



# VBC FERRO ALLOYS UNITED

(An ISO 9001-2000 Company)



VBCFAL / SEC / 2020/

08th August 2020

The Bombay Stock Exchange Limited  
Floor 25, P J Towers  
Dalal Street  
MUMBAI – 400 001.

Dear Sir/Madam,

Sub: Outcome of the Adjourned Board Meeting -reg

Ref: Scrip Code - 513005

In compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform you that the adjourned meeting of the Board of Directors of the Company held on 08th August 2020 at the Registered Office of the Company and outcome of the meeting is as follows:

- A) Board considered and approved the Audited Financial Results for the quarter/Financial Year ended 31st March 2020.
- B) Board took note of the resignation submitted by M/s C.V. Ramana Rao & Co., Independent Auditors vide their letter dated 08.08.2020.
- C) Board authorized Shri M.V. Ananthakrishna, Whole-Time Director to explore reputed audit firms to fill vacancy at the earliest.

We are herewith annexed the financial results for the year ended 2019-20 for the records of Exchange.

Meeting started at 4.00 PM and concluded at 5.30 PM

This is for your information and records.

Thanking You,

Yours faithfully

for VBC Ferro Alloys Limited



M.V. Ananthakrishna  
Whole-Time Director



# VBC FERRO ALLOYS LIMITED

(An ISO 9001 - 2008 Company)



## AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2020

(Rs.in Lakhs)

Particulars	Quarter Ended			Current Year Ended	Previous Year Ended
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	Audited	UnAudited	UnAudited	Audited	Audited
<b>Income from Operations</b>					
I Sales / Income from Operations	93.99	253.81	418.57	4245.95	418.57
II Other income	2.93	12.97	223.12	28.98	225.09
III Total Income from Operations (I+II)	96.92	266.78	641.69	4274.93	643.66
<b>IV Expenses</b>					
a) Cost of materials consumed	0.00	68.70	442.66	1257.03	442.66
b) Changes in inventories of finished goods, work-in-progress	(10.50)	28.59	(626.11)	565.56	(626.11)
c).Power and Fuel	0.06	671.25	755.59	2920.25	759.02
d) Employee benefits expense	36.78	88.87	118.82	330.55	305.61
e) Finance costs	16.73	44.23	14.14	78.25	173.26
f) Depreciation and amortization expense	182.04	166.17	320.5	695.87	645.43
g) Other expenses	59.61	124.38	133.82	389.64	245.67
<b>Total expenses (IV)</b>	<b>284.72</b>	<b>1192.19</b>	<b>1159.42</b>	<b>6237.15</b>	<b>1945.54</b>
V Loss from Operations before Exceptional Items and Tax (III-IV)	(187.80)	(925.41)	(517.73)	(1962.22)	(1301.88)
<b>VI Exceptional items</b>					
Loss on sale of Fixed Assets	0.00	0	0.00	(371.79)	0.00
I T paid for earlier years	0.00	0	0.00	(17.24)	0.00
Provisions no longer required	109.20	0	0.00	109.20	619.73
* Impairment of value of Investment(Note No.6)	0.00	0	0.00	0.00	14306.46
VII Profit/(Loss) before Tax (VIII+IX)	(78.60)	(925.41)	(517.73)	(2242.05)	(14988.61)
VIII Tax expenses	0.00	0	0.00	0.00	0.00
IX Profit/(Loss) for the Quarter (X+XI)	(78.60)	(925.41)	(517.73)	(2242.05)	(14988.61)
X Total Other Comprehensive Income [(Gains)/Losses]	0.00	0	1.23	0.00	1.23
XI Changes in property plant and equipment recognised to Revaluation Surplus	-	-	-	-	19165.50
XII Total Comprehensive Income/(Loss) for the Quarter (XIII+XIV)	(78.60)	(925.41)	518.96	(2242.05)	4175.65
(Comprising Profit/(Loss) and other comprehensive income for the period)					
Paid-up equity share capital (Face Value Rs.10/- each)	1639.50	1419.09	1216.75	1639.50	1216.75
<b>Earnings per equity share (of Rs 10/- each)</b>					
Basic	(0.48)	(6.52)	(4.26)	(16.32)	(312.07)
Diluted	(0.48)	(6.52)	(4.26)	(16.32)	(205.19)

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CIN: L27101TG1981PLC003223



# VBC FERRO ALLOYS LIMITED

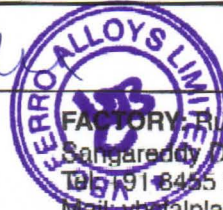
(An ISO 9001 - 2008 Company)



## Balance Sheet as at 31st March, 2020

Amount in Lakhs.

