





श्री बी.बी.सिंह - अध्यक्ष  
(24.01.2017 से)

**Shri B.B. Singh** - Chairman  
(w.e.f. 24.01.2017)



श्री राजीब भट्टाचार्य  
प्रबंध निदेशक

**Shri Rajib Bhattacharya**  
Managing Director



श्री असीम कुमार बासु  
(17.10.2015 से 30.11.2018 तक)

**Shri Asim Kumar Basu**  
(w.e.f. 17.10.2015 to 30.11.2018)



श्री अरुण कुमार कैलू  
(18.05.2015 से 05.02.2019 तक)

**Shri Arun Kumar Kailoo**  
(from 18.05.2015 to 05.02.2019)



श्री औरोबिन्दो बेहेरा  
(27.11.2015 से)

**Shri Aurobindo Behera**  
(w.e.f. 27.11.2015)



श्रीमती भानु कुमार  
(01.12.2018 से)

**Smt. Bhanu Kumar**  
(w.e.f. 01.12.2018)



श्रीमती लक्ष्मी वर्मा  
(14.12.2018 से)

**Smt. Laxmi Verma**  
(w.e.f. 14.12.2018)



श्री आशीष शर्मा  
(05.02.2019 से)

**Shri Ashish sharma**  
(w.e.f. 05.02.2019)



श्रीमती अपर्णा चतुर्वेदी  
(11.03.2019 से)

**Smt. aparna Chaturvedi**  
(w.e.f. 11.03.2019)

पंजीकृत कार्यालय : एफ.एस.एन.एल भवन, इक्विपमेन्ट चौक, सेन्ट्रल एवेन्यू, पोस्ट बॉक्स नं. 37, भिलाई (छ.ग.)  
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**फेरो स्क्रैप निगम लिमिटेड**  
(भारत सरकार का उपक्रम)  
**FERRO SCRAP NIGAM LIMITED**  
(A Government of India Undertaking)

**40** वां वार्षिक प्रतिवेदन  
**th Annual Report**  
**2018-2019**

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## CHAIRMAN'S SPEECH

### GENTLEMEN,

My heartiest greetings to you on behalf of Ferro Scrap Nigam Limited. It is my pleasure to share with you that once again in Financial Year 2018-19 FSNL has performed exceptionally well with outstanding physical and financial performance.

### PHYSICAL PERFORMANCE HIGHLIGHTS

During FY 2018-19, the Company has once again performed exceedingly well and achieved recovery, processing and dispatch of 35.66 Lakh tonnes of scrap and 95.76 Lakh tonnes of slag (total recycling/handling 131.42 Lakh tonnes) which is all time record for FSNL and 18.51% higher than the previous year.

### FINANCIAL PERFORMANCE HIGHLIGHTS

FSNL has impressive financial performance with total earnings of Rs. 378.41 Crore which is again an all time record as compared to the previous year's figure of Rs. 340.29 Crore. The company's gross margin and the profit before tax during the year stands at Rs. 55.39 Crore and Rs. 41.08 Crore as compared to the previous year's figure of Rs. 24.05 Crore and Rs. 13.03 Crore respectively. The total dividend declared is Rs. 9.27 Crore for the year 2018-2019, which is 28.97% of the paid-up capital.

### FUTURE PLANS

FSNL is constantly exploring new opportunity which can contribute towards enhancing its stakeholders' value and to expand its business.

National Institute of Technology, Raipur (NIT Raipur) was engaged for carrying out test on SMS (Steel) Slag to establish various parameters required for natural aggregates used in rural road making. NIT Raipur has confirmed the suitability of steel slag for utilization in place of natural aggregates in subbase, base and bituminous layers of rural road under various codes and specifications of IRC, MORD and IS. The matter has been taken up with all the customer steel plants to approach road making agencies for marketing of slag aggregate products and FSNL will facilitate processing and loading of required size aggregates. Within one year of confirmation by Steel Plants, FSNL will install the facilities of crushing and screening of slag aggregates as per requirements. This will help steel plant to clear their unutilized slag, get valuable space free and prevent blasting of hills and mining of quarry for natural aggregates.

