



# VBC FERRO ALLOYS LIMITED

(An ISO 9001 - 2008 Company) - CIN L27101TG1981PLC003223



VBCFAL / SEC / 2017

13<sup>th</sup> February 2018

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 a meeting of the Board of Directors of the Company was held on 13<sup>th</sup> February 2018 at the Registered Office of the Company at 6-2-913/914, 3<sup>rd</sup> Floor, Progressive Towers, Khairatabad, Hyderabad- 500004 and outcome of the meeting is as follows:

A) Taken on record the un-audited financial results for the quarter ended 31<sup>st</sup> December 2017, which were adopted first time under INDAS, are reviewed and taken on record.

B) Reviewed the affairs of the Company.

This is for your information and records.

Yours faithfully  
for VBC Ferro Alloys Limited

  
V.V.V.S.N. Murty  
Authorized Signatory



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(An ISO 9001 - 2008 Company) - CIN L27101TG1981PLC003223



UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31ST DECEMBER 2017

(Rs. in Lakhs)

Particulars	Quarter Ended			Nine months ended	
	31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Income from Operations</b>					
I Sales / Income from Operations	0.00	0.00	0.00	0.00	0.00
II Other Operating Income	0.00	0.00	0.00	0.00	0.00
III <b>Total Income from Operations (I+II)</b>	0.00	0.00	0.00	0.00	0.00
<b>IV Expenses</b>					
a) Cost of materials consumed	0.00	0.00	0.00	0.00	0.00
b) Changes in inventories of finished goods, work-in-progress	0.00	0.00	0.00	0.00	0.00
c) Employee benefits expense	27.95	3.37	2.25	34.69	6.74
d) Depreciation and amortization expense	13.09	13.08	14.04	40.22	42.13
e) Other expenses	64.31	10.41	1.29	78.81	3.66
<b>Total expenses (IV)</b>	105.35	26.86	17.58	153.72	52.53
<b>V Profit/(Loss) from Operations before Other Income, Finance Costs and Exceptional Item (III-IV)</b>	(105.35)	(26.86)	(17.58)	(153.72)	(52.53)
Other income	0.00	0.00	0.00	0.00	6.28
<b>VI Profit/(Loss) from ordinary activities before Finance Costs and Exceptional Item (V+VI)</b>	(105.35)	(26.86)	(17.58)	(153.72)	(46.25)
VII Finance costs	78.14	76.02	67.95	226.99	205.77
<b>VIII Profit/(Loss) from ordinary activities after Finance Costs but before Exceptional Item (VI+VII)</b>	(183.49)	(102.88)	(85.53)	(380.71)	(252.02)
IX Exceptional items					
Profit on sale of Fixed assets	0.00	807.43	0.00	807.43	1123.92
Provision towards interest on cash credit facilities reversed on OTS	0.00	0.00	0.00	0.00	267.38
<b>X Profit/(Loss) from ordinary activities before Tax (VIII+IX)</b>	(183.49)	704.55	(85.53)	426.72	1139.28
XI Tax expenses	0.00	0.00	0.00	0.00	0.00
<b>XII Profit/(Loss) for the Period (X+XI)</b>	(183.49)	704.55	(85.53)	426.72	1139.28
XIII Other Comprehensive Income (net of tax)	0.00	0.00	0.00	0.00	1.53
<b>XIV Total Comprehensive Income for the Period (XIII+XIV)</b>	(183.49)	704.55	(85.53)	426.72	1140.81
(Comprising Profit/(Loss) and other comprehensive income for the period)					
Paid-up equity share capital (Face Value Rs. 10/- each)	439.50	439.50	439.50	439.50	439.50
<b>Earnings per equity share (of Rs 10/- each)</b>					
Basic	(4.17)	16.03	(1.95)	9.71	25.92
Diluted	(4.17)	16.03	(1.95)	9.71	25.92



# VBC FERRO ALLOYS LIMITED



Notes:

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- The above unaudited financial results of the Company have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 13th February, 2018. The statutory auditors of the Company have conducted a "Limited Review" of the above unaudited financial results for the quarter and nine months ended December 31, 2017.
- The Company has adopted the Indian Accounting Standards (Ind AS) from 1st April, 2017 and these financial results have been prepared in accordance with the recognition and measurement principles prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.
- The financial results and other financial information for the quarter and nine months ended December 31, 2016 have not been audited or reviewed by the statutory auditors. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of the Company's affairs.
- Reconciliation of net profit/(loss) for the quarter and nine months ended December 31, 2016 under Indian GAAP (Previous GAAP) and Ind AS is as under:

Particulars	(Rs in Lakhs)	
	Quarter ended 31.12.2016	Nine months ended 31.12.2016
	Unaudited	Unaudited
<b>Net Profit/(Loss) for the Period as per Previous GAAP</b>	(85.53)	1144.23
<b>Add / (Less) : Adjustments for GAAP Differences</b>		
Fair Valuation of Investments	0.00	(5.10)
Other comprehensive Income	0.00	1.53
Employee benefits - Remeasurement	0.00	0.15
<b>Net Profit/(Loss) for the Period as per Ind AS</b>	(85.53)	1140.81

