



# VBC FERRO ALLOYS LIMITED

(An ISO 9001-2000 Company)



VBCFAL / SEC / 2021/

30<sup>th</sup> June 2021

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

Dear Sir/Madam,

**Sub: Outcome of the 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 meeting of the Board of Directors of the Company held on 30<sup>th</sup> June 2021 and outcome of the meeting is as follows:


“The Board reviewed, considered and approved the Audited Financial Results for the Quarter /Financial Year ended 31.03.2021”

Meeting started at 3.30 PM and concluded at 5.30 PM

This is for your information and records.

Yours faithfully

for VBC Ferro Alloys Limited

  
M.V. Ananthakrishna  
Whole-Time Director





# VBC FERRO ALLOYS LIMITED

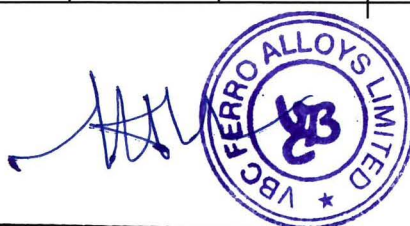
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## AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31ST MARCH, 2021

(Amount in Lacs)

Particulars	Quarter Ended			Current Year Ended	Previous Year Ended
	31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
	Audited	UnAudited	Audited	Audited	Audited
<b>Income from Operations</b>					
<b>I Sales / Income from Operations</b>	32.04	45.63	93.99	176.42	4245.95
<b>II Other income</b>	687.39	0.15	2.93	1999.21	28.98
<b>III Total Income from Operations (I+II)</b>	<b>719.43</b>	<b>45.78</b>	<b>96.92</b>	<b>2175.63</b>	<b>4274.93</b>
<b>IV Expenses</b>					
a) Cost of materials consumed	-	-	-	-	1257.03
b) Changes in inventories of finished goods, work-in-progress	30.09	12.51	-10.50	41.03	565.56
c).Power and Fuel	1863.32	0	0.06	4824.43	2920.25
d) Employee benefits expense	71.28	30.26	36.78	160.37	330.55
e) Finance costs	48.31	2.31	16.73	54.82	78.25
f) Depreciation and amortization expense	162.62	165.10	182.04	661.33	695.87
g) Other expenses	901.25	23.96	59.61	994.29	389.64
<b>Total expenses (IV)</b>	<b>3076.87</b>	<b>234.14</b>	<b>284.72</b>	<b>6736.27</b>	<b>6237.15</b>
<b>V Loss from Operations before Exceptional Items and Tax (III-IV)</b>	<b>(2357.44)</b>	<b>(188.36)</b>	<b>(187.80)</b>	<b>(4560.64)</b>	<b>(1962.22)</b>
<b>VI Exceptional items</b>					
Loss on sale of Fixed Assets	-	-	-	-	(371.79)
IT paid for earlier years	-	-	-	-	(17.24)
Provisions no longer required	-	-	109.20	-	109.20
<b>VII Profit/(Loss) before Tax (VIII+IX)</b>	<b>(2357.44)</b>	<b>(188.36)</b>	<b>(78.60)</b>	<b>(4560.64)</b>	<b>(2242.05)</b>
<b>VIII Tax expenses</b>	-	-	-	-	0.00
<b>IX Profit/(Loss) for the Quarter (X+XI)</b>	<b>(2357.44)</b>	<b>(188.36)</b>	<b>(78.60)</b>	<b>(4560.64)</b>	<b>(2242.05)</b>
<b>X Total Other Comprehensive Income [(Gains)/Losses]</b>	-	-	-	-	-
<b>XI Changes in property plant and equipment recognised to Revaluation Surplus</b>	-	-	-	-	-
<b>XII Total Comprehensive Income/(Loss) for the Quarter (XIII+XIV)</b>	<b>(2357.44)</b>	<b>(188.36)</b>	<b>(78.60)</b>	<b>(4560.64)</b>	<b>(2242.05)</b>
(Comprising Profit/(Loss) and other comprehensive income for the period)					
Paid-up equity share capital (Face Value Rs. 10/- each)	1639.50	1639.50	1639.50	1639.50	1639.50
<b>Earnings per equity share (of Rs 10/- each)</b>					
Basic	(14.38)	(1.15)	(0.48)	(27.82)	(16.32)
Diluted	(14.38)	(1.15)	(0.48)	(27.82)	(16.32)



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**Web:** www.vbcfal.in, **CIN:** L27101TG1981PLC003223

**FACTORY:** Rudraram Village, Patancheru Mandal, Sangareddy District, 502 329, Telangana State, India.  
**Tel:** +91 8455 221802/4/5/6  
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## Balance Sheet as at 31st March, 2021

Amount in Lacs.

