

MUSKAN FERRO SILICONS LTD.

24th Annual Report

For the Year Ended
31st 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 31st 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 transactions entered into by the Company with the promoters, Directors or the management, their subsidiaries or relatives etc.

GENERAL SHAREHOLDERS INFORMATION

(1) Address for Investor's Correspondence :

Compliance 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 voluntary delisting of Shares with the said Stock Exchange as per prevailing guidelines & matter is still pending with the Ahmedabad 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 form are processed and the Demat option letter to be dispatched to shareholder. If the Demat option letter is not received from DP for dematerialization the share certificates are returned within a period of 30 days.

MUSKAN FERRO SILICONS LIMITED

(5) Categories of Shareholding as on 31/03/06

S.No.	Category	No. of Shares	%
1.	Promoters & Directors	1208990	27.95
2.	Individuals/Others	2910510	67.30
3.	Body Corporate	111000	2.57
4.	Mutual Funds & Nationlized Banks	-	-
5.	NRI's & OCB's	94400	2.18
	Total	4324900	100

(6) Annual General Meetings

The Annual General Meetings of the Company for the last three years were held on the following dates :

Year	Date	No. of Special Resolutions
2006-2007	29.09.2007	Nil
2007-2008	30.09.2008	Nil
2008-2009	30.09.2009	Nil

In the above meetings, no postal ballots were used/invited.

(7) Financial Calendar

Board Meeting for consideration of Accounts for the year ended 31/03/2010	20.08.10
Posting of Annual Reports	On or before 02/09/10
Book Closure Dates	25-09-10 till 27-09-10 (both days inclusive)
Last date for receipt of Proxy Forms	25/09/10 up to 11.00 A.M.
Date time & Venue of the 24th Annual General Meeting	27/09/10 on 11.00 A.M. at The Registered office of the company.

Place : INDORE

Date : 20.08.2010

For and on behalf of the Board

Sunil Badjatia
Managing Director

MUSKAN FERRO SILICONS LIMITED

SECRETARIAL COMPLIANCE CERTIFICATE

To,
The Members
Muskan Ferro Silicon Limited,
2, Ras Mandal, Dhar - 454 001 (M.P.)

We have examined the registers, records and books and papers of Muskan Ferro Silicon Limited (the company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there-under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010 (01.04.2009 to 31.03.2010). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, and its officers, we certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there-under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies/Regional Director / Central Government / Company Law Board or other authorities within the time prescribed under the act and the rules made there under.
3. The Company being a Public Limited Company comments are not required in respect maximum number of members during the said financial year.
4. The Board of Directors duly met 5 times on 30th April 2009, 31st July 2009, 20th August 2009, 31st October 2009 and 31st January 2010. Signatures of Directors have been obtained in the attendance register of Directors of the Board Meeting and the proceedings were properly recored in the Minutes Book maintained for the purpose. No resolution by circulation has been passed by the Company.
5. The Company closed its Register of Members from 28th September 2009 to 30th September 2009 (both days inclusive).
6. The Annual General Meeting for the financial year ended on 31st March, 2009 was held on 30th September, 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose. Signatures of Members have been obtained in the attendance register of Shareholders.
7. No any Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 27 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not required obtaining any approval from the Board of Directors, Members and Central Government.
12. The company has not issued any duplicate share certificates during the financial year as per information given by Registrar and Transfer Agent.
13. The Company has -
 - (i) delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in

MUSKAN FERRO SILICONS LIMITED

accordance with the provision of the Act.

- (ii) not deposited any amount in a separate Bank account as no dividend was declared during the financial year.
 - (iii) was not required to post warrants to any members of the Company as no dividend was declared during the financial year.
 - (iv) was not required to transfer the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years of Investor Education and Protection Fund (applicable when Rules are notified) as no dividend was declared during any financial year.
 - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Additional Directors, Alternate Directors and Directors to fill casual vacancies during the financial year.
 15. The Company has not appointed Director/whole time in compliance with the provisions of Section 269 read with Schedule XIII of the Act during the financial year.
 16. The Company has not appointed any sole - selling agent during the financial year.
 17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional director, registrar of such other authorities prescribed under the provisions of the act.
 18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
 19. The Company has not issued any share during the financial year.
 20. The Company has not bought back any shares during the financial year.
 21. There was no redemption of preference shares or debentures during the financial year.
 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with provisions of the Act.
 23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
 24. The amount has not borrowed by the Company from Financial Institutions, Banks, Directors, Members and others during the financial year ending 2010 are within the borrowing limits of the Company and that necessary resolutions as per section 293 (1) (d) of the Act have been earlier passed is duly convened the General Meeting.
 25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act.
 26. The Company has not altered the provisions of Memorandum with respect to the situation of the Company registered office from one state to another during the financial year.
 27. The Company has not altered the provisions of Memorandum with respect to the objects of the Company during the financial year.
 28. The Company has not altered the provisions of Memorandum with respect to the name of the company during the year under scrutiny.

