THIRTY SIXTH ANNUAL REPORT
2017-2018

VBC FERRO ALLOYS LIMITED

(AN ISO 9001 - 2008 COMPANY)

CIN No : L27101TG1981PLC003223

6-2-913/914, Third Floor, Progressive Towers, Khairatabad,
Hyderabad - 500 004, Telangana, INDIA.
Tel +91 40 23301200/1230,
Mail: vbcsilicon@gmail.com / info@vbcfal.in
Web: www.vbcfal.in

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THIRTY SIXTH ANNUAL GENERAL MEETING

Day	:	Tuesday
Date	:	03.07.2018
Time	:	11.00 A.M.
Venue	:	Surana Udyog Auditorium, FTAPCCI, 11-6-841 Red Hills, HYDERABAD - 500 004.

REGISTERED OFFICE

6-2-913/914, Third Floor, Progressive
Towers, Khairatabad, Hyderabad - 500 004.
Telangana, India, Tel +91 40 23301200/1230
Mail: vbcsilicon@gmail.com / info@vbcfal.in
Web: www.vbcfal.in

WORKS

Rudraram Village, Patancheru Mandal
Sangareddy District, Telangana.
Tel: 08455-221802/4/5/6
Mail: vbcsilicon@gmail.com / info@vbcfal.in
Web: www.vbcfal.in

GIFTS WILL NOT BE DISTRIBUTED AT THE AGM

BOARD OF DIRECTORS

Sri V.S. RAO	Chairman
Sri R. K. R. GONELA	Director
Sri M.S. LAKSHMAN RAO	Director
Smt DESHRAJU REKHA	Director
Sri M.V. ANANTHAKRISHNA	Whole-Time Director

MANAGEMENT TEAM

Sri VVSN MURTY	Group Company Secretary
Sri V RAVI	Technical Advisor
Sri B. MAHENDRA SINGH	Financial Advisor
Sri K ANJANEYA PRASAD	General Manager
Sri A V RAMANA	Assitant General Manager
Sri R. DHARMENDER	CFO

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

BANKERS :
BANK OF INDIA
Nampally Station Road,
Hyderabad.

SHARE TRANSFER AGENTS

VENTURE CAPITAL & CORPORATE INVESTMENTS PVT. LIMITED

12-10-167, Bharat Nagar, Hyderabad - 500 018.
Tel: +91 40 23818475 / 76, Fax: +91 40 23868024
e-mail : info@vccilindia.com

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

NOTICE OF 36TH ANNUAL GENERAL MEETING

Notice is hereby given that the 36th Annual General Meeting of the shareholders of VBC Ferro Alloys Limited will be held on Tuesday, 3rd July, 2018 at 11.00 A.M. at Surana Udyog Auditorium , The Federation of Andhra Pradesh & Telangana Chambers of Commerce & Industry, situated at 11-6-841, Red Hills, Hyderabad, Telangana - 500 004, to consider the following:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31st, 2018, the Statement of Profit & Loss and Cash Flow Statement for the year ended on that date together with the Notes attached thereto, along with the Reports of Auditors and Directors thereon.
2. To ratify the appointment of M/s. C.V. Ramana Rao & Co, Chartered Accountants, Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at remuneration as may be fixed by the Board.

   "RESOLVED THAT pursuant to the provisions of Section 139(2) and 142of the Companies Act, 2013 and rules made there under and pursuant to the resolution passed by the Members at the Annual General Meeting(AGM) held on 29th September, 2017 for the appointment of M/s. C.V. Ramana Rao & Co, Chartered Accountants., (Firm Registration No.002197S) as Statutory Auditors of the Company to hold office till the conclusion of the 40th AGM to be held in the year 2022 be and is hereby ratified and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending 31st March, 2019."

SPECIAL BUSINESS:

3. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules,2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, Sri R.K.R. Gonela (DIN: 00041618), who was appointed as an Additional Director in the Board Meeting held on 16.12.2017 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of 5 (Five) consecutive years commencing from the date of his appointment i.e. 16.12.2017 up to the conclusion of Annual General Meeting (AGM) to be held in the calendar year 2022 or 15.12.2022, whichever is earlier".

   "RESOLVED FURTHER THAT the Board is hereby authorized to take all necessary steps as may be necessary to give effect to the above resolution including filing of all such necessary documents as may be required in this regard."
4. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules,2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Smt. Deshraju Rekha (DIN: 02969023), Additional Director in the Board Meeting held on 16.12.2017 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of 5 (Five) consecutive years commencing from the date of her appointment i.e. 16.12.2017 up to the conclusion of Annual General Meeting (AGM) to be held in the calendar year 2022 or 15.12.2022, whichever is earlier".

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

5. To consider, and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (Act), read with Schedule V (as amended from time to time) to the said Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and subject to such other approvals as may be necessary, Sri M.V. Ananthakrishna be and is hereby appointed as Whole-Time Director of the Company for a period of 5 (Five) years w.e.f. 7th April, 2018 to 06th April, 2023 (both days inclusive) with such duties and powers as may be delegated to him by the Board of Directors / Chairman of the Company from time to time and on the terms and conditions as to remuneration and other benefits as set out hereunder:

1. Salary: Basic: Rs.50,000/- per month (Rs. Fifty Thousand only)
2. HRA: 40% of Basic pay
3. Term: 5 (Five) Years

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

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

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

"RESOLVED THAT in terms of Sections 42 and 62(1)(c) of the Companies Act, 2013 and all other applicable provisions, if any, (including any statutory modification(s) or re-enactments thereof for the time being in force), Memorandum and Articles of Association of the Company, SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 and in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulation 2009, as may be applicable to the Preferential issue of Equity shares and other applicable regulations of SEBI, if any and subject to such conditions and modifications as may be considered appropriate by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include any committee thereof for the time being to which all or any of the powers hereby conferred on the Board by this resolution, have been delegated) and subject to such, consents and approvals of SEBI, Stock Exchanges, Government of India, or such other bodies or authorities as may be required by law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals and which may be agreed to by or any other authorities as may be necessary for that purpose, the consent of the members of the company be and is hereby accorded to the Board to offer, issue, and allot in one or more tranches up to 1,20,00,000 convertible warrants of face value of Rs. 10/- each to the promoters and the others (whose names shall be recorded by the company in the manner set out in Section 42(7) of the Companies Act, 2013 read with the respective Rules at an issue price of Rs.45/- (Rupees Forty Five only) per warrant (including Rs. 35/- (Rupees Thirty Five only as premium) which is in accordance with the provisions of Chapter VII of the SEBI (ICDR) Regulations and the warrants shall be convertible into equal number of equity Shares with in a period not exceeding 18 months from the date of allotment of warrants."

"RESOLVED FURTHER THAT the pricing of the Warrants to be allotted will be in accordance with the SEBI (ICDR) Regulations with reference to the 'Relevant Date." The "Relevant Date" for the purpose of pricing of convertible warrants is 01.06.2018 (03.06.2018 and 02.06.2018 being non-trading days) i.e., thirty days prior to the date on which this Annual General meeting is held in terms of Section 42 and Section 62 1(c) of the Companies Act, 2013" (AGM to be held on 03.07.2018).

"RESOLVED FURTHER THAT the resultant equity shares shall rank pari-passu with the existing equity shares of the Company in all respects and that the equity shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for which the book closure or the Record Date falls subsequent to the allotment of Equity Shares."

"RESOLVED FURTHER THAT the resultant equity shares allotted in terms of this resolution shall be subject to lock-in requirements as per the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009 and any amendment thereto from time to time."

"RESOLVED FURTHER THAT the aforesaid warrants shall be issued in accordance with the following terms and conditions:

- A warrant by itself shall not give to a warrant holder thereof, any rights of the shareholder of the company.
- In the event, the equity shares of the company are either sub-divided or consolidated before the conversion of the warrants into equity shares of the company, then the face value, the number of equity shares to be acquired on conversion of the warrants and the warrant issue price shall automatically stand adjusted in the same proportion, as the present value of the equity shares of the company bears, to the newly sub-divided / consolidated equity shares without affecting any right or obligation of the said warrant holders: and
- In the event the company's equity capital is affected or changed due to any other corporate actions such as a merger, demerger, consolidation of business, or other reorganization of the company, tender offer for equity shares of sale of undertaking, necessary adjustments with respect to the terms of the aforesaid warrants shall be made by the company and such other action as may be deemed necessary or appropriate by the Board shall be taken to reflect such corporate actions, including but without limitation, suitable adjustment of the warrant issue price, subject to necessary approvals.

"RESOLVED FURTHER THAT the Company does apply for listing of the resultant equity shares and does make an application to the Depositories for admission of the said new equity shares."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to agree and accept all such condition(s), modification(s) and alteration(s) as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may arise in this regard to implementation of this Resolution, issue and allotment of new equity shares / convertible warrants and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By Order of the Board
for VBC Ferro Alloys Limited

Sd/-
M.V. Ananthakrishna
Whole-Time Director

Place: Hyderabad
Date: 01.06.2018

NOTES:

1. A member entitled to attend and vote at the annual general meeting (the "meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the company. The instrument appointing the proxy should, however, be deposited at the registered office of the company not less than forty eight hours before the commencement of the meeting.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. For the convenience of Members, Attendance Slip is annexed to this Notice. Members / Proxies / Authorized Representatives are requested to fill in and affix their signatures at the space provided therein and submit the same at the venue of the Annual General Meeting.
4. Copies of Annual Report will not be distributed at the venue of the Annual General Meeting and therefore, Members are requested to bring their copies of the Annual Report, which are mailed by the Company to them at their registered addresses.
5. Pursuant to provisions of the Companies Act, 2013 and applicable provisions of the Listing Agreement, Register of Members and Share Transfer Books of the Company will be closed from 23.06.2018 to 03.07.2018 (Both days inclusive), for the purpose of Annual General Meeting.
6. Members who wish to seek any further information / clarification at the meeting, on the annual accounts of the Company are requested to send their queries at least one week in advance from the date of the Meeting to the Managing Director at the Registered Office of the Company.
7. Members are requested to quote Folio No. / DP ID and Client ID in all correspondence and intimate any change in their address to the Company's Share Transfer Agents promptly.
8. Members who have multiple folios in identical names or joint holding in the same order are requested to intimate the Company's Registrars and Share Transfer Agents about the Ledger Folios of such holdings to enable them to consolidate all such shareholdings into a single folio.
9. Members are requested to avail the facility of converting their physical shareholdings into electronic mode of holding for their own convenience coupled with increased flexibility in dealing with such shares.

10. The dividend, if remaining unclaimed for 7 years from the date of declaration are required to be transferred by the Company to Investor Education and Protection Fund (IEPF). For the financial year 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 the Company has transferred the unclaimed dividend to IEPF and filed necessary forms with Registrar of Companies, Telangana and A.P. Members who wish to claim dividends of past years, which remain unclaimed, are requested to correspond with Registrars & Share Transfer Agents of the Company.
11. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days during business hours up to the date of the Meeting.
12. In accordance with the MCA's "Green Initiative in Corporate Governance" allowing companies to share documents with its shareholders in the electronic mode and related amendments to the Listing Agreement with the Stock Exchanges, the company is sharing all documents with shareholders in the electronic mode, wherever the same has been agreed by the shareholders. Shareholders are requested to support this green initiative by registering/ updating their e-mail addresses for receiving electronic communications
13. Voting through electronic means;
    a. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
    b. The instructions for e-voting are as under:

       The instructions for members for voting electronically are as under:- In case of members receiving e-mail:

       (i) Log on to the e-voting website www.evotingindia.com during the voting period.

       (ii) Click on "Shareholders" tab.

       (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"

       (iv) Now enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.

       (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.

       (vi) Now, fill up the following details in the appropriate boxes:

       * Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of your name and the Folio Number in the PAN field. Eg. If your name is Ramesh Kumar with Folio Number 1 then enter RA00000001 in the PAN field.

       # Please enter any one of the details in order to login. In case both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

       (vii) After entering these details appropriately, click on "SUBMIT" tab.

       (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password

Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on <Company Name> on which you choose to vote.

(xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.

(xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to https:\\www.evotingindia.co.in and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

(A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

(B) The voting period begins on 30.06.2018 (9.00 a.m.) and ends on 02.07.2018 (5.00 p.m). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cutoff date (Record Date) of 28.06.2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com. The e-voting period commences on 30.06.2018 (9.00 a.m.) and ends on 02.07.2018 (5.00 p.m).

During this period shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 28th June, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 28th June, 2018.

Mr. A.J. Sharma, Practicing Company Secretary (Membership No. 2120) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.

The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.vbcfal.in and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.

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

By Order of the Board
for VBC Ferro Alloys Limited

Sd/-
M.V. Ananthakrishna
Whole-Time Director

Place: Hyderabad
Date: 01.06.2018

EXPLANATORY STATEMENT

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

ITEM NO.3: APPOINTMENT OF Sri R K R GONELA AS AN INDEPENDENT DIRECTOR

Sri R.K.R Gonela, a graduate from Madras University is also possessing a degree in law from Delhi University. He joined the Indian Administrative Service in 1963 in AP Cadre. During the tenure of his services, he held the positions of Secretary to Government of Andhra Pradesh, Secretary for Finance, Industries and Social Welfare, Chairman VPT, Vice-Chairman and Managing Director of APIDC, Managing Director of Godavari Fertilizers and Chemicals Limited, Commissioner of Land Revenue. He retired in the year 1997 as Special Chief Secretary to Government of Andhra Pradesh. While holding the positions in different capacities, Sri R.K.R. Gonela was involved in Industrial Policy, Industrial Development and Industrial Management of Andhra Pradesh Government.

Board of Directors has appointed Sri R.K.R Gonela as an Additional Director and his term expires on the date ensuing Annual General Meeting.

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

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

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

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

Sri R.K.R Gonela, does not hold any shares in the Company and is not related to any other Director of the Company.

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

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

ITEM NO.4: APPOINTMENT OF SMT. DESHRAJU REKHA AS AN INDEPENDENT DIRECTOR:

Deshraju Rekha has a Bachelor of Electrical Engineering Degree (1982) from Government Engineering college, Jabalpur, Madhya Pradesh. She is the Director of Deeaar Group since 2006. With experience in Transmission and System Operation she joined hands with her husband to work for Open Access and Regulatory Advisory Services post Electricity Act and has successfully took assignments of first open access of Captive from Andhra Pradesh to Chhattisgarh, Sugar Plant (Karnataka through Tata Power Trading), Chhattisgarh (Sterlite–BALCO to Maharashtra), Bio Mass (Yash Agro), DVC (Corporate Steel), Meghalaya (Shyam Century) in the country which enabled Surplus Power Plants to sell Electricity to needy states.

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

In the opinion of the Board, Smt. Deshraju Rekha fulfills condition specified in the Companies Act, 2013 and the Rules made thereunder for her appointment as an Independent Director of the Company and is Independent of the Management.

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

The Board considers that her appointment as an Independent Director would be of immense benefit to the Company and it desirable to avail services of Smt. Deshraju Rekha as an Independent Director of the Company.

Smt. Deshraju Rekha does not hold any shares in the Company and is not related to any other Director of the Company.

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

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

ITEM NO.5: APPOINTMENT OF Sri. M.V.ANANTHAKRISHNA AS WHOLE-TIME DIRECTOR:

Board of Directors has appointed Sri. M.V. Ananthakrishna as a Whole-Time Director for a period of three years effective from 07th April 2018.

Sri. M.V. Ananthakrishna is an MBA from the University of Michigan, Ann Arbor, USA and a BE in Electronics and Communications Engineering from the College of Engineering Guindy, University of Madras. He worked as a consultant for the Environmental Protection Agency in USA and was responsible for setting up the Design Automation Center for Texas Instruments Inc. USA in Bangalore in 1986. He is actively involved in developing Renewable Energy Projects using biomass gasification technology from USA. He is a member of the Rotary Club of Madras, Executive Committees of Andhra Chamber of Commerce. He is a certified Management Consultant (CMC), Fellow of Institute of Consultants of India (FIMC). CMC & FIMC are international credentials of a professional management consultant, awarded

in accordance with global standards of the International Council of Management Consulting Institutes (ICMCI). He was the Immediate Past President of the Institute of Management Consultants, Chennai Chapter. He is a Director of M.K.Raju Consultants Private Limited (MKRC) which has completed over 100 CHP studies and implemented 121MW of CHP Projects with an annual savings of Rs 125 Crores. MKRC has carried out over 500 Energy Studies with an annual savings of Rs.250 Crores.
He is also a Director in VBC Industries Limited.

The Board considered his association with the Company would be of immense benefit to the Company and it is desirable to continue to avail the services of Shi. M.V. Ananthakrishna. Accordingly, the Board recommends the resolution for appointment of Sri. M. V. Ananthakrishna as Whole-Time Director pursuant to provisions of the Companies Act, 2013.

As on date, Sri. M.V. Ananthakrishna is not holding any equity shares in the Company.

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

Except Sri. M.V. Ananthakrishna, none of the Directors/ Key Managerial Personnel of the Company/ their respective relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution.

Information in accordance with Schedule V of Companies Act, 2013

I. GENERAL INFORMATION

1	Nature of Industry: Manufacture of Ferro Alloys			
2	Date or expected date of re-commencement of commercial production: July 2018			
3	In case of new companies, expected date of commencement of business activities as per project approved by financial institutions appearing in the prospects: Not Applicable			
4	Financial performance based on given indications			
	Particulars	2017-18 (Rs. in lakhs)	2016-17 (Rs. in lakhs)	2015-16 (Rs. in lakhs)
	Turnover	Nil	Nil	Nil
	Net profit/ (Loss) after Tax	(3098.28)	(916.08)	(1065.39)
5.	Foreign investments or collaborations, if any: Not Applicable			

II.INFORMATION ABOUT THE APPOINTEE:

1.	Background Details: Sri. M.V. Ananthakrishna is an MBA from the University of Michigan, Ann Arbor, USA and a BE in Electronics and Communications Engineering from the College of Engineering Guindy, University of Madras. He worked as a consultant for the Environmental Protection Agency in USA and was responsible for setting up the Design Automation Center for Texas Instruments Inc. USA in Bangalore in 1986. He is actively involved in developing Renewable Energy Projects using biomass gasification technology from USA.

	He is a member of the Rotary Club of Madras, Executive Committees of Andhra Chamber of Commerce. He is a certified Management Consultant (CMC), Fellow of Institute of Consultants of India (FIMC). CMC & FIMC are international credentials of a professional management consultant, awarded in accordance with global standards of the International Council of Management Consulting Institutes (ICMCI). He was the Immediate Past President of the Institute of Management Consultants, Chennai Chapter. He is a Director of M. K. Raju Consultants Private Limited (MKRC) which has completed over 100 CHP studies and implemented 121MW of CHP Projects with an annual savings of Rs 125 Crores. MKRC has carried out over 500 Energy Studies with an annual savings of Rs.250 Crores.
2.	Past Remuneration: Independent consultant.
3.	Recognition or awards: CMC (Certified Management Consultant) & FIMC (Fellow of Institute of Management Consultants of India) are international credentials of a professional management consultant, awarded in accordance with global standards of the International Council of Management Consulting Institutes (ICMCI).
4.	Job Profile and his suitability: Has over 35 years of experience in General Management, Turnaround Strategy, Corporate Strategy, Cost Improvement, Energy Conservation & Onsite Power Generation/Co-generation Feasibility Studies
5.	Remuneration proposed: As set out in the resolution for the item No.5 the remuneration to Sri. M V Ananthakrishna, Whole Time Director has the approval of the Nomination and Remuneration Committee and Board of Directors.
6.	Comparative remuneration profile with respect to industry, size of the company profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): Taking into consideration of the size of the Company, the profile of Sri. M V Ananthakrishna and the responsibilities shouldered on him, the aforesaid remuneration package is commensurate with the remuneration package paid to managerial positions in other companies.
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any: Besides the remuneration proposed, he is holding Nil Equity Shares of the Company.

ITEM NO. 6: ISSUE OF 1,20,00,000 CONVERTIBLE WARRANTS TO THE PROMOTERS AND OTHERS ON PREFERENTIAL BASIS:

The special resolution as mentioned above proposes to authorize the Board of directors to issue and allot up to1,20,00,000 convertible warrants in such manner and on such terms of conditions as prescribed under SEBI (ICDR) Regulations and in compliance with Sections 42 and 62 and other applicable provisions of the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014. To meet the increasing Working Capital requirements of the company, the promoters and / or directors from time to time have infused unsecured loans into the company and the same was duly certified and recognized by the auditors. At present, the company does not have surplus funds to repay the unsecured loans. Now as per the request of the promoters and directors, the Board decided to convert the said unsecured loans into convertible warrants.

The Information pertaining to the proposed preferential allotment in terms of the Chapter VII of SEBI (ICDR) Regulations, 2009 and subsequent amendments there to is as stated below:

(I) Objective of the Issue through preferential Allotment:

To mobilize funds for current / future expansion plans / activities directly of the Company, working capital and general corporate purposes including conversion of unsecured loans brought in by the promoter directors of the company into equity shares / convertible warrants.

(II) Pricing of the Issue and Relevant Date:

The price of the convertible warrants proposed to be issued will be determined in accordance given in SEBI (ICDR) Regulations and subsequent amendments thereto which is based on the relevant date i.e., 01.06.2018 (03.06.2018 and 02.06.2018 being nontrading days), which is thirty days prior to the date of Annual General Meeting (03.07.2018).

A Certificate has been obtained from the Statutory Auditor of the company / Practicing company Secretary confirming the minimum price for the preferential issue is as per Preferential Issue Regulations in chapter VII of SEBI (ICDR) Regulations, 2009 and showing the calculation thereof and the same will be made available for inspection at the registered office of the Company. The minimum issue price has been arrived at Rs.43.72/- which is less than the issue price of Rs.45/- per warrant.

(III) the proposal of the promoters, directors or key management personnel of the issuer to subscribe to the offer:

The proposed allottees would fall under Promoters and Public categories as mentioned under point No (IV). The said allottees propose to subscribe for 1,20,00,000 convertible warrants. Out of the 1,20,00,000 convertible warrants, promoters, directors and key management personnel will subscribe for 50,00,000 convertible warrants. The requirement of issue of securities on preferential basis is necessitated to fulfill the objectives as mentioned in point (I) above.

(IV) the identity of the natural persons who are the ultimate beneficial owners of convertible warrants proposed to be allotted and/or who ultimately control the proposed allottees; and percentage of pre and post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue:

List of proposed allottees: All the proposed allottees as furnished in the table are the ultimate beneficial owners of the shares.

PRE ISSUING HOLDING				POST ISSUE HOLDING ON CONVERSION^	
Identity of Proposed Preferential Allottee	Pre issue holding	% of shares	Warrants proposed to be allotted	No. of Shares after conversion	% of shares on conversion
A. PROMOTERS					
Dr. MVVS Murthi	1,57,769	3.59	24,10,000	25,67,769	15.66
Sri. M S LakshmanRao	78,300	1.78	3,90,000	4,68,300	2.86

Sri. MSP Rama Rao	2,02,900	4.62	17,45,000	19,47,900	11.88
M. Aishwarya	9,950	0.23	2,30,000	2,39,950	1.46
M Bhardwaj	60,000	1.38	2,25,000	2,85,000	1.74
B. PUBLIC					
OPL RENEWABLE ENERGEE PRIVATE LIMITED	-	-	9,00,000	9,00,000	5.49
SOURYA VIDYUT NIGAM PRIVATE LIMITED	-	-	7,50,000	7,50,000	4.57
MAHA INFRASTURCTURE INDIA LIMITED	-	-	8,50,000	8,50,000	5.18
KSR ENTERPRENEURS PRIVATE LIMITED	-	-	7,00,000	7,00,000	4.27
FRONTLINE MINERALS PRIVATE LIMITED	-	-	6,50,000	6,50,000	3.96
SILICON MINES PRIVATE LIMITED	-	-	5,50,000	5,50,000	3.35
FRONTLINE ENTERPRISES LIMITED	-	-	9,00,000	9,00,000	5.49
BHADRACHALAM POWER & ALLOYS LIMITED	-	-	5,00,000	5,00,000	3.05
AMARAVATHI INFRASTRUCTURE PRIVATE LIMITED	-	-	6,00,000	6,00,000	3.66
AMARAVATHI RESOURCES PRIVATE LIMITED	-	-	6,00,000	6,00,000	3.66

Share holding details of the above said companies are given below:

No	NAME OF COMPANY	NAME OF SHAREHOLDER	% SHARES
1	OPL RENEWABLE ENERGEE PRIVATE LIMITED	K SIVA SANKARA RAO	98%
		C S CHOWDARY	2%
2	SOURYA VIDYUT NIGAM PRIVATE LIMITED	G SEETHARAM	50%
		S DAS KUMAR PATNAIK	50%
3	MAHA INFRASTURCTURE INDIA LIMITED	K V V SATYA NARAYANA	20%
		D NARAYANA MURTHY	20%
		D PRABHAKARA RAO	3%
		K V CHANDRASEKHARA	20%
		D VEERA RAGHAVULU	20%
		K KAILASHNATHA REDDY	2%
		B VENKATESWARA RAO	15%

4	KSR ENTERPRENEURS PRIVATE LIMITED	S PHANEENDRA VARMA	50%
		J R K CHOWDARY	50%
5	FRONTLINE MINERALS PRIVATE LIMITED	K RADHAKRISHNA	50%
		A SRIMALI	50%
6	SILICON MINES PRIVATE LIMITED	E RAMA RAO	25%
		CH SRIHARI	25%
		K ANJANEYA PRASAD	2%
		A V D PRASAD	2%
		J TRIVENI	23%
		A LALITHA KUMARI	23%
7	FRONTLINE ENTERPRISES LIMITED	M MADHUSUDAN RAO	0.004%
		G SATISH KUMAR	0.004%
		J MALLIKARJUNUDU	0.004%
		P HARI KRISHNA	0.004%
		N C S H BOSE	0.004%
		C VENKATA ATCHUTA RAO	0.004%
		V SEETARAMAIAH	0.004%
		V SRINIVAS CHOUDHARY	0.50%
		K SATYANARAYANA	0.32%
		U NAGESWARA RAO	0.32%
		K DURGA PRASAD	0.17%
		K SUJATHA	0.162%
		B S NEELAKANTA	98.5%
8	BHADRACHALAM POWER COMPANY LIMITED	B SEKHAR	0.17%
		N V PRAVEEN KUMAR	0.17%
		V P RAMA RAO	0.17%
		B K RAO	0.17%
		M N RAO	0.17%
		K S REDDY	0.17%
		M V V SATYANARAYANA	8.980%
		M SRINIVAS	90%
9	AMARAVATHI INFRASTRUCTURE PRIVATE LIMITED	K ANJANEYULU	90%
		ROHIT KUMAR	10%
10	AMARAVATHI RESOURCES PRIVATE LIMITED	OM PRAKASH VARMA	90%
		D BRAHMAM	10%

As a result of the proposed preferential allotment of convertible warrants, neither there will be change in the composition of the Board of Directors and nor any changes in control of the Company.

