

MUSKAN FERRO SILICONS LTD.

17th Annual Report

For the Year Ended
31st March 2003

BOARD OF DIRECTORS

Shri Babulal Badjatia

Shri Sunil Badjatia - Managing Director

Shri Dr. S. Mookerjee

Shri Babulal Verma

Shri Hemant Agarwal (w.e.f. 01/03/03)

Shri Sharad Jain (w.e.f. 01/03/03)

AUDITORS

C. P. Rawka & Co.

Chartered Accountants

403, Arcade Silver,

65/1, New Palasia, Indore

REGISTERED OFFICE

Plot No. 69, Sector - 3,

Industrial Area,

PITHAMPUR, Dist. Dhar (M.P.)

MUSKAN FERRO SILICONS LIMITED

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the members of the Company will be held on Tuesday the 30th September 2003 at 11.00 AM at the Registered office of the company at Plot No. 69, Sector-3, Industrial Area, Pithampur, Dist. 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 2003 together with Directors and Auditors reports thereon.
2. To appoint a Director in place of Shri S. Mookerjee who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass, with or without modification (s) the following resolution as Ordinary Resolution.

RESOLVED that in accordance with the provisions of Section 257 and all other applicable provision, if any, of the Companies Act, 1956 Shri Hemant Agrawal, Additional Director of the company who holds office upto the date of forthcoming Annual General Meeting as per provisions of section 260 of the companies Act, 1956 and in respect of whom the company has received a notice in writing form a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation.

5. To consider and if thought fit, to pass, with or without modification (s) the following resolution as an Ordinary Resolution :

RESOLVED that in accordance with the provisions of Section 257 and all other applicable provision, if any, of the Companies Act, 1956 Mr. Sharad Jain, an additional director of the company who holds office upto the date of forthcoming Annual General Meeting as per provisions of section 260 of the companies Act, 1956 and in respect of whom the company has received a notice in writing form a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the company, liable to retire by rotation.

By order of the Board of Directors
For - Muskan Ferro Silicons Limited.

Sunil Badjatia
Managing Director

Place : Indore
Date : 30.07.2003

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 28.9.2003 to 30.09.2003 (both days inclusive)

MUSKAN FERRO SILICONS LIMITED

- * The relevant explanatory statement pursuant to Section 173 (2) of the Companies Act 1956 in respect of Special Business as annexed hereto and forming part of this notice.
- * 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT. 1956

ITEM NO. 4 & 5

Mr. Hement Agrawal & Mr. Sharad Jain were appointed additional Director of the company by the Board with effect from 1st March 2003. In terms of Section 260 of the Companies Act, 1956, they hold office till the date of the forthcoming Annual General Meeting but are eligible for re-appointment. The company has received notices from members as required by Section 257 of the Companies Act, 1956 signifying their intention to propose the candidatures of Mr. Hemend Agrawal & Mr. Sharad Jain, for the office of Directors. The Board considers it desirable that the company should avail their services and recommends the resolutions under item No. 4 & 5 for acceptance by the members of the company.

None of the Directors other than Mr. Hemant Agrawal & Mr. Sharad Jain are concerned or interested in Item No. 4 & 5 of the Notice respectively.

By order of the Board of Directors
For - Muskan Ferro Silicons Limited.

Sunil Badjatia
Managing Director

Place : Indore

Date : 30.07.2003

MUSKAN FERRO SILICONS LIMITED

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 17th Annual Report alongwith Audited Accounts of the company for year ended 31th March 2003.

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. Company has earned Rs. 2.42 lacs on account of interest and divided income and incurred a net loss of Rs. 35.59 lacs which has been carried to the Balance Sheet. Directors are hopeful for better results in the current year.

DIVIDEND

In view of loss, the Board of Directors has not recommended any dividend for the year ended on 31st March 2003.