FSNL and CSIR- National Metallurgical Laboratory Jamshedpur has entered into an agreement for development of process technology for making Briquettes from BOF Sludge and other Fe bearing waste at lab scale level. BOF Sludge (having more than 60 % Fe content) and other Fe bearing waste are lying unused within steel plant causing environmental issues as well as occupying valuable space. Since briquettes will be used in LD convertor in place of scrap (about 14 % of scrap is used in LD convertor as coolant) it will help in reducing shortage of scrap as well as waste management in steel plants.

CSIR - NML has submitted final report and stated that material is suitable for making briquettes within combination of other additives. Discussion is under progress with CSIR- NML for entering into an agreement for making sufficient quantity of briquettes for plant trial in steel plant convertor.

### EXPANSION OF ACTIVITIES

Recently Mishra Dhatu Nigam Limited, Hyderabad (MIDHANI), a CPSE under Ministry of Defence has awarded FSNL the job for collection & processing of Slag Skull, Floor jam, Plant return scrap, maintenance of ware scrap and segregation of refractory bricks for a period of 5 years. FSNL is also exploring new avenues of business opportunities. We are optimistic that FSNL has an immense opportunity to grow manifold in the

business and operations with the existing fleet of equipment.

## **SIGNIFICANT LEGAL CASE AFFECTING BUSINESS OF THE COMPANY**

FSNL has filed an appeal no. MAT 244/2019 dated 15.02.2019 with the Divisional Bench of Hon'ble Calcutta High Court to challenge the Order Passed by the single judge of Calcutta High Court under writ petition no. 33074 (W) of 2013 wherein the single bench has quashed the nomination policy for award of work on nomination basis to FSNL.

FSNL has been granted stay by the Divisional Bench of Hon'ble Calcutta High Court vide order dated 01.04.2019 against the order of Single Bench of Calcutta High Court in the writ petition no. 33074 (W) of 2013 and the existing system of awarding work to FSNL on nomination basis shall continue till disposal of Appeal.

## **STATUS OF SCRAP RECOVERY CONTRACT:**

- 1) SAIL Units : Salem Steel Plant of SAIL have executed agreement on 07.09.2019 for removal & shifting of Slag, used bricks & debries, processing of Tundish, Ladle Skull, Recovery of Metallics and processing of scrap for a period of three years w.e.f. 01.12.2018. Other Units of SAIL are yet to sign the long-term agreements with FSNL and job is being carried out under extension.
- 2) Other than SAIL : The contract with RINL, NINL, BHEL, Air India, Essar Steel India Limited and MIDHANI is in place.

## **CORPORATE GOVERNANCE & OTHER POLICIES**

In compliance with DPE Guidelines on Corporate Governance and the provisions of the Companies Act, 2013, Board level committees viz. Audit Committee, Nomination and Remuneration Committee & CSR Monitoring Committee are operational in your Company.

While discharging the Corporate Social Responsibilities of the Company, during the FY 2018-19 your company has undertaken CSR projects to the tune of Rs. 66.81 Lakhs at Visakhapatnam, Bokaro(both aspirational districts of Andhra Pradesh & Jharkhand respectively) and Durg District of Chhattisgarh.

FSNL is making its best efforts for implementation of official language policy due to which FSNL has bagged the Rajbhasha Utkrist Puruskar – 2018 awarded by the Town Official Language Implementation Committee (TOLIC) Bhilai – Durg, exemplary work. FSNL has been awarded “Good” MOU rating for the Financial Year 2017-18.

The Whistle Blower Policy is fully operational in your company.

To prevent sexual harassment of women at work place in your organization, a Committee is operational which reviews the status from time to time.

## **ACKNOWLEDGEMENT**

Before I conclude, I would like to take this opportunity to express my sincere thanks to our valued customers i.e. SAIL Steel Plants, RINL, NINL, BHEL, Air India, Essar Steel and MIDHANI. We are also grateful to the Ministry of Steel and other departments of Govt. of India and State Govt. of Andhra Pradesh, Chhattisgarh, Delhi, Gujarat, Jharkhand, Karnataka, Maharashtra, Orissa, Uttarakhand, West Bengal and Telangana for their continued support and guidance and our holding company MSTC Limited.