(V) Shareholding pattern before and after preferential issue of the capital would be as follows: (assuming all warrants are convertible into equity shares)

Sl. No.	Category	Pre Issue Holding			Post Issue Holding	
		No. of shares	% of shares	Proposed Issue Shares Warrants	No. of shares	% of Shares
A	Promoter Shareholding					
1	Indian Promoters	16,14,459	36.74	50,00,000	66,14,459	40.35
2	Foreign Promoters	-	-	-	-	-
	Sub-Total (A)	16,14,459	36.74	50,00,000	66,14,459	40.35
B	Public Shareholding					
1	Institutions	7,310	0.17	-	7,310	0.04
2	Non-Institutions	-	-	-	-	-
(i)	Bodies Corporate	5,21,047	11.86	70,00,000	7,52,1047	45.88
(ii)	Individuals	21,18,701	48.21	-	21,18,701	12.92
(iii)	NRIs& Clearing Members	1,32,833	3.03	-	1,32,833	0.81
	Sub-Total (B)	27,79,891	63.26	70,00,000	97,79,891	59.65
Grand Total (A+B)		43,94,350	100	1,20,00,000	1,63,94,350	100.00

* Shareholding has been provided assuming that all the convertible warrants are converted into equity shares.

(VI) Proposed time within which the allotment shall be completed:

The allotment of convertible equity warrants shall be completed, within a period of 15 days from the date of passing of the resolution by the shareholders provided, that where the allotment is pending on account of pendency of any approval from any regulatory authority including SEBI, the allotment shall be completed by the Company within a period of 15 days from the date of such approvals.

An amount, as may be decided by the Board of Directors, not being less than 25% of the issue price shall be payable before allotment of the warrants. The convertible warrants would be allotted on the following terms:

a. The holder of warrants will have an option to apply for and be allotted 1 (one) Equity Share of the Company per warrant, any time after the date of allotment but on or before the expiry of 18 months from the date of allotment of convertible warrants, in one or more tranches.

b. Upon receipt of the payment as above, the Board shall allot one Equity Share per Warrant by appropriating Rs. 10/- towards Equity Share Capital and the balance amount paid against each

Warrant, towards the Securities Premium.

c. If the entitlement against the warrants to apply for the Equity Share is not exercised within the period specified, the entitlement of the Warrant holder to apply for Equity Shares of the Company along with the rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.

d. The warrant holder shall also be entitled to any future bonus/rights issue(s) of equity shares or other securities convertible into Equity Shares by the Company, in the same proportion and manner as any other Members of the Company for the time being.

e. The warrants by itself do not give to the holder thereof any rights of the Members of the Company.

(VII) Approvals:

The Company will take necessary steps to obtain the required approvals from the Stock Exchange, SEBI, or any other regulatory agency as may be applicable, for the proposed preferential issue of equity shares/convertible warrants.

(VIII) SEBI Takeover code:

In the present case none of the proposed allottees would attract SEBI Takeover Code and therefore is not under obligation to give open offer to the public except making certain disclosures to Stock Exchange.

(IX) Holding of shares in demat form, non-disposal of shares by the proposed allottees and lock-in period of shares:

The entire shareholding of the proposed allottees in the company, if any, is held by them in dematerialized form. The entire pre preferential allotment shareholding of such allottees shall be under lock-in from the relevant date up to a period of six months from the date of trading approval from all the stock exchanges where the securities of the Company are listed. The shareholder who has sold their shares during the six months period prior to the relevant date shall not be eligible for allotment of equity shares on preferential basis. The proposed shareholders have Permanent Account Number.

(X) Lock-in Period:

The equity shares proposed to be allotted shall be subject to 'lock-in' for such a period as the case may be from the date of trading approval from all the stock exchange/s where the securities of the Company are listed as per Clause 78 of the SEBI (ICDR) Regulations, 2009.

(XI) Auditor Certificate:

Certificate from the Statutory Auditors / Practicing Company Secretary confirming that the proposed issue of convertible warrants is being made in accordance with the SEBI (ICDR) Regulations, 2009 is obtained and the same will be made available for inspection at the Registered Office of the Company on any working day.

(XII) Disclosure regarding willful defaulter:

Neither the issuer, nor its promoters and directors are willful defaulters.

(XIII) Undertakings:

In terms of SEBI (ICDR) Regulations, 2009 issuer hereby undertakes that:

a) It shall re-compute the price of the specified securities in terms of the provision of these regulations where it is required to do so.

b) If the amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continued to be locked in till the time such amount is paid by the allottees.

(XIV) Compliances:

The company has complied with the requirement of rule 19A of the Securities Contracts (Regulation) Rules, 1957 and Regulation 38 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 maintaining a minimum of 25% of the paid up capital in the hands of the public.

(XV) Approval under the Companies Act:

Section 62(1) of the Companies Act, 2013 provides, inter alia, that whenever it is proposed to increase the subscribed capital of a Company by further issue and allotment of shares/convertible warrants, such shares/convertible warrants shall be first offered to the existing shareholders of the Company in the manner laid down in the said section, unless the shareholders decide otherwise in General Meeting by way of special resolution.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of section 62(1) of the Companies Act, 2013 and all other applicable provisions, SEBI Guidelines or regulations and the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for authorizing the Board to offer, issue and allot convertible warrants as stated in the resolution, which would result in a further issuance of securities of the Company to the promoters and the others on a preferential allotment basis, in such form, manner and upon such terms and conditions as the Board may in its absolute discretion deem fit.

The Board of Directors recommends the passing of the above resolution as a Special Resolution as set out in the Notice in item No 6.

Except M.S. Lakshman Rao, none of the other directors, key managerial personnel or their relatives is concerned or interested (financial or otherwise) in the above said resolution.

By Order of the Board
for VBC Ferro Alloys Limited

Sd/-
M.V. Ananthakrishna
Whole-Time Director

Place: Hyderabad
Date: 01.06.2018

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 36th Director's Report of the Company together with the Audited Statements of Accounts for the Financial Year ended March 31, 2018.

FINANCIAL RESULTS:

(Rs. Lakhs)

PARTICULARS	Current Year 2017-18	Previous Year 2016-17
Gross Revenue	-	-
Profit/(Loss) Before Interest, Depreciation & Tax(PBIDT)	(1817.44)	479.39
Finance Charges	306.36	273.91
Profit/(Loss) before Depreciation and Tax(PBDT)	(2123.80)	205.48
Depreciation	58.40	56.17
Profit/(Loss) Before Tax(PBT)	(2182.20)	149.31
Provision for Tax	-	-
Profit/(Loss) After Tax (PAT)	(2182.20)	149.31
Profit/(Loss) brought forward from previous year	(916.08)	(1065.39
Adjustment in Depreciation		
Profit/(Loss) carried to Balance Sheet	(3098.28)	(916.08)

Industry Overview:

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

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

Performance of your Company:

Your Company suspended its manufacturing operations during the Financial Year 2017-18 also. As a result, your Company incurred a net loss of Rs.2182.20 Lakhs during the Financial Year 2017-18 as against net profit of Rs.149.31 Lakhs in previous financial year.

Prospects:

The medium to long-term economic outlook in India continues to look promising and it is heartening to see the Government's drive to continue to liberalize the economy and focus on social sector spending in building both hard and soft infrastructure. Steel is the most crucial ingredient in industrial development, infrastructure and construction industry and is, therefore, of strategic importance for national transformation. The progress in domestic steel industry is a pre-requisite for India to succeed in its industrial vision for 'Make-in India'. This presents good potential growth of Ferro Alloys industry in the Country as it solely depends on steel industry. The total power generation in Telangana by the state sector was to the magnitude of 7,778 MW in the year 2014 and in the last four years, the capacity has been enhanced to 15,284 MW by Telangana State Government. This has made the state power surplus and thereby giving uninterrupted quality power to all the consumers. The Telengana State Government announced reasonable power tariff for the Ferro Alloys industry and fixed the power tariff of Rs.5 for KWh and hence Ferro Alloy Industry can run its industry profitably subject to other market driven factors.

Outlook of your Company:

Keeping in view of the encouragement given by the Telangana Government by way of giving uninterrupted and quality power supply along with reasonable power tariff to Ferro Alloy Industry, we are proposing to raise funds by way of issue of Compulsory Convertible Share Warrants for restarting the manufacturing operations of our plant in order to generate revenues and run the Company profitably.

The Company is exploring the various alternatives to restart the manufacturing operations on its own or through conversion or leasing the facilities to interested parties at the earliest. Therefore, the Shareholders wealth will be increased substantially in the foreseeable future as the demand for Ferro Alloys is quite promising both in Indigenously and for exports.

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

You are aware that your Company is setting up 120MW (2x60MW) Coal Based Captive Power Plant at Bodepalli (Village & Gram Panchayat), Sirpur Kagaznagar Mandal, Asifabad, Komaram Bhim District, Telangana State. The estimated project cost is Rs. 696 Cr. The Company has obtained most of the clearances such as Environmental Clearance (EC), Consent for Establishment (CFE), NoC from Forest Department, Permission for water drawal and Airport Authority. Your Company has decided to setup the Captive power Project on priority basis through VBC Power Company Limited, a Special Purpose Vehicle Company and initiated the steps to hive off the power project division. The company has obtained a Fuel Supply Agreement with Western Coal fields by giving a Bank Guarantee of Rs.5.28 crores. The members and unsecured creditors have accorded their approval for scheme of arrangement between VBC Ferro Alloys Limited and VBC Power Company Limited at their meetings held on 5th December 2016. Company is actively pursuing the matter for getting various legal and statutory approvals.

Dividend & Reserves:

As the Company incurred losses during the year under review, the Directors could not recommend dividend for the Financial Year 2017-18. Due to inadequate profits, no amount has been transferred to Reserves.

Share Capital:

The Paid-up Share Capital as on 31st March 2018 was Rs.4.39 Cr. During the year under review, the company has not issued Equity Shares/ shares with differential voting rights / granted stock options / sweat equity.

Deposits:

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies

Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 and as such, no amount of principal and interest was outstanding as on 31st March 2018.

Details of Subsidiary/Joint Ventures/Associate Companies:

Information pursuant to sub-section (3) of section 129 of the Act, i.e., the statement containing the salient features of the financial statement of a company's subsidiary or subsidiaries, associate company or companies and joint venture or ventures is not applicable during the year, as there are no Subsidiary/ Joint Venture Companies.

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

Investment in KGPL 445 MW Gas Based Power Plant:

Konaseema Gas Power Limited (KGPL) (Associate Company), in which your Company has invested in equity, could not operate its plant during the financial year under review as there is no domestic natural gas supply. We are anticipating that the demand for power will soon increase and the State Governments will make arrangements for supply of natural gas to revive the stranded assets and consequently KGPL will resume profitable operations. The ONGC and RIL have taken exploration of new gas fields in KG Basin and domestic gas supplies are likely to resume in the coming years.

Investment in OPCL 20 MW Dam Based Hydel Power Plant:

20 MW Dam Based Hydro Electric Power Project by Orissa Power Consortium Limited (OPCL), in which your Company has invested in equity has generated 76.36 million units during the financial year 2017-17 and the said generation is below the designed energy level due to failure of monsoon and in turn low inflow to the Plant from upstream Rengali HEPP. OPCL established 3.42 MWp Solar Power Project and achieved COD on 31.10.2016 and generated 5.04 MU during the Financial year under review. Your Company is holding Equity Shares Capital of about 13.43% in OPCL.

Presentation of Financial Statements:

The Financial Statements for the year ended 31st March, 2018 are prepared in due compliance of the Indian Accounting Standards.

Corporate Social Responsibility Policy:

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

Cash Flow Statement:

A Cash Flow Statement for the year 2017-18 is annexed to the Statement of Accounts.

Board of Directors and Key Managerial Personnel:

a) Resignation of Directors:
   i) Dr. D. Kinnera Murthy resigned from the office of Directorship w.e.f. 17.04.2017 and Board acknowledges hereby her invaluable services given to Company.

b) Reappointment/Change in designation of Directors: There are no Directors liable to retire at the Annual General Meeting on the Board of Directors. Sri M.V Ananthakrishna has been appointed as whole time director of the Company w.e.f. 07.04.2018.

c) Additional Director:

i) As per the provisions of the Section 149(4) of the Companies Act, 2013 and rules made there under, every Listed Company shall have at least one Women Director. Accordingly, Board of Directors appointed Smt. Deshraju Rekha as an Additional Director on 16.12.2017 and her tenure expires on the date of the ensuing Annual General Meeting and Board recommends her appointment u/s 149 and 160 of the Companies Act, 2013 at the ensuing Annual General Meeting(AGM).

ii) As per the provisions of the Companies Act, 2013 and Articles of Association of the Company, Board appointed Sri. R K R Gonela as an Additional Director on 16.12.2017 whose term of office expires on the date of ensuing Annual General Meeting and Board recommends his appointment u/s 149 and 160 of the Companies Act, 2013 at the ensuing Annual General Meeting(AGM)

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

Name of the Director	R.K.R. Gonela	Deshraju Rekha	M.V Ananthakrishna
Date of Birth	01.04.1939	12.05.1960	15.02.1958
Qualification	Degree in Law	BE	BE, MBA, CMC, FIMC
Expertise in specific functional areas	While holding the positions in different capacities, Sri R.K.R. Gonela was involved in Industrial Policy, Industrial Development and Industrial Management of Andhra Pradesh Government.	Transmission and System Operation, Open Access and Regulatory Advisory Services post Electricity Act Worked on First open access of Captive users from Andhra Pradesh to Chhattisgarh which enabled Surplus Power Plants to sell Electricity to needy power shortfall states.	Over three and half decades of experience in: General Management, Corporate Strategy, Turnaround Strategy, Cost Improvement, Onsite Power Generation, Cogeneration
Names of listed entities in which the person also holds the directorship and the membership of Committees of the board	VBC Industries Limited, and Orrisa Power Consortium Limited		VBC Industries Limited
Shareholding of non-executive directors.	Nil	Nil	Nil

No. of Shares held in the Company	Nil	Nil	Nil
Inter se relationship with any Director	Nil	Nil	Nil

Number of Meetings of Board:

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

Annual Evaluation of the Board, Committees and Individual Directors:

As per section 149 of the Companies Act, 2013 read with clause VII (1) of the schedule IV and rules made thereunder, the independent directors of the company had a meeting on 13.02.2018 without attendance of non-independent directors and members of management. In the meeting the following issues were taken up:

(a) Review of the performance of non-independent directors and the Board as a whole;

(b) Review of the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;

(c) Assessing the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

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

i.) Sri. M.V. Ananthakrishna – Whole-Time Director

ii.) Sri. M.S Lakshman Rao – Director

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

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

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

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

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

Policy on Directors Appointment and Remuneration Policy:

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

Auditors:

In terms of the provisions of the Section 139 of the Companies Act, 2013, the Shareholders have appointed M/s C.V. Ramana Rao, Chartered Accountants, Visakhapatnam as Independent Auditors for a term of five years (FY 2017-18 to 2021-22) from the conclusion of 35th Annual General Meeting to the conclusion of the 40th Annual General Meeting of the Company to be held in the calendar year 2022.

Auditors' Report:

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

No	Audit Qualification	Reply given by the Board
1	Non-provision of load shortfall charges for earlier years amounting to Rs. 42,60,26,056, pending disposal of company's objections by various administrative authorities as per the directions of Forum for Redressal of Consumer grievances of CPDCL as stated in Note No. 2.28(a) to the standalone Ind AS financial statements has resulted in understatement of the loss for the year.	Company had approached the TSSPDCL / CPDCL with a request to waive the deemed energy charges/load shortfall charges and our request is in consideration. In the hope that we will get a favorable decision from the Government of Telanagana / TSSPDCL and hence, the Board the company is not providing any liability.
2	Non-provision of FSA charges for the year 2008-09 totaling to Rs 5,28,19,683, pending resolution of the appeals pending before various judicial authorities as stated in Note No. 2.28(b) to the standalone Ind AS financial statements, has resulted in understatement of the loss for the year.	Company approached the TSSPDCL /CPDCL with a request to waive the said charges by considering the orders of Hon'ble Courts. Hope that Company will get a favorable decision from the Government of Telanagana/ TSSPDCL and hence, the Board is not providing any liability.

3	As stated in Note No 2.30 to the standalone Ind AS financial statements, the books of account are maintained under “going concern” concept, though the Ferro Alloys plant of the company did not carry out any production activities during the entire year, due to commercially unviable operations because of high power tariff, besides the entire workmen have been retrenched in earlier years	At the request of the Ferro Alloys Manufactures, the Government of Telangana is giving a reasonable tariff for sustainance Ferro Alloy Industry to compete with Overseas market. Company is taking necessary steps for restarting its manufacturing operations by refurbishing the plant and machinery with substantial investment. Hope that the Company will resume its manufacturing operations shortly. Therefore, books of accounts are prepared under going concern concept.
4	The company has considered the diminution as temporary in nature as stated in Note No 2.34 to the standalone Ind AS financial statements the value of its investment of Rs 143,06,46,210 in the equity of M/s. Konaseema Gas Power Ltd, whose net-worth has completely been eroded and not in operation for more than four years.	KPGL is not operating its power generation plant due to lack of natural gas. As informed by KGPL, the government of India is taking active steps to revive the power sector units including Gas based power generating units. Therefore, there is hope that KGPL restarts its manufacturing operations during this financial year.
5	Note No. 2.36 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 responses.
6	No physical verification of inventories has been carried out during the year. Further the inventory is lying with the company for more than five years. 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.	Company is having internal control procedures to monitor the balance of inventories and is taking steps to verify stocks periodically.
7	Note No. 2.03 with marks (#) that 124.589 Lakhs of shares acquired by the company in Konaseema Gas Power Limited, the title in respect of which is in the process of transfer.	Company made its request to KGPL to give effect of transfer by getting approval of its lenders.

Cost Audit Report:

The Company discontinued the Cost Audit as there are no manufacturing operations during the Financial Year 2017- 18 and consequently the Company has not appointed Cost Auditors for the Financial Year 2018-19.

Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Company had appointed M. Nagakishore, Practicing Company Secretary to conduct the Secretarial Audit and give a Secretarial Audit Report for the Financial Year 2017-18 to be annexed to the Report of Board of Directors.

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

Internal Audit & Controls:

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

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

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

Particulars of Loans, Guarantees or Investments under Section 186:

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

Extract of Annual Return (MGT-9):

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

Particulars of Employees:

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

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

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

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

Name of the Person	% increase in remuneration in the financial year
M.S. Lakshman Rao	Nil
R. Dharmender	Nil

(iii) the percentage increase in the median remuneration of employees in the financial year: Nil

(iv) the number of permanent employees on the rolls of company: 20.

(v) the explanation on the relationship between average increase in remuneration and company performance;

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

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

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

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

(viii) the key parameters for any variable component of remuneration availed by the Directors: There is no variable component of remuneration availed by Directors

(ix) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Not Applicable as Company paid only sitting fees to Non-executive Directors.

(x) Affirmation that the remuneration is as per the remuneration policy of the company. The Company affirms remuneration is as per the remuneration policy of the Company. None of the employees is drawing Rs. 8,500,000/- and above per month or Rs.1,02,00,000/- and above in aggregate per annum, the limits prescribed under Section 197(12) of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Management Discussion & Analysis

Pursuant to SEBI (LODR), Regulations, 2015, a Report on Management Discussion & Analysis is enclosed as Annexure -IV

Corporate Governance:

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

Familiarisation Programmes:

The Company familiarises its Independent Directors on their appointment as such on the Board with the

Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, etc. through familiarisation programme. The Company also conducts orientation programme upon induction of new Directors, as well as other initiatives to update the Directors on a continuing basis. The familiarisation programme for Independent Directors is disclosed on the Company's website www. vbcfal.in

Particulars of Contracts or Arrangements with Related Parties:

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

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

Declaration by Independent Director(s):

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

DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM:

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

a)	RKR Gonela Independent Director	-	Chairman
b)	V.S. Rao, Independent Director	-	Member
c)	Rekha Deshraju, Non-executive Director	-	Member

All the members of the Audit Committee are independent Directors.

NOMINATION & REMUNERATION COMMITTEE

Terms of reference:

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

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

Remuneration Policy:

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

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

Composition of the Committee as on 31st March, 2018:

Sri. R K R Gonela	Chairman	Independent non-executive Director
Sri. V.S. Rao	Member	Independent Non-executive Director
Smt. Deshraju Rekha	Member	Independent Non-executive Director

POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE

1. Scope:

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

2. Terms and References:

2.1 "**Director**" means a director appointed to the Board of a Company.

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

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

3. Policy:

Qualifications and criteria

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

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

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

3.1.3 The proposed appointee shall also fulfil the following requirements:

- shall possess a Director Identification Number;
- shall not be disqualified under the Companies Act, 2013;
- shall Endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
- shall abide by the code of Conduct established by the company for Directors and senior Management personnel;
- shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting

of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;

- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and other relevant laws.

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

3.2 criteria of independence

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

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

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

3.3 Other Directorships/ Committee Memberships

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

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

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

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

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

Remuneration policy for Directors, key managerial personnel and other employees

1. Scope:

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

2. Terms and Reference:

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

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

2.2 "key managerial personnel" means

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

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

3. Policy:

3.1 Remuneration to Executive Director and Key Managerial Personnel

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

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

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

- (i) Basic pay
- (ii) Perquisites and Allowances
- (iii) Commission (Applicable in case of Executive Directors)
- (iv) Retrial benefits
- (v) Annual performance Bonus

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

3.2 Remuneration to Non – Executive Directors

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

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

3.3 Remuneration to other employees

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

VI. STAKEHOLDERS RELATIONSHIP COMMITTEE

A.) Composition:

The Details of composition of the Committee are given below:

Name of the Director	Designation	Category	No. of Meetings Attended
Sri. V. S. Rao	Chairman	Independent Non-Executive Director	4
Sri. M.V. Ananthakrishna	Member	Whole-Time Director	4
Smt. Deshraju Rekha*	Member	Independent Non-Executive Director	1

* Committee reconsituted on 16.12.2017

B) Powers:

The Committee has been delegated with the following powers:

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

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

The Company has designated an exclusive e-mail ID called vbcfalhyd@gmail.com for complaints/ grievances.

VII. RISK MANAGEMENT COMMITTEE

A.) Composition:

The Details of composition of the Committee are given below:

Name of the Director	Designation	Category
Sri. V. S. Rao	Chairman	Independent Non-Executive Director
Sri. M.V. Ananthakrishna	Member	Whole-Time Director
Smt. Deshraju Rekha	Member	Independent Non-Executive Director

B) RISK MANAGEMENT POLICY:

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

UNPAID / UNCLAIMED DIVIDEND:

In terms of the provisions of the Companies Act, the Company is obliged to transfer dividends which remain unpaid or unclaimed for a period of seven years from the declaration to the credit of the Investor education and Protection Fund established by the Central Government. Accordingly, the Members are hereby informed that the 7 years period for payment of the dividend pertaining to financial year 2010-2011 will expire on 11.09.2018 and thereafter the amount standing to the credit in the said account will be transferred to the “Investor Education and Protection Fund” of the Central Government.

The details of Dividend of earlier years remain unclaimed by the shareholders as on 31.03.2018 are as given below:

Financial Year	Date of Declaration	Last Date of Claiming the Dividend	Unclaimed amount as on 31.03.2018	Due date for transfer to Investor Education and Protection Fund (IEPF)
2010-11	12-09-2011	11-09-2018	4,99,221	12-10-2018
2011-12	29-09-2012	28-09-2019	5,63,316	29-10-2019

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

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

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

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

18. SECRETARIAL AUDIT:

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

Vigil Policy

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Company empowered the victimized Employees or Director to approach directly the Chairman of the Audit Committee for a solution to the issue so that the victimized Employee/Director is rescued. The said policy is available on the website of the Company www.vbcfal.in.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

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

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

CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

A separate section on Corporate Governance for fiscal 2018 forms part of this Annual Report.

SECRETARIAL STANDARDS

The Company is in compliance with the applicable secretarial standards.