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

Dr. S. Mokerjee - Director of the Company retires by rotation and being eligible offers himself for reappointment. During the year Shri Hemant Agrawal & Shri Sharad Jain were appointed additional director, being eligible offer themselves for re-appointment.

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 31.03.2003.
- (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.

MUSKAN MICRO-SILICONS LIMITED

DEMAT STATUS

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

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

M/s. 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 cooperation 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 : 30.07.2003

For and on behalf of the Board
Sunil Badjatia
Managing Director

MUSKANTHERMO 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 2 promoter Director.

Director	Executive/Non-Executive/Independent	No. of Outside Directorship (S) held		
		Public Companies	Pvt. Companies	Section 25 Companies
Shri. Babulal Badjatia	Promoter	-	-	-
Shri. Sunil Badjatia	Managing Director	-	-	-
Shri. S. Mukerjee	Independent	-	-	-
Shri Babulal Verma	Independent	-	-	-
Shri Sharad Jain	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 30/08/02
		Held	Attended	
Shri. Babulal Badjatia	-	4	4	Yes
Shri. Sunil Badjatia	-	4	4	Yes
Shri. S. Mukerjee	-	4	1	No
Shri Babulal Verma	-	4	1	No
Shri Hemant Agrawal	-	4	-	No
Shri Sharad Jain	-	4	-	No

Audit Committee

Company has set up an "Audit Committee" in the Board meeting held on 01.03.2003. The composition of the Committee is as follows :

Shri Hemant Agrawal - Chairman
 Shri Sharad Jain - Member
 Shri Babulal Verma - Member

The audit committee comprises of 3 independent Non-executive Directors : The audit committee shall meet once in a quarter and present its report to Board of Directors from time to time.

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" w.e.f. 01/03/2003 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 Babulal Verma - Member

Disclosuers

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

GENERAL SHAREHOLDERS INFORAMATION

(1) Address for Investor's Correspondence :

Campliance Officer-

Shri Sharad Jain

Plot No. 69, Sector 3, Industrial Area,

Pithampur, Distt. Dhar

(2) Listing on Stock Exchanges :

The equity Shares of the company are presently, listed with Mumbai & M.P. Stock Exchanges, intially 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 guidelives & matter is still pending with the Ahmedaded Stock Exchange.

(3) Registrar and Share Transfer Agent-

Karvy Consultant Ltd.

Karvy House, 21 Avenue, 4th Street,

Banjara Hills, Hyderabad-5000034

(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.

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

MEMBERSHIP INFORMATION

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 & Nationalized 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
1999-2000	28.09.2000	Nil
2000-2001	25.09.2001	Nil
2001-2002	30.08.2002	One

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

(7) Financial Calendar

Board Meeting for consideration of Accounts for the year ended 31/03/2003	30/7/2003
Posting of Annual Reports	On or before 05/09/03
Book Closure Dates	28/09/03 till 30/09/03 (both days inclusive)
Last date for receipt of Proxy Forms	28/09/03 up to 11.00 A.M.
Date time & Venue of the 17th Annual General Meeting	30/09/03 on 11.00 A.M. at The Registered office of the company.

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, 2003.

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 at 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 an 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.

Place : INDORE

Date : 30/07/2003

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

For : C.P. Rawka & Co.
Chartered Accountants
C.P. Rawka
(Proprietor)

We have audited the attached Balance Sheet of MUSKAN FERRO SILICONS LTD. as at 31st MARCH' 2003 & 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 on opinion on these financial statement based on our Audit.

01. 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

02. As required by the Manufacturing and Other Companies (Auditor's Report) Order' 1988 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.
03. 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 for as apperars 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' 2002, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March' 2003 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 2003.
 - (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 : 30.7.2003

For : C.P. Rawka & Co.

Chartered Accountants

C.P. Rawka

Proprietor

Annexure - II

Statement referred to in Paragraph 2 of the Auditor's Report of even date to the Members of MUSKAN FERRO SILICONS LTD. on the Accounts for the year ended 31st March' 2003.