MUSKAN FERRO SILICONS LIMITED

29. The Company has not altered the provisions of Memorandum with respect to the share capital of the Company during the financial year.
30. The Company has not altered its articles of association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year.
32. The Company has not received any money as security from its employees during the year.
33. The Company has not deducted any contribution towards Provident Fund during the financial year.

For : **M. Maheshwari & Associates**
Company Secretaries

Date : 20th August 2010
Place : Indore

Manish Maheshwari
FCS 5174
C.P. No. 3860

Annexure -A

Registers as maintained by Muskan Ferro Silicon Limited

Statutory Registers

Sl.No.	Particulars	Section
1.	Register of Charges	143
2.	Register of Members	150
3.	Copies of Annual Return	163
4.	Minute Book containing minutes of Board Meeting General Meeting	193
5.	Books of Accounts	209
6.	Register of Directors, Managing Director	303
7.	Register of Director's Shareholding	307

Annexure -B

Forms and returns as filed by the Company with the Registrar of Companies, Regional Director, Central government or other authorities during the financial year ending on 31st March, 2010.

1. Balance Sheet under section 220 for the year-ended 31.03.2009 vide SRN P44070993 dated 23.12.2009 with additional fee.
2. Annual Return under section 160 as on 30.09.2009 vide SRN P44071447 dated 23.12.2009 with additional fee.
3. Compliance Certificate under Section 383A for the year ended 31.03.2009 vide SRN P 44070480 dated 23.12.2009 with additional fee.
4. Balance Sheet under section 220 for the year ended 31.03.2008 vide SRN P32895062 dated 19.06.2009 with additional fee.
5. Annual Return under section 160 as on 30.09.2008 vide SRN P32894875 dated 19.06.2009 with additional Fee.
6. Annual Return under section 160 as on 29.09.2007 vide SRN P32894776 dated 19.06.2009 with additional Fee.
7. DIN 3 vide SRN A62657515 dated 29.05.2009.

CEO/CFO Certification

I, Mr. Sunil Badjatia , Managing Director, certify to the Board that :

- a) We have reviewed financial statements and the cash flow statement for the year ended on 31st March, 2010 and that to the best of their knowledge and belief :
 - i. These statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;
 - ii. These statements together present a true and fair view of the company's affairs and comply with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year that are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee
 - i. Significant changes in internal control during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
 - iii. Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

For Muskan Ferro Silicons Ltd.

Sd/-

Sunil Badjatia

Managing Director

Code of Conduct

The Company has adopted a Code of Conduct for Directors and Senior Management. It is the responsibility of all employees and Directors to familiarise themselves with the Code and comply with the same.

The Code includes provisions where the employees of the Company can voice their concerns on violation and potential violation of the Code in a responsible and effective manner.

MUSKAN FERRO SILICONS LIMITED

AUDITOR'S REPORT

Annexure - II

Auditor's Certificate Regarding Compliance of Corporate Governance

To,
The Members,
Muskan Ferro Silicons Limited, Indore

We have examined the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement entered in to by the company with the Stock exchanges of India for the financial year ended on March 31st, 2010.

The objective of our examination is to give our opinion on whether the company has complied with the conditions of corporate Governance as stipulated in the provisions of clause 49 of the listing agreement entered in to by the company with the stock exchange of India.

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

We have conducted our examination on the basis of the relevant records and documents maintained by the company and furnished to us for examination and the information and explanations given to us by the company.

Based on such examination, in our opinion, the company has complied with the conditions of corporate governance as stipulated in clause 49 of Listing Agreement of the stock exchanges of India.

