

MUSKAN FERRO SILICONS LIMITED

Annual Report - 2010-2011

BOARD OF DIRECTORS

Shri Ketanbhai D. Sorathiya
Shri Kamlesh Thothawala
Shri Jigarbhai R. Kshatri

AUDITORS

M/s. C. P. Rawka & Co.
Chartered Accountants
Indore

REGISTERED OFFICE

2, Ras Mandal,
Dhar,
Madhya Pradesh - 454 001.

SHARE TRANSFER AGENT

Purva Sharegistry (India) Pvt Ltd
No 9, Shiv Shakti
Industrial Estate, Gr flr,
J R Boricha Marg,
Mumbai - 400011.

NOTICE

Notice is hereby given that 25th Annual General Meeting of the company will be held on Friday, 30th September, 2011 at 11.30 A.M. at the registered office of the Company at 2, Ras Mandal Dhar, Madhya Pradesh - 454001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that and the Reports of Directors and the Auditors.
2. To appoint a Director in place of Shri Ketanbhai Sorathiya who retires by rotation and being eligible, offers himself for re-appointment.
3. To reappoint M/s. C.P. Rawka & Co., Chartered Accountants, Indore, Auditors of the company to hold office from the conclusion of this meeting until the conclusion of next annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification, the following resolution as ORDINARY RESOLUTION:

“RESOLVED THAT Mr. Kamlesh Thothawala who was appointed as an additional director of the Company by the Board of Director with effect from 11.01.2011 and holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company whose period of office will be liable to retire by rotation.”

5. To consider and if thought fit, to pass with or without modification, the following resolution as ORDINARY RESOLUTION:

“RESOLVED THAT Mr. Ketanbhai Sorathiya who was appointed as an additional director of the Company by the Board of Director with effect from 11.01.2011 and holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company whose period of office will be liable to retire by rotation.”

6. To consider and if thought fit, to pass with or without modification, the following resolution as ORDINARY RESOLUTION:

“RESOLVED THAT Mr. Jigar Kshatri who was appointed as an additional director of the Company by the Board of Director with effect from 11.01.2011 and holds office up to the date of this Annual General Meeting under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company whose period of office will be liable to retire by rotation.”

For and on behalf of Board of Directors
Sd/-

Place: Dhar (M.P.)
Date: 01st September, 2011

Shri Ketan Sorathiya
Chairman

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and on a poll, to vote instead of himself. A proxy need not be member of the company. A proxy may be sent in the Form enclosed and in order to be effective must reach the Registered Office of the company at least 48 hours before the commencement of the meeting.
2. Members/ proxies should bring attendance slip, duly filled in, for attending the meeting.
3. Members / proxies attending the meeting should bring their copy of the Annual Report for reference at the meeting. As Copies of Annual Report will not be distributed at the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company was closed from Tuesday, 27th September, 2011 to Friday, 30th September, 2011 (both days inclusive).
5. Members desirous of obtaining any information concerning the accounts and operations of the company are requested to address their questions to the company so as to reach at least 8 days before the date of the meeting, so that the information required will be made available at the meeting, to the best extent possible.

Annexure to the Notice

EXPLANATORY STATEMENT

[Pursuant to the Provisions of Section 173 (2) of the Companies Act, 1956]

ITEM NO. 4 OF THE NOTICE:

Mr. Kamlesh Thothawala was appointed as additional director of the Company with effect from 11.01.2011 holds office up to the date of forthcoming Annual General Meeting. He is well qualified person so it is in the interest of the Company to appoint him as a director of the Company. The board recommends for his appointment.

The Directors recommend the aforesaid resolution for adoption by the members.

None of the Directors are in any way concerned or interested except Mr. Kamlesh Thothawal in the aforesaid resolution.

ITEM NO. 5 OF THE NOTICE:

Mr. Ketanbhai Sorathiya was appointed as additional director of the Company with effect from 11.01.2011 holds office up to the date of forthcoming Annual General Meeting. He is well qualified person so it is in the interest of the Company to appoint him as a director of the Company. The board recommends for his appointment.

The Directors recommend the aforesaid resolution for adoption by the members.

None of the Directors are in any way concerned or interested except Mr. Ketanbhai Sorathiya in the aforesaid resolution.

ITEM NO. 6 OF THE NOTICE:

Mr. Jigarbhai Kshatri was appointed as additional director of the Company with effect from 11.01.2011 holds office up to the date of forthcoming Annual General Meeting. He is well qualified person so it is in the interest of the Company to appoint him as a director of the Company. The board recommends for his appointment.

The Directors recommend the aforesaid resolution for adoption by the members.

None of the Directors are in any way concerned or interested except Mr. Jigarbhai Kshatri in the aforesaid resolution.