I would also convey my sincere gratitude to my colleagues on the Board for their valuable contribution to the deliberations of the Board.

Last but not the least I appreciate the contribution of all the officers and employees at all levels for their sincere efforts put in during the year towards attainment of Company's objectives. I would also like to place on record my sincerest appreciation of the co-operation extended by all Trade Unions for maintaining excellent and cordial working atmosphere and industrial relations.

I am confident that with continuous focused efforts in areas of cost control and efficiency improvement and with skilled, experienced, and committed human resource, your company's financial performance would improve in the present financial year also.

I extend my best wishes for Durga Puja, Deepawali and festivals coming ahead.

Thanking you,

Jai Hind!

Sd/-  
Rajib Bhattacharya  
(Chairman)

# DIRECTORS' REPORT

To,  
The Members of  
**FERRO SCRAP NIGAM LIMITED**

## GENTLEMEN

Your Directors take pleasure in presenting the 40<sup>th</sup> Annual Report together with the audited financial statements for the year ended 31-03-2019 along with the Statutory Auditor's Report and comments of the Comptroller and Auditor General of India. The Report on Corporate Governance and Management Discussion and Analysis have also been attached to this report.

## PERFORMANCE HIGHLIGHTS (2018-19)

### (a) Physical Performance

The Company has once again performed exceedingly well by surpassing physical targets in all key operational areas. FSNL achieved an all-time record recovery, processing and dispatch of 35.66 lakh tonnes of scrap and 95.76 lakh tonnes of slag (in total 131.42 lakh tons) which is an improvement of 18.51% with respect to previous financial year. The physical performance has been achieved despite obstacles like reduction in input from current arisals and also from old dumps. This achievement of scrap and slag was possible by augmenting the present activities at IISCO Steel Plant, Burnpur, Rourkela Steel Plant, Rourkela and Bokaro Steel Plant, Bokaro and also 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.

### (b) Expansion/New Projects:

Durgapur Steel plant has signed agreement for shifting of slag from new slag yard.

### (c) Sustainable Development.

(i) The company continues to get the benefit of the waste paper recycling plant installed at its Corporate office. Bhilai to convert the used & waste papers into useful stationery, for internal uses as well as distribution to the students belonging to economically weaker section.

One ton of recycled paper saves 64% energy, 58% water consumption & reduces Air pollution by saving 17 Nos. of trees.

(ii) The Company is continuously making its efforts in conservation of natural resources through Rain Water Harvesting at Corporate Office, Bhilai Unit and MD's official residence for recharging rain water into ground to improve the ground water table.

(d) Processed 60 MT of size 63 mm to 75 mm metal free LD Slag for use in rural road construction as a substitute of natural aggregates.

As sms slag after recovery of metallics find many venues for utilization like road making, rail ballast, soil reconditioning etc. FSNL approached National Institute of Technology, Raipur (NIT-Raipur) to confirm

the suitability of sms slag in test to check the various parameters required for the aggregates used in rural road construction on three type of sms slag sample i.e. recently arrived, 5 year old and 10 year old supplied by FSNL.

NIT-Raipur in their recommendation confirmed that sms slag is suitable for usage in different layers of rural road construction as per the Ministry of Rural Development -rural road specifications and IRC:SP:121-2018 in place of natural aggregates.

FSNL has also processed and stocked 60 MT of 63 mm to 75 mm size metal free LD slag for use in rural road construction as a substitute of natural aggregates.

(e) Procurement through Government E-Marketplace (GeM)

As a Digital India initiative, Company has started extensively using GeM Portal hosted by DGS & D for secondary purchases.

(f) Energy Conservation

The Company continues its efforts towards green office concept by having installed roof top 15 KW Solar Power Unit at its Corporate Office.