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

For : C.P. Rawka & Co.
Chartered Accountants

Place : INDORE

Date : 20.08.2010

C.P. Rawka
Proprietor

The members,
MUSKAN FERRO SILICONS LTD.
Indore (M.P.)

We have audited the attached Balance Sheet of MUSKAN FERRO SILICON'S LTD. as at 31st MARCH 2010 & also the annexed Profit & Loss Account and Cash Flow statement of the Company for the year ended on that date annexed thereto. These Financial statements are the responsibility of the MUSKAN FERRO SILICON'S LTD. management. Our responsibility is to express an opinion on these financial statements based on our Audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

MUSKAN FERRO SILICONS LIMITED

01. As required by the Companies (Auditor's Report) Order' 2003 issued by the Central Government of India in terms of section 227 (4A) of the companies Act' 1956, We annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
02. Further to our comments in Annexure referred to in paragraph 1 above, we report that :
 - a. We have obtained all the information & explanation which to the best of our knowledge & belief necessary for the purpose of our audit.
 - b. In our opinion, proper books for Accounts as required by law have been kept by the Company so far as appears from our examination of Books of the Company.
 - c. The Balance Sheet and Profit & Loss Account dealt by the report are in agreement with the books of Accounts of the Company.
 - d. In our opinion, the Balance Sheet and the Profit & Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standard referred to in Section 211 (3C) of the Companies Act 1956 the extent applicable.
 - e. On the basis of the written representations received from the Directors as on 31st March' 2010, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March' 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act'1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts, read together with the notes thereon, give the information required by the Companies Act' 1956 in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) In the case of Balance Sheet of the state of the affairs of the company as at 31st March 2010.
 - (ii) In the case of profit & Loss Account, of the profit for the year ended on that date.
 - (iii) In the case of Cash Flow statement of the Cash Flow for the year ended on that date.

PALACE : INDORE

DATED : 20.08.2010

For : C.P. Rawka & Co.
Chartered Accountants

C.P. Rawka
Proprietor

Annexure Referred to in the Auditors' report on the accounts of Muskan Ferro Silicon Ltd.

1. (a) In our opinion, the procedures of physical verification of Stock of Shares followed by the management were adequate in relation to the size of the company and the nature of its business.
(b) The company is maintaining proper records of Stock of Shares. The discrepancies noticed on physical verification of stocks as compared to book records were not materials and have been properly dealt with in the books of account.
2. The company had not taken or granted any loans, secured or Unsecured from companies, firm or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

MUSKAN FERRO SILICONS LIMITED

3. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods. Further, in our opinion, there is no continuing failure to correct major weaknesses in internal control.
4. (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the none transaction that need to be entered into the register maintained under section 301 of companies act, 1956.

(b) In the opinion and having regard to our comments in paragraph (IV) above and accounting to the information and explanations given to us, that no transaction made in purchase of contracts or arrangements entered in the register maintained under Section 301 of Companies Act 1956.
5. In our opinion and according to the information and explanations given to us, the company has not accepted deposit from the public during the year.
6. The company has an internal audit system commensurate with its size and nature of its business.
7. The Central Government has not prescribed the maintenance of cost records by the company under section 209 (1)(d) of the Companies Act, 1956.
8. (a) It is informed to us that Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales-Tax, Custom Duty, Excise Duty, cess not applicable to the co. and no undisputed liabilities as on 31st March' 2010 outstanding for a period of more than six months from the date they became payable.

(b) As per the information and explanations given to us there is no case where sales tax/income tax/wealth tax/ custom duty/excise duty/cess have not been deposited on account of dispute.
9. The company has made loss during the Current year.
10. In our opinion and according to the information and explanation given to us the disputed amount of secured loan is Rs. 13,72,200/- and the matter is pending :
11. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares debentures and other securities.
12. The company is not a Chit fund, nidhi or mutual benefit fund/society.
13. In our opinion, the company has maintained proper records of the transactions and contracts of the Investment/Proceeding of shares dealt is by the Company and timely entries have been made there in. The investment made by the company are in its own name.
14. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
15. According to the information and explanations given to us, and on overall examination of the Balance Sheet of the company we report that company has not raised term loans from Bank and Financial Institutions

MUSKAN FERRO SILICONS LIMITED

during the year.