For and on behalf of Board of Directors

Sd/-

**Place: Dhar (M.P.)
Date: 01st September, 2011**

**Shri Ketan Sorathiya
Chairman**

DIRECTOR'S REPORT

To
The Members,
MUSKAN FERRO SILICONS LIMITED

Your Directors have pleasure in presenting the Annual Report of the Company on operations and performance during the year together with the Audited Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS:

(In Rs.)

PARTICULARS	2010-2011	2009-2010
Sales & other Income	0	0
Profit/(Loss) Before Tax	(16,400)	(62,375)
Less: Provision for Tax	0	0
Profit/(Loss) for the year after Taxation	(16,400)	(62,375)
Profit/(Loss) carried from last year	(3,82,27,889)	(3,81,65,514)
Balance Brought Forward	(38,244,289)	(38,227,889)

OPERATIONS:

During the year under review, your Company has incurred net loss of Rs. 16,400/- compared to loss of Rs.62,375/- of previous year. Your Directors strive hard and expect that your Company will achieve significant growth in the coming years.

DIVIDEND:

In order to loss incurred, the Board of Directors has thought it prudent not to recommend payment of dividend for the year under review.

PARTICULARS OF EMPLOYEES:

There is no employee having remuneration in accordance with the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 as amended.

DIRECTOR:

In accordance with the Companies Act, 1956 and Article of Association of the Company, Shri Ketan Sorathiya, directors of the Company, retire by rotation at the forthcoming Annual General Meeting and are eligible for reappointment.

Shri Ketan Sorathiya, Shri Kamlesh Thothawala, Shri Kshatri Jigar appointed as Additional director of the company w.e.f. 11.01.2011 during the year Shri Hemant Agrawal, Shri Sharad Jain has resigned from the post of their directorship w.e.f. 11.01.2011 and Shri Ramchandra Chaure, & Shri Sunil Nahata resigned from the post of their directorship w.e.f. 30.10.2010 and Managing Director Shri Sunil Badjatia resigned from the post of their Managing directorship w.e.f. 01.02.2011.

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.

RESPONSIBILITY STATEMENT:

As required u/s 217(2AA) of the companies Act 1956 your director confirms that in the preparation of the annual accounts:

- 1) The applicable accounting standards have been followed along with proper explanation relating to material departures.

- 2) Such accounting policies have been selected and applied consistently and reasonable and prudent judgments and estimates made, so as to give a true and fair view of the state of affairs of the company at the end of the financial year and the loss of the company for that period.
- 3) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- 4) The annual accounts have been prepared on a going concern basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

As required under rule 3 of the companies (Disclosure of Particulars in the report of board of directors) Rules 1988, the particulars relating to the conservation of energy, Technology absorption, and the foreign exchange earnings and outgo are also **Nil**.

LISTING AGREEMENT:

The securities of the company are listed with the Bombay Stock Exchange Limited (BSE), Mumbai and The Company has paid the annual listing fees for the year 2011-2012.

APPOINTMENT OF AUDITORS:

M/s. C. P. Rawaka & Co., Chartered Accountants, Indore reappointed as auditor of the company for the financial year 2011-2012 and holds office from the conclusion of this meeting until the conclusion of next annual General Meeting of the Company.

The Statutory Auditors of the Company have submitted auditor's report on the accounts of the Company for the accounting year ended 31st March, 2011 which is self-explanatory and needs no comments.

ACKNOWLEDGEMENT:

The management is grateful to the Government Authorities, Bankers, Vendors, Employees, for their continued assistance and co-operation. The Directors also wish to place on record the confidence of members in the Company.

For and on behalf of Board of Directors
Sd/-

Place: Dhar (M.P)
Date: 01st September, 2011

Shri Ketan Sorathiya
Chairman

REPORT ON CORPORATE GOVERNANCE:

(Pursuant to Clause 49 of the Listing Agreement)

Your company in tune with the requirements of the provisions of Corporate Governance has taken all measures considered necessary for ensuring its compliance.

A detailed Corporate Governance Compliance Report as on 31/03/2011 is given below:

COMPANY'S POLICY:

The company's policy on Corporate Governance envisages the assignment of high level of transparency and accountability in the functioning of the company and the conduct of its business internally and externally, including its interaction with employees, shareholders, creditors, clients, bankers and other business places with due emphasis on regulatory compliance.

The company firmly believes that its system and actions must be devoted for enhancing corporate performance and maximizing shareholder value in the long run.

BOARD OF DIRECTORS:

The Board of Directors met 8 (Eight) times during the year on 10.05.2010, 31.07.2010, 20.08.2010, 30.10.2010, 13.11.2010, 11.01.2011, 01.02.2011 12.02.2011.