Material Changes and Commitments:

No material changes occurred subsequent to the close of the financial year of the Company to which the balance sheet relates and the date of this report which affecting Financial position of the Company as on 31.03.2018.

Material Orders, if any, Passed by the Regulators, Courts Etc.:

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

Prevention of Sexual Harassment of Women at Work Place:

In order to prevent sexual harassment of women at work place as per provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year under review, there were no women employees employed by the Company.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

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

a) Conservation of Energy

   The information in accordance with the provision of Section 134 of the Companies Act, 2013, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 2014, regarding conservation of Energy is not applicable as there are no manufacturing operations during the year under review.

b) Technology Absorption

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

(c) Foreign exchange earnings and Outgo

During the year, there are no foreign exchange inflows/earnings or outflows/investments.

(d) Expenditure on Research and Development

No expenditure is incurred by the Company attributable to Expenditure on Research and Development during the year under review.

Human Resources:

The Cost of production of Ferro Silicon has exceeded the market price due to steep increase of power tariff. Accordingly, Company has closed down its production unit at Rudraram Village, Medak District. To reduce the fixed cost burden, your Company has entered into a cordial settlement with the worker's union for Retrenchment under the Industrial Disputes Act on 30th June, 2014. Your Directors and Management express their appreciation for the commitment and devotion shown by the employees.

Directors' Responsibility Statement:

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

(a) in the preparation of the annual accounts for the year ended 31st March 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2018 and of the profit and loss of the company for the year ended on that date;

(c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the Directors have prepared the annual accounts on a going concern basis;

(e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

(f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgements

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

Your Directors sincerely thank Customers, Vendors and Members for their sustained support and co-operation.

For and on behalf of the Board

Sd/-

Place: Hyderabad
V.S. RAO

Date: 01.06.2018
Chairman

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

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

To,
The Members,
VBC Ferro Alloys Limited

Corporate Identity Number (CIN): L27101AP1981PLC003223
Authorised Capital : Rs.20.00 Crores
Paid up capital : Rs.4,39,49,875/-

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

Based on my verification of the M/s. VBC Ferro Alloys Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. VBC Ferro Alloys Limited ("the Company") a listed Public Company for the financial year ended on 31st March, 2018 according to the provisions of:

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

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other laws applicable to the company as provided by the management as mentioned below:

- Employees State Insurance Act,1948 and Employees' State Insurance (General) Regulations, 1950;
- Employees Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees' Provident Funds Scheme, 1952;
- Payment of Bonus Act,1965 and the Payment of Bonus Rules, 1965;
- Employment Exchanges(Compulsory Notification of Vacancies)Act,1959
- Contract Labour (Regulation and Abolition) Act,1970 and the Contract Labour (Regulation and Abolition) Central Rules,1971;
- Factories Act, 1948 and the rules made thereunder;
- A.P.Shops and Establishment Act, 1988;
- Water (Prevention and Control of Pollution) Act, 1974
- Air (Prevention and Control of Pollution) Act, 1981
- Environment Protection Act, 1986
- Public Liability Insurance Act,1991
- Indian Boilers Act,1923
- Explosives Act,1884

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) Listing Agreement entered into by the company with Stock Exchange(s), if any / SEBI (LODR) Regulations, 2015

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

1. The Company has not appointed Company Secretary.
2. The Company is due and payable in respect of Income Tax, Sales Tax, Service Tax, duty of Excise, value added tax, EPF, ESI or cess which are arrears as at 31st March, 2018.
3. Mr.M.Lakshman Rao, Director of the Company was disqualified to act director of the Company.
4. The Company is yet to file certain e-forms with Ministry of Corporate Affairs.
5. Other laws:

Management has submitted representation about the Compliances of various labour laws, however the required documents were not produced for audit purpose relating to Air (Prevention & Control of Pollution) Act, 1981; Andhra Pradesh Factories and Environment Protection Act, 1986; Minimum Wages Act,1948; Payment of Wages Act,1936; Payment of Bonus Act,1965; The Employees' Provident Fund & Misc Provisions Act 1952 and EFP Scheme 1952;The Payment of

GratuityAct,1972 and The A.P. Payment of Gratuity Rules 1972; A.P Shops and Establishment Act, 1988 and also for other industry specific acts as applicable to the company .

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

I further report that

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

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

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

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

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

Sd/-

Place: Hyderabad
(M.Naga Kishore)

Dated: 01-06-2018
Company Secretary in Practice

M.No.: F7684 CP No.: 13597

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

ANNEXURE -A

To,
The Members,
VBC Ferro Alloys Limited

Corporate Identity Number (CIN):	L27101AP1981PLC003223
Authorised Capital:	Rs.20.00 Crores
Paid up capital :	Rs.4,39,49,875/-

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

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

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

Place: Hyderabad
Dated: 01-06-2018

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2018
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

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

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

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

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

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

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the end of the year [As on 1-April 2017]				No. of Shares held at the end of the year [As on 31-March-2018]				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1)Indian									
a) Individual/									
HUF	631779	143500	775279	17.64	631779	143500	775279	17.64	NIL
b) Central Govt	-	-	-	-	-	-	-	-	NIL
c) State Govt (s)	-	-	-	-	-	-	-	-	NIL
d) Bodies Corp.	639180	200000	839180	19.10	639180	200000	839180	19.10	NIL
e) Banks/FI	-	-	-	-	-	-	-	-	NIL
f) Any other—-	-	-	-	-	-	-	-	-	NIL
Sub-total (A) (1):-	1270959	343500	1,614,459	36.74	1270959	343500	1,614,459	36.74	NIL
(2)Foreign									NIL
a) NRIs - Individuals	-	-	-	-	-	-	-	-	NIL
b) Other – Individuals	-	-	-	-	-	-	-	-	NIL
c) Bodies Corp.	-	-	-	-	-	-	-	-	NIL
d) Banks / FI	-	-	-	-	-	-	-	-	NIL
e) Any Other….	-	-	-	-	-	-	-	-	NIL
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	1270959	343500	1614459	36.74	1270959	343500	1614459	36.74	NIL
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	NIL

b) Banks / FI	-	1350	1350	0.03	-	1350	1350	0.03	NIL
c) Central Govt	-	-	-	-	-	-	-	-	NIL
d) State Govt(s)	5960	-	5960	0.14	5960	-	5960	0.14	NIL
e) Venture Capital Funds	-	-	-	-	-	-	-	-	NIL
f) Insurance Companies	-	-	-	-	-	-	-	-	NIL
g) FIIs	-	-	-		-	-	-	-	NIL
h) Foreign Venture Capital Funds									
i) Others (specify)	-	-	-	-	-	-	-	-	NIL
Sub-total (B)(1):-	5960	1350	7310	0.17	5960	1350	7310	0.17	NIL
2. Non-Institutions a) Bodies Corp.									
i) Indian	501972	19075	521047	11.86	507341	19075	526416	11.98	0.12
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i)Individual shareholders holding nominal share capital upto Rs.2 lakh	1193724	275343	1469067	33.43	1220007	269433	1489440	33.89	0.46
ii) Individual shareholders holding nominal share capital in excess of Rs.2 lakh	649634	-	649634	14.78	623923	-	623923	14.20	-0.58
c) Others:NRI & Clearing Members	111848	20985	132833	3.03	111917	20885	132802	3.03	-
Sub-total (B)(2):-	2457178	315403	2772581	63.09	2463188	309393	2772581	63.09	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	2463138	316753	2779891	63.26	2463138	316753	2779891	63.26	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	3734097	660253	4394350	100	3734097	660253	4394350	100	-

B) Shareholding of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% of Change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	M Sri Bharath	70000	1.59	1.59	70000	1.59	1.59	NIL
2	M Siddhartha	73500	1.67	1.36	73500	1.67	1.36	NIL
3	Padmakshi Investments Private Limited	200000	4.55	4.55	200000	4.55	4.55	NIL
4	Techno Infratech Projects (India) Private Limited	350865	7.98	-	350865	7.98	-	NIL
5	VBC Industries Limited	25000	0.57	-	25000	0.57	-	NIL
6	Yasaswini Investments Private Limited	202315	4.6	4.60	202315	4.6	4.60	NIL
7	VBC Industrial Holdings Private Limited	36000	0.82	-	36000	0.82	-	NIL
8	Konaseema Infra- Structure Private Limited	25000	0.57	-	25000	0.57	-	NIL
9	MSP Rama Rao	202900	4.62	4.62	202900	4.62	4.62	NIL
10	M V V S Murthi	157769	3.59	-	157769	3.59	-	NIL
11	M S Lakshman Rao	78300	1.78	-	78300	1.78	-	NIL
12	Mathukumilli Sri Mani	120010	2.73	2.73	120010	2.73	2.73	NIL
13	Surya Mathukumilli	2850	0.06	-	2850	0.06	-	NIL
14	M Aishwarya	9950	0.23	-	9950	0.23	-	NIL
15	Bharadwaj Mathukumilli	60000	1.38	-	60000	1.38	-	NIL
		1614459	36.74	19.42	1614459	36.74	19.42	NIL

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

There is no change in the Promoters' shareholding during the Financial Year 2015-16.

D. Shareholding Pattern of top ten Shareholders
(other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year/ end of the year	
	For Each of the Top 10 Shareholders	No. of Shares	% of total shares of the company	No.of Shares	% of total shares of the company
	At the beginning of the year				
1	Madhuri Omprakash Damani	213039	4.85	213039	4.85
2	BLB Limited	155172	3.53	155172	3.53
3	Vikram Omprakash Damani	142657	3.25	142657	3.25
4	Aditya Omprakash Damani	134009	3.05	134009	3.05
5	Pratibhuti Viniyog Limited-Iinvestment A/c	99000	2.25	99000	2.25
6	Peninsular Sea Foods Private Limited	59298	1.35	59298	1.35
7	Pratibhuti Vinihit Limited	54050	1.23	54050	1.23
8	Ginni Finance Pvt Ltd	-	-	-	-
9	Chinmay G Parikhgovindlal.M.Parikh	43000	0.98	43000	0.98
10	Govindlal M Parikhchinmay.G.Parikh	39069	0.89	39069	0.89
	Total	939294	21.38	939294	21.38

Note: 1. The shares of the Company are traded on a daily basis on the stock exchanges and hence date wise increase/ decrease in shareholding is not provided.

2. The details of date wise increase/decrease will be provided at the request of shareholder.

E) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
1	V.S. Rao-Director	-	-	-	-
2	M.S. Lakshman Rao-Director	78300	1.78	78300	1.78
3	M.V Ananthakrishna	-	-	-	-
4	R K R Gonela	-	-	-	-
5	Smt. Deshraju Rekha	-	-	-	-
6	R. Dharmender-CFO	2144	0.05	2144	0.05
	Total	80444	1.83	80444	1.83
	Increase / Decrease in Share holding during the year				
1	V.S. Rao-Director	-	-	-	-
2	M.S. Lakshman Rao-Director	-	-	-	-
3	M.V Ananthakrishna	-	-	-	-
4	R K R Gonela	-	-	-	-
5	Smt. Deshraj Rekha	-	-	-	-
	Total	-			
	At the End of the year	-	-	-	-
1	V.S. Rao-Director	-	-	-	-
2	M.S. Lakshman Rao-Director	78300	1.78	78300	1.78
3	M.V Ananthakrishna	-	-	-	-
4	R K R Gonela	-	-	-	-
5	Smt. Deshraj Rekha	-	-	-	-
6	R.Dharmender-CFO	2144	0.05	2144	0.05
	Total	80444	1.83	80444	1.83

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

Rs.in Crores

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	32.65	-	32.65
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	32.65	-	32.65
Change in Indebtedness during the financial year	-	-	-	-
- Addition	-	-	-	-
- Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	-	32.65	-	32.65
ii) Interest due but not paid	-	2.63	-	2.63
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	35.28	-	35.28

XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director:

SN.	Particulars of Remuneration	M.S Lakshman Rao, Managing Director*
		Total Amount
1	Gross salary	Nil
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil
2	Stock Option	Nil

3	Sweat Equity	Nil
4	Commission- as % of profit- others, specify	Nil
5	Others, please specify	Nil
	Total (A)	Nil
	Ceiling as per the Act*	NA

* ceased to be as Managing Director w.e.f 01.11.2017

B. Remuneration to other Directors

S I . No.	Particulars of Remuneration	Name of MD/WTD/Manager				Total
		M.V. Anantha Krishna	VS Rao	RKR Gonela	Deshraj Rekha	
1	Independent Directors					
	• Fee for attending board / committee meetings	14000	14000	2000	1000	31000
	• Commission	-	-	NA	NA	-
	• Others, please specify	-	-	NA	NA	-
	Total (1)	14000	14000	2000	1000	31000
2	Other Non-Executive Directors					
	• Fee for attending board / Committee Meetings	NA	NA	NA	NA	NA
	• Commission	NA	NA	NA	-	-
	• Others, please specify	NA	NA	NA	-	-
	Total (2)	NA	NA	NA	NA	NA
	Total (B)=(1+2)	14000	14000	2000	1000	31000
	Total Managerial Remuneration	14000	14000	2000	1000	31000
	Overall Ceiling as per the Act	NA	NA	NA	NA	NA

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

(Amount in Rs.)

SN	Particulars of Remuneration	Key Managerial Personnel	
	R. Dharmender	CFO	Total
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,08,756	4,08,756

	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	95,979	95,979
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission		
	- as % of profit		
	others, specify…		
5	Others, please specify		
	Total	5,04,735	5,04,735

XII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

for and on behalf of the Board

Sd/-

Place : Hyderabad
Date : 01.06.2018

V.S. RAO
Chairman

ANNEXURE - III

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. BACKGROUND

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

2. INDUSTRY STRUCTURE

Ferro Alloy Industry was established to cater to the needs of steel industry. Ferro alloys are used as additives and deoxidizing agents in steel manufacture. Steel producers use Ferro manganese, Silico Manganese and Ferro Silicon, while stainless steel units use Ferro chrome and charge chrome.

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

3. OPERATIONS, OPPORTUNITIES & THREATS OPERATIONS: This has been dealt with in the Directors' Report. **OPPORTUNITIES:**

India's natural resources and geographical position is well poised to benefit from the growing demand for steel and steel making raw materials. However, for the Ferro alloys industry, high energy costs have hampered the growth and remedial measures expected to push the growth.

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

THREATS:

The manufacture of Ferro alloys is highly power intensive and therefore the cost of power is critical to the competitiveness of the products. On an average, 50% of the total cost per ton of Ferro alloys is accounted for by power. Repeated power tariff hikes by state run power utility company have put the Industry in a fix. Further the problems of this industry are aggravated because of the high input cost of power including FSA charges.

This is the major threat that this industry is facing and in order to be competitive on a global scale, it is necessary for an Indian Ferro alloys Industry to have captive power to tide over the situation in power starved country like India.

4. SEGMENT-WISE PERFORMANCE OR PRODUCT-WISE PERFORMANCE

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

5. OUTLOOK

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

The Company is in the process of setting up Captive Power Plant of 120 MW (2x60MW) capacity at Bodepalli Village, Sirpur Kaghaznagar Mandal, Adilabad District in the State of Telangana State through VBC Power Company Limited, a Special Purpose Vehicle(SPV) Company.

6. RISKS & CONCERNS

a. In a time frame for setting up of captive power plant and coming into production will depend upon the financial closure of the project and approval of hive off scheme.

b. Government regulations, like reduction in import duties, anti dumping duty and increase in power tariffs by SPDC of Telangana Limited and shortage of power, may also affect the profitability of the Company, since 40% or more production costs account for power.

7. INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has sound internal control system, which ensures that all the assets are protected against loss from unauthorized use and all transactions are recorded and reported correctly.

The internal control system is supplemented by an extensive programme of internal audits and reviews by the Management. The internal control systems are designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

Further, all internal control functions and its entire gamut of activities are covered by independent audit, conducted by separate internal auditors, whose findings are reviewed regularly by the Audit Committee and Management of the Company.

8. DISCUSSIONS ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

This has been dealt with in the Directors' Report

9. HUMAN RESOURCE DEVELOPMENT

Human capital is one of the key elements of your Company. The Company's human resource policies are aimed at motivating its employees to deliver high quality performance and reward talent with adequate compensation and accelerated career growth opportunities.

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

10. INDUSTRIAL RELATIONS

This has been dealt with in the Directors' Report.

Cautionary Statement:

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

V S Rao

Chairman

Place: Hyderabad
Date: 01.06.2018

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 31.03.2018

Category	No. of Directors	%
Executive Directors*	1	20.00
Non-Executive Non-Promoter Directors	0	0
Independent Non-Executive Directors	4	80.00
Total	5	100.00

The Attendance record of the Directors at the Board Meetings held during the financial year ended on 31st March, 2018 and the last Annual General Meeting (AGM) and the details of their other Directorships and Committee Chairmanships and Memberships are given below:

Name of the Director	Category	Designation	Attendance at Last AGM (YES/ NO)	Attendance in Board Meetings		No. of Directorships and No. of Committee positions in other public companies		
				No. of Board Meetings held during his tenure	Present	Other Directorships	Committee Memberships#	Committee Chairmanships
Sri. V.S. Rao	Non Executive Independent	Chairman	Yes	4	4	2	1	Nil
Sri. M.V.Ananthakrishna	Non Executive Independent	Director	Yes	4	3	3	Nil	1
Sri. R.K.R.Gonela	Non Executive Non Promoter	Additional Director	Yes	2	1	2	2	1
Smt. Deshraju Rekha	Non Executive Independent	Additional Director	NA	2	1	3	Nil	Nil
Sri. M. S. Lakshman Rao	Executive	*Managing Director	Yes	4	4	4	1	Nil

* ceased to be as Managing Director w.e.f 01.11.2017

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

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

Five Board Meetings were held during the financial year 2017-18 on 29th May 2017, 14th August, 2017, 14th September, 2017, 14th December 2017 and 13th February, 2018. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013..

4. Formal letter of appointment to independent directors:

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

5. Separate meeting of independent directors:

The Independent Directors held their separate meeting on 13th February 2018 as mandated by the provisions of the Companies Act, 2013 and Listing Agreement.

6. Familiarization program for independent directors:

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

7. Audit Committee:

• Brief description of Terms of Reference

The Audit Committee of the Board is responsible for overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate, credible and reviewing with management the annual financial statements before submission to the Board. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the Statutory Auditors including the Cost Auditors, the performance of Internal Auditors and the Company's risk management policies.

The Committee periodically interacts with the internal auditors to review the manner in which they are discharging their responsibilities. The Committee holds discussion with Statutory Auditors including Cost Auditors before the audit commences, about the nature and scope of audit to ascertain any area of concern and review their written comments. The Committee reviews the financial and risk management policies of the Company. The Committee has full access to financial data and to the Company's staff. The Committee also reviews the quarterly (un-audited) and annual financial statements before they are presented to the Board.

- Composition of the Audit Committee as on 31st March, 2018*

Sri. R K R Gonela	Chairman	Independent Non-executive Director
Sri. V.S. Rao	Member	Independent Non-executive Director
Smt. Deshraju Rekha	Member	Independent Non-executive Director

*Reconstituted on 16.12.2017

- Meetings and Attendance during the year 2017-18 29th May 2017, 14th September, 2017, 14th December, 2017 and 13th February, 2018.

Date of Meeting	M.V. Ananthakrishna	V.S. Rao	R K R Gonela	Deshraju Rekha
29.05.2017	YES	YES	NA	NA
14.09.2017	Yes	YES	NA	NA
14.12.2017	YES	YES	NA	NA
13.02.2018	YES	YES	YES	YES

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

8. Nomination and Remuneration Committee:

- Brief description of terms of reference

  To recommend compensation terms for Executive Directors.

- Composition, name of members, Chairman and Secretary as on 31st March, 2018:

Shi. R K R Gonela	Chairman	Independent non-executive Director
Sri. V.S. Rao	Member	Independent Non-executive Director
Smt. Deshraju Rekha	Member	Independent Non-executive Director

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

- Nomination and Remuneration Committee met on 16.12.2017. All the members of the said committee as of date were attended.
- Nomination and Remuneration Committee was reconstituted on 16.12.2017
- Remuneration policy

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

Remuneration of Directors:

Details of remuneration paid to Directors during the financial year 2017-18.

(in Rupees)

Name	Designation	Sitting fee	Remune-ration	Benefits	Total
Sri. V.S. Rao	Independent Non-Executive Director	14,000	Nil	Nil	14,000
Sri. M.V.Ananthakrishna	Independent Non-Executive Director	14,000	Nil	Nil	14,000
Sri. R.K.R. Gonela	Additional Director	2,000	Nil	Nil	2,000
Smt. Deshraju Rekha	Additional Director	1,000	Nil	Nil	1,000
Sri. M. S. Lakshman Rao Tenure Expired on 31.10.2017.	Managing Director	-	-	-	-

There was no Employee Stock Option Scheme during the financial year ended 31st March, 2018.

9. Mechanism for evaluation of the Board:

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

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

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

(i) Evaluation of Board;
(ii) Evaluation of Committees of the Board;
(iii) Evaluation of Independent Directors;
(iv) Evaluation of Chairperson;
(v) Evaluation of Non-Executive and Non-Independent Directors; and
(vi) Evaluation of Managing Director.

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

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

The Directors have sent the duly filled forms to Nomination & Remuneration committee. Based on the evaluation done by the Directors, the Committee has prepared a report and submitted the Evaluation Report. Based on the report, the Board of Directors has informed the rankings to each Director and also informed that the performance of Directors is satisfactory and they are recommended for continuation as Directors of the Company.

10. Stakeholders Relationship Committee:

- The Stakeholders Relationship Committee met 4 times during the financial year 2017- 18 on 29th May 2017, 14th September, 2017, 16th December, 2017 and 13th February, 2018.

  .The Constitution of the Committee as on 31.03.2018 and attendance of each Member is as given below:

Name of the Director	Designation	Category	No. of Meetings Attended
Sri. V. S. Rao	Chairman	Independent Non-Executive Director	4
Sri. M.V. Ananthakrishna	Member	Independent Non-Executive Director	4
Smt. Deshraju Rekha	Member	Independent Non-Executive Director	1

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

  Name and Designation of Compliance officer: *Mr. M.S. Lakshman Rao, Managing Director (ceased to be Managing Director w.e.f. 01.11.2017)

- 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 2017-18 and pending as on 31.03.2018

Nature of Grievances	Received	Attended	Pending
1. Non-receipt of dividend warrants	2	2	Nil
2. Non-receipt of Annual Report	11	11	Nil
3. Other Miscellaneous	8	8	Nil

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

11. General Body Meetings:

a) Details of the Last 3 AGMs

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

- Date, Time and Special Resolutions passed:

S.No.	Financial Year	Date	Time	Special Resolutions
33rd AGM	2014-15	30.09.2015	3.00 PM	-NIL-
34th AGM	2015-16	30.09.2016	3.00 PM	-NIL-
35th AGM	2016-17	29.09.2017	3.00 PM	-NIL-

b) Special Resolutions passed through Postal Ballot during last year and person who conducted the postal ballot exercise:

No Special Resolution was passed through postal ballot during 2017-18.

12. Management Discussion & Analysis Report:

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

13. Disclosures:

- There are no transactions, which may have potential conflict with the interests of the Company. Note No - 2.32.B of the Annual Accounts contains the details of related party transactions as required by the Accounting Standard 18 (AS-18) on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India.
- There is no non-compliance by the Company and no penalties, strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.
- **Whistle Blower Policy** (Set up in terms of Sec 177 of the Companies Act, 2013 read with Regulation 22 of SEBI LODR Regulations, 2015)

  With a view to adopt the highest ethical standards in the course of business, the Company has a whistle blower policy in place for reporting the instances of conduct which are not in conformity with the policy. Directors, employees, vendors or any person having dealings with the Company may report non-compliance to the Chairman of the Audit Committee, who reviews the report. Confidentiality is maintained of such reporting and it is ensured that the whistle blowers are not subjected to any discrimination. No person was denied access to the Audit Committee.

14. Means of Communication:

The quarterly financial results are generally published in Financial Express and Andhra Prabha/ Prajasakthi Newspapers. Copies of the Results published are forwarded to Stock Exchange and are displayed on the Company's website i.e., www.vbcfal.in The Company's website www.vbcfal.in contains separate section "Investor information" where shareholders information is made available. The Annual Report of the Company is also available on the website in a downloadable form.

15. Code of Conduct:

The Company has laid down a Code of Conduct for all its Board Members and Senior Management Personnel of the Company.

The Code of Conduct is available on the Company's website i.e. www.vbcfal.in.

16. Disclosure of Accounting Treatment:

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

17. Non-Executive Directors' Compensation and Disclosures:

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

18. CEO/ CFO Certification:

CFO certification of the financial statements for the year 2017-18 is provided elsewhere in this Annual Report.

19. General Shareholders' Information

i) Date, Time and Venue of the 36th Annual General Meeting:

Tuesday, 03rd July, 2018 at 11.00 a.m. at Surana Udjoyg Auditorium of the Federation of Andhra Pradesh Chambers of Commerce and Industry (FTAPCCI), situated at 11-6-841, Red Hills, Hyderabad-500 004.

ii) Financial Calendar (tentative and subject to change)

Financial Reporting for the year ended 30th June, 2018	14th August 2018
Financial Reporting for the quarter ended 30th September, 2018	14th November,2018
Financial Reporting for the quarter ended 31st December, 2018	14th February,2019
Financial Reporting for the year ended 31st March, 2019	30th May,2019

iii) Dates of Book Closure:

June 23, 2018 to July 03, 2018 (Both days inclusive).

vi) 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, Kolkatta – 700 001.