	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>		
<b>1.) Non-current assets</b>		
a) Property, plant and equipment	17,723.15	19,315.16
b) Capital work-in-progress	1,680.16	1,643.53
c) Right of use asset	41.55	-
d) Financial assets		
i) Investments	1,572.88	1,572.88
ii) Loans & Advances	1,475.59	84.58
e) Other non-current assets	40.22	110.22
<b>2.) Current assets</b>		
a) Inventories	736.57	1,200.05
b) Financial assets		
i) Trade receivables	125.58	190.06
ii) Cash and cash equivalents	13.11	59.43
iii) Bank balances other than above	209.73	194.07
c) Current Tax Assets (net)	26.08	-
d) Other current assets	3,417.01	1,333.78
<b>Total Assets</b>	<b>27,061.63</b>	<b>25,703.76</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
a) Equity Share capital	1,639.50	1,216.76
b) Other equity	14,469.69	16,230.02
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
a) Financial liabilities		
i) Borrowings	1,587.13	1,570.10
ii) Other financial liabilities	4,858.30	3,340.91
b) Lease Liabilities	45.44	-
c) Deferred tax liability(Net)	321.80	321.80
<b>Current liabilities</b>		
a) Financial liabilities		
i) Borrowings	76.76	298.80
ii) Trade payables	2,724.88	1,217.50
iii) Other financial liabilities	123.69	256.42
b) Lease Liabilities	10.90	-
c) Other current liabilities	1,176.43	1,224.54
d) Provisions	27.11	26.91
<b>Total Equity and Liabilities</b>	<b>27,061.63</b>	<b>25,703.76</b>



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CIN: L27101TG1981PLC003223



# VBC FERRO ALLOYS LIMITED

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## Notes:

- 1 The above audited financial results of the Company have been approved by the Board of Directors on recommendations of the Audit Committee at its meetings held on 31st July, 2020.
- 2 These financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with the relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 3 The company has complied with all the applicable Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with the relevant rules.

- 4 **The auditors have qualified in their report for the Quarter/Year ended 31st March, 2020 regarding the,**
1. Non-provision for deemed energy charges and surcharge of earlier years amounting to Rs.5654.82 Lakhs pending outcome on the aforesaid issue with TSERC has resulted in understatement of the loss for the period.
  2. The company has not measured its Investments in Equity Instruments designed to be measured at Fair Value through Other Comprehensive Income at fair values as required by Indian Accounting Standard "Financial Instruments" (Ind AS 109), the impact of the same on the loss of the company is not ascertainable.
  3. The balances lying in the lenders', sundry creditors, like, suppliers', service providers', employees' and customers' accounts are subject to confirmation, reconciliation. The impact of the same on reconciliation on the statement of affairs of the company is not ascertainable.
  4. The company during the period has not provided Liability towards "Employer contribution to Provident fund, ESI, Gratuity, Leave encashment". The impact of the same on the loss of the company is not ascertainable

- 5 Production activities have been closed given the non-remunerative market price, since sales at non-remunerative price will erode the net worth of the company. The Company is making all out efforts to restart its operations during the 3rd Quarter of Financial Year 2020-21, by which time market stabilization expected to take place. It is further stated the Central Government is expected to announce initiatives, incentives to boost the steel industry, in line with the incentives offered to MSMEs to make steel industry competitive in the global market. Therefore the company is confident of its growth along with steel industry. The company is also its making efforts to secure power tariff concessions from the state government to make operations more viable and for which is organising necessary funds to restart operations and to clear outstanding power dues for which the company is also hoping to secure installment payment facility from TSSPDCL.  
Hence the company had prepared its books of accounts and finalized the financial statements for the financial year ended 31st March, 2020 as a "going concern."