The attendances of the Directors of the company at the Board Meeting are as follows:

Name of Current Director's	Status	No. of Board Meetings attended during the year	Whether attended last AGM
Shri Ketanbhai Sorathiya ##	Chairman	5	N.A.
Shri Jigar Rashmikant Kshatri ##	Independent Director	5	N.A.
Shri Kamlesh Thothawala ##	Independent Director	5	N.A.
Shri Sunil Badjatia *	Independent Director	6	Yes
Shri Hemant Agrawal #	Independent Director	5	Yes
Shri Sharad Jain #	Independent Director	5	Yes
Shri Ramchandra Chaure **	Independent Director	3	Yes
Shri Sunil Nahata **	Independent Director	3	Yes

* Resigned w.e.f. 01.02.2011

** Resigned w.e.f. 30.10.2010

Resigned w.e.f. 11.01.2011

Appointed w.e.f. 11.01.2011

AUDIT COMMITTEE:Terms of Reference

- To review the adequacy of internal control systems and internal Audit Reports and their compliance thereof.
- To oversee the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- To recommend the appointment of auditors and fixation of audit fees.
- To review the financial statements before submission to the Board.

COMPOSITION OF AUDIT COMMITTEE:

The Constitution of Audit committee meets the requirement of section 292A of Companies Act, 1956 and clause 49 of Listing Agreement.

The Committee met 4 (Four) times during the year on 10.05.2010, 31.07.2010, 13.11.2010 and 12.02.2011. The attendance of members of the committee was as follow:

Name of Current Director's	Status	No. of Meetings attended during the year	Whether attended last AGM
Shri Ketanbhai Sorathiya ##	Chairman	1	No
Shri Jigar Rashmikant Kshatri ##	Member	1	No
Shri Kamlesh Thothawala ##	Member	1	No
Shri Sunil Badjatia *	Member	3	Yes
Shri Hemant Agrawal #	Member	3	Yes
Shri Sharad Jain #	Member	3	Yes
Shri Ramchandra Chaure **	Member	3	Yes
Shri Sunil Nahata **	Member	3	Yes

* Resigned w.e.f. 01.02.2011

** Resigned w.e.f. 30.10.2010

Resigned w.e.f. 11.01.2011

Appointed w.e.f. 11.01.2011

SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE:

As a measure of Good Corporate Governance and to focus on the shareholders' grievances and towards strengthening investor relations, an investors' Grievance Committee has been constituted as a committee of the Board, to redress / minimize the grievance of shareholders/ Investors

The functions of the committee include:

To specifically look into redressing investors' grievances pertaining to:

- a) Transfer of shares
- b) Dividends
- c) Dematerialization of shares
- d) Replacement of lost/stolen/mutilated share certificates
- e) Any other related issues

The committee comprises of the following Directors namely:

Name of the Director	Status
Shri Ketanbhai Sorathiya	Chairman
Shri Jigar Rashmikant Kshatri	Member
Shri Kamlesh Thothawala	Member

During the year under review, no complaint was received from Shareholders/ investors or Stock Exchanges or SEBI.

REMUNERATION COMMITTEE:

Constitution of Remuneration Committee by listed public company pursuant to the Listing Agreement is voluntary. Presently company does not pay any remuneration to any Executive or non-executive Director other than sitting fees for attending Board Meetings. All directors waived off their right to receive sitting fees for attending the board meeting of the Company.

GENERAL BODY MEETING:

The location and time of the Annual General Meetings held during the last three years is as follows:

Date	Venue
27.09.2010	2, Ras Mandal, Dhar (M.P.)
30.09.2009	2, Ras Mandal, Dhar (M.P.)
30.09.2008	2, Ras Mandal, Dhar (M.P.)

STATUTORY DISCLOSURES:

1. There were no transactions of a materially significant nature with the promoters, the directors or the management, their subsidiaries or relatives that may have potential conflict with the interest of the company at large.
2. Transactions with related parties during the year are disclosed in the notes forming part of accounts in the Annual Report.
3. There has been no instance of non-compliance, penalties or strictures on any matter relating to the capital market and listing.

MEANS OF COMMUNICATION:

Quarterly Results-Which newspapers normally published in Ahmedabad. : Western Times (English) & (Gujarati) both at
Presentation made to Institutional Investors or to Analyst : No

GENERAL SHAREHOLDERS INFORMATION:

1. Financial Calendar 2011-12 (tentative) : Results for the Quarter ended June 30, 2011: Last week of July 2011.
Results for the quarter ended September 30, 2011: Last week of October 2011
Results for the quarter ended December 31, 2011, Last week of January 2012
Year Ending 31st March, 2012: June 2012.