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

v) Listing Fees

The Company has paid annual listing fee for the year 2017-18 to the Bombay Stock Exchange Limited, where the securities are listed.

vi) Stock Code and Electronic connectivity

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

vii) Monthly High and Low Quotation of Shares traded on the Bombay Stock Exchange Limited, Mumbai (There is no trading of shares on Calcutta Stock Exchange):

Month	*High (₹)*	*Low (₹)*	*Close (₹)*	*No. of Shares*
Apr 2017	60.55	48.35	50.70	14956
May 2017	57.95	48.55	54.15	59089
Jun 2017	54.25	41.95	42.75	29542
July 2017	46.90	41.10	42.00	12945
Aug 2017	44.70	36.00	42.00	23577
Sep 2017	41.75	34.50	36.00	25790
Oct 2017	46.05	32.50	46.05	22323
Nov 2017	53.25	38.95	45.95	23913
Dec 2017	48.20	37.05	40.00	6670
Jan 2018	56.20	40.00	49.40	46215
Feb 2018	51.70	38.75	42.60	11912
Mar 2018	44.65	35.05	37.10	9690

viii) Registrar and Share Transfer Agents

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

ix) Share Transfer System

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

The Stakeholders Relationship Committee shall approve the share transfers affected by the above under the delegated authority once in a quarter.

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

There are no pending share transfer requests as on 31st March, 2018.

(x) (a) Distribution of Shareholding as on 31st March, 2018

Category		No. of shareholders	%	Shares held	%
From	To				
Upto	500	6,557	91.99%	6,39,3620	14.55%
501	1000	297	4.17%	22,24,160	5.06%
1001	2000	116	1.63%	16,55,360	3.77%
2001	3000	53	0.74%	1,32,1270	3.01%
3001	4000	20	0.28%	6,76,630	1.54%
4001	5000	17	0.24%	7,88,570	1.79%
5001	10000	24	0.34%	16,14,830	3.67%
10001	And above	44	0.62%	2,92,69,060	66.61%
Total		7,128	100.00%	4,39,43,500	100.00%

(b) Distribution of Shareholding according to categories of shareholders as on 31st March, 2018.

Categories	No. of Shares	% to Total
Promoters, Directors / Relatives and associated Persons	16,14,459	36.74
Financial Institutions & Banks/Mutual Funds/Central & State Governments	7,310	0.17
Foreign Institutional Investors	---	---
Non-resident Indians	86,259	1.96
Private Corporate Bodies	5,26,416	11.98
Indian Public	21,59,906	49.15
TOTAL	43,94,350	100.00

xi) Dematerialisation of Shares and Liquidity

Trading of securities of your Company has been made compulsorily in dematerialized form under rolling settlement with effect from 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, 2018, 85% of the Equity Share Capital, representing 37,40,107 shares were held in demat mode. Investors who wish to exercise the option of dematerialisation of their shares are required to submit Dematerializations Request Form (DRF) duly filled in along with the original share certificate to the Depository Participant (DP).

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

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

xiiil) Plant Location:
Rudraram Village, Patancheru Mandal,
Sanga Reddy District, Telengana.

Contact Numbers:
08455-221802, 221806
Mail: vbcsilicon@gmail.com / info@vbcfal.in
Web: www.vbcfal.in

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

Contact Numbers:
040-23301200, 1230
Mail: vbcsilicon@gmail.com / info@vbcfal.in
Web: www.vbcfal.in

For and on behalf of the Board

Sd/-
V.S. RAO
Chairman

Place : Hyderabad
Date : 01.06.2018

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
VBC Ferro Alloys Limited,
Hyderabad

We have examined the compliance of conditions of Corporate Governance by VBC Ferro Alloys Limited, Hyderabad, for the year ended 31st March, 2018 as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the "Listing Agreement" of the said company with stock exchanges.

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

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

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

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

Sd/-
(Katyayani K)
Partner
Membership No.225030

Place: Visakhapatnam
Date: 01-06-2018

INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
VBC FERRO ALLOYS LIMITED,
HYDERABAD.

Report on the Standalone Ind AS Financial Statements:

1. We have audited the accompanying standalone Ind AS financial statements of M/s VBC Ferro Alloys Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements:

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

Auditor's Responsibility:

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the

auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Basis for Qualified Opinion

8. Non-provision of load shortfall charges for earlier years amounting to Rs 42,60,26,056, pending disposal of company's objections by various administrative authorities as per the directions of Forum for Redressal of Consumer grievances of CPDCL as stated in Note No. 2.28(a) to the standalone Ind AS financial statements has resulted in understatement of the loss for the year.

9. Non-provision of FSA charges for the year 2008-09 totaling to Rs 5,28,19,683, pending resolution of the appeals pending before various judicial authorities as stated in Note No. 2.28(b) to the standalone Ind AS financial statements, has resulted in understatement of the loss for the year.

10. As stated in Note No 2.30 to the standalone Ind AS financial statements, the books of account are maintained under "going concern" concept, though the Ferro Alloys plant of the company did not carry out any production activities during the entire year, due to commercially unviable operations because of high power tariff, besides the entire workmen have been retrenched in earlier years.

11. The company has considered the diminution as temporary in nature as stated in Note No 2.34 to the standalone Ind AS financial statements the value of its investment of Rs 143,06,46,210 in the equity of M/s. Konaseema Gas Power Ltd, whose net-worth has completely been eroded and not in operation for more than four years.

12. Note No. 2.36 that balances lying in the lenders', sundry creditors, like, suppliers', service providers', employees' and customers' accounts are subject to confirmation.

13. No physical verification of inventories has been carried out during the year. Further the inventory is lying with the company for more than five years. 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.

Qualified Opinion

14. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs (08), (09), (10), (11), (12) & (13) above, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity

with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

15. We draw attention to the following matters in the Notes to the standalone Ind AS financial statements:
    a. Note No. 2.03 with marks (#) that 124.589 Lakhs of shares acquired by the company in Konaseema Gas Power Limited, the title in respect of which is in the process of transfer.
    b. Note No. 2.35 that according to an internal technical assessment, there is no impairment in the carrying cost of cash Generating assets of the Company in terms of Accounting for Impairment of Assets (Ind AS 36) of Companies (Indian Accounting Standard) Rules, 2015.

    Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements:

16. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

17. As required by Section 143 (3) of the Act, we report that:
    a) We have sought and, except for the matters described in the Basis for Qualified Opinion paragraphs 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 paragraphs 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
    d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraphs above, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
    e) The matter described in the Basis for Qualified Opinion paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company.
    f) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
    g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraphs above.
    h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we are unable to express any opinion as required under section 143 (3) of the Act 2013, as we could not carry -out any verification or review of its internal financial controls over financial reporting as the company has not carried-out any operations during the period under report.

i) 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, 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 – Refer Note No. 2.28 to the standalone Ind AS financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

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

Sd/-
(**Katyayani K**)
Partner
Membership No.225030

Place: Visakhapatnam
Date: 30.05.2018

Annexure to the Independent Auditor's Report:

The Annexure referred in paragraph (16) in our Independent Auditor's Report of even date to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2018, we report that:

i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The fixed assets could not be physically verified by the management during the year in accordance with a phased programme of verification, due to closure of its plant for the entire year. Accordingly, we are unable to report on any material discrepancies between the fixed assets register and the assets physically available.

c) We are informed that the title deeds of some of the immovable properties are lodged with the bankers for which confirmation from the bankers could not be verified by us and rest of the title deeds for the rest of the properties could not be verified as the same are not produced for our verification.

ii) Physical verification of inventory could not be conducted during the year by the management due to closure of the plant for 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) According to the information and explanation given to us, the company has given two guarantees for loans taken by others from financial institutions in earlier years. During the financial year under report, the company has neither given any loans to the directors or any other persons in whom the director 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. There are no investments made by the Company during the year and hence section 186 of the Companies Act, 2013 is not applicable.

v) The Company has not accepted any deposits. 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 ('the Act'), 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, there are non-remittances/ delays in deposit/remittances of 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 during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, the details of undisputed amounts 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 31st March 2018 for a period of more than six months from the date they became payable are as under:

Name of the statute/ Authority	Nature of dues	Period to which the amount relates	Amount (In Rupees)
Employee state Insurance Corporation Act 1948	Employer contribution	From 01.04.2012 to 31.03.2015	1,00,000
Employee state Insurance Corporation Act 1948	Employee contribution	From 01.07.2013 to 31.03.2015	26,216
Professional Tax 1975	Employee contribution	From 01.07.2012 to 31.03.2017	4,42,530
Central Sales Tax Act	Central sales tax	For the year 2011-12	5,57,248
Central Sales Tax Act	Central Sales Tax	For the year 2013-14	21,40,003
AP VAT Act, 2000	Value Added Tax	For the year 2013-14	7,89,829
Income Tax Act, 1961	Regular assessment tax	For the financial year 2011-12	5,17,92,344
Income Tax Act, 1961	Dividend Distribution Tax	For the financial year 2011-12	21,38,620 excluding interest
Income Tax Act, 1961	Income tax deducted at source	From 01.04.2012 to 31.08.2017	95,19,634
Service tax Act	Service tax including education cess	From 01.04.2012 to 31.08.2014	7,27,412
Central Excise Act	Excise duty	From 01.05.2013 to 31.08.2014	81,81,486 excluding interest
Greater Hyderabad Municipal Corporation Act	Property Tax	From 01.04.2012 to 31.03.2013	1,99,859

b) As at 31st March 2018, 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 except the following:

Name of the statute/ Authority	Nature of dues	Period to which the amount relates	Forum where dispute is pending	(*) Amount (In Rupees)
Central Sales Tax Act	Non submission of 'C' and 'F' forms	1996-97	Dy. Commissioner (Appeals)	18,68,890
Central Sales Tax Act	Non submission of 'H' forms	2008-09	Appellate Dy. Commissioner (CT)	11,86,633

(*) 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) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration during the year. Consequently the clause 3(xi) of the order is not applicable.

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) The Company has not made any preferential allotment or private placement of shares or fully/ partly convertible debentures during the year under review. Consequently the clause 3(xiv) of the order is not applicable.

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
Firms' Registration Number: 002917S

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

Place: Visakhapatnam
Date: 30.05.2018

Note No. 1. Significant Accounting Policies

1.1 Company overview

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

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

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorized for issue on May 30, 2018.

1.2 Basis of preparation of financial statements

1.2.1 Statement of Compliance with Ind AS

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

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

1.2.2 Recent Accounting Pronouncements –Standards issued but not yet effective

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

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

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

Amendment to Ind AS 40:

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

Amendment to Ind AS 21:

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

Amendment to Ind AS 12:

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

Amendment to Ind AS 28:

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

Amendment to Ind AS 112:

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

The Company will adopt these amendments from their applicability date.

1.2.3 Basis of Preparation

For all periods up to and including year ended 31st March, 2017, the Company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 (“Previous GAAP”). These financial statements for the year ended 31st March, 2018 are the first financial statements of the Company prepared in accordance with Ind AS. The date of transition to Ind AS is 1st April, 2016. Details of the exceptions and optional exemptions availed by the Company and principal adjustments along with related reconciliations are detailed in Note 5 (First-time Adoption).

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

1.3 Use of Estimates:

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in Note 3. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are effected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Current and non-current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is treated as current when it is:

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

All other liabilities are classified as non-current.

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

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

1.5 Property, Plant and Equipment:

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

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

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

Directly attributable expenditure (including finance costs relating to borrowed funds for construction or acquisition of property, plant and equipments) incurred on projects under implementation are treated as expenditure during construction pending for allocation to the assets and are shown under CWIP. CWIP is stated at the amount expended upto balance sheet date on assets or property, plant and equipment that are not yet ready for their intended use.

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

1.6 Investment in Associates:

Investments in associates are carried at cost.

1.7 Inventories:

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

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

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

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

1.8 Cash and cash equivalents:

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

1.9 Trade receivables:

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

1.10 Trade payables:

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

1.11 Provisions, contingent assets and contingent liabilities:

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

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

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

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

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

1.12 Revenue recognition:

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

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

a. Sale of products:

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

b. Dividend income:

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

c. Unbilled income:

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

1.13 Expenses:

All expenses are accounted for on accrual basis.

1.14 Employee Benefits include:

(i) Short term employee benefits-

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

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

(ii) Post employment benefits-

The company operates the following post-employment schemes:

(a) Defined benefit plans such as gratuity: and

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

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

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

1.15 Income Taxes:

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

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

1.16 Prior period items

In case prior period adjustments are material in nature the Company prepares the restated financial statement as required under Ind AS 8 - “Accounting Policies, Changes in Accounting Estimates and Errors”. Immaterial items pertaining to prior periods are shown under respective items in the Statement of Profit and Loss.

1.17 Earnings Per Share:

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

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

1.18 Cash flow statement:

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

1.19 Impairment of assets:

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

1.20 Non Derivative Financial Instruments:

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

1.20.1 ***Initial Recognition-***

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

1.20.2 ***Subsequent measurement-***

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

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

(i) Debt instruments at amortised cost

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

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

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

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

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

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

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

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

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

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

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

The Company has made an irrevocable election to present the subsequent fair value changes in 'other comprehensive income' for its investments in equity instruments that are not held for trading. Fair value changes on the instrument, impairment losses & reversals and foreign exchange gain or loss are recognized in the OCI. Dividends are recognised in the Profit &Loss. There is no recycling of the amounts from OCI to Profit & Loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Financial liabilities are classified in two measurement categories:

- Financial liability measured at amortised cost
- Financial liability measured at fair value through profit or loss

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

(ii) Financial liability measured at amortised cost

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

1.20.3 Reclassification of financial assets-

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

1.20.4 Derecognition of financial instruments-

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

1.20.5 Impairment of financial assets-

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

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

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

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

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

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

1.20.6 Offsetting of financial instruments-

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

1.20.7 Fair Value of Financial instruments-

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

Balance Sheet as at 31st March, 2018

(Amount in ₹)

Particulars	Note No.	**As at 31-03-2018**	As at 31-03-2017	As at 01-04-2016
ASSETS				
1.Non-current assets				
a)Property, plant and equipment	2.01	**73,067,885**	88,034,669	117,963,952
b)Capital work-in-progress	2.02	**144,523,839**	126,062,527	123,288,421
c)Financial assets - Investments	2.03	**1,587,934,400**	1,575,589,060	1,576,625,590
d)Other non-current assets	2.04	**1,022,000**	1,022,000	1,022,000
2.Current assets				
a)Inventories	2.05	**51,474,891**	47,701,440	138,955,422
b)Financial assets				
i) Trade receivables	2.06	**7,927,444**	7,927,444	7,927,444
ii)Cash and cash equivalents	2.07	**1,634,446**	1,630,169	1,988,247
iii) Bank balances other than above	2.08	**10,579,189**	10,503,717	10,503,717
c)Current Tax Assets (net)	2.09	**900,000**	1,134,000	0
d)Other current assets	2.10	**84,450,508**	54,245,690	51,515,371
Total Assets		**1,963,514,603**	**1,913,850,716**	**2,029,790,164**
EQUITY AND LIABILITIES				
1.Equity				
a)Equity Share capital	2.11	**43,949,875**	43,949,875	43,949,875
b)Other equity	2.12	**833,484,644**	1,039,360,113	1,049,935,947
		877,434,519	1,083,309,988	1,093,885,822
2.LIABILITIES				
Non-current liabilities				
a)Financial liabilities				
i)Borrowings	2.13	**350,121,436**	326,505,624	306,306,466
ii)Other financial liabilities	2.14	**400,000**	400,000	400,000
b)Deferred tax liability(Net)	2.15	**32,180,457**	32,180,457	32,180,457
Current liabilities				
a)Financial liabilities				
i)Borrowings	2.16	**83,234,445**	0	85,074,532
ii)Trade payables	2.17	**223,546,521**	215,141,607	226,877,981
iii)Other financial liabilities	2.18	**23,214,020**	24,038,084	61,763,224
b)Other current liabilities	2.19	**370,711,908**	229,626,649	220,692,376
c)Provisions	2.20	**2,671,296**	2,648,306	2,609,306
Total Equity and Liabilities		**1,963,514,603**	**1,913,850,716**	**2,029,790,164**

For and on behalf of the Board

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

Sd/-	Sd/-	Sd/-	Sd/-
M.V. ANANTHAKRISHNA	V.S. Rao	R. DHARMENDER	(KATYAYANI K)
Whole Time Director	Director	CFO	Partner
			Membership Number: 225030

Place : HYDERABAD
Date : 30.05.2018

Place : Visakhapatnam
Date : 30.05.2018

Statement of Profit and Loss for the period ended 31st March, 2018

(Amount in ₹)

Particulars	Note No.	This year	Previous Year
I. REVENUE			
Revenue from operations		**-**	-
Other income	2.21	**80,758,798**	115,827,694
Total Revenue		**80,758,798**	115,827,694
II. EXPENSES			
Cost of materials consumed	2.22	**0**	91,253,982
Change in inventories of finished goods	2.23	**0**	-
Employee benefit expenses	2.24	**10,894,576**	1,191,584
Finance cost	2.25	**30,636,194**	27,391,603
Depreciation		**5,840,429**	5,617,717
Other expenses	2.26	**38,133,762**	1,280,113
Total expenses		**85,504,961**	126,734,998
III. Profit/(Loss) before Exceptional items and tax (I-II)		**(4,746,163)**	(10,907,304)
IV. Exceptional Items :			
FSA charges for earlier years		**213,474,646**	-
V. Profit/(Loss) after Exceptional items and before tax		**(218,220,809)**	(10,907,304)
VI. Tax expense :			
Current tax		**-**	-
Deferred tax		**-**	-
VII. Profit/ (loss) for the period		**(218,220,809)**	(10,907,304)
VIII. Other comprehensive income			
A Items that will not be reclassified to profit or loss			
(i) Remeasurement gains/(losses) on the defined benefit plans		**-**	-
(ii) Gains/(losses) on sale of Equity Instruments measured at FVTOCI		**-**	(73,530)
(iii) Gains/(losses) on restatement of Equity Instruments measured at FVTOCI		**12,345,340**	405,000
Income tax effect on above		**-**	-
B Items that may be reclassified to profit or loss		**-**	-
Income tax relating to items that will be reclassified to profit or loss		**-**	-
IX. Total comprehensive income for the period		**(205,875,469)**	(10,575,834)
X. Earnings per equity share			
Basic & Diluted		**(49.66)**	(2.48)
Significant accounting policies and other accompanying notes form an integral part of the financial statements	1		

For and on behalf of the Board

Sd/-	Sd/-	Sd/-	As per our report of even date annexed FOR C V RAMANA RAO & CO., CHARTERED ACCOUNTANTS Firm Registration Number: 002917 S Sd/-
M.V. ANANTHAKRISHNA	V.S. Rao	R. DHARMENDER	(KATYAYANI K)
Whole Time Director	Director	CFO	Partner Membership Number: 225030

Place : HYDERABAD
Date : 30.05.2018

Place : Visakhapatnam
Date : 30.05.2018

Statement of Cashflows for the year ended 31st March, 2018

(Amount in ₹)

Particulars	31-Mar-2018	31-Mar-2017
A) Cash Flow from Operating Activities:		
Profit/(Loss) before tax and after exceptional items:	**(218220809)**	(10907304)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment and amortisation	**5840429**	5617717
Finance costs(including fair value change in financial instruments)	**26239791**	22665401
Gain on disposal of property, plant and equipment	**(80743224)**	(89088433)
Excess provision for interest on Cash Credit of earlier years written back	**0**	(26737155)
Unclaimed credit balances written back	**0**	(2106)
Operating Profit / Loss before Working Capital changes	**(48663004)**	(87544576)
Working capital adjustments:		
Movements in provisions,gratuity and government grants	**22990**	39000
Decrease/ (Increase) in trade and other receivables and Pre payments	**(28711526)**	(2730319)
Decrease / (Increase) in inventories	**(3773451)**	91253982
Increase /(Decrease) in trade and other payables	**146042129**	(16254222)
Cash generated from operations	**64917138**	(15236135)
Income Tax (paid)/refund	**(1334764)**	(1134000)
Net Cash generated in operations	**63582374**	(16370135)
Insurance proceeds received on fire loss of profits claim settlement	**0**	0
Net cash flows from operating activities (A)	**(154638435)**	(27277440)
B) Cash Flow from Investing Activities:		
Proceeds from sale of property,plant and equipments	**0**	113400000
Purchase of property,plant and equipments	**(130421)**	0
Increase/(decrease) in Capital Work in Progress	**(18461312)**	(2774106)
Proceeds from sale of Investment Property	**90000000**	0
Proceeds from sale of financial instruments	**0**	1368000
Interest received	**0**	0
Net cash flows used in investing activities (B)	**71408267**	111993894
C) Cash Flow from Financing Activities:		
Interest paid	**0**	0
Proceeds from borrowings	**83234445**	0
Repayments of borrowings	**0**	(85074532)
Net Cash flows/(used in) Financing Activities (C)	**83234445**	(85074532)
Net increase/(decrease) in Cash & Cash equivalents (A + B + C)	**4276**	(358078)
Opening balance of Cash & Cash equivalents	**1630169**	1988247
Closing balance of Cash & Cash equivalents	**1634446**	1630170

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

(Amount in ₹)

Particulars	31-Mar-2018	31-Mar-2017	31-Mar-2016
Cash and cash equivalents	1,634,446	1,630,169	1,988,247
Bank Overdrafts	0	0	0
Balance as per statement of cash flows	**1,634,446**	**1,630,169**	**1,988,247**

Reconciliation of Liabilities arising from Financing activities as at 31.03.2018

Particulars	Long term unsecured loans	Short term unsecured loans	Total
Balance as on 1st April, 2017	326,505,624	-	326,505,624
Add: Proceeds from fresh borrowings		83,234,445	83,234,445
Amortised interest/ transaction costs using EIR	23,615,812	-	23,615,812
Less: Repayments of the borrowings		-	-
Interest paid for the period	-	-	-
Balance as on 31st March, 2018	**350,121,436**	**83,234,445**	**433,355,881**

Reconciliation of Liabilities arising from Financing activities as at 31.03.2017

Particulars	Cash Credit facility	Long term unsecured loans	Total
Balance as on 1st April, 2016	85,074,532	306,306,466	391,380,998
Add: Proceeds from fresh borrowings	-	-	-
Amortised interest/ transaction costs using EIR	-	20,199,158	20,199,158
Less: Repayments of the borrowings	85,074,532		85,074,532
Interest paid for the period	-	-	-
Balance as on 31st March, 2017	**-**	**326,505,624**	**326,505,624**

For and on behalf of the Board

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

Sd/-
M.V. ANANTHAKRISHNA
Whole Time Director

Sd/-
V.S. Rao
Director

Sd/-
R. DHARMENDER
CFO

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

Place : HYDERABAD
Date : 30.05.2018

Place : Visakhapatnam
Date : 30.05.2018

Statement of Changes in Equity for the year ended 31st March, 2018

(Amount in ₹)

A	Equity share capital	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
	Balance at the beginning of the reporting period	43949875	43949875	43949875
	Changes in equity share capital during the year	-	-	-
	Balance at the end of the reporting period	43949875	43949875	43949875

B Other Equity

(Amount in ₹)

Particulars		Balance as on 01.04.2017	Total comprehensive income for the year	Transfer to retained earnings	Any other change (to be specified)	Balance as on 31.03.2018
Reserves and surplus	Capital Reserve	1,500,000				1,500,000
	Securities Premium Reserve	119,179,000				119,179,000
	General Reserve	964,000,000				964,000,000
	Retained Earnings	(71,224,567)	(218,220,809)			(289,445,376)
Equity Instruments through Other Comprehensive Income		25,905,680	12,345,340			38,251,020
Total		**1,039,360,113**	**(205,875,469)**	**-**	**-**	**833,484,644**

(Amount in ₹)

Particulars		Balance as on 01.04.2016	Total comprehensive income for the year	Transfer to retained earnings	Any other change (to be specified)	Balance as on 31.03.2017
Reserves and surplus	Capital Reserve	1,500,000				1,500,000
	Securities Premium Reserve	119,179,000				119,179,000
	General Reserve	964,000,000				964,000,000
	Retained Earnings	(61,457,263)	(10,907,304)	1,140,000		(71,224,567)
Equity Instruments through Other Comprehensive Income		26,714,210	331,470	(1,140,000)		25,905,680
Total		**1,049,935,947**	**(10,575,834)**	**-**	**-**	**1,039,360,113**

Note No 2.01:

Property, Plant & Equipment as on 31.03.2018

(Amount in ₹)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at 1st April, 2017	Additions	(Disposals)	**As at 31st Mar, 2018**	Up to 1st April, 2017	Depreciation charge for the year	On disposals	**Up to 31st Mar, 2018**	**As at 31st Mar, 2018**	As at 31st March, 2017
Land	44,726,745	-	-	**44,726,745**	0	0	0	**0**	**44,726,745**	44,726,745
Buildings	83,083,067	-	13,392,575	**69,690,492**	64,440,627	1,091,702	4,135,800	**61,396,529**	**8,293,962**	18,642,440
Plant & Machinery	572,671,521	-	-	**572,671,521**	550,050,795	3,934,683	0	**553,985,478**	**18,686,043**	22,620,726
Furniture&Fixtures	3,594,066	-	-	**3,594,066**	3,463,616	55,491	0	**3,519,107**	**74,959**	130,450
Office Equipment	10,021,395	61,059	-	**10,082,454**	9,728,506	4,400	0	**9,732,906**	**349,548**	292,889
Vehicles	15,789,108	69,362	-	**15,858,470**	14,167,689	754,153		**14,921,842**	**936,628**	1,621,419
Total	**729,885,901**	**130,421**	**13,392,575**	**716,623,747**	**641,851,233**	**5,840,429**	**4,135,800**	**643,555,862**	**73,067,885**	**88,034,669**

