

44th
ANNUAL REPORT



REGISTERED OFFICE
225C, AJC BOSE ROAD
CALCUTTA 700 020

2008-2009



NOTICE

NOTICE is hereby given that the 44th Annual General Meeting of the members of MSTC Ltd. will be held on 16th September, 2009 (Wednesday) at the Registered Office of the Company located at 225-C, Acharya Jagadish Chandra Bose Road, Kolkata-700 020 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March 2009 and the Balance Sheet as on the date, together with Directors' Report, Auditors' Report and comments of Comptroller and Auditor General of India, thereon.
2. To declare dividend for the financial year 2008-2009.

SPECIAL BUSINESS

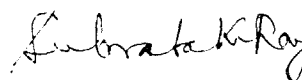
Item No. 3: To appoint Shri George Elias, as director

Item No. 4: To appoint Shri L. Siddhartha Singh, as director

Item No. 5: To appoint Shri G.S.Chugh, as director

Item No. 6: To appoint Ms. Anusua Basu, as director

By Order of the Board of Directors


(Subrata Kumar Ray)
Company Secretary

Registered Office:
225-C, Acharya Jagadish Bose Road,
Kolkata - 700 020

Dated 22nd August 2009

225-सी, आचार्य जगदीश चन्द्र बोस रोड, कोलकाता - 700 020, भारत
225-C, ACHARYA JAGADISH BOSE ROAD, KOLKATA - 700 020, INDIA
PHONE : 2287-0568 / 7557 / 9627, 2290-0964, FAX : 2290-4294 / 5637, 2281-3089, 2283-1002
Website : www.mstcindia.com, E-mail : mstcindia@mstcindia.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item No. 3: To appoint Shri George Elias, as director**

Shri George Elias, Joint Secretary to the Govt. of India Ministry of Steel, has been nominated as director of the company by Ministry of Steel, Government of India, as Govt. director vide order No. 3(12)/ 2007 - MF/ dated 26.12.2008. As per article 71(32) Board of Directors can appoint additional director only in between two AGMs. Therefore, he was appointed as additional director on 232nd Board meeting held on 14th January 2009. He is being proposed as director of the company in this annual general meetings. None of the directors except Shri George Elias is interested in his appointment.

Item No. 4: To appoint Shri L. Siddhartha Singh, as director

Shri L. Siddhartha Singh, Director. Ministry of Steel, has been nominated as director of the company by Ministry of Steel, Government of India, as Govt. director vide order No. 3(12)/ 2007 - MF/ dated 28.11.2008. As per article 71(32) Board of Directors can appoint additional director only in between two AGMs. Therefore, he was appointed as additional director on 232nd Board meeting held on 14th January 2009. He is being proposed as director of the company in this annual general meetings. None of the directors except Shri Siddhartha Singh is interested in his appointment.

Item No. 5: To appoint Shri G.S.Chugh, as director

Shri G.S.Chugh, ex-CMD of Western Coalfield Limited, has been nominated as non-official director of the company by Ministry of Steel, Government of India, vide order No. 3(14)/ 2007 - MF/ dated 04.08.2009. As per article 71(32) Board of Directors can appoint additional director only in between two AGMs. Therefore, she was appointed as non-official director on 235th Board meeting held on 21st August 2009. She is being proposed as director of the company in this annual general meetings. None of the directors except Shri Shri G.S.Chugh is interested in his appointment.

Item No. 6: To appoint Ms. Anusua Basu, as director

Ms Anusua Basu, former deputy Comptroller & Auditor General -cum-Chairperson, Audit Board, office of the Comptroller & Auditor General of India, New Delhi, has been nominated as non-official director of the company by Ministry of Steel, Government of India, vide order No. 3(14)/ 2007 - MF/ dated 04.08.2009. As per article 71(32) Board of Directors can appoint additional director only in between two AGMs. Therefore, she was appointed as non-official director on 235th Board meeting held on 21st August 2009. She is being proposed as director of the company in this annual general meetings.

None of the directors except Ms Anusua Basu is interested in her appointment.



(SUBRATA KUMAR RAY)
(COMPANY SECRETARY)

Notes:

1. A member/authorized representative of 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 of the company. Proxies in order to be effective, must be received at the registered office not less than 48 hours before the time fixed for the meeting, duly filled in and complete in all respect. Proxy form is attached to the notice.
2. If dividend on shares as recommended by the directors is declared at the meeting, payment of such dividend will be made to those members whose names appear on the company's register of members as on 16th September, 2009 (Wednesday) i.e. the date of Annual General Meeting.
3. Shareholders are requested to notify immediately any change in their addresses to the company.
4. Unpaid Dividend upto year 2000-2001 have been deposited with Investor Education and Protection Fund of Government of India . Dividend for the year 2001-2002 onwards is lying in unpaid dividend account of the company and shall be paid to shareholders on claim made by them.
5. Statutory books of the company are kept for inspection of shareholders before one hour and during the AGM.

MSTC LIMITED
225-C, A.J.C. Bose Road
Calcutta – 700 020

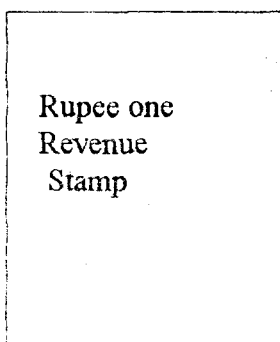
PROXY

Folio No.....

No. of Shares held.....

I/We..... of in the district of, being member / members of the above – named Company hereby appoint of in the district of or failing him, of in the district of as my/our Proxy to vote for me/us on my/our behalf at the annual general meeting / general meeting (not being an annual general meeting) of the company to be held on the day of and at any adjournment thereof.

Signed thisday of2009



Signature-----

Note: The Proxy and the Power of Attorney (if any) under which it is signed or notarised certified copy of that power must be deposited at the Registered Office of the Company at 225-C, Acharya Jagadish Chandra Bose Road, Calcutta 700 020 not less than 48 hours before the time for holding the meeting.

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DIRECTORS' REPORT

To
The Shareholders
MSTC Limited.

Directors are pleased to present the 44th Annual Report on the business and operation of the company together with audited accounts and auditors report for the year ended 31st March 2009.

A) MARKETING:

The performance of Marketing Division shows a total volume of business of Rs.8507.44 Crore, against volume of Rs.6642.05 Crore in 2007-08. Break-up for the year 2008-09 vis-à-vis 2007-08 is as follows:

<u>Business Segment</u>	<u>Volume of Business (Rs. Crore)</u>	
	<u>2008-09</u>	<u>2007-08</u>
Procurement of:		
Imported materials	6411.96	4892.86
Indigenous materials	1466.86	1492.47
Export	<u>628.62</u>	<u>256.72</u>
	<u>8507.44</u>	<u>6642.05</u>

B) AGENCY BUSINESS:

This year the total volume of Agency Business stands at Rs.11120.43 Crore, against volume of Rs.5578.54 Crore in 2007-08. Break-up for the year 2008-09 vis-à-vis 2007-08 is as follows:

<u>Business Segment</u>	<u>Volume of Business (Rs. Crore)</u>	
	<u>2008-09</u>	<u>2007-08</u>
Sale of Scrap & Manganese	1740.43	1727.65
Sale of Coal	4593.00	2906.13
E-Procurement	<u>4787.00</u>	<u>944.76</u>
	<u>11120.43</u>	<u>5578.54</u>

FINANCIAL

Profit after tax stands at Rs.85.05 Crore as against Rs.92.20 Crore last year. During the year 2007-08 Rs.12.00 Crore was realised from old debtors, which had been provided as bad debts for earlier year, by which PAT was increased by Rs.12.00 Crore. Therefore, actual amount of profit (PAT) earned during the year 2007-08 was Rs.80.20 Crore against PAT, for the year 2008-09 Rs.85.05 Crore which is 6% more than last year.

Financial results of the company for the year 2008-09 are given below: -
(Rs. in 000)

	2007-08	2008-09
Gross Income	51971118	70820900
Total expenditure (Including Financial charges, Depreciation & Provision & Write off)	50626412	69525618
Gross Profit before tax	1344706	1295282
Tax	422655	444801
Profit after tax	922051	850481
Paid up capital (Equity)	22000	22000
Reserves	2684533	3401742
Dividend (%)	840	775
Earning per share (Face value Rs.10/-)	419.11	386.58

STOCKYARD OPERATION

Company has acquired a land at Haldia and the construction of stockyard is almost complete. This will be used for commercial purpose.

DIVIDEND

The directors have recommended a dividend of 775% for the year ended 31st march, 2009. Dividend shall be paid to the shareholders once it is approved by the shareholders in ensuing Annual General Meeting and shall be paid to the shareholders whose names appear in the register of members as on the date of AGM.

RESERVES

General Reserves of the company stood at Rs. 268.45 Crore. as on 31.03.08. During the year an amount of Rs.65.10 Crore have been transferred to General Reserve from profit and Rs.6.62 crore has been transferred to general General reserve towards creating deferred tax assets on opening balances. As on 31.03.09 the General Reserves of the Company stood a Rs. 340.17 Crore. .

HUMAN RESOURCE DEVELOPMENT (HRD)

MSTC felt the tremors of the economic meltdown from the 3rd quarter of 2008-09 just like the rest of the world. However it is encouraging to note that in spite of that adverse market conditions, the company was able to sustain the level of profits to that of the last year. A significant reason for this phenomenon could be highly skilled and dedicated human resources of the Company and its ability to manage with the available resources. Emphasis is given on providing broad based knowledge inputs and skill development of the employees through in-house training programmes as well as nomination to institutional training programmes, seminars, workshops, etc. The MOU target for the year 2008-09 was duly achieved. Approximately 48% executives were imparted training-both through in-house and institutional training programmes and seminars. In-house training programmes were organized for the executives on 'Performance Enhancement & Change Management', 'Derivatives' and for non-executives on 'Computer Application'.

Congenial the Industrial Relations situation was maintained.

WELFARE OF WEAKER SECTIONS

The Presidential Directives issued from time to time pertaining to policies and procedures of the Government in regard to reservation, relaxation, concession, etc. for the SC/ST/OBC/PH candidates have been kept in view while taking action/decision on any matter laid down therein.

Best efforts were made to comply with the directives in matters concerning recruitment and promotion. Adequate representation of SC/ST/OBC members was made available in both Departmental Promotion Committees as well as Selection Committees (in case of recruitment).

In order to improve the efficiency of the employees belonging to the reserved categories and to prepare them to take up higher positions in the future, special attention was paid to their training and development in their respective fields of function. During the year 2008-2009(till 31-03-2009), 10 SC and 5 ST employees of the Company were sponsored for training programmes, both In-House and Institutional. The ward of 1 SC employee was awarded scholarship by the company for pursuing higher studies. Apart from this, all welfare facilities provided to other employees of the Company are also extended to them.

In addition, all possible cooperation and assistance was provided to the MSTC SC/ST Employees' Council, which function primarily to safeguard the interest of the reserved section of employees of the Company.

IMPLEMENTATION OF THE PERSONS WITH DISABILITIES ACT, 1995

Status of implementation of the Persons with Disabilities Act, 1995 during the year 2008-2009(As on 31-03-2009)

Number of Employees		Number of Disabled Persons		Total BL+HI +LD	%age of disabled persons (Col. 3 & Col.1)	In case figure in Col.4 is less than 3% reasons therefore	Action taken to fill up the short fall
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Group		HI	LD				Reserved vacancy for PH has been advertisement
A	157	-	3	3	1.91		
B	100	1	2	3	3.00	*	
C	42	-	2	2	4.76		
D	17	1	-	1	5.88		
Total	316	2	7	9	2.84		

*No recruitment being done in Group B

Legends: BL-Blindness or low vision HI-Hearing Impairment

MANPOWER STATISTICS OF MSTC AS ON 31-03-2008

	HO	ERO	NRO	WRO	SRO	BLR	VIZ	BHPL	HALD	VDORA	TOTAL
EX	64	15	17	17	13	10	8	2	2	9	157
NEX	69	18	19	14	10	10	9	2	0	8	159

SC/ST/OBC/PHYSICALLY HANDICAPPED/EX-SERVICEMEN STATUS
AS ON 31-03-2009

GROUP	TOTAL	SC (%)	ST (%)	OBC (%)	PHYSICALLY HANDICAPPED (%)	EX-SERVICE MEN (%)
A	157	24(15.28)	10(6.36)	17(10.82)	3(1.91)	NIL
B	100	27(27.00)	5(5.00)	2(2.00)	3(3.00)	1(1.00)
C	42	6(14.28)	NIL	10(23.80)	2(4.76)	NIL
D	17	8(47.05)	1(5.88)	1(5.88)	1(5.88)	NIL
TOTAL	316	65(20.56)	16(5.06)	30(9.49)	9(2.85)	1(0.31)

MALE/FEMALE AS ON 31-03-2009

	MALE	FEMALE	TOTAL
EX	131	26	157
NEX	129	30	159
TOTAL	260	56	316

GRIEVANCE REDRESSAL MECHANISM

The Public Grievance Cell has been expanded to include Regional Managers and Branch Managers to handle grievances received from any member of public relating to functioning of the company. This has been widely circulated and displayed on our corporate website as well.

Any grievance received is examined by the Cell in consultation with the HOD concerned. MSTC being a very small organization having maximum, 20 to 30 staff in each department/office, the staffs have easy access to the HODs and even CMD. Therefore, no necessity has been felt for setting up of formal machinery for Redressal of employee grievance. Personal Department addresses on formal/informal grievances received in consultation with the HOD concerned and sometimes with the staff union if the grievance is of collective nature.

In accordance with the instructions received from the Administration Ministry, a Centralised Public Grievance Redress and Monitoring System (CPGRAMS) has also been made instituted for prompt and effective redress of grievances online.

Status of Public Grievances for the period of 01.04.2008 to 31.03.2009

Serial No.	Name of the Organisation/PSU	Grievances outstanding as on 01.04.08	No. of Grievances received during the period	No. of cases disposed off	No. of cases pending as on 31.03.09
1	MSTC LIMITED	3	45	34	14

Besides, in line with the Supreme Court judgment, a committee has also been constituted for prevention of sexual harassment of women at work place.

OFFICIAL LANGUAGE

MSTC Rajbhasha Trimas was inaugurated on 26.08.2008. During Rajbhasha Trimas , Hindi workshops, Technical words and extempore competitions were organized in MSTC HO and RO/Bos. Hindi workshop topic was related to the work of different departments. Hindi Divas was celebrated on 15th September 2008.

This year 03 executives/ non- executives passed Prabodh, 06 Praveen and 07 Pragya examinations.

Rajbhasha Purraskar Vitoarn Samaroh was organized on 31.03.2009. Shari Malay Sengupta, ex- CMD, distributed prizes to 38 executives/ non- executives who won the competitions and passed Prabodh, Praveen and Pragya examinations and one non - executive for passing Hindi typing.

This year Protsahan Puraskar has been provided to 20 employees for doing official work in Hindi. Discussions were held in RM-BM meeting on implementation of Official Language.

Officials of Official Language Department, Ministry of Steel, inspected our Bangalore and Vizag branches. All the issues related to inspections were made available. Ministry of Steel and its Hindi Salhakar Samity continuously provided their guideline about implementation of Official Language Act.

During the year, Hindi Department was awarded with ISO Certification.

VIGILANCE

An analysis of the complaints handled by the Vigilance Wing for this period revealed that there was a fall in the total number of complaints from various sources from 18 in 2006-07 to 7 in 2007-08 and in 2008-09 the total number is only 4. All cases of 2007-08 and 2008-09 have been disposed of however, I case of 2006-07 is yet pending with other authorities. In the current scenario therefore, emphasis should be laid on strengthening of systems (especially Internal Audit System), updating of Manuals, and sharing of knowledge. This adds up to preventive Vigilance and is also an aid to Management Information System. Another vital aspect is the training of executives as well as non-executives in Vigilance matters. This needs to be addressed in order to create Vigilance awareness among employees. To create awareness among different strata and levels on employees within the Organisation, a Circular of "DO's & DON'Ts" has been issued in respect of business dealings. All actions envisaged are thus in the interest of greater transparency in all transactions entered in to by MSTC. This is also being formalized by the tool called Integrity Pact, which has been adopted by MSTC and has proved a deterrent for frivolous complaints. Moreover, Vigilance department has been awarded ISO Certificate 9001:2000, which indicates our commitment/assurance to provide services of enhanced quality to the stakeholders i.e. MSTC employees and Management. Ministry of Steel and CVC.

REVIEW BY COMPTROLLER AND AUDITOR GENERAL OF INDIA(CAG)

Comments of CAG on the Annual Accounts of company are under preparation and shall be placed at the annual general meeting.

DIRECTORS RESPONSIBILITY STATEMENT

As required under the provisions of Section 217(2AA) of the Companies (Amendment) Act, 2000, Board of Directors state that:

- (a) In the preparation of annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at 31.03.2009 and of the profit of the company for the financial year;
- (c) We have taken proper and sufficient care 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 frauds and other irregularities;
- (d) We have prepared the annual accounts for the year ended 31st March, 2009 on a going concern basis;

AUDITORS

Pursuant to Section 619(2) of the Companies Act, 1956, the Comptroller and Auditor General of India, has appointed M/s. Deoki Bijay & Co., Chartered Accountants, 213 C, Jabakusum House, 34, Chittaranjan Avenue, Kolkata 700 012., West Bengal, as Auditors of the Company for the year 2008 – 09. The report of Auditor is attached to the annual accounts of the Company. Observation of Auditors on f(i) & f(iii) are covered by respective notes on accounts and regarding f(ii) the company obtains periodical confirmation of balances but not at year end.

DIRECTORS

You company is a schedule "B" CPSU and also a "miniratna" category I company. At per norms; your company should have at least 3 independent directors. However, after end of tenure of earlier three independent directors, which expired on 12.10.2008, appointment of independent directors is under process. Shri Malay Sengupta retired on 30.04.2009. Shri Antony Chacko, M.D. FSNL was holding additional charge of CMD from 07.05.2009 to 14.06.2009. Shri S.K. Tripathi has taken over as CMD MSTC w.e.f. 15.06.2009. He was Director (Corporate Planning) of HUDCO. Government has appointed Shri George Elias and Shri L.Siddhartha Singh as Government directors in the Board w.e.f. 26.12.2008 and 28.11.2008 respectively. Ms Anusua Basu, ex Deputy CAG, and Shri G.S. Chugh, ex-CMD, Western Coalfields have been appointed as independent directors recently. The Government is processing appointment of Director (Finance) and Director (Commercial) who would be two functional directors of MSTC.

CORPORATE SOCIAL RESPONSIBILITY

MSTC in its own way is committed to social upliftment and is aware of its obligations to the society.

In the year 2008-09, Rs. 242.04 lakhs was spent on various activities relating to social upliftment. Rs.1 lakh each was donated to 33 organizations, which include hospital, school, charitable institution etc. During the same year, MSTC has contributed Rs.20 lakhs for flood relief in Bihar where MSTC's employees were also involved in relief activities. The expenditure was made through Bharat Sevashram Sangha who had established relief camps in various affected parts of Bihar. MSTC has also been donating to various organizations those who are involved in the upliftment of disabled children, women and backward classes of the society.

During the year MSTC organized a function presided by Hon'ble Ex Minister for Fertilizers, Chemicals and Steel, Shri Ram Vilas Paswan, for distribution of tricycles to 400 handicapped persons who came from remote places.

MSTC also contributed one crore to Paschim Banga Rajya Pratibandhi Sammilani, for accommodation for "Noble Mission of South Kolkata", a school for mentally retarded children.

SUBSIDIARY COMPANY – FERRO SCRAP NIGAM LIMITED

The operational results of the two years are given below: -

	<u>2007-08</u>	<u>2008-09</u>
i) Service Charge including miscellaneous receipts and other income (Rs. in thousands)	12,82,232	13,73,033
ii) Profit after Tax (Rs. in thousands)	7,322	22,328

CORPORATE GOVERNANCE

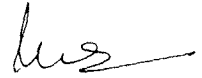
Separate details on Corporate Governance and Management Discussion and Analysis are attached herewith as Annexure:II and forms part of this Annual Report.

ACKNOWLEDGEMENT

The Board of Directors wish to place on record their gratitude to the Hon'ble Union Minister for Steel, Hon'ble Minister of State for Steel, Secretary (Steel) and other officials of the Ministry of Steel, Defence Ministry, and various other Central Government Ministries, the State Governments, various Public Sector Undertakings, the Bankers and others for their valuable assistance and guidance extended to the Company during the year. The directors are also thankful to customers and suppliers for the trust and confidence reposed by them on your company year after year.

Your Directors also place on record their appreciation of the sincere efforts made by employees which has resulted in surpassing of previous records.

For & on behalf of Board of Directors



S.K. Tripathi
Chairman

21/8/09

Annexure: I

Annexure to Directors Report

Particulars of Employees in terms of Sec.217 (2A) of the Companies Act, 1956.

As required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, number of employees whose remuneration is not less than Rs.2 lakh per month is NIL.

Particulars of Conservation of Energy, Technology Absorption, Foreign Exchange earnings and Outgo as per section 217(1) (e) of the Companies Act, 1956, as read with the Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988.

Since the Company is a trading concern, considering the nature of activities there is no technology absorption and conservation of energy.

Foreign Exchange Earnings & Outgo

The total foreign exchange outgo during the year 2008-09 for import of goods and others was Rs. 659814.73 lakhs as against Rs. 485103.28 lakhs in the year 2007-08. The company has earned Rs. 27596.91 lakhs in foreign exchange during the year 2008-09. In the previous year i.e.2007-08, the foreign exchange earning was Rs. 1370.12 lakhs.

Annexure: II

CORPORATE GOVERNANCE

MSTC's POLICY ON CORPORATE GOVERNANCE

MSTC strives for transparency and integrity at all levels of management. It believes in timely disclosures for continuance of the confidence reposed in its management by the stakeholders and persons connected with it in any other capacity.

MSTC aspires to comply with not only the compulsory items of Corporate Governance but also certain other aspects like following of the Secretarial Standards issued by the Institute of Company Secretaries of India, which it believes would go a long way in paving a hindrance less path for the implementation of a Corporate Governance system of the highest order.

MSTC's phenomenal growth in the recent past has largely been due to the relentless support of its stakeholders and that is something MSTC has earned through transparency in its dealings and integrity in its decision making and above all by keeping the stakeholders abreast of every information they have a right to and MSTC's policy is to continue and improve wherever there is a room to optimize stakeholders' value.

BOARD OF DIRECTORS:

COMPOSITION

Board of Directors of MSTC Ltd. consists of Chairman-cum-Managing Director Shri S.K. Tripathi, Shri George Elias and Shri L. Siddhartha Singh, both are Government nominee directors. Shri G. Elias is Joint Secretary to the Government of India, Ministry of Steel, and Shri L. Siddhartha Singh is director in the same Ministry. Shri Malay Sengupta retired as Chairman-cum-Managing Director on 30.04.2009. The tenure of three independent directors, namely, Shri D.K. Sahni, Dr. K.K. Chaudhuri and Smt. Vijay Daksh, expired on 12.10.2008 and Ms Anusua Basu, PDCA, and Shri G.s. Chugh. ex-CMD, Western Coalfields have been appointed as independent directors recently. Shri D.K. Sahni was Chairman of the Audit Committee up to 12.10.2008. Other members of the Audit Committee were Shri Navin Soi and Dr. K.K. Chaudhuri.

REMUNERATION TO THE DIRECTORS

Independent Directors are not entitled to any remuneration other than sitting fees. Sitting fees are not given to Government Directors. CMD, being in whole time employment, is entitled to remuneration as per terms of employment.

NUMBER OF BOARD MEETINGS

There were six Board meetings of MSTC Ltd in the last financial year on 11th April 2008, 27th June 2008, 30th August 2008, 3rd October 2008, 14th January 2009 and 24th March 2009 respectively.

DIRECTORS' ATTENDANCE RECORD

All the directors were present for all six Board meetings in the last financial year except Shri Navin Soi, who was not present at 230th meeting of board of directors held on 30.08.2008 at Kolkata. . In the last AGM held on 25.09.2008 only CMD was present. Since, MSTC Ltd is an unlisted company and all the directors are appointed by the Government by Government orders, the necessity of the presence of the independent directors during the AGM was not felt.

