

THIRTY SECOND ANNUAL REPORT

2013-2014



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.

CONTENTS

Notice	2-7
Directors' Report	8-12
Management Discussion & Analysis	13-14
Corporate Governance	15-23
Independent Auditors' Report	24-28
Balance Sheet	29
Statement of Profit & Loss	30
Cash Flow Statement	31
Notes	32-48

THIRTY SECOND ANNUAL GENERAL MEETING

Day : Tuesday
Date : 30.09.2014
Time : 4.00 P.M.
Venue : Surana Udyog Auditorium, FAPCCI, 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 23301166/99, Fax +91 40 23390721

WORKS

Rudraram Village, Patancheru Mandal
Medak District, Telangana.
Tel: 08455-220084, 08455-220130,
Fax: 08455-220142

GIFTS WILL NOT BE DISTRIBUTED AT THE AGM



BOARD OF DIRECTORS

Sri V.S. RAO	Chairman
Sri PRAMOD KUMAR THATTE	Director
Sri M.V. ANANTHAKRISHNA	Director
Sri M.S. LAKSHMAN RAO	Managing Director

AUDIT COMMITTEE

Sri M.V. ANANTHAKRISHNA	Chairman
Sri V.S. RAO	Member
Sri PRAMOD KUMAR THATTE	Member

INVESTORS' GRIEVANCE & SHARE TRANSFER COMMITTEE

Sri. V.S. RAO	Chairman
Sri M.V. ANANTHAKRISHNA	Member
Sri M.S. LAKSHMAN RAO	Member

REMUNERATION COMMITTEE

Sri M.V. ANANTHAKRISHNA	Chairman
Sri V.S. RAO	Member
Sri PRAMOD KUMAR THATTE	Member

AUDITORS :

M/s. BRAHMAYYA & CO.,
Chartered Accountants,
Vijayawada.

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.



VBC FERRO ALLOYS LIMITED

NOTICE OF 32nd ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of the Members of VBC Ferro Alloys Limited will be held on 30th September, 2014 at 4.00 P.M. at Surana Udyog Auditorium of The Federation of Andhra Pradesh Chambers of Commerce & Industry, situated at 11-6-841, Red Hills, Hyderabad - 500 004, to consider the following:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014 and the Statement of Profit & Loss and the Cash Flow statement for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To appoint Statutory Auditors for the Company for a term of three Financial Years viz., 2014-15, 2015-16, 2016-17 and to fix their remuneration. Present Auditors M/s. Brahmaya & Co., Chartered Accountants (Firm Regd.No.000513S), retire at this Annual General Meeting and offer themselves for re-appointment.

Special Business:

3. Appointment of Sri M.V. Anantkrishna as an Independent Appointment:

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 Clause 49 of the Listing Agreement, Shri. M.V. Ananthkrishna (DIN No: 00897536), who was appointed as a Director liable to retire by rotation and whose term expires at 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 to hold office for a term of 5 (Five) consecutive years effective from 30th September, 2014.”

4. Appointment of Sri Pramod Kumar Thatte as Independent Appointment:

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 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), Shri. Pramod Kumar Thatte (DIN No: 06627484), who was appointed as an Additional Director 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 Director of the Company.”

5. Appointment of Sri V.S. Rao as Independent Appointment:

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 Clause 49 of the Listing Agreement, Shri. V.S. Rao (DIN: 00046917), who was appointed as an Additional Director 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 effective from 30th September, 2014.”

By Order of the Board
for VBC Ferro Alloys Limited
Sd/-

M.S. Lakshman Rao
Managing Director

Place : Hyderabad

Date : 12.08.2014



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.

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.

2. 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.
3. 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.
4. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
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 27.09.2014 to 30.09.2014 (Both days inclusive), for the purpose of Annual General Meeting and ascertainment of entitlement for payment of dividend.
6. 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 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 and 2005-06 the Company has transferred the unclaimed dividend to IEPF and filed necessary forms with Registrar of Companies, Telangana.

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



VBC FERRO ALLOYS LIMITED

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:

	For Members holding shares in Physical Form	For Members holding shares in Demat Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department(Applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account Bank or in the company records for the said demat account or folio.	

* 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 <Date and Time> and ends on <Date and Time>. 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 <Record Date>, 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 22nd September 2014 (9:00 am) and ends on 24th September, 2014 (6:00 pm). 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 22nd August, 2014, 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 22nd August, 2014.

Mr. A.J.Sharma, Practicing Company Secretary (Membership No. 2120) and 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 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 shall be declared in the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.vbcindia.com 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.