Property, Plant & Equipment as on 31.03.2017

(Amount in ₹)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at 1st April, 2016	Additions	(Disposals)	As at 31st Mar, 2017	Up to 1st April, 2016	Depreciation charge for the year	On disposals	Up to 31st Mar, 2017	As at 31st Mar, 2017	As at 31st March, 2016
Tangible Assets:										
Land	69,038,312		24,311,567	44,726,745		0	0	0	44,726,745	69,038,312
Buildings	83,083,066	-	0	83,083,066	63,223,844	1,216,783	0	64,440,627	18,642,439	19,859,222
Plant & Machinery	572,671,521	-	0	572,671,521	546,116,112	3,934,683	0	550,050,795	22,620,726	26,555,409
Furniture&Fixtures	3,594,066	-	0	3,594,066	3,433,066	30,550	0	3,463,616	130,450	161,000
Office Equipment	10,021,395	-	0	10,021,395	9,728,506	0	0	9,728,506	292,889	292,889
Vehicles	15,789,108	-	0	15,789,108	13,731,988	435,701	0	14,167,689	1,621,419	2,057,120
Total	**754,197,468**	**-**	**24,311,567**	**729,885,901**	**636,233,516**	**5,617,717**	**0**	**641,851,233**	**88,034,668**	**117,963,952**

Note No 2.02: Capital work in progress

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Details	Amount (₹)	Details	Amount (₹)	Details	Amount (₹)
Capital Works in Progress:						
a. Civil works under progress		70,014,077		70,014,077		70,014,077
b. Heat Exchanger & Pollution Equipment		17,550,000		0		0
c. Capital Stock in Stores		1,390,518		1,390,518		1,390,518
Expenditure incidental to construction awaiting allocation (Vide Note No.2.03(a)):		55,569,244		54,657,932		51,883,826
Total		**144,523,839**		**126,062,527**		**123,288,421**

Note No. 2.02(a): Expenditure incidental to construction awaiting allocation:

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Details	Amount (₹)	Details	Amount (₹)	Details	Amount (₹)
a. Balance at the beginning of the year:		54,657,932		51,883,826		50,082,640
b. Net Expenditure incurred during the year:						
Bank charges and guarantee commission	891,312		1,914,006		1,801,186	
Rent	20,000		860,100		0	
	911,312		2,774,106		1,801,186	
Less: Miscellaneous income	0		0		0	
		911,312		2,774,106		1,801,186
Total		**55,569,244**		**54,657,932**		**51,883,826**

Note No 2.03: Non-current financial assets - Investments

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Details	Amount (₹)	Details	Amount (₹)	Details	Amount (₹)
Non Trade:						
1) Investment in Associates measured at cost						
# 140141414 Equity Shares of ₹10/- each fully paidup in Konaseema Gas Power Ltd.	1,430,646,210		1,430,646,210		1,430,646,210	
5596047 Equity Shares of ₹10/- each fully paidup in Karthik Rukmini Energy Ltd	55,960,470		55,960,470		0	
Total		**1,486,606,680**		**1,486,606,680**		**1,430,646,210**

2) Investment in equity instruments measured at Fair Value through Other Comprehensive Income

i) Quoted						
3800 Equity Shares of ₹10/- each fully paidup in State Bank of Travancore	0	0	0	0	1,441,530	1,441,530
ii) Unquoted						
135000 Equity Shares of ₹10/-each fully paidup in Basil Infrastructure Projects Ltd.	2,565,000		2,565,000		2,160,000	
100000 Equity Shares of ₹ 10/- each fully paid up Konaseema Power Corporation Ltd.	0		0		0	
* 6172670 Equity Shares of ₹10/- each fully paidup in Orissa Power Consortium Ltd.	98,762,720		86,417,380		86,417,380	
		101,327,720		88,982,380		88,577,380
iii) Share Application Money with :						
i) Karthik Rukmini Energy Ltd	0	0	0	0	55,960,470	55,960,470
TOTAL(i+ii+iii)		101,327,720		88,982,380		145,979,380
Total		**1,587,934,400**		**1,575,589,060**		**1,576,625,590**

includes 124.589 Lakhs (P.Y.124.589 Lakhs) shares acquired, the title in respect of which is in the process of transfer. 10 crore equity shares of Konaseema Gas Power Ltd have been pledged with various financial institutions as a collateral security against the term loans sanctioned to the said company.

*6172670 Equity shares of Orissa Power Consortium Ltd have been pledged with various financial institutions as a collateral security against the term loans sanctioned to the said company.

Note No. 2.03a Details of Material Associates

Name of the Associate	Principal Place of Business	Proportion of Ownership Interest/ Voting Rights		
		As at 31.03.2018	As at 31.03.2017	As at 31.03.2016
Konaseema Gas Power Ltd	Devarapalli Village, Ravulapalem Mandal, East Godavari District, Andhra Pradesh, India	26.06	26.06	26.06
Karthik Rukmini Energy Ltd	Balaji Nagar,Sirpur Kaghaznagar Town, Adilabad, Telangana, India	25.37	25.37	25.37

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

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

Note No. 2.03c Disposal of the investments in equity shares of State Bank of Travancore during the financial year 2016-17

i. Reasons for disposal	The Company has sold the investments to meet its working capital requirements as it has not carried any business during the last four years, due to operational reasons.
ii. Fair value at the date of derecognition	Rs. 1368000
iii. Cumulative gain or loss on disposal	Rs. 1140000

Note No 2.04: Other Non Current Assets

Particulars	**As at 31.03.2018**		As at 31.03.2017		As at 01.04.2016	
	Details	**Amount (₹)**	Details	Amount (₹)	Details	Amount (₹)
Capital advances		**1,022,000**		1,022,000		1,022,000
Total		**1,022,000**		**1,022,000**		**1,022,000**

Note No 2.05: Inventories

Particulars	**As at 31.03.2018**		As at 31.03.2017		As at 01.04.2016	
	Details	**Amount (₹)**	Details	Amount (₹)	Details	Amount (₹)
(As Valued and Certified by the Management)						
Stores & spares		**31,737,849**		30,211,849		30,211,849
Raw materials		**16,407,869**		14,160,419		105,414,400
Finished goods		**3,329,173**		3,329,173		3,329,173
Total		**51,474,891**		**47,701,440**		**138,955,422**

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

Note No .2.06: Trade receivables

Particulars	**As at 31.03.2018**		As at 31.03.2017		As at 01.04.2016	
	Details	**Amount (₹)**	Details	Amount (₹)	Details	Amount (₹)
Unsecured:						
Debts, outstanding over six months						
Considered good	**7,927,444**		7,927,444		7,927,444	
Considered doubtful	**0**	**7,927,444**	0	7,927,444	0	7,927,444
Total		**7,927,444**		**7,927,444**		**7,927,444**

Note No 2.07: Cash and cash equivalents

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Details	Amount (₹)	Details	Amount (₹)	Details	Amount (₹)
a. Balances with banks		**1,271,316**		1,576,324		1,936,172
This includes:						
(Earmarked Balances towards Unpaid Dividend accounts - less than seven years)	**1,062,537**		1,472,687		1,835,551	
b. Debit balance in BOI CC account		**0**		1,770		0
c. Cash on hand		**363,131**		52,075		52,075
Total		**1,634,446**		**1,630,169**		**1,988,247**

Note No. 2.08: Bank balances other than above

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Details	Amount (₹)	Details	Amount (₹)	Details	Amount (₹)
Margin Money Deposit with bank		**10,579,189**		10,503,717		10,503,717
(Towards guarantees taken)						
Total		**10,579,189**		**10,503,717**		**10,503,717**

Note No 2.09: Current tax assets (net)

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Details	Amount (₹)	Details	Amount (₹)	Details	Amount (₹)
Prepaid taxes (Including Tax Deducted at Source)		**900,000**		1,134,000		-
Total		**900,000**		**1,134,000**		**0**

Note No 2.10: Other current assets

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Details	Amount (₹)	Details	Amount (₹)	Details	Amount (₹)
(Unsecured, considered good)						
Advances paid to Suppliers		**28,898,339**		7,866,186		4,768,164
Deposits recoverable		**43,944,211**		43,928,210		43,929,211
Other Advances Recoverable		**3,199,641**		2,451,294		2,817,996
Income Tax Refund Receivable		**1,568,764**		-		-
Input Tax Credit Receivable		**6,839,553**		-		-
Total		**84,450,508**		**54,245,690**		**51,515,371**

Note No 2.11: Equity

a) Equity share capital

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Number	**Amount (₹)**	Number	Amount (₹)	Number	Amount (₹)
a) Authorised :						
Equity Shares of `.10/- each	**20,000,000**	**200,000,000**	20,000,000	200,000,000	20,000,000	200,000,000
b) (i) Issued :						
Equity Shares of `.10/- each	**4,396,450**	**43,964,500**	4,396,450	43,964,500	4,396,450	43,964,500
(ii) Subscribed and Fully Paid up:						
43,94,350/- Equity Shares of `. 10/- each fully paid up	**4,394,350**	**43,943,500**	4,394,350	43,943,500	4,394,350	43,943,500
Add: Amount received on 2100 forfeited shares		**6,375**		6,375		6,375
Total	**4,394,350**	**43,949,875**	**4,394,350**	**43,949,875**	**4,394,350**	**43,949,875**

Terms/ rights attached to equity shares

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

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

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	No. of Shares held	**% of Holding**	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Techno Infratech Projects (India) Private Limited	**350,865**	**7.98%**	350,865	7.98%	350,865	7.98%

Note 2.12 Other Equity

Particulars	As at 31-03-2018		As at 31-03-2017		As at 01.04.2016	
	Details	**Amount (₹)**	Details	Amount (₹)	Details	Amount (₹)
a) Capital Reserve		**1,500,000**		1,500,000		1,500,000
b) Securities Premium		**119,179,000**		119,179,000		119,179,000
c) General Reserve		**964,000,000**		964,000,000		964,000,000
d) Retained Earnings		**(289,445,376)**		(71,224,567)		(61,457,263)
e) Other Comprehensive Income						
Equity Instruments through Other Comprehensive Income		**38,251,020**		25,905,680		26,714,210
Total		**833,484,644**		**1,039,360,113**		**1,049,935,947**

Nature of reserves:

a) Capital Reserve : Capital reserve represents the subsidy received from the State Government of India.
b) Securities premium: Securities premium represents premium received on issue of shares. The reserve is utilised in accordance with the provisions of Companies Act, 2013.
c) General reserve : The general reserve is created by way of tranfer of part of the profits before declaring dividend pursuant to the provisions of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.
d) Retained earnings : Retained earnings generally represents the undistributed profit/ amount of accumulated earnings of the company.
e) Other Comprehensive Income:
Other Comprehensive Income (OCI) represents the balance in equity for items to be accounted under OCI and comprises of: items that will not be reclassified to profit and loss
a. The Company has made an irrevocable election to present the subsequent fair value changes of investments in OCI. This reserve represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value including tax effects. The company transfers restated fair value amounts from this reserve to retained earnings when the relevant financial instruments are disposed.

Note No 2.13: Non current Financial liabilities- Borrowings

Particulars	**As at 31.03.2018**		As at 31.03.2017		As at 31.03.2016	
	Details	**Amount (₹)**	Details	Amount (₹)	Details	Amount (₹)
Unsecured Loans :						
From Directors		**17,536,316**		17,536,316		17,536,316
From other body corporates		**145,458,273**		145,458,273		145,458,273
From Related parties		**187,126,847**		163,511,035		143,311,877
Total		**350,121,436**		**326,505,624**		**306,306,466**

Note No 2.14: Non current Financial liabilities- others

Particulars	**As at 31.03.2018**		As at 31.03.2017		As at 31.03.2016	
	Details	**Amount (₹)**	Details	Amount (₹)	Details	Amount (₹)
Deposits refundables		**400,000**		400,000		400,000
Total		**400,000**		400,000		400,000

Note No 2.15: Deferred tax liability

Particulars	**As at 31.03.2018**		As at 31.03.2017		As at 31.03.2016	
	Details	**Amount (₹)**	Details	Amount (₹)	Details	Amount (₹)
Deferred tax liability:						
Timing difference between book and tax depreciation	**1,492,927**		1,492,927		1,492,927	
Items of contingent liability in nature claimed as expenditure for tax purpose	**43,088,278**	**44,581,205**	43,088,278	44,581,205	43,088,278	44,581,205
Deferred tax asset:						
Items covered under section 43B of the Income Tax Act	**8,090,852**		8,090,852		8,090,852	
Provision for doubtful debts	**2,579,127**		2,579,127		2,579,127	
Unabsorbed depreciation under Income Tax Act	**1,730,769**	**12,400,748**	1,730,769	12,400,748	1,730,769	12,400,748
Total		**32,180,457**		**32,180,457**		**32,180,457**

Note No 2.16: Current fianacial Liabilities- Borrowings

Particulars	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	Details	**Amount (₹)**	Details	Amount (₹)	Details	Amount (₹)
Secured Loans :						
Cash credit facilities from :						
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 guarenteed by Managing Director and a shareholder of the Company, in their personal capacity - including interest accrued		**0**		0		85,074,532
Unsecured Loans :						
From Body Corporates	**77,212,809**					
From Others	**6,021,636**	**83,234,445**				
Total		**83,234,445**		**0**		**85,074,532**

Note No 2.17: Current Financial laibilities- Trade payables

Particulars	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	Details	**Amount (₹)**	Details	Amount (₹)	Details	Amount (₹)
Total outstanding dues of micro enterprises and small enterprises		**0**		0		0
Total outstanding dues of creditors other than micro enterprises and small enterprises		**223,546,521**		215,141,607		226,877,981
Total		**223,546,521**		**215,141,607**		**226,877,981**
Dues to Small and Medium Enterprises:						
(a) Principal amount and interest due thereon remaining unpaid						
(b) Interest paid in terms of Section 16 of MSMED Act, 2006						
(c) Interest due and payable for the period of delay excluding interest specified under MSMED Act, 2006		NIL		NIL		NIL
(d) Interest accrued and remaining unpaid at the end of the year						
(e) Further interest due and payable in terms of section 23 of MSMED Act, 2006						

Note No 2.18: Current Financial Liabilities - Others

Particulars	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	Details	**Amount (₹)**	Details	Amount (₹)	Details	Amount (₹)
Interest accrued and due on cash credit facilities		**0**		0		33,803,254
Advances from customers refundable		**9,157,683**		9,157,683		9,157,683
Un-Paid Dividends		**1,062,537**		1,472,687		1,835,551
Other current liabilities		**12,993,800**		13,407,714		16,966,736
Total		**23,214,020**		**24,038,084**		**61,763,224**

Note No 2.19: Other Current Liabilites

Particulars	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	Details	**Amount (₹)**	Details	Amount (₹)	Details	Amount (₹)
FSA Charges Payable		**213,474,646**		0		0
Liability towards statutory dues		**82,018,686**		84,427,355		73,937,260
Tax on Equity dividend		**2,138,620**		2,138,620		2,138,620
Other Liabilities		**73,079,956**		143,060,674		144,616,496
Total		**370,711,908**		**229,626,649**		**220,692,376**

Note No 2.20: Short term provisions

Particulars	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	Details	**Amount (₹)**	Details	Amount (₹)	Details	Amount (₹)
Provision for Gratuity		**1,155,256**		1,132,266		1,093,266
Provision for leave encashment		**1,516,040**		1,516,040		1,516,040
Total		**2,671,296**		**2,648,306**		**2,609,306**

Note No 2.21: Other income

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
	Details	Amount (₹)	Details	Amount (₹)
Profit on Sale of Property, Plant and Equipment		**80,743,224**		89,088,433
Adjustment of changes in Excise Duty on Closing Stock		**15,574**		-
Excess provision for interest on Cash Credit of earlier years written back		**-**		26,737,155
Unclaimed credit balances written back		**-**		2,106
Total		**80,758,798**		**115,827,694**

Note No 2.22: Cost of materials consumed

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
	Details	Amount (₹)	Details	Amount (₹)
Opening Stock		**14,160,419**		105,414,400
Add: Purchases (Net)		**2,247,451**		0
		16,407,869		105,414,400
Less: Closing stock		**16,407,869**		14,160,419
Debit to profit & loss account		**0**		**91,253,982**

Note No 2.22A: The debit represents storage 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.

Note No 2.23: Change in inventories of finished goods

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
	Details	Amount (₹)	Details	Amount (₹)
Opening stock		**3,329,173**		3,329,173
Less: Closing stock		**3,329,173**		3,329,173
Total		**0**		**0**

Note No 2.24: Employee benefit expenses

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
	Details	Amount (₹)	Details	Amount (₹)
Salaries, Wages & Bonus		**10,415,433**		1,165,392
Contribution to Gratuity fund		**22,990**		26,192
Staff Welfare Expenses		**456,153**		0
Total		**10,894,576**		**1,191,584**

Note No 2.24 (a): The company has not provided both Employer' and Employees' contribution to Provident fund during the year based on Order no. TS/PTC/ENF/17192/4741 dated 08.05.2015 issued by Regional PF Commissioner-II & Authority under section 7A of EPF & MP Act, treating the establishment as permanently closed after making the assessment up to August 2013.

Note No 2.24 (b): Employee benefit plans:

As per IND AS 19 "Employees Benefits" the disclosure of Employee Benefits as defined in the Accounting Standard are given hereunder:

Defined Contributions Plans:

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

Note No 2.25: Finance cost

Particulars	**For the year ended 31.03.2018**		For the year ended 31.03.2017	
	Details	**Amount (₹)**	Details	Amount (₹)
Interest - Others		**26,273,219**		22,665,401
Interest under the provisions of Income Tax Act		**3,291,415**		3,319,921
Interest paid on Excise duty		**981,778**		987,158
Interest on Trade deposit		**60,000**		60,000
Bank charges		**29,782**		359,123
Total		**30,636,194**		**27,391,603**

Note No .2.26: Other expenses

Particulars	**For the year ended 31.03.2018**		For the year ended 31.03.2017	
	Details	**Amount (₹)**	Details	Amount (₹)
Consumption of Stores and Spares		**18,062,843**		
Repairs and Maintenance		**11,579,196**		
Factory Expenses		**1,426,180**		
Consultancy Charges		**400,000**		
Rates & Taxes		**2,650,368**		202,103
Directors' sitting Fees		**31,000**		27,000
Payment to Auditor's:				
As Auditor's	**100,000**		100,000	
corporate Law services	**218,000**	**318,000**	0	100,000
Maintenance Charges		**164,062**		140,930

Listing and filing fees	**388,446**	229,000
Printing & stationery	**84,730**	32,500
Transportation Charges	**832817**	
Communication expenses	**83,453**	124,511
Travelling & conveyance	**225,619**	103,623
Legal & professional charges	**109,200**	101,751
License and Fees	**756,085**	0
Royalty and Cess	**510,564**	0
Miscellaneous expenses	**511,199**	218,695
Total	**38,133,762**	**1,280,113**
Expenditure in foreign currency during the financial year on account of travelling.	**0**	0

Note No: 2.27

“Exceptional item” of debit to the statement of profit & loss of Rs 21,34,74,646, represents the fuel surcharge adjustment (FSA) for the years from 2009.10 to 2012.13, provided in the books of account, as the Hon’ble Supreme Court has dismissed the company’s appeal against the levy of the same.

Note No: 2.28

(a). 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 31.03.2015 totaling to Rs 42,60,26,056. . Pending disposal of its objections by the authorities, no provision has been made towards the same.

(b). The company has received demand for fuel surcharge adjustment (FSA) from Central Power Distribution Company of AP Ltd (CPDCL) 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 . The challenge with respect to 2008-09 were initially accepted by a single judge of the Andhra Pradesh High Court and the appeals filed with respect to 2008-09 is currently pending before the Supreme Court and a full bench of the Andhra Pradesh High Court respectively. 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 totaling to Rs 5,28,19,683.

Note No: 2.29

Contingent liabilities and commitments	As at 31.03.2018	As at 31.03.2017
a) Unexpired Bank Guarantees and letters of Credit	52,429,000	52,429,000
b) Unexpired Corporate Guarantees given to Financial Institutions and strategic Investors on behalf of Body Corporates	1,571,000,000	1,571,000,000
c) Disputed Sales Tax Demands for non submission of “C” & “F” Forms	3,459,375	15,654,102
d) Disputed Income Tax demands for the financial years 2008-09 to 2009-10	-	1,55,19,688

Note No: 2.30

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, Medak 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 Mandal, Adilabad District through a separate company, by transferring its power unit by way of demerger.

Note No: 2.31

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

Note No: 2.32

Related parties in terms of IND AS 24

a) Associates:
Konaseema Gas Power Ltd
VBC Industries Limited
Orissa power Consortium Limited.

b) Key Managerial Personnel:
Sri M S Lakshmana Rao, Managing Director
Sri R.Dharmender-Chief Finance Officer

c) Relatives of Key Managerial Personnel,
Sri MS Lakshmana Rao :
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 project (India) Pvt. Ltd.
BASIL Infrastructure projects Ltd.

B. Transactions carried with related parties:

Nature of Trasactions	This year	Previous year
Transactions pertaining to Key Management Personnel:		
Remuneration payable to M S Lakshman Rao,		
Managing Director	0	0
Transactions with Relatives of the Key Managerial Personnel:		
a) Interest paid to		
Dr. M.V.V.S. Murthi	14,993,200	13,129,020
M.S.P. Rama Rao	11,246,591	9,314,489

Nature of Trasactions	This year	Previous year
b) Amounts payable at the end of the year		
Dr. M.V.V.S. Murthi	108,528,399	95,034,519
M.S.P. Rama Rao	78,598,448	68,476,516
M S Lakshman Rao	17,536,316	17,536,316
Transactions pertaining to Companies/Firms/Other concerns in which Key Managerial Personnel or his relatives holds substancial interest:		
a) Amount payable at the end of the year		
VBC Exports Ltd	3,820,993	3,820,993
Techno Infratech Project (India) Pvt. Ltd.	8,937,080	8,937,080
BASIL Infrastructure Projects Ltd.,	1,004,506	1,004,506
VBC Power Company Ltd	9,857,400	9,857,400
b) Amount Invested up to the end of the year in		
BASIL Infrastructure Projects Ltd.,	1,350,000	1,350,000
Konaseema Gas Power Ltd	1,430,646,210	1,430,646,210
Orissa Power Consortium Ltd.	61,726,700	61,726,700

Note No: 2.33: Earning Per Share (EPS)

Particulars	Current Year	Previous Year
a) Net Profit / (Loss) available for Equity Share Holders.	(218,220,809)	(10,907,304)
b) Weighted Average Number of Equity Shares Used as denominator for calculating EPS		
c) Basic and Diluted Earnings per Share of Rs. 10/-each	(49.66)	(2.48)

Note No: 2.34

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

Note No: 2.35

According to an internal technical assessment,there is no impairment in the carrying cost of cash Generating assets of the Company in terms of Accounting for Impairment of Asset (IND AS 36) of Companies (Indian Accounting Standard) Rules, 2015.

Note No: 2.36

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

Note No: 2.37

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

Note No: 2.38

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

For and on behalf of the Board

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

Sd/-	Sd/-	Sd/-	Sd/-
M.V. ANANTHAKRISHNA	V.S. Rao	R. DHARMENDER	(KATYAYANI K)
Whole Time Director	Director	CFO	Partner
			Membership Number: 225030

Place : HYDERABAD
Date : 30.05.2018

Place : Visakhapatnam
Date : 30.05.2018

Note. 3 Significant accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

3.1 Property, Plant and Equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

3.2 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

3.3 Impairment of Financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgment in making these assumptions and selecting the inputs to the impairment calculation based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3.4 Taxes

Management's judgment is required for the calculation of provision for income taxes and deferred tax assets/liabilities.

Estimation of Current tax expense and payable - Significant judgments are involved in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management's judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company reviews at each balance sheet date the carrying amount of deferred tax assets/ liabilities.

The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

3.5 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3.6 Contingencies:

Management's judgment is required for estimating the possible inflow/outflow of resources, if any, in respect of contingencies/claims/litigations against the Company/by the Company as it is not possible to predict the outcome of pending matters with accuracy.