Book Closure date	: 27.09.2011 to 30.09.2011 (Both days inclusive)
Registered Office	: 2, Ras Mandal, Dhar (M.P.) Email: pr_tripathi@sify.com
Equity Listed on	: Bombay Stock Exchange Ltd.

Annual General Meeting:

Date, Time & Venue	: 30th September, 2011 at 11:30AM : 2, Ras Mandal, Dhar (M.P.)
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DISCLOSURES:

- All related party transactions have been entered into the ordinary course of business and were placed periodically before the audit committee in summary form. There were no material individual transactions with related parties were not in normal course of business to be placed before the audit committee and that may have potential conflict with the interest of the company at large. All individual transactions with related parties or others were on an arm's length basis.
- The accounting standards which are mandatorily required have been followed in preparation of financial statements and no deviation have been made in the same
- Risk assessment and its minimization procedures have been laid down by the company and the same have been informed to Board Members. These procedures are periodically reviewed to ensure that executives' management controls risk through means of a properly defined framework.
- The company has not raised money through preferential allotment basis during the year.
- The company duly complies with all mandatory requirements of clause 49 of the Listing Agreement with the Stock Exchanges. However, the company has not adopted the non-mandatory requirements defined therein.
- Management discussion and Analysis forms part of the Annual Report to the Shareholders and it includes discussion on matters as required under the provisions of clause 49 of the Listing agreement with Stock Exchange
- No penalties have been imposed on the company by stock exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years.

SCRIP CODE: BOMBAY STOCK EXCHANGE LTD. – Scrip Code 513721
M.P. STOCK EXCHANGES

DEMAT ISIN No. : INE614F01019 IN NSDL & CDSL

Market price Data: Not Available (as infrequently traded)

REGISTRAR AND SHARE TRANSFER AGENT:

Purva Shareregistry (India) Pvt Ltd..
No-9, Shiv Shakti Industrial Estate, Ground Floor,
J. R. Boricha Marg, Opp. Kasturba Hospital,
Lower Parel, Mumbai - 400 011
Tele No. : 022-2301 6761 / 2301 8261 Fax No. : 022-2301 2517
E-mail: busicomp@vsnl.com Website: www.purvashare.com

SHARE TRANSFER SYSTEM:

Transfer of Shares in Physical form are registered and dispatched within 3 weeks from the date of their receipts, subject to the documents being valid and complete in all respects. Transfer of shares are processed by the Share Transfer Agents and

approved by the Share Transfer Committee called as "Investor / Shareholders Grievance Committee", which meets at frequent intervals. Share transfers are registered and returned within 30 days from the date of receipt, if the relevant documents are complete in all respect.

DEMATERIALIZATION OF SHARES AND LIQUIDITY:

The Equity Shares of your company are traded in dematerialization form by investors. The company has entered into agreements with existing Depository, National Securities Depository Limited (NSDL) enabling the investors to hold shares of the company in electronic form through the depository of their choice. Total 2,60,600 Equity Shares (6.0256%) of the Company was held in dematerialized form as on 31st March 2011.

Distribution of Shareholding as on 31st March, 2011

Shareholding of nominal value as on 31 st March, 2011	No. of Shareholders	% of No. of shares	No. of Shares	% of Shareholders
Up to 5000	2327	80.44	1491660	34.49
5001 - 10000	458	15.83	593550	13.72
10001- 20000	40	1.38	98400	2.28
20001- 30000	11	0.38	26675	0.62
30001- 40000	7	0.24	43900	1.02
40000- 50000	1	0.03	7370	0.17
50001- 100000	10	0.35	88095	2.04
100001 and above	39	1.35	1975250	45.66
Total	2893	100	4324900	100.00

Category of shareholders as on 31st March 2011

Category	No. of Shareholders	% of Shareholding
Promoters	8	27.95
Mutual Funds and UTI	0	0
Public Shareholding		
• Bodies Corporate	9	3.11
• Institutions	0	0
• Non-Institutions	0	0
• individual(capital up to 1 lakh)	2872	66.76
• individual (capital excess 1 lakh)	0	0
• others	4	2.18
Total	2893	100.00

Address for correspondence:

Shareholders correspondence should be addressed at registered office of the company at:

Registered Office & Administrative Office:

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

Compliance Officer:

Neha Kshtri

Declaration: None of the Director of the Company is a Director of more than 15 companies and member of more than 10 committees or chairman of more than five committees across all companies in which he is a Director.