- 6 Segmental reporting as per Ind AS-108 is not applicable, as the Company is engaged in manufacture of a single line of product.

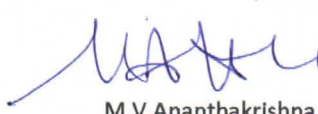
### 7 Investor Complaints :


SL. No.	Particulars	Quarter Ended 31.03.2020
1	Pending at the beginning of the quarter	Nil
2	Received during the quarter	0
3	Disposed of during the quarter	0
4	Remaining unresolved at the end of the quarter	Nil

- 8 Figures for the previous periods/year have been regrouped/reclassified wherever necessary.

For VBC Ferro Alloys Limited

Place: Hyderabad  
Date: 08.08.2020

  
M.V. Ananthakrishna  
Whole Time Director



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**INDEPENDENT AUDITOR'S REPORT**

TO  
The Members Of  
VBC Ferro Alloys Limited,  
Hyderabad

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

**Qualified Opinion:**

We have audited the accompanying standalone Ind AS financial statements of VBC Ferro Alloys Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Qualified Opinion**

- a) Non-provision of shortfall of deemed energy charges for earlier years amounting to Rs 56,54,81,522/-, pending disposal of company's petition before TSERC as stated in Note No. 2.33 to the standalone Ind AS financial statements has resulted in understatement of the loss for the year.
- b) As stated in Note No. 2.04c the company has not measured its Investments in Equity Instruments designed to be measured at Fair Value through Other Comprehensive Income at fair values as required by Indian Accounting Standard "Financial Instruments" (Ind AS 109) which is not in compliance with the provisions of section 133 of the Companies Act, 2013.
- c) As stated in Note No. 2.41 that balances lying in the lenders', sundry creditors, like, suppliers', service providers', employees' and customers' accounts are subject to confirmation.



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- d) Provision towards present liability in respect of future payments of gratuity and leave encashment has not been made using Projected Unit Credit method as required by Ind AS 19 "Employee Benefits", which is non compliance with the provisions of section 133 of the Companies Act, 2013.
- e) As stated in Note No. 2.40 the company has not conducted the impairment test of its cash generating assets despite of the indication of asset remaining idle as required by Ind AS 36 "Impairment of Assets", which is non compliance with the provisions of section 133 of the Companies Act, 2013.
- f) No physical verification of inventories has been carried out during the year. Accordingly, we are unable to express our opinion on the realisability of the amount at which the same are stated in the books of account.

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

**Emphasis of Matter Paragraphs:**

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

- a. Further to the continuous spreading of COVID -19 across India, the Indian Government announced a strict 21-day lockdown on March 24, 2020, which was further extended till 31<sup>st</sup> July 2020 across the India to contain the spread of the virus. This has resulted in restriction on physical visits to the registered office and factory premises of the company and to rely on alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).
- b. As a result of the above, the statutory audit of the company has been carried out based on remote access of the data as provided at our office premises. This has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the Whole Time Director of the company that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the company without any further manual modifications.



- c. If we have carried out the audit physically at the client locations, we might have been able to verify further sufficient appropriate audit evidence regarding the documentation supporting the financial transactions.
- d. Note No. 2.04 with marks (#) that 124.589 Lakhs of shares acquired by the company in Konaseema Gas Power Limited, the title in respect of which is not transferred in the name of the company.
- e. Note No. 2.26a that cost of materials consumed includes the loss of the raw materials due to the loss of the technical properties and usability of the materials in the production due to passage of time besides consumption.

Our opinion is not modified in respect of these matters.

### **Material Uncertainty related to Going Concern**

We draw attention to Note 2.35 in the financial statements, the events or conditions mentioned in the said note indicate that material uncertainties exist that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in preparation of accounts on "going concern" basis for the year under report.

### **Key Audit Matters**

We have determined that there are no key audit matters to be communicated in our report.

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

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

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

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

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



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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS Financial Statements.