4. FINANCIAL INSTRUMENTS

4.1 Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2018 were as follows:

(Amount in ₹)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets at fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (C&CE)	1,634,446					1,634,446	1,634,446
Bank Balances other than C&CE	10,579,189					10,579,189	10,579,189
Investments:							
Unquoted equity instruments	-			101,327,720		101,327,720	101,327,720
Trade receivables	7,927,444					7,927,444	7,927,444
Total	**20,141,080**	**-**	**-**	**101,327,720**	**-**	**121,468,800**	**121,468,800**
Liabilities:							
Trade payables	223,546,521					223,546,521	223,546,521
Other financial liabilities	456,969,901					456,969,901	456,969,901
Total	**680,516,422**	**-**	**-**	**-**	**-**	**680,516,422**	**680,516,422**

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

(Amount in ₹)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets at fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (C&CE)	1,630,169					1,630,169	1,630,169
Bank Balances other than C&CE	10,503,717					10,503,717	10,503,717
Investments:							
Unqoted equity instruments				88,982,380		88,982,380	88,982,380
Trade receivables	7,927,444					7,927,444	7,927,444
Total	**20,061,330**	**-**	**-**	**88,982,380**	**-**	**109,043,710**	**109,043,710**
Liabilities:							
Trade payables	215,141,607					215,141,607	215,141,607
Other financial liabilities	350,943,708					350,943,708	350,943,708
Total	**566,085,316**	**-**	**-**			**566,085,316**	**566,085,316**

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

(Amount in ₹)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets at fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (C&CE)	1,988,247					1,988,247	1,988,247
Bank Balances other than C&CE	10,503,717					10,503,717	10,503,717
Investments:							
Unquoted equity instruments				90,018,910		90,018,910	90,018,910
Trade receivables	7,927,444					7,927,444	7,927,444
Total	**20,419,408**	**-**	**-**	**90,018,910**	**-**	**110,438,318**	**110,438,318**
Liabilities:							
Trade payables	226,877,981					226,877,981	226,877,981
Other financial liabilities	453,544,222					453,544,222	453,544,222
Total	**680,422,203**	**-**	**-**	**-**	**-**	**680,422,203**	**680,422,203**

The company's investment in its two associate companies, M/s Konaseema Gas Power Ltd and M/s Kartik Rukmini Energy Ltd are not considered as Financial instruments in accordance with Ind AS 27

4.2 Fair Valuation Techniques

The fair values of the financial assets and liabilities are included at the amount that, in the opinion of the Board of Directors would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A) The following methods and assumptions were used to estimate the fair values

The fair value of cash and cash equivalents, trade receivables and payables, financial liabilities and assets approximate their carrying amount largely due to the short–term maturities of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the financial statements approximate their fair values. The fair value of unquoted equity investments designated and recognised through Other Comprehensive Income has been determined by using the net assets method.

B) Fair value hierarchy

The fair value of financial instruments as referred to above note have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identified assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Level 1 hierarchy includes inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs that are observable either directly or indirectly for the asset or liability, other than quoted prices included within level 1.

Level 3: Inputs for the asset or liability which are not based on observable market data (unobservable inputs).

C) Statement showing the fair value hierarchy of the financial assets and liabilities measured at fair value on a recurring basis

(Amount in ₹)

Particulars	Fair Values as at			Fair Value Hierarchy
	31-Mar-18	31-Mar-17	1-Apr-16	
Financial Assets				
Investment in unquoted Equity Instruments	101,327,720	88,982,380	90,018,910	Level 3

D) Management's approach to determine the fair value under Level 3 hierarchy:

Net Asset Value method is the valuation technique used for determination of the fair value of the unquoted equity instruments. Net asset value has been arrived by calculating the total assets of the company and deducting there from all the liabilities including contingent liabilities, if any, as per the latest audited balance sheet of the company available at the measurement date. The Net Asset Value is divided by the total number of outstanding equity shares to arrive at the fair value per share.

E) Reconciliation of fair value measurement of unquoted equity shares classified as FVTOCI assets:

Particulars	Amount in ₹
Balance as at 1 April 2016	90,018,910
Re-measurement recognised in OCI	405,000
Purchases	-
Reclassified in discontinued operations	-
Sales	1,441,530
Balance as at 31 March 2017	88,982,380
Re-measurement recognised in OCI	12345340
Purchases	-
Reclassified in discontinued operations	-
Sales	-
Balance as at 31 March 2018	101,327,720

4.3 Financial risk management framework

A) The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors monitors the compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The risk management framework aims at,

i) Improve financial risk awareness and risk transparency
ii) Identify, control and monitor key risks
iii) Identify risk accumulations
iv) Provide management with reliable information on the Company's risk situation
v) Improve financial returns

B) The company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Perception of the management
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of borrowing facilities
Market risk – Interest rate	-	-	Long term borrowings at fixed rates
Market risk -Commercial risk	Price variations	Sensitivity analysis	Product manufacturing planning

a) Credit risk:

i) Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), from cash and cash equivalents, deposits with banks. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis

ii) Financial assets that are neither past due nor impaired

Cash and cash equivalents, deposits with banks, security deposits are neither past due nor impaired.

Cash and cash equivalents, deposits are held with banks which are reputed and credit worthy banking institutions. Hence the expected credit loss is negligible.

iii) Financial assets that are past due but not impaired

Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. The average credit period on sales of products is less than 45 days. All trade receivables are reviewed and assessed for default on a quarterly basis. For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected Credit Loss (%)
With in the Credit Period	0%
Up to 60 days past due	1%
60-90 days past due	2%
More than 90 days past due	5%

However, as the company has not carried any business during the last five years, due to operational reasons, the above provision matrix has not been applied by the company for the year ended 31.03.2018

b) Liquidity risk:

i) Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain optimum level of liquidity to meet it's cash and collateral requirements at all times.Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit line to meet obligations . As the company has not carried any business during the last five years, due to operational reasons, its liquidity risk is very high.

ii) Maturities of financial liabilities

As the company has not carried any business during the last five years, due to operational reasons, the company's entire financial liabilities have matured and have become due as at 01.04.2016

c) Market Risk

i) Interest Rate Risk

Generally the interest rate risk arises from borrowings with variable rates which expose the company to cash flow interest rate risk. The Company's debt funds are mostly interest free and unsecured. It pays interest on long term borrowings from two parties which carries fixed rate of interest. Accordingly, the company is maintaining its interest rate risk at zero level.

ii) Commercial risk

The commercial risk is the risk due to the change in market prices of raw materials and finished goods. As the company has not carried any business during the last five years, due to operational reasons, the commercial risk regarding selling price of its products, purchase price of its raw materials can not be quantified.

4.4 Capital management

The company's objectives when managing capital is to safeguard their ability to continue as a going concern, maintain healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximise the shareholders value. The company sets the amount of capital required on the basis of annual business and long term operating plans which include capital and other strategic investments.The funding requirements are met through a mixture of equity, internal fund generation and borrowed funds. The company tries to maintain an optimal capital structure to reduce cost of capital and monitors capital on the basis of debt-equity ratio.

Debt Equity Ratio

(Amount in ₹)

Particulars	31.03.2018	31.03.2017	01.04.2016
Debt			
Borrowings	433355881	326505624	391380998
Total Debt	**433355881**	**326505624**	**391380998**
Total Equity			
Equity Share Capital	43949875	43949875	43949875
Other Equity	833484644	1039360113	1049935947
Total Equity	**877434519**	**1083309988**	**1093885822**
Debt to equity Ratio	0.49	0.30	0.36

5. First time adoption of Ind -AS

5.1 Transition to Ind AS

These are the company's first financial statements prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard. The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet as at 1 April 2016 (date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in note 5.2. Exemptions availed on first time adoption of Ind AS in accordance with Ind AS 101 have been set out in note 5.1.1.

5.1.1 Exemptions availed on first time adoption of Ind AS 101

(i) Deemed cost

a. Property, Plant & Equipment

The company may elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of tranisition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of tranisition as per paras D5 and D6 of Ind AS 101. Accordingly, the company has opted this exemption for all of its property, plant and equipment.

b. Investments in Associates

The company may elect to continue with the carrying value for all of its investments in associates as recognised in the financial statements as at the date of tranisition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of tranisition as per para D15 of Ind AS 101. Accordingly, the company has opted this exemption for all of its investments in associates.

(ii) Designation of previously recognised financial instruments

"Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial assets, as ' fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

Accordingly, the Company has designated its investments in certain equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind AS."

(iii) Fair value measurement of financial instruments at initial recognition

"Under Ind AS 109, at initial recognition of financial instruments, an entity shall measure a financial instrument at its fair value i.e the transaction price. Ind AS 101 allows to apply such requirements prospectively to transactions entered into on or after the date of transition to Ind AS.

Accordingly, the company has opted this exemption . Therefore, transactions that occured prior to the date of transition to Ind AS have not been retrospectively restated."

(iv) Estimates

The estimates as at 1st April 2016 and at 31st March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- Unquoted equity instuments measured at FVTOCI.
- Debt instruments measured at fair value.
- Impairment of financial assets based on expected credit loss model

The estimates used by the company to present these amounts in accordance with Ind AS reflect conditions at 1st April 2016, the date of transition to Ind AS and as of 31st March 2017.

First time adoption of Ind AS Reconciliation

(A) Effect of Ind As adoption on the Balance sheet as at 31st March, 2017 and 1st April, 2016

(Amount in ₹)

Particulars		As at 31.03.2017			As at 01.04.2016		
		As per Previous GAAP	Ind AS Adjustments	As per Ind AS	As per Previous GAAP	Ind AS Adjustments	As per Ind AS
ASSETS							
Non-Current Assets							
Property, Plant and Equipment		88034668	0	88034668	117963952	0	117963952
Capital Work in Progress		126062527	0	126062527	123288421	0	123288421
Financial Assets							
Investments	a	1549683380	25905680	1575589060	1549911380	26714210	1576625590
Other Non-current assets		44950210	0	44950210	44951211	0	44951211
Current Assets							
Inventories		47701440	0	47701440	138955422	0	138955422
Financial Assets							
Trade Receivables		7927444	0	7927444	7927444	0	7927444
Cash and cash equivalents		1630169	0	1630169	1988247	0	1988247
Other Bank balances		10503717	0	10503717	10503717	0	10503717
Current Tax Assets (net)		1134000	0	1134000			
Other Current assets		10317480	0	10317480	7586160	0	7586160
Total Assets		**1887945035**	**25905680**	**1913850715**	**2003075954**	**26714210**	**2029790164**
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital		43949875	0	43949875	43949875	0	43949875
Other Equity	d	1013454433	25905680	1039360113	1021827110	28108837	1049935947
Total Equity		1057404308	25905680	1083309988	1065776985	28108837	1093885822
Non-Current Liabilities							
Financial Liabilities							
Borrowings		326505624	0	326505624	306306466	0	306306466
Other financial liabilities		400000	0	400000	400000	0	400000
Deferred tax liabilities (Net)		32180457	0	32180457	32180457	0	32180457
Current Liabilities							
Financial Liabilities							
Borrowings		0		0	85074532	0	85074532
Trade Payables		215141607	0	215141607	226877981	0	226877981
Other financial liabilities		24038084		24038084	61763224		61763224
Other current liabilities		227488029	0	227488029	219948383	(1394627)	218553756
Provisions		4786926	0	4786926	4747926	0	4747926
Total Equity and Liabilities		**1887945035**	**25905680**	**1913850715**	**2003075954**	**26714210**	**2029790164**

(B) Reconciliation of total equity as at 31st March, 2017 and 1st April, 2016

(Amount in ₹)

Particulars	As at 31st March 2017	As at 1st April 2016
Total equity as per previous GAAP	1013454433	1021827110
Adjustments:		
Fair value measurement of equity instruments	25905680	26714210
Other Ind AS adjustments	0	1394627
Total adjustment to Equity	25905680	28108837
Total equity as per Ind AS	1039360113	1049935947

(C) Effect of Ind As adoption on the statement of profit and loss for the year ended 31st March, 2017

(Amount in ₹)

Particulars		As per Previous GAAP	Ind AS Adjustments	As per Ind AS
Revenue from Operations		0	0	0
Other Income	b	142275182	(26447488)	115827694
Total Income		**142275182**	**(26447488)**	**115827694**
Expenses				
Cost of materials consumed		91253982	0	91253982
Changes in inventories of finished goods		0	0	0
Employee benefit expenses		1191584	0	1191584
Finance cost		27391603	0	27391603
Depreciation		5617717	0	5617717
Other expenses		1889177	(609064)	1280113
Total Expenses		**127344062**	**(609064)**	**126734998**
Profit (Loss) before tax		**14931120**	**(25838424)**	**(10907304)**
Tax Expenses				
Current Tax		0	0	0
Deferred Tax		0	0	0
Profit (Loss) for the period		14931120	(25838424)	(10907304)
Other Comprehensive Income				
(i) Gains/(Losses) on restatement of Equity Instruments through OCI		0	405000	405000
(ii) Gains/(Losses) on sale of Equity Instruments through OCI			(73530)	(73530)
Income tax effect on above		0		0
Total Comprehensive Income for the period		**14931120**	**(25506954)**	**(10575834)**

(D) Reconciliation of Total comprehensive income for the year ended 31st March, 2017

(Amount in ₹)

Particulars	For the year ending 31.03.2017
Net Profit after tax as per previous GAAP	14931120
Adjustment of Revaluation Reserve	(23303797)
Derecognition of equity instruments measured at FVTOCI	(1140000)
Other Ind AS adjustments	(1394627)
Net Profit after tax as per Ind AS	(10907304)
Gains/(losses) on restatement of equity instruments measured at FVTOCI	405000
(ii) Gains/ (Losses) on sale fo Equity Instruments through OCI	(73530)
Total Comprehensive income as per Ind AS	**(10575834)**

Notes to the reconciliations:

a) Fair value of investments

Under previous GAAP, long-term investments in equity were measured at cost less diminution in value other than temporary in nature. Under Ind AS, these investments have been classified as fair value through other comprehensive income (FVTOCI). On the date of transition to Ind AS, these investments are measured at their fair value which is lower than carrying value as per previous GAAP, resulting in an increase in the carrying amount by Rs 267.14 Lakhs as at 1st April, 2016 and increase by Rs 259.06 Lakhs as at 31st March, 2017. These changes do not affect profit before tax or total profit for the year ended 31st March, 2017 because the investments have been classified as fair value through other comprehensive income.

b) Other income

"The company has adopted cost model to measure its Property, Plant and equipment as at 1st April 2016 (Date of transition). So the revaluation reserve is transferred to retained earnings as on the date of transition. The revaluation reserve credited to profit and loss account on sale of land under previous GAAP has been adjusted in accordance with Ind AS. The profit on sale of investments, which are measured at FVTOCI has been adjusted through OCI."

c) Other comprehensive income

Under the previous GAAP, the Company did not present total comprehensive income and other comprehensive income. Hence, it has reconciled the previous GAAP profit to profit as per Ind AS. Further, the previous GAAP profit is reconciled to other comprehensive income and total comprehensive income as per Ind AS.

d) Other Equity

Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned items.

For and on behalf of the Board

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

Sd/-	Sd/-	Sd/-	Sd/-
M.V. ANANTHAKRISHNA	V.S. Rao	R. DHARMENDER	(KATYAYANI K)
Whole Time Director	Director	CFO	Partner
			Membership Number: 225030

Place : HYDERABAD
Date : 30.05.2018

Place : Visakhapatnam
Date : 30.05.2018

INDEPENDENT AUDITOR'S REPORT

To
The Members of
VBC Ferro Alloys Limited
Hyderabad

Report on the Consolidated Ind AS Financial Statements:

1. We have audited the accompanying Consolidated Ind AS financial statements of VBC Ferro Alloys Limited, (hereinafter referred to as "the Holding Company") and its associate companies comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements:

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act and Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the Holding company and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Holding company and its associates for preventing and detecting frauds and other irregularities, the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility:

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend

on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

6. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified Opinion

7. Non-provision of load shortfall charges for earlier years amounting to Rs 42,42,75,760, pending disposal of Holding company's objections by the various administrative authorities as per the directions of Forum for Redressal of Consumer grievances of CPDCL as stated in Note No. 2.28(a) to the consolidated Ind AS financial statements has resulted in understatement of the loss for the year.

8. Non-provision of FSA charges for the year 2008-09 totaling to Rs.5,28,19,683, pending resolution of the appeals pending before various judicial authorities filed by the Holding company as stated in Note No. 2.28(b) to the consolidated Ind AS financial statements, has resulted in understatement of the loss for the year.

9. As stated in Note No 2.30 to the consolidated Ind AS financial statements, the books of account are maintained under "going concern" concept, though the Ferro Alloys plant of the Holding company did not carry out any production activities during the entire year, due to commercially unviable operations because of high power tariff, besides the entire workmen have been retrenched in earlier years.

10. As per Note No. 2.37 to the consolidated Ind AS financial statements that balances lying in the lenders', sundry creditors, like, suppliers', service providers', employees' and customers' accounts are subject to confirmation.

11. No physical verification of inventories has been carried out during the year. Further the inventory is lying with the Holding Company and one of its associate company namely Konaseema Gas Power Limited for more than four years. 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.

Qualified Opinion

12. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs (07) to (11) above, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Holding Company and its

associates as at 31st March, 2018, and their consolidated loss including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matters

13. We draw attention to the following matters in the Notes to the consolidated financial statements:
    a. Note No. 2.03 with marks (#) that 124.589 Lakhs of shares acquired by the Holding company in Konaseema Gas Power Limited, one of the associate companies, the title in respect of which is in the process of transfer.
    b. Note No 2.36 that according to an internal technical assessment, there is no impairment in the carrying cost of cash Generating assets of the Holding Company in terms of Accounting for Impairment of Assets (Ind AS 36) of Companies (Indian Accounting Standard) Rules, 2015.

    Our opinion is not modified in respect of these matters.

Other Matters

14. The consolidated Ind AS financial statements include the Group's share of net profit of Rs. Nil for the year ended 31st March, 2018, as considered in the consolidated Ind AS financial statements, in respect of associate companies, namely, Konaseema Gas Power Limited whose financial statement is audited by us and Karthik Rukmini Energy Limited, which is not audited by us.

    Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements:

15. As required by section 143(3) of the Act, to the extent applicable, we report that:
    a) We have sought and, except for the matters described in the Basis for Qualified Opinion paragraphs above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
    b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraphs above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors.
    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
    d) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 and taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of associate company incorporated in India, none of the directors of its associate company incorporated in India is disqualified as on 31st March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

e) Except for the effects of the matter described in the Basis for Qualified Opinion paragraphs above, in our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act and Companies (Indian Accounting Standard) Rules, 2015, as amended.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its associate companies incorporated in India and the operating effectiveness of such controls, we are unable to express any opinion as required under section 143 (3) of the Act 2013, as we could not carry -out any verification or review of its internal financial controls over financial reporting as the Holding Company has not carried-out any operations during the period under report.

g) 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, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclosed the impact of pending litigations on the consolidated financial position of the Holding company and its associates – Refer Note nos. 2.25 and 2.36 to the consolidated financial statements.

   ii. The consolidated financial statements did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company and its associate companies incorporated in India during the year ended 31st March 2018.

For C V RAMANA RAO & CO.,
Chartered Accountants
Firm Registration Number. 002917 S

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

Place: Visakhapatnam
Date: 30.05.2018

Note No. 1. Significant Accounting Policies

1.1 Company overview

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

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

The Parent Company together with its associates (collectively termed as "the Group") is engaged in manufacturing Ferro alloys and generation and distribution of power.

The consolidated financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorized for issue on May 30, 2018.

1.2 Basis of preparation of consolidated financial statements

1.2.1 Statement of Compliance with Ind AS

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

1.2.2 Recent Accounting Pronouncements –Standards issued but not yet effective

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

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

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

Amendment to Ind AS 40:

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

Amendment to Ind AS 21:

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

Amendment to Ind AS 12:

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

Amendment to Ind AS 28:

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

Amendment to Ind AS 112:

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

The Company will adopt these amendments from their applicability date.

1.2.3 Basis of Preparation

For all periods up to and including year ended 31st March, 2017, the Company prepared its consolidated financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These consolidated financial statements for the year ended 31st March, 2018 are the first consolidated financial statements of the Company prepared in accordance with Ind AS. The date of transition to Ind AS is 1st April, 2016. Details of the exceptions and optional exemptions availed by the Company and principal adjustments along with related reconciliations are detailed in Note 5 (First-time Adoption).

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

1.3 Basis of Consolidation

i) Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting (see (ii) below), after initially being recognised at cost.

ii) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

When the group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amounts of equity accounted investments are tested for impairment.

1.4 Use of Estimates:

The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these consolidated financial statements have been disclosed in Note 3. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are effected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

1.5 Current and non-current classification

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

An asset is treated as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle
- held primarily for the purpose of trading

- expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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

All other liabilities are classified as non-current.

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

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

1.6 Property, Plant and Equipment:

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

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

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

Directly attributable expenditure (including finance costs relating to borrowed funds for construction or acquisition of property, plant and equipments) incurred on projects under implementation are treated as expenditure during construction pending for allocation to the assets and are shown under CWIP. CWIP is stated at the amount expended upto balance sheet date on assets or property, plant and equipment that are not yet ready for their intended use.

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

1.6.1 Inventories:

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

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

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

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

1.7 Cash and cash equivalents:

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

1.8 Trade receivables:

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

1.9 Trade payables:

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

1.10 Provisions, contingent assets and contingent liabilities:

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

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

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

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

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

1.11 Revenue recognition:

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

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

a. Sale of products:

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

Revenue from sale of energy is recognized on accrual basis in accordance with the provisions of the Power Purchase Agreement (PPA), net of recoveries towards shortfall of Plant Load Factor, disincentive towards non-supply of guaranteed PLF and includes unbilled revenue upto the end of the accounting year.

b. Dividend income:

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

c. Unbilled income:

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

Claims for delayed payment charges, liquidated damages, penal interest and any other claims, which the company is entitled to under the Power Purchase Agreement, on the grounds of prudence, are accounted for, in the year of acceptance.

d. Others:

Insurance and other claims/refunds are accounted for as and when admitted by appropriate authorities.

1.12 Expenses:

All expenses are accounted for on accrual basis.

1.13 Employee Benefits include:

(i) Short term employee benefits-

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

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

(ii) Post employment benefits-

The company operates the following post-employment schemes:

(a) Defined benefit plans such as gratuity: and

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

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

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

1.14 Income Taxes:

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

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

1.15 Prior period items

In case prior period adjustments are material in nature the Company prepares the restated consolidated financial statement as required under Ind AS 8 - “Accounting Policies, Changes in Accounting Estimates and Errors”. Immaterial items pertaining to prior periods are shown under respective items in the Statement of Profit and Loss.

1.16 Earnings Per Share:

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

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

1.17 Cash flow statement:

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

1.18 Impairment of assets:

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

1.19 Non Derivative Financial Instruments:

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

1.19.1 *Initial Recognition-*

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

1.19.2 *Subsequent measurement-*

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

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

(i) Debt instruments at amortised cost

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

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

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

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

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

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

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

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

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

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

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

The Company has made an irrevocable election to present the subsequent fair value changes in 'other comprehensive income' for its investments in equity instruments that are not held for trading. Fair value changes on the instrument, impairment losses & reversals and foreign exchange gain or loss are recognized in the OCI. Dividends are recognised in the Profit &Loss. There is no recycling of the amounts from OCI to Profit & Loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Financial liabilities are classified in two measurement categories:

- Financial liability measured at amortised cost
- Financial liability measured at fair value through profit or loss

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

(ii) Financial liability measured at amortised cost

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

1.19.3 Reclassification of financial assets-

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

1.19.4 Derecognition of financial instruments-

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

1.19.5 Impairment of financial assets-

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

a. Trade receivables

b. Financial assets measured at amortized cost (other than trade receivables)

c. Financial assets measured at fair value through other comprehensive income.

