

**MUSKAN FERRO SILICONS LTD.**

.....  
*24<sup>th</sup> Annual Report*

For the Year Ended  
31<sup>st</sup> March 2010

## **BOARD OF DIRECTORS**

Shri Sunil Badjatia - Managing Director

Shri Sunil Nahata

Shri Ramchandra Chaure

Shri Hemant Agarwal

Shri Sharad Jain

## **AUDITORS**

**C.P. Rawka & Co.**

Chartered Accountants

403, Arcade Silver,

65/1, New Palasia, Indore

## **REGISTERED OFFICE**

2, Ras Mandal,  
Dhar (M.P.)

## **SHARE TRANSFER AGENT**

Karvy Consultant Ltd.

Karvy House, 21 Avenue, 4th street, Banjara Hills,  
Hydrabad - 500 034

## MUSKAN FERRO SILICONS LIMITED

### NOTICE

Notice is hereby given that the 24th Annual General Meeting of the members of the Company will be held on Wednesday the 27th September 2010 at 11.00 AM at the Registered office of the company at 2 Ras Mandal, Dhar (M.P.) to transact the following business :

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet and Profit and Loss account of the Company for the year ended 31st March 2010 together with Directors and Auditors reports thereon.
2. To appoint Director in place of Shri Sunil Nahata who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

By order of the Board of Directors  
For - Muskan Ferro Silicons Limited.  
Sunil Badjatia  
Managing Director

Place : INDORE  
Date : 20.08.2010

#### Notes :

- \* A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member.
- \* The Register of members and the share transfer books of the company will remain closed from 25.09.10 till 27.09.10 (both days inclusive)
- \* Members/Proxies should bring the attendance slip, duly filled in for attending the meeting.
- \* Members/Proxies attending the meeting should bring their copy of the Annual Report for reference at the meeting.
- \* Members are requested to notify the company immediately the change of address if any and also write to the company immediately about correction, if any, in name, address and pincode.

By order of the Board of Directors  
For - Muskan Ferro Silicons Limited.  
Sunil Badjatia  
Managing Director

Place : INDORE  
Date : 20.08.2010

## MUSKAN FERRO SILICONS LIMITED

### *DIRECTOR'S REPORT*

Dear Members,

Your Directors have pleasure in presenting the 24th Annual Report alongwith Audited Accounts of the company for year ended 31th March 2010.

#### FINANCIAL RESULTS

As you are aware that Board of Directors wishes to diversify the activities of the company but due to depressed market conditions company could not start the activities in the current year also and incurred a net loss of Rs. 0.62 Thousand which has been carried to the Balance Sheet.

#### DIVIDEND

In view of loss, the Board of Directors has not recommended any dividend for the year ended on 31st March 2010.

#### DEPOSITS

The company has not invited/accepted public deposit within the meaning of section 58A of the Companies Act, 1956 and rules made thereunder during the year under review.

#### DIRECTORS

Shri Sunil Nahata Director of the Company retires by rotation and being eligible offers themselves for reappointment.

#### DIRECTOR'S RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors confirm;

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) That appropriate accounting policies have been selected and applied consistently, and have 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 31.03.2010.
- (iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and;
- (iv) That the annual accounts have been prepared on a going concern basis.

#### CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing agreement, a report on corporate Governance is annexed to this annual report.

#### DEMAT STATUS

## MUSKAN FERRO SILICONS LIMITED

The company's shares were admitted to demat. Presently Shares are held both a electronics and physical mode.

### SECRETARIAL COMPALIANCE CERTIFICATE :

In accrodance with Section 383A of the Companies Act, 1956, and Companies (Compliance Certificate) Rule, 2001, the Company has obtained a Certificate from a Secretary in the Whole time practice confirming that the Company has complied with all the provisions of the Act and a copy of such certificate is annexed to this report.

### PARTICULARS OF EMPLOYEES

There was no employee in the Company who was employed throughout the financial year or for part of the financial year was in receipt of remuneration whose particulars, if so employed, are required to be included in the report of Directors in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The company has not commenced commercial production during the period under report and as such data pertaining to conservation of energy are NIL. However the company has taken adequate steps for conservation of energy while designing the plant itself. The management has created a work culture of foster innovation in production and continuing efforts for improvement in quality.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Earnings out go	:	NIL
Foreign Earnings	:	NIL

### ENVIRONMENT PROTECTION

The company has implemented for disposal of effluents an E T P system.

### AUDITORS

C.P. Rawka & Co., Chartered Accountants, the retiring Auditors of the company retires at this Annual General Meeting and being eligible offers themselves for reappointment.

### ACKNOWLEDGEMENT

The Directors acknowledge with gratitude the coperation and confidence reposed by the company's Bankers, Shareholders, Customer & Suppliers. Your directors also wish to place on record their appreciation of devoted services rendered by the employees of the company.

Place : INDORE  
Date : 20.08.2010

For and on behalf of the Board  
**Sunil Badjatia**  
Managing Director

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **INDUSTRY STRUCTURE, DEVELOPMENT AND OTHER RELATED MATTERS**

The Indian ferro alloys industry is more than five decades old and the present installed capacity is 3.64 million tons per annum. Being an intermediate industry to the Iron & Steel industry the growth of ferro alloys industry is primarily driven by the demand and supply of steel.