CERTIFICATION BY CEO/CFO

The Board of Directors,

MUSKAN FERRO SILICONS LIMITED

Madhya Pradesh

I, Ketan Sorathiya, CEO and CFO of Muskan Ferro Silicons Limited to the best of my knowledge and belief certify that:

1. I have reviewed the Balance Sheet, Profit & Loss Account and its schedules & notes on accounts as well as the Cash Flow Statement and Directors' Report for the year ended 31st March, 2011 and that to the best of my knowledge and belief.
 - these statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. I also certify that to the best of my knowledge and the information provided to me, there are no transactions entered into by the Company during the year which are fraudulent, illegal or volatile of the Company's Code of Conduct.
3. I am responsible for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps. I have taken or propose to take to rectify these deficiencies.
4. I have indicated to the Auditors and the Audit Committee:
 - significant changes in internal control, if any, over financial reporting during the year;
 - significant changes, if any, in accounting policies during the year and that the financial statements; and
 - instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or any employee having a significant role in the company's internal control system.
5. I further declare that all Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year ended on 31st March, 2011.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE: Dhar (M.P.)
DATE: 01.09.2011

Sd/-
[KETAN D. SORATHIYA]
Chairman

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. Being a power intensive one, electricity costs accounts for substantial portion of the cost of production. Despite attempts to have uniform tariff fixed for all ferro alloy units across states, the industry continues to be plagued by high electricity costs. As a result it also loses out on competitiveness in the international markets to producers from countries like South Africa, Kazakhstan, Russia, China etc. where power costs are 2-3 times lower than the prevailing rates in India.

Chrome ore, Manganese Ore and LAM Coke are the raw materials that go into the production Ferro Alloys products. Unavailability of low Phosphorous Coke in the domestic market renders the company to depend on imports which, in turn, increases the cost of production further. As a result the ferro alloys product manufactured in India is dearer in the international market.

RISKS AND CONCERNS I OPPORTUNITIES AND THREATS I 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 viewed 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.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

PLACE: Dhar (M.P.)
DATE: 01.09.2011

Sd/-
[KETAN D. SORATHIYA]
Chairman

AUDITOR'S CERTIFICATE

**To,
The Members,
MUSKAN FERRO SILICONS LIMITED.**

We have examined the compliance of the conditions of Corporate Governance by MUSKAN FERRO SILICONS LIMITED for the year ended 31st March, 2011 as stipulated in clause 49 of the listing agreement of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. 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 auditor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2011, no investor grievances are pending against the Company for a period exceeding one month as per records maintained by the Company which are presented to the Shareholders/Investor's Grievance Committee.

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

**C.P.Rawka &Co.
Chartered Accountant**

**Sd/-
Proprietor
C.P. Rawka
M.No. 70060**

**Date: 01st September, 2011
Place: Indore**

AUDITORS' REPORT

To,
THE MEMBERS OF
MUSKAN FERRO SILICON LIMITED

- (1) **We have audited the attached Balance Sheet of MUSKAN FERRO SILICON LIMITED** as on 31st March 2011, the relative Profit and Loss Account and the Cash Flow Statement for the year ended on that date, all of which have been signed by us under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- (2) We have conducted our audit in accordance with auditing and assurance 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 misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the 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.
- (3) As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
- (4) Further to our comments in the Annexure referred to in paragraph (3) above we report that:
 1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 2. In our opinion, proper books of accounts as required by law, have been kept by the Company so far as appears from our examination of books.
 3. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of account.
 4. In our opinion, the Balance Sheet, Profit & Loss Account, and Cash Flow statement dealt with by this report comply with the Accounting Standard referred to in sub-section (3c) of Section 211 of the Companies Act, 1956.
 5. On the basis of written representation received from the Directors and taken on records by the Board of Directors, we report that none of the Directors is disqualified as at 31st March 2011 from being appointed as a director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
 6. 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, particularly the note no 4 regarding inter

corporate investment and Loans thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- (a) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011 and;
- (b) In case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.
- (c) In case of Cash Flow Statement, of the cash flows for the year ended on that date.

For C. P. Rawka & Co.

CHARTERED ACCOUNTANTS

FRN No. 000518 C

Sd/-

Place: Indore
Dated: 01st September, 2011

C. P. Rawka
Proprietor
M.No. 70060

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in Paragraph 3 of the Auditors Report of Even date to the Member of MUSKAN FERRO SILICON LIMITED

- i) The Company does not have any Fixed Assets.
- ii) The Company does not have any inventory during the year.
- iii) The Company has neither granted nor taken any loans during the year, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Act.
- iv) 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. During the course of our audit, no major weakness has been noticed in the internal controls.
- v) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered into the register maintained under section 301 of the companies Act 1956.
- vi) In our opinion, and according to the information and explanations given to us, the company has not accepted any fixed deposits which are covered under provisions of section 58A and section 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rule 1975.
- vii) In our opinion and according to the information and explanations given to us, Company does not have internal audit system commensurate with the size and nature of its business.
- viii) The Central government has not prescribed any maintenance of cost records for the Company's product pursuant to Rules made under section 209 (1)(d) of the Companies Act, 1956.
- ix) It is informed to us that provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, customs duty, excise duty, cess and other material statutory Law are not applicable to the company and no undisputed liabilities as on 31st March,2011 outstanding for a period of more than six months from the date they became payable.
- x) The Company has incurred cash loss during the year . and also in immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us the disputed amount of secured loan is Rs. 1372200/- and the matter is pending.
- xii) As per information & according to explanation 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.

- xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- xiv) As per information & according to explanation given to us, the Company has not made any investments
- xv) 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.
- xvi) As per information & according to explanation given to us, the company has not obtained any term loan during the year.
- xvii) On the basis of an overall examination of the balance sheet of the Company and according to the information and explanations given to us, in our opinion, funds raised on a short-term basis have not been used for long-term investment and vice versa.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix) The Company has not issued any debenture till date. Therefore, creation of reserves in respect of debentures does not arise.
- xx) The Company has not raised any money by public issues during the year.
- xxi) During the course of our examination of the Books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For C. P. Rawka & Co.
CHARTERED ACCOUNTANTS
FRN No. 000518 C
Sd/

Place : Indore
Dated : 01st September, 2011

C. P. Rawka
Proprietor
M.No. 70060

MUSKAN FERRO SILICONS LIMITED

BALANCE SHEET AS AT 31st MARCH 2011

(In Rupees)

PARTICULARS	SCHD. NO.	AMOUNT 31st March 2011	AMOUNT 31st March 2010
SOURCES OF FUNDS :			
<u>Shareholder's funds</u>			
Share Capital	1	43,249,000	43,249,000
<u>Loan Fund</u>			
Secured Loans	2	1,372,200	1,372,200
TOTAL FUNDS EMPLOYED		44,621,200	44,621,200
APPLICATION OF FUNDS :-			
Pre- Operative Exp.			
CURRENT ASSETS			
Cash & Bank Balance	3	224,203	225,603
		224,203	225,603
<u>LESS: CURRENT LIABILITIES & PROVISIONS</u>			
Current Liabilities & Provisions	4	31,793	16,793
		31,793	16,793
NET CURRENT ASSETS		192,410.00	208,810
<u>MISC EXP</u>			
Profit & Loss a/c		38,244,289	38,227,889
TOTAL		44,621,200	44,621,200
Notes to Accounts	6		
AS PER OUR REPORT OF EVEN DATE		FOR AND BEHALF OF THE BOARD	
Sd/		Sd/	
For C. P. Rawka & Co.		DIRECTOR	
CHARTERED ACCOUNTANTS		DIRECTOR	
FRN No. 000518 C			
(C. P. Rawka)			
Proprietor			
M.No. 70060			
Place : Indore		Place : Dhar	
Date : 01/09/2011		Date : 01/09/2011	

MUSKAN FERRO SILICONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(In Rupees)

PARTICULARS	SCHD. NO.	AMOUNT 31st March 2011	AMOUNT 31st March 2010
INCOME :-			
Income		0	0
TOTAL Rs.		0	0
EXPENDITURE :-			
Administration Expenses	5	16,400	62,375
TOTAL Rs.		16,400	62,375
Profit / (Loss) before tax		(16,400)	(62,375)
Provision for Taxation -Current Tax		0	0
Profit / (Loss) after Tax		(16,400)	(62,375)
Profit / (Loss) Carried from last Year		(38,227,889)	(38,165,514)
Profit / (Loss) carried over to Balance Sheet		(38,244,289)	(38,227,889)
Significant Accounting Policies and Notes to the Accounts Earnings per Share (Face Value Rs. 10) Basic and Diluted Earnings per Share (in Rupees)		(0.00)	0.06
Notes to Accounts	6		
AS PER OUR REPORT OF EVEN DATE Sd/ For C. P. Rawka & Co. CHARTERED ACCOUNTANTS FRN No. 000518 C (C. P. Rawka) Proprietor M.No. 70060 Place : Indore Date : 01/09/2011		FOR AND BEHALF OF THE BOARD Sd/ DIRECTOR	Sd/ DIRECTOR Place : Dhar Date : 01/09/2011

MUSKAN FERRO SILICONS LIMITED

Schedules to Accounts:

(In Rupees)

