

FIFTEENTH ANNUAL REPORT

1996-97

MD	/		BKC	✓
CS	/		DPY	1/2
RO	✓		DIV	✓
TRA	/		AC	✓
AGM	/	✓	SHI	✓
YE	/	✓		



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VBC FERRO ALLOYS LIMITED

Registered Office:

6-2-913/914, 3rd Floor, Progressive Towers,
Khairatabad, Hyderabad - 500 004.





VBC FERRO ALLOYS LIMITED

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Fifteenth Annual General Meeting

Date : Friday, the 26th September 97

Time : 11.00 A.M.

Venue : Surana Udyog Auditorium,
The Federation of Andhra
Pradesh Chambers of
Commerce and Industry,
11-6-841, Red Hills,
HYDERABAD - 500 004

REGISTERED OFFICE:

6-2-913/914, 3rd Floor,
Progressive Towers, Khairatabad,
HYDERABAD - 500 004

FACTORY:

Rudram Village, Sangareddy Taluk,
Medak District, ANDHRA PRADESH

BOARD OF DIRECTORS

Dr.N.TATA RAO	Chairman
M.V.V.S.MURTHI	Vice Chairman
B.K.RAO	
M.N.RAO	
S.RAMACHANDRAN	(Nominee of IDBI)
V.P.RAMA RAO	(Special Director-BIFR)
M.S.RAMA RAO	Managing Director.
N. S. MURTHY.	Sr. Vice-President
Ch. SRI HARI	Vice-President (Fin)
V. RAVI	General Manager(Works)
A.J. RAO	General Manager(Comm)
K.R.K. MURTHY	General Manager (Co-ordination)
V. M. RAO	General Manager(Fin.)
Ch. SRI RAM	General Manager(MIS)
M.KRISHNAN	General Manager(Corp.) & Company Secretary

AUDITORS:

M/s.BRAHMAYYA & CO.,
Chartered Accountants,
HYDERABAD - 500 001.

BANKERS:

BANK OF INDIA
Nampally Station Road,
HYDERABAD - 500 001.

SHARE TRANSFER AGENTS:

VENTURE CAPITAL & CORPORATE
INVESTMENTS LTD.
Progressive Towers, Khairatabad,
HYDERABAD-500 004.

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

VBC FERRO ALLOYS LIMITED**Notice of 15th Annual General Meeting**

Notice is hereby given that the 15th Annual General Meeting of VBC Ferro Alloys Ltd. will be held at 11: 00 A.M. on Friday, the 26th September, 1997 at Surana Udyog Auditorium of Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad-500 004 to consider the following:

1. To receive, consider and adopt the Balance Sheet as on 31.3.1997 and the Profit and Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri B.K. Rao who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Sri M.N.Rao who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors till the conclusion of the next Annual General Meeting and fix their remuneration.

By Order of the Board
M.S.RAMA RAO
Managing Director

Place : Hyderabad
Date : 29.8.1997

NOTES:

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXIES SHOULD BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THIS MEETING.

The Register of Members and share transfer books of the Company will be closed from 25.9.97 to 26.9.97 (both days inclusive)

The Members are requested to inform any change of address immediately.

Members who wish to seek any further information/clarification on the Annual Accounts or operations of the Company are requested to send their queries atleast a week in advance of the date of meeting to the Registered Office of the Company.

**DIRECTORS' REPORT**

Dear Shareholder,

Your Directors have pleasure in placing before you the Company's 15th Annual Report and Audited Accounts for the Financial Year ended 31st March 1997.

FINANCIAL RESULTS:

	1996-97 (Rs.lacs)	1995-96 (Rs.lacs)
Profit before interest, amortised expenses and depreciation	1633.88	1868.05
Interest	(499.67)	(457.67)
Deferred revenue expenses written off	(14.07)	(14.07)
Depreciation	(154.70)	(146.17)
Profit before taxation	965.44	1250.14
Provision for taxation (MAT)	(100.00)	-
Profit after taxation	865.44	1250.14
Investment Allowance Reserve written back	-	82.00
Transfer to Debenture Redemption Reserve	(75.00)	(227.40)
Transfer from General Reserve	-	240.00
	790.44	1344.74
Loss brought forward	(775.78)	2120.52
Profit /(Loss) carried over	14.66	(775.78)

DIVIDEND:

With the consistent performance of the Company consecutively for this year also, the balance of the accumulated loss of Rs.775.78 lacs brought over from the previous year is wiped out, leaving a surplus of Rs.14.66 lacs. Your Directors are unable to recommend dividend for the year.

PERFORMANCE & PROSPECTS:

The production, in the last two years is as follows.

		1996-97	1995-96
1) Ferro Silicon	(MT)	10503	13045
2) Ferro Chrome	(MT)	14863	10004

The performance is likely to further improve in the forthcoming years. The imports of Ferro Silicon are dampening the indigenous market but it is hoped the market will recover. However, your Company's production for 1997-98 is tied up with major customers viz., Tata Iron and Steel Co., Visakhapatnam Steel Plant, DGS&D etc.

Your company subscribed to the Rights Issue of Andhra Pradesh Gas Power Corporation Limited.

