

# SIXTEENTH ANNUAL REPORT 1997-98

MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DV	NA
TRA	✓		TC	✓
AGM	✓	✓	SR	✓
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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**Sixteenth Annual General Meeting**

Date : Wednesday, the 30th September 98

Time : 10.30 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 :**

Rudraram Village, Sangareddy Taluk,  
Medak District, ANDHRA PRADESH

**BOARD OF DIRECTORS**

<b>Dr. N. TATA RAO</b>	Chairman
<b>M.V.V.S. MURTHI</b>	Vice Chairman
<b>B.K. RAO</b>	
<b>M.N. RAO</b>	
<b>S. RAMACHANDRAN</b>	(Nominee of IDBI)
<b>V.P. RAMA RAO</b>	(Special Director-BIFR)
<b>M.S. RAMA RAO</b>	Managing Director
<hr/>	
<b>N.S. MURTHY</b>	Sr. Vice-President
<b>Ch. SRI HARI</b>	Vice-President (Fin)
<b>V.M. Rao</b>	Vice-President (Proj)
<b>V. RAVI</b>	General Manager (Works)
<b>M.S. MATHUR</b>	General Manager (C&A)
<b>K.R.K. MURTHY</b>	General Manager (Co-ord.)
<b>Ch. SRI RAM</b>	General Manager (MIS)
<b>M. KRISHNAN</b>	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 16th Annual General Meeting**

Notice is hereby given that the 16th Annual General Meeting of the Members of VBC Ferro Alloys Ltd, will be held on Wednesday, the 30th September, 1998 at 10.30 AM at Surana Udyog Auditorium of the Federation of Andhra Pradesh Chambers of Commerce and Industry, 11-6-841, Red Hills, Hyderabad - 500 004 to consider the following:-

1. To consider and adopt the Balance Sheet as at 31.03.1998 and the Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To elect a Director in place of Dr. N. Tata Rao, who retires by rotation and being eligible offers himself for re-election.
3. To elect a Director in place of Sri M.V.V.S. Murthi, who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors for the financial year 1998-99 to hold office till the conclusion of the next Annual General Meeting, and fix their remuneration. M/s. Brahmayya & Company, the retiring auditors, are eligible for reappointment.

### **SPECIAL BUSINESS :**

5. To consider and if thought fit to pass with or without modifications the following as an ordinary resolution:

"RESOLVED THAT pursuant to Article-117 of the Articles of Association of the Company and subject to provisions of Section 269, 309, 198 & 314 and Schedule-XIII and other applicable provisions if any of the Companies Act, 1956, or any amendments thereto, the Company hereby approve the reappointment of Sri M.S. Rama Rao as Managing Director of the Company for a period of 5 years with effect from 12th June, 1998 on the following terms and conditions, with liberty to the Directors to alter or vary the terms and conditions of the said appointment so as not to exceed the limits specified in Schedule-XIII or other relevant provisions of the Companies Act, 1956 or any other amendments thereto, as may be agreed between the Directors and Sri M.S. Rama Rao:-

- a) Designation : .Managing Director
- b) Salary : Rs. 40,000/- P.M. (Rupees Forty thousand only)
- c) Commission : 3% of the net profits of the Company
- d) Perquisites : As per Schedule-XIII, which shall be restricted to an amount equivalent to the annual salary

Contribution to Provident Fund, Gratuity payment etc. applicable as per rules of the Company.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and do all other acts, deeds and things as may be necessary or desirable to give effect to the above resolution."

By Order of the Board

Place : Hyderabad  
Date : 30-07-1998

**M.S. RAMA RAO**  
Managing Director

**Notes :**

1. ANY 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 THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will be closed from 29.09.98 to 30.09.98 (both days inclusive).
3. Members who wish to seek any further information/clarification, at the meeting, on the annual accounts or operations of the Company are requested to send their queries at least a week in advance of the date of the Meeting, to the Registered Office of the Company.
4. Members are requested to intimate any change in their address to the Company immediately.
5. Members who attend the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
6. Members are requested to bring their copies of Annual Reports at the time of attending the meeting.