With gradual easing of recessionary forces and stimulus measures provided by the Government to the manufacturing industries, industrial production has grown at double digit figures since second quarter of 2009-10 to May 2010 with its peak at 16.52% in April, 2010 and is expected to grow at the rate of 9% for fiscal 2010-11. However, the current rise in inflation may pose as a hindrance to achieve the expected growth figure. Further, the rise in fuel prices have led to increase in transportation costs triggering a cascading effect on the overall cost of final product.

### **RISKS AND CONCERNS / OPPORTUNITIES AND THREATS / OUTLOOK**

Ferro alloys industry is a cyclical industry. To ensure that a healthy production growth is maintained certain exclusive stimulus/ relief needs to be provided by the Government by ensuring availability of all inputs, especially power, at internationally comparable prices to not only enable the domestic ferro alloys produce to compete in the international market but also against cheaper imported material flooding the domestic market. Though costs of some of the inputs were lowered by the Government, cost of power remains very high. Not much effective steps have, so far, been initiated by the Government to fix a uniform power tariff for all ferro alloy units across the states.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has placed systems and procedures of internal control and checks in operation commensurate with the size and the nature of its business for optimum utilization of available precious resources. The mechanism of internal control and checks are reviewed by the management, internal and statutory auditors from time to time and suitable changes/ modifications are implemented so as to ensure that an effective scheme of checks and balances exists at all times. The management is reasonably satisfied with the existing internal control systems. The Audit Committee of Board of Directors also reviews these matters from time to time in their meetings.

### **CAUTIONARY STATEMENT**

Statements in this Management Discussion and Analysis Report are based upon data available with the Company and on certain assumptions having regard to the economic conditions, government policies, political developments, within and outside the country. The management is not in a position to guarantee the accuracy of the assumptions and the projected performance of the Company in future. It is, therefore, cautioned that the actual results may differ from those expressed or implied herein.

## MUSKAN FERRO SILICONS LIMITED

### Annexure - II

#### CORPORATE GOVERNANCE REPORT

The philosophy of Corporate Governance is to enhance the long term economic value of the company, its shareholders and the society at large by adopting better corporate practices in fair and transparent manner by aligning interests of the company with its shareholders and other key shareholders.

#### Board of Directors

##### *Composition of the Board*

In view of amendment introduced by the Companies Amendment Act, 2000 and clause 49 of the Listing Agreement composition of Board of Directors has been restructured w.e.f. 01/03/03. Company's Board now comprises of 4 independent and non-executive Directors 1 promoter Director.

Director	Executive/Non-Executive/Independent	No. of Outside Directorship (S) held		
		Public Companies	Pvt. Companies	Section 25 Companies
Shri Sunil Badjatia	Managing Director	-	-	-
Shri Sunil Nahata	Independent	-	-	-
Shri Ramchandra Chaure	Independent	-	-	-
Shri Sharad Jain	Independent	-	-	-
Shri Hemant Agrawal	Independent	-	-	-

#### **Director's Interests in the Company and Attendance Record**

Particulars of relationship between Directors inter-se, sitting fees paid to term and details of meetings attended by them are as under.

Director	Sitting Fees paid during	No. of Board Meeting during		Attended Last AGM held on 29/09/05
		Held	Attended	
Shri Sunil Badjatia	-	5	5	Yes
Shri Sunil Nahata	-	5	1	No
Shri Ramchandra Chaure	-	5	1	No
Shri Hemant Agrawal	-	5	3	Yes
Shri Sharad Jain	-	5	3	Yes

#### **Audit Committee**

The composition of the Committee is as follows :

Shri Hemant Agrawal - Chairman  
 Shri Sharad Jain - Member  
 Shri Sunil Nahata - Member

The audit committee comprises of 3 independent Non-executive Directors : The audit committee met 3 times during the year and presented its report to Board of Directors from time to time.

## MUSKAN FERRO SILICONS LIMITED

### Remuneration Committee

The composition of Board and quantum of remuneration being paid to Managing Director do not warrant formation of separate remuneration committee. This function will be carried out by the Board of Directors.

### Shareholders Committee

The Company has set up a "Shareholders Committee" at the Board level to look into various issues relating to investors' Grievances. The composition of committee is as follows :

Shri Hemant Agrawal - Chairman

Shri Sharad Jain - Member

Shri Sunil Nahata - Member

### Disclosuers

There are no transeactions entered into by the Company with the promoters, Directors or the management, their subsidiaries or relatives etc.

### GENERAL SHAREHOLDERS INFORAMATION

#### (1) Address for Investor's Correspondence :

##### Campliance Officer-

Shri Sharad Jain  
2, Ras Mandal,  
Dhar (M.P.)

#### (2) Listing on Stock Exchanges :

The equity Shares of the company are presently, listed with Mumbai & M.P. Stock Exchanges, initially the equity shares were also listed with Ahmedabad Stock Exchanges. In the year 1998 company has passed special Resolution for voulutary delisting of Shares with the said Stock Exchange as per prevailing guideliues & matter is still pending with thz Ahmedabed Stock Exchange.

#### (3) Registrar and Share Transfer Agent-

Karvy Consultant Ltd.  
Karvy House, 21 Avenue, 4th Street,  
Banjara Hills, Hyderabad-500 034

#### (4) Share Transfer System

##### *The shares are held both in Physical & Demat form :*

The share transfer in physical from are processed and the Demat option letter to be dispatced to shareholder. If the Demat option letter is not received from DP for dematrilization the share certificates are returned within a period of 30 days.