRAHMAYYA & Co.,**
Chartered Accountants

Sd/-

(C.V. RAMANA RAO)

PARTNER

Membership No.018545

Camp : Hyderabad
Date : 28-07-2009



AUDITORS' REPORT

To
The Members of
VBC Ferro Alloys Limited,
Hyderabad

1. We have audited the attached Balance Sheet of VBC Ferro Alloys Limited, as at 31st March, 2009, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956 of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, the company has kept proper books of account, as required by law so far, as appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in Sub Section (3c) of Section 211 of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India :
 - i) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2009.
 - ii) In the case of the Profit and Loss account, of the Profit for the year ended on that date.
 - iii) In case of the cash flow statement, of the cash flows for the year ended on that date.
 - f) On the basis of written representations received from the Directors as on March, 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For BRAHMAYYA & CO.,
Chartered Accountants

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

Camp : Hyderabad
Date : 28-07-2009



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

- 1.1 The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except in the case of few assets in respect of which particulars required to be updated, the value in respect of which is not material.
- 1.2 The fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information furnished to us, no material discrepancies have been noticed on such verification.
- 1.3 The fixed assets disposed-off by the company during the year do not form a substantial part thereof.
- 2.1 Physical verification of inventory has been conducted during the year by the management at reasonable intervals.
- 2.2 The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- 2.3 On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on such verification between the physical stocks and the book records were not material.
- 3.1 The Company has not granted any loans either secured or unsecured to companies, firms or other parties which are covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub-clauses (b), (c) and (d) of clause (iii) of paragraph 4 of the order are not applicable.
- 3.2 The Company has not taken any new loans during the year. However, it has taken a loan in an earlier year from one party.
- 3.3 In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions in respect of the loans are not prima facie prejudicial to the interest of the Company.
- 3.4 The company is regular in payment of interest. However the date of repayment of principal amount has not been stipulated.
- 4.1 In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control systems.
- 5.1 According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered
- 5.2 In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6.1 The company has not accepted deposits from public. Accordingly the Clause (vi) of paragraph 4 of the Order is not applicable to the company.



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- 7.1 In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- 8.1 According to the information and explanations given to us, maintenance of cost records is not required under section 209(1) (d) of the Companies Act, 1956 in respect of the business activities carried out by the company.
- 9.1 According to the records of the company, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, Investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.
- 9.2 According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess and other material statutory dues applicable to it were in arrears as at 31st March 2009 for a period of more than six months from the date they became payable.
- 9.3 As at 31st March 2009, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Sales Tax, income-tax, Wealth-tax, Service tax, Excise Duty and Cess, except the following:

Name of the Statute	Nature of the Dues	(*)Amount (Rs. in lakhs)	Period of which the amount relates	Forum where dispute is pending
AP General Sales Tax Act	Non submission of 'G' forms	7.07	1996-97 & 2001-02	Dy. Commissioner (Appeals)
AP General Sales Tax Act	Sales Tax	2.61	1991-92	AP High Court
Central Sales Tax Act	Non submission of 'C' and 'F' forms	25.69	1996-97	Dy. Commissioner (Appeals)
Income Tax Act	Income Tax	768.86	Assessment Year 2005-06	ITAT, Hyderabad Bench

(*) Net of pre deposits made

- 10.1 The company has no accumulated losses and has not incurred any cash loss during the financial year covered by our audit and the immediately preceding financial year.
- 11.1 The company has neither taken any term loans from a financial institution or a bank nor issued any debentures. Accordingly clause (xi) of paragraph 4 of the order is not applicable.
- 12.1 The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly clause (xii) of paragraph 4 of the order is not applicable.
- 13.1 In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/ society. Accordingly, clause (xii) of paragraph 4 of the order is not applicable.



- 14.1 In our opinion, the Company is not dealing in or trading in shares, debentures and other instruments. Accordingly, clause (xiv) of paragraph 4 of the Order is not applicable.
- 15.1 According to the information and explanations given to us, the company has given two guarantees for loans taken by others from financial institutions. The guarantees given by the company along with other co-promoters to financial institutions on behalf of two companies promoted by them are with the approval of shareholders in a general meeting and in accordance with the promoters' agreements. Having regard to the information and explanations given to us the said guarantees are not prejudicial to the interest of the company.
- 16.1 In our opinion, the company has not obtained any term loans, accordingly clause (xvi) of paragraph 4 of the Order is not applicable.
- 17.1 According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- 18.1 According to the information and explanation given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly clause (xviii) of paragraph 4 of the Order is not applicable.
- 19.1 The Company has not issued any debentures; during the year accordingly clause (xix) of paragraph 4 of the Order is not applicable.
- 20.1 During the year, the Company has not raised money by public issue. Accordingly clause (xx) of paragraph 4 of the Order is not applicable.
- 21.1 According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For BRAHMAYYA & CO.,
Chartered Accountants