- 14. As required under Clause 49 of the Listing Agreements with Stock Exchanges, brief particulars of Directors to be appointed are provided in the explanatory statement annexed this notice of AGM.

**EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013:****Item No3:** Appointment of Shri M.V. Ananthakrishna as an Independent Director:

The company had, pursuant to the provisions of clause 49 of the Listing Agreements entered with the Stock Exchange, appointed Mr. M.V. Ananthakrishna as an Independent Director, in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Act, which came in to effect from April 2014, every listed company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

Shri. M.V. Ananthakrishna, aged 54 years, 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, Madras Chamber of Commerce, the Institute for Energy Studies, Anna University and the International Process and Performance Institute, USA. He is a certified Management Consultant and an Immediate Past President of the Institute of Management Consultants, Chennai Chapter. He is an Executive 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, VBC Power Company Limited, Jumbo Bag Limited and Andhra Chamber of Commerce.

Pursuant to section 160 of the Act, notices have been received from a shareholder signifying his intention to propose the appointment of Shri M.V. Ananthakrishna along with a deposit of Rs. 1,00,000/- (Rupees one lakh) as required under the aforesaid section.

Based on the disclosures received from Shri M.V. Ananthakrishna. and after reviewing the provisions of the Act, is of the opinion that Shri. M.V. Ananthakrishna fulfills the conditions specified in the Act and the Rules made there under, the Board satisfied that Shri. M.V. Ananthakrishna meets the criteria for independence as laid down in Section 149(6) of the Companies Act, 2013 and he is not disqualified as contemplated under Section 164 of the Companies Act, 2013. The Board of Directors of your Company is also of the opinion that Shri. M.V. Ananthakrishna is independent of the management of the Company.

The Board considers that his association with the Company would be of immense benefit to the Company and it is desirable to continue to avail services of Shri M.V. Ananthakrishna as an Independent Director. Accordingly, the Board recommends the resolution for appointment of Shri M.V. Ananthakrishna as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, Shri M.V. Ananthakrishna is not liable to retire by rotation.

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

As on date, Shri. M.V. Ananthakrishna does not hold any equity shares of the Company.

Save and Except above, 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.

Item No.4: Appointment of Shri Pramod Kumar Thatte as Director:

Mr. Pramod Kumar Thatte aged about 65 years. He started his career in Renusagar Power Company with 2x67.5 MW Captive Power Plant as Maintenance Engineer in 1971 and moved to BHEL in 1975. During his long tenure. Mr Thatte has worked with BHEL in various senior level positions from Engineer to General Manager. He was associated with erection of STG & Auxiliaries for 2 X 110MW Thermal Power Plant at Panki Thermal Power Station under UPSEB and worked for commissioning of 2 X 120MW Thermal Power Plants supplied by BHEL at Tripoli West Libya (an overseas project). He was responsible for Renovation & modernization of 2 X 120MW Boilers & STGs at Ukai & Gandhinagar Thermal Power Plants in Gujarat.



He executed the installation of Captive Power Project of 3x 33MW STG & Auxiliaries plus 3X275 TPS CFBC Boilers at Bina Refinery of M/s Bharat Oman Refineries Ltd as General Manager in charge of CPP Project. This prestigious Rs.950 Cr. Project was executed by BHEL Power Sector Western Region as EPC Contract. He was working in VBC Ferro Alloys Limited as a General Manger(Projects). He does not hold any Directorships in other Companies.

In order to utilize his experience and expertise in power sector, the Board of Directors at their meeting held on 02nd August 2014 appointed him as an Additional Director on the Board in accordance with provisions of Article 104 of the Articles of Association and provisions of the Companies Act 2013.

Pursuant to section 160 of the Act, notices have been received from a shareholder signifying his intention to propose the appointment of Shri Pramod Kumar Thatte along with a deposit of Rs. 1,00,000/- (Rupees one lakh) as required under the aforesaid section.

The Board considers that his association with the Company would be of immense benefit to the Company and it is desirable to continue to avail services of Shri Pramod Kumar Thatte as Director. Accordingly, the Board recommends the resolution for appointment of Shri Pramod Kumar Thatte as Director pursuant to provisions of the Companies Act. Shri Pramok Kumar Thatte is liable to retire by rotation.

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

As on date, Shri. Pramod Kumar Thatte does not hold any equity shares of the Company.

Save and Except above, 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.