On the basis of such checks as we considered appropriate and in terms of information and explanations given to us we state that :

- (1) The Company has maintained proper records to show full particulars including quantitative details & situation of fixed assets. A physical varification of almost all assets of significant value has been conducted by the management & there is a regular programme of varification which in our opinion, is resonable having regard to the size of the Company. We are informed by the management that no serious discrepancies were noticed on such verifications.
- (2) None of the fixed assets have been revalued during the year.

MUSKAN FERRO SILICONS LIMITED

- (3)(a) The stock of shares have been physically verified by the management at reasonable intervals during the year and / or at the close of the year :
- (b) As explained to us the procedures of physical verification of Stock referred to in (a) above followed by the management are in our opinion reasonable and adequate in relation with the size of the company and the nature of its business :
- (c) According to the records produced to us for our verification there were no material discrepancies noticed on physical verification of stocks referred to in (a) above as compared to book records and the same have been properly dealt with in the books of account :
- (d) We have examined and verified the stock verification records of the company and also wherever necessary, we have physically verified the stocks and taken assistance from the technical staff of the company. On the basis of such examination and verification we are satisfied that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year :
04. The company has not accepted any loan from companies firms or other parties listed in the register maintained under section 301 and 370 (1c) of the Companies Act, 1956 except from Directors and Companies in which some of the directors are interested. The rate of interest and the terms and conditions of such loans are prima facie not prejudicial to the interest of the Company.
05. Loans and advances in the nature of loans and advances given by of the company.
- (a) The Company has not granted unsecured Interest free loans to other parties listed in the register maintained under section 301 of the companies Act, 1956 except to the companies, in which directors are interest on terms and conditions which in our opinion prima facie prejudicial to interest of the company.
- (b) In respect of loans and advance in the nature of loans given by the company the parties are NOT generally repaying principal amount of Rs. 14142350/- and also have not been regular in the payment of interest.
06. In our opinion and according to the information and explanations given to us, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business for purchase of Shares including components plants and machinery, equipment and other assets and form sale of goods.
07. According to the information and explanations given to us, the transactions of purchase and sale of goods and materials made in pursuance of contracts of arrangements entered during the year in the register maintained under Section 301 of the companies Act. 1956 aggregating to Rs. 50000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing for such goods and materials or prices at which transactions for similar goods have been made with other parties. As explained to us there were no transactions during the year for supply of services with any party listed in above referred register.
08. N.A.
09. The Company has not accepted any deposit from public during the year within the meaning of provision of Section 58-A of the Companies Act, 1956 and rules framed there under.
10. N.A.
11. In our opinion the Company has an adequate internal audit system commensurate with the size and nature of its business.

12. We have been informed that cost records Under Section 209 (1) (d) of the Companies Act, 1956 are not required to be maintained by the Company in respect of products manufactured by the Company.
13. N.A.
14. According to the information and explanation given to us there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom duty and excise duty which have remained outstanding as at last day of financial year 31st March 2003 for a period of more than six months from the date they become payable.
15. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
16. In our opinion the company is not a sick industrial company within the meaning of clause (0) of section 3 (1) of The Sick Industrial Company (Special Provision) Act, 1956.
17. In respect of the trading activities of the company which form an insignificant part of its income. there were no damaged goods during the year.

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

C.P. Rawka
Proprietor

PLACE : INDORE
DATE : 30/07/2003

BALANCE SHEET AS AT 31 ST MARCH' 2003

31.03.2002 31.03.2002

SOURCE OF FUNDS

SHARE HOLDERS FUNDS :

SHARE CAPITAL	(1)	4,32,49,000	4,32,49,000
RESERVES & SURPLUS		---	---

LOAN FUNDS

SECURED LOAN	(2)	62,60,017	62,60,017
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TOTAL		4,95,09,017	4,95,09,017
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APPLICATION OF FUNDS :