Sd/-
(C.V.RAMANARAO)
PARTNER
Membership No. 018545

Camp : Hyderabad
Date : 28-07-2009



BALANCE SHEET AS AT 31st MARCH, 2009

	Schedule Ref.	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
I. SOURCES OF FUNDS			
1) Shareholders' funds :			
a) Share Capital	1	4,19,49,875	4,19,49,875
b) Reserves & Surplus	2	135,98,60,693	136,47,92,553
		140,18,10,568	140,67,42,428
2) Loan Funds :			
a) Secured Loans	3	10,68,00,085	9,28,26,372
b) Unsecured Loans	4	17,58,25,760	17,53,52,860
		28,26,25,845	26,81,79,232
TOTAL		168,44,36,413	167,49,21,660
II. APPLICATION OF FUNDS			
1) Fixed Assets			
a) Gross Block	5	76,14,86,403	75,88,90,392
b) Less : Depreciation		58,59,42,867	57,49,38,601
c) Net Block		17,55,43,536	18,39,51,791
d) Capital work-in-progress		1,25,73,500	87,53,236
		18,81,17,036	19,27,05,027
2) Investments	6	147,21,96,137	144,39,28,564
3) Deferred Tax Asset		1,18,76,150	1,50,37,850
4) Current Assets, Loans & Advances :			
a) Inventories	7	15,89,53,291	25,38,45,445
b) Sundry Debtors	8	8,73,02,274	7,20,16,669
c) Cash & Bank Balances	9	2,18,98,449	1,81,41,123
d) Interest Receivable		38,13,045	26,74,155
e) Loans & Advances	10	12,14,89,969	17,26,70,326
		39,34,57,028	51,93,47,718
Less : Current Liabilities & Provisions :			
a) Liabilities	11	35,88,04,692	47,17,22,302
b) Provisions	12	2,24,05,246	2,43,75,197
		38,12,09,938	49,60,97,499
Net Current Assets		1,22,47,090	2,32,50,219
TOTAL		168,44,36,413	167,49,21,660
Significant Accounting policies and Notes on accounts	18		

Per our report of even date
for **BRAHMAYYA & Co.,**
Chartered Accountants

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

Camp : Hyderabad
Date : 28-07-2009

For and on behalf of the Board

Sd/-
M.S. LAKSHMAN RAO
Managing Director

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

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

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



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	Schedule Ref.	Current Year 31.03.2009 Rupees	Previous Year 31.03.2008 Rupees
I. INCOME :			
Sales		83,51,70,818	52,82,12,916
Less : Excise duty & VAT collections		2,85,20,317	6,34,21,882
			46,47,91,034
Accretion to/(Decretion in) stocks	13	(3,33,95,820)	2,20,90,520
Other Income	14	1,39,06,778	1,71,90,428
TOTAL		78,71,61,459	50,40,71,982
II. EXPENDITURE :			
Raw Materials Consumed	15	23,93,60,257	14,18,81,111
Power and fuel		29,70,51,960	21,50,90,469
Staff Cost	16	4,25,69,234	3,73,69,158
Other Expenses	17	12,80,52,868	4,32,81,531
Interest & Finance Charges to Banks and others		5,69,37,061	4,21,42,594
Depreciation		1,38,88,309	1,46,69,198
TOTAL		77,78,59,689	49,44,34,061
III. PROFIT BEFORE TAX		93,01,770	96,37,921
Provision for Taxation : Current Tax		(9,60,000)	(11,00,000)
Deferred Tax		(31,61,700)	(32,75,930)
Fringe Benefit Tax		(6,25,000)	(5,00,000)
MAT credit entitlement		9,60,000	11,00,000
Income Tax Refund received / (Paid for earlier years)		(6,32,570)	2,56,10,600
IV. PROFIT AFTER TAX		48,82,500	3,14,72,591
Surplus brought forward from previous year		34,89,10,538	36,87,42,048
Transfer from revaluation reserve		5,60,240	0
SURPLUS AVAILABLE FOR APPROPRIATION		35,43,53,278	40,02,14,639
V. APPROPRIATIONS :			
Transfer to General Reserve		10,00,000	4,14,89,741
Proposed Dividend		83,88,700	83,88,700
Tax on Proposed Dividend		14,25,660	14,25,660
Surplus carried over to Balance Sheet		34,35,38,918	34,89,10,538
		35,43,53,278	40,02,14,639
VI. Earnings per Share-(basic and diluted) Rs.		1.16	7.50
Significant Accounting policies and Notes on accounts			18

Per our report of even date for **BRAHMAYYA & Co.,**
Chartered Accountants

For and on behalf of the Board

Sd/-
C.V. RAMANA RAO
Partner

Sd/-
M.S. LAKSHMAN RAO
Managing Director

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

Membership No.018545

Camp : Hyderabad
Date : 28-07-2009

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

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



VBC FERRO ALLOYS LIMITED

SCHEDULES TO BALANCE SHEET AS AT 31st MARCH, 2009

Particulars	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
1. SHARE CAPITAL		
Authorised :		
2,00,00,000 Equity Shares of Rs.10/- each	20,00,00,000	20,00,00,000
TOTAL	20,00,00,000	20,00,00,000
Issued :		
41,96,450 Equity Shares of Rs.10/- each	4,19,64,500	4,19,64,500
Subscribed & Paid up :		
41,94,350 Equity Shares of Rs.10/- each fully paid up	4,19,43,500	4,19,43,500
Amount received on 2100 forfeited shares	6,375	6,375
TOTAL	4,19,49,875	4,19,49,875

2. RESERVES AND SURPLUS

Particulars	As at 31.03.2008 Rupees	Additions Rupees	Deductions Rupees	As at 31.03.2009 Rupees
a) Capital Reserve				
i) State Govt. Subsidy	15,00,000	--	--	15,00,000
ii) Share Premium	6,11,79,000	--	--	6,11,79,000
b) General Reserve	90,00,00,000	10,00,000	--	90,10,00,000
c) Asset Revaluation Reserve	5,32,03,015	--	5,60,240	5,26,42,775
d) Surplus in Profit & Loss Account	34,89,10,538	--	--	34,89,10,538
TOTAL	136,47,92,553			135,98,60,693