During the year under review the Company has conserved the energy by utilizing 11823 unit of electrical power through Solar Power Unit.

(g) Capacity Utilization

The company operated at 98.71% capacity in the year 2018-19

#### FINANCIAL HIGHLIGHTS:

(Rs. in Lakhs)

Particulars	2018-2019	2017-2018
Total Revenue	37841.34	34,029.79
Profit Before Tax	4108.95	1,303.78
<b>Profit After Tax (PAT)</b>	<b>2668.83</b>	806.71
Gross Margin	5539.73	2,405.29
Balance brought forward from previous year	(48.34)	11.05
Other Comprehensive Income (OCI)	(431.29)	(123.50)
Profit available for Appropriations	2189.20	694.26
<b>Appropriations:</b>		
Interim Equity Dividend	320.00	608.00
Proposed Final Equity Dividend of previous year	322.01	8.99
Tax on Equity Dividends	131.97	125.61
General Reserve	1400.00	0.00
Surplus carried to the next year's account	15.22	(48.34)
Earnings per Share (Rs.) (Face Value Rs. 10/-)	8.34	2.52
PBT Per Employee	5.47	1.63



The total earning of the company was Rs. 37,841.34 lakhs including service charges of Rs. 3,6519.56 lakhs as compared to the previous year's figure of Rs.34,029.79 lakhs (including Service Charges of Rs. 31961.12 lakhs). The company's gross margin and the profit before tax during the year was Rs.5,539.73 lakhs and Rs. 4108.95 lakhs as compared to the previous year's figure of Rs.2,405.29 lakhs and Rs.1,303.78 lakhs respectively.

#### **CAPEX:**

The company has incurred expenditure to the tune of Rs.18.35 Crore towards acquisition/addition of fixed assets in the year 2018-19 from its resources generated internally on accrual basis against the revised estimate of Capex Target was fixed Rs. 15.29 Crore for financial year 2018-19.

#### **GENERAL RESERVES:**

The General Reserves of the Company stood at Rs. 15,389.87 lakhs as on 31<sup>st</sup> March, 2018. During the year under review Company has transferred Rs. 1400.00 lakhs to General Reserve from Statement of Profit and Loss Account. The General Reserves stand at Rs. 16,789.21 lakhs as on 31<sup>st</sup> March, 2019.

#### **DIVIDEND:**

Pursuant to Board Resolution No. 1 dated 28.09.2018 an amount of Rs.320.00 lakhs (@ Rs. 1 per share), has been paid as interim dividend for the financial year 2018-19. The final dividend proposed for the FY 2018-19 is Rs.607.04 lakhs, (@ Rs. 1.897 per share). Thus, the total dividend of Rs. 927.04 Lakhs for the year 2018-2019 is 28.97% on paid-up equity Shares (i.e. @ Rs. 2.897 per equity share).

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO:**

The information pursuant to Section 134(3)(m) of the Companies Act, 2013 read with rule 8 of the companies (Accounts) Rules, 2014 in respect of Conservation of Energy, Technology Absorption, and Foreign Exchange Earnings and Outgo are given in the **Annexure-I** forming part of this report.

#### **Research & Development activities:**

FSNL and CSIR-NML had entered into an agreement for development of process / Technology, for making briquetting at lab scale level of BOF sludge and other additives viz. Blast Furnace sludge / ESP dust/Sinter return, generated in the Steel plant, which will be utilized in basic Oxygen Steel making furnace, as a coolant & substitute of metallic scrap. CSIR NML has conducted various test and reported that as per lab scale level study & test briquettes made from above material is suitable. Agreement with CSIR- NML for making briquettes with above process technology for plant trial is under finalization.

#### **Status of Scrap recovery Contract:**

##### 1) SAIL Plants

SAIL Plants are covered under Long Term Agreements as under:

- a) Bhilai Steel Plant: Agreement is valid upto 31.07.2019.
- b) Bokaro Steel Plant: Agreement is valid upto 31.08.2019.
- c) Rourkela Steel Plant: Agreement is valid upto 30.09.2019.
- d) Durgapur Steel Plant: Agreement is valid till finalization of new agreement.