Record of Attendance of the Directors during the Board Meetings of MSTC Ltd held in the F.Y. 2008-09

Board Meeting No.	Board Meeting Date.	Shri Malay Sengupta	Shri Navin Soi	Shri D.K. Sahni	Ms Vijay Daksh	Dr. K.K. Chaudhuri	Shri L.Siddhartha Singh	Shri George Elias
228	11.04.2008	√	√	√	√	√	N.A.	N.A.
229	27.06.2008	√	√	√	√	√	N.A.	N.A.
230	30.08.2008	√	X	√	√	√	N.A.	N.A.
231	03.10.2008	√	√	√	√	√	N.A.	N.A.
232	14.01.2009	√	N.A.	N.A.	N.A.	N.A.	√	√
233	24.03.2009	√	N.A.	N.A.	N.A.	N.A.	√	√

DIRECTORSHIP HELD BY THE DIRECTORS

Shri George Elias is also Government nominee director in Steel Authority of India and L. Siddhartha Singh is director of Ferro Scrap Nigam Limited.

Shri G.S.Chugh, ex CMD of Western Coalfield limited, and Smt Anusua Basu, retired Deputy Comptroller & Auditor General cum Chairperson, Audit Board, have been appointed as non-official part time directors and are independent directors. They are not in the board of any other company.

INFORMATION PLACED BEFORE THE BOARD OF DIRECTORS

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the board.
- The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause; demand prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprises that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/Industrial Relations Front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.

- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

COMMITTEES OF THE BOARD

MSTC has constituted two committees of the Board namely:

(i) Audit Committee

Audit committee of MSTC was in function till October 2008. Presently there is no Audit committee as there is no independent director on board. It will be constituted again as soon as independent directors are appointed.

Record of Attendance of the Directors during the Audit Committee Meetings of MSTC Ltd held in the F.Y. 2008-09

Meeting No.	Meeting Date.	Shri D.K. Sahni	Shri Navin Soi	Dr. K.K. Chaudhuri
11	11.04.2008	√	X	√
12	27.06.2008	√	X	√
13	03.10.2008	√	√	√

(ii) Corporate Social Responsibility (CSR) Committee

CSR committee of MSTC was in function till October 2008. Presently there is an internal committee of Company Executives, as there is no independent director on board. It will be reconstituted again as soon as independent directors are appointed.

CODE OF CONDUCT

A Code of Conduct for all Board members and designated senior Management of MSTC Ltd has been laid down in accordance with the Guidelines on Corporate Governance for Central Public Sector Enterprises the company. The Code of Conduct is available on the website of the company www.mstcindia.com. All Board members and designated senior Management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

1. COMPANY'S BUSINESS

MSTC Limited is basically engaged in providing trading and commercial services to the trade and industry. This is done broadly under the following two portfolios:

1. Agency Business:

In this portfolio, MSTC acts as service provider for:-

- i) Disposal of scrap / surplus store / obsolete items on behalf of a large number of Government Departments / PSUs and also some private companies by acting as their Selling Agent.
- ii) Sale of prime materials like Coal, Manganese Ore etc. on behalf of producers.
- iii) Procurement of materials on behalf of Government Departments / PSUs.

The above service is provided by MSTC mostly through electronic mode i.e. e-tender, e-auction and reverse e-auction using its own server and technological expertise.

MSTC earns commission for this service at different rates.

2. Marketing Business:

In this portfolio MSTC provides trading services including trade financing for:-

- i) Import of industrial bulk raw materials.
- ii) Export of items like Iron Ore and Gold Jewellery.
- iii) Supply of imported Steam Coal to Power Sector.

MSTC primarily does financing in (i) & (ii) above, on back-to-back basis, earning Mark-up for such services. For Import, depending on the buyer's credential, MSTC charges Security Deposit, places orders on the Suppliers in consultation with the Buyer and also with the Buyer's consent as regards to quality, price, delivery terms etc. The material is sold to the Buyer on High-Seas-Sale basis. The Buyer, however, simultaneously pledges the material to MSTC, thus although title of the goods is transferred to the Buyer, MSTC retains control on the goods. Materials imported or sourced indigenously are kept in the custody of MSTC through a custodian, appointed for this purpose and, thereafter, allows the designated Buyer to lift the material on Cash-and-Carry basis. Where the Buyer is actual user, goods are kept in the Buyer's premises, which is leased out to MSTC. In case of a trader, material is stored at a mutually agreed place or a bonded warehouse.

In the year 2008-09 the only item for export was Gold Jewellery, where, post-shipment financing was given by MSTC to a few selected suppliers.

MSTC also supplies Steam Coal to Power Sector again through Associate Supplier on back-to-back contract basis.

In the area of e-commerce business, MSTC has a host of competitors including M-Junction, C1.com, Wipro, Matex etc., all in Private Sector. In the Marketing business, MSTC is in competition with STC, MMTC, PEC, Spice Trading Corporation etc. which are all in Public Sector, besides a host of firms in Private Sector.

2. COMPANY'S DEVELOPMENT

In 2008-09, although there was a recession in the second half, because of buoyant market in the first half of the year, the company's growth was substantial. In the Agency Business, excluding e-procurement, the volume of business achieved was Rs.6333.43 Crore (approx) against a volume of Rs.4633.78Crore (approx) in the year 2007-08. In e-procurement, the volume of business was about Rs.4787 Crore as against Rs.944.76 Crore achieved in the year 2007-08, which was, however, the year of commencement of this business segment.

In the Marketing area the volume increased significantly in the year registering a business volume of Rs.8407.53Crore (approx) against the achievement of Rs.6345.23 Crore in 2007-08. Thus the total volume of business excluding e-procurement in the year 2008-09 was about Rs.14740.96 Crore as against the volume of about Rs.10979.01 Crore in the year 2007-08, which means a growth rate of about 34%. However, because of stiff competition in the market the growth of profit has not been proportionate as would be evident from the financial results.

It may be mentioned, here, in the year 2008-09, MSTC has commenced a new business, i.e., supply of Steam Coal to Power Sector through back-to-back agreement with Associate Supplier. The Associate Supplier is paid for the supply only after MSTC receives payment from the user of Coal and deducts its commission and any other dues. MSTC has supplied about 300000 MT of Steam Coal in the year 2008-09.

3. FUTURE OUTLOOK

Almost unprecedented global recession, which set in from the middle of the last financial year, casting its shadow on the Indian Industries including those in the Steel Sector, put the Company in a challenging position. While in the Agency Business, because of sharp decline in prices, the rate of income would come down, in the marketing activity where a Company does back to back import, lifting of stock by the actual users would become slow, since they have to incur loss by producing finished goods with the high priced stock and selling in the market at a low price. This has resulted in accumulation of huge slow moving stock. As a result, the Company has to restrict further exposure. Because of such huge stock-piling, the existing business model is being studied by experienced agencies to ascertain whether this business model requires further tuning. However, for the present, the Company has adopted various strategies including averaging of stock price to encounter the challenge, which has yielded good results.

So far as e-commerce business is concerned the future prospect appears to be bright. All the areas under this business sector viz., disposal of scrap, e-marketing of prime products and e-procurement, the Company is getting very good response from various Government Departments, PSUs under the Central as well as State Governments. Although, there are other competitors in the market, which are pushing down the rate of service charge, the scope of increasing business volume is enormous. An all out effort shall be made by MSTC to increase business in the existing items like, scrap, coal, manganese ore/products and also by adding products like, iron ore, timber and other forest products. MSTC also expects to increase the volume of e-procurement business; however, service charge rate in this business is very low.

Strategically, depending on the risk perception in the trading activity i.e. import and export, the Company may have to decide apportioning resources between marketing and e-commerce activities appropriately.

4. DISCUSSION ON FINANCIAL PARAMETERS WITH RESPECT TO OPERATIONS AND PERFORMANCE

PERFORMANCE

A) MARKETING:

The performance of Marketing Division shows a total volume of business of Rs.8507.44 Crore, against volume of Rs.6642.05 Crore in 2007-08. Break-up for the year 2008-09 vis-à-vis 2007-08 is as follows:

<u>Business Segment</u>	<u>Volume of Business (Rs. Crore)</u>	
	2008-09	2007-08
Procurement of:		
Imported materials	6411.96	4892.86
Indigenous materials	1466.86	1492.47
Export	<u>628.62</u>	<u>256.72</u>
	<u>8507.44</u>	<u>6642.05</u>

B) AGENCY BUSINESS:

This year the total volume of Agency Business stands at Rs.11120.43 Crore, against volume of Rs.5578.54 Crore in 2007-08. Break-up for the year 2008-09 vis-à-vis 2007-08 is as follows:

<u>Business Segment</u>	<u>Volume of Business (Rs. Crore)</u>	
	2008-09	2007-08
Sale of Scrap & Manganese	1740.43	1727.65
Sale of Coal	4593.00	2906.13
E-Procurement	<u>4787.00</u>	<u>944.76</u>
	<u>11120.43</u>	<u>5578.54</u>

5. SWOT ANALYSIS

STRENGTHS & WEAKNESSES

MSTC's main strength is e-commerce with independent server and disaster recovery mechanism. The e-commerce service is risk free and over the years have earned excellent revenues for the company. Secondly, MSTC enjoys excellent track records importer on behalf of actual users. MSTC, with years of association with steel industry maintains rapport with steel and steel related industries; both primary and secondary producers. Other strength could be that MSTC operates with around 325 employees and can work on low margins, due to comparatively low overhead costs.

MSTC's weakness includes less domain knowledge since it deals with heterogeneous products. The nature of business has inherent risk due to volatility in the prices. We also do not have overseas offices and depend on secondary information with regard to suppliers.

OPPORTUNITY & THREATS

We have opportunity of maintaining our presence out of India, singly or as joint venture. E-commerce has further market including setting up of commodity exchanges. Strategic forward integration with the buyers can also be explored, which includes power trading, mining, manufacturing etc. with or without brand.

Risk of price fluctuations and buyers backing out are two major threats and therefore, risk has to be minimized by reviewing the Risk Management policy with reference to the business models. Decisions also need to be taken fast. Technological advances have reduced dependency on scrap and also lowered the scrap availability, leading to reduction in trading volume.

6. RISKS AND CONCERNS:

Agency Business

In the e-commerce business, there is a mushrooming of service providers particularly, in the private sector, who are quoting very low service charge rates for getting orders. Although, till date because of quality and total transparency in services provided by the Company, it has been possible to retain most of the business in Public Sector, there is a potential threat to this business, because of the competition from other players. MSTC has to continuously re-orient itself to meet such challenge.

MARKETING BUSINESS :

(Import & Export)

Since in this area of business MSTC is involved in trading activity, which is again primarily trade financing, there is always a potential risk of delayed payment or default in payment. However, the Company has formulated a Risk Management Policy to minimize such risk to the extent possible.

7. RISKS, INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

MSTC has introduced Risk Management Policy during the year 2008-09. MSTC ensures that internal control system should be at an acceptable level and to be exercised within the framework of checks and balances.

The internal audit function of the Company was entrusted to M/s Pricewater House & Coopers for the year and their reports are put up to Audit Committee and Board time during the year. The Audit Committee of the Board met 3 times during the year. Audit Committee was dissolved after expiry of terms of all independent directors during October 2008. Now 2 independent directors are appointed and Audit Committee is being formed to review the adequacy and effectiveness of the internal control system and implementation and recommendation of internal audit to strengthen the company's risk management policy and system.

8. MSTC is a trading company, hence environment protection and conservation, etc.do not apply to MSTC. Information on development of HR, Industrial Relations, and corporate social responsibility is mentioned in the Directors' Report..

FURTHER DISCLOSURES AS PER CORPORATE GOVERNANCE GUIDELINES

1. There is no materially significant related party transaction that may have potential conflict with the interest of the company.
2. No non-compliance by the company has been observed/reported. No statutory authority has issued any strictures or levied penalty or any matted related to any guidelines issued by the Government during last three years.
3. Though there is no Whistle Blower policy, company has full fledged vigilance department who keeps vigil on activities of the company and code of conduct of the employees. No person has been denied access to Audit Committee.
4. Corporate Governance guidelines have been complied with and a separate report on Corporate Governance is placed as Annexure to Annual Report.
5. All Presidential guidelines have been complied with by the company.
6. No items of expenditure have been debited in books of accounts, which are not for the purpose of business.
7. No expenses are incurred which are personal in nature for the Board of Directors and Top Management.
8. Administrative expenses are 32% of total expenses.

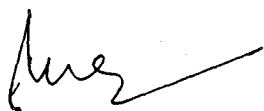
For & on behalf of Board of Directors



S.K.Tripathi
Chairman

CMD'S CERTIFICATION

I declare that the Model Code of Business Conduct and Ethics for Board Members and Senior Management issued by the Government of India, Ministry of Heavy Industries and Public Enterprises was adopted by the Board of Directors of the company in its 229th meeting held on 27.06.08 and all the Board Members and Senior Management have affirmed compliance with the Code of Conduct for the current year.



S.K.Tripathi
Chairman cum Managing Director

S. BANDYOPADHYAY & CO.

Company Secretaries

Ukil Maath, N. S. Sarani,

N. Ghoshpara, Bally,

Howrah - 711227.

Phone: 98301-05541

E-mail: sb_co@rediffmail.com

Certificate on Corporate Governance

To the members of
MSTC LIMITED

We have examined the compliance of the conditions of Corporate Governance by MSTC LIMITED for the year ended 31st March, 2009, as stipulated in **Guidelines on Corporate Governance for Central Public Sector Enterprises 2007** issued by Government of India, Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises vide their Circular No. 18(8)/2005-GM dated 22nd June, 2007.

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 audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the directors and the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above-mentioned Guidelines except the case of reconstitution of Audit Committee.

Three Audit Committee meetings were held during the financial year ended on 31st March, 2009. However, as the term of all Independent Directors expired in October, 2008 and no independent directors were further appointed, Audit Committee could not be reconstituted since the chairman of the audit committee has to be an independent director.

For S. BANDYOPADHYAY & CO.

Company Secretaries

Ukil Maath, N. S. Sarani,
North Ghoshpara, Bally,
Howrah, West Bengal .
Pin - 711227.
21st August 2009.

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21-08-09

Sanjib Kumar Bandyopadhyay

(Sanjib Kumar Bandyopadhyay)

Membership No. FCS 5910

C. P. NO.: 6004



DEOKI BIJAY & CO.
Chartered Accountants

213 C, Jabakusum House, 34 Chittaranjan Avenue, Kolkata 700 012. Phone- (033) - 22121110/30229291
Cell: 9433039556 Email: deokinagrawal@rediffmail.com / dbc_kol@yahoo.co.in

AUDITORS' REPORT

To the Members of MSTC LIMITED

We have audited the attached Balance Sheet of MSTC Limited as at 31st March, 2009, the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto, in which are incorporated accounts of head office, regional offices and branches. 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.

We have conducted our audit in accordance with auditing standards generally accepted in India. These 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 a 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 provide a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) order 2003 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we enclose in annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in Paragraph (1) above we report as follows:
 - a. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of these books.
 - c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with such books of account;





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Chartered Accountants

- d. In our opinion, *subject to our comments in paragraph number f (iii) below regarding Accounting Standard – 11 in respect of non accounting for gain or loss on foreign exchange fluctuation in case of Exports*, the Balance Sheet Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
- e. Being a Government Company, the provisions of Sec 274 (1) (g) of the Companies Act, 1956 relating to Disqualification of Directors are not applicable to the company in terms of Notification number GSR 829 E dated 21/10/2003;
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to
- i. *Depreciation has been provided as per the rates prescribed in Income Tax Act instead of rates prescribed in Schedule XIV of the Companies Act, 1956. Had depreciation been calculated on the rates prescribed in Schedule XIV of the Companies Act, 1956 the profit for the year would have been increased by Rs. 42.38 lacs. Reference is invited to Note No 19.8 to Notes on Accounts;*
 - ii. *Balances in many cases under Sundry Debtors/ Advances to Customers/ Sundry Creditors/ Other Liabilities have not been confirmed by the parties. Adjustment (if any), required upon such confirmation is not ascertainable;*
 - iii. *Gain/Loss on Foreign Exchange Fluctuation on exports is not accounted as per AS-11. Had the company complied with AS-11 exchange gain would have been increased by Rs.97.95 Cr. As the gain/loss is passed to associates as per agreement with them the purchases would have also increased by Rs.96.48 Cr. In the result net profit of the current year is understated by Rs.1.47 Cr. Consequently debtors are understated by Rs.97.95 Cr. and creditors are understated by Rs.96.48 Cr. Reference is invited to para no 19.1.13 and 19.27 of Notes on Accounts.*

and read together with other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in





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conformity with the accounting principles generally accepted in India:

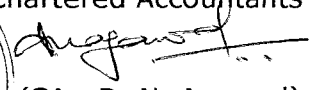
- i. In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2009; and
- ii. In the case of the Profit and Loss Account of the profit of the Company for the year ended on that date.
- iii. In the case of cash flow statement, of the cash flows of the Company for the year ended on that date.

Place: New Delhi

Dated: August 21, 2009



For Deoki Bijay & Co.
Chartered Accountants


(CA. D. N. Agrawal)
Partner
Membership No. 51157



DEOKI BIJAY & CO.

Chartered Accountants

ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph 1 of the Auditors' Report of even date to the members of MSTC Ltd. on the financial statements for the year ended 31st March, 2009)

Based upon the information and explanations furnished to us and the books and records examined by us in the normal course of our audit, we report that to the best of our knowledge and belief:

- (i)
 - a) The Company has maintained records showing full particulars including quantitative details and situation of fixed assets.
 - b) All Fixed Assets have not been physically verified by the management during the year. In some of the Branches/ RO's physical verification was conducted and no material discrepancies were noticed. The Company has a written policy of physical verification of assets through office Order once in a year and that needs to be emphasized.
 - c) In our opinion and according to the information and explanations given to us, a substantial part of the Fixed Assets has not been disposed of by the Company during the year and therefore the Going Concern assumption is not affected.
- (ii)
 - a) The Inventory has been physically verified by the management in regular intervals except Material in Transit. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion, the procedure of physical verification of inventories followed by the Management is reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company is maintaining proper records of Inventory. The discrepancies noticed on verification between the physical stock and the book records were not significant and duly dealt with in the account.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firm or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) Internal Control Manual is not available in the Company. However in our opinion and according to the information and explanations given to us, generally there are adequate internal control procedures, through office orders, commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of Goods and services. During the course of the audit, we have not observed any continuing failure to correct major weaknesses in internal control. However the





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Internal Control needs to be strengthened in following areas:

- a) Recording of Sales & Purchases in the books of Accounts on completion of respective transaction rather than booking at the end of the year.
 - b) Obtaining year end confirmation of the sundry creditors/sundry debtors/advance to customer and parties.
 - c) Reconciliation of advances to Parties and Employees with outstanding in the books of accounts.
- (v) According to the information and explanations given to us, there is no transaction that need to be entered in 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 deposit from public during the year and as such the provisions of Section 58 A and 58 AA of the Companies Act 1956, and rules made there under are not applicable.
- (vii) In our opinion the Company has an Internal Audit System which is commensurate with the size and nature of its business.
- (viii) As informed to us the maintenance of Cost records u/s 209(1) (d) of The Companies Act, 1956 are not being prescribed by the Central Government.
- (ix) a) According to the information and explanations given to us and the record of the company examined by us, in our opinion, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, cess and any other material statutory dues as applicable. According to the information and explanations given to us, no undisputed amount payable in respect of above were in arrears, as at 31.03.2009 for a period of more than six months from the date they became payable. Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956 we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- b) The details of disputed dues of sales tax, service tax, excise duty and entry tax, which have not been deposited, are given in Annexure "A" to this report
- (x) The Company does not have any accumulated losses as at 31st March 2009 and has not incurred any cash losses in the current financial year ended on that date or in the immediately preceding financial year.





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Chartered Accountants

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution or bank.
- (xii) In our opinion and as per 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.
- (xiii) In our opinion, the provision of special statute applicable to chit fund or a nidhi / mutual benefit fund/society are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) As informed to us the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) No term loan has been raised by the Company of its own.
- (xvii) According to information and explanations given to us and on overall examination of the Balance sheet of the company we report that no funds raised on a short term basis has been used for long term investment.
- (xviii) According to information and explanations given to us the company has not made any preferential allotment of shares during the year.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company had not issued any debentures of any kind.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation 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.

Place: New Delhi

Dated: August 21, 2009



For Deoki Bijay & Co.
Chartered Accountants

(CA. D. N. Agrawal)
Partner

Membership No. 51157



DEOKI BIJAY & CO.
Chartered Accountants

ANNEXURE – A
(Referred to in Paragraph ix (b) of the Report under CARO)

<u>Name of the Statute</u>	<u>Nature of the dues</u>	<u>Amount (Rs.in '000)</u>	<u>Forum where dispute is pending</u>
West Bengal Sales Tax	Claim made by ST Authority	125	Pending before DC, Appeal
Bihar Sales Tax	Claim made by ST Authority	14	Pending before DCCT, Special, Patna
Andhra Pradesh Sales Tax	Claim made by ST Authority	10978	Pending before ADC/ STAT/High Court
Orissa Sales Tax	Claim made by ST Authority	26916	Pending before Orissa High Court
Tamil Nadu Sales Tax	Claim made by ST Authority	101321	Pending before ST Appellate Authority
Delhi Sales Tax	Claim made by ST Authority	337	Pending before ST Appellate Authority
Uttar Pradesh Sales Tax	Claim made by ST Authority	724	Pending before ST Appellate Authority
Rajasthan Sales Tax	Claim made by ST Authority	1567	Pending before ST Appellate Authority
J & K Sales Tax	Claim made by ST Authority	547	Pending before ST Appellate Authority
Madhya Pradesh Sales Tax	Claim made by ST Authority	920	Pending before ST Appellate Authority
Customs Act	Claim by Customs Authority	24000	Pending before Committee of Disposal of disputes Cabinet Secretariate
Income Tax Act	Income Tax Demand		
	A.Y. 2005-06	1924	Pending with Appellate Authority
	A.Y. 2006-07	3169	
Service Tax	Service Tax Demand (2002-03 to 06-07)	12351	Pending with Appellate Authority
	Total	184893	



ANNUAL ACCOUNTS



(A Govt. of India Enterprise)
225 C, A. J. C. Bose Road
Kolkata – 700 020

2008-09

M S T C LIMITED
BALANCE SHEET AS AT 31ST MARCH 2009

	<u>SCHEDULE</u>	<u>As at</u> <u>31-3-09</u> Rs.'000	<u>As at</u> <u>31-3-08</u> Rs.'000
<u>SOURCES OF FUNDS</u>			
<u>Shareholders' Funds</u>			
Capital	1	22000	0
Reserves and Surplus	2	3401742	3
		3423742	3
<u>Loan Funds</u>	3	19000719	11702836
TOTAL		22424461	14409369
<u>APPLICATIONS OF FUNDS</u>			
<u>Fixed Assets</u>			
Gross Block	4	225102	190533
Less: Depreciation		136576	112504
		88526	78029
Add : Capital Work-in-Progress		86043	43237
Net Block		174569	121266
<u>Investments</u>	5	158100	178100
<u>Deferred Tax Assets</u>		129083	0
<u>Current Assets, Loans and Advances</u>			
<u>Current Assets</u>			
Interest accrued on Investment		0	2017
Stock-in-Trade	6	16502	139951
Sundry Debtors	7	26115132	29196733
Cash and Bank Balance	8	17433884	14450410
Other Current Assets	10	306768	99491
		43872286	43888602
<u>Loans and Advances</u>	9	9618668	2968316
		53490954	46856918
<u>Less : Current Liabilities and Provisions</u>	11	31528245	32746915
Net Current Assets		21962709	14110003
TOTAL		22424461	14409369

NOTES ON ACCOUNTS

19

Schedules from 1 to 11 and 19 form an integral part of the Balance Sheet of the Company

In terms of our report of even date

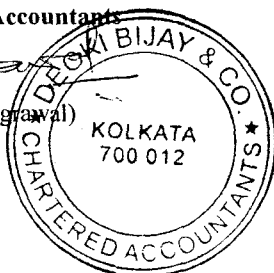
For Deoki Bijay & Co.