PARTICULARS	AMOUNT 31st March 2011	AMOUNT 31st March 2010
<u>Schedule 1:</u>		
<u>SHARE CAPITAL</u>		
Authorised Capital {50,00,000 Equity shares of Rs. 10 each}	50,000,000	50,000,000
	50,000,000	50,000,000
Issued, Subscribed & Paid up 43,24,900 Equity Shares of Rs. 10 each fully paid up	43,249,000	43,249,000
TOTAL Rs.	43,249,000	43,249,000
<u>Schedule 2:</u>		
<u>SECURED LOAN</u>		
Secured Loan M.P.A.V.N. (Term Loan)	1,372,200	1,372,200
TOTAL Rs.	1,372,200	1,372,200
<u>Schedule 3:</u>		
<u>CURRENT ASSETS LOANS & ADVANCES</u>		
<u>CASH & BANK:</u>		
Bank of Rajasthan	19,731	19,731
State Bank Of Indore	204,257	204,257
Cash in Hand	215	1,615
TOTAL Rs.	224,203	225,603
<u>Schedule 4:</u>		
(A) CURRENT LIABILITIES & PROVISIONS		
Audit Fees Payable	31,793	16,793
TOTAL Rs.	31,793	16,793

MUSKAN FERRO SILICONS LIMITED

Schedules to Accounts:

(In Rupees)

PARTICULARS	AMOUNT 31st March 2011	AMOUNT 31st March 2010
<u>Schedule 5 :</u>		
<u>ADMINISTRATIVE EXPENSES</u>		
Audit Fees	3,000	3,309
Bank Charges	0	769
Club Subscription	0	1,000
Electricity & Power	0	3,039
Filing Fees	0	500
Postage & Telegram	1,400	4,650
Salary Expense	12,000	40,000
Telephone Exp.	0	4,208
Travelling Exp	0	4,900
	16,400	62,375

MUSKAN FERRO SILICON LIMITED

SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE '6'
NOTES ON ACCOUNTS

1. ACCOUNTING POLICIES:

The accounts are prepared on a historical cost convention and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India. The significant accounting policies followed by the company are as stated below: -

i. Basis of accounting

The accounts have been prepared on the basis of historical cost and accrual basis.

ii Earning Per Share

In accordance with the Accounting Standard 20 "Earnings per Share" issued by the Institute of Chartered Accountants of India, basic earnings per share is computed using the weighted average number of shares outstanding during the year.

iii Contingent Liabilities

Contingent Liabilities are disclosed when the Company has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

2. In the opinion of the Board, the Current Assets, Loans and Advances are not less than the value stated, if realized in the ordinary course of business. The provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary.

3. The Company does not deal in any specific segment therefore it is not possible to give any segment wise information.

4. Accounting For Taxes On Income – Board of directors informed that company is not in position to set off business loss and unabsorbed depreciation in future. therefore it is assumed as permanent difference and provision for deferred Tax liability not made

5. Related party Disclosures

Related party disclosures, as required by AS-18,"Related Party Disclosures" are given below:

No Related party transaction was carried out during the year.

6. In the opinion of the management the current assets, loans and advances have a value on realization in ordinary course of business at least equal to the amounts at which they are stated in the Balance Sheet.

7. Earnings per Share	Current Year	Previous Year
(a) Net profit /(Loss) after tax available for equity shareholders (Rs./lacs)	-16400	-62375
(b) Equity Shares of Rs.10/- each outstanding (No. of Shares)	4324900	4324900
(c) Basic / Diluted Earning per Share (Rs.) (a / b)	-.00	-0.01

8. No provision for gratuity is made in absence of any liability as per the provision of Gratuity Act 1972.

9. Figures in brackets indicate figures relating to the previous year.

10. Previous year's figures have been regrouped /rearranged wherever necessary.

11. Other Clause of Part II of Schedule VI of the Companies Act, 1956 are either NIL OR NOT APPLICABLE.

Signature to Schedules '1' to '6'
As per our report on even date

For C. P. Rawka & CO.
CHARTERED ACCOUNTANTS
FRN No. 000518 C

For and on behalf of the Board

Sd/
C. P. Rawka
Proprietor
M.No. 70060

Sd/
Director

Sd/
Director

Place : Indore
Dated : 01st September, 2011

Place : Dhare
Dated : 1st September, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**(Rupees in Lacs)**

	2010-11	2009-10
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax and Extra Ordinary Items	(0.16)	(0.62)
Adjustments for		
Dividend Received	0.00	0.00
Interest Received	0.00	0.00
Profit on Sale of Investment	0.00	0.00
Operating Profit before Working Capital Changes	(0.16)	(0.62)
Adjustments for		
Increase/ (Decrease) in Debtors	0.00	0.00
Increase/ (Decrease) in Loan & Advances	0.00	0.00
Increase/ (Decrease) in Trade Payables & Other Liabilities	0.15	0.03
Increase In preliminary Exp.		0
	(0.01)	(0.59)
Cash generated from Operations		
Direct Taxes paid	0.00	0.00
Net cash from Operating Activities	(0.01)	(0.59)
B CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	0.00	0.00
Interest Received	0.00	0.00
Purchases of Investment	0.00	0.00
Dividend Received	0.00	0.00
Loss on sales of Shares	0.00	0.00
Net cash flow from Investing Activities	0.00	0.00
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity Shares	0.00	0.00
Premium on Issue of Equity Shares on Preferential Basis	0.00	0.00
Interest Received	0.00	0.00
Bank Borrowings (Net)	0.00	0.00
Proceeds from Unsecured loans	0.00	0.00
Net cash flow from Financing Activities	0.00	0.00
Net Increase/(Decrease) in Cash & Cash Equivalent	(0.01)	(0.59)
Cash & Cash Equivalents at the beginning of the year	2.26	2.85
Cash & Cash Equivalents at the end of the year	2.24	2.26
	(0.01)	(0.59)