FIXED ASSETS	(3)	1,37,90,302	1,38,44,394
PRE-OPERATIVE EXP.		57,41,891	57,41,891

CASH & BANK BALANCE	(4)	52,82,475	
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LOANS & ADVANCES	(5)	1,53,60,508	
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(AGAINST SUPPLIES)

STOCK IN HAND (SHARES)	(6)	16,50,534	
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2,22,93,517

LESS : CURRENT LIABILITIES

& PROVISIONS.	(7)	(-) 15,49,431	
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NET CURRENT ASSETS		<u>2,07,44,086</u>	<u>2,39,75,070</u>
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4,02,76,279 4,35,61,355

MISCELLANEOUS EXPENDITURE	(8)	92,32,738	59,47,662
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TOTAL		4,95,09,017	4,95,09,017
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PLACE : INDORE

AS PER OUR REPORT OF EVEN DATE

DATED : 30.07.2003

FOR : C.P. RAWKA & COMPANY

FOR : MUSKAN FERRO SILICONS LIMITED

CHARTERED ACCOUNTANTS

BABULAL BADJATIA

SUNIL BADJATIA

C.P. RAWKA

Director

Managing Director

Proprietor

PROFIT & LOSS A/C FOR THE PERIOD ENDED 31ST MARCH 2003

SCHEDULE	31.03.2003	31.03.2002
<u>INCOME</u>		
INTEREST & BILL DISCOUNTING	1,20,000	1,20,000
DIVIDEND	6,618	250
PROFIT/LOSS SHARE TRADING	21,142	---
PROFIT OF SALE ON TATA 407	93,639	---
TOTAL (A)	<u>2,41,399</u>	<u>1,20,250</u>
<u>EXPENDITURE</u>		
OFFICE & ADMINISTRATION EXP. (9)	3,96,661	3,52,305
INTEREST & FINANCE EXP. (10)	1,236	1,632
OTHERS EXPENSES (11)	82,986	1,02,002
PUBLIC ISSUE EXPENSES	2,73,799	2,73,799
PROFIT/LOSS SHARE TRADING	---	6,93,561
DEPRECIATION (3)	45,592	95,846
BAD DEBTS	30,00,000	3,42,531
TOTAL (B)	<u>38,00,274</u>	<u>18,61,676</u>
PROFIT/LOSS BEFORE TAX (TOTAL A-B)	(-) 35,58,875	(-) 17,41,426
LESS : PROVISION FOR TAXATION	NIL	NIL
PROFIT/LOSS AFTER TAXATION	(-) 35,58,875	(-) 17,41,426
NET PROFIT/LOSS TRANSFER TO		
BALANCE SHEET	(-) 35,58,875	(-) 17,41,426
NET PROFIT/LOSS	<u>(-) 35,58,875</u>	<u>(-) 17,41,426</u>
WHIGHTED AVARGE NO. OF SHARES	43,24,900	43,24,900
BASIC & DILUTED EARNING PER SHARES Rs.	(-) 0.82	(-) 0.40