Chartered Accountants

(CA D. N. Agrawal)

PARTNER

M No 51157



New Delhi

Dated the 21st August, 2009

For M S T C Limited

(Signature)
(L Siddhartha Singh)
DIRECTOR

(Signature)
(Tapas Basu)
GENERAL MANAGER
FINANCE & ACCOUNTS

(Signature)
(S K Tripathi)
CHAIRMAN-CUM-
MANAGING DIRECTOR

(Signature)
(Subrata Kumar Ray)
COMPANY
SECRETARY

M S T C LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	<u>SCHEDULE</u>	<u>2008-09</u> Rs.'000	<u>2007-08</u> Rs.'000
<u>INCOME</u>			
Sales	12	68325291	49747861
Service Charges		1009851	801550
Other Income	13	1485758	1301707
Provision no longer required written back		0	120000
		70820900	51971118
<u>EXPENDITURE</u>			
Cost of Sales	16	67618739	49283963
Employees' Remuneration and Benefits	14	308627	164046
Administrative Expenses	15	156533	144352
Financial Charges	17	1319985	977020
Auction/Tender Expenses		17669	18425
Provision for Doubtful Debts		45000	0
Provision for Doubtful Advances		33095	0
Prior Period Items	18	392	0
		69500040	50587806
<u>PROFIT</u>			
Profit before Depreciation & Tax		1320860	1383312
Less : Depreciation	4	25578	38606
Profit before Tax		1295282	1344706
Less: Provision for Taxation			
Current Tax		502253	420000
Deferred Tax		(62879)	0
Fringe Benefit Tax		5427	2655
Profit after Tax		850481	922051
<u>APPROPRIATIONS</u>			
Proposed Dividend		170500	184800
Tax on Proposed Dividend		28976	31407
Transferred to General Reserve		651005	705844
		850481	922051
Basic and Diluted Earning per share (in Rs.)		386.58	419.11

NOTES ON ACCOUNTS

19

Schedules from 12 to 18 and 19 form an integral part of the Profit & Loss Account of the Company

In terms of our report of even date

For Deoki Bijay & Co.

Chartered Accountants

(CA D. N. Agrawal) KOLKATA
PARTNER
M No 51157



New Delhi

Dated the 21st August, 2009

For M S T C Limited

(L Siddhartha Singh)
DIRECTOR

(Tapas Basu)
**GENERAL MANAGER
FINANCE & ACCOUNTS**

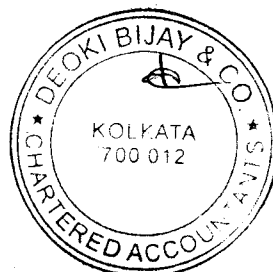
(S K Tripathi)
**CHAIRMAN-CUM-
MANAGING DIRECTOR**

(Subrata Kumar Ray)
**COMPANY
SECRETARY**

SCHEDULES

Forming part of Balance Sheet as at 31st March 2009

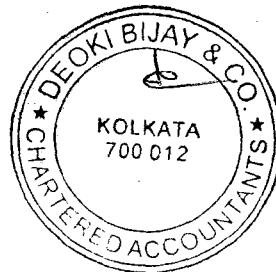
	As at 31-03-09 ----- Rs.'000	As at 31-03-08 ----- Rs.'000
1. SHARE CAPITAL		
Authorised Capital :- 50,00,000 Equity Shares of Rs. 10/- each	50000 =====	50000 =====
Issued, Subscribed and fully Paid up 22,00,000 Equity Shares of Rs. 10/- each (Of the above 11,00,000 Shares are allotted as fully paid Bonus Shares by capitalisation of Reserves)	22000 =====	22000 =====
2. RESERVES AND SURPLUS		
General Reserve As per last Balance Sheet	2684533	1978689
Add : Deferred Tax on Opening Balance	66204	0
Add : Transferred from Profit & Loss Account	651005	705844
	----- 3401742 =====	----- 2684533 =====
3. LOAN FUNDS		
SECURED LOAN (Secured by lien on FDR)		
From Bank of India	4011	0
From United Bank Of India	949442	0
From Indian Overseas Bank	1377	18364
From Union Bank of India	1500000	0
From Indian Bank	1200000	0
From Corporation Bank	120286	0
	----- 3775116	----- 18364
UNSECURED LOAN		
From Union Bank of India	1000000	2000000
From Bank of India	3000000	1000000
From United Bank of India	1000000	1950000
From Dena Bank	1500000	2000000
From Indian Bank	500000	0
From Corporation Bank	1000000	0
From Central Bank of India	2000000	3000000
Foreign Currency Loan for Export	5225603	1734472
	----- 19000719 =====	----- 11702836 =====



4. FIXED ASSETS

(Rs. '000)

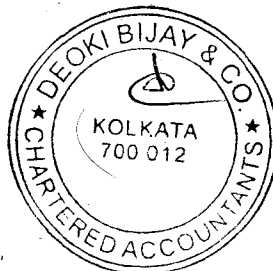
DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 1-4-08	Addition during the year	Sale/Adj. during the year	Total cost as on 31-3-09	Upto 31-3-08	During the year	On sales	Upto 31-3-09	As at 31-3-09	As at 31-3-08
FURNITURE & FIXTURE	29387	668	484	29571	5665	2428	398	7695	21876	23722
OFFICE EQUIPMENT	16752	270	256	16766	7058	1489	241	8306	8460	9694
OFFICE MOTOR CAR	970	545	442	1073	647	117	353	411	662	323
AIR CONDITIONER & WATER COOLER	5388	441	81	5748	2433	509	79	2863	2885	2955
PARTITION & CUBICLES	17987	3525	497	21015	4667	1633	435	5865	15150	13320
COMPANY FLATS	16653	0	0	16653	10318	317	0	10635	6018	6335
LEASEHOLD LAND	0	18069	0	18069	0	0	0	0	18069	0
EDP	103396	12811	0	116207	81716	19085	0	100801	15406	21680
	190533	36329	1760	225102	112504	25578	1506	136576	88526	78029
CAPITAL WORK-IN-PROGRESS	43237	56609	13803	86043	0	0	0	0	86043	43237
TOTAL	233770	92938	15563	311145	112504	25578	1506	136576	174569	121266
PREVIOUS YEAR	164305	71988	2523	233770	75815	38606	1917	112504	121266	



	As at 31-03-09 ----- Rs.'000	As at 31-03-08 ----- Rs.'000
5. INVESTMENTS		
(i) Long Term other than Trade (Unquoted) 20000 Equity Shares of Rs. 1000/- each fully paid up in subsidiary Company Ferro Scrap Nigam Ltd.	158100	158100
(ii) 800 Secured Redeemable 11.00% IDBI OMNI Bond Series-I issued by Industrial Development Bank of India of Rs.25000/- each at par	0	20000
	----- 158100 =====	----- 178100 =====
* 4 Equity Shares of Rs.10/- each fully paid up in KISCO		
6. STOCK-IN-TRADE (Finished Goods)		
(As taken, valued and certified by the management)		
In Transit	16502	139951
(At lower of cost or estimated net realisable value)	----- 16502 =====	----- 139951 =====
7. SUNDRY DEBTORS		
Unsecured:-		
Debts outstanding for a period exceeding six months		
Considered good	16956964	127569
Considered doubtful	198084	153084
	----- 17155048	----- 280653
Other Debts	9158168	29069164
	----- 26313216	----- 29349817
Less: Provision	198084	153084
	----- 26115132 =====	----- 29196733 =====
8. CASH AND BANK BALANCES		
Cash and Stamp on hand	150	81
Balances with Scheduled Banks on :-		
Current Accounts	801287	270569
Dividend Accounts	2035	1462
Deposit Accounts	16630412	14178298
	----- 17433884 =====	----- 14450410 =====



	As at 31-03-09 ----- Rs.'000	As at 31-03-08 ----- Rs.'000
9. LOANS AND ADVANCES		
Secured (Considered Good)		
Loans to Employees	28566	27140
Unsecured (Considered Good)		
Advances recoverable in cash or in kind or for value to be received	7957431	1151848
Unsecured (Considered Doubtful)		
Advances recoverable in cash or in kind or for value to be received	74785	41690
Deposits	169401	153667
Advance Payment of Income Tax	1463270	1635661
	-----	-----
	9693453	3010006
Less: Provision	74785	41690
	-----	-----
	9618668	2968316
	=====	=====
10. OTHER CURRENT ASSETS		
Interest Receivable on Deposits and Advances	278234	70957
Deposit with IDBI under Investment Deposit Scheme	28401	28401
Receivables from Ferro Scrap Nigam Ltd. (A Subsidiary Company){Maximum amount due at any time during the year Rs.1149 thousand (Previous year Rs.133 thousand)}	133	133
	-----	-----
	306768	99491
	=====	=====
11. CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Creditors for :-		
Goods and Services	26620259	26696300
Expenses	195269	81527
	-----	-----
	26815528	26777827
Unclaimed Dividend	2035	1462
Other Liabilities	3262215	4285698
	-----	-----
	30079778	31064987
	=====	=====
B. Provisions		
Provision for Income Tax	1238854	1458693
Provision for Tax on Dividend	28976	31407
Provision for Fringe Benefit Tax	10137	
Proposed Dividend	170500	
	-----	-----
TOTAL	31528245	-----
	=====	=====

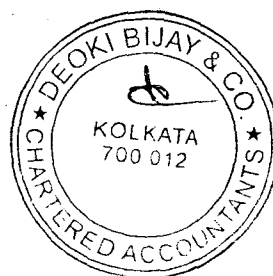


SCHEDULES**Forming part of Profit and Loss Account
for the year ended 31st March 2009**

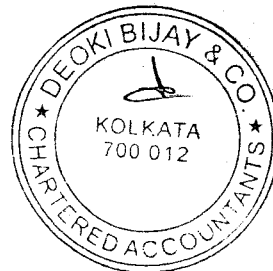
	2008-09	2007-08
	Rs.'000	Rs.'000
12. SALES		
Sale of Goods	61943232	47141538
Export Sale	6382059	2606323
	<u>68325291</u>	<u>49747861</u>
13. OTHER INCOME		
Interests on:-		
Bank Deposits	1406159	1015596
Others	53981	256310
	<u>(A) 1460140</u>	<u>1271906</u>
Income from Investments (Other than Trade):-		
Dividend from Ferro Scrap Nigam Ltd. (A Subsidiary Company)	4000	2525
Interest on OMNI Bonds of IDBI	183	4231
	<u>(B) 4183</u>	<u>6756</u>
Miscellaneous Income	2180	4190
E-auction Registration	19255	18855
	<u>(C) 21435</u>	<u>23045</u>
TOTAL (A+B+C)	<u>1485758</u>	<u>1301707</u>
14. EMPLOYEES' REMUNERATION AND BENEFITS		
Salaries, Wages and Allowances	228897	123788
Contribution to P.F. and other incidental Expenses	9457	9462
Ex-gratia/Bonus	4596	3048
Workmen and Staff Welfare	59498	23106
Gratuity (including group gratuity premium paid to LIC)	6179	4642
	<u>308627</u>	<u>164046</u>



	2008-09	2007-08
	Rs.'000	Rs.'000
15. ADMINISTRATIVE EXPENSES		
Repairs and Maintenance :-		
Company Flats	1502	1814
EDP Equipments	17845	13448
Others	7048	7058
	<u>26395</u>	<u>22320</u>
Insurance	480	413
Rent	24997	29254
Rates and Taxes	1861	2346
Travelling Expenses	21135	20432
Training, Meeting and Conference	7537	12728
Directors' Fees	87	121
Payment to Auditors'		
For Audit Fees	100	100
For Tax-Audit	20	20
Fees for other job	13	25
Reimbursement of Out-of-Pocket Expenses	8	5
Telex, Postage and Telegram	2429	2461
Electricity	5970	4981
Printing and Stationery	3292	3282
Entertainment	1670	1736
Telephone Charges	3357	3521
Advertisement	23203	22085
Legal Expenses	2687	3102
Consultancy Charges	6391	5139
Expenses in connection with Audit	202	314
Miscellaneous Expenses	1200	1512
Staff Recruitment Expenses	2659	552
Newspaper, Books and Periodicals	601	660
Corporate Social Responsibility	18339	3702
Donation to Social Organisations	1900	3100
Loss on Sale of Fixed Assets	0	441
	<u>156533</u>	<u>144352</u>
16. COST OF SALES		
Opening Stock	139951	659383
Purchase of Goods	61056182	46140983
Purchase for Export	6286215	2567228
Other Direct Expenses	152893	56320
	<u>67635241</u>	<u>49423914</u>
Less: Closing Stock	16502	139951
	<u>67618739</u>	<u>49283963</u>



	2008-09	2007-08
	Rs.'000	Rs.'000
17. FINANCIAL CHARGES		
Bank Charges	12230	4036
Adjustment of accrued interest	0	1674
Interest on Loan from Bank	1198951	881177
Interest paid to customers	108804	90133
	<u>1319985</u>	<u>977020</u>
18. PRIOR PERIOD ITEMS		
DEBIT		
Reversal of Sale of 2007-08	28530	
Legal Expenses paid for 2007-08	76	
	<u>28606</u>	<u>0</u>
CREDIT		
Reversal of Purchase of 2007-08	28102	
Consultancy of LIC	38	
Service Charges of 2007-08	74	
	<u>28214</u>	<u>0</u>
NET DEBIT/(CREDIT)	<u>392</u>	<u>0</u>



19. NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2009

19.1 SIGNIFICANT ACCOUNTING POLICIES

19.1.1 BASIS OF ACCOUNTING

The Company prepares its accounts on accrual basis under the historical cost convention in accordance with the notified accounting standards by Companies Accounting Standard Rules, 2006 and the relevant provisions of The Companies Act, 1956.

19.1.2 FIXED ASSETS

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Depreciation is charged on written down value method at the rates prescribed in the Income Tax Rules, 1962. Leasehold land to be amortised in the useful life of the land.

19.1.3 INVESTMENT

Investments held / intended to be held for a period exceeding one year are classified as long term investments. Investments are stated at cost. Gains / losses are considered as income/expenditure at the time of sale only. Dividends are accounted for when received or declared before the close of the financial year.

19.1.4 INVENTORIES

Stock in trade including Material-in-transit is valued at cost or estimated net realisable value whichever is less. The cost includes purchase cost and other direct expenses.

19.1.5 PURCHASES, SALES AND SERVICE CHARGES

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reasonably measured.

(1) Purchases

- i) Imported materials are accounted for as purchase on the basis of date of bill of lading. As regards value, purchase are booked on the basis of actual remittance and where such remittance are outstanding at the close of the year, on the basis of contracted forward exchange rates, if booked, or spot exchange rates prevailing on the last date of the financial year, in case forward cover was not taken, as the case may be, which includes C&F / CIF price and usance interest followed by final adjustments made on due date of payment in subsequent financial year.
- ii) In case of indigenous materials, purchases are booked on the basis of date of sellers' invoices. As regards value, the value of invoices are considered as purchase.



- iii) In case of purchase of material for export, purchases are booked on the basis of date of sellers' invoices. As regards value, the value of invoices are considered as purchase.

(2) Sales

- i) High sea sales are booked on the basis of date of issuance of high sea sale letter. As regards value either at contracted forward exchange rates, if booked, or booked provisionally on the basis of spot exchange rates prevailing on the last date of the financial year, where forward cover was not taken, which includes C&F / CIF price and usance interest followed by final adjustment made on due date of payment in subsequent financial year.
- ii) Ex-dock / Ex-ship / Ex-bond sale of imported materials are accounted for on the basis of the date of delivery order / transfer of bond at contracted rates.
- iii) Ex-yard sale of materials are accounted for on the basis of physical delivery of the material to the customers at contracted rates.
- iv) Conversion sales are accounted for on the basis of date of sale invoices at contracted rate.
- v) In case of indigenous material, sales are accounted for on the basis of delivery orders issued by the Company and on the basis of mills receipt note in the case of jute.
- vi) In case of export, sales are accounted for on the basis of date of shipment. As regards value either at contracted forward exchange rates, if booked, or at the rate on the date of shipment as per custom clearance document, followed by final adjustment made on actual realization of export proceeds.

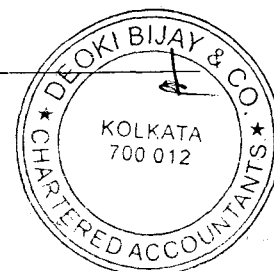
(3) Service Charges

Remuneration for transaction through facilitator mode, conducting sales on behalf of Principals, allotment or despatches of scrap of Public Sector Undertakings and steel plants, whether by way of auctions, tenders, or any other means are accounted for as service charges.

19.1.6 SERVICE CHARGES

(a) Service charges are accounted for as income at contracted rates on :

- i) Auction sale on behalf of Public Sector Undertakings, Defence and other Government Departments on issuance of sale orders / delivery orders.
- ii) Tender sale on behalf of Public Sector Undertakings, Defence and other Government Departments on issuance of delivery orders.
- iii) Fixed price sale on behalf of Steel Plants on the basis of actual despatches by the plants.
- iv) Recovery of scrap from dumps of Steel Plants, on the basis of actual despatches from scrap processing yard.



- v) Floor Price on the basis of auction bid sheet and on the basis of bid price in excess of floor price on receipt of lifting of material status in the case of coal sale through e-auction. In case of coal e-booking, on the basis of booked value. In case of spot e-auction, on the basis of bid value.
 - vi) On satisfactory completion of e-sales.
 - vii) On satisfactory completion of e-procurement or issue of purchase order.
- (b) Service charges are accounted for as income at contracted lump-sum amounts on Auction sales on behalf of Steel Plants on the basis of number of days of auction actually held.
- In respect of (a) and (b) above, service charges are accounted for on sales and adjustments, if any, on the basis of actual delivery by the Principals.
- (c) Service charges accrued in respect of purchase as facilitator are accounted for at the contracted rate on the basis of date of bill of lading / railway receipt / lorry receipt as the case may be. For imported materials, value is ascertained either at forward cover rate or at provisional rate. Final adjustment is made on the date of payment. In case of indigenous materials, value is ascertained on the basis of actual payment at contracted rate.

19.1.7 INTEREST INCOME

Interest income is accounted for on accrual basis except interest on overdue recoverable, if any, where realization is uncertain.

19.1.8 E-AUCTION REGISTRATION

E-auction Registration fees collected from buyers are considered as income if the validity of registration is upto one year. In case of life long registration, the amount so collected is distributed in five years equally.

19.1.9 CLAIMS

Claims preferred by the Company are accounted for as and when accepted by the party. Claims against the Company are accounted for on acceptance by the Company. Amount realised from suppliers for non-performance of contract is accounted as miscellaneous income only at the time of proportionate disbursement amongst the receivers.

19.1.10 PRIOR PERIOD ADJUSTMENT

Due to error/omission in the earlier years, income and expenditure relevant to those years are accounted as prior period adjustment in the account. But income and expenditure arising out of decisions taken in a particular year, though pertaining to earlier years, are accounted as transactions during that particular year in which decision was taken.



19.1.11 PROVISION FOR DOUBTFUL DEBTS AND CONTINGENT LIABILITIES

Necessary provisions for doubtful debts, etc. are made when the realisation of the money is doubtful in the judgement of the Management. Contingent liabilities are disclosed on the basis of judgement of the management / independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

19.1.12 EMPLOYEES' BENEFIT

Short term benefits

Short term employee benefits are accounted for in the period during which the services have been rendered.

Post employment benefits and other long term employee benefits

The company has various schemes of retirement benefit such as Provident Fund, Gratuity Schemes, Post - retirement medical benefits, Leave Encashment, etc. Contributions to Gratuity Fund are made in accordance with the terms of the Schemes of the Life Insurance Corporation of India through trust. The Provident Fund is administered by trustees of independently constituted trust. Monthly contributions to the funds are charged to revenue. Medical benefit for hospitalisation is covered by Insurance Policy from Unit Trust of India and New India Assurance Co. Ltd. Other medical benefits are restricted to last month's pay for employees attaining superannuation on or before 31/12/96 and 75% of last month's pay for employees superannuated thereafter, which is reimbursed as and when actually claimed. Leave Encashment on retirement are covered by Group Leave Encashment Scheme Policy from Life Insurance Corporation of India.

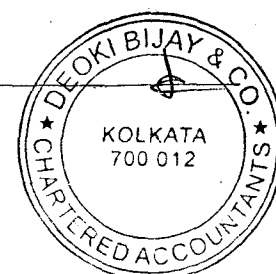
Additional liability for gratuity and leave encashment on account of resignation, premature retirement etc., and deficit for guaranteed interest due to Provident Fund Trust are accounted for on cash basis.

19.1.13 FOREIGN CURRENCY TRANSLATION

Transaction in foreign currency are recorded either on forward booking rate or on spot rate and where such remittance are outstanding at the close of the year, on the basis of contracted forward exchange rates or spot exchange rates prevailing on the last date of the financial year, as the case may be. In case of export, transaction in foreign currency are recorded either on forward booking rate or on sport rate on shipment date as per custom clearance document and where such remittance are outstanding at the at the close of the year, it is adjusted in the subsequent year on actual realization of export proceeds.

19.1.14 IMPAIRMENT OF ASSETS

Carrying amount of cash generating units / assets is reviewed for impairment at the end of year. Impairment, if any, is recognized where the carrying amount exceeds the recoverable amount, the later being the higher of net realizable price and value in use.



Notes on Accounts

19.2 Estimated amount of contracts remaining to be executed on capital account is Rs.921.43 lakh (previous year Rs.921.43 lakh), which includes Rs.860.43 lakh (previous year Rs.432.37 lakh) shown under Capital Work-in-Progress for which payments have been made.

19.3 Claims against the Company not acknowledged as debt: -

Particulars	2008-09	2007-08
	(Rs. '000)	
(i) Sales Tax	143449	239490
(ii) Money Suits & Customs	112158	102040
(iii) Admiralty Suits	3711	3711
(iv) Arbitration	432668	432556
(v) Income Tax	5093	5003
(vi) Service Tax	12351	0
	<u>709430</u>	<u>782800</u>

19.4 Claims lodged by the Company through legal processes not recognized in financial statements are Rs.1574.55 lakh (previous year Rs.1574.55 lakh). Claims lodged with coal PSUs nil (previous year Rs.254.35 lakh) has not been recognized in financial statements for want of lifting status of material.

19.5 Fixed Deposit includes Rs.39.28 lakhs with the following banks for providing Guarantees against claims amounting to Rs.33.67 lakhs (previous year Rs.33.67 lakhs). Such claims are not acknowledged by the Company and are included in para 19.3 above.

(Rs. in Lakhs)	
State Bank of India	3.69
Dena Bank	31.47
United Bank of India	4.12
	<u>39.28</u>

19.6 Expenditure incurred in Foreign Currency (on payment basis) :

	(Rs. in Lakhs)	
	2008-09	2007-08
(a) Import of Goods	659565.85	484265.91
(b) Travelling Expenses	7.38	7.74
(c) Others (Foreign periodicals, Membership Fees, Demurrage, Freight, etc.)	241.50	829.63
	<u>659814.73</u>	<u>485103.28</u>

19.7 Total earnings in Foreign Currency (on receipt basis) :

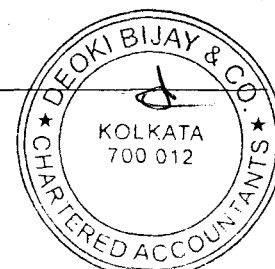
	(Rs. in Lakhs)	
	2008-09	2007-08
(a) Net FOB Value of Exports	27596.91	1258.48
(b) Others (Despatch, etc.)	0.00	111.64
	<u>27596.91</u>	<u>1370.12</u>



- 19.8** Depreciation has been calculated and provided as per the rates prescribed under the Income Tax Act 1961. On addition for less than 180 days half of the usual depreciation is provided. Depreciation on assets sold during the year depreciation has not been provided. Had depreciation been calculated on the basis of rates specified in Schedule XIV of The Companies Act 1956, the profit for the year would have increased by Rs.42.38 lakh (previous year increased by Rs.106.99 lakh). Ammortisation of leasehold land will be started on use of land over the remaining period of lease period.
- 19.9** Rate of Dividend is governed by the directive No.F-1(16)-E,II(A)/96 dated 5th March 1997 issued by the Government of India, Ministry of Finance, Department of Expenditure which stipulates declaration of minimum dividend @ 20% of post tax profit.
- 19.10** Encashment proceeds of Suppliers' Performance Guarantee Bond for non performance of contract and other recoveries lying in Suspense (Compensation) Account, included in Current Liabilities, amounting to Rs. 47.11 lakhs (previous year Rs. 47.11 lakhs) pending distribution to the related users.
- 19.11** Liability for expenses includes Rs.32.94 lakhs representing legal charges and interest payable to foreign suppliers in terms of final arbitration award which has been accounted for in the year 1990-91 and 1991-92. The Company refused to settle the award and contested the case filed by the owner of the vessel M.V. POLLUX in India before Mumbai High Court for enforcement of foreign award. By a judgement dated 29.07.98 Mumbai High Court dismissed the owner's case who preferred an Appeal before the Division Bench of the Mumbai High Court, outcome of which is pending. MSTC, in turn, had filed a Money Suit at Alipore Court, Kolkata against the allottee which is pending.
- Claim preferred by the Foreign Supplier amounting to Rs.10.01 lakhs in addition to above is not acknowledged by the Company as debt but included in contingent liability.
- 19.12** Figures for the previous year have been rearranged and regrouped wherever necessary.
- 19.13** Payment to Chairman-cum-Managing Director.