Particulars	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
3. SECURED LOANS:		
1) Cash credit from a bank on hypothication of Stock of Finished goods, Raw Materials, stores and spares and book debts and a first charge on all the fixed assets of the Company and guaranteed by Managing Director and a shareholder of the Company, in their personal capacity.	10,36,51,218	8,88,33,280
2) Due to others on hypothication of vehicles	31,48,867	39,93,092
TOTAL	10,68,00,085	9,28,26,372
4. UNSECURED LOANS:		
Short Term Loans and Advances :		
Loans from Directors	7,01,82,844	7,09,13,650
Inter Corporate Deposits	10,44,82,132	10,33,11,792
Loan from LIC of India	11,60,784	11,27,418
TOTAL	17,58,25,760	17,53,52,860

SCHEDULE - 5 FIXED ASSETS

(in Rupees)

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31.03.2008	Additions	Tran / Adj	Upto 31.03.2009	Upto 31.03.2008	For the Year	Tran / Adj	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
1	LAND	5,57,05,206	-	6,00,000	5,51,05,206	-	-	-	-	5,51,05,206	5,57,05,206
2	BUILDINGS	8,29,65,601	-	-	8,29,65,601	5,10,66,807	17,05,350	-	5,27,72,157	3,01,93,444	3,18,98,794
3	PLANT & MACHINERY	59,20,27,307	20,58,436	-	59,40,85,743	50,27,07,760	1,08,69,673	-	51,35,77,433	8,05,08,310	8,93,19,547
4	FURNITURE	33,36,870	6,412	-	33,43,282	29,60,010	1,21,889	2,23,971	28,57,928	4,85,354	3,76,860
5	OFFICE EQUIPMENT	85,52,646	1,81,726	-	87,34,372	84,55,773	3,42,469	24,74,179	63,24,063	24,10,309	96,873
6	VEHICLES	1,63,02,762	9,49,437	-	1,72,52,199	97,48,251	8,48,928	1,85,893	1,04,11,286	68,40,913	65,54,511
	TOTAL	75,88,90,392	31,96,011	6,00,000	76,14,86,403	57,49,38,601	1,38,88,309	28,84,043	58,59,42,867	17,55,43,536	19,27,05,027
	ADD: CAPITAL WORK-IN-PROGRESS									1,25,73,500	87,53,236
	TOTAL	75,88,90,392	31,96,011	6,00,000	76,14,86,403	57,49,38,601	1,38,88,309	-	58,59,42,867	18,81,17,036	19,27,05,027
	PREVIOUS YEAR	75,47,44,277	41,46,115	-	75,88,90,392	56,02,69,403	1,46,69,198	-	57,49,38,601	19,27,05,027	20,19,74,874



Sch. No.	Particulars	As at 31.03.2009 Rupees		As at 31.03.2008 Rupees	
6.	INVESTMENTS - (AT COST) NON-TRADE, LONG-TERM				
a)	Government Securities :				
	2000 Units of Rs.10/- each in UTI Growth Scheme 2000		21,500		21,500
	TOTAL (a)		21,500		21,500
b)	Other Investments :				
	I. QUOTED				
	1,35,000 Equity Shares of Rs.10/- each fully paidup in Basil Infrastructure Projects Ltd.		13,50,000		13,50,000
	3,000 Equity Shares of Rs.10/- each fully paidup in Bank of India		1,35,000		1,35,000
	380 Equity Shares of Rs.100/- each fully paidup in State Bank of Travancore		2,28,000		2,28,000
	TOTAL (b) (I)		17,13,000		17,13,000
	II. UNQUOTED				
	#13,43,05,000 Equity Shares of Rs.10/- each fully paidup in Konaseema Gas Power Ltd.,		134,31,00,000		134,31,00,000
	1,00,000 Equity Shares of Rs.10/- each fully paidup in Konaseema Power Corporation Ltd.,		10,00,000		10,00,000
	*61,72,670 Equity Shares of Rs.10/- each fully paidup in Orissa Power Consortium Ltd.,		6,17,26,700		6,17,26,700
	Share Application Money with :				
	i) Indo-Us Coal Washeries Ltd.		1,08,57,364		1,08,57,364
	ii) Orissa Hydel Power Balimela Ltd.		1,40,90,000		1,40,90,000
	iii) Karthik Rukmini Alloys & Energy Ltd.		4,06,87,573		1,24,20,000
	TOTAL (b) (II)		147,14,61,637		144,31,94,064
	TOTAL (b)		147,31,74,637		144,49,07,064
	TOTAL (a+b)		147,31,96,137		144,49,28,564
	Less : Diminution in the value of Investments		10,00,000		10,00,000
	TOTAL		147,21,96,137		144,39,28,564
		Book Value	Market Value	Book Value	Market Value
	Aggregate value of :				
	Quoted Investments (net of diminution in value)	3,63,000	14,66,630	3,63,000	25,73,561
	Unquoted Investments (net of diminution in value)	147,18,33,137	NA	144,35,65,564	NA
	TOTAL	147,21,96,137	14,66,630	144,39,28,564	25,73,561

includes 184.589 lacs shares acquired, the title in respect of which is in the process of transfer. 10 crore equity shares of Konaseema Gas Power Ltd have been pledged with various financial institutions as a collateral security against the term loans sanctioned to the said company.