- Due to the steep increase in power tariff by TSSPDCL, the cost of production of Ferro Silicon has far exceeded the market prices, resultant in non recovery of even variable cost of production. Accordingly the company has closed down its production unit at Rudraram Village, Medak district since 19.06.2013. Further the company has entered into an agreement with the workers union for their retrenchment and necessary provisions has been made in the books of account. However, the books of account are maintained under "going concern" concept, as the company has initiated effective steps to meet its power requirements by setting-up a 120 MW captive thermal power plant at Sirpur kagaznagar Mandal, Adilabad District through VBC Power Company Ltd, by transferring its power unit by way of demerger. The Statutory Auditors have qualified of the same for the year ended 31st March, 2017.
- The auditors have qualified in their report for the year ended 31st March, 2017 regarding the non provision of Rs.19,06,53,769/- towards fuel surcharge adjustment and Rs 42,42,75,762/- towards load shortfall charged, as the matters are pending before various judicial/administrative authorities.
- The Company operates in only one business segment of manufacturing Ferro Alloys.
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S No. Particulars	Quarter Ended
	31.12.2017
<b>B. Investor Complaints :</b>	
1 Pending at the beginning of the quarter	Nil
2 Received during the quarter	3
3 Disposed of during the quarter	3
4 Remaining unresolved at the end of the quarter	Nil

Place: Hyderabad  
Date: 13.02.2018

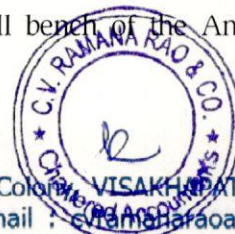
For VBC Ferro Alloys Limited

M.V. Ananthkrishna  
Director



**LIMITED REVIEW REPORT ON THE UNAUDITED FINANCIAL RESULTS OF "VBC FERRO ALLOYS LIMITED" FOR THE QUARTER AND NINE MONTHS ENDED 31<sup>st</sup> DECEMBER 2017 PURSUANT TO THE REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

1. We have reviewed the accompanying statement of unaudited financial results of VBC Ferro Alloys Limited ("the Company") for the quarter and nine months ended 31<sup>st</sup> December 2017, attached herewith, 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 5<sup>th</sup> July, 2016.
2. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors in their meeting held on 13<sup>th</sup> February 2018. Our responsibility is to issue a report on this statement, based on our review.
3. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review is limited primarily to inquiries of company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. We draw attention to:
  - i) The company has received demands for fuel surcharge adjustment (FSA) from Southern Power Distribution Company of TS Ltd (SPDCL) pursuant to clause 45B of the Andhra Pradesh Electricity Regulatory Commission (Conduct of Business Amendment) Regulations 2003 (FSA Regulations). The levy has been a subject matter of challenge ever since the DISCOMS made their claim in the year 2010 in respect of the period 2008-09 onwards. The challenge with respect to 2008-09 and 2009-10 were initially accepted by a single Judge of the Andhra Pradesh High Court and the appeals filed by Discoms with respect to 2008-09 and 2009-10 are currently pending before the Supreme Court and a full bench of the Andhra Pradesh High Court



respectively. With respect to the levy for the years 2010-11 to 2012-13 totalling to Rs 1906.54 Lakhs, no stay has been granted against the levy and collection of FSA charges. Pending the resolution of the legal course being pursued by the company of the dispute, no provision has been made for the said demand in the books of account.

The Statutory Auditors have also qualified the above matters in their report for the year ended 31<sup>st</sup> March 2017.

- ii) The company has filed its objections before the various administrative authorities of CPDCL as per the directions given by Forum for Redressal of Consumer Grievances of CPDCL towards load shortfall charges for the period upto 31.03.2012 totalling to Rs 1510.14. Further the company received demand towards load shortfall charges for the years 2012-13 & 2013-14 totalling to Rs 2732.62 in January 2015. Pending disposal of its objections by the authorities, no provision towards load shortfall charges totalling to Rs 4242.76 has been made by the company. The company has not received any further demands for the years 2014-15, 2015-16 and 2016-17.

The Statutory Auditors have also qualified the above matters in their report for the year ended 31<sup>st</sup> March 2017.

- iii) Due to steep increase in the power tariff, the cost of production of Ferro Silicon has far exceeded the market prices, resulting in non recovery of even variable cost of production. Accordingly the company has closed down its production unit at Rudraram Village, Sangareddy district since June 2013. Further the company has entered into a memorandum of settlement with the workers' union on 30.06.2014 for their retrenchment. However, the books of account are maintained under "going concern" concept, as the company has initiated effective steps to meet its power requirements by setting-up a 120 MW captive thermal power plant at Sirpur Kagaznagar Mandel, Komaram Bheem District through a separate company, by transferring its power unit by way of demerger.

The Statutory Auditors have also qualified the above matters in their report for the year ended 31<sup>st</sup> March 2017.



- iv) The company has considered the diminution as temporary in nature in respect of the value of its investment of Rs 14306.46 in the equity of Konaseema Gas Power Ltd, whose net-worth has completely eroded and not in operation for more than four years.

The Statutory Auditors have also qualified the above matters in their report for the year ended 31<sup>st</sup> March 2017.

5. Based on our review conducted as above, except for the possible effects of our observations in para 4 above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in the applicable Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies for the quarter and nine months ended 31<sup>st</sup> December 2017, has not disclosed the information required to be disclosed in terms of Regulation 33 of SEBI Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July, 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For C V RAMANA RAO & CO.,  
Chartered Accountants  
(Firm Registration Number: 000513 S)

*Kalyani*  
(K.KATYAYANI)

Partner  
Membership Number: 225030



Place: Visakhapatnam  
Date : 13-02-2018