	(Rs.in'000)	
	2008-09	2007-08
(i) Salaries & Allowances	784	750
(ii) Company's Contribution to Provident Fund	89	74
(iii) Reimbursement of Medical expenses	26	21
	899	845

(a) Since the facility of private use of car for limited mileage is provided by the Company to Chairman-cum-Managing Director against payment of charges fixed by the Government, such facility has not been considered as benefit / perquisite.



(b) Premium paid for Master policy of Group Gratuity Scheme / Group Insurance which also covers CMD has not been considered as prerequisite since it is unascertainable.

19.14 Tax deducted at source from interest on bank deposits amounts to Rs.2284.05 lakhs (previous year Rs.1864.99 lakhs).

19.15 The Company is setting up a stockyard at Haldia Dock Complex, Haldia. The expenditures, which are revenue in nature, incurred during the construction period are classified as 'Project Development Expenditure Account' pending capitalization and will be apportioned to the Assets on the completion of the Project. Necessary details as per part II of Schedule VI to the Companies Act, 1956 have been disclosed below :

Project Development Expenditure Account (included under Capital Work-in-Progress)

	(Rs.in'000)	
	2008-09	2007-08
Opening Balance	13803	0
Add :		
(i) Plot Rent	4266	12500
(ii) Municipality Dues	1141	0
(iii) Registration Charges of Land	0	1303
	19210	13803
Less :		
Transfer to Asset Account	18069	0
Closing Balance	1141	13803

19.16 During the year, an amount of Rs.362.56 lakh (previous year Rs.399.66 lakh) was collected towards E-auction Registration. Out of total collection, an amount of Rs.236.25 lakh (previous year Rs.211.11 lakh) has been kept in current liabilities to be distributed in four years, since that registration is valid for life long. Balance amount for which registration is valid upto one year is accounted for as income during the current year.

19.17 Related party disclosure

List of Related Parties :

- (a) **Ferro Scrap Nigam Limited**
Relationship - Subsidiary Company
Nature of Transaction - Nil
- (b) **Shri Malay Sengupta - Key Managerial Personnel**
Relationship - Chairman cum Managing Director upto 30.04.09 (Refer para 19.12)

19.18 To cover future contingencies, an amount of Rs.450.00 lakh has been charged to Profit & Loss account for the year ended on 31.03.09 towards provision for doubtful debts.



19.19 Disclosure as required under Accounting Standard – 15 (Revised 2005) on “Employees Benefits” in respect of Defined Benefit obligations :-

Table showing changes in present value of obligation as on 31.03.09

	Gratuity	Leave Salary
Present value of obligations as at beginning of year	44088212	31499523
Interest cost	3527057	2519962
Current service cost	637404	4266664
Benefits paid	(2212709)	(1065902)
Acturial (Gain)/Loss on obligations	1477376	228042
Present value of obligations as at end of year	47517340	37448289

Table showing changes in the fair value of plan assets as on 31.03.09

	Gratuity	Leave Salary
Fair value of plan assets at beginning of year	40515403	33785863
Expected return on plan assets	4002581	3284952
Contributions	4210213	1000000
Benefits paid	(2212709)	(1065902)
Acturial gain/(loss) on plan assets	NIL	NIL
Fair value of plan assets at the end of year	46515488	39004913
Funded status	(1001852)	1556624

Acturial Gain/Loss recognized as on 31.03.09

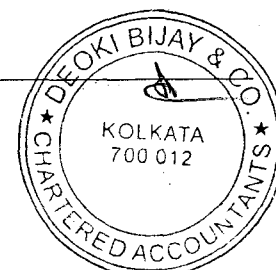
	Gratuity	Leave Salary
Acturial (gain)/loss on obligations	(1477376)	(228042)
Acturial (gain)/loss for the year – plan assets	NIL	NIL
Acturial (gain)/loss on obligations	1477376	228042
Acturial (gain)/loss recognized in the year	1477376	228042

The amounts to be recognized in the balance sheet and statements of profit and loss

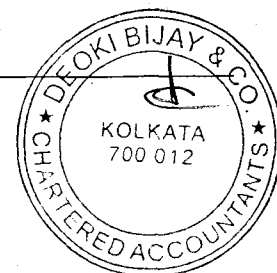
	Gratuity	Leave Salary
Present value of obligations as at the end of year	47517340	37448289
Fair value of plan assets as at the end of the year	46515488	39004913
Funded status	(1001852)	1556624
Net asset/(liability) recognized in balance sheet	1001852	(1556624)

Expenses recognized in statement of Profit and loss

	Gratuity	Leave Salary
Current service cost	637404	4266664
Interest cost	3527057	2519962
Expected return on plan assets	(4002581)	(3284952)
Net actuarial (gain)/loss recognized in the year	1477376	228042
Expenses recognized in statement of profit and loss	1639256	3729716



- 19.20 As per Accounting Standard – 15 (Revised 2005), the Company has provided for Rs.13.50 lakh (previous year nil) towards unavailed LTC benefits for its employees as per management estimates.
- 19.21 The Company is engaged in two types of activities namely Trading and Selling Agencies. Since the revenue from Selling Agency i.e., Service Charges is less than 10% of the total turnover of the Company, segmental reporting as per Accounting Standard – 17 is ignored. The Geographical segmentation is also insignificant, as Exports are less than 10% of the Company's total turnover.
- 19.22 Preparation of consolidated financial statements as per Accounting Standard – 21 is not required as the Company, not being the listed Company, has neither presented such statement previously nor liable to comply with the requirements of any statute.
- 19.23 Out of total export of USD 146,971,624.00 (equivalent to Rs.638,20,59,003.00) during the financial year 2008-09, an amount of USD 7,635,963.41 (equivalent to Rs.30,28,04,166.00) has been realized leaving outstanding balance of USD 139,335,660.59 (equivalent to Rs.607,92,54,827.00) as on 31.03.09. Against such outstanding claim has been lodged with ECGC amounting to USD 26,538,541.00 (equivalent to Rs.1,137,275,125.00) as per ECGC policy norms.
- 19.24 Due to economic slowdown during the second half of financial year 2008-09, realization from various customer were slow and to realize the amount of outstanding, various policies were adopted which has resulted positively and outstanding balances are being realized. As a result, debtors balance as on 31.03.09 was Rs.261151 lakh (previous year Rs.291967 lakh).
- 19.25 Earning per share has been computed as under :-
- | | 2009 | 2008 |
|--|---------|---------|
| (a) Profit after Tax (Rs. '000) | 850481 | 922051 |
| (b) No. of shares (No.) | 2200000 | 2200000 |
| (c) Earnings per share on profit after tax (face value Rs.10.00 per share) – Basic/Diluted | 386.58 | 419.11 |
- 19.26 The Company has not made provision for Cess payable under section 441A of the Companies Act, 1956 as the notification as regards the date of applicability and the exact rate to be applied has not yet come to notice.
- 19.27 During the year, unrealized export debtors is USD 139,335,660.59 (equivalent to Rs.607,92,54,827.00). Considering exchange rate prevailing on last day of financial year, there would have been notional gain of Rs.97,94,89,728.50 which has not been accounted for since this will offset against actual realization and will be passed on to the associates.
- 19.28 There is no reported Micro, Small and Medium Enterprises with whom principal amount and interest due/payable thereon as on 31.03.09.



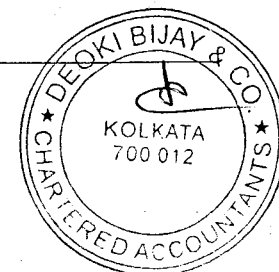
19.29 The details of Deferred Tax Assets/(Liabilities) are as under : (Rs. in thousand)

Particulars	As on	Tax effect for	As on
	31.03.08	the year	31.03.09
Provision for Doubtful Debts	52033	15296	67329
Provision for Doubtful Advances	14171	11249	25420
Provision against Scale Revision	--	15468	15468
Provision for Leave Salary & Gratuity against Scale Revision	--	7442	7442
Provision for distributable profit of 2007-08	--	13712	13712
Provision against unavailed LTC	--	459	459
Provision against other expenses	--	1174	1174
Difference in depreciation	--	-1921	-1921
Total	66204	62879	129083

19.30 STATEMENT OF OPENING STOCK, PURCHASE, TURNOVER AND CLOSING STOCK FOR THE YEAR ENDED 31ST MARCH, 2009(Quantity in '000 Tonnes) (Value Rs.'000)
(Figures for Previous Year given in brackets)

	Opening Stock		Purchase		Turnover		Closing Stock	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
1. Melting Scrap	7 (0)	139951 (0)	370 (282)	8456519 (4658520)	376 (275)	8691703 (4239273)	1 (7)	16502 (139951)
2. Pellets	0 (0)	0 (0)	125 (279)	1103975 (1125901)	125 (279)	1119459 (1137159)	0 (0)	0 (0)
3. H R Coils	0 (6)	0 (135150)	4 (68)	254394 (1857165)	4 (74)	259100 (2134477)	0 (0)	0 (0)
4. Steel Bars	0 (9)	0 (182050)	0 (0)	0 (0)	0 (9)	0 (176794)	0 (0)	0 (0)
5. Coke / Coal	0 (34)	0 (342183)	934 (862)	18800309 (9647303)	934 (896)	19076607 (10261388)	0 (0)	0 (0)
6. Overissue Newspaper	0 (0)	0 (0)	0 (2)	0 (16832)	0 (2)	0 (17084)	0 (0)	0 (0)
7. Iron Ore	0 (0)	0 (0)	57 (259)	70139 (919658)	57 (259)	71283 (928980)	0 (0)	0 (0)
8. Hot Briquetted Iron	0 (0)	0 (0)	0 (133)	0 (1982691)	0 (133)	0 (2004343)	0 (0)	0 (0)
9. Jute	0 (0)	0 (0)	24 (31)	420807 (411017)	24 (31)	423122 (414402)	0 (0)	0 (0)
10. Crude Oil	0 (0)	0 (0)	7039 (7255)	29866344 (25989844)	7039 (7255)	30194415 (26262737)	0 (0)	0 (0)
11. Gold Jewellery For Export *	0 (0)	0 (0)	5 (3)	6286215 (2567228)	5 (3)	6382059 (2606323)	0 (0)	0 (0)
				65258702 (49176159)		66217748 (50182960)		
Add : Final Bill Adj.				2083695 (-467948)		2107543 (-435099)		
				67342397 (48708211)		68325291 (49747861)		

* Note : Qty of Gold Jewellery for Export are in MT



19.31 In addition to above the Company has also purchased material as facilitator as per details below :

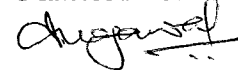
Sl. No.	Description of material	Qty.	(Quantity in '000 Tonnes) (Value Rs.'000)	
			Purchase Value	Service Charges Earned
1.	H R Coils	186	4798083	61735
		(153)	(5000973)	(51551)
2.	Coke / Coal	62	1690326	20279
		(122)	(1914687)	(17398)
3.	Wire Rods	0	0	0
		(5)	(105136)	(1314)
4.	Pellets	423	4692731	47852
		(417)	(5359264)	(49309)
5.	Copper	2	413611	10902
		(3)	(474357)	(6095)
6.	Zinc	0	0	0
		(2)	(461816)	(4618)
7.	Capital Items		107316	1097
			(166626)	(1575)
8.	Scrap	54	1358151	15115
		(50)	(731200)	(8935)
9.	D R I	90	2071617	23656
		(132)	(2178383)	(20491)
10.	Iron Ore	1257	4587695	48400
		(305)	(851847)	(8768)
11.	Manganese Ore	10	96208	962
		(0)	(0)	(0)
		2084	19815738	229998
		(1189)	(17244289)	(170054)

19.32 Value of scrap disposed and coal disposed / booked and materials procured from domestic sources on behalf of various Principals amounts to Rs.1110475 lakh (previous year Rs. 557856 lakh).

In terms of our report of even date

For Deoki Bijay & Co.

Chartered Accountants



(CA D N Agrawal)

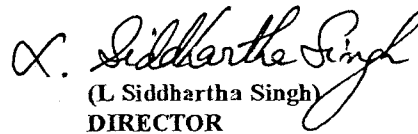
PARTNER

M No 51157

Date : 21st Aug, 2009

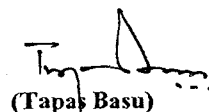
New Delhi

For MSTC LIMITED



(L Siddhartha Singh)

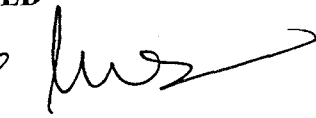
DIRECTOR



(Tapa Basu)

GENERAL MANAGER

FINANCE & ACCOUNTS



(S K Tripathi)

CHAIRMAN-CUM-
MANAGING DIRECTOR



(Subrata Kumar Ray)

COMPANY
SECRETARY



M S T C LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

	<u>2008-09</u>	<u>2007-08</u>
	Rs.'000	Rs.'000
Cash Flow from Operating Activities :		
Net Profit before Taxation and extraordinary items	1295282	1344706
Adjustment for Depreciation	24072	36689
Adjustment for Dividend Income	(4000)	(2525)
Adjustment for Interest Income	(1460323)	(1276137)
Adjustment for Interest Expenses	1319985	977020
Adjustment for Provision no longer required written back	0	(120000)
Adjustment for Misc. Expenditure	0	1082
Operating Profit before Working Capital Changes	<u>1175016</u>	<u>960835</u>
(Increase)/Decrease in Sundry Debtors	3081601	(17058326)
(Increase)/Decrease in Other Current Assets	(205260)	(11413)
Increase/(Decrease) in Loans & Advances	(6822743)	(352096)
(Increase)/Decrease in Stock	123449	519432
Increase/(Decrease) in Sundry Creditors	(985209)	18072259
Cash Generated from Operation	<u>(3633146)</u>	<u>2130691</u>
Advance Income Tax Paid	(538216)	(357406)
Net Cash Flow from Operating Activities (A)	<u>(4171362)</u>	<u>1773285</u>
Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(92938)	(71988)
Proceeds from Sale of Fixed Assets	1760	2523
Proceeds from Short Term Borrowings	7297883	2019471
Investment during the year	20000	140000
Dividend Received	4000	2525
Net Cash generated from Investing Activities (B)	<u>7230705</u>	<u>2092531</u>
Cash Flow from Financing Activities :		
Interest Paid	(1319985)	(977020)
Interest Received	1460323	1276137
Dividend Paid	(184800)	(118800)
Tax on Dividend	(31407)	(20190)
Net Cash used in Financing Activities (C)	<u>(75869)</u>	<u>160127</u>
Net Increase in Cash & Cash Equivalent (A+B+C)	<u>2983474</u>	<u>4025943</u>
Cash & Cash Equivalent - Opening	<u>14450410</u>	<u>10424467</u>
Cash & Cash Equivalent - Closing	<u>17433884</u>	<u>14450410</u>
Cash & Cash Equivalent as per Schedule 8 of Balance Sheet		
Cash and Stamp on hand	150	81
Current Accounts	801287	270569
Dividend Accounts	2035	1462
Deposit Accounts	16630412	14178298
	<u>17433884</u>	<u>14450410</u>

Note : Cash and cash equivalents at the end of the period include unclaimed dividend of Rs.20.35 lakh and term deposit of Rs.39.28 lakh furnished as guarantee against claims of Rs.33.67 lakh which are not available for use to the Company

In terms of our report of even date

For Deoki Bijay & Co.

Chartered Accountants

(Signature)

(CA D. N. Agrawal)

PARTNER

M No 51157

New Delhi

Dated the 21st August, 2009

For M S T C Limited

(Signature)

(L Siddhartha Singh)

DIRECTOR

(Signature)

(Tapas Basu)

GENERAL MANAGER

FINANCE & ACCOUNTS

(Signature)

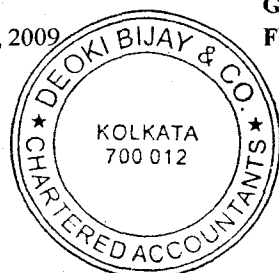
(S K Tripathi)

**CHAIRMAN-CUM-
MANAGING DIRECTOR**

(Signature)

(Subrata Kumar Ray)

**COMPANY
SECRETARY**



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

0	2	6	2	1	1
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 State Code

2	1
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Balance Sheet Date

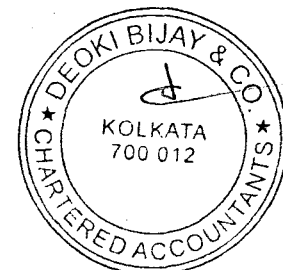
31	03	09
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II. Capital raised during the year (Amount in Rs. Thousand)

Public Issue <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 80%; text-align: center;">NIL</td><td style="width: 20%;"></td></tr></table> Bonus Issue <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 80%; text-align: center;">NIL</td><td style="width: 20%;"></td></tr></table>	NIL		NIL		Right Issue <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 80%; text-align: center;">NIL</td><td style="width: 20%;"></td></tr></table> Private Placement <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 80%; text-align: center;">NIL</td><td style="width: 20%;"></td></tr></table>	NIL		NIL	
NIL									
NIL									
NIL									
NIL									

III. Position of Mobilisation and deployment of funds (Amount in Rs. Thousand)

Total Liabilities <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">2</td><td style="width: 20px; text-align: center;">2</td><td style="width: 20px; text-align: center;">4</td><td style="width: 20px; text-align: center;">2</td><td style="width: 20px; text-align: center;">4</td><td style="width: 20px; text-align: center;">4</td><td style="width: 20px; text-align: center;">6</td><td style="width: 20px; text-align: center;">1</td><td style="width: 20px;"></td></tr></table> Sources of Funds Paid Up Capital <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">2</td><td style="width: 20px; text-align: center;">2</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px;"></td></tr></table> Secured Loans <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">3</td><td style="width: 20px; text-align: center;">7</td><td style="width: 20px; text-align: center;">7</td><td style="width: 20px; text-align: center;">5</td><td style="width: 20px; text-align: center;">1</td><td style="width: 20px; text-align: center;">1</td><td style="width: 20px; text-align: center;">6</td><td style="width: 20px;"></td></tr></table> Application of funds Net fixed Assets <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">1</td><td style="width: 20px; text-align: center;">7</td><td style="width: 20px; text-align: center;">4</td><td style="width: 20px; text-align: center;">5</td><td style="width: 20px; text-align: center;">6</td><td style="width: 20px; text-align: center;">9</td><td style="width: 20px;"></td></tr></table> Net current assets <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">2</td><td style="width: 20px; text-align: center;">2</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">9</td><td style="width: 20px; text-align: center;">1</td><td style="width: 20px; text-align: center;">7</td><td style="width: 20px; text-align: center;">9</td><td style="width: 20px; text-align: center;">2</td><td style="width: 20px;"></td></tr></table> Accumulated losses <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px;"></td></tr></table>	2	2	4	2	4	4	6	1		0	0	0	2	2	0	0	0		0	3	7	7	5	1	1	6		0	0	1	7	4	5	6	9		2	2	0	9	1	7	9	2		0	0	0	0	0	0	0	0		Total assets <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">2</td><td style="width: 20px; text-align: center;">2</td><td style="width: 20px; text-align: center;">4</td><td style="width: 20px; text-align: center;">2</td><td style="width: 20px; text-align: center;">4</td><td style="width: 20px; text-align: center;">4</td><td style="width: 20px; text-align: center;">6</td><td style="width: 20px; text-align: center;">1</td><td style="width: 20px;"></td></tr></table> Reserves & Surplus <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">3</td><td style="width: 20px; text-align: center;">4</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">1</td><td style="width: 20px; text-align: center;">7</td><td style="width: 20px; text-align: center;">4</td><td style="width: 20px; text-align: center;">2</td><td style="width: 20px;"></td></tr></table> Unsecured Loans <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">1</td><td style="width: 20px; text-align: center;">5</td><td style="width: 20px; text-align: center;">2</td><td style="width: 20px; text-align: center;">2</td><td style="width: 20px; text-align: center;">5</td><td style="width: 20px; text-align: center;">6</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">3</td><td style="width: 20px;"></td></tr></table> Investment <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">1</td><td style="width: 20px; text-align: center;">5</td><td style="width: 20px; text-align: center;">8</td><td style="width: 20px; text-align: center;">1</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px;"></td></tr></table> Misc. expenditure <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px; text-align: center;">0</td><td style="width: 20px;"></td></tr></table>	2	2	4	2	4	4	6	1		0	3	4	0	1	7	4	2		1	5	2	2	5	6	0	3		0	0	1	5	8	1	0	0		0	0	0	0	0	0	0	0	
2	2	4	2	4	4	6	1																																																																																													
0	0	0	2	2	0	0	0																																																																																													
0	3	7	7	5	1	1	6																																																																																													
0	0	1	7	4	5	6	9																																																																																													
2	2	0	9	1	7	9	2																																																																																													
0	0	0	0	0	0	0	0																																																																																													
2	2	4	2	4	4	6	1																																																																																													
0	3	4	0	1	7	4	2																																																																																													
1	5	2	2	5	6	0	3																																																																																													
0	0	1	5	8	1	0	0																																																																																													
0	0	0	0	0	0	0	0																																																																																													



IV. Performance of Company (Amount in Rs. Thousand)

Turnover

7	0	8	2	0	9	0	0
---	---	---	---	---	---	---	---

Toatal Expenditure

6	9	5	2	5	6	1	8
---	---	---	---	---	---	---	---

Profit/Loss Before tax

+	0	1	2	9	5	2	8	2
---	---	---	---	---	---	---	---	---

Profit/Loss after tax

0	0	8	5	0	4	8	1
---	---	---	---	---	---	---	---

Earning per Share in Rs.

0	0	0	0	0	3	8	7
---	---	---	---	---	---	---	---

Dividend rate (%)

0	0	0	0	0	7	7	5
---	---	---	---	---	---	---	---

V. Generic names of three principal products / services of company (as per monetary terms)

Item Code No.
(ITC Code)

2709	0000
------	------

Product
Description

CRUDE	OIL		

Item Code No.
(ITC Code)

2704	00
------	----

Product
Description

COKE			

Item Code No.
(ITC Code)

7204	00
------	----

Product
Description

HEAVY	MELTING	SCRAP	

In terms of our report of even date

For Deoki Bijay & Co.
Chartered Accountants

(CA D N Agrawal)
PARTNER
M No 51157

Date : 21st August 2009
New Delhi

For MSTC LIMITED

(L Siddhartha Singh)
DIRECTOR

(Tapas Basu)
GENERAL MANAGER
FINANCE & ACCOUNTS

(S K Tripathi)
CHAIRMAN-CUM-
MANAGING DIRECTOR

(Subrata Kumar Ray)
COMPANY
SECRETARY



Accounts & Reports o subsidiary Company Ferro Scarp Nigam Limited

Statement attached to the Balance Sheet as at 31st March 2009 regarding Subsidiary Company, pursuant to Section 212 (3) of the Companies Act 1956

1. Name of the Company : Ferro Scarp Nigam Limited
2. Financial Year Ending : 31st March 2009
3. Holding Company's interest in Equity Shares : 100% (holding 20,000 equity Shares of Rs. 1000/- each fully paid in cash.)