Note : Previous Year figures have been regrouped/rearranged, wherever necessary.

Sd/
For C. P. Rawka & Co.
CHARTERED ACCOUNTANTS
FRN No. 000518 C

For and on Behalf of the Board of Directors

Proprietor
M.No. 70060
Place : Indore
Date :1/9/2011

Sd/
Director
Place : Dhar
Date : 01/09/2011

Sd/
Director

MUSKAN FERRO SILICONS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	:	10-03251
State code	:	10
Balance Sheet Date	:	31/03/2011

II. CAPITAL RAISED DURING THE YEAR

(Rs . In thousand)

Public Issue	:	NIL
Rights Issue	:	NIL
Bonus Issue	:	NIL
Private Placement (Preferential warrant convert into equity)	:	NIL

III. POSITION OF MOBILISATION & DEPLOYMENT OF FUNDS

(Rs . In thousand)

Total Liabilities :	44,621	Total Assets :	44621
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Sources of funds :

Paid up Capital	:	43,249
Reserves & Surplus	:	-
Secured Loans	:	NIL
Unsecured Loans	:	1,372

Application of Funds :

Net Fixed Assets (Pre Operative Exp)	:	6,184.50
Investments	:	-
Net Current Assets	:	192
Miscellaneous Expenditure	:	38,244
Accumulated Losses	:	NIL

IV. PERFORMANCE OF THE COMPANY :

Turnover	:	-
Total Expenditure	:	16.40
Profit before tax	:	(16.40)
Profit after tax	:	(16.40)
Earning per Share	:	(0.00)

GENERIC NAME OF THE PRINCIPLE PRODUCT & SERVICES OF THE COMPANY.

Item Code No. (ITC Code)	:	N.A.
Product Description	:	Trading activity

Sd/

For C. P. Rawka & Co.
CHARTERED ACCOUNTANTS
FRN No. 000518 C

For and on behalf of the Board of Directors

(C. P. Rawka)
Proprietor
M.No. 70060
Place : Indore
Date : 01/09/2011

Sd/
(Director)
Place : Dhar
Date : 01/09/2011

Sd/
(Director)

MUSKAN FERRO SILICONS LIMITED

Regd. Office: 2, Ras Mandal Dhar, Madhya Pradesh – 454001.

ATTENDENCE SLIP**(to be handed over at the entrance of the meeting hall)**

I Shri / Smt.....of Being a member / proxy of **Muskan Ferro Silicons Limited** do hereby record my presence at the Annual General Meeting of the members of the company held on 30th September 2011 at 11.30 A.M. at the registered office of the Company at 2, Ras Mandal Dhar, Madhya Pradesh – 454001.

FOLOI NO / CLIENT I.D.	
D.P. ID.	
D.P. NAME.	
NAME OF SHAREHOLDER	
NUMBER OF SHARE HELD	

Member's/ Proxy Signature**(To be signed at the time of handing over this slip)**

NOTE: Please carry with you this attendance slip and hand over the same duly signed at the space provided, at the entrance of the Meeting Hall.

-----TEAR HERE-----

MUSKAN FERRO SILICONS LIMITED

Regd. Office: 2, Ras Mandal Dhar, Madhya Pradesh – 454001.

FORM OF PROXY

FOLOI NO / CLIENT I.D.	
D.P. ID.	
D.P. NAME.	
NAME OF SHAREHOLDER	
NUMBER OF SHARE HELD	

I Shri/Smtbeing a member of **Muskan Ferro Silicons Limited**, holdingShares in the Company do hereby appointed Shri..... ofor falling him Shri..... of to remain present at the Annual General Meeting of the members of the company held on 30th September 2011 at 11.30 A.M. at the registered office of the Company at 2, Ras Mandal Dhar, Madhya Pradesh – 454001.

ATTENDENCE SLIP

Signed _____ day of _____ 2011.

Signed by the said_____.

Affix Re. 1 Revenue Stamp

NOTE: The proxy to be effective must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.

Proxy form duly stamped, signed and completed in all respect should be deposited 48 hours before the time fixed for the meeting at the registered office of the company.