	As at 31.03.2021	As at 31.03.2020
<b>ASSETS</b>		
<b>1.) Non-current assets</b>		
a) Property, plant and equipment	13,749.57	17,723.15
b) Capital work-in-progress	1,905.80	1,680.16
c) Right of use asset	31.16	41.55
d) Financial assets		
i) Investments	1,572.88	1,572.88
ii) Loans & Advances	4,168.74	1,475.59
e) Other non-current assets	40.22	40.22
<b>2.) Current assets</b>		
a) Inventories	683.55	736.57
b) Financial assets		
i) Trade receivables	-	125.58
ii) Cash and cash equivalents	22.49	13.11
iii) Bank balances other than above	118.49	209.73
c) Current Tax Assets (net)	29.18	26.08
d) Other current assets	2,075.84	3,417.01
<b>Total Assets</b>	<b>24,397.92</b>	<b>27,061.63</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
a) Equity Share capital	1,639.50	1,639.50
b) Other equity	9,909.05	14,469.69
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
a) Financial liabilities		
i) Borrowings	1,587.13	1,587.13
ii) Other financial liabilities	2,546.28	4,858.30
b) Lease Liabilities	45.44	45.44
c) Deferred tax liability(Net)	321.80	321.80
<b>Current liabilities</b>		
a) Financial liabilities		
i) Borrowings	144.05	76.76
ii) Trade payables	6,405.81	2,724.88
iii) Other financial liabilities	127.34	123.69
b) Lease Liabilities	15.40	10.90
c) Other current liabilities	1,628.74	1,176.43
d) Provisions	27.38	27.11
<b>Total Equity and Liabilities</b>	<b>24,397.92</b>	<b>27,061.63</b>



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Statement of Cash flows for the year ended 31st March,2021

	Particulars	31-Mar-2021	31-Mar-2020
A)	Cash Flow from Operating Activities:		
	<b>Profit/(Loss) before tax and after exceptional items:</b>	(4,560.64)	(2,224.81)
	<b><u>Adjustments to reconcile profit before tax to net cash flows:</u></b>		
	Depreciation of property, plant and equipment and amortisation	650.94	685.48
	Amortisation of Right of Use assets (Intangible)	10.39	10.39
	Finance costs (including fair value change in financial instruments)	45.54	19.01
	Loss / (Profit) on disposal of property, plant and equipment	(1,980.78)	371.79
	Excess provision of earlier years written back	(0.01)	(0.31)
	Debit balances written off	-	0.03
	Provision for Diminution of Investment	-	-
	Finance charge on leasehold land	4.50	4.40
	<b>Operating Profit before Working Capital changes</b>	<b>(5,830.06)</b>	<b>(1,134.02)</b>
	<b><u>Working capital adjustments:</u></b>		
	Movements in provisions, gratuity and government grants	0.27	0.20
	Decrease/(Increase) in trade and other receivables & Pre payments	(1,135.15)	(3,355.45)
	Decrease / (Increase) in inventories	53.02	463.48
	Increase / (Decrease) in trade and other payables	1,824.88	2,844.25
	<b>Cash generated from operations</b>	<b>(5,087.04)</b>	<b>(1,181.54)</b>
	Income Tax (paid)/refund	(3.10)	(43.32)
	<b>Net Cash generated in operations</b>	<b>(5,090.14)</b>	<b>(1,224.86)</b>
	Insurance proceeds received	-	-
	<b>Net cash flows from operating activities</b>	<b>(5,090.14)</b>	<b>(1,224.86)</b>
B)	Cash Flow from Investing Activities:		
	Purchase of property, plant and equipments	(6.58)	(18.26)
	Proceeds from sale of property, plant and equipments	5,310.00	553.00
	Increase/(decrease) in Capital Work in Progress	(225.63)	(36.63)
	<b>Net cash flows used in investing activities</b>	<b>5,077.79</b>	<b>498.11</b>
C)	Cash Flow from Financing Activities:		
	Proceeds from issue of Equity shares	-	-
	Securities premium from issue of Equity shares	-	-
	Proceeds from issue of share warrants	-	904.46
	Interest paid	(45.54)	(19.01)
	Proceeds from borrowings	-	17.02
	Repayments of borrowings	67.29	(222.04)
	<b>Net Cash flows/(used in) Financing Activities</b>	<b>21.75</b>	<b>680.43</b>
	<b>Net increase/(decrease) in Cash &amp; Cash equivalents (A + B + C)</b>	<b>9.38</b>	<b>(46.32)</b>
	Opening balance of Cash & Cash equivalents	13.11	59.43
	<b>Closing balance of Cash &amp; Cash equivalents</b>	<b>22.49</b>	<b>13.11</b>