4. The net aggregate amount of subsidiary Company's Profit/(Loss) so far it concerns the Members of the Holding Company

(A) Not dealt with Holding Company's account:

- (a) Profit after Tax for the year ended 31.03.2009 : Rs. 2,23,28,000/-
- (b) Profit after Tax for the year ended 31.03.2008 : Rs. 73,22,000/-

(B) Dealt with Holding Company's account:

- (a) Profit after Tax for the year ended 31.03.2009 : NIL
- (b) Profit after Tax for the year ended 31.03.2008 : NIL

**FERRO SCRAP NIGAM
LIMITED**

**ANNUAL REPORT
FOR THE YEAR 2008-2009**

**F.S.N.L BHAWAN, EQUIPMENT CHOWK
CENTRAL AVENUE, BHILAI
PIN-490 001**

DIRECTORS' REPORT

TO

The Members

FERRO SCRAP NIGAM LIMITED

GENTLEMEN

Your Directors have the pleasure in presenting the 30th Annual Report with the audited accounts for the year ended 31-03-2009 along with the comments of the Comptroller and Auditor General of India.

PERFORMANCE HIGHLIGHTS

PHYSICAL :

The Company, despite difficult market condition like recession in steel sector, maintained well in physical targets in all key operational areas. FSNL achieved a dispatch of 22.63 lakh tones of scrap and 39.70 lakh tones of slag haulage. The physical performance has exceeded the GOOD target of 22.00 lakh M.T. for scrap and 39.00 lakh M.T. of slag, despite reduction in input of scrap from current arisals and also from old dumps. The physical targets could have exceeded MOU very Good target but due to gradual closure of Raigarh Unit and subsequent reduction in production there has been considerable decrease in slag handling. In spite of such reduction, achievement of MOU GOOD target of scrap and slag was possible by addition of new jobs and liquidating the old stock in the existing plants. Such achievements have been possible due to the excellent work culture, team spirit, hard work and dedication of all the employees as well as cooperation and support received from customers.

The technological development / Modernisation in steel making has brought down the generation of scrap in steel plants and as a result the availability of scrap from slag has gradually reduced. To improve the growth and profitability, FSNL is looking for opportunity to secure new jobs.

FINANCIAL :

The total earnings of the company was Rs.13730 lakhs including service charge of Rs.12898 lakhs as compared to the previous year's figure of Rs.12822 lakhs and Rs.12051 lakhs respectively. The company's gross margin and the profit before tax during the year was Rs.1683 lakhs and Rs.431 lakhs as compared to the previous year's figure of Rs.1586 lakhs and Rs.201 lakhs respectively. The company could arrest the falling trend of profit inspite of increase in the cost of operation and reduction in the scrap generation.

GENERAL RESERVES:

Pursuant to section 205 (2A) of the Companies Act,1956, read with the Companies (Transfer of Profits to reserves) Rules, 1975, an amount of Rs.171 lakh is proposed to be transferred to General Reserves from Profit & Loss Account leaving a balance of Rs. 1 thousand to be carried forward to the Balance Sheet.

DIVIDEND:

Your Directors are pleased to recommend a dividend @ 22.33% on the paid up equity share capital amounting to Rs. 44.66 Lakhs for the year 2008-2009.

FOREIGN EXCHANGE EARNING & OUTGO:

Foreign exchange earning during the year is NIL. However, the Company spent foreign exchange of Rs. 24.25 lakhs on account of stores and spare parts.

ENERGY CONSERVATION & TECHNOLOGY ABSORPTION AND INNOVATION

ENERGY CONSERVATION

The conservation of energy has been one of the key areas where company is striving for saving energy by avoiding waste through continuous monitoring of consumption.

Information as required under provisions of Section 217(1)(e) of the Companies Act,1956, read with the Companies (Disclosure of Particular in the report of Board of Director) Rules 1988, regarding conservation of energy and Technology Absorption, are given in the Annexure-I "Form-A" and "Form-B" respectively forming part of this report.

TECHNOLOGY ABSORPTION AND INNOVATION

A) PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY :

a) DEVELOPMENT & ENGINEERING:

1. Modification of existing Screening, Crushing Unit at Rourkela is in progress for enhancing screened slag generation.
2. Slag Grinding Plant will be installed at Rourkela to generate more – 5 mm slag.
3. Fabrication and erection job of Second Separator at Bhilai Unit has been completed.
4. Fe enrichment Plant at Bhilai and Dolvi Unit to increase Fe content of B.F.Fines and 5 – 20 mm size scrap has been commissioned. Fe percentage in both the above material found to be more than 94%.
5. Capacity enhancement of the existing Stationary Crushing and Screening Unit at Bokaro is in progress to cater increased demand of screened slag by Steel Plant.
6. Electrical Sub-station (11 KV/3.3 KV) for powering Electrical equipments at Bokaro Unit is in progress.
7. Fabrication of 1 no. of Magnetic Separator at Bhilai is under progress.

STATUS OF SCRAP RECOVERY CONTRACTS :

1. SAIL Plants

- i) Rourkela Steel Plant
- ii) IISCO Steel Plant, Burnpur
- iii) Bhilai Steel Plant
- iv) Bokaro Steel Plant
- v) Durgapur Steel Plant

Negotiation with SAIL has been concluded and draft MOU signed on 4.4.2009 for the common items. After signing the final MOU discussions will be carried out in the Plant level for finalising the rates and signing of the agreements. However, discussions have started with the individual plants.

2. **Visakhapatnam Steel Plant**

Agreement has been signed on 10.6.2009.

3. **Alloy Steel Plant, Durgapur**

Agreement for handling of Slag expired on 31.5.2009. ASP has not responded for renewal of the agreement.

4. **Ispat Industries Ltd., Dovi**

Six different agreements have been signed covering various activities being carried out at M/s.Ispat Industries Ltd., Dolvi. The details are as under:

S.No.	Job Description	Agreement valid upto
1.	Iron Scrap & BF Slag	09.07.2011
2.	EAF Hot Slag	14.01.2011
3.	Grinding of EAF Slag	31.03.2010
4.	Steel Skull Processing	31.03.2010
5.	Processing of Scrap through Magnetic Separator	14.03.2013
6.	Processing of EAF Slag 10-40/20-40 mm	10.06.2011

5. **Neelachal Ispat Nigam Limited**

Scrap & Slag:

Negotiation completed for handling and processing of BF slag and Iron Scrap for the period 13.5.2007 to 12.5.2010. Action is being taken for signing the formal agreement.

Coke:

Agreement has expired on 31.3.2009.

6. **Jindal Steel & Power Limited, Raigarh**

Present contract was valid upto 31.5.2009. Action for winding up of the unit is under progress.

PERSONNEL

The position of SC/ST/OBC employees in various groups, as on 31st March 2009, was as follows:-

GROUP	TOTAL NO.OF EMPLOYEES	No.of SC	%age of SC	No.of ST	%age of ST	No.of OBC	%age of OBC
A	160	16	10.00	3	1.87	15	9.37
B	543	70	12.89	32	5.89	55	10.12
C	441	113	25.62	92	20.86	54	12.24
D (Excl.Safai Kamachari)	NIL	-	-	-	-	-	-
D (Including Safai Karmachari)	3	3	100.00	NIL	-	NIL	-

The total number of employees in the company as on 31/03/2009 was 1147, comprising of 160 Executives and 987 Non-executives. The overall representation of employees belonging to Scheduled Caste & Scheduled Tribe communities as on 31st March 2009 was 17.61% & 11.07%, respectively.

WELFARE

Various schemes have been formulated by FSNL for the welfare of the employees which have been successfully implemented to the entire satisfaction of the employees.

As regards Incentive scheme for adopting small family norms, the concerned employees have been paid incentive as per the scheme during the year.

HUMAN RESOURCES DEVELOPMENT

Inhouse & External training programmes were arranged during 2008-09 for the benefit of the employees (both, Executives as well as Non-executive employees), on the basis of the yearly plan chalked out at the beginning of the year, through reputed training institutions as well as the OEMs.

On the basis of their training needs, as assessed by the management, the employees were nominated for attending such training programmes, thereby providing them an opportunity to enhance their knowledge & skill in the concerned areas, and to acquaint themselves with the day-to-day developments in the industrial & technological fields.

"Good" level of MOU targets for training, has been achieved.

VIGILANCE ACTIVITIES

A system of regular inspections and analysis of existing systems formed the basis of the vigilance activities for the year. Emphasis was laid on a combination of educative and preventive measures. Important procedures were reviewed and wherever required, further modification has been undertaken for faster and transparent decisionmaking. The Guidelines / advices received from CVC / Ministry have been followed and necessary follow-up action was taken on Minutes of the meeting of CVOs held by the Ministry time to time. Co-ordination meeting with CBI was held and random scrutiny of property Returns of the officers was carried out.

ISO 9001:2000 certification for vigilance department has been obtained. Action has also been taken for leveraging of technology for improving vigilance administration which includes uploading of Application Form on Company's website on downloadable form for registration of Contractors for pre-qualification Tender and Suppliers for different categories of Stores items, updation of Vendors' list, introduction of e-payment to vendors at Corporate Office, uploading of details of bill payments to vendors on website etc.

A campaign for creating vigilance awareness was taken up by organizing Vigilance Awareness Week celebration commencing from 3rd Nov. to 7th Nov.'08 at all the units of the company including Corporate Office during which various activities like Essay competition etc. were conducted.

SAFETY

Safety Day celebrations were held in all the units as well as at Corporate Office of FSNL, as a measure of creating safety awareness among the employees, with a view to emphasize the importance of safe working practices,. On this occasion, debates on safety & allied matters were conducted, wherein the employees took part enthusiastically. Winners of such competitions were given away suitable prizes.

Apart from the above, special training programmes were also conducted through National Safety Council and other such agencies for the benefit of the employees, emphasizing the need of safe working practices.

WORKERS' PARTICIPATION IN MANAGEMENT

A committee, viz., The Joint Forum Committee, has been constituted by the company, which consists of equal number of representatives from the Management & the recognized Unions, including Heads of Department at Corporate level. The Convenor of JFC is nominated from Management's side, while the Jt. Convenor represents the Unions.

The Joint Forum Committee meets in regular intervals and all problems related to the workers, company's business as well as the matters concerning employees' interests etc. are discussed mutually and sorted out across the table in such meetings, by way of signing agreements, wherever necessary, which results in mutual co-operation & understanding between the Management & the Unions, thereby enhancing the Employee-Employer relationship.

Thus, the Workers' Participation in Management is a continuous process in the company.

INDUSTRIAL RELATIONS

No man hour was lost on account of any Strike, Gherao/Bandh etc., and a smooth industrial relations was maintained throughout the year.

OFFICIAL LANGUAGE POLICY

Government directives with regard to Official Language policy are strictly adhered to and implemented in the company.

Employees were motivated to do their day-to-day jobs in Hindi, by providing Annual Cash Awards for Hindi Noting/Drafting and Hindi Typing, as per the scheme.

Besides the above, Hindi Pakhwada was also organized in the month of September 2008. During Hindi Pakhwada, various competitions like Hindi Essay writing, Hindi Gyan Pratiyogita, Hindi debate etc. were organized in which the employees took part enthusiastically. The winners were given away attractive prizes on the occasion of Republic Day 2009.

With constant motivation of the company, the employees also took part in the national level Hindi Essay writing competitions, and as much as three employees of FSNL-Corporate Office, whose mother tongue is Tamil, Malayalam & Bengali, have bagged 1st, 2nd & 3rd prizes, respectively, in the National level Hindi Essay writing competition, among the Hindi-speaking areas, conducted by Kendriya Sachivalaya, Hindi Parishad, New Delhi.

In the past also FSNL has bagged lot many prestigious exemplary work in implementation of Official Language Policy Rajbhasha Shield, Ispat Rajbhasha Shield etc.

For best performance in implementation of official language policy, FSNL has been awarded "**Rajbhasha Utkrishttha Puraskar**" by Bhilai-Durg Nagar Rajbhasha Karyanvayan Samithi for the year 2007-08.

CGM(P&A) & Rajbhasha Adhikari of FSNL has also been awarded with Citations by the Hon'ble Minister of Steel during the meetings of Kendriya Hindi Salahkar Samithi, for the exemplary work done in the field of implementation of Official Language policy.

CORPORATE SOCIAL RESPONSIBILITIES

- * FSNL has adopted a Government Higher Secondary school in the nearby villages wherever FSNL's units are located. Every year, in the beginning of the academic session, school uniforms/books are distributed to the meritorious children studying in class-VI to XI in such identified schools, belonging to SC/ST & OBC communities & Physically Challenged persons. For this purpose, an amount of Rs.6.00 Lakh was allocated for the year 2008-09.

However, the devastating Flood in the North Bihar states had caused severe damage in the state, and as per instructions received from the Ministry, an amount of Rs.10.00 Lakh was contributed to the Prime Minister's Flood Relief Fund through MSTC Limited, which was utilized for rehabilitation of the flood affected people through SAIL, which was the Nodal agency for the flood relief measures.

As a measure of environmental protection, FSNL had planted about 300 saplings, duly fenced, in the Govt.Higher Secondary School, Dundera (Near Bhilai), in the past. Apart from the above, a Multi-purpose hall with all infrastructural facilities was also constructed in the aforesaid school premises, at a cost of Rs.8,44,915/=.

Thus, the company has done excellent jobs under discharge of Corporate Social Responsibility.

PARTICULARS OF EMPLOYEES:

There was no employee of the Company who received remuneration in excess of the limits prescribed under Sec 217(2A) of the Companies Act,1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS RESPONSIBILITY STATEMENT:

As required under the provisions of Section 217(2AA) of the Companies (Amendment) Act, 2000 board of directors states that:

- (a) In the preparation of annual accounts the applicable accounting standards have been followed along with proper explanation relating to material departures .
- (b) We have selected such accounting policies and applied them consistently and made judgements 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 31/03/2009 and of the profit of the company for the financial year.
- (c) We have taken proper and sufficient care for 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 frauds and other irregularities.
- (d) We have prepared the financial statements for the year ended 31st March, 2009 on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A. INDUSTRY STRUCTURE & DEVELOPMENTS

FSNL is providing services to Steel industries for recovery of scrap from slag and waste management and other steel mill services to the steel sector. The demand for the services of FSNL is totally dependent on the growth of the steel industry.

Since, FSNL is providing services to the integrated steel plant for scrap recovery from slag, waste management and other steel mill services. Being a organized trusted player in the above area, FSNL is working in 8 steel plants in the country. These primary steel making facilities / additional facilities will result in potential customers for FSNL to provide the services. FSNL will also grow with their existing customers and add new customers in the coming years.

B. OPPORTUNITIES AND THREATS:

Opportunities:

- Increasing demand of existing business in slag handling and processing with existing customers.
- Can start with new business with new customers where deployment of heavy earth moving machineries are essential such as in Mining etc.
- Scope of diversification into Wind Farm, Solid Waste and Material Handling Management.
- Marketing of heavy earthmoving machineries and spares, engineering items, material handling equipment etc.

Threats:

- Modernisation of Steel Plants has introduced advanced technologies resulting in less generation of scrap.
- The erstwhile collaborator of MSTC Ltd. in FSNL Harsco Corporation may pose competition.

Strength and Weaknesses:

Strength:

- Excellent work culture.
- Highly skilled manpower
- Multi-disciplinary trade.
- Highest market share.
- Capacity to handle entire scrap recovery and slag handling of integrated steel plants having efficient experienced and dedicated work force.

Weakness:

- Only one business - mainly scrap and slag processing.
- High response time to meet customers requirement. Being a public sector the company is required to comply with various codal formalities before responding to customer's requirement.
- High cost of operation due to high wages of PSU.
- Difficult to compete with private contractors paying much lower wages than FSNL.

C. RISKS AND CONCERN :

The main risk and the area of concern for the Company is reduction in availability of metallics i.e. less arisal of scrap in the slag. Due to this the cost of operation has increased since there will be less recovery of metallics although the activities required to be carried out will remain unchanged, even sometimes more effort is required which further adds cost of operation. There is significant increase in the cost of operation and maintenance of equipment and cost of manpower in the recent past which is likely to be increased at a higher rate resulting in increase in cost of operation. However, the remuneration received from the customers for the services provided is not being compensated with the expenditure which in turn has affected the balance sheet of the company to a great extent.

D. OUTLOOK :

Steel industries in India has fully integrated with the world economy in the recent years. The Industry is operating in a very competitive environment. In the above business environment FSNL is having a very important role as their operation is integrated with the Steel Plants operation in the core areas. FSNL is having a market share of 60% at present. The steel industry viz.SAIL and RINL, the major customers of FSNL is poised for growth to reach 30 million ton in 2011-12. FSNL will also grow with the existing customer and expected to add new customers in the coming years. The company has a proven ability to face challenges and turn them into strength. The special feature of FSNL's operation results in saving of metal loss and energy and value addition to the waste material. Financial benefit to the Steel Plants from recovery of metallics and recycling of slag amounts to around Rs.1500 crores per year. Further due to improvement in quality the market value of metallics has increased substantially which will fetch additional revenue to the Steel Plants.

E. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE :

The total earnings of the company was Rs.13730 lakhs including service charges of Rs.12898 lakhs as compared to the previous year's figure of Rs.12822 lakhs and Rs.12051 lakhs respectively. The company's gross margin and the profit before tax during the year was Rs.1683 lakhs and Rs.431 lakhs as compared to the previous year's figure of Rs.1586 lakhs and Rs.201 lakhs respectively.

The Cost of operation has increased by about 5.24% as compared to the previous year. The service charge rates of RINL-Vizag, NINL-Duburi has been revised upwards and has been considered in the books of accounts. In the case of steel plants of SAIL, MOU has been reached for enhancement of service charge rate for MOU items which has also been considered in the books of accounts. The additional revenue due to increase in the service charge rate in these Steel Plants amounting to Rs.798.90 Lakhs has been considered in the service charge of Rs.12898 Lakhs.

F. SEGMENT REPORTING :

The Company has identified six reportable business segment viz. Scrap Recovery and Allied Jobs, Wind Turbine Generation Unit, Mining Operation and Processing of Minerals, OTR manufacturing, Marketing and central Workshop. During the year the company was engaged only in the business of Scrap Recovery and allied jobs for various Steel Plants in India which as per Accounting Standard AS-17 is considered the only reportable business segment. The geographical segmentation is not relevant, as the company has no business operation outside India.

G. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY :

The company has an efficient system of internal control for achieving the business objectives of the company which inter-alia includes accuracy and promptness of financial reporting. Efficiency of operations, compliance with the laid down policies and procedures and compliance with law and regulations.

To ensure independence to the internal audit function emphasizing transparency in the systems and internal controls, the internal audit of the company is entrusted to external firms of Chartered Accountants. The reports of Internal Audit are periodically submitted to the management for corrective action.

AUDITORS:

In pursuance of the powers conferred by Sub-Section (2) of Section 619 of the Companies Act, 1956 as amended vide the Companies (Amendment) Act, 2000, the Comptroller & Auditor General of India appointed M/S Ashok Kumar Sharma & Associates., Chartered Accountants as the Statutory Auditor of the Company for the period under review.

The Statutory Auditors' Report on the Accounts of the Company for the financial year ended on 31st March, 2009 and the notes to the Accounts referred to in the Auditors' Report along-with management's replies are placed at Annexure II.

The comments and the review on the accounts for the year ended 31st March 2009 by the Comptroller & Auditor General of India under Sec: 619(4) of the Companies Act, 1956 are placed at Annexure III.

BOARD OF DIRECTORS:

1. Shri D.D. Singh, Managing Director was superannuated on 30/06/2008 after serving the company as Managing Director for 4 years 5 months.
2. Shri Malay Sengupta CMD- MSTC Limited and Chairman-FSNL had taken the additional charge of the post of MD, FSNL w.e.f.01.07.2008 vide order no: 4(4)/2007/MF dated 30h June,2008.
3. Shri Antony Chacko, who has been appointed as Managing Director by the President of India vide order 4(4)/2007-MF dated 18th June, 2008 took over as Managing Director w.e.f.27th July,2008.
4. Shri Malay Sengupta, Chairman-FSNL and CMD-MSTC limited, on superannuation from MSTC Limited as Chairman-Cum-Managing Director on 30/04/2009 resigned from Chairman-FSNL w.e.f. 01/05/2009.
5. Govt. of India, Ministry of Steel vide letter no: 12(25)/2008/A-MF dated 28th November, 2008 has appointed Shri L. Siddhartha Singh-Director, Ministry of Steel as Government Director on the Board of the company in place of Shri Navin Soi-director, Ministry of Steel, Govt. Of India.
6. Pursuant to Article 61(a) of the Articles of Association of the FSNL, the MSTC Limited nominated Shri Ashok Kumar, GM (NRO)- MSTC Limited, as director in the Board of FSNL as MSTC nominee.

Your Directors would like to place on record their deep sense of appreciation for the valuable services of Shri D. D. Singh, as Managing Director-FSNL, Shri Malay Sengupta, as Chairman, FSNL and for holding additional charge as Managing Director-FSNL and also of Shri Navin Soi, Government Nominated Director as Director-FSNL.

Shri L.Siddhartha Singh and Shri Ashok Kumar shall hold office till the conclusion of the ensuing Annual General Meeting.

ACKNOWLEDGEMENT

The Board records sincere support received from the valued customers who are Public Sector integrated steel plants as well as Private Sector steel plants. Board also express gratitude to the Ministry of Steel and Mines and other ministries and department of Govt. of India and State Govt. of Andhra Pradesh, Chhattisgarh, Jharkhand, Maharashtra, Orissa ,West Bengal Karnataka, and Delhi for their continued support and guidance.

The Board of Directors appreciates the contribution of all the employees at all levels towards attainment of Company's objectives.

For and on behalf of Board of Directors

Shri Antony Chacko
Managing Director

Shri _____
Director.

ANNEXURE - I

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY.

A. POWER AND FUEL CONSUMPTION

	Current Year (2008-2009)	Previous Year (2007-2008)
1. Electricity		
(a) Purchased		
Unit KWH	1568168	1943245
Total Amount	Rs. 67,46,872	Rs. 87,99,387
Rate/Unit (in respect of purchase)	4.30	4.53
(b) Own Generation	N.A.	N.A.
(i) Through Diesel Generator	N.A.	N.A.
Unit	N.A.	N.A.
Unit/Ltr. of Diesel Oil	N.A.	N.A.
Cost/Unit		
(ii) Through Steam Turbine/Generator		
Units	N.A.	N.A.
Unit per Ltr. of Oil/Gas	N.A.	N.A.
2. Coal		
Quantity(Tonnes)	N.A.	N.A.
Total Cost	N.A.	N.A.
Average Rate	N.A.	N.A.
3. Furnace Oil Quantity(K.Ltrs.)		
Quantity (K.Ltrs.)	N.A.	N.A.
Total Amount	N.A.	N.A.
Average Rate	N.A.	N.A.
4. Others / Internal Generation		
Quantity	N.A.	N.A.
Total Cost	N.A.	N.A.
Rate Unit	N.A.	N.A.

B. CONSUMPTION PER UNIT OF PRODUCTION

	Standards (if any)	Current Year (2008-2009)	Previous Year (2007-2008)
Products : Iron & Steel Scrap			
Electricity (Unit/MT)	N.A.	4.34	5.38
Furnace Oil	N.A.	N.A.	N.A.
Coal	N.A.	N.A.	N.A.

ANNEXURE - I

FORM - B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY
ABSORPTION RESEARCH AND DEVELOPMENT

- | | |
|--|-------|
| 1. Specific areas in which R&D carried out by the Company | NIL |
| 2. Benefits derived as a result of the above R&D | N. A. |
| 3. Future plan of action | N. A. |
| 4. Expenditure of R&D | |
| (a) Capital | NIL |
| (b) Recurring (Revenue) | NIL |
| (c) Total | NIL |
| (d) Total R&D Expenditure as a percentage of total turn over | N.A. |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | | |
|---|--|-------|
| 1. Efforts, in brief, made towards
Technology absorption and innovation | The Technology adopted from collaborator
at the time take over of their business in
India absorbed.
As per the Technology Transfer Agreement
between M/S Harsco Corporation and MSTC
Limited , further technologies have been
provided / transferred w. e. f. 09/06/2002 and
the same are being implemented / absorbed
selectively as per the need / suitability for the
company. | |
| 2. Benefit derived as a result of the above efforts e.g.
products improvement, cost reduction, product development,
import substitution etc.- | | N. A. |
| 3. In case of imported Technology (imported during last
5 years reckoned from the beginning of the financial
year) following information may be furnished. | | N. A. |
| (a) Technology imported | | N. A. |
| (b) Year of Import | | N. A. |
| (c) Has technology been fully absorbed | | N. A. |
| (d) If not fully absorbed areas where this has not taken place,
reasons therefore and future plan of action | | N. A. |



ASHOK KUMAR SHARMA AND ASSOCIATES
Chartered Accountants

AUDITORS' REPORT

To
The Members,
Ferro Scrap Nigam Limited

We have audited the attached Balance Sheet of **FERRO SCRAP NIGAM LIMITED** (the Company) as at 31st March 2009 and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed 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.