Item No.5: Appointment of Shri V.S. Rao as an Independent Director:

Shri. V.S. Rao, aged about 76 years, is a graduate engineer in Mining from Osmania University. He worked in TISCO for nearly 36 years in various capacities and acquired varied experience during the tenure of his service. Shri V.S. Rao, was the Managing Director of Orissa Power Consortium Limited and VBC Industries Limited. He is continuing as Director in the said two Companies. He is also a Director in DMT Consulting Private Limited.

In order to utilize his experience and expertise, the Board of Directors at their meeting held on 12th August 2014 appointed him as an Additional Director on the Board in accordance with provisions of Article 104 of the Articles of Association and provisions of the Companies Act 2013.

Pursuant to section 160 of the Act, notices have been received from a shareholder signifying his intention to propose the appointment of Shri V.S. Rao along with a deposit of Rs. 1,00,000/- (Rupees one lakh) as required under the aforesaid section.

The Board considers that his association with the Company would be of immense benefit to the Company and it is desirable to continue to avail services of Shri V.S. Rao as an Independent Director. Accordingly, the Board recommends the resolution for appointment of Shri V.S. Rao as an Independent Director pursuant to provisions of section 149 read with schedule IV of the Act for the approval by the shareholders of the Company. In terms of provisions of section 149(13) of the Act, Shri V.S. Rao is not liable to retire by rotation.

The Board of Directors of your Company commends the Ordinary Resolution set out at the item 5 of the Notice for approval by the Shareholders.

As on date, Shri. V.S. Rao does not hold any equity shares of the Company.

Save and Except above, 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.

By Order of the Board
for VBC Ferro Alloys Limited

Sd/-
M.S. Lakshman Rao
Managing Director

Place : Hyderabad
Date : 12.08.2014



DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 32nd Annual Report of VBC Ferro Alloys Limited with audited statement of accounts for the 12 months period ended 31st March, 2014.

FINANCIAL RESULTS:

	(₹. in Lakhs)	
PARTICULARS	Current Year 2013-2014	Previous Year 2012-2013
Gross Revenue	1583.14	3210.75
Profit/(Loss) before Interest, Depreciation & Tax	(1404.29)	(716.63)
Less: Interest	516.03	347.70
Profit/(Loss) before Depreciation and Tax	(1920.32)	(1064.33)
Less: Depreciation	66.53	71.26
Profit/(Loss) before Tax	(1986.85)	(1135.59)
Less: Provision for Taxation including Deferred Tax Charge for the year	21.55	(38.43)
Profit/(Loss) after Tax	(1965.30)	(1174.02)
Profit brought forward from previous year	2223.61	3397.63
Profit available for Appropriation	258.31	2223.61
Profit carried to Balance Sheet	258.31	2223.61

INDUSTRY OVERVIEW:

In general, Ferro alloys industry in India is currently passing through a very difficult financial position because of high power tariffs coupled with low market realizations. Particularly, the units in erstwhile Andhra Pradesh are hit further due to severe power cuts imposed by power distribution companies along with steep tariff hike and FSAs.

As the manufacture of Ferro Alloys is highly power-intensive, on an average 40% of the total cost per ton of Ferro alloys is accounted towards cost of power. To overcome this, your Company has taken necessary steps for setting-up a Captive Power Plant on priority basis.

BUSINESS PERFORMANCE

During the financial year 2013-14, your Company could produce only 1,715 MT of Ferro Silicon as against 4510 MT in the previous year due to severe power cuts imposed by the power distribution companies resulting in lower turnover of at ₹ 1260.03 lakhs as against ₹ 2851.59 lakhs in the previous year.

The main reason for fall in turnover and profitability of the Company is lower capacity utilization and suspension of production activities from 19th June, 2014 due to power crisis in the then Andhra Pradesh. In addition to the power crisis, the hike in power tariff led to un-remunerative operations of the Company resulting in a net loss of ₹ 1965.29 Lakhs as against net Loss of ₹ 1174.02 lakhs in the previous year.

PROSPECTS

India's per capita steel consumption is about one-fourth of the global average. There are demands for better housing, sophisticated transport hubs and new infrastructure for better connectivity. Hence, the long term future of the Iron and Steel industry is optimistic and positive as Government of India is giving utmost importance to develop infrastructure facilities, which will enhance the consumption of the Iron and steel in the country. Further the bifurcation of the erstwhile Andhra Pradesh and the need for establishment of a new capital for Andhra Pradesh will create huge demand for steel. This presents a good potential growth for Ferro Alloys Industry in the Country.