- e) ISP, Burnpur: Agreement is valid till finalization of new agreement
- 2) RINL, Visakhapatnam Steel Plant, Visakhapatnam:  
Agreement is valid upto 31.10.2020.
- 3) Neelachallspat Nigam Limited, Duburi  
a) Handling and Processing of BF Slag & Iron Scrap.  
Agreement is valid upto 12.07.2023.  
b) Handling of SMS Slag.  
Agreement is valid upto 21.01.2024.
- 4) BHEL, Haridwar  
Agreement is valid upto 31.07.2020.
- 5) Salem Steel Plant, Salem  
Agreement is valid upto 30.11.2019.
- 6) AIR INDIA, Mumbai  
Agreement is valid upto 30.09.2019.
- 7) Bhilai Steel Plant, BF slag dump & LRS.  
Agreement is valid upto 23.09.2019.
- 8) Essar Steel India Limited., Hazira, Surat.  
Work Order is valid upto 31.03.2020.

## PERSONNEL

The total strength of manpower in the company as on 31/03/2019 was 751, comprising of 144 Executives and 607 Non-executives. The overall representation of employees belonging to Scheduled Caste, Scheduled Tribe & OBC communities as on 31st March 2019 was 19.84%, 10.52% & 16.78%, respectively. The Presidential directives issued from time to time with regard to reservation of vacancies for SC/ST/OBC & Divyang personnel in Recruitments, are strictly adhered to by FSNL.

Out of the total strength of 751 employees as on 31.03.2019, the strength of Male & Female employees was 733 & 18, respectively.

The position of SC/ST/OBC, Minority & Physically challenged employees in various groups as on 31.03.19 was as follows:-

Group	No. of Employees		S.C.		S.T.		OBC		Minority		Physically Challenged	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
A.	144	6	12	0	4	1	30	1	8	0	8	0
B.	466	4	93	0	36	0	56	0	46	0	0	0
C.	120	8	38	3	37	1	39	0	14	2	0	0
D. Excl.Safai Karmachari	0	0	0	0	0	0	0	0	0	0	0	0
D. Includ.Safai Karmachari	3	0	3	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>733</b>	<b>18</b>	<b>146</b>	<b>03</b>	<b>77</b>	<b>2</b>	<b>125</b>	<b>1</b>	<b>68</b>	<b>2</b>	<b>8</b>	<b>0</b>

## RECRUITMENTS

A total number of 12 recruitments were made in "A" group during the year 2018-19.

## WELFARE OF MINORITIES

The directives issued from time to time for the welfare of Minorities under Prime Minister's new 15 point programme have been strictly adhered to by the company. As on 31st March 2019, out of 751 employees, the total strength of employees belonging to Minority communities was 68, and the percentage of representation of Minorities in FSNL was 9.05% as on 31st March 2019.

The employees belonging to Minority community are uniformly extended all welfare measures as in vogue / introduced by the company from time to time for the benefit of the employees.

## WELFARE OF WEAKER SECTIONS

All categories of employees, including SC/ST/OBC community, are provided with all welfare measures as per the rules of the company, to their entire satisfaction.

## IMPLEMENTATION OF RIGHT TO INFORMATION ACT, 2005

In compliance with the mandatory provisions of the RTI Act, FSNL has appointed a Public Information officer (PIO) at Corporate Office and one APIO each at its 08 Units. ED (P&C), FSNL is the first appellate authority under RTI Act 2005. The company has complied the information under 17 different templates/manuals/manuals for voluntary/ suo-moto disclosures required under section 4 (1) (b) of the Act and hosted the same on the company's website "fsl.nic.in" and the information so published are being regularly updated.

The company is proactively complying with the provisions of Right to Information Act, 2005. All information sought under the Act is being furnished within the stipulated time period.

Quarterly reports are submitted to the CIC regularly. All requests for information are dealt with as per the prescribed guidelines of the RTI Act, 2005. The total number of RTI application received during the period 1st April 2018 to 31st March 2019 was 81. Out of 81 applications, 79 applications have been disposed off only 02 applications are pending, as on date, which will be replied within stipulated time.