16. According to the information and explanations given to us, and on overall examination of the Balance Sheet of the Company the funds not raised by either short term or long term.
17. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
17. The company has not issued any debentures during the year.
18. The company has not made any public issue during the year.
19. According to the information and explanations given to us, any fraud on or by the company has not been noticed or reported during the year.

•
•
•
•

For : C.P. Rawka & CO.
Chartered Accountants

PLACE : INDORE
DATE : 20.08.2010

C.P. Rawka
Proprietor

MUSKAN FERRO SILICONS LIMITED

BALANCE SHEET AS AT 31 ST MARCH' 2010

	SCHEDULE	31.03.2010	31.03.2009
SOURCE OF FUNDS			
SHARE HOLDERS FUNDS :			
SHARE CAPITAL	(1)	4,32,49,000	4,32,49,000
RESERVES & SURPLUS		---	---
LOAN FUNDS			
SECURED LOAN	(2)	13,72,200	13,72,200
TOTAL		4,46,21,200	4,46,21,200

APPLICATION OF FUNDS :

PRE-OPERATIVE EXP.		61,84,501	61,84,501
CASH & BANK BALANCE	(3)	2,25,603	
		2,25,603	
LESS : CURRENT LIABILITIES	(4)	16,793	
& PROVISIONS.			
NET CURRENT ASSETS		2,08,810	2,71,185
		63,93,311	64,55,686
MISCELLANEOUS EXPENDITURE	(5)	3,82,27,889	3,81,65,514
TOTAL		4,46,21,200	4,46,21,200

PLACE : INDORE

DATED : 20.08.2010

FOR : MUSKAN FERRO SILICONS LIMITED

AS PER OUR REPORT OF EVEN DATE

FOR : C.P. RAWKA & CO.
CHARTERED ACCOUNTANTS

C.P. RAWKA
Proprietor

SUNIL BADJATIA
Managing Director

SHARAD JAIN
Director

MUSKAN FERRO SILICONS LIMITED

PROFIT & LOSS A/C FOR THE PERIOD ENDED 31ST MARCH' 2010

	SCHEDULE	31.03.2010	31.03.2009
INCOME		Nil	Nil
TOTAL (A)		Nil	Nil
EXPENDITURE			
OFFICE & ADMINISTRATION EXP. (6)		52,397	2,18,677
INTEREST & FINANCE EXP. (7)		769	281
OTHERS EXPENSES (8)		9,209	37,687
LOSS IN SHARE TRADING		---	50,990
TOTAL (B)		62,375	3,07,635
PROFIT BEFORE TAX (TOTAL A-B)	(-)	62,375	(-) 3,07,635
PROFIT AFTER TAXATION	(-)	62,375	(-) 3,07,635
NET PROFIT/LOSS TRANSFER TO			
BALANCE SHEET	(-)	62,375	(-) 3,07,635
NET PROFIT/LOSS	(-)	62,375	(-) 3,07,635
WHIGHTED AVARGE NO. OF SHARES		43,24,900	43,24,900
BASIC & DILUTED EARNING PER SHARES Rs.	(-)	0.01	(-) 0.07

PLACE : INDORE
DATED : 20.08.2010

AS PER OUR REPORT OF EVEN DATE

FOR : MUSKAN FERRO SILICONS LIMITED

FOR : C.P. RAWKA & CO.
CHARTERED ACCOUNTANTS

C.P. RAWKA
Proprietor

SUNIL BADJATIA
Managing Director

SHARAD JAIN
Director

MUSKAN FERRO SILICONS LIMITED

31.03.2010

31.03.2009

SCHEDULE (1)

SHARE CAPITAL

AUTHORISED SHARE CAPITAL

(50,00,000 SHARE @ 10 Rs. EACH SHARE)

5,00,00,000

5,00,00,000

ISSUED & PAID UP

(43,24,900 SHARE @ 10 Rs. EACH SHARE)

4,32,49,000

4,32,49,000

SCHEDULE (2)

Secured Loan M.P.A. V.N. (TERM LOAN)

13,72,200

13,72,200

SCHEDULE (3)

CASH & BANK BALANCE

31.03.2010

31.03.2009

BANK OF RAJASTHAN

19,731

7,978

STATE BANK OF INDORE (M-200)