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**Notes:**

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- 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 30th June, 2021.
- 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.
- 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.
- The auditors have qualified in their report for the Quarter ended 31st March, 2021 regarding the,**
  - 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.
  - 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.
  - 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
- 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 2nd Quarter of Financial Year 2021-22, 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 instalment payment facility from TSSPDCL. Hence the company had prepared its books of accounts and finalized the financial statements as a "going concern."
- 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 :**

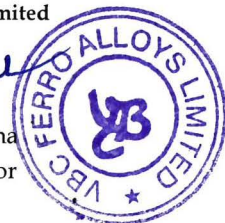
SL. No.	Particulars	Quarter Ended 31.03.2021
1	Pending at the beginning of the quarter	Nil
2	Received during the quarter	0
3	Disposed of during the quarter	0
4	Remaining unresolved at the end of the quarter	Nil

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

Place: Hyderabad  
Date: 30.06.2021

For VBC Ferro Alloys Limited

  
M.V. Ananthakrishna  
Whole Time Director





## PAVULURI & Co.

CHARTERED ACCOUNTANTS

Plot No.48, Flat No.301,  
MICASA, Phase - I, Kavuri Hills,  
Hyderabad - 500 033.  
Ph : 040-2970 2638 / 2639 / 2640  
Email : mail@pavuluriandco.com

### **INDEPENDENT AUDITORS REPORT TO THE BOARD OF DIRECTORS OF M/S.VBC FERRO ALLOYS LIMITED**

1. We have audited the accompanying Statement of Financial Results of M/S.VBC FERRO ALLOYS LIMITED ("the Company") for the quarter and year ended 31st March 2021 (hereinafter referred to as the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

#### **Management's Responsibility for the standalone financials results**

2. The Management is responsible for the preparation of the accompanying Statement. The Management is also responsible for the preparation of the annual statutory financial statements in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the "accounting principles generally accepted in India"), basis which the above Statement containing the annual audited standalone financial results has been prepared. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Statement that is free from material misstatement.

#### **Auditor's Responsibility**

3. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered accountants of India Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosure in the Statement .The procedures selected depend on the auditor judgment , including the assessment of the risk of material misstatement of the statement , whether due to fraud or error . in making those risk assessment , the auditor consider internal control relevant to the company's preparation and fair presentation of the statements in order to design audit procedure that are appropriate in the circumstances , but not for the purpose of Expressing an opinion on the effectiveness of the Company's internal control.





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An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the statement

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion

### **Basis for Qualified Opinion**

- a) Non-provision of shortfall of deemed energy charges for earlier years amounting to Rs 53,44,77,378/-, 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.
- 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.





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### **Qualified Opinion**

4. In our opinion and to the best of our information and according to the explanation given to us, except for the matter as described in the Basis of Qualified opinion paragraph above, these year to date results:

a) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 and as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and

b) Give true and fair view of the financial performance including other comprehensive income and other financial information for the year ended March 31, 2021 in accordance with the accounting principles generally accepted in India.

5. The statement includes the result for the quarter ended 31st March, 2021 being the balancing figure between audited figures in respect of the full financial year to date and published year figures up to the third quarter of the current financial year which were subject to limited review by us.

**For PAVULURI&CO.,  
Chartered Accountants  
Firm Reg. No: 012194S**

**Place: Hyderabad  
Date: 30.06.2021**

*KVN. Deepthi*  
**(CA V N DEEPTHI KONERU)  
PARTNER  
M.No: 228424**



**UDIN : 21228424AAAAFN1558**





# VBC FERRO ALLOYS LIMITED

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## REPLIES TO AUDIT QUALIFICATIONS

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 53,44,77,378/-, 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 is not providing 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 their finalisation of accounts and related matters. Therefore, we could not comply the said requirement.
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.



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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, this yearend we could not conduct physical verification due to COVID-19 pandemic.