* 5912670 Equity shares of Orissa Power Consortium Ltd have been pledged with various financial institutions as a collateral security against the term loans sanctioned to the said company. 18,20,000 shares have been sold in this year and 18,20,000 shares have been allotted during the year.



Sch. No.	Particulars	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
7.	INVENTORIES (As valued and certified by the Managing Director)		
	Raw materials	9,61,46,759	15,55,99,414
	Stores & Spares	1,47,93,248	1,18,49,551
	Finished Goods	4,80,13,284	8,63,96,480
	TOTAL	15,89,53,291	25,38,45,445
8.	SUNDRY DEBTORS (Unsecured)		
	Debts outstanding over Six months		
	- Considered good	27,20,269	1,47,25,265
	- Considered doubtful	79,49,228	79,49,228
	Other debts considered good	1,06,69,497	2,26,74,493
		8,45,82,005	5,72,91,404
	Less : Provision for doubtful debts	9,52,51,502	7,99,65,897
		79,49,228	79,49,228
	TOTAL	8,73,02,274	7,20,16,669
9.	CASH & BANK BALANCES		
	Cash on hand	1,43,052	51,254
	Balances with Scheduled Banks :		
	- in Current Accounts	59,78,429	30,35,603
	(includes Rs.27,13,515 on amount of unpaid dividends - previous year is Rs.23,48,036)		
	- in Margin Money Deposit Accounts	1,57,66,968	1,50,44,266
	(Against Bank guarantees and Letters of Credit obtained from a Banker)		
	Balance with Post Office in Savings Bank Account	10,000	10,000
	TOTAL	2,18,98,449	1,81,41,123
10.	LOANS AND ADVANCES (Unsecured, Considered good recoverable in cash or kind or for value to be received)		
	Advances Recoverable	80,08,922	1,30,47,739
	Deposits Recoverable	4,96,02,616	7,58,34,007
	Balances with Central Excise Authorities	31,74,437	45,01,964
	Claims Receivable	31,40,275	3,38,68,540
	Prepaid Expenses	31,34,025	33,49,501
	Income Tax paid under protest	4,92,39,613	3,38,47,582
	Advance Income Tax	14,80,081	54,70,993
	MAT credit entitlement	37,10,000	27,50,000
	TOTAL	12,14,89,969	17,26,70,326



Sch. No.	Particulars	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
11.	CURRENT LIABILITIES		
	Sundry Creditors	28,58,21,500	39,57,96,873
	Advances received against Sales	2,43,92,028	1,52,24,128
	Trade deposits refundable	8,00,000	12,00,000
	Un-paid Dividends	27,13,515	23,48,036
	Creditors for other finances	4,50,77,649	5,71,53,265
	TOTAL	35,88,04,692	47,17,22,302
12.	PROVISIONS		
	Provision for Gratuity	90,66,650	94,13,920
	Provision for compensated leaves	19,39,236	19,40,317
	Provision for Income Tax	9,60,000	19,65,798
	Provision for Fringe Benefit Tax	6,25,000	12,40,802
	Proposed Dividend	83,88,700	83,88,700
	Tax on Proposed Dividend	14,25,660	14,25,660
	TOTAL	2,24,05,246	2,43,75,197
SCHEDULES TO PROFIT & LOSS ACCOUNT :			
13.	ACCRETION TO/(DECRETION IN) STOCKS :		
	Closing Stock :	4,80,13,284	8,63,96,480
	Less: Opening Stock	8,63,96,480	6,50,31,984
		(3,83,83,196)	2,13,64,496
	Adjustment for Excise Duty on stocks	49,87,376	7,26,024
		(3,33,95,820)	2,20,90,520
14.	OTHER INCOME :		
	Rent received	24,00,000	24,00,000
	Interest received from Banks & others	54,92,055	72,32,967
	Dividends Received	59,000	42,500
	Profit on Sale of Assets	14,00,000	-
	Miscellaneous receipts	13,02,069	43,84,635
	Provisions no longer required	44,812	1,41,569
	Excess Depreciation provided in earlier years written back	28,84,043	-
	Sundry Credit Balances written back	3,24,799	29,88,757
	TOTAL	1,39,06,778	1,71,90,428



Sch. No.	Particulars	As at 31.03.2009 Rupees	As at 31.03.2008 Rupees
15.	RAW MATERIALS CONSUMED :		
	Opening stock	15,55,99,415	13,23,83,902
	Add : Purchases (Net)	22,92,57,247	16,50,96,623
		<u>38,48,56,662</u>	<u>29,74,80,525</u>
	Less : Cost of Raw Material sold	4,93,49,646	-
	Less : Closing Stock	9,61,46,759	15,55,99,414
	TOTAL	<u><u>23,93,60,257</u></u>	<u><u>14,18,81,111</u></u>
16.	STAFF COST :		
	Salaries, Allowances and Bonus	3,50,85,735	2,82,83,296
	Contribution to Provident and other Funds	39,33,122	37,90,781
	Welfare expenses	22,93,227	21,23,142
	Gratuity	12,57,150	31,71,939
	TOTAL	<u><u>4,25,69,234</u></u>	<u><u>3,73,69,158</u></u>
17.	OTHER EXPENSES :		
	Other Manufacturing Expenses	1,51,18,003	66,31,348
	Stores consumed	39,21,984	25,42,881
	Repairs & Maintenance:		
	Plant & Machinery	74,98,734	47,67,502
	Buildings	4,76,290	5,78,535
	Vehicles	14,99,090	11,83,223
	Others	20,86,605	6,23,222
	Insurance	31,07,717	25,64,750
	Rent and Maintenance of hired buildings	33,37,144	61,48,970
	Rates, Taxes & Duties	5,84,409	12,17,556
	Directors' Sitting Fees	3,30,000	4,00,000
	Auditors' Remuneration :		
	As Auditors	1,35,000	1,35,000
	for Tax Audit	25,000	25,000
	for Certification charges	85,500	67,000
		<u>2,45,500</u>	<u>2,27,000</u>
	Transport, Selling and Other Distribution expenses	4,61,05,331	73,69,232
	Sales Commission	21,09,074	52,83,252
	Miscellaneous Expenses	1,01,24,498	37,44,060
	Bad debts, Irrecoverable Deposits & Advances written off	95,49,566	-
	Loss on sale of Raw Materials	2,19,58,923	-
	TOTAL	<u><u>12,80,52,868</u></u>	<u><u>4,32,81,531</u></u>