2,04,257

2,20,006

CASH IN HAND

1,615

56,685

TOTAL

2,25,603

3,61,958

SCHEDULE 4

CURRENT LIABILITIES & PROVISION

31.03.2010

31.03.2009

PROVISIONS FOR AUDIT FEES

16,793

13,484

TOTAL

16,793

13,484

MUSKAN FERRO SILICONS LIMITED

SCHEDULE 5

MISCELLANEOUS EXPENDITURE

	31.03.2010	31.03.2009
PROFIT & LOSS A/C		
OP. BALANCE	3,81,65,514	
Add: CURREANT YEAR		
PROFIT/LOSS A/c	62,375	3,81,65,514
	3,82,27,889	
TOTAL	3,82,27,889	3,81,65,514

SCHEDULE 6

OFFICE & ADMINISTRATION EXPENSES

	31.03.2010	31.03.2009
ELECTRICITY & POWER	3,039	12,942
FILING FEES	500	---
LISTING FEES	---	67,200
POSTAGE & TELEGRAM	4,650	4,115
SALARIES	40,000	1,30,000
TELEPHONE EXP.	4,208	4,420
TOTAL	52,397	2,18,677

SCHEDULE 7

INTEREST & FINANCE CHARGES

	31.03.2010	31.03.2009
BANK CHARGES	769	281
TOTAL	769	281

MUSKAN FERRO SILICONS LIMITED

SCHEDULE 8

OTHERS EXPENSES

	31.03.2010	31.03.2009
AUDIT FEES	3,309	6,742
CLUB SUBCRIPATION	1,000	5,600
CONSULTANCY CHARGES	--	5,500
TRAVAILING EXP.	4,900	19,845
TOTAL	9,209	37,687

PLACE : INDORE

DATED : 20.08.2010

AS PER OUR REPORT OF EVEN DATE

FOR : C.P. RAWKA & CO.
CHARTERED ACCOUNTANTS

FOR : MUSKAN FERRO SILICONS LIMITED

SUNIL BADJATIA
Managing Director

SHARAD JAIN
Director

C.P. RAWKA
Proprietor

MUSKAN FERRO SILICONS LIMITED

CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH' 2010

	31.03.2010	31.03.2009
A. Cash Flow From Operating Activities		
Net Profit before tax & Extraordinary items	(-) 59,066	(-) 3,07,635
Adjustment for : Deprecation	-----	-----
Public Issue Exp. Written off	-----	-----
Operating profit before working capital changes	(-) 59,066	(-) 3,07,635
Adjustment for : Current Assets	-----	2,30,346
Current Liabilities	(-) -----	(-) -----
Cash generated from working capital	-----	2,30,346
Cash generated from operations	(-) -----	(-) 77,289
Income Tax for current year	-----	-----
Cash Flow before extraordinary items	(-) -----	(-) 77,289
Income tax for previous year	-----	-----
Cash Flow after extraordinary items (A)	(-) -----	(-) 77,289
B. Cash Flow From Investing Activities		
Addition to investments	-----	-----
Sale to Fixed Asstes	-----	-----
Purchases of Fixed Asstes	-----	-----
Capital work in progress	-----	-----
Adjustment for Dep. on sale of fixed assets	-----	-----
Net cash use in investing activities (B)	-----	-----
C. Cash Flow From Financial Activities		
Loans borrowed	-----	-----
Net cash use in financial activities (C)	-----	-----
Net increase in cash & cash equivalents (A-B-C) (-)	59,066	(-) 77,289
Cash & Cash equivalents at the beginning of the year	2,84,669	3,61,958
Cash & Cash equivalents at the colsing of the year	2,25,603	2,84,669

PLACE : INDORE

AS PER OUR REPORT OF EVEN DATE

DATED : 20.08.2010

FOR : C.P. RAWKA & CO.

FOR : MUSKAN FERRO SILICONS LIMITED

CHARTERED ACCOUNTANTS

SUNIL BADJATIA
Managing Director

SHARAD JAIN
Director

C.P. RAWKA
Proprietor

MUSKAN FERRO SILICONS LIMITED

NOTES OF ACCOUNTS FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2010

A SIGNIFICANT ACCOUNTING POLICIES

(a) DEPRECIATION

Upto the end of the year the Company could not start commercial production depreciation on any fixed Assets has not been provided.

(b) MISCELLANEOUS EXPENDITURE

Preliminary expenses has not been amortised as the Company could not start its commercial production.

(c) CONTINGENT LIABILITIES

Contingent Liabilities if any have been shown by way of the notes on accounts.