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

- Identify and assess the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure- A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit we report that:

a) We have sought and, except for the matters described in the Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) Except for the effects of the matter described in the Basis for Qualified Opinion section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

d) Except for the effects of the matter described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we are unable to express any opinion as required under section 143 (3) of the Act 2013, as we could not carry -out any verification or review of its internal financial controls over financial reporting due to covid 19 lockdown restrictions.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

The remuneration paid to the Directors by the company is in accordance with the provisions of the sec.197.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements.



- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. The unpaid dividend amounting to Rs 563,316/- has not been transferred to the Investor Education and Protection Fund as required to be transferred by the Company during the year.

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

  
(KATYAYANIK)

Partner

Membership No.225030

UDIN: **20225030AAAAAS1419**



Place: Visakhapatnam  
Date: 08-08-2020

## ANNEXURE-A TO THE INDEPENDENT AUDITORS' REPORT

The **Annexure A** referred to in our Independent Auditor's report of even date, to the members of VBC Ferro Alloys Limited, Hyderabad, for the year ended 31 March 2020. We report that:

- i) a) The Company has not maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets including capital work in progress could not be physically verified by the management during the year in accordance with phased programme of verification. Accordingly, we are unable to report on any material discrepancies between the fixed asset register and the assets physically available.
- c) We could not verify the title deeds of the immovable properties as the same are not produced for our verification.
- ii) Physical verification of inventory including Capital stock of stores and spares could not be conducted during the year by the management in the entire year. As no physical verification of inventories has been carried out during the year under report, we are unable to report regarding the discrepancies between the physical stocks and the book records.
- iii) The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Consequently, clauses 3 (iii) (a), (b) and (c) of the Order are not applicable.
- iv) The company has neither given any loans to the directors or any other persons in whom the director(s) is interested nor given/provided any guarantee/security in connection with any loan taken by directors or such other persons as per the provisions of section 185 of the Companies Act, 2013. The investment made by the company in an earlier year does not exceed the limits prescribed under section 186 of the Companies Act, 2013.
- v) The Company has not accepted any deposits from the public. Consequently, the clause 3(v) of the order is not applicable to the Company.
- vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.



- vii) a) According to the information and explanations given to us and on the basis of examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts are payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess and other material statutory dues which were in arrears as at 31<sup>st</sup> March 2020 for a period of more than six months from the date they became payable.

Sr. No.	Name of the Statute	Nature of the Dues	Amount (in Rs.)	Period to which the amount relates
1.	Employee state Insurance Corporation Act 1948	Employer's contribution	1,00,000	From 01.04.2012 to 31.03.2015
2.	Employee state Insurance Corporation Act 1948	Employees' contribution	26,216	From 01.07.2013 to 31.03.2015
3.	Professional Tax 1975	Employees' contribution	4,42,530	From 01.07.2012 to 31.03.2017
4	Central Sales Tax Act	Central Sales Tax	4,06,094	For the year 2013-14
7.	Income Tax Act, 1961	Regular assessment tax	3,82,84,986 excluding interest	For the financial year 2011-12
8.	Income Tax Act, 1961	Dividend Distribution Tax	21,38,620 excluding interest	For the financial year 2011-12
9.	Income Tax Act, 1961	Income tax deducted at source	1,51,33,083	From 01.04.2012 to 31.08.2019
12.	Greater Hyderabad Municipal Corporation Act	Property Tax	5,97,730	From 01.04.2012 to 31.03.2020



b) As at 31<sup>st</sup> March 2020, there have been no disputed dues, which have not been deposited with the respective authorities in respect of Income tax, Service tax, duty of customs, duty of excise, value added tax and Cess, except the following:

Sr. No.	Name of the Statute	Nature of the Dues	Amount*(in Rs.)	Period to which the amount relates	Forum where dispute is pending
1.	Central Sales Tax Act	Non submission of 'C' and 'F' forms	18, 68,890	1996-97	Dy. Commissioner (Appeals)
2.	Central Sales Tax Act	Non submission of 'H' forms	11, 86,633	2008-09	Appellate Dy. Commissioner (CT)
3	Employees' State Insurance Act, 1948	Non-payment of contribution	25,98,486	September 2013 onwards.	High Court

(\*) Net of Pre deposits made

- viii) In our opinion, the company has not obtained any Term Loans during the financial year under report. Consequently, the clause 3(viii) of the order is not applicable.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year under report. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- x) During the course of our examination of the books of account and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) The company has provided for managerial remuneration during the financial year in accordance with the provisions of the Section 197 of the Act.
- xii) In our opinion, the company is not a Nidhi Company. Consequently, the clause 3(xii) of the order is not applicable.
- xiii) According to the information and explanations given to us and on overall examination of the records of the Company, we report that all transactions with related parties are in compliance with the provisions of sections 177 and 188 of the Companies Act, 2013 and the related party disclosures as required by relevant Indian Accounting Standards are disclosed in the Standalone Ind AS Financial Statements.