## VIGILANCE ACTIVITIES

Vigilance Department has been focusing on "preventive & Proactive Vigilance" and accordingly co-ordinate

with the HODs of the organization in improving upon the existing procedure & system to achieve the overall objectives of the Company. Routine checks were carried out as a preventive measure in all the units and random scrutiny of the Property Returns of the officers was carried out. Apart from this, required reports/returns were submitted to ministry/CVC and necessary follow up action was taken on the Minutes of Meeting of CVOs held by the Ministry time to time.

The complaints received from various sources were handled as per the prescribed guideline/procedures of CVC. Co-ordination meetings with CBI were also held. As per the instruction of CVC and Ministry, structured meeting of Vigilance with the Managing Director is being conducted, quarterly.

Vigilance Department has been overseeing the implementation of Integrity Pact. Till 31/03/2019, 313 nos. of contracts have been covered under the Integrity Pact. Constant efforts are being made for adaptation of Leveraging technology for bringing transparency as per which all open tenders are hoisted in the Company's website, 5 National dailies and summary of work orders/Contracts, detail of bill payments above a pre-determined thresh-hold value etc. is also posted on website every month.

Vigilance Awareness Week was organized in the company from 29th October, 2018 to 3rd November, 2018 during which various activities like Slogan competition, Essay writing competition in Schools & Collages, pamphlet distribution in public places, workshop on the theme "Eradicate Corruption – Build a New India" & preventive vigilance, taking pledge by the employees etc. were carried out to create vigilance awareness among the employees, giving its publicity in local News Papers.

## **SAFETY**

As a measure of creating awareness among the employees about safety & safe working practices, Safety Day celebrations were organized in all the units of FSNL as well as at Corporate Office, wherein debates on safety & allied matters, talk on safety & safe working practices etc., were organized. Winners of the competitions were given suitable prizes to boost up their morale and to motivate other employees also to take part in such competitions.

Special training programmes for prevention of accidents were organized by maintaining close liaison with the Fire service departments of the concerned Steel Plants as well as the reputed agencies like National Safety Council. During 2018-19, the frequency rate of reportable accidents was 0.14% per thousand man-days worked.

## **WORKERS' PARTICIPATION IN MANAGEMENT**

In smooth functioning of any organization, Workers' Participation in management plays a vital role. Considering this, and also to ensure optimum participation of workers in all spheres of activities undertaken by the management, a Joint Forum Committee(JFC) is constituted in FSNL. The Joint Forum Committee consists of equal number of representatives from Management & the recognized Unions, including Heads of Department at Corporate level. A representative of the management is nominated as the Convener of JFC, while a representative of the Union functionary as the Jt.Convenor. Regular meetings of the Joint Forum Committee are held for discussing and sorting out the issues of employees. Wherever felt necessary, the Agreements/Memorandum of Settlements are also signed by & between the management & the recognized unions in the Joint Forum Committee's meetings.

Mutual discussions across the table in the Joint Forum Committee's meetings, results in analysis & finding best solutions to various problems in a congenial atmosphere. Workers' Participation in Management is a regular & well-established phenomenon in FSNL.

## **INDUSTRIAL RELATIONS**

Harmonious industrial relationships were maintained in the company during 2018-19. There was loss of 422.5 mandays due to unlawful stoppage of work at Vizag Unit from 16.07.2018 to 20.07.2018.

## **OFFICIAL LANGUAGE POLICY**

Strict adherence of all directives issued by the Government from time to time with regard to implementation of Official Language Policy is ensured.

Employees were constantly motivated towards use of Hindi as a media to carry out their official jobs. As done in the past, FSNL observed a Hindi Month in the year 2018-19. Competitions like Hindi Gyan Pratiyogita, Hindi Noting/Drafting etc. were held during the Hindi Month and as per the provisions made under the scheme, the winners of such competitions were given away cash awards.

Hindi Karyashalas were also organized by inviting popular writers/poets of the region.