B. NOTES ON ACCOUNTS

(1) Balance of Sundry creditors, Sundry debtors advances are subject to confirmation recancellation & adjustments if any.

(2) Auditors remuneration :

	<u>2008-2009</u>	<u>2009-2010</u>
Audit Fees	6,742	3,309
Tax Audit Fees	----	----

(3) Previous Years figures have been regrouped & rearranged wherever necessary to make them comparable with the current year figures.

(4) Interest Provision is not made on Term loan of M.P.A.V.N.

C. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPHS 3 & 4 OF PART - II OF SCHEDULE VI TO THE COMPANIES ACT. (AS AMENDED)

(As provide & Certified by the Directors & relied by the auditors being technical matter.)

h. Capacity & Production

The Company could not start its commercial production as such datas of production capacity material consumed etc. has not been produced here.

2. Value of Import	NIL	NIL
3. Expenditure in foreign Currency	NIL	NIL
4. Earning in Foreign Currency	NIL	NIL

5. Accounting for taxes on income as required by Accounting Standard 22

Board of Directors informed us that company is not in position to set off Business Loss and Unabsorbed depreciation in future. Therefore it assumed as permanent differences and provision for deferred tax liability not made.

6. Segment Reporting

The entire operation of the company relate to only one segment i.e. Share Trading. As such there is no seprate reportable segment under Accounting Standard 17 on segment Reporting.

7. Disclosure of transection with related parties as required by Accounting Standard 18.

Directors and Relatives

01. Shri Sunil Badjatia (also key management personal)	Remuneration	Nil
---	--------------	-----

MUSKAN FERRO SILICONS LIMITED

ADDITIONAL INFORMATION PURSUANT TO THE COMPANIES ACT, 1956

REGISTRATION DETAILS

Registration No.	:	10-03251 of 1986
State code No.	:	10
Balance Sheet Date	:	31/03/2010

CAPITAL BASE DURING THE YEAR

Public (Issue through Prospectus)	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

(Firm Allotment to the Promoter's & their Associates)

POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS

Total Liabilities	:	4,46,21,200
Total Assets	:	4,46,21,200

SOURCE OF FUNDS

Paid up capital	:	4,32,49,000
Reserved & Surplus	:	Nil
Secured Loans	:	13,72,200
Net Fixed Assets (i.e. Capital W.I.P.)	:	61,84,501
as pre-operative expenditure	:	
Investment	:	Nil
Net Current Assets	:	2,08,810
Accumulated Losses	:	3,82,27,889
Misc. Expenditure	:	Nil

PERFORMANCE OF COMPANY

Turn Over	:	Nil
Total Income	:	Nil
Total Expenditure	:	62,375
Profit & Loss before Tax	:	(-) 62,375
Profit & Loss after Tax	:	(-) 62,375
Dividend Rate	:	Nil

GENITIC NAME OF PRINCIPAL PRODUCE OF COMPANY

(As per Moniraty Terms)

Item code No.	:	Nil
Product Description	:	Nil
Foreign Exchange Out Flow	:	Nil

MUSKAN FERRO SILICONS LIMITED

MUSKAN FERRO SILICONS LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at 24th Annual General Meeting on 27th September, 2010 at 11.00 a.m. at 2, Ras Mandal, Dhar (M.P.)

Full Name of the Share Holder _____

(In Block Letter)

Folio No. _____ No. of Shares Held _____

Name of Proxy _____

(If the Proxy attends, instead of the Shareholder)

Signature of the Shareholder

1. Members attending the Meeting must fill in their Attendance Slip & hand it over at the entrances of the Meeting Hall.
2. Members are requested to bring their copy of their Annual Report at the Meeting.

MUSKAN FERRO SILICONS LIMITED

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

PROXY FORM

Folio No. _____ No. of Shares Held _____

I/We _____

of _____

being a member/members of MUSKAN FERRO SILICONS LIMITED hereby appoint _____

of _____

of _____

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 27th September, 2010 at 11.00 am & at my adjournment thereof.

Signed this _____ day of _____ 2010 Signature _____

Note : This Proxy Form in order to be effective should be duly stamped, completed & signed & must be deposited with the Company's Registered Office not less than 48 hours before the Meeting.

Affix 1
rupees
Revenue
Stamp