We conducted our audit in accordance with the 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 misstatement. An audit includes examining, on a 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 the management in the preparation of the financial statements, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) (Amendment) Order, 2004 (hereinafter together referred to as the 'Order'), issued by the Central Government of India in terms of sub section (4A) of section 227 of 'The Companies Act, 1956' (hereinafter referred to as the 'Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (a) 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;



- 1 -

Office: 4A/2, First Floor, Pagaria Complex, New Bus Stand, Pandri, Raipur- 492 001 (C.G)
Ph. (0771) 4283788, Mob. No. 98930- 44899
e-mail id : jainumesh_kbj@yahoo.co.in

- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
- (e) in terms of Government of India, Ministry of Finance, Department of Company Affairs Notification No. GSR 829(E) dated 21st October, 2003 Government Companies are exempt from the applicability of provision of clause (g) of sub-section (1) of section 274 of the Act;
- (f) as stated in Note No.22, no provision has been made in the accounts for payment of cess on the value of annual turnover / gross receipt leviable under sub-section (1) of section 441A of the Act pending notification by the Central Government;
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes on accounts appearing in Schedule-15 attached thereto give in the prescribed manner the information required by the Act and *subject to*

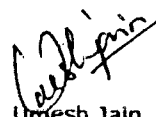
no provision having been made for Rs. 28,543 thousands (balance amount payable along with interest) adjudicated against the Company in an Ex-parte Arbitration Award referred to in Note No.1.1 (d) which in our view is not merely a contingent liability as considered by the management, and the consequential effect showing an overall overstatement / increase of Rs. 28,543 thousands in the profit for the year and an understatement / decrease of Rs. 28,543 thousands in the liabilities of the Company as at the end of the year

give a true and fair view in conformity with the accounting principles generally accepted in India:



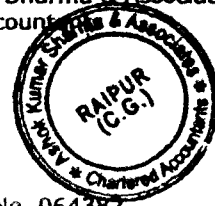
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For & On behalf of
Ashok Kumar Sharma & Associates
Chartered Accountants



Umesh Jain
Partner

Membership No. 064382



Place: New Delhi
Date : 09/07/2009

ANNEXURE TO AUDITORS' REPORT

The Annexure referred to in our report to the members of Ferro Scrap Nigam Ltd. ('the Company') for the year ended on 31st March 2009. We report that :

- I. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except the assets whose actual cost does not exceed five thousand rupees.
(b) Some of the fixed assets were physically verified during the year by the management. According to the information and explanations given to us no material discrepancy is noticed on such verification. However, in the absence of any definite programme of physical verification, we are not in a position to give our opinion that the present system provides for physical verification of all the fixed assets at reasonable intervals.
(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- II. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were material having regard to the operations of the Company. However, the same has been properly dealt with in books of account.
- III. (a) The company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly paragraphs 4(iii) (a) to 4(iii) (d) of the Order is not applicable.
(e) The company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly paragraphs 4(iii) (e) to 4(iii) (g) of the Order is not applicable.
- IV. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the



nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal control system during the course of the audit.

- V. (a) According to the information and explanations given to us by the management, we are of the opinion that there is no contract or arrangement that needed to be entered in the Register required to be maintained under section 301 of the Act.
(b) In view of the clause (a) above, this clause is not applicable to the Company.
- VI. The Company has not accepted deposits from the public. Accordingly, paragraph 4(vi) of the Order is not applicable.
- VII. In our opinion, the Company's internal audit system, generally commensurate with its size and nature of its business, is required to be strengthened with regard to implementation by enlarging the scope and frequency of coverage.
- VIII. The Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Act. Accordingly, paragraph 4 (viii) of the Order is not applicable.
- IX. (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, Undisputed statutory dues including Provident Fund (Provident Fund dues is deposited to its own exempted Provident Fund Trust), Income Tax, Sales Tax/ VAT, Wealth Tax, Service Tax, Custom Duty, Cess and Any Other Statutory Dues as applicable to the Company have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, there are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable, as per books of accounts as at 31st March 2009, except the following: Service Tax is due on the company from May'2006 under Business Support Service & Cargo Handling Service. Company has made Provision for it on 31st March 2009, and till date company has not deposited it. Service Tax and Interest on Service Tax for the period of May 2006 to March 2009, which is outstanding as at the last day of the financial year 2008-2009 amounting to Rs.29,38,929.00 and Rs. 1,66,89,741 respectively.

As explained to us the Company did not have any dues under on account of Investor Education and Protection Fund, Employees' State Insurance Scheme and Excise Duty. It is

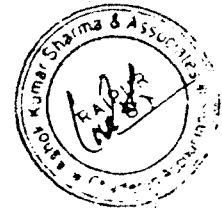


also explained to us that the Company is not required to be registered itself under Sales Tax / VAT Laws except the Rourkela Unit under Orissa VAT.

There were no dues on account of Cess under section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government of India.

(c) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited within 31st March 2009 on account of any dispute, other than those stated below;

Name of the Statute	Nature of Dues	Amount under dispute not yet deposited (Rs. In '000)	Period to which the amount relates	Forum where the disputes are pending
Orissa Sales Tax Act, 1947	Sales Tax and Surcharge on Sales Tax	4356	2002-03	Assistant Commissioner of Sales Tax, Rourkela
Road Tax Department	Penalty for late payment of Road Tax	216	Oct 90 To March 95	Transport Commissioner, Cuttack
Finance Act 1994 (As amended upto date)	Service Tax on "Business Auxiliary Services"	56,760	10.09.2004 to 28.02.2005	Appellate Authorities (CESTAT, New Delhi)
Finance Act 1994 (As amended upto date)	Service Tax on "Business Auxiliary Services"	7,204	Sept. 2004 To Feb. 2005	Commissioner (Appeals) Kolkata
Finance Act 1994 (As amended upto date)	Service Tax on "Business Auxiliary Services"	2,755	April 2005 To Sept 2006	Commissioner (Appeals) Kolkata
Finance Act 1994 (As amended upto date)	Service Tax on "Cargo Handling Services"	76,877	July 2003 To Sep. 2007	Appellate Authorities (CESTAT, New Delhi)
Finance Act 1994 (As amended upto date)	Service Tax on "Cargo Handling Services"	2,242	Nov. 2002 To April 2004	Commissioner (Appeals) Bhubaneswar
Finance Act 1994 (As amended upto date)	Service Tax on "Business Auxiliary Services"	76,779	01.03.2005 To 31.01.2008	Appellate Authorities (CESTAT, Kolkata)

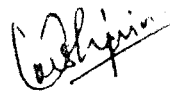


- (x) The Company does not have any accumulated losses of the Company at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year. Accordingly paragraph 4(x) of the Order is not applicable.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan from any financial institution and has not issued any debenture.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, paragraph 4 (xii) of the Order is not applicable to the Company.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, paragraph 4 (xiii) of the Order is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, paragraph 4 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, paragraph 4 (xv) of the Order is not applicable to the Company.
- (xvi) The Company has not obtained any term loan during the year under report.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (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 Companies Act, 1956. Accordingly, paragraph 4 (xviii) of the Order is not applicable to the Company.
- (xix) The Company has not issued debentures during the year under report. Accordingly, paragraph 4 (xix) of the Order is not applicable to the Company.



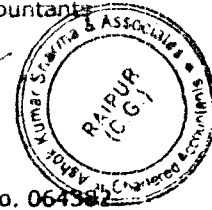
- (xx) The Company has not raised any money by public issue during the year. Accordingly, paragraph 4 (xx) of the Order is not applicable to the Company.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For & On behalf of
Ashok Kumar Sharma & Associates
Chartered Accountants

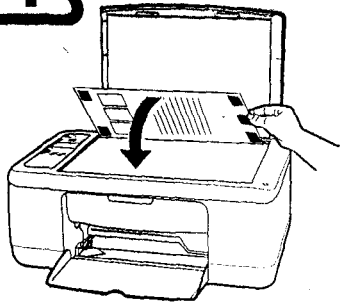


Umesh Jain
Partner

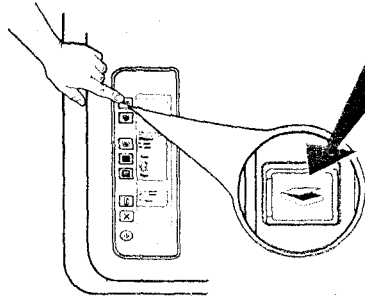
Membership No. 064382



Place: New Delhi
Date : 09/07/2009



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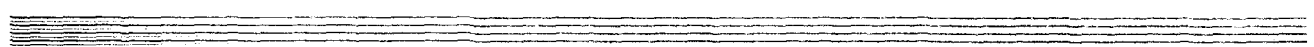
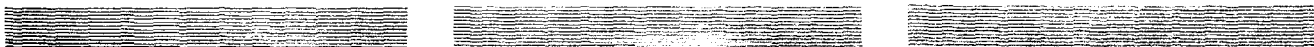
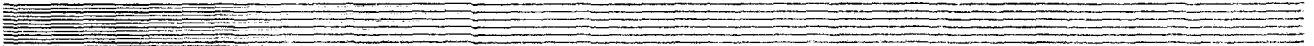
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फेरो स्क्रेप निगम लिमिटेड

(भारत सरकार का उपक्रम)

पंजीकृत कार्यालय : एफ.एस.एन.एल.भवन, इक्विपमेंट चौक,सेन्ट्रल एवेन्यू,
पोस्ट बॉक्स नं. 37, भिलाई 490001(छत्तीसगढ़) भारत



Ferro Scrap Nigam Limited

(A Govt. of India Undertaking)

Regd. Office : F.S.N.L. Bhawan , Equipment Chowk, Central Avenue
Post Box No.37,
BHILAI - 490 001 (C. G.) INDIA

दूरभाष Phone	} 2222474 2222475 2894036 2894037	फैक्स Fax	} 0788-2220423 0788-2223884	ई-मेल E-Mail	} fsnl_co @ sancharnet.in fsnl_co1@sancharnet.in
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संदर्भ
Ref FCI/4552/2009

THROUGH COURIER

दिनांक
Date 31-07-2009

To,
Shri S.K.Ray,
Company Secretary.,
MSTC Limited,
225-C, A.J.C. Bose Road,
KOLKATA - 700020

Dear Sir,

Kindly refer letter ref. no: CS / 0601 / 50 dated 18/07/2009, As desired by you , We are attaching herewith the following :

1. Data on performance of FSNL for 2008-2009. and
2. a copy of the signed Audited Balance Sheet as on 31-03-2009 alongwith the audit report.

Thanking you,

Yours faithfully,
For FERRO SCRAP NIGAM LTD.,


(A. P. SHARMA)
COMPANY SECRETARY

ENCL: as above.

हमें, हिन्दी में पत्राचार सहर्ष स्वीकार है।

इकाईयों - ■ भिलाई ■ योकारो ■ बर्नपुर ■ दुर्गापुर ■ राऊरकेला ■ विशाखापट्टणम् ■ डाल्टी ■ डुबरी ■ रायगढ़
UNITS ■ BHILAI ■ BOKARO ■ BURNPUR ■ DURGAPUR ■ ROURKELA ■ VISHAKHAPATNAM ■ DOLVI ■ DUBURI ■ RAIGARH

The performance of the Ferro Scrap Nigam Limited

The operational results of the two years are given below:-

		2007-2008	2008-2009
i)	Service Charge including miscellaneous receipts and other income (Rs. in thousands).	1282232	1373033
ii)	Profit after Tax (Rs. in thousands).	7322	22328



ASHOK KUMAR SHARMA AND ASSOCIATES
Chartered Accountants

AUDITORS' REPORT

To
The Members,
Ferro Scrap Nigam Limited

We have audited the attached Balance Sheet of **FERRO SCRAP NIGAM LIMITED** ('the Company') as at 31st March 2009 and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed 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.

We conducted our audit in accordance with the 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 misstatement. An audit includes examining, on a 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 the management in the preparation of the financial statements, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 as amended by Companies (Auditors' Report) (Amendment) Order, 2004 (hereinafter together referred to as the 'Order'), issued by the Central Government of India in terms of sub section (4A) of section 227 of 'The Companies Act, 1956' (hereinafter referred to as the 'Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (a) 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;



- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
- (e) in terms of Government of India, Ministry of Finance, Department of Company Affairs Notification No. GSR 829(E) dated 21st October, 2003 Government Companies are exempt from the applicability of provision of clause (g) of sub-section (1) of section 274 of the Act;
- (f) as stated in Note No.22, no provision has been made in the accounts for payment of cess on the value of annual turnover / gross receipt leviable under sub-section (1) of section 441A of the Act pending notification by the Central Government;
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes on accounts appearing in Schedule-15 attached thereto give in the prescribed manner the information required by the Act and *subject to*

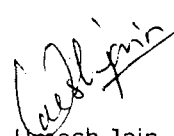
no provision having been made for Rs. 28,543 thousands (balance amount payable along with interest) adjudicated against the Company in an Ex-parte Arbitration Award referred to in Note No.1.1 (d) which in our view is not merely a contingent liability as considered by the management, and the consequential effect showing an overall overstatement / increase of Rs. 28,543 thousands in the profit for the year and an understatement / decrease of Rs. 28,543 thousands in the liabilities of the Company as at the end of the year

give a true and fair view in conformity with the accounting principles generally accepted in India:



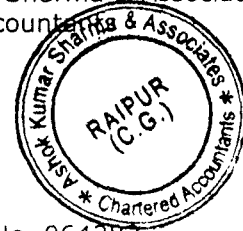
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
- (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For & On behalf of
Ashok Kumar Sharma & Associates
Chartered Accountants



Umesh Jain
Partner

Membership No. 064382



Place: New Delhi
Date : 09/07/2009

ANNEXURE TO AUDITORS' REPORT

The Annexure referred to in our report to the members of Ferro Scrap Nigam Ltd. ('the Company') for the year ended on 31st March 2009. We report that :

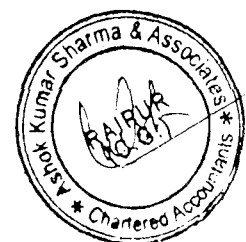
- I. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except the assets whose actual cost does not exceed five thousand rupees.
(b) Some of the fixed assets were physically verified during the year by the management. According to the information and explanations given to us no material discrepancy is noticed on such verification. However, in the absence of any definite programme of physical verification, we are not in a position to give our opinion that the present system provides for physical verification of all the fixed assets at reasonable intervals.
(c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- II. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were material having regard to the operations of the Company. However, the same has been properly dealt with in books of account.
- III. (a) The company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly paragraphs 4(iii) (a) to 4(iii) (d) of the Order is not applicable.
(e) The company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly paragraphs 4(iii) (e) to 4(iii) (g) of the Order is not applicable.
- IV. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the



nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal control system during the course of the audit.

- V. (a) According to the information and explanations given to us by the management, we are of the opinion that there is no contract or arrangement that needed to be entered in the Register required to be maintained under section 301 of the Act.
(b) In view of the clause (a) above, this clause is not applicable to the Company.
- VI. The Company has not accepted deposits from the public. Accordingly, paragraph 4(vi) of the Order is not applicable.
- VII. In our opinion, the Company's internal audit system, generally commensurate with its size and nature of its business, is required to be strengthened with regard to implementation by enlarging the scope and frequency of coverage.
- VIII. The Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Act. Accordingly, paragraph 4 (viii) of the Order is not applicable.
- IX. (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, Undisputed statutory dues including Provident Fund (Provident Fund dues is deposited to its own exempted Provident Fund Trust), Income Tax, Sales Tax/ VAT, Wealth Tax, Service Tax, Custom Duty, Cess and Any Other Statutory Dues as applicable to the Company have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, there are no undisputed statutory dues outstanding for a period of more than six months from the date they became payable, as per books of accounts as at 31st March 2009, except the following:
Service Tax is due on the company from May'2006 under Business Support Service & Cargo Handling Service. Company has made Provision for it on 31st March 2009, and till date company has not deposited it. Service Tax and Interest on Service Tax for the period of May 2006 to March 2009, which is outstanding as at the last day of the financial year 2008-2009 amounting to Rs.29,38,929.00 and Rs. 1,66,89,741 respectively.
As explained to us the Company did not have any dues under on account of Investor Education and Protection Fund, Employees' State Insurance Scheme and Excise Duty. It is



also explained to us that the Company is not required to be registered itself under Sales Tax / VAT Laws except the Rourkela Unit under Orissa VAT.

There were no dues on account of Cess under section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government of India.

(c) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited within 31st March 2009 on account of any dispute, other than those stated below;

Name of the Statute	Nature of Dues	Amount under dispute not yet deposited (Rs. in '000)	Period to which the amount relates	Forum where the disputes are pending
Orissa Sales Tax Act, 1947	Sales Tax and Surcharge on Sales Tax	4356	2002-03	Assistant Commissioner of Sales Tax, Rourkela
Road Tax Department	Penalty for late payment of Road Tax	216	Oct 90 To March 95	Transport Commissioner, Cuttack
Finance Act 1994 (As amended upto date)	Service Tax on "Business Auxiliary Services"	56,760	10.09.2004 to 28.02.2005	Appellate Authorities (CESTAT, New Delhi)
Finance Act 1994 (As amended upto date)	Service Tax on "Business Auxiliary Services"	7,204	Sept. 2004 To Feb. 2005	Commissioner (Appeals) Kolkata
Finance Act 1994 (As amended upto date)	Service Tax on "Business Auxiliary Services"	2,755	April 2005 To Sept 2006	Commissioner (Appeals) Kolkata
Finance Act 1994 (As amended upto date)	Service Tax on "Cargo Handling Services"	76,877	July 2003 To Sep. 2007	Appellate Authorities (CESTAT, New Delhi)
Finance Act 1994 (As amended upto date)	Service Tax on "Cargo Handling Services"	2,242	Nov. 2002 To April 2004	Commissioner (Appeals) Bhubaneswar
Finance Act 1994 (As amended upto date)	Service Tax on "Business Auxiliary Services"	76,779	01.03.2005 To 31.01.2008	Appellate Authorities (CESTAT, Kolkata)



also explained to us that the Company is not required to be registered itself under Sales Tax / VAT Laws except the Rourkela Unit under Orissa VAT.

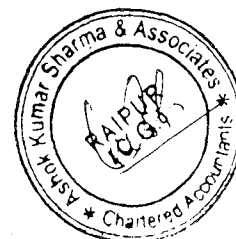
There were no dues on account of Cess under section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government of India.

(c) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited within 31st March 2009 on account of any dispute, other than those stated below;

Name of the Statute	Nature of Dues	Amount under dispute not yet deposited (Rs. in '000)	Period to which the amount relates	Forum where the disputes are pending
Orissa Sales Tax Act, 1947	Sales Tax and Surcharge on Sales Tax	4356	2002-03	Assistant Commissioner of Sales Tax, Rourkela
Road Tax Department	Penalty for late payment of Road Tax	216	Oct 90 To March 95	Transport Commissioner, Cuttack
Finance Act 1994 (As amended upto date)	Service Tax on "Business Auxiliary Services"	56,760	10.09.2004 to 28.02.2005	Appellate Authorities (CESTAT, New Delhi)
Finance Act 1994 (As amended upto date)	Service Tax on "Business Auxiliary Services"	7,204	Sept. 2004 To Feb. 2005	Commissioner (Appeals) Kolkata
Finance Act 1994 (As amended upto date)	Service Tax on "Business Auxiliary Services"	2,755	April 2005 To Sept 2006	Commissioner (Appeals) Kolkata
Finance Act 1994 (As amended upto date)	Service Tax on "Cargo Handling Services"	76,877	July 2003 To Sep. 2007	Appellate Authorities (CESTAT, New Delhi)
Finance Act 1994 (As amended upto date)	Service Tax on "Cargo Handling Services"	2,242	Nov. 2002 To April 2004	Commissioner (Appeals) Bhubaneswar
Finance Act 1994 (As amended upto date)	Service Tax on "Business Auxiliary Services"	76,779	01.03.2005 To 31.01.2008	Appellate Authorities (CESTAT, Kolkata)



- (x) The Company does not have any accumulated losses of the Company at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year. Accordingly paragraph 4(x) of the Order is not applicable.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan from any financial institution and has not issued any debenture.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, paragraph 4 (xii) of the Order is not applicable to the Company.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, paragraph 4 (xiii) of the Order is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, paragraph 4 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, paragraph 4 (xv) of the Order is not applicable to the Company.
- (xvi) The Company has not obtained any term loan during the year under report.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (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 Companies Act, 1956. Accordingly, paragraph 4 (xviii) of the Order is not applicable to the Company.
- (xix) The Company has not issued debentures during the year under report. Accordingly, paragraph 4 (xix) of the Order is not applicable to the Company.