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

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

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

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

1.19.6 Offsetting of financial instruments-

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

1.19.7 Fair Value of Financial instruments-

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

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

(Amount in ₹)

Particulars	Note No.	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
ASSETS				
1.Non-current assets				
a)Property, plant and equipment	**2.01**	**73,067,885**	88,034,669	117,963,952
b)Capital work-in-progress	**2.02**	**144,523,839**	126,062,527	123,288,421
c)Financial assets				
i) Investments	**2.03**	**157,288,190**	144,942,850	145,979,380
d)Other non-current assets	**2.04**	**1,022,000**	1,022,000	1,022,000
2.Current assets				
a)Inventories	**2.05**	**51,474,891**	47,701,440	138,955,422
b)Financial assets				
i) Trade receivables	**2.06**	**7,927,444**	7,927,444	7,927,444
ii)Cash and cash equivalents	**2.07**	**1,634,446**	1,630,169	1,988,247
iii) Bank balances other than above	**2.08**	**10,579,189**	10,503,717	10,503,717
c)Current Tax Assets (net)	**2.09**	**900,000**	1,134,000	-
d)Other current assets	**2.10**	**84,450,507**	54,245,690	51,515,371
Total Assets		**532,868,391**	**483,204,506**	**599,143,954**
EQUITY AND LIABILITIES				
1.Equity				
a)Equity Share capital	**2.11**	**43,949,875**	43,949,875	43,949,875
b)Other equity	**2.12**	**(597,161,567)**	(391,286,097)	(380,710,263)
		(553,211,692)	(347,336,222)	(336,760,388)
2.LIABILITIES				
Non-current liabilities				
a)Financial liabilities				
i)Borrowings	**2.13**	**350,121,436**	326,505,624	306,306,466
ii)Other financial liabilities	**2.14**	**400,000**	400,000	400,000
b)Deferred tax liability(Net)	**2.15**	**32,180,457**	32,180,457	32,180,457
Current liabilities				
a) Financial liabilities				
i)Borrowings	**2.16**	**83,234,445**	-	85,074,532
ii)Trade payables	**2.17**	**223,546,521**	215,141,607	226,877,981
iii)Other financial liabilities	**2.18**	**23,214,020**	24,038,084	61,763,224
b)Other current liabilities	**2.19**	**370,711,908**	229,626,649	220,692,376
c)Provisions	**2.20**	**2,671,296**	2,648,306	2,609,306
Total Equity and Liabilities		**532,868,391**	**483,204,506**	**599,143,954**

For and on behalf of the Board

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

Sd/-	Sd/-	Sd/-	Sd/-
M.V. ANANTHAKRISHNA	V.S. Rao	R. DHARMENDER	(KATYAYANI K)
Whole Time Director	Director	CFO	Partner
			Membership Number: 225030

Place : HYDERABAD
Date : 30.05.2018

Place : Visakhapatnam
Date : 30.05.2018

Consolidated Statement of Profit and Loss for the period ended 31st March, 2018

(Amount in ₹)

Particulars	Note No.	This year	Previous Year
I. REVENUE			
Revenue from operations		-	-
Other income	2.21	**80,758,798**	115,827,694
Total Revenue		**80,758,798**	**115,827,694**
II. EXPENSES			
Cost of materials consumed	2.22	-	91,253,982
Change in inventories of finished goods	2.23	-	-
Employee benefit expenses	2.24	**10,894,576**	1,191,584
Finance cost	2.25	**30,636,194**	27,391,603
Depreciation		**5,840,429**	5,617,717
Other expenses	2.26	**38,133,762**	1,280,113
Total expenses		**85,504,961**	**126,734,998**
III. Profit/(Loss) before Exceptional items and tax (I-II)		**(4,746,163)**	(10,907,304)
IV. Exceptional Items :			
FSA charges for earlier years		**213,474,646**	-
V. Profit/(Loss) after Exceptional items and before tax		**(218,220,809)**	(10,907,304)
VI. Tax expense :			
Current tax		-	-
Deferred tax		-	-
VII. Profit/ (loss) for the period		**(218,220,809)**	**(10,907,304)**
VIII. Other comprehensive income			
A Items that will not be reclassified to profit or loss			
(i) Remeasurement gains/(losses) on the defined benefit plans		-	-
(ii) Share of profit/(loss) of Associates for the year		-	-
(iii) Gains/(losses) on sale of Equity Instruments measured at FVTOCI		-	(73,530)
(iv) Gains/(losses) on restatement of Equity Instruments measured at FVTOCI		**12,345,340**	405,000
Income tax effect on above		-	-
B Items that may be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
IX. Total comprehensive income for the period		**(205,875,470)**	**(10,575,834)**
X. Earnings per equity share			
Basic & Diluted		**(49.66)**	(2.48)
Significant accounting policies	1		

For and on behalf of the Board

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

Sd/-	Sd/-	Sd/-	Sd/-
M.V. ANANTHAKRISHNA	V.S. Rao	R. DHARMENDER	(KATYAYANI K)
Whole Time Director	Director	CFO	Partner
			Membership Number: 225030

Place : HYDERABAD
Date : 30.05.2018

Place : Visakhapatnam
Date : 30.05.2018

Consolidated Statement of Cashflows for the year ended 31st March, 2018

(Amount in ₹)

	31-Mar-2018	31-Mar-2017
A) Cash Flow from Operating Activities:		
Profit/(Loss) for the year before tax after exceptional items:	(218220809)	(10907304)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment and amortisation	5840429	5617717
Finance costs(including fair value change in financial instruments)	26239791	22665401
Gain on disposal of property, plant and equipment	(80743224)	(89088433)
Excess provision for interest on Cash Credit of earlier years written back	0	(26737155)
Unclaimed credit balances written back	0	(2106)
Operating Profit / (Loss) before Working Capital changes	(266883813)	(98451880)
Working capital adjustments:		
Movements in provisions,gratuity and government grants	22990	39000
Decrease/ (Increase) in trade and other receivables and Pre payments	(28711525)	(2730319)
Decrease / (Increase) in inventories	(3773450)	91253982
Increase /(Decrease) in trade and other payables	146042129	(16254222)
Cash generated from operations	(153303670)	(26143440)
Income Tax (paid)/refund	(1334764)	(1134000)
Net Cash generated in operations before extra-ordinary items	(154638434)	(27277440)
Insurance proceeds received on fire loss of profits claim settlement	0	0
Net cash flows from operating activities (A)	**(154638434)**	**(27277440)**
B) Cash Flow from Investing Activities:		
Proceeds from sale of property,plant and equipments	0	113400000
Purchase of property,plant and equipments	(130421)	0
Increase/(decrease) in Capital Work in Progress	(18461312)	(2774106)
Proceeds from sale of Investment Property	90000000	0
Proceeds from sale of financial instruments	0	1368000
Interest received		
Net cash flows used in investing activities (B)	**71408267**	**111993894**
C) Cash Flow from Financing Activities:		
Interest paid	0	0
Proceeds from borrowings	83234445	0
Repayments of borrowings	0	(85074532)
Net Cash flows/(used in) Financing Activities (C)	**83234445**	**(85074532)**
Net increase/(decrease) in Cash & Cash equivalents (A + B + C)	4278	(358078)
Opening balance of Cash & Cash equivalents	1630169	1988247
Closing balance of Cash & Cash equivalents	1634447	1630170

Reconciliation of cash and cash equivalents as per cash flow statement:

Cash and cash equivalent comprises of the following

Particulars	31-Mar-2018	31-Mar-2017	31-Mar-2016
Cash and cash equivalents	1,634,446	1,630,169	1,988,247
Bank Overdrafts	0	0	0
Balance as per statement of cash flows	**1,634,446**	**1,630,169**	**1,988,247**

Reconciliation of Liabilities arising from Financing activities as at 31.03.2018

Particulars	Long term unsecured loans	Short term unsecured loans	Total
Balance as on 1st April, 2017	326505624	0	326505624
Add: Proceeds from fresh borrowings		83234445	83234445
Amortised interest/ transaction costs using EIR	23615812	0	23615812
Less: Repayments of the borrowings		0	0
Interest paid for the period	0	0	0
Balance as on 31st March, 2018	**350121436**	**83234445**	**433355881**

Reconciliation of Liabilities arising from Financing activities as at 31.03.2017

Particulars	Cash Credit facility	Long term unsecured loans	Total
Balance as on 1st April, 2016	85074532	306306466	391380998
Add: Proceeds from fresh borrowings	0	0	0
Amortised interest/ transaction costs using EIR	0	20199158	20199158
Less: Repayments of the borrowings	85074532		85074532
Interest paid for the period	0	0	0
Balance as on 31st March, 2017	**0**	**326505624**	**326505624**

For and on behalf of the Board

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

Sd/-
M.V. ANANTHAKRISHNA
Whole Time Director

Sd/-
V.S. Rao
Director

Sd/-
R. DHARMENDER
CFO

Sd/-
(KATYAYANI K)
Partner
Membership Number: 225030
Place : Visakhapatnam
Date : 30.05.2018

Place : HYDERABAD
Date : 30.05.2018

Statement of Changes in Equity for the year ended 31st March, 2018

A Equity share capital

(Amount in ₹)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Balance at the beginning of the reporting period	43949875	43949875	43949875
Changes in equity share capital during the year	-	-	-
Balance at the end of the reporting period	43949875	43949875	43949875

B Other Equity

(Amount in ₹)

Particulars		Balance as on 01.04.2017	Total comprehensive income for the year	Transfer to retained earnings	Balance as on 31.03.2018
Reserves and surplus	Capital Reserve	1,500,000			1,500,000
	Securities Premium Reserve	119,179,000			119,179,000
	General Reserve	964,000,000			964,000,000
	Retained Earnings	-1,501,870,777	-218,220,809		-1,720,091,586
Equity Instruments through Other Comprehensive Income		25,905,680	12,345,340		38,251,020 -
	Total	**-391,286,097**	**-205,875,470**	**-**	**-597,161,567**

(Amount in ₹)

Particulars		Balance as on 01.04.2016	Total comprehensive income for the year	Transfer to retained earnings	Balance as on 31.03.2017
Reserves and surplus	Capital Reserve	1,500,000			1,500,000
	Securities Premium Reserve	119,179,000			119,179,000
	General Reserve	964,000,000			964,000,000
	Retained Earnings	-1,492,103,473	-10,907,304	1,140,000	-1,501,870,777
Equity Instruments through Other Comprehensive Income		26,714,210	331,470	-1,140,000	25,905,680
	Total	**-380,710,263**	**-10,575,834**	**-**	**-391,286,097**

Note No 2.01: Property, Plant & Equipment as on 31.03.2018

(Amount in ₹)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at 1st April, 2017	Additions	(Disposals)	**As at 31st Mar, 2018**	Up to 1st April, 2017	Depreciation charge for the year	On disposals	**Up to 31st Mar, 2018**	**As at 31st Mar, 2018**	As at 31st March, 2017
Tangible Assets:										
Land	44,726,745		0	**44,726,745**	0	0	0	**0**	**44,726,745**	44,726,745
Buildings	83,083,067		13,392,575	**69,690,492**	64,440,627	1,091,702	4,135,800	**61,396,529**	**8,293,962**	18,642,440
Plant & Machinery	572,671,521			**572,671,521**	550,050,795	3,934,683	0	**553,985,478**	**18,686,043**	22,620,726
Furniture&Fixtures	3,594,066			**3,594,066**	3,463,616	55,491	0	**3,519,107**	**74,959**	130,450
Office Equipment	10,021,395	61,059		**10,082,454**	9,728,506	4,400	0	**9,732,906**	**349,548**	292,889
Vehicles	15,789,108	69,362		**15,858,470**	14,167,689	754,153		**14,921,842**	**936,628**	1,621,419
Total	**729,885,901**	**130,421**	**13,392,575**	**716,623,747**	**641,851,233**	**5,840,429**	**4,135,800**	**643,555,862**	**73,067,885**	**88,034,669**

Property, Plant & Equipment as on 31.03.2017

(Amount in ₹)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	As at 1st April, 2016	Additions	(Disposals)	As at 31st Mar, 2017	Up to 1st April, 2016	Depreciation charge for the year	On disposals	Up to 31st Mar, 2017	As at 31st Mar, 2017	As at 31st March, 2016
Tangible Assets:										
Land	69,038,312		24,311,567	44,726,745		0	0	0	44,726,745	69,038,312
Buildings	83,083,066		0	83,083,066	63,223,844	1,216,783	0	64,440,627	18,642,439	19,859,222
Plant & Machinery	572,671,521		0	572,671,521	546,116,112	3,934,683	0	550,050,795	22,620,726	26,555,409
Furniture&Fixtures	3,594,066		0	3,594,066	3,433,066	30,550	0	3,463,616	130,450	161,000
Office Equipment	10,021,395		0	10,021,395	9,728,506	0	0	9,728,506	292,889	292,889
Vehicles	15,789,108		0	15,789,108	13,731,988	435,701	0	14,167,689	1,621,419	2,057,120
Total	754,197,468	0	24,311,567	729,885,901	636,233,516	5,617,717	0	641,851,233	88,034,668	117,963,952

Note No 2.02: Capital work in progress

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)	Details	(Amount in ₹)
Capital Works in Progress:						
a. Civil works under progress		**70,014,077**		70,014,077		70,014,077
b. Heat Exchanger & Pollution Equipment		**17,550,000**		0		0
c. Capital Stock in Stores		**1,390,518**		1,390,518		1,390,518
Expenditure incidental to construction awaiting allocation (Vide Note No.2.03(a)):		**55,569,244**		54,657,932		51,883,826
Total		**144,523,839**		**126,062,527**		**123,288,421**

Note No. 2.02(a): Expenditure incidental to construction awaiting allocation:

a. Balance at the beginning of the year:		**54,657,932**		51,883,826		50,082,640
b. Net Expenditure incurred during the year:						
Bank charges and guarantee commission	**891,312**		1,914,006		1,801,186	
Rent	**20,000**		860,100		0	
	911,312		2,774,106		1,801,186	
Less: Miscellaneous income	**0**		0		0	
		911,312		2,774,106		1,801,186
Total		**55,569,244**		**54,657,932**		**51,883,826**

Note No 2.03: Non-current financial assets - Investments

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)	Details	(Amount in ₹)
Non Trade:						
Investment in Equity Shares						
i) Quoted						
135000 Equity Shares of ₹10/-each fully paid-up in Basil Infrastructure Projects Ltd	**2,565,000**		2,565,000		2,160,000	
3800 Equity Shares of ₹10/- each fully paid-up in State Bank of Travancore	**0**				1,441,530	
		2,565,000		2,565,000		3,601,530
ii) Unquoted						
Investment in associate companies						
# 140141414 Equity Shares of ₹10/- each fully paid-up in Konaseema Gas Power Ltd.	**0**		0		0	
5596047 Equity Shares of paid-up in ₹10/- each fully paid-up in Karthik Rukmini Energy Ltd	**55,960,470**		55,960,470		0	
Others						

100000 Equity Shares of ₹10/- each fully paid up Konaseema Power Corporation Ltd.	**0**		0		0	
* 6172670 Equity Shares of ₹10/- each fully paid-up in Orissa Power Consortium Ltd.	**98,762,720**		86,417,380		86,417,380	
		154,723,190		142,377,850		86,417,380
iii)Share Application Money with :						
i) Karthik Rukmini Energy Ltd	**0**	**0**	0	0	55,960,470	55,960,470
Total		**157,288,190**		**144,942,850**		**145,979,380**

includes 124.589 Lakhs (P.Y.124.589 Lakhs) shares acquired, the title in respect of which is in the process of transfer. 10 crore equity shares of Konaseema Gas Power Ltd have been pledged with various financial institutions as a collateral security against the term loans sanctioned to the said company.

*6172670 Equity shares of Orissa Power Consortium Ltd have been pledged with various financial institutions as a collateral security against the term loans sanctioned to the said company.

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

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

Note No. 2.03b Disposal of the investments in equity shares of State Bank of Travancore during the financial year 2016-17

i. Reasons for disposal	The Company has sold the investments to meet its working capital requirements as it has not carried any business during the last four years, due to operational reasons.
ii. Fair value at the date of derecognition	Rs. 1368000
iii. Cumulative gain or loss on disposal	Rs. 1140000

Note No 2.04: Other Non Current Assets

Particulars	**As at 31.03.2018**		As at 31.03.2017		As at 01.04.2016	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)	Details	(Amount in ₹)
Capital advances		**1,022,000**		1,022,000		1,022,000
Total		**1,022,000**		**1,022,000**		**1,022,000**

Note No 2.05: Inventories

Particulars	**As at 31.03.2018**		As at 31.03.2017		As at 01.04.2016	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)	Details	(Amount in ₹)
(As Valued and Certified by the Management)						
Stores & spares		**31,737,849**		30,211,849		30,211,849
Raw materials		**16,407,869**		14,160,419		105,414,400
Finished goods		**3,329,173**		3,329,173		3,329,173
Total		**51,474,891**		**47,701,440**		**138,955,422**

Inventories are valued as per Accounting Policy No. 1.6.1 of Note No. 1

Note No .2.06: Trade receivables

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)	Details	(Amount in ₹)
Unsecured:						
Debts, outstanding over six months						
Considered good	**7,927,444**		7,927,444		7,927,444	
Considered doubtful	**0**	**7,927,444**	0	7,927,444	0	7,927,444
Total		**7,927,444**		**7,927,444**		**7,927,444**

Note No 2.07: Cash and cash equivalents

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)	Details	(Amount in ₹)
a. Balances with banks		**1,271,316**		1,576,324		1,936,172
This includes:						
(Earmarked Balances towards Unpaid Dividend accounts - less than seven years)	**1,062,537**		1,472,687		1,835,551	
b. Debit balance in BOI CC account		**0**		1,770		0
c. Cash on hand		**363,131**		52,075		52,075
Total		**1,634,446**		**1,630,169**		**1,988,247**

Note No. 2.08: Bank balances other than above

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)	Details	(Amount in ₹)
Margin Money Deposit with bank		**10,579,189**		10,503,717		10,503,717
(Towards guarantees taken)						
Total		**10,579,189**		**10,503,717**		**10,503,717**

Note No 2.09: Current tax assets (net)

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)	Details	(Amount in ₹)
Prepaid taxes (Including Tax Deducted at Source)		**900,000**		1,134,000		-
Total		**900,000**		**1,134,000**		**0**

Note No 2.10: Other current assets

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)	Details	(Amount in ₹)
(Unsecured, considered good)						
Advances paid to Suppliers		**28,898,339**		7,866,186		4,768,164
Deposits recoverable		**43,944,210**		43,928,210		43,929,211
Other Advances Recoverable		**3,199,641**		2,451,294		2,817,996
Income Tax Refund Receivable		**1,568,764**		-		-
Input Tax Credit Receivable		**6,839,553**		-		-
Total		**84,450,507**		**54,245,690**		**51,515,371**

Note No 2.11: Equity

a) Equity share capital

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	Number	(Amount in ₹)	Number	(Amount in ₹)	Number	(Amount in ₹)
a) Authorised :						
Equity Shares of ₹10/- each	**20,000,000**	**200,000,000**	20,000,000	200,000,000	20,000,000	200,000,000
b) (i) Issued :						
Equity Shares of ₹10/- each	**4,396,450**	**43,964,500**	4,396,450	43,964,500	4,396,450	43,964,500
b) (ii) Subscribed and Fully Paid up:						
43,94,350/- Equity Shares of ₹10/- each fully paid up	**4,394,350**	**43,943,500**	4,394,350	43,943,500	4,394,350	43,943,500
Add: Amount received on 2100 forfeited shares		**6,375**		6,375		6,375
Total	**4,394,350**	**43,949,875**	**4,394,350**	**43,949,875**	**4,394,350**	**43,949,875**

Terms/ rights attached to equity shares

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

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

Particulars	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Techno Infratech Projects (India) Private Limited	**350,865**	**7.98%**	350,865	7.98%	350,865	7.98%

Note 2.12 Other Equity

Particulars	As at 31-03-2018		As at 31-03-2017		As at 01.04.2016	
	Details	(Amount in ₹)	Details	(Amount in ₹)	Details	(Amount in ₹)
a) Capital Reserve		**1,500,000**		1,500,000		1,500,000
b) Securities Premium		**119,179,000**		119,179,000		119,179,000
c) General Reserve		**964,000,000**		964,000,000		964,000,000
d) Retained Earnings		**(1,720,091,586)**		(1,501,870,777)		(1,492,103,473)
e) Other Comprehensive Income						
Equity Instruments through Other Comprehensive Income		**38,251,020**		25,905,680		26,714,210
Total		**(597,161,567)**		**(391,286,097)**		**(380,710,263)**

Nature of reserves:

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

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

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

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

e) Other Comprehensive Income:

Other Comprehensive Income (OCI) represents the balance in equity for items to be accounted under OCI and comprises of: items that will not be reclassified to profit and loss

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

Note No 2.13: Non current Financial liabilities- Borrowings

Particulars	**As at 31.03.2018**		As at 31.03.2017		As at 31.03.2016	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)	Details	(Amount in ₹)
Unsecured Loans :						
From Directors		**17,536,316**		17,536,316		17,536,316
From other body corporates		**145,458,273**		145,458,273		145,458,273
From Others		**187,126,847**		163,511,035		143,311,877
Total		**350,121,436**		**326,505,624**		**306,306,466**

Note No 2.14: Non current Financial liabilities- others

Particulars	**As at 31.03.2018**		As at 31.03.2017		As at 31.03.2016	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)	Details	(Amount in ₹)
Deposits refundable		**400,000**		400,000		400,000
Total		**400,000**		**400,000**		**400,000**

Note No 2.15: Deferred tax liability

Particulars	**As at 31.03.2018**		As at 31.03.2017		As at 31.03.2016	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)	Details	(Amount in ₹)
Deferred tax liability:						
Timing difference between book and tax depreciation	**1,492,927**		1,492,927		1,492,927	
Items of contingent liability in nature claimed as expenditure for tax purpose	**43,088,278**	**44,581,205**	43,088,278	44,581,205	43,088,278	44,581,205
Deferred tax asset:						
Items covered under section 43B of the Income Tax Act	**8,090,852**		8,090,852		8,090,852	
Provision for doubtful debts	**2,579,127**		2,579,127		2,579,127	
Unabsorbed depreciation under Income Tax Act	**1,730,769**	**12,400,748**	1,730,769	12,400,748	1,730,769	12,400,748
Total		**32,180,457**		**32,180,457**		**32,180,457**

Note No 2.16: Current financial Liabilities- Borrowings

Particulars	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)	Details	(Amount in ₹)
Secured Loans :						
Cash credit facilities from :						
Cash credit from a bank on hypothecation 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 - including interest accrued		**0**		0		85,074,532
Unsecured Loans :						
From Body Corporates	**77,212,809**					
From Others	**6,021,636**	**83,234,445**				
Total		**83,234,445**		**0**		**85,074,532**

Note No 2.17: Current Financial liabilities- Trade payables

Particulars	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	Details	(Amount in ₹)	Details	(Amount in ₹)	Details	(Amount in ₹)
Total outstanding dues of micro enterprises and small enterprises		0		0		0
Total outstanding dues of creditors other than micro enterprises and small enterprises		223,546,521		215,141,607		226,877,981
Total		**223,546,521**		**215,141,607**		**226,877,981**
<u>Dues to Small and Medium Enterprises:</u>						
(a) Principal amount and interest due thereon remaining unpaid **(b)** Interest paid in terms of Section 16 of MSMED Act, 2006 **(c)** Interest due and payable for the period of delay excluding interest specified under MSMED Act, 2006 **(d)** Interest accrued and remaining unpaid at the end of the year **(e)** Further interest due and payable in terms of section 23 of MSMED Act, 2006		NIL		NIL		NIL

Note No 2.18: Current Financial Liabilities - Others

Particulars	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	Details	(Amount in ₹)	Details	(Amount in ₹)	Details	(Amount in ₹)
Interest accrued and due on cash credit facilities		**0**		0		33,803,254
Advances from customers refundable		**9,157,683**		9,157,683		9,157,683
Un-Paid Dividends		**1,062,537**		1,472,687		1,835,551
Other current liabilities		**12,993,800**		13,407,714		16,966,736
Total		**23,214,020**		**24,038,084**		**61,763,224**

Note No 2.19: Other Current Liabilities

Particulars	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	Details	(Amount in ₹)	Details	(Amount in ₹)	Details	(Amount in ₹)
FSA Charges Payable		**213,474,646**		0		0
Liability towards statutory dues		**82,018,686**		84,427,355		73,937,260
Tax on Equity dividend		**2,138,620**		2,138,620		2,138,620
Other Liabilities		**73,079,956**		143,060,674		144,616,496
Total		**370,711,908**		**229,626,649**		**220,692,376**

Note No 2.20: Short term provisions

Particulars	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	Details	(Amount in ₹)	Details	(Amount in ₹)	Details	(Amount in ₹)
Provision for Gratuity		**1,155,256**		1,132,266		1,093,266
Provision for leave encashment		**1,516,040**		1,516,040		1,516,040
Total		**2,671,296**		**2,648,306**		**2,609,306**

Note No 2.21: Other income

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
	Details	(Amount in ₹)	Details	(Amount in ₹)
Profit on Sale of Fixed Assets		**80,743,224**		89,088,433
Adjustment of changes in Excise Duty on Closing Stock		**15,574**		-
Excess provision for interest on Cash Credit of earlier years written back		**-**		26,737,155
Unclaimed credit balances written back		**-**		2,106
Total		**80,758,798**		**115,827,694**

Note No 2.22: Cost of materials consumed

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
	Details	(Amount in ₹)	Details	(Amount in ₹)
Opening Stock		**14,160,419**		105,414,400
Add: Purchases (Net)		**2,247,451**		0
		16,407,869		105,414,400
Less: Closing stock		**16,407,869**		14,160,419
Debit to profit & loss account		**0**		91,253,982

Note No 2.22A. The debit represents storage 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.

Note No 2.23: Change in inventories of finished goods

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)
Opening stock		**3,329,173**		3,329,173
Less: Closing stock		**3,329,173**		3,329,173
Total		**0**		**0**

Note No 2.24: Employee benefit expenses

Particulars	For the year ended 31.03.2018		For the year ended 31.03.2017	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)
Salaries, Wages & Bonus		**10,415,433**		1,165,392
Contribution to Gratuity fund		**22,990**		26,192
Staff Welfare Expenses		**456,153**		0
Total		**10,894,576**		**1,191,584**

Note No 2.24 (a): The company has not provided both Employer' and Employees' contribution to Provident fund during the year based on Order no. TS/PTC/ENF/17192/4741 dated 08.05.2015 issued by Regional PF Commissioner-II & Authority under section 7A of EPF & MP Act, treating the establishment as permanently closed after making the assessment up to August 2013.

Note No 2.24 (b): Employee benefit plans:

As per IND AS 19 "Employees Benefits" the disclosure of Employee Benefits as defined in the Accounting Standard are given hereunder:

Defined Benefit Plans:

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

Note No 2.25: Finance cost

Particulars	For the year ended 31.03.2018		For the period ended 31.03.2017	
	Details	(Amount in ₹)	Details	(Amount in ₹)
Interest - Others		26,273,219		22,665,401
Interest under the provisions of Income Tax Act		3,291,415		3,319,921
Interest paid on Excise duty		981,778		987,158
Interest on Trade deposit		60,000		60,000
Bank charges		29,782		359,123
Total		30,636,194		27,391,603

Note No .2.26: Other expenses

Particulars	For the period ended 31.03.2018		For the period ended 31.03.2017	
	Details	**(Amount in ₹)**	Details	(Amount in ₹)
Consumption of Stores and Spares		**18,062,843**		
Repairs and Maintenance		**11,579,196**		
Factory Expenses		**1,426,180**		
Consultancy Charges		**400,000**		
Rates & Taxes		**2,650,368**		202,103
Directors' sitting Fees		**31,000**		27,000
Payment to Auditor's:				
As Auditor's	**100,000**		100,000	
Corporate Law services	**218,000**	**318,000**	0	100,000
Maintenance Charges		**164,062**		140,930
Listing and filing fees		**388,446**		229,000
Printing & stationery		**84,730**		32,500
Transportation Charges		**832817**		0
Communication expenses		**83,453**		124,511
Travelling & conveyance		**225,619**		103,623
Legal & professional charges		**109,200**		101,751
License and Fees		**756,085**		0
Royalty and Cess		**510,564**		0
Miscellaneous expenses		**511,199**		218,695
Total		**38,133,762**		**1,280,113**

Expenditure in foreign currency during the financial year on account of travelling.	0	0

Note No: 2.27

"Exceptional item" of debit to the statement of profit & loss of Rs 21,34,74,646, represents the fuel surcharge adjustment (FSA) for the years from 2009.10 to 2012.13, provided in the books of account, as the Hon'ble Supreme Court has dismissed the company's appeal against the levy of the same.