VBC FERRO ALLOYS LIMITED**ONE TIME SETTLEMENT (OTS) OF INSTITUTIONAL DUES:**

The Board for Industrial & Financial Reconstruction (BIFR) at their last hearing on 2nd December, 1996, accepted the OTS scheme which is under implementation by your Company. As per this, the Company will be debt free by June 1998.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

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

PERSONNEL:

The relations between the employees and Management have been very cordial and your Directors express their appreciation for the valuable and untiring efforts put in by employees at all levels.

During the year there were no employees who were in receipt of remuneration of Rs.3,00,000/- or more per annum if employed throughout the year or Rs.25,000/- per month if employed for part of the year.

CLARIFICATIONS ON THE AUDITORS' COMMENTS:

- a) Confirmation of Balances from Financial Institutions, Debtors and Creditors awaited.
- b) The Company is taking steps to comply with the requirements as per Section-58 A of the Companies Act, 1956, and there are no over due Fixed Deposits at the end of the year.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 Sri B.K.Rao and Sri M.N.Rao retire by rotation and being eligible, offer themselves for re-appointment.

Shri S. Ramachandran has been appointed as the Nominee Director of IDBI with effect from June 2, 1997 in place of Dr. K. Kameswara Rao. The Board places on record its deep appreciation of the contribution by Dr. K. Kameswara Rao during his tenure on the Board.

AUDITORS:

M/s.Brahmayya & Co., Chartered Accountants retire as Auditors and are eligible for re-appointment.

ACKNOWLEDGEMENTS:

The Directors place on record their appreciation for the support extended to the Company by Financial Institutions, Bankers, Central and State Government Agencies at all levels.

The Board is also grateful to the Shareholders, Debenture Holders, Suppliers and Customers for their unstinted support and co-operation to the Company.

For and on behalf of the Board of Directors

Place: Hyderabad
Date : 29th August, 1997

M.V.V.S.MURTHI
VICE-CHAIRMAN

**ANNEXURE 'A' TO DIRECTORS' REPORT****A. CONSERVATION OF ENERGY:**

Ferro Alloy industry is highly power intensive and energy charges constitute a major element in the cost of production. The Company, therefore, gives importance to energy conservation measures.

Power and Fuel Consumption

	Current Year 1996-97	Previous Year 1995-96
1. Electricity		
(a) Purchased Units (KWH)	149912.010	135381.037
Total Amount (Rs. in lacs)	2219.62	2020.45
Rate/Unit (in Rs.)	1.48	1.49
(b) Own Generation		
i) Through diesel generator	1488600	8192242
Units (KWH)		
Units per ltr. of Diesel Oil	3.59	3.62
Cost/Unit (Rs)(Fuel + Oil)	2.37	2.14
ii) Through steam Turbine/Generator	Nil	Nil
Units	Nil	Nil
Units per ltrs. of fuel oil/gas	Nil	Nil
Cost/Unit	Nil	Nil
2. Coal (Specify quality & where used)	Nil	Nil
Quality (tonnes)		
Total Cost		
Average rate		
3. Furnace Oil	Nil	Nil
Quantity (K.ltrs.)		
Total amount		
Average rate		
4. Other internal generation	Nil	Nil
Consumption per unit of Production		
Electricity KWH/MT - Ferro Silicon	8371	8404
- Ferro Chrome	4271	4155
Furnace Oil	Nil	Nil
Coal (specify quality)	Nil	Nil
Coal (specify)	Nil	Nil
B. TECHNICAL ABSORPTION		
1 RESEARCH AND DEVELOPMENT (R & D)		
a) Specify areas in which R & D is carried out by the Company	: Nil	Nil
b) Benefits derived as a result of above R&D	: Nil	Nil

VBC FERRO ALLOYS LIMITED

- | | | |
|---|---|---|
| c) Future plan of action | : | a) Improvement in ore fines agglomeration |
| | : | b) Improvement in productivity of HC Ferro Chrome Furnace |
| d) Expenditure on R & D | : | |
| i) Capital | : | Nil |
| ii) Recurring | : | Nil |
| iii) Total | : | Nil |
| iv) Total R & D expenditure as a percentage of total turnover | : | Nil |

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:

- | | | |
|---|---|---|
| a) Efforts, in brief, made towards technology absorption, adaptation and innovation | : | - |
| b) Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc. | : | - |
| c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished. | : | - |
| i) Technology imported | : | Nil |
| ii) Year of Import | : | Nil |
| iii) Has technology been fully absorbed | : | Nil |
| iv) If not fully absorbed, areas where this has not taken place, reasons therefor and future plans of action | : | Not Applicable |
| d) Foreign Exchange Earnings & Outgo | | |
| i) Foreign Exchange Earnings at FOB value | : | Nil Rs.419,57,393/- |
| ii) Foreign Exchange outgo | | |
| a) CIF value of imports: Raw Materials, Components and Spare Parts | : | Nil |
| Capital Goods | : | Nil |
| b) Others | : | Rs.3,25,894/- Rs 12,84,379/- |

For and on behalf of the Board of Directors

Place: Hyderabad
Date : 29th August, 1997

M.V.V.S.MURTHI
VICE-CHAIRMAN