PLACE : INDORE

DATED : 30.07.2003

FOR : MUSKAN FERRO SILICONS LIMITED

AS PER OUR REPORT OF EVEN DATE

FOR : C.P. RAWKA & COMPANY
CHARTERED ACCOUNTANTS

BABULAL BADJATIA
Director

SUNIL BADJATIA
Managing Director

C.P. RAWKA
Proprietor

MUSKAN FERRO SILICONS LIMITED

CASH FLOW STATEMENT

	31.03.2003	31.03.2002
<u>A. Cash Flow From Operating Activities</u>		
Net Profit before tax & extraordinary items	(-) 35,58,875	(-) 17,41,426
Deprecation	45,592	95,846
Public Issue Exp. Written off	2,73,799	2,73,799
Operating profit before working capital changes	(-) 32,39,484	(-) 13,71,781
Adjustment for : Current Assets	32,51,796	18,11,641
Current Liabilities	(-) 1,01,810	(-) 5,83,623
Cash generated from working capital	31,49,986	12,28,018
Cash generated from operations	(-) 89,498	(-) 1,43,763
Income Tax for current year	----	----
Cash Flow before extraordinary items	(-) 89,498	(-) 1,43,763
Income tax for previous year	----	----
Cash Flow after extraordinary items (A)	(-) 89,498	(-) 1,43,763
<u>B. Cash Flow From Investing Activities</u>		
Addition to investments	----	----
Sale to Fixed Asstes	8500	----
Purchases of Fixed Asstes	----	----
Capital work in progress	----	----
Adjustment for Dep. on sale of fixed assets	----	----
Net cash use in investing activities (B)	8500	----
<u>C. Cash Flow From Financial Activities</u>		
Loans borrowed	----	----
Net cash use in financial activities (C)	----	----
Net increase in cash & cash equivalents (A-B-C)	(-) 80,998	(-) 1,43,763
Cash & Cash equivalents at the beginning of the year	53,63,473	55,07,236
Cash & cash equivalents at the colsing of the year	52,82,475	53,63,473

SHARE TRADING ACCOUNT

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
TO OPENING STOCK	16,71,734	BY SALES	42,371
TO OTHER CHARGES	29	BY CLOSING STOCK	16,50,534
TO PROFIT/LOSS	21,142		
TRANSFER TO PROFIT & LOSS A/C			
TOTAL	16,92,905		16,92,905

31.03.2003

31.03.2002

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) 62,60,017 62,60,017**SCHEDULE 3**

Fix Assets	Rate	as on 31.3.2003	Depreciation	Net Assets
Furniture	3.34	4,89,061	20,470	4,68,591
New Office Equipment	5.15	90,002	6,629	83,373
Computers	5.15	14,393	1,070	13,323
Water Cooler	5.15	11,568	822	10,746
Air Conditioner	5.15	59,426	4,429	54,997
Celling Fan	5.15	7,990	596	7,394
Vehicles	7.07	92,729	7,581	85,148
T.V.S. Scooty	7.07	15,642	1,542	14,100
Bicycle & Scooter	7.07	10,204	1,215	8,989
Onida T.V.	3.34	8,678	362	8,316
Microwave	3.34	9,272	357	8,915
E.P.B.X.	3.34	6,244	261	5,983
R.P.G. Celluer	5.15	3,710	258	3,452
Building	--	37,19,005	--	37,19,005
Plant & Machinery	--	35,06,553	--	35,06,553
Land & Dep.	--	4,46,950	--	4,46,950
Technical know-How	--	3,83,000	--	3,83,000
Auxiliary Equipments	--	49,61,467	--	49,61,467
Total		1,38,15,894	45,592	1,37,90,302

PLACE : INDORE

AS PER OUR REPORT OF EVEN DATE

DATED : 30.07.2003

FOR : C.P. RAWKA & COMPANY

FOR : MUSKAN FERRO SILICONS LIMITED

CHARTERED ACCOUNTANTS

BABULAL BADJATIA**SUNIL BADJATIA****C.P. RAWKA**

Director

Managing Director

Proprietor

SCHEDULE 4

CASH & BANK BALANCE

	31.03.2003	30.07.2003
BANK OF BARODA	1,009	1,009
BANK OF INDIA	676	676
BANK OF RAJASTHAN	51,06,170	52,39,944
BANK OF RAJASTHAN EXT. COUNTER	1,846	1,846
BANK OF RAJASTHAN EXT. COUNTER (MFST U-11)	5,000	5,000
CENTRAL BANK	2,457	2,457
CENTRAL BANK OF INDIA	4,678	4,678
PUNJAB & NATIONAL BANK	1,972	1,972
STATE BANK OF INDIA (202)	233	233
STATE BANK OF INDORE (495)	1,173	1,173
STATE BANK OF INDORE (M-200)	4,914	1,634
STATE BANK OF INDORE DP-A/C	1,091	6,603
THE FEDERAL BANK	3,997	3,997
CASH IN HAND	1,47,259	92,851
TOTAL	52,62,075	53,63,473