SCHEDULE-18: ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Annexure to and forming part of Balance Sheet as at and Profit & Loss Account for the year ended 31st March, 2009:

I ACCOUNTING POLICIES

(1) GENERAL:

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

(2) FIXED ASSETS:

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

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

(3) INVESTMENTS:

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

(4) INVENTORIES:

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

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

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

(5) REVENUE RECOGNITION:

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

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

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

(6) EMPLOYEE BENEFITS:

(i) Defined Contribution Plans

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



VBC FERRO ALLOYS LIMITED

(ii) Defined Benefit Plans

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

(iii) Other Long Term Benefits

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

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

(7) DEPRECIATION:

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

(8) FOREIGN CURRENCY TRANSACTIONS:

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

Exchange differences are credited/ charged to Profit and Loss Account.

II. NOTES ON ACCOUNTS:

	Unit	Current Year	Previous Year
1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for - Letters of Credit opened	Rs.	Nil	Nil
2. Contingent liabilities			
a) Unexpired Bank Guarantees and letters of Credit	Rs.	5,68,12,825	5,54,38,964
b) The company together with two other promoter companies has furnished an undertaking on behalf of Konaseema Gas Power Limited jointly promoted by them to the financial institutions to finance the cost over-run, if any, in respect of the power project being executed by the said company.			
c) The company together with another promoter company has furnished an undertaking on behalf of Orissa Power Consortium Limited jointly promoted by them to the financial institutions to finance the cost over-run, if any, in respect of the power project being executed by the said company.			
d) Unexpired Guarantees given to Financial Institutions and strategic Investors on behalf of two Body Corporates	Rs.	51,10,00,000	36,35,00,000
e) Disputed Sales Tax Demands for non-submission of "C" & "F" Forms	Rs.	35,36,852	47,89,521



	Unit	Current Year	Previous Year
f) Disputed Income Tax demands for the Assessment year 2005-06	Rs.	12,61,25,560	12,61,25,560
An amount of Rs.492.40 lakhs (Previous year Rs.338.89 lakhs) paid under protest against items (e) and (f) is shown under the head of "Loans and Advances".			
3. Various items of expenditure and income relating to Rayagada unit, which has been closed during the year, have been grouped under respective heads of account of the profit and loss account. The closure of the unit resulted in a loss of Rs. 333.78 Lakhs			
4. Dues outstanding for more than 45 days to Micro Small and Medium Enterprises to the extent such parties have been identified from the available information	Rs	Nil	Nil
5. Managing Director's remuneration:			
Minimum remuneration paid in lieu of inadequacy of profits of the year			
Salary	Rs.	9,00,000	9,00,000
Contribution to Provident and other funds	Rs.	2,43,000	2,43,000
Other Perquisites:	Rs.	17,700	6,720
Total	Rs.	11,60,700	11,49,720
6. In the opinion of Board of Directors there has been no diminution in the carrying cost of the Investments, which is permanent in nature other than the diminution recognised in the books of account.			
7. Disclosures on "Employee Benefits" as per Accounting Standard 15 - "Employee Benefits" issued by the Institute of Chartered Accountants of India			
Defined Contribution Plans			
Contribution to Defined Contribution plans, recognized as expense for the year, are as under:			
Employer's Contribution to Provident and Pension Funds	Rs.	25,28,857	24,14,105
Employer's Contribution to Employees State Insurance	Rs.	10,26,088	10,74,048
Contribution to Superannuation Scheme	Rs.	3,76,875	3,01,647