**Explanatory Statement under Sec. 173(2) of the Companies Act, 1956****Item No.5 :**

Sri M.S. Rama Rao was originally appointed as Executive Director on 12.6.1993 for a period of five years and later re-designated as Managing Director at the Annual General Meeting of the Company held on 30th August, 1994. After he took over the reins, the 'sick' Company made a remarkable turnaround and all the accumulated losses have since been wiped off. It will be very advantageous to continue to avail of the experience and services of Sri M.S. Rama Rao. It is therefore proposed to re-appoint him as Managing Director for a further period of five years from 12th June, 1998.

None of the directors except Sri M.V.V.S. Murthi and Sri M.S. Rama Rao is interested in the resolution.



## VBC FERRO ALLOYS LIMITED

### DIRECTORS' REPORT

Dear Shareholder,

Your Directors have pleasure in placing before you the Company's 16th Annual Report and Audited Accounts for the Financial Year ended 31st March, 1998.

### FINANCIAL RESULTS :

	1997-98 (Rs. lacs)	1996-97 (Rs. lacs)
Profit before interest, amortised Expenses and depreciation	1184.93	1633.88
Interest	(501.54)	(499.67)
Deferred revenue expenses Written off	--	(14.07)
Depreciation	(162.89)	(154.70)
Profit before taxation	520.50	965.44
Provision for taxation	(70.00)	(100.00)
Profit after tax	450.50	865.44
Transfer to Debenture Redemption Reserve	--	(75.00)
	450.50	790.44
Profit/(Loss) brought forward	14.66	(775.78)
Profit carried over	465.16	14.66

### PERFORMANCE & PROSPECTS :

#### PRODUCTION :

The Company achieved highest ever production both in Ferro Silicon and Ferro Chrome since inception and expects to maintain its production performance during 1998-99.

	1997-98 (MT)	1996-97 (MT)
1. Ferro Silicon	12,254	10,503
2. Ferro Chrome	15,866	14,863

**MARKET CONDITIONS :**

Ferro Silicon industry is passing through a sluggish market and sales could not match production. Further, due to availability of imported material at lower prices and decline in the performance of steel industry, the average realisation of Ferro Silicon and Ferro Chrome have come down in the year. This has affected the profitability of the Company compared to the last year. Due to poor market conditions, the demand for Ferro Silicon and Ferro Chrome has not yet picked up. Ferro Alloys Industry has still to face stiff competition from imported and Bhutan material. The Company is striving to maintain its profitability at a satisfactory level.

**DIVIDEND :**

In order to conserve the available resources to clear off the institutional loans your Directors are unable to recommend dividend.

**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 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.

**DIRECTORS :**

Sri M.S. Rama Rao has been reappointed as Managing Director of the Company for a further period of five years after the expiry of his present tenure on 12.6.1998. The resolution seeking confirmation of his reappointment is proposed at the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956, Dr. N. Tata Rao and Shri M.V.V.S. Murthi retire by rotation and being eligible, offer themselves for re-election.

**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, Banks, APSEB, 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 : 30-07-1998

**DR. N. TATA RAO**  
Chairman


**VBC FERRO ALLOYS LIMITED**
**ANNEXURE 'A' TO DIRECTOR'S 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 1997-98	Previous Year 1996-97
1. Electricity		
(a) Purchased Units (KWH)	168095.390	149912.010
Total Amount (Rs.in lacs)	2475.27	2219.62
Rate/Unit (in Rs.)	1.47	1.48
(b) Own Generation		
i) Through diesel generator		
Units (KWH)	Nil	1488600
Units per ltrs. of Diesel Oil	Nil	3.59
Cost/Unit (Rs.) (Fuel+Oil)	Nil	2.37
ii) Through steam Turbine/Generator		
Units	Nil	Nil
Units per ltrs. of fuel oil/gas	Nil	Nil
Cost/Unit	Nil	Nil
2. Coal (specify quality & where used)	Nil	Nil
Quantity (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 Production		
Electricity KWH/MT - Ferro Silicon	8227	8371
- Ferro Chrome	4240	4271
Furnace Oil	Nil	Nil
Coal (specify quality)	Nil	Nil
Others (specify)		
<b>B. TECHNICAL ABSORPTION</b>		
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 the above R&D :	Nil	Nil