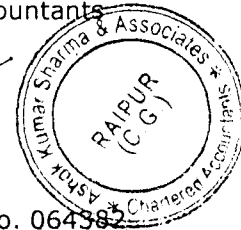
- (xx) The Company has not raised any money by public issue during the year. Accordingly, paragraph 4 (xx) of the Order is not applicable to the Company.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For & On behalf of
Ashok Kumar Sharma & Associates
Chartered Accountants



Umesh Jain
Partner

Membership No. 064382



Place: New Delhi
Date : 09/07/2009

FERRO SCRAP NIGAM LIMITED

ANNUAL ACCOUNTS


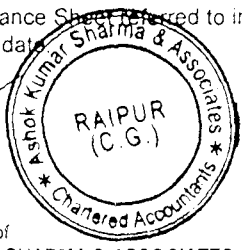
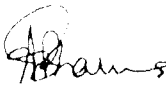
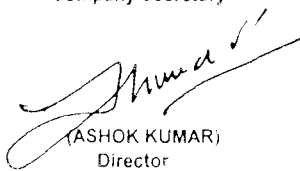
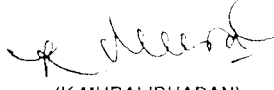
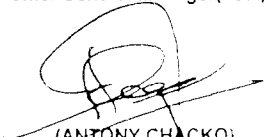
FOR THE YEAR ENDED

31st MARCH , 2009

**F.S.N.L. BHAWAN, EQUIPMENT CHOWK,
CENTRAL AVENUE , BHILAI**

PIN - 490 001

BALANCE SHEET AS AT 31ST MARCH 2009

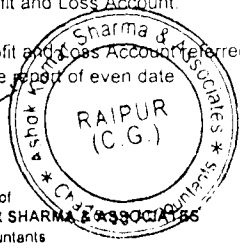
		Schedule AS AT 31 ST MARCH, 2009		AS AT 31 ST MARCH, 2008	
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
1. SOURCES OF FUNDS					
1.1 Shareholders' Fund					
a) Capital	1	20,000		20,000	
b) Reserves & Surplus	2	13,13,662	13,33,552	12,96,559	13,16,559
1.2 Loan Funds					
a) Secured Loans	3		78,327		99,951
1.3 Deferred Tax Liability (Net)					
a) Deferred Tax Liability	7	39,397		43,293	
b) Less: Deferred Tax Assets	7	10,786	28,611	6,399	36,894
TOTAL			14,40,600		14,53,404
2. APPLICATION OF FUNDS					
2.1 Fixed Assets					
a) Gross Block	4	17,53,783		17,89,764	
b) Less : Depreciation	4	11,29,375		11,45,399	
c) Net Block	4	6,24,408		6,44,365	
d) Fixed Assets awaiting Disposal	4	10,576		3,862	
e) Capital Work-in-Progress	4	20,549	6,55,533	39,139	6,87,366
2.2 CURRENT ASSETS, LOANS & ADVANCES					
a) Inventories	5	1,06,090		99,959	
b) Sundry Debtors	5	3,64,759		3,53,957	
c) Security Deposit with Steel Plants	5	8,958		10,979	
d) Cash and Bank Balance	5	7,58,691		7,73,247	
e) Loans and Advances	5	1,41,934		1,22,975	
		13,80,432		13,61,117	
3. LESS : CURRENT LIABILITIES & PROVISIONS					
a) Current Liabilities	6	3,46,161		4,25,940	
b) Provisions	6	2,49,204		1,69,139	
		5,95,365		5,95,079	
Net Current Assets			7,85,067		7,66,038
TOTAL			14,40,600		14,53,404
4. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS					
15					
The Schedules referred to above form an integral part of the Balance Sheet.					
This is the Balance Sheet referred to in our separate report of even date.					
 (UMESH JAIN) PARTNER For & on Behalf of ASHOK KUMAR SHARMA & ASSOCIATES Chartered Accountants				 (A.P.SHARMA) Company Secretary	
		 (ASHOK KUMAR) Director		 (K.MURALIDHARAN) Chief General Manager(F&A)	
				 (ANTONY CHACKO) Managing Director	
PLACE NEW DELHI					
DATE 09/07/2009					

FERRO SCRAP NIGAM LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

Schedule	FOR THE YEAR ENDED 31ST MARCH 2009		FOR THE YEAR ENDED 31ST MARCH 2008	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
A. INCOME				
A-1 Service Charges	8	12,89,641		12,05,080
A-2 Other Income	9	83,192		77,152
TOTAL		13,73,033		12,82,232
B. EXPENDITURE				
B-1 Consumption of stores and spare parts	10	2,88,651		2,90,077
B-2 Electricity & water		7,782		9,977
B-3 Employees remuneration and benefits	11	4,19,772		3,82,350
B-4 Repairs & maintenance	12	30,378		30,945
B-5 Services through contractors		2,86,507		2,56,089
B-6 Other Expenses	13	1,71,716		1,55,342
B-7 Interest on bank borrowings		13,085		12,749
B-8 Depreciation	4	1,17,411		1,25,762
TOTAL		13,29,499		12,63,292
PROFIT FOR THE YEAR		43,534		18,941
B-9 Prior period adjustments (Net) Income/ (Expenses)	14	(413)		1,148
C. PROFIT BEFORE TAXATION		43,121		20,089
D. PROVISION FOR TAXATION				
D-1 For Income Tax - Current Year	23,576			
Previous Year	3,205	26,781	14,973	
D-2 For Deferred Tax (Net) (Refer Item no 8 - Notes on Accounts)		(8,283)	(4,239)	
D-3 For Fringe Benefit Tax	2,282		2,022	
D-4 For Wealth Tax	13	20,793	11	12,767
E. PROFIT AFTER TAX		22,328		7,322
Add: Excess provision of earlier years written back				
E-1 Income Tax	0		10834	
E-2 Fringe Benefit Tax	0	0	627	11461
F. PROFIT AVAILABLE FOR APPROPRIATION		22,328		18,783
G. BALANCE PROFIT BROUGHT FORWARD		2		1
H. NET PROFIT AVAILABLE FOR APPROPRIATION		22,330		18,784
I. APPROPRIATION				
I-1 Proposed Dividend	6	4,468		4,000
I-2 Tax on Dividend	6	759		680
I-3 Transferred to General Reserve	2	17,104		14,102
I-4 Balance Carried to Balance Sheet	2	1		2
		22,330		18,784
<i>Earnings per Share (Equity shares, Face value Rs.1000/- each) Basic and diluted (Rs.)</i>		11.16.43		366.04
J. SIGNIFICANT ACCOUNTING POLICES AND NOTES ON ACCOUNTS	15			
The Schedules referred to above form and integral part of the Profit and Loss Account.				
This is the Profit and Loss Account referred to in our separate report of even date				

(JIMESH JAIN)
PARTNER
For & on Behalf of
ASHOK KUMAR SHARMA & ASSOCIATES
Chartered Accountants



(A.P. SHARMA)
Company Secretary

(ASHOK KUMAR)
Director

(K. MURALIDHARAN)
Chief General Manager (F&A)

(ANTONY CHACKO)
Managing Director





PLACE : NEW DELHI
DATE : 09/07/2009

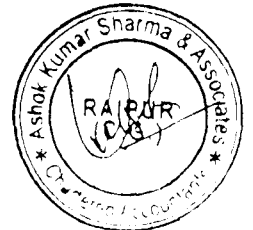
FERRO SCRAP NIGAM LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH,2009

SCHEDULE 1: SHARE CAPITAL

	AS AT 31 ST MARCH,2009	AS AT 31 ST MARCH,2008
	Rs. '000	Rs. '000
1.1 Authorised.		
20,000 Equity Shares of Rs 1000/- each	20,000	20,000
1.2 Issued.		
20,000 Equity Shares of Rs 1000/- each	20,000	20,000
1.3 Subscribed and paid up.		
20,000 Equity Shares of Rs 1000/- each fully paid up.	20,000	20,000
NOTES ON THE ABOVE		
i) Of the above, 5,999 (Previous year 5,999) Equity Shares of Rs. 1,000/- each were allotted as fully paid up for consideration other than cash.		
ii) Entire equity share capital is held by MSTC Limited, the Holding company.		



FERRO SCRAP NIGAM LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH,2009

SCHEDULE 2: RESERVES AND SURPLUS

	AS AT 31ST MARCH,2009		AS AT 31ST MARCH,2008	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
1.1 CAPITAL RESERVE				
Balance as per last account		3,736		3,736
1.2 GENERAL RESERVE				
Balance as per last account	12,92,821		12,78,719	
Add: Transferred from Profit & Loss Account	17,104	13,09,925	14,102	12,92,821
Surplus as per Profit & Loss Account		1		2
TOTAL		13,13,662		12,96,559

SCHEDULE 3: LOAN/FUNDS

	AS AT 31ST MARCH,2009		AS AT 31ST MARCH,2008	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
SECURED LOANS				
CASH CREDIT WITH :				
Indian Bank, Bhilai.	0		0	
Bank of India, Bhilai.	0		0	
Bank of Baroda, Bhilai	0	0	0	0
(Secured by hypothecation of company's stock of stores and spare parts and outstanding bills receivable of all the plants.)				
LOANS / OVERDRAFT AGAINST DEPOSIT WITH:				
UCO Bank, Bhilai (Secured by pledge of Term Deposits of Rs.91,200 thousand, Previous Year Rs.91,200 thousand)	37,840		57,749	
Indian Bank, Bhilai (Secured by pledge of Term Deposit of Rs.82,215 thousand, Previous year Rs.82,215 thousand)	40,487	78,327	42,202	99,951
TOTAL		78,327		99,951

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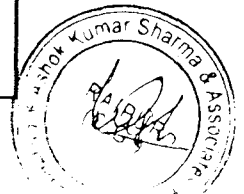


FERRO SCRAP NIGAM LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH,2009
AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2009

SCHEDULE - 4 : FIXED ASSETS

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1-Apr-08	Additions during the year	Adjustment/ sales/ deletion during the year	As at 31-Mar-09	Up to 1-Apr-08	For The Year	Adjustment/ sales/ deletion during the year	Up to 31-Mar-09	As at 31-Mar-09	As at 31-Mar-08
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
1 Leasehold Land	413	0	0	413	242	13	0	255	158	171
2 Building	31,279	5,405	0	36,684	9,186	987	0	10,173	26,511	22,093
3 Plant & Machinery										
3.1 Equipment	16,53,174	90,456	1,30,690	16,12,940	10,64,458	1,05,268	1,23,927	10,45,799	5,67,141	5,88,716
3.2 Installation	28,515	86	0	28,601	18,534	1,254	0	19,788	8,813	9,981
3.3 Shop Equipment	16,450	50	29	16,471	13,642	615	28	14,229	2,242	2,808
4. Office Equipment & Computers	19,417	1,473	1,492	19,398	14,229	1,279	1,417	14,091	5,307	5,188
5 Furniture & Fixtures	6,418	94	0	6,512	4,649	221	0	4,870	1,642	1,769
6. Vehicles	34,098	1,758	3,092	32,764	20,459	2,474	2,763	20,170	12,594	13,639
Total this year	17,89,764	99,322	1,35,303	17,53,783	11,45,399	1,12,111	1,28,135	11,29,375	6,24,408	6,44,365
Total previous year	16,57,725	1,32,039	0	17,89,764	10,19,637	1,25,762	0	11,45,399	6,44,365	6,38,088
Assets held for disposal										
Current year	3,862	6,726	12	10,576						
Previous year	3,862	0	0	3,862						
CAPITAL WORK IN PROGRESS										
Current year	39,139	14,544	33,134	20,549						
Previous year	58,928	35,485	55,274	39,139						
<p>The land on which the plant and building of the company are situated at Rourkela, Burnpur, Bhilai, Bokaro, Vizag, Durgapur, Dolvi, Duburi and Raigarh are neither freehold nor leasehold. The company has acquired right of free use from the land holders as a part of service agreement. The company has however, acquired leasehold land from SAIL - B.S.P., on perpetual lease of 33 years with effect from 29th December, 1988 on which the Registered Office building has been constructed which is being amortised proportionately over the lease period.</p>										



FERRO SCRAP NIGAM LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH,2009

SCHEDULE - 5 : CURRENT ASSETS, LOANS AND ADVANCES

	AS AT 31ST MARCH,2009			AS AT 31ST MARCH,2008		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
1 CURRENT ASSETS						
1.1 Inventories (as taken valued and certified by the management)						
(a) Stores and Spares Parts	1,13,049			1,06,961		
Less: Provisions	8,868	1,04,181		8,762	98,199	
(b) Loose Tools		493			396	
(c) Printing and Stationary Items		683			597	
(d) Stores and Spare Parts in Transit		345			379	
		1,05,702			99,571	
1.2 Items Scrapped / Considered Redundant and awaiting disposal						
(a) Stores and Spare Parts		388	1,06,090	388		99,959
1.3 Sundry Debtors (Unsecured)						
(a) Debts outstanding for a period exceeding six months						
Considered Good		68,464		1,14,472		
Considered Doubtful		0		0		
		68,464		1,14,472		
Less: Provision for Doubtful Debts		0		0		
		68,464		1,14,472		
(b) Other Debts Considered Good		2,96,295	3,64,759	2,39,485		3,53,957
1.4 Security Deposit with Steel Plants			8,958			10,979
1.5 Cash and Bank Balance						
(a) Cash in Hand		415		422		
(b) With Scheduled Banks						
In Cash Credit / Overdraft Accounts		211		10,985		
In Current Accounts		12,808		13,345		
In Term Deposit Accounts		6,46,035		6,86,140		
Interest accrued on Term Deposits (including margin money of Rs. 100 Thousand)		97,850		62,355		
(c) Remittances in Transit		1,372	7,58,691	0		7,73,247
2 LOANS AND ADVANCES						
(Unsecured and considered good unless stated otherwise)						
2.1 Loan to employees for purchase of vehicles including interest accrued (Secured by hypothecation of the respective vehicles)			35		96	
2.2 Advances and other amounts recoverable in cash or in kind or for value to be received						
a) Employees	9,155			9,045		
b) Others						
Considered good	51,150			43,546		
Considered doubtful	881			881		
	52,031			44,427		
Less: Provision for doubtful advances	881			881		
	51,150	60,305		43,546	52,591	
2.3 Service Tax set off		20,962			3,611	
2.4 Deposits with Government Departments and other Public Bodies		3,861			3,870	
2.5 Advance Income Tax payments and Income Tax deducted at source	82,548			76,417		
Less - Provision for Income Tax	26,781	55,767		14,973	61,444	
2.6 Advance Fringe Benefit Tax paid	3,286			3,385		
Less - Provision for Fringe Benefit Tax	2,282	1,004	1,41,934	2,022	1,363	
			13,80,432			

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FERRO SCRAP NIGAM LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE 6: CURRENT LIABILITIES AND PROVISIONS

	AS AT 31ST MARCH, 2009			AS AT 31ST MARCH, 2008		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
A. CURRENT LIABILITIES						
A-1 Sundry Creditors for goods and services						
i) Small Scale Industries Undertakings	1,012			1,418		
ii) Others	<u>2,71,242</u>	<u>2,72,254</u>		<u>2,68,024</u>	<u>2,69,442</u>	
A-2 Deposit from Ex-employees against EFB Scheme		16,880			11,479	
A-3 Statutory Liabilities		29,124			1,19,060	
A-4 Salary & Wages		15,076			13,674	
A-5 Other Liabilities		<u>12,827</u>	<u>3,46,161</u>		<u>12,285</u>	<u>4,25,940</u>
B. PROVISIONS						
B-1 For Proposed Dividend		4,466			4,000	
B-2 For Leave Encashment		73,168			61,539	
B-3 For Retirement Benefits		3,513			3,131	
B-4 For Post Retirement Medical Benefit		33,398			29,826	
B-5 For Long Service Award		502			460	
B-6 For Employees' Family Benefit Scheme		27,556			20,878	
B-7 For Dividend Tax on Proposed Dividend		759			680	
B-8 For Wealth Tax		13			11	
B-9 Others		<u>1,05,829</u>	<u>2,21,207</u>		<u>48,614</u>	<u>1,89,139</u>
TOTAL			<u>5,96,365</u>			<u>5,95,079</u>

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FERRO SCRAP NIGAM LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2009

SCHEDULE - 7 : DEFERRED TAX LIABILITIES

	AS AT 31ST MARCH, 2009		AS AT 31ST MARCH, 2008	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
1. DEFERRED TAX LIABILITIES	39,397		43,293	
2. DEFERRED TAX ASSETS	10,786		6,399	
		28,611		36,894
DEFERRED TAX LIABILITIES (NET)		28,611		36,894

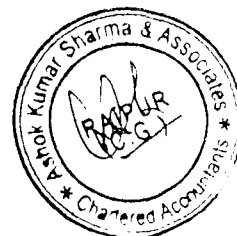
SCHEDULE - 8 : SERVICE CHARGES

	FOR THE YEAR ENDED 31 ST MARCH, 2009		FOR THE YEAR ENDED 31 ST MARCH, 2008	
		Rs. '000		Rs. '000
1. Service Charges for Scrap Recovery		11,39,382		10,42,826
2. Other Services		1,50,459		1,62,254
TOTAL		12,89,841		12,05,080

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FERRO SCRAP NIGAM LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

SCHEDULE - 9 : OTHER INCOME

	FOR THE YEAR ENDED 31ST MARCH, 2009	FOR THE YEAR ENDED 31ST MARCH, 2008
	Rs.'000	Rs.'000
1. Interest on Term Deposits-Gross (T.D.S Rs. 1,67,12,153/- Previous Year Rs 1,05,01,880/-)	75,478	72,289
2. Interest accrued on loan to employees	27	10
3. Liquidated damages and other recoveries	547	1,239
4. Miscellaneous Income	1,182	638
5. Receipt from materials issued to employees	2	67
6. Interest on Income Tax Refund	2,898	0
7. Provision no longer required written back	852	2,909
8. Gain on disposal of fixed assets	2,206	0
TOTAL	83,192	77,152

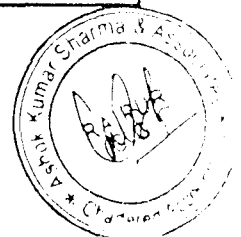
SCHEDULE - 10: CONSUMPTION OF STORES AND SPARE PARTS

	FOR THE YEAR ENDED 31ST MARCH, 2009	FOR THE YEAR ENDED 31ST MARCH, 2008
	Rs.'000	Rs.'000
1. Lancing Tubes	3,684	3,144
2. Oxygen And Acetylene	31,749	30,547
3. Lubricants	29,692	29,274
4. Diesel And Gasolene	1,23,985	1,27,555
5. Stores And Spare Parts	99,441	99,557
TOTAL	2,88,551	2,90,077

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FERRO SCRAP NIGAM LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

SCHEDULE - 11: EMPLOYEES REMUNERATION AND BENEFITS

	FOR THE YEAR ENDED 31 ST MARCH, 2009		FOR THE YEAR ENDED 31 ST MARCH, 2008	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
1. SALARIES, WAGES & ALLOWANCES		3,27,962		2,91,561
2. CONTRIBUTION TO PROVIDENT AND PENSION FUND		28,661		25,675
3. CONTRIBUTION TO GRATUITY FUND		9,227		10,370
4. STAFF WELFARE				
4.1 Reimbursement of Medical Expenses	19,305		15,158	
4.2 Employees Leave Travel Expenses	5,950		5,942	
4.3 Other Welfare	28,667	53,922	33,644	54,744
TOTAL		4,19,772		3,82,350

SCHEDULE - 12: REPAIRS AND MAINTENANCE

	FOR THE YEAR ENDED 31 ST MARCH, 2009		FOR THE YEAR ENDED 31 ST MARCH, 2008	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
1. Plant and Machinery		26,412		27,785
2. Building		2,259		1,891
3. Office Equipment		753		762
4. Vehicles		701		481
5. Furniture and Fixtures		50		26
TOTAL		30,175		30,945



FERRO SCRAP NIGAM LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

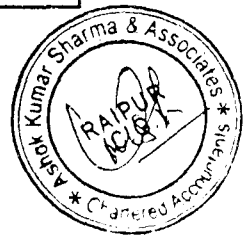
SCHEDULE-14 : PRIOR PERIOD ADJUSTMENTS

	FOR THE YEAR ENDED 31 ST MARCH, 2009		FOR THE YEAR ENDED 31 ST MARCH, 2008	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
A. INCOME				
A-1 Service Charges (Net)	50	50	1,408	1,408
B. EXPENSES				
B-1 Interest Income	0		246	
B-2 Electricity & Water Charges	0		14	
B-3 Security Services	112		0	
B-4 Medical Expenses	351	463	0	260
Prior Period Adjustments (Net) Income/(Expenses)		(413)		1,148

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FERRO SCRAP NIGAM LIMITED

**SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009
AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.**

SCHEDULE – 15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS.

A. SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF ACCOUNTING

The financial statements are prepared under historical cost convention on accrual basis of accounting in accordance with generally accepted accounting principles, accounting standards issued by the Institute of Chartered Accountants of India, as applicable, and the relevant provisions of the Companies Act, 1956.

2. FIXED ASSETS:

Fixed Assets are stated at cost net of modvat / Cenvat less accumulated depreciation and impairments, if any. Cost includes the expenditure on major repairs / overhauling considered to have enhanced their productivity.

Capital Work-in-Progress is valued at cost and includes equipment in transit and advances paid to acquire fixed assets, and the cost of fixed assets that are not yet ready for their intended use at the reporting date.

The Scraped/redundant fixed assets are valued at five percent of their original cost.

3. DEPRECIATION:

Depreciation on fixed assets has been provided on straight-line method at the rates and in the manner prescribed in schedule XIV to the Companies Act, 1956 except on expenditure capitalised in respect of major repairs / overhauling of plant and machinery which is at the rate worked out taking into consideration the residual life of the respective assets.

4. INVENTORIES:

Inventories other than non-moving inventories are valued at cost or market value whichever is less. Cost includes price, excise duty, customs duty, sales tax/VAT and freight. The inventory items, which have not moved for more than three years, are considered as non-moving inventories.

Non-moving inventories are valued at cost reduced by ten percent of cost every year from the year 2001-2002.

The scrapped / redundant stores items are valued at original cost or realisable value (at the time of considering the said item as scrapped / redundant) whichever is lower.

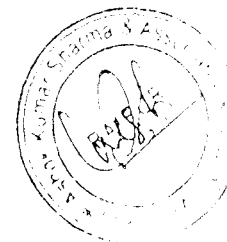
5. BORROWING COSTS:

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset till put into its intended use is capitalized as part of the cost of that asset.

6. EMPLOYEE BENEFITS:

a) Provident Fund:

Provident Fund is administered by a Trust recognised by Income Tax Authorities and contribution to this Fund is charged to revenue. Pensionary Benefits are secured through Employees' Pension Scheme 1995.



b) Service Gratuity:

Liability on account of service gratuity is covered under Group Gratuity life Assurance Scheme of Life Insurance Corporation of India and is administered through a separate irrevocable Trust created by the Company for this purpose. Contribution to the scheme are charged to revenue.

c) Family Benefit Scheme:

The provision towards future payments to the disabled employee/legal heirs of deceased employees under the Employees' Family Benefit Scheme is made based on the actuarial valuation as at the end of the year and charged to the profit and loss account along with actuarial gains/loss.

d) Other benefits:

The provision towards accrued leave, long term service award, post retirement medical and settlement benefits, are made based on the actuarial valuation as at the end of the year and charged to the profit and loss account alongwith actuarial gains/losses.

7. DEFERRED REVENUE EXPENDITURE:

Expenditure on voluntary retirement scheme (VRS) is treated as Deferred Revenue Expenditure. Such expenditure incurred upto 31st March 2006 is written off in five years and the expenditure incurred thereafter is written off in equal yearly instalments upto 31st March 2010.

8. PRIOR PERIOD ADJUSTMENTS

Income / expenditure relating to prior period not exceeding rupees ten thousand in each case is treated as income / expenditure of the current year.

9. SERVICE CHARGES:

Service charges represent the income earned for processing of scrap and miscellaneous jobs done by the Company at the rates agreed with / offered to the respective Steel Plants.

Sundry Debtors are shown based on rates of service charges agreed with / offered to / expected to realise from the respective Steel Plants.

10. FOREIGN CURRENCY TRANSACTION:

The amount required for import of spare parts and capital items are paid in Indian currency converted at the exchange rate on the date of negotiation of documents through Letter of Credit for import of goods.

11. CAPITAL RESERVE:

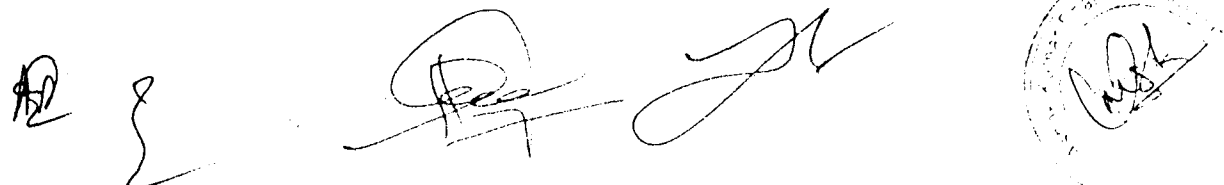
Excess of sales proceeds of scrapped / redundant capital assets over the original cost thereof is treated as Capital Reserve.

12. EQUIPMENT INSURANCE:

Keeping in view the nature of equipment and heavy cost of insurance not likely to result in any insurance benefit, the plant and machinery owned by the Company is not insured against any kind of risk / loss as a matter of management policy, except excavators working near hot pit area.

13. INCOME TAX:

- (a) Provision for current income tax liability is made on estimated Taxable Income under Income Tax Act, 1961 after considering permissible tax exemptions, deductions and disallowances. This liability is calculated at the applicable tax rate or minimum alternate tax rate u/s 115JB of The Income Tax Act, 1961 as the case may be.

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- (b) Provision for current fringe benefit tax liability is made in respect of fringe benefits provided/deemed to be provided by the company to the employees during the year. This liability is calculated at the applicable fringe benefit tax rate.

14. DEFERRED TAX:

Provision is also made for deferred tax liability arising due to timing differences between profits computed for income tax and the book profits as per the financial statement, for creation of a deferred tax asset or a liability. This liability is recognized only if there is a reasonable certainty that the deferred tax assets / liability will be created and are reviewed at each balance sheet date. This liability is calculated at the applicable tax rate or minimum alternate tax rate u/s 115JB of the Income Tax Act, 1961 as the case may be. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that the assets can be realized in future.

15. SEGMENT REPORTING:

To identify segments based on the dominant source and nature of risks and returns and the internal organization and management structure.

To account for inter-segment revenue on the basis of mutually agreed price.

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The expenses, which are not directly relatable to the business segment, are shown as unallocated corporate cost. Assets and liabilities that cannot be allocated between the segments are shown as unallocated corporate assets and liabilities respectively.

16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Contingent liabilities are disclosed by way of notes, contingent assets are not recognized or disclosed in the financial statements. A provision is recognized if the company has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation(s), in respect of which reliable estimate can be made for the amount of obligation.