	Unit	Current Year	Previous Year
Defined Benefit Plans			
Reconciliation of opening and closing balances of Defined Benefit obligations			
a. <u>Gratuity (Funded) :</u>			
Defined Benefit obligation at beginning of the year:	Rs.	1,08,00,015	96,00,493
Interest Cost	Rs.	8,23,033	7,68,039
Current Service Cost	Rs.	13,72,041	11,99,522
Benefits paid	Rs.	(10,24,194)	0
Actuarial loss/(gain) on obligation	Rs.	(9,54,723)	(7,68,039)
Defined Benefit obligation at the end year	Rs.	1,10,16,172	1,08,00,015
b. <u>Earned Leave Encashment (Non-funded) :</u>			
Defined Benefit obligation at beginning of the year:	Rs.	19,40,317	14,89,741
Interest Cost	Rs.	1,47,477	1,19,179
Current Service Cost	Rs.	9,50,193	4,50,576
Benefits paid	Rs.	(1,93,716)	NIL
Actuarial loss/(gain) on obligation	Rs.	(9,05,035)	(1,19,179)
Defined Benefit obligation at the end year	Rs.	19,39,236	19,40,317
Reconciliation of fair value of assets and obligations			
a. <u>Gratuity (Funded) :</u>			
Fair value of plan assets*	Rs.	19,49,522	13,86,095
Present value of obligation	Rs.	1,10,16,172	1,08,00,015
Amount recognized in Balance Sheet	Rs.	90,66,650	94,13,920
* Represents fair value of assets held by the Gratuity Trust in Group Gratuity Policy with Life Insurance Corporation of India			
Expenses recognized during the year (in the statement of Profit & Loss Account)			
a. <u>Gratuity (Funded) :</u>			
Current Service Cost:	Rs.	13,72,041	31,71,939
Interest Cost	Rs.	8,23,033	7,68,039
Expected return on plan assets	Rs.	(1,43,004)	0
Actuarial (gain)/loss	Rs.	(9,69,476)	(7,68,039)
Expenses recognized in the statement of Profit and Loss Account	Rs.	10,82,594	31,71,939
b. <u>Earned Leave Encashment (Non-funded) :</u>			
Current Service Cost:	Rs.	9,50,193	4,50,576
Interest Cost	Rs.	1,47,477	1,19,179
Actuarial (gain)/loss	Rs.	(9,05,035)	(1,19,179)
Expenses recognized in the statement of Profit and Loss Account	Rs.	1,92,635	4,50,576



Unit	Current Year	Previous Year	
Principal Actuarial Assumptions:			
a. <u>Gratuity (Funded) :</u>			
Discount Rate	7%	8%	
Salary Escalation Rate	5%	5%	
Attrition Rate	4%	2.5%	
Expected Rate of return on Plan assets	0%	8%	
b. <u>Earned Leave Encashment (Non-funded) :</u>			
Discount Rate	7%	8%	
Expected Rate of return on Plan assets	0%	0%	
The above information is certified by an Actuary.			
8.	The company operates in only one business segment of manufacture of Ferro Alloys and there are no geographical segments to be reported.		
9.	Related Party Transactions: Related parties in terms of AS 18 issued by the Institute of Chartered Accountants of India.		
a)	Associates: Konaseema Gas Power Ltd. VBC Industries Limited Orissa power Consortium Limited.		
b)	Key Managerial Personnel: Sri. M.S. Lakshman Rao, Managing Director		
c)	Relatives of Key Managerial Personnel: Dr. M.V.V.S. Murthi Sri M.S. Rama Rao		
d)	Others: Enterprises in which Key Managerial Personnel or their relatives have substantial interest: VBC Exports Ltd. Techno Infratech Projects (India) Pvt. Ltd. BASIL Infrastructure Projects Ltd. Indo-Us Coal Washeries Ltd		
10.	Earning per Share (EPS):		
a)	Net Profit/(Loss) available for Equity Share Holders	Rs. 48,82,500	3,14,72,591
b)	Weighted Average Number of Equity Shares used as denominator for calculating EPS	Nos. 41,94,350	41,94,350
c)	Basic and Diluted Earnings per Share of Rs.10 each	Rs. 1.16	7.50

Transactions carried out with Related Parties during 2008-09						
S. No.	Nature of Transactions	Amount Rs.				
		Referred in (a) Above	Referred in (b) Above	Referred in (c) Above	Referred in (d) Above	TOTAL
1	Purchases	20,18,767 (0)	0 (0)	0 (0)	0 (0)	20,18,767 (0)
2	Sales	45,70,743 (0)	0 (0)	0 (0)	0 (0)	45,70,743 (0)
3	Remuneration	0 (0)	11,60,700 (11,49,720)	0 (0)	0 (0)	11,60,700 (11,49,720)
4	Interest Paid	0 (22,63,380)	0 (0)	96,14,434 (84,62,367)	0 (12,000)	96,14,434 (1,07,37,747)
5	Rent Paid	0 (0)	0 (0)	0 (0)	16,50,000 (33,00,000)	16,50,000 (33,00,000)
6	Rent Received	24,00,000 (24,00,000)	0 (0)	0 (0)	0 (0)	24,00,000 (24,00,000)
7	Amounts Payable as at the end of the year	0 (4,07,73,730)	27,22,850 (89,55,000)	7,14,69,294 (6,59,67,950)	11,54,661 (92,19,951)	7,53,46,805 (12,49,16,631)
8	Balance of deposits receivable at the end of the year	0 (0)	0 (0)	0 (0)	7,50,000 (1,39,06,619)	750,000 (13,906,619)
9	Balance of deposits payable at the end of the year	4,00,000 (4,00,000)	0 (0)	0 (0)	0 (0)	400,000 (4,00,000)

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



	Unit	Current Year	Previous Year
11. Major Components of Deferred Tax Liability / (Asset)			
a) Deferred Tax Liability :			
Timing Difference between book and tax Depreciation	Rs	1,83,23,697	2,05,85,331
b) Deferred Tax Asset:			
i. Sums Covered under section 40a(ia) & 43B of the Income Tax Act 1961	Rs	2,74,97,904	3,29,21,238
ii. Provision for Doubtful Debts	Rs	27,01,943	27,01,943
	Rs	3,01,99,847	3,56,23,181
c) Net Deferred Tax Liability/(Asset)	Rs	(1,18,76,150)	(1,50,37,850)
12. According to an independent expert technical assessment, there is no impairment in the carrying cost of cash generating assets of the Company in terms of Accounting Standard 28 (AS 28) issued by the Institute of Chartered Accountants of India.			
13. Additional information as required under part-II of Schedule VI to the Companies Act, 1956			
i) Licensed Capacity:			
a) Ferro Silicon	MT	15,000	15,000
b) Pig Iron /Silico Manganese/Ferro Manganese	MT	45,500	45,500
c) Ferro Chrome/Charge Chrome	MT	20,400	20,400
ii) Installed Capacity:			
Ferro Silicon	MT	10,000	10,000
Ferro Chrome	MT	31,500	31,500
Silico Manganese / Ferro Manganese (As certified by the Managing Director)	MT	27,000	27,000
iii) Production:			
Ferro Silicon	MT	11,340	7,111
Silico Manganese	MT	-	3,431
iv) Opening Stock:			
Quantity:			
Ferro Silicon	MT	516	891
Silico Manganese	MT	553	551
Ferro Manganese	MT	1	1
Ferro Chrome	MT	126	126