SCHEDULE 5

LOANS & ADVANCES

	31.03.2003	30.07.2003
WITH GOVERNMENT & SEMI		
GOVERNMENT DEPARTMENTS	2,63,800	2,63,800
INTER CORPORATE DEPOSIT	21,03,854	22,03,854
OTHER DEPOSIT	1,29,45,700	1,61,01,496
T.D.S. DEPOSIT	47,154	21,954
	1,53,60,508	1,85,91,104

PLACE : INDORE

DATED : 30.07.2003

FOR : MUSKAN FERRO SILICONS LIMITED

AS PER OUR REPORT OF EVEN DATE

FOR : C.P. RAWKA & COMPANY

CHARTERED ACCOUNTANTS

BABULAL BADJATIA

Director

SUNIL BADJATIA

Managing Director

C.P. RAWKA

Proprietor

MUSKAN FERRO SILICONS LIMITED**SCHEDULE 6****STOCK IN HAND**

PARTICULARS	AMOUNT	
SHARES (AT COST PRICE) (MARKET PRICE Rs. 1,52,326)		16,50,534
TOTAL		16,50,334

SCHEDULE 7**CURRENT LIABILITIES & PROVISION**

	31.03.2003	31.03.2002
SUNDRY CREDITORS FOR GOODS & EXPENSES	15,33,681	16,32,499
PROVISIONS	15,750	18,742
TOTAL	15,49,431	16,51,241

SCHEDULE 8**MISCELLANEOUS EXPENDITURE**

	31.03.2003	31.03.2002
PUBLIC ISSUE EXP.		
OP. BALANCE	10,19,963	
LESS : TRANSFER TO PROFIT & LOSS	<u>2,73,799</u>	7,46,164
PROFIT & LOSS A/C		
OP. BALANCE	49,27,699	
ADD : CURRANT YEAR		
PROFIT/LOSS	<u>35,58,875</u>	84,86,574
TOTAL	92,32,738	59,47,662

MUSKAN FERRO SILICONS LIMITED

SCHEDULE 9

OFFICE & ADMINISTRATION EXPENSES

	31.03.2003	31.03.2002
ELECTRICITY & POWER	9,826	12,426
FILING FEES	3,000	1,000
INSURANCE	----	5,628
LEGAL & PRO. EXP.	10,000	----
NEWS PAPER & PERIODICAL	----	1,050
OFFICE EXPENSES	4,635	1,025
POSTAGE & TELEGRAM	36,055	3,627
SALARIES (INCL. M.D.S		
SALARY Rs. 2,10,000/-)	2,86,500	2,82,000
STATIONARY & PRINTING	25,320	----
TELEPHONE EXP.	21,325	38,150
VEHICLE RUNNING & MAINTENANCE	----	7,399
TOTAL	3,96,661	3,52,305

SCHEDULE 10

INTEREST & FINANCE CHARGES

	31.03.2003	31.03.2002
BANK CHARGES	1,236	1,632
TOTAL	1,236	1,632

SCHEDULE 11

OTHERS EXPENSES

	31.03.2003	31.03.2002
AUDIT FEES	7,875	7,875
CLUB SUBCRIPATION	2,178	4,094
CONSULTANCY CHARGES	22,938	21,650
ADVERTISEMENT	12,675	10,352
LISTING FEES	10,000	10,000
TRAVAILING EXP.	27,320	48,031
TOTAL	82,986	1,02,002

MUSKAN FERRO-SILICONS LIMITED

NOTES OF ACCOUNTS FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH 2003

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) CONTIGENT LIABILITIES

Contigent 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>2001-2002</u>	<u>2000-2001</u>
Audit Fees	6300	6300
Tax Audit Fees	1575	1575

(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.)