- xiv) According to the information and explanations given to us and on overall examination of the records of the Company, we report that the preferential allotment/private placement of shares made are in compliance with the provisions of section 42 of the Companies Act, 2013 and the amount raised have been used for the purposes for which the funds were raised.
- xv) The Company has not entered into any non cash transactions with the directors or persons connected with them during the year under report. Consequently, the clause 3(xv) of the order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Consequently, the clause 3(xvi) of the order is not applicable.

For C V RAMANA RAO & CO.,  
Chartered Accountants  
Firm Regn No. 0029175

  
(KATYAYANI K)  
Partner

Membership No.225030

UDIN: **20225030AAAAA51419**



Place: Visakhapatnam  
Date: 08-08-2020



# VBC FERRO ALLOYS LIMITED

(An ISO 9001 - 2008 Company)



## Statement on Impact on observation mentioned in Audit Report Audited Financial Results for the financial year ended 31<sup>st</sup> March 2020 by the Statutory Auditors

S.L. No	Audit Qualification	Reply given by the Board
a	Non-provision of shortfall of deemed energy charges for earlier years amounting to Rs 56,54,81,522/-, pending disposal of company's petition before TSERC as stated in Note No. 2.33 to the standalone Ind AS financial statements has resulted in understatement of the loss for the year.	Company approached Telangana State Electricity Regulatory Commission(TSERC) with a request to waive the demand as the said amounts relating to deemed energy charges. As the TSSPDCL imposed said deemed energy charges even period relating to power cuts/ power holidays/non supply of power due to acute power shortage in the erstwhile undivided state of Andhra Pradesh. Therefore the company is confident to get a favourable decision from TSERC/TSSPDCL and hence, the Board did not provide for any liability.
b	As stated in Note No. 2.04c the company has not measured its Investments in Equity Instruments designed to be measured at Fair Value through Other Comprehensive Income at fair values as required by Indian Accounting Standard "Financial Instruments" (Ind AS 109) which is not in compliance with the provisions of section 133 of the Companies Act, 2013.	We approached by the investment companies and they informed that due to COVID-19 and consequential lockdown and absence of public transport system etc., the qualified staff is not available for the finalisation of matters relating to investments.
c	As stated in Note No. 2.41 that balances lying in the lenders', sundry creditors, like, suppliers', service providers', employees' and customers' accounts are subject to confirmation.	Company is yet to receive conformations from parties.
d	Provision towards present liability in respect of future payments of gratuity and leave encashment has not been made using Projected Unit Credit method as required by Ind AS 19 "Employee Benefits", which is non compliance with the provisions of section 133 of the Companies Act, 2013.	As per the company's assessment, the required liability has been created. Hence no impact on Financial Statements.

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CIN: L27101TG1981PLC003223





# VBC FERRO ALLOYS LIMITED

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e	As stated in Note No. 2.40 the company has not conducted the impairment test of its cash generating assets despite of the indication of asset remaining idle as required by Ind AS 36 "Impairment of Assets", which is non compliance with the provisions of section 133 of the Companies Act, 2013.	Non availability of technical staff due to COVID-19, we could not conduct impairment status of assets. However, the Board is confident to get benefits from all the assets in future, therefore no provision has been made for impairment.
f	No physical verification of inventories has been carried out during the year. Accordingly, we are unable to express our opinion on the realisability of the amount at which the same are stated in the books of account.	The company is having a system to make periodical physical verification of stock / inventories and also arriving at the values. However, we could not conduct physical verification due to COVID-19 pandemic for the Financial Year ended 31 <sup>st</sup> March,2020.


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