VBC FERRO ALLOYS LIMITED

	Unit	Current Year	Previous Year
Value:			
Ferro Silicon	Rs.	3,01,25,632	3,65,19,858
Silico Manganese	Rs.	2,80,14,822	1,80,76,643
Ferro Manganese	Rs.	32,747	33,337
Ferro Chrome	Rs.	43,96,896	43,96,896
Others	Rs.	2,38,26,383	60,05,250
TOTAL	Rs.	8,63,96,480	6,50,31,984
V. Closing Stocks:			
Quantity:			
Ferro Silicon	MT	133	516
Silico Manganese	MT	439	553
Ferro Manganese	MT	1	1
Ferro Chrome	MT	-	126
Value:			
Ferro Silicon	Rs.	64,22,312	3,01,25,632
Silico Manganese	Rs.	2,35,21,093	2,80,14,822
Ferro Manganese	Rs.	30,978	32,747
Ferro Chrome	Rs.	-	68,38,685
Others	Rs.	1,80,38,900	2,13,84,595
TOTAL	Rs.	4,80,13,283	86,396,481
vi) Turnover			
a) Quantity			
Ferro Silicon	MT	11,723	6,591
Ferro Chrome #	MT	245	-
Silico Manganese #	MT	119	3,429
# includes 119 MTs of Ferro Chrome and 5 MTs of Silico Manganese recovered from slag segregation.			
b) Value:			
Ferro Silicon	Rs.	81,44,67,713	35,51,35,915
Ferro Chrome	Rs.	1,03,49,040	-
Silico Manganese	Rs.	56,97,827	15,15,45,056
Others	Rs.	46,56,238	2,15,31,945
TOTAL	Rs.	83,51,70,818	52,82,12,916



vii) Consumption of Raw Materials			
a) Quantity			
Quartz	MT	19,550	7,514
Charcoal	MT	20,842	9,897
Carbon Paste	MT	686	483
b) Value			
Quartz	Rs.	1,13,54,932	31,73,110
Charcoal	Rs.	16,97,31,654	6,53,38,035
Carbon Paste	Rs.	2,10,88,027	1,15,48,723
Others	Rs.	3,71,85,644	6,18,21,243
TOTAL	Rs.	23,93,60,257	14,18,81,111
viii) Analysis of Raw materials & stores consumed			
Indigenous:			
Percentage	%	100	100
Value	Rs.	24,32,82,241	14,44,23,992
Imported:			
Percentage	%	-	-
Value	Rs.	-	-
TOTAL		24,32,82,241	14,44,23,992
ix) Expenditure in foreign currency during the financial year on account of travelling	Rs.	-	-
x) Earnings in foreign exchange on account of third party exports of goods calculated on FOB basis.	Rs.	32,96,71,499	5,14,54,694
14. Previous Year's figures have been regrouped and rearranged wherever necessary.			
15. Paise have been rounded off to the nearest rupee.			

Per our report of even date
for **BRAHMAYYA & Co.**,
Chartered Accountants
Sd/-
C.V. RAMANA RAO
Partner
Membership No.018545

For and on behalf of the Board

Sd/-
M.S. LAKSHMAN RAO
Managing Director

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

Camp : Hyderabad
Date : 28-07-2009

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

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



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	Year Ended 31.03.2009 Rs.	Year Ended 31.03.2008 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before Tax and after extraordinary items	93,01,770	96,37,921
Adjustments for :		
Depreciation	1,38,88,309	1,46,69,198
Interest Paid	5,69,37,061	4,21,42,594
Interest Received	(54,92,055)	(72,32,967)
Excess Depreciation written back	(28,84,043)	-
Provision no longer required	-	(31,30,326)
Dividend received	(59,000)	(42,500)
Profit/(Loss) on sale of assets	(14,00,000)	-
Provision for Gratuity & Leave encashment	3,48,351	31,71,939
Bad debts, Irrecoverable Deposits & Advances written off	95,49,566	-
Loss on sale of Raw materials	2,19,58,923	-
Operating Profit before working capital changes	10,21,48,882	5,92,15,859
Adjustments for :		
Trade and other receivables	3,66,07,415	(5,20,66,627)
Inventories	7,29,33,231	(4,70,93,967)
Trade payables	(11,29,17,610)	5,78,82,807
Cash generated from operations	9,87,71,918	1,79,38,072
Interest Paid	(5,69,37,061)	(4,21,42,594)
Direct taxes paid	(1,49,76,991)	2,77,42,200
NET CASH FLOW/(USED) FROM OPERATING ACTIVITIES (A)	2,68,57,866	35,37,678
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(31,96,011)	(41,46,115)
(Increase)/Decrease in Capital work-in-progress	(38,20,264)	(12,53,236)
Sale of Investments	1,82,00,000	-
Purchase of Investments	(4,64,67,573)	(1,00,20,000)
Interest received	54,92,055	72,32,967
Sale of Fixed Assets	20,00,000	-
Dividend received	59,000	42,500
NET CASH FLOW / (USED) IN INVESTING ACTIVITIES (B)	(2,77,32,793)	(81,43,884)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (Decrease) in Borrowings	1,44,46,613	1,35,12,512
Dividend Paid	(83,88,700)	(83,88,700)
Tax on dividend	(14,25,660)	(14,25,660)
NET CASH GENERATED/(USED) IN FINANCING ACTIVITIES (C)	46,32,253	36,98,152
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	37,57,326	(9,08,054)
Cash and Cash equivalents at the beginning of the year	1,81,41,123	1,90,49,177
Cash and Cash equivalents as at the close of the year	2,18,98,449	1,81,41,123