1. 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 parmanent differences and provision for deffered 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 Remuneration Rs. 210000/-
(also key management personal)

MUSKAN FERRO SIKKONS LIMITED**ADDITIONAL INFORMATION PURSUANT TO THE COMPANIES ACT, 1956****REGISTRATION DETAILS**

Registration No.	:	10-03251 of 1986
State code No.	:	10
Balance Sheet Date	:	31/03/2003

CAPITAL BASE DURING THE YEAR

Public (Issue through Prospectus)	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private Placement (Firm Allotment to the Promoter's & their Associates)	:	Nil

POSITION OF MOBILIZATION & DEPLOYMENT OF FUNDS

Total Liabilities	:	49509017
Total Assets	:	49509017

SOURCE OF FUNDS

Paid up capital	:	43249000
Reserved & Surplus	:	Nil
Secured Loans	:	6260017
Net Fixed Assets (i.e. Capital W.I.P.) as pre-operative expenditure	:	19532193
Investment	:	Nil
Net Current Assets	:	20744086
Accumulated Losses	:	8486574
Misc. Expenditure	:	746164

PERFORMANCE OF COMPANY

Turn Over	:	42371
Total Income	:	241399
Total Expenditure	:	3800274
Profit & Loss before Tax	:	(-) 3558875
Profit & Loss after Tax	:	(-) 3558875
Dividend Rate	:	(-) 0.82

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

Plot No. 69, Sector-3, Industrial Area, Pithampur, Dist. Dhar (M.P.)

ATTENDENCE SLIP

I hereby record my presence at 17th Annual General Meeting on 30th September, 2003 at 11.00 a.m. at Plot No. 69, Sector-3, Industrial Area, Pithampur, Dist. 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

Plot No. 69, Sector-3, Industrial Area, Pithampur, Dist. 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 30th September, 2003 at 11.00 am & at my adjournment thereof.

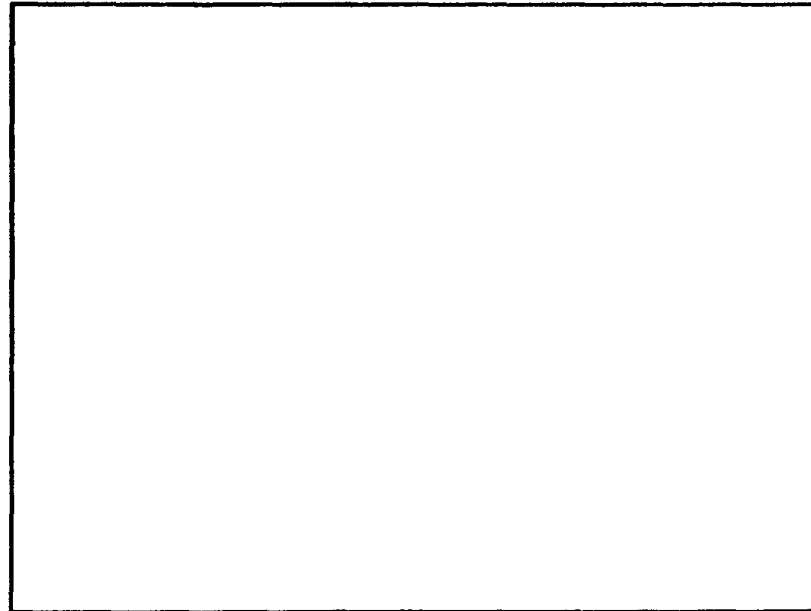
Affix Rs. 1
Revenue
Stamp

Signed this _____ day of _____ 2003 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.

BOOK-POST
PRINTED MATTER

To,



If Undelivered Please Return to :

MUSKAN FERRO SILICONS LTD.

Plot No. 69, Sector-3, Industrial Area, Pithampur Dist. Dhar (M.P.)