B. NOTES ON ACCOUNTS

1. Contingent Liability

(Amount in Rs. '000)

		<u>2008-09</u>	<u>2007-08</u>
1.1	Contingent Liabilities not provided for in respect of claims not acknowledged as debts: -		
(a)	For compensation to ex-employees and others under adjudication estimated at	7,114	4,351
(b)	For octroi on heavy earthmoving equipment like Dumpers, Dozers etc. by Notified Area Council, Rourkela (Steel Township)	1,113	1,113
(c)	For Vizag building claim of M/s Pantalu Construction as per Court Order	1,497	1,790
(d)	For arrear escalation for supply of liquid oxygen by M/s Indian Oxygen Limited	28,543	25,017
(e)	For Service Tax:		
(i)	Service tax on "Cargo Handling Services" at Duburi unit as demanded by Suptd. of Central Excise, Jajpur.(net of payment made).	2,242	2,890



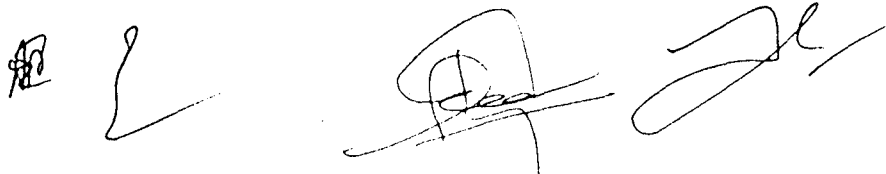
(ii)	Service Tax on "Business Auxiliary Services" at Bhilai, Durgapur, Vizag, Dolvi & Duburi unit as ordered by Commissioner of Central Excise and Customs Raipur against which the company preferred an appeal.	56,760	53,599
(iii)	Service Tax on "Business Auxiliary Services" at Bokaro unit as ordered by Commissioner Central Excise and Customs, Ranchi.	76,779	NIL
(iv)	Service tax on "Business Auxiliary Services" at Burnpur unit as ordered by Additional Commissioner, Central Excise & Customs, Bolpur and Assistant Commissioner, Central Excise and Custom, Asansol	9,959	6,775
(v)	Service tax on "Cargo Handling Services" at Bhilai unit as ordered by Commissioner of Central Excise and Customs, Raipur.	76,877	51,738
(f)	For Sales Tax and Entry Tax at Rourkela unit as demanded by Orissa Sales Tax Department	4,356	4,356
(g)	Penalty for delayed payment of Road Tax at Rourkela unit.	216	216
1.2	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	38,970	25,828
1.3	Outstanding Bank Guarantee	29,308	1,000
1.4	Outstanding Letters of Credit	<u>11,900</u> 3,45,634	<u>NIL</u> 1,78,673

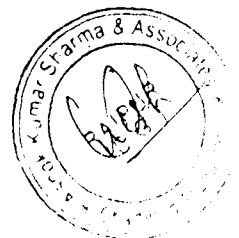
2. Quantitative information with regard to scrap recovered / shipped during the year for which service charges have been realised in accordance with relative scrap recovery contracts with steel plants under which raw materials i.e. Iron, Steel and Slag is made available by the customers excluding rejection, if any.

	<u>2008-09</u>	<u>2007-08</u>
2.1 Raw material consumed	NOT APPLICABLE	NOT APPLICABLE
2.2 Opening and Closing Stocks of goods produced	NIL	NIL
2.3 Licensed Capacity	NOT APPLICABLE	NOT APPLICABLE
2.4 Installed Capacity	NOT APPLICABLE	NOT APPLICABLE
2.5 Actual Production	22,63,216 MT	23,77,154 MT

Slag recovered / shipped, for which bills have not been raised in the absence of work order amounts to 64,493.45 MT, for processing of L.D.Slag and 11,297.19 MT for transportation of lime dust at Bokaro unit and 23,837.847 MT for worked through slag at Raigarh. (previous year : 1,62,408.60 MT for processing of LD Slag at Bokaro and 4,395.23 MT for worked through slag at Dolvi). However, provisional income has been taken into account amounting to Rs.9,419 thousands (Previous year Rs.11,815 thousands).

Scrap/Slag recovered/shipped has been accounted for on the basis of negotiated rate pending finalization of agreement and provisional income amounting to Rs.79,889 thousand (Previous year Rs. 6,340 thousand) has been taken to consideration as per details given below:-





- (a) For increase in the Service charges rates for the MOU items of long term agreement, finalized at SAIL, Corporate office for the period from 01.10.2008 to 31.03.2009 for Bhilai, Bokaro,Rourkela,Durgapur and IISCO Burnpur, amounting to Rs.35,309 thousand.
- (b) For increase in the Service Charges rate for all the items of long term agreement finalized by RINL,Vizag for the period from 01.07.2008 to 31.03.2009 amounting to Rs.22,083 thousand.
- (c) For increase in the service charges rate agreed by M/s NINL, Duburi for all the items of Scrap & Slag handling work and coke handling work w.e.f. 13.05.2007 and 01.09.2007 respectively amounting to Rs.22,498 thousand (Previous year Rs. 6,340 thousand).

3. Consumption of Imported and indigenous Raw Material, Stores and Spare parts:

(Amount in Rs.'000)

		Raw materials		Stores and Spare Parts		% age	
		2008-2009	2007-2008	2008-2009	2007-2008	2008-2009 %	2007-2008 %
3.1	Imported	NIL	N I L	2129	4791	2.14	4.81
3.2	Indigenous	NIL	N I L	97,314	94,765	97.86	95.19
		NIL	N I L	99,443	99,556	100.00	100.00

(Amount in Rs.'000)

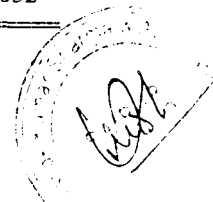
	2008-09	2007-08
4. CIF value of imports made during the year		
4.1 Stores and Spare Parts	2,425	2,937
4.2 Capital goods	NIL	NIL
	<u>2,425</u>	<u>2,937</u>
5. Expenditure in foreign currency charged to revenue during the year for travelling expenses	NIL	NIL
6. Amount remitted in foreign currency during the year		
6.1 On account of Dividend	NIL	NIL
(a) No. of Non-Resident Share holders	NIL	NIL
(b) No. of shares held	NIL	NIL
(c) Year to which dividend relates	N. A.	N. A.
7. Managing Director(s) remuneration including retired Managing Director (Included in Schedule 11)		
7.1 Salaries	533	582
7.2 Contribution to Provident Fund	67	64
7.3 Reimbursement of Medical Expenses	252	6
7.4 Leave Encashment	9	0
	<u>861</u>	<u>652</u>











Since the facility of private use of official car for the limited mileage provided by the Company to the Managing Director is against payment of charges fixed by the Government, such facility has not been considered to be a perquisite.

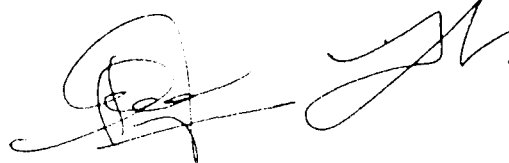
8. The Item wise details of Deferred Tax Liability (Net) are as under:

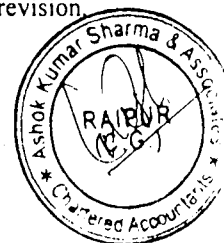
	(Amount in Rs. '000)	
	<u>As on 31/03/2009</u>	<u>As on 31/03/2008</u>
Deferred Tax Liability		
(i) Difference of Net Book Value of Assets and WDV of Assets as per Income Tax Act	39,397	43,293
Less: Deferred Tax Assets		
(i) Provision for Doubtful Advances	299	299
(ii) Provision for Leave Encashment	10,053	6,100
(iii) Provision for Shortage of Stores	<u>434</u>	<u>NIL</u>
Deferred Tax Liability (Net)	<u><u>28,611</u></u>	<u><u>36,894</u></u>

9. a) The Commissioner, Central Excise of Bolpur has issued show cause notice for Rs.65,517 thousand towards service tax on "Business Auxiliary Services" and "Cargo Handling Services" for the jobs of recovery and processing of scrap at Durgapur unit for the period April '03 to March '08. The reply of above show cause notice has been submitted in consultation with legal expert and the case is yet to be heard.
- b) The Joint Commissioner, Central Excise and Customs, Bhubaneswar-I has issued show cause notices for Rs.4,585 thousands towards Service Tax under "Cargo Handling Services" for the jobs of recovery and processing of Scrap and slag at Duburi unit for the period from April 2007 to March 2008. The reply of the above show cause notice has already been filed and pending for hearing.
- c) The Commissioner, Central Excise and Customs, Bhubaneswar-I has issued show cause notice for Rs.12,093 thousands towards service tax under "Cargo Handling Services" for the jobs of recovery and processing of Scrap and Slag at Duburi unit for the period from May 2004 to March 2007. The reply to the show cause notice is prepared in consultation with the legal expert.
- d) The Commissioner, Central Excise & Customs, Bolpur has issued show cause notice for Rs.4,290 thousands towards service tax under "Cargo Handling Service" and "Business Auxiliary Service" for the work of recovery and processing of Scrap at Alloy Steel plant, Durgapur after the Balance Sheet date for the period from October '03 to November '08. The reply to the show cause notice is being prepared in consultation with legal consultant.
10. The company reviews the carrying amount of its fixed assets treating the entire company as a Cash Generating Unit (CGU). Hence, the company (being a CGU) has compared the carrying amount of its fixed assets with present value of future cash flows and it does not show any impairment.
11. No provision has been made for LTC/LLTC in respect of employees who have not availed the facility upto 31.03.2009 (as it is not possible to ascertain the amount payable due to the uncertainty regarding availment of LTC/LLTC).
12. There is no reported Micro, Small and Medium Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006, to whom the company owes dues.
13. The amount due to Small Scale Industrial Undertakings (as disclosed in schedule 6) is to the extent such undertakings have been identified. The company has normally made payment to SSI units in due time and there are no claim from the parties for interest or overdue payment.
14. The agreement for wage revision expired on 31st December 2006. Pending finalization of fresh agreement w.e.f. 1st January 2007, provision of Rs.36,877 thousands for the year towards salaries and wages revision has been made on estimated basis.









15. Rs.23,031 thousand has been deducted unilaterally by M/s Nilachal Ispat Nigam Limited, Duburi and from the various service charges bills towards hiring of equipments and other heads by them. No Provision has been considered necessary as the deductions are arbitrary and not as per the terms of agreement entered into with them and in the opinion of the management the same is recoverable.
16. During Physical verification of Inventories of stores, Shortages were found in respect of Bokaro, Burnpur, Dolvi, Rourkela and Vizag units. Pending investigation, provision has been made for the net shortage of Rs. 1,278 thousands.
17. A fire occurred in the store at Durgapur unit on 09/04/2009. Certain store items were destroyed due to that fire. The total loss on the basis of internal assessment is Rs. 3,197 Thousands which is covered by Fire Insurance Policy.
18. The Company has identified six reportable business segments viz. Scrap Recovery and Allied Jobs, Wind Turbine Generation Unit, Mining Operation and Processing of Minerals, OTR-Manufacturing, Marketing and Central Workshop. During the year the company was engaged only in the business of Scrap Recovery and Allied Jobs for various Steel Plants in India which as per Accounting Standard AS17 is considered the only reportable business segment. The geographical segmentation is not relevant, as the company has no business operation outside India.

19. Related Party Disclosure

List of Related Parties:

- | | | | |
|------|-----------------------|---|---|
| i) | Shri Malay Sengupta | - | Chairman |
| | Relationship | - | Key Managerial Personnel |
| | Nature of Transaction | - | NIL |
| ii) | Shri Antony Chacko | - | Managing Director (From 29 th July'2008) |
| | Relationship | - | Key Managerial Personnel |
| | Nature of Transaction | - | (Refer Para 7 of Notes on Accounts) |
| iii) | Shri D.D. Singh | - | Retired Managing Director (Upto 30 th June 2008) |
| | Relationship | - | Key Managerial Personnel |
| | Nature of Transaction | - | (Refer Para 7 of Notes on Accounts) |
| iv) | MSTC Ltd. | - | Holding Company |
| | Relationship | - | Service Charges for Auction: Rs.349 thousand |
| | Nature of Transaction | - | (Previous year- Rs. NIL) |

20. Employee Benefits:

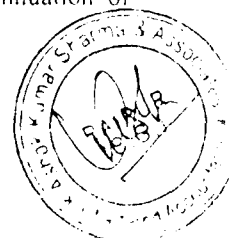
20.1 Brief Description of Defined Benefit Scheme:

- (a) Leave Encashment - Payable on separation to eligible employees who have accumulated earned leave and half pay leave. Encashment of accumulated earned Leave is also allowed upto 30 days once in a calendar year.
- (b) Post Retirement Medical benefit - Available to retired employees at any hospital under the Mediclaim Insurance Policy
- (c) Post retirement settlement benefit – Payable to retiring employees for settlement at their declared home town.
- (d) Long Term Service Award - Payable in kind for rendering minimum 25 years of service and also on Superannuation
- (e) Employees Family Benefit Scheme – Monthly payment to disabled separated employees/legal heirs of deceased employees in lieu of prescribed deposit till the date of superannuation of deceased employees.









- (f) Provident Fund : 12% of Basic pay and Dearness allowance contributed to the Provident Fund Trust by the company
- (g) Gratuity: Payable on separation at the rate of 15 days pay for each completed year of service to eligible employees who render continuous service for a minimum period of 5 years and upto 30 years. The Gratuity is calculated at the rate of one months wages last drawn by the employee for every completed year of service in excess of 30 years. The maximum amount of Gratuity payable to employee is Rs.350 thousands.

20.2 Disclosures as required under Accounting Standard (AS) 15 (revised 2005) on "Employee Benefits" in respect of Defined benefit obligations are:

a) Reconciliation of present value of projected benefit obligations:-

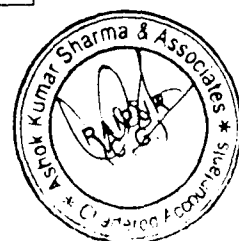
(Rupees in '000)

Sl No.	Particulars	Leave Encashment	Post-retirement Medical Benefit	Post-retirement Settlement Benefit	Long Term Service Award	Employees' Family Benefit Scheme	Total
i.	Present value of projected benefit obligation as at 1st April 2008	61,529	29,826	3,131	460	20,878	1,15,834
ii.	Service cost	8,095	963	175	26	00	9,259
iii.	Interest cost	4,651	2,425	246	37	1,576	8,935
iv	Actuarial (Gain)/ Losses	9,173	1,047	251	9	8,664	19,144
v	Post Service cost	0.00	0.00	0.00	0.00	0.00	0.00
vi	Benefit paid	(10,318)	(863)	(290)	(30)	(3,562)	(15,063)
vii	Present value of projected benefit obligation as on 31st March 2009. (i)+(ii)+(iii)+(iv)- (v)-(vi)	73,140	33,398	3,513	502	27,556	1,38,109

b) Expenses recognized in the statement of Profit and Loss Account for the year ended 31st March 2009
(Rupees in '000)

Sl. No	Particulars	Leave Encashment	Post-retirement Medical Benefit	Post-retirement Settlement Benefit	Long Term Service Award	Employees' Family Benefit Scheme
i	Service cost	8,095	963	175	26	0.00
ii	Interest cost	4,651	2,425	246	37	1,576
iii	Actuarial (Gain)/ Loss	9,173	1,047	251	9	8,664
iv	Post service cost	0.00	0.00	0.00	0.00	0.00
V	Expected return on plan asset	0.00	0.00	0.00	0.00	0.00
Vi	Amount charged to Employees Remuneration and Benefits (Schedule -11)	21,921	3,572	382	42	10,342

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- c) There is no change in the assumed medical inflation rate as confirmed by actuary since the post retirement medical benefit scheme is covered by Mediclaim Policy.
- d) Assumption considered by Actuary


Sl. No.	Description	As as 31 st March 2009
i	Discount Rate	7.70%
ii	Rate of Escalation in Salaries & Wages	5.00%
iii	Mortality and withdrawal	Indian Assured Lives Mortality (1994-96) ultimate
iv	The estimate of future salary increase is considered in actuarial valuation taking account of inflation, seniority promotion and other relevant factors	

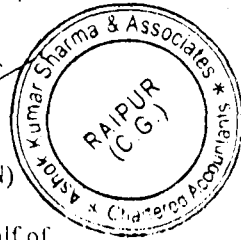
21. Earning per share has been computed as under :


	<u>2008-09</u>	<u>2007-08</u>
(a) Profit after Tax (Rs. '000)	22,327	7,322
(b) No. of Shares	20,000	20,000
(c) Earnings per Share on profit after tax (face value Rs. 1000/- per share) – Basic/Diluted	1,116.43	366.04

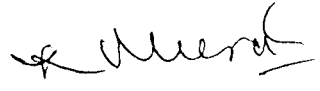
22. Balances shown under creditors, debtors, claims under recoverable and advances include balances subject to confirmation / reconciliation and consequential adjustment if any.
23. a) The provision for income tax has been made as per accounting policy no. 13(a). Difference between the provision and actual payment will be adjusted in the year of payment / assessment.
- b) The provision for fringe benefit tax has been made as per accounting policy no. 13(b). Difference between the provision and actual payment will be adjusted in the year of payment/assessment.
24. The Company has not made provision for Cess payable under section 441A of the Companies Act, 1956 as the notification as regards the date of applicability and the exact rate to be applied has not yet come to notice.
25. Previous year figures have been re-grouped and re-stated wherever necessary to make them comparable with those of current year.
26. The figures have been rounded off to rupees in thousand .

As per our report of even date.


(UMESH JAIN)
 Partner
 For and on behalf of
 Ashok Kumar Sharma & Associates
 Chartered Accountants





(A. P. SHARMA)
 Company Secretary


(K. MURALIDHARAN)
 Chief General Manager (F&A)

PLACE: NEW DELHI
 DATE : 09/07/2009


(ASHOK KUMAR)
 Director


(ANTONY CHACKO)
 Managing Director

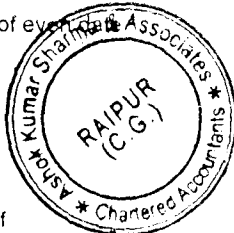
FERRO SCRAP NIGAM LIMITED

Cash Flow Statement

Cash Flow Statement for the year		2008-2009	2007-2008
		Rs. '000	Rs. '000
A. Cash flow from Operating Activities			
Net profit before taxation and extraordinary items		43,121	20,089
Adjustment for :			
Depreciation		(12,114)	1,25,762
Interest on Income tax refund		(2,898)	0
Income from sale of Fixed Assets		(2,206)	
Interest income		(75,505)	(72,299)
Operating profit before working capital changes		74,623	73,552
Adjustment for :			
Decrease in secured loans		(21,624)	(19,445)
Increase in sundry debtors		(10,802)	(155,541)
Increase in Security Deposit with Steel Plant		2,021	(2,445)
Decrease in inventories		(12,846)	3,381
Decrease in loans and advances		(24,995)	(18,402)
Increase in sundry creditors		2,812	32,115
Increase in other current liabilities		(82,591)	1,12,675
Increase in provisions		79,984	59,056
Decrease in Misc. expenses not written off		0	6,803
Cash generated from operations		6,583	91,749
Income Tax/Dividend Tax/Fringe Benefit Tax and Interest on Income Tax Refund		(20,820)	(50,622)
Net Cash from Operating Activities		(14,237)	41,127
B. Cash flow from Investing Activities			
Purchase of fixed assets		(99,322)	(132,039)
Fixed Assets Adjusted/Sold/Discarded		1,35,303	0
Adj. of depreciation on a/c of sale/adjustment/deletion		(128,135)	0
Income from sale of Fixed Assets		2,206	0
Interest income		75,505	72,299
Decrease in Capital Work In Progress		18,590	19,789
Net Cash from Investing Activities		4,147	(39,951)
C. Cash flow from Financing Activities			
Dividend payable		(4,466)	(4,000)
Net Cash from Financing Activities		(4,466)	(4,000)
Net increase in Cash and Cash Equivalents (A+B+C)		(14,556)	(2,824)
Cash & Cash Equivalents (Opening)		7,73,247	7,76,071
Cash & Cash Equivalents (Closing)		7,58,691	7,73,247

As per our report of even date

(UMESH JAIN)
PARTNER
For and on behalf of
ASHOK KUMAR SHARMA & ASSOCIATES
Chartered Accountants



(A.P. SHARMA)
Company Secretary

(ASHOK KUMAR)
Director

(K. MURALIDHARAN)
Chief General Manager (F&A)

(ANTONY CHACKO)
Managing Director

PLACE : NEW DELHI
DATE : 09/07/2009

FERRO SCRAP NIGAM LIMITED
Balance Sheet Abstract and Company's General Business Profile

I. Registration Details :

Registration No.

1	0	0	5	4	6	8
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 State Code

1	0
---	---

Balance Sheet Date

3	1	0	3	2	0	0	9
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II. Capital raised during the year (Amount in Rs. Thousand)

Public Issue	Right Issue						
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
N	I	L					
N	I	L					
Bonus Issue	Private Placement						
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L
N	I	L					
N	I	L					

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	Total Assets														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>4</td><td>4</td><td>0</td><td>6</td><td>0</td><td>0</td></tr></table>	1	4	4	0	6	0	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>4</td><td>4</td><td>0</td><td>6</td><td>0</td><td>0</td></tr></table>	1	4	4	0	6	0	0
1	4	4	0	6	0	0									
1	4	4	0	6	0	0									

SOURCES OF FUNDS

Paid Up Capital	Reserves and Surplus												
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>	2	0	0	0	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>3</td><td>1</td><td>3</td><td>6</td><td>6</td><td>2</td></tr></table>	1	3	1	3	6	6	2
2	0	0	0	0									
1	3	1	3	6	6	2							
Secured Loans	Unsecured Loans												
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>7</td><td>8</td><td>3</td><td>2</td><td>7</td></tr></table>	7	8	3	2	7	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L				
7	8	3	2	7									
N	I	L											

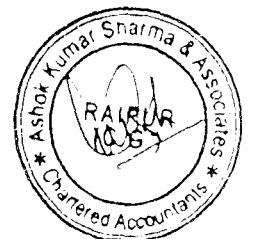
APPLICATION OF FUNDS

Net Fixed Assets	Investment										
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>6</td><td>5</td><td>5</td><td>5</td><td>3</td><td>3</td></tr></table>	6	5	5	5	3	3	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	
6	5	5	5	3	3						
N	I	L									
Net Current Assets	Misc. Expenditure										
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>7</td><td>8</td><td>5</td><td>0</td><td>6</td><td>7</td></tr></table>	7	8	5	0	6	7	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>	0	0	0	0
7	8	5	0	6	7						
0	0	0	0								
Accumulated Losses	Deferred Tax Liability (Net)										
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>(-)</td><td>2</td><td>8</td><td>6</td><td>1</td><td>1</td></tr></table>	(-)	2	8	6	1	1	
N	I	L									
(-)	2	8	6	1	1						

IV Performance of Company (Amount in Rs. Thousand)


Turnover	Total Expenditure														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>3</td><td>7</td><td>3</td><td>0</td><td>3</td><td>3</td></tr></table>	1	3	7	3	0	3	3	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>3</td><td>2</td><td>9</td><td>4</td><td>9</td><td>9</td></tr></table>	1	3	2	9	4	9	9
1	3	7	3	0	3	3									
1	3	2	9	4	9	9									
Profit / Loss Before Tax	Profit / Loss After Tax														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>4</td><td>3</td><td>1</td><td>2</td><td>1</td></tr></table>	4	3	1	2	1	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>2</td><td>3</td><td>2</td><td>8</td></tr></table>	2	2	3	2	8				
4	3	1	2	1											
2	2	3	2	8											
Earning Per Share (Rs.)	Dividend Rate (%)														
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>1</td><td>1</td><td>6</td></tr></table>	1	1	1	6	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>2</td></tr></table>	2	2								
1	1	1	6												
2	2														

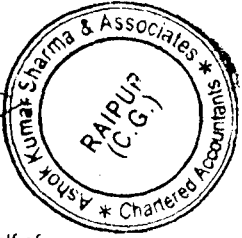
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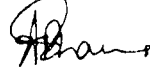


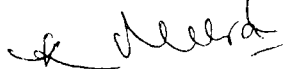
V. Generic names of three principal Products / Services of Company (as per monetary terms)

Item Code No. (ITC Code)	N I L
Product Description	N I L
	N I L
Item Code No. (ITC Code)	N I L
Product Description	N I L
	N I L
Item Code No. (ITC Code)	N I L
Product Description	N I L
	N I L



(UMESH JAIN)
PARTNER
 For and on behalf of
ASHOK KUMAR SHARMA & ASSOCIATES
 Chartered Accountants




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PLACE : NEW DELHI

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