Per our report of even date
for **BRAHMAYYA & Co.,**

Chartered Accountants

Sd/-

C.V. RAMANA RAO

Partner

Membership No.018545

Camp : Hyderabad

Date : 28-07-2009

Sd/-

M.S. LAKSHMAN RAO

Managing Director

Sd/-

K. KAILASANATHA REDDY

Vice President (Finance)

For and on behalf of the Board

Sd/-

Dr. M.V.V.S. MURTHI

Chairman

Sd/-

V.V.V.S.N. MURTY

AGM (Finance) & Company Secretary



Balance Sheet Abstract and Company's General Business Profile

I. Registration DetailsCompany Identification No. (CIN) Registration No. State Code Balance Sheet Date **II. Capital Raised During the Year (Amount in Rs. Thousands)**

Public Issue	Rights Issue	Bonus Issue	Private Placement*
<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="NIL"/>	<input type="text" value="1500"/>

* Preferential Allotment

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
<input type="text" value="16,84,436"/>	<input type="text" value="16,84,436"/>

Sources of Funds (Amount in Rs. Thousands)

Paid up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
<input type="text" value="41,950"/>	<input type="text" value="13,59,860"/>	<input type="text" value="1,06,800"/>	<input type="text" value="1,75,826"/>

Application of Funds (Amount in Rs. Thousands)

Net Fixed Assets	Investments	Net Current Assets	Misc. Expenditure
<input type="text" value="1,88,117"/>	<input type="text" value="14,72,196"/>	<input type="text" value="12,247"/>	<input type="text" value="NIL"/>

Accumulated Losses

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure	Profit/Loss before Tax	Profit/Loss after Tax
<input type="text" value="7,87,161"/>	<input type="text" value="7,77,860"/>	<input type="text" value="9,302"/>	<input type="text" value="4,882"/>

Earnings Per Share in Rs.

Dividend %

V. Generic Names of Three Principal Products/Services of CompanyItem Code No.

Product Description : Manufacturers of Ferro Silicon, Ferro Chrome and Silico Manganese.



FORM 2B

NOMINATION FORM

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

Account No. :	
No. of Shares:	

I/We _____
 and _____
 and _____

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

Name and Address of Nominee

Name : _____
 Address : _____

Date of Birth : _____
 (if nominee is a minor)

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

Name : _____
 Address : _____

SHAREHOLDERS' INFORMATION

- 1 Signature : _____
 Name : _____
 Address : _____
 Date : _____
- 2 Signature : _____
 Name : _____
 Address : _____
 Date : _____
- 3 Signature : _____
 Name : _____
 Address : _____
 Date : _____

Name, Address and Signature of two Witnesses

	Name and Address	Signature with Date
1.		
2.		



Instructions :

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

FOR OFFICE USE ONLY

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



VBC FERRO ALLOYS LIMITED

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

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

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

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

Date :

Signature of the First Shareholder

Notes:

1. Please attach photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the code number.
2. You are advised to submit the ECS Bank details in the format prescribed latest by 27.08.2009 to enable us to include the same for the payment of the current years dividend.



VBC FERRO ALLOYS LIMITED

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

PROXYFORM

I/We of
 of

being a member(s) of the above named Company, hereby appoint the following as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to be held on Thursday the 27th August 2009 at 11.00 a.m. at Surana Udyog Auditorium of The Federation of Andhra Pradesh, Chambers of Commerce & Industry situated at 11-6-841, Red Hills, Hyderabad-500 004 and at any adjournment thereof.

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

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

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

RESOLUTIONS	FOR	AGAINST
Item No.4		
Item No.5		
Item No.6		

Number of Shares held _____

Signed this _____ day of _____, 2009

Folio No./DP ID & Client ID No.

Signature(s) of Members

Affix
Revenue
Stamp

1. _____ 2. _____ 3. _____

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

VBC FERRO ALLOYS LIMITED

6-2-913/914, 3rd 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 27th ANNUAL GENERAL MEETING of the Company held on Thursday, the 27th August, 2009 at 11.00 a.m. at Surana Udyog Auditorium of The Federation of Andhra Pradesh, Chambers of Commerce & Industry situated at 11-6-841, Red Hills, Hyderabad-500 004.

SIGNATURE OF THE SHAREHOLDER OR PROXY

PRINTED MATTER - BOOK POST

If undelivered please return to :

VBC FERRO ALLOYS LIMITED

(An ISO 9001 : 2000 Company)

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

Khairatabad, Hyderabad - 500 004,

Andhra Pradesh, INDIA.

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