Note No: 2.28

(a) 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 31.03.2015 totaling to Rs 42,60,26,056. Pending disposal of its objections by the authorities, no provision has been made towards the same.

(b) The company has received demand for fuel surcharge adjustment (FSA) from Central Power Distribution Company of AP Ltd (CPDCL) 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 . The challenge with respect to 2008-09 were initially accepted by a single judge of the Andhra Pradesh High Court and the appeals filed with respect to 2008-09 is currently pending before the Supreme Court and a full bench of the Andhra Pradesh High Court respectively. 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 totaling to Rs 5,28,19,683.

Note No: 2.29

(Amount in ₹)

Contingent liabilities and commitments	As at 31.03.2018	As at 31.03.2017
A) Parent Company		
a) Unexpired Bank Guarantees and letters of Credit	**52,429,000**	52,429,000
b) Unexpired Corporate Guarantees given to Financial Institutions and strategic Investors on behalf of Body Corporates	**1,571,000,000**	1,571,000,000
c) Disputed Sales Tax Demands for non submission of "C" & "F" Forms	**3,459,375**	15,654,102
d) Disputed Income Tax demands for the financial years 2008-09 to 2009-10	**0**	15,519,688
B) Associate companies (to the extent of shareholding therein)		
Claims against the company not acknowledged as debts by Customers	**7,754,260**	7,754,260

Note No: 2.30

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, Medak 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 Mandal, Adilabad District through a separate company, by transferring its power unit by way of demerger.

Note No: 2.31

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

Note No: 2.32

Related parties in terms of IND AS 24

a) Associates:
Konaseema Gas Power Ltd
VBC Industries Limited
Orissa power Consortium Limited.

b) Key Managerial Personnel:
Sri M S Lakshmana Rao, Director
Sri R.Dharmender-Chief Finance Officer

c) Relatives of Key Managerial Personnel,
Sri MS Lakshmana Rao :
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 project (India) Pvt. Ltd.
BASIL Infrastructure projects Ltd.

B. Transactions carried with related parties: (Amount in ₹)

Nature of Transactions	This year	Previous year
i) Transactions pertaining to Key Management Personnel:		
Remuneration payable to M S Lakshman Rao, Managing Director	**0**	0
Transactions with Relatives of the Key Managerial Personnel:		
a) Interest paid to		
Dr. M.V.V.S. Murthi	**14,993,200**	13,129,020
M.S.P. Rama Rao	**11,246,591**	9,314,489
b) Amounts payable at the end of the year		
Dr. M.V.V.S. Murthi	**108,528,399**	95,034,519
M.S.P. Rama Rao	**78,598,448**	68,476,516
M S Lakshman Rao	**17,536,316**	17,536,316
Transactions pertaining to Companies/Firms/Other concerns in which Key Managerial Personnel or his relatives holds substancial interest:		
a) Amount payable as at the end of the year		
VBC Exports Ltd	**3,820,993**	3,820,993
Techno Infratech Project (India) Pvt. Ltd.	**8,937,080**	8,937,080
BASIL Infrastructure Projects Ltd.,	**1,004,506**	1,004,506
VBC Power Company Ltd	**9,857,400**	9,857,400
b) Amount Invested up to the end of the year in		
BASIL Infrastructure Projects Ltd.,	**1,350,000**	1,350,000
Konaseema Gas Power Ltd	**1,430,646,210**	1,430,646,210
Orissa Power Consortium Ltd.	**61,726,700**	61,726,700

Note No: 2.33: Earning Per Share (EPS)

Particulars	Current Year	Previous Year
a) Net Profit/(Loss) available for Equity Share Holders.	**(218,220,809)**	(10,907,304)
b) Weighted Average Number of Equity Shares Used as denominator for calculating EPS	**4394350**	4394350
c) Basic and Diluted Earnings per Share of Rs. 10/-each	**(49.66)**	(2.48)

Note No: 2.34

A) Information about subsidiaries

The consolidated financial statements of the Group includes associates listed in the table below:

Name	Nature of interest	Country of incorporation	% effective equity interest		
			31-Mar-18	31-Mar-17	1-Apr-16
Konaseema Gas Power Limited	Associate	India	26.06%	26.06%	26.06%
Karthik Rukmini Energy Limited	Associate	India	25.37%	25.37%	25.37%

B) Disclosure of additional information as per general instructions for preparation of Consolidated Ind AS Financial Statements

Amount in Rupees

Name of the Entity	Net Assets		Share in Profit/(Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated Net Assets	(Amount in ₹)	As % of Consolidated Profit/(Loss)	(Amount in ₹)	As % of Consolidated other comprehensive income	(Amount in ₹)	As % of Consolidated total comprehensive income	(Amount in ₹)
Holding Company								
VBC Ferro Alloys Limited								
Balance as at March 31, 2018	(158.61)	877,434,518	100	(218,220,809)	100	12,345,340	100	(205,875,470)
Balance as at March 31, 2017	(311.89)	1,083,309,988	100	(10,907,304)	100	331,470	100	(10,575,834)
Associate Companies								
Konaseema Gas Power Limited								
Balance as at March 31, 2018	258.61	(1,430,646,210)	-	-	-	-	-	-
Balance as at March 31, 2017	411.89	(1,430,646,210)	-	-	-	-	-	-

Note No: 2.35

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

Note No: 2.36

According to an internal technical assessment,there is no impairment in the carrying cost of cash Generating assets of the Company in terms of Accounting for Impairment of Asset (IND AS 36) of Companies (Indian Accounting Standard) Rules, 2015.

Note No: 2.37

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

Note No: 2.38

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

Note No: 2.39

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

For and on behalf of the Board

Sd/- M.V. ANANTHAKRISHNA Whole Time Director	Sd/- V.S. Rao Director	Sd/- R. DHARMENDER CFO

Place : HYDERABAD
Date : 30.05.2018

As per our report of even date annexed
FOR C V RAMANA RAO & CO.,
CHARTERED ACCOUNTANTS
Firm Registration Number: 002917 S
Sd/-
(KATYAYANI K)
Partner
Membership Number: 225030
Place : Visakhapatnam
Date : 30.05.2018

Note. 3 Significant accounting estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

3.1 Property, Plant and Equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

3.2 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

3.3 Impairment of Financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgment in making these assumptions and selecting the inputs to the impairment calculation based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3.4 Taxes

Management's judgment is required for the calculation of provision for income taxes and deferred tax assets/liabilities.

Estimation of Current tax expense and payable - Significant judgments are involved in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management's judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company reviews at each balance sheet date the carrying amount of deferred tax assets/ liabilities.

The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the consolidated financial statements.

3.5 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3.6 Contingencies:

Management's judgment is required for estimating the possible inflow/outflow of resources, if any, in respect of contingencies/claims/litigations against the Company/ by the Company as it is not possible to predict the outcome of pending matters with accuracy.

4. FINANCIAL INSTRUMENTS

4.1 Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2018 were as follows:

(Amount in ₹)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets at fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (C&CE)	1,634,446					1,634,446	1,634,446
Bank Balances other than C&CE	10,579,189					10,579,189	10,579,189
Investments:							
Unquoted equity instruments	-			101,327,720		101,327,720	101,327,720
Trade receivables	7,927,444					7,927,444	7,927,444
Total	**20,141,080**	**-**	**-**	**101,327,720**	**-**	**121,468,800**	**121,468,800**
Liabilities:							
Trade payables	223,546,521					223,546,521	223,546,521
Other financial liabilities	456,969,901					456,969,901	456,969,901
Total	**680,516,422**	**-**	**-**	**-**	**-**	**680,516,422**	**680,516,422**

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

(Amount in ₹)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets at fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (C&CE)	1,630,169					1,630,169	1,630,169
Bank Balances other than C&CE	10,503,717					10,503,717	10,503,717
Investments:							
Unqoted equity instruments				88,982,380		88,982,380	88,982,380
Trade receivables	7,927,444					7,927,444	7,927,444
Total	**20,061,330**	**-**	**-**	**88,982,380**	**-**	**109,043,710**	**109,043,710**
Liabilities:							
Trade payables	215,141,607					215,141,607	215,141,607
Other financial liabilities	350,943,708					350,943,708	350,943,708
Total	**566,085,316**	**-**	**-**			**566,085,316**	**566,085,316**

The carrying value and fair value of financial instruments by categories as of March 31, 2016 were as follows:

(Amount in ₹)

Particulars	Amortized cost	Financial assets/ liabilities at fair value through profit or loss		Financial assets at fair value through OCI		Total carrying value	Total Fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
Assets:							
Cash and cash equivalents (C&CE)	1,988,247					1,988,247	1,988,247
Bank Balances other than C&CE	10,503,717					10,503,717	10,503,717
Investments:							
Unquoted equity instruments				90,018,910		90,018,910	90,018,910
Trade receivables	7,927,444					7,927,444	7,927,444
Total	**20,419,408**	**-**	**-**	**90,018,910**	**-**	**110,438,318**	**110,438,318**
Liabilities:							
Trade payables	226,877,981					226,877,981	226,877,981
Other financial liabilities	453,544,222					453,544,222	453,544,222
Total	**680,422,203**	**-**	**-**	**-**	**-**	**680,422,203**	**680,422,203**

The company's investment in its two associate companies, M/s Konaseema Gas Power Ltd and M/s Kartik Rukmini Energy Ltd are not considered as Financial instruments in accordance with Ind AS 27

4.2 Fair Valuation Techniques

The fair values of the financial assets and liabilities are included at the amount that, in the opinion of the Board of Directors would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A) The following methods and assumptions were used to estimate the fair values

The fair value of cash and cash equivalents, trade receivables and payables, financial liabilities and assets approximate their carrying amount largely due to the short–term maturities of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the financial statements approximate their fair values. The fair value of unquoted equity investments designated and recognised through Other Comprehensive Income has been determined by using the net assets method.

B) Fair value hierarchy

The fair value of financial instruments as referred to above note have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identified assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Level 1 hierarchy includes inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs that are observable either directly or indirectly for the asset or liability, other than quoted prices included within level 1.

Level 3: Inputs for the asset or liability which are not based on observable market data (unobservable inputs).

C) Statement showing the fair value hierarchy of the financial assets and liabilities measured at fair value on a recurring basis

(Amount in ₹)

Particulars	Fair Values as at			Fair Value Hierarchy
	31-Mar-18	31-Mar-17	1-Apr-16	
Financial Assets				
Investment in unquoted Equity Instruments	101,327,720	88,982,380	90,018,910	Level 3

D) Management's approach to determine the fair value under Level 3 hierarchy:

Net Asset Value method is the valuation technique used for determination of the fair value of the unquoted equity instruments. Net asset value has been arrived by calculating the total assets of the company and deducting there from all the liabilities including contingent liabilities, if any, as per the latest audited balance sheet of the company available at the measurement date. The Net Asset Value is divided by the total number of outstanding equity shares to arrive at the fair value per share.

E) Reconciliation of fair value measurement of unquoted equity shares classified as FVTOCI assets:

Particulars	Amount in ₹
Balance as at 1 April 2016	90,018,910
Re-measurement recognised in OCI	405,000
Purchases	-
Reclassified in discontinued operations	-
Sales	1,441,530
Balance as at 31 March 2017	88,982,380
Re-measurement recognised in OCI	12345340
Purchases	-
Reclassified in discontinued operations	-
Sales	-
Balance as at 31 March 2018	101,327,720

4.3 Financial risk management framework

A) The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors monitors the compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The risk management framework aims at,

i) Improve financial risk awareness and risk transparency
ii) Identify, control and monitor key risks
iii) Identify risk accumulations
iv) Provide management with reliable information on the Company's risk situation
v) Improve financial returns

B) The company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis	Perception of the management
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of borrowing facilities
Market risk – Interest rate	-	-	Long term borrowings at fixed rates
Market risk - Commercial risk	Price variations	Sensitivity analysis	Product manufacturing planning

a) Credit risk:

i) Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), from cash and cash equivalents, deposits with banks. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis

ii) Financial assets that are neither past due nor impaired

Cash and cash equivalents, deposits with banks, security deposits are neither past due nor impaired. Cash and cash equivalents, deposits are held with banks which are reputed and credit worthy banking institutions. Hence the expected credit loss is negligible.

iii) Financial assets that are past due but not impaired

Credit risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. The average credit period on sales of products is less than 45 days. All trade receivables are reviewed and assessed for default on a quarterly basis. For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected Credit Loss (%)
With in the Credit Period	0%
Up to 60 days past due	1%
60-90 days past due	2%
More than 90 days past due	5%

However, as the company has not carried any business during the last five years, due to operational reasons, the above provision matrix has not been applied by the company for the year ended 31.03.2018

b) Liquidity risk:

i) Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's objective is to maintain optimum level of liquidity to meet it's cash and collateral requirements at all times.Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit line to meet obligations . As the company has not carried any business during the last five years, due to operational reasons, its liquidity risk is very high.

ii) Maturities of financial liabilities

As the company has not carried any business during the last five years, due to operational reasons, the company's entire financial liabilities have matured and have become due as at 01.04.2016

c) **Market Risk**

i) **Interest Rate Risk**

Generally the interest rate risk arises from borrowings with variable rates which expose the company to cash flow interest rate risk. The Company's debt funds are mostly interest free and unsecured. It pays interest on long term borrowings from two parties which carries fixed rate of interest. Accordingly, the company is maintaining its interest rate risk at zero level.

ii) **Commercial risk**

The commercial risk is the risk due to the change in market prices of raw materials and finished goods. As the company has not carried any business during the last five years, due to operational reasons, the commercial risk regarding selling price of its products, purchase price of its raw materials can not be quantified.

4.4 Capital management

The company's objectives when managing capital is to safeguard their ability to continue as a going concern, maintain healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximise the shareholders value. The company sets the amount of capital required on the basis of annual business and long term operating plans which include capital and other strategic investments.The funding requirements are met through a mixture of equity, internal fund generation and borrowed funds. The company tries to maintain an optimal capital structure to reduce cost of capital and monitors capital on the basis of debt-equity ratio.

Debt Equity Ratio (Amount in ₹)

Particulars	31.03.2018	31.03.2017	01.04.2016
Debt			
Borrowings	433355881	326505624	391380998
Total Debt	**433355881**	**326505624**	**391380998**
Total Equity			
Equity Share Capital	43949875	43949875	43949875
Other Equity	833484644	1039360113	1049935947
Total Equity	**877434519**	**1083309988**	**1093885822**
Debt to equity Ratio	0.49	0.30	0.36

5. First time adoption of Ind -AS

5.1 Transition to Ind AS

These are the company's first financial statements prepared in accordance with Ind AS. For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard. The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet as at 1 April 2016 (date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in note 5.2. Exemptions availed on first time adoption of Ind AS in accordance with Ind AS 101 have been set out in note 5.1.1.

5.1.1 Exemptions availed on first time adoption of Ind AS 101

(i) Deemed cost
Property, Plant & Equipment

The company may elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of tranisition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of tranisition as per paras D5 and D6 of Ind AS 101. Accordingly, the company has opted this exemption for all of its property, plant and equipment.

(ii) Designation of previously recognised financial instruments

"Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial assets, as ' fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS. Accordingly, the Company has designated its investments in certain equity instruments at fair value through other comprehensive income on the basis of the facts and circumstances that existed at the date of transition to Ind AS."

(iii) Fair value measurement of financial instruments at initial recognition

"Under Ind AS 109, at initial recognition of financial instruments, an entity shall measure a financial instrument at its fair value i.e the transaction price. Ind AS 101 allows to apply such requirements prospectively to transactions entered into on or after the date of transition to Ind AS. Accordingly, the company has opted this exemption . Therefore, transactions that occured prior to the date of transition to Ind AS have not been retrospectively restated."

(iv) Estimates

The estimates as at 1st April 2016 and at 31st March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- Unquoted equity instuments measured at FVTOCI.
- Debt instruments measured at fair value.
- Impairment of financial assets based on expected credit loss model

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at 1st April 2016, the date of transition to Ind AS and as of 31st March 2017.

First time adoption of Ind AS Reconciliation

(A) Effect of Ind As adoption on the Consolidated Balance sheet as at 31st March, 2017 and 1st April, 2016

(Amount in ₹)

Particulars	Notes	As at 31.03.2017			As at 01.04.2016		
		As per Previous GAAP	Ind AS Adjustments	As per Ind AS	As per Previous GAAP	Ind AS Adjustments	As per Ind AS
ASSETS							
Non-Current Assets							
Property, Plant and Equipment		88034668	0	88034668	117963952	0	117963952
Capital Work in Progress		126062527	0	126062527	123288421	0	123288421
Financial Assets							
Investments		119037170	25905680	144942850	119265170	26714210	145979380
Other Non-current assets		44950210	0	44950210	44951211	0	44951211
Current Assets							
Inventories		47701440	0	47701440	138955422	0	138955422
Financial Assets							
Trade Receivables		7927444	0	7927444	7927444	0	7927444
Cash and cash equivalents		1630169	0	1630169	1988247	0	1988247
Other Bank balances		10503717	0	10503717	10503717	0	10503717
Current Tax Assets (net)		1134000	0	1134000			
Other Current assets		10317480	0	10317480	7586160	0	7586160
Total Assets		**457298825**	**25905680**	**483204505**	**572429744**	**26714210**	**599143954**
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital		43949875	0	43949875	43949875	0	43949875
Other Equity	d	(417191777)	25905680	(391286097)	(408819100)	28108837	(380710263)
Total Equity		**(373241902)**	**25905680**	**(347336222)**	**(364869225)**	**28108837**	**(336760388)**
Non-Current Liabilities							
Financial Liabilities							
Borrowings		326505624	0	326505624	306306466	0	306306466
Other financial liabilities		400000	0	400000	400000	0	400000
Deferred tax liabilities (Net)		32180457	0	32180457	32180457	0	32180457
Current Liabilities							
Financial Liabilities							
Borrowings		0		0	85074532	0	85074532
Trade Payables		215141607	0	215141607	226877981	0	226877981
Other financial liabilities		24038084		24038084	61763224		61763224
Other current liabilities		227488029	0	227488029	219948383	(1394627)	218553756
Provisions		4786926	0	4786926	4747926	0	4747926
Total Equity and Liabilities		**457298825**	**25905680**	**483204505**	**572429744**	**26714210**	**599143954**

(B) Reconciliation of total equity as at 31st March, 2017 and 1st April, 2016 (Amount in ₹)

Particulars	As at 31st March 2017	As at 1st April 2016
Total equity as per previous GAAP	(417191777)	(408819100)
Adjustments:		
Fair value measurement of equity instruments	25905680	26714210
Other Ind AS adjustments	0	1394627
Total adjustment to Equity	25905680	28108837
Total equity as per Ind AS	**(391286097)**	**(380710263)**

(C) Effect of Ind As adoption on the consolidated statement of profit and loss for the year ended 31st March, 2017

(Amount in ₹)

Particulars	Notes	As per Previous GAAP	Ind AS Adjustments	As per Ind AS
Revenue from Operations		0	0	0
Other Income	b	142275182	(26447488)	115827694
Total Income		**142275182**	**(26447488)**	**115827694**
Expenses				
Cost of materials consumed		91253982	0	91253982
Changes in inventories of finished goods		0	0	0
Employee benefit expenses		1191584	0	1191584
Finance cost		27391603	0	27391603
Depreciation		5617717	0	5617717
Other expenses		1889177	(609064)	1280113
Total Expenses		**127344062**	**(609064)**	**126734998**
Profit (Loss) before tax		**14931120**	**(25838424)**	**(10907304)**
Tax Expenses				
Current Tax		0	0	0
Deferred Tax		0	0	0
Profit (Loss) for the period		**14931120**	**(25838424)**	**(10907304)**
Add: Share of profit/(loss) of Associates for the year		0	0	0
Other Comprehensive Income				
(i) Gains/(Losses) on restatement of Equity Instruments through OCI		0	405000	405000
(ii) Gains/(Losses) on sale of Equity Instruments through OCI			(73530)	(73530)
Income tax effect on above		0		0
Total Comprehensive Income for the period		**14931120**	**(25506954)**	**(10575834)**

(D) Reconciliation of total comprehensive income for the year ended 31st March, 2017

(Amount in ₹)

Particulars	For the year ending 31.03.2017
Net Profit after tax as per previous GAAP	14931120
Adjustment of Revaluation Reserve	(23303797)
Derecognition of equity instruments measured at FVTOCI	(1140000)
Other Ind AS adjustments	(1394627)
Net Profit / (Loss) after tax as per Ind AS	**(10907304)**
Gains/(losses) on restatement of equity instruments measured at FVTOCI	405000
(ii) Gains/(Losses) on sale of Equity Instruments through OCI	(73530)
Total Comprehensive income as per Ind AS	**(10575834)**

Notes to the reconciliations:

a) **Fair value of investments**

Under previous GAAP, long-term investments in equity were measured at cost less diminution in value other than temporary in nature. Under Ind AS, these investments have been classified as fair value through other comprehensive income (FVTOCI). On the date of transition to Ind AS, these investments are measured at their fair value which is higher than carrying value as per previous GAAP, resulting in an increase in the carrying amount by Rs 281.09 Lakhs as at 1st April, 2016 and increase by Rs 259.06 Lakhs as at 31st March, 2017. These changes do not affect profit before tax or total profit for the year ended 31st March, 2017 because the investments have been classified as fair value through other comprehensive income.

b) **Other income**

"The company has adopted cost model to measure its Property, Plant and equipment as at 1st April 2016 (Date of transition). So the revaluation reserve is transferred to retained earnings as on the date of transition. The revaluation reserve credited to profit and loss account on sale of land under previous GAAP has been adjusted in accordance with Ind AS.

The profit on sale of investments, which are measured at FVTOCI has been adjusted through OCI."

c) **Other comprehensive income**

Under the previous GAAP, the Company did not present total comprehensive income and other comprehensive income. Hence, it has reconciled the previous GAAP profit to profit as per Ind AS. Further, the previous GAAP profit is reconciled to other comprehensive income and total comprehensive income as per Ind AS.

d) **Other Equity**

Adjustments to retained earnings and other comprehensive income has been made in accordance with Ind AS, for the above mentioned items.

For and on behalf of the Board

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

Sd/-	Sd/-	Sd/-	Sd/-
M.V. ANANTHAKRISHNA	V.S. Rao	R. DHARMENDER	(KATYAYANI K)
Whole Time Director	Director	CFO	Partner
			Membership Number: 225030

Place : HYDERABAD
Date : 30.05.2018

Place : Visakhapatnam
Date : 30.05.2018

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Company : VBC Ferro Alloys Limited
Registered Office : 6-2-913/914, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad-500 004.

Name of the member(s):	
Registered Address:	
E-mail Id:	
Folio No./ Client id:	
DP ID:	

I/We being the member(s) of .... Shares of VBC Ferro Alloys Limited, hereby appoint:

1. Name : ....
   Email id : ....
   Address : ....
   Signature : .... Or failing him ....
2. Name : ....
   Email id : ....
   Address : ....
   Signature : .... Or failing him ....
3. Name : ....
   Email id : ....
   Address : ....
   Signature : ....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 36th Annual General Meeting of the company to be held on Tuesday 3rd July 2018 at 11.00 A.M. at Surana Udyog Auditorium of The Federation of Andhra Pradesh & Telangana Chambers of Commerce & Industry, situated at 11-6-841, Red Hills, Hyderabad - 500 004, any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for Financial Year ended 31st March 2018 together the reports of Directors and the Auditors Report thereon.
2. Ratification of M/s C V Ramana Rao & Company as Independent Auditors

Special Business:

3. Appointment of Sri. R K R Gonela as an Independent Director
4. Appointment of Smt Deshraju Rekha as an Independent Director
5. Appointment of Whole Time Director Sri. M V Ananthakrishna
6. Approval of Issue of 1,20,00,000 Convertible Warrants on a Preferential Basis

Affix Revenue Stamp

Signed this.. day of 2018
Signature of Shareholder...
Signature of Proxyholder(s)..............................

NOTE: 1. The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.

VBC FERRO ALLOYS LIMITED

Regd. Office : 6-2-913/914, 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 36th ANNUAL GENERAL MEETING of the Company held on Tuesday, 3rd July 2018 at 11.00 a.m. at Surana Udyog Auditorium of The Federation of Andhra Pradesh & Telangana Chambers of Commerce & Industry situated at 11-6-841, Red Hills, Hyderabad-500 004.

SIGNATURE OF THE SHAREHOLDER OR PROXY

PRINTED MATTER - COURIER

Route Map to the AGM Venue:

The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry

11-6-841, Federation House, Red Hills, FAPCCI Marg, Hyderabad, Telangana 500004

ftapcci.com

040 2339 5515

If undelivered please return to :

VBC FERRO ALLOYS LIMITED

(An ISO 9001 - 2008 Company)

CIN No: L27101TG1981PLC003223

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

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