Practical demonstration & training for use of Google Voice Typing & working on Unicode software was conducted for the benefit of the participants during the karyashalas.

FSNL bagged the "Ispat Rajbhasha Samman (Third prize)" for best implementation of Official Language policy, for the year 2017-18, which was awarded on 05.07.2018 to M.D., FSNL by the Hon'ble Steel Minister, at Indore.

FSNL bagged "Rajbhasha Utkrisht Puraskar-2018" awarded by the Town Official Language Implementation Committee (TOLIC) Bhilai-Durg, for exemplary work in the area of implementation of official language among the member concerns.

Further, M.D., FSNL was awarded with "Rajbhasha Unnayak Samman" by TOLIC-Bhilai, Durg.

Both these awards were presented to FSNL on 13th February 2019.

Thus, FSNL is constantly doing extremely well in the area of implementation of official language policy too.

## **CITIZEN CHARTER**

FSNL has formulated a Citizen's Charter by adopting the Seven Step Module, representing a systematic effort to focus on the commitment of the Organization towards its Citizens/Clients in respect of Standard of Services, Information, Choice and Consultation, Non-discrimination and Accessibility, Grievances Redressal, Courtesy and Value for money, including expectation of the Organization from the Citizen/Client for fulfilling the commitment of the Organization. The company has adopted Grievance Redressal mechanism, which forms part of Board approved Citizen's Charter, as detailed below: -

### **(A) PUBLIC GRIEVANCE REDRESSAL**

A 3-Tier Grievance Redressal Machinery has been formulated by FSNL for redressal of Public Grievances.

A Grievance Box has been kept at the reception counter of the Units/Corporate Office for easy accessibility of these boxes to the Public.

For smooth redressal of one's grievance, anyone from Public could approach FSNL under 3 stages beginning with its Public Grievance Officer, then the Unit Head/HOD of Operations at Corporate Office & P&A Head at Corporate Office. At each stage he is responded within a stipulated time schedule. In the event the aggrieved person is not satisfied with the reply at any stage, he can make his appeal to the Managing Director.

The MD, after examining the actions taken by the authorities at the above 3 stages, would analyze the grievances & communicate his decision to the concerned complainant within 15 days of the receipt of the appeal.

Online grievances received through CPGRAM of Ministry are also responded & cleared online within the stipulated time schedule.

## **(B) STAFF GRIEVANCE REDRESSAL**

For Staff Grievance also, a 3-Tier Grievance Redressal machinery is in vogue. The staff grievances, if any, are normally resolved at the unit level. Such grievances which need intervention of Corporate management, are taken up by the Unions with the Management at the Joint Forum Committee's meetings and the grievances are resolved across the table.

## **WHISTLE BLOWER POLICY**

A Whistle Blower policy has also been implemented by FSNL for providing an opportunity to the employees to access in good faith, to the Audit Committee, in case they observe unethical and improper practices or any other wrongful conduct in the company, and to prohibit managerial personnel from taking any adverse personnel action against those employees. The policy adopted by FSNL is in accordance with the DPE guidelines.

## **Disclosure under the Sexual harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

There was no incident of any Sexual harassment of Women at Workplace during the year 2018-19.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS.**

FSNL has filed an appeal no. MAT 244/2019 dated 15.02.2019 with the Divisional Bench of Hon'ble Calcutta High Court to challenge the Order Passed by the single judge of Calcutta High Court under writ petition no. 33074 (W) of 2013 wherein the single bench has quashed the nomination policy for award of work on nomination basis to FSNL.

FSNL has been granted stay by the Hon'ble Calcutta High Court vide order dated 01.04.2019 against the order of Single Bench of Calcutta High Court in the writ petition no. 33074 (W) of 2013 and the existing system of awarding work to FSNL on nomination basis shall continue till disposal of Appeal.

## **INFORMATION TECHNOLOGY INITIATIVE**

**Integrated Information Management System (IIMS)** –FSNL is synchronizing the organizational activities of each department through implementation of Integrated Information Management System (IIMS) package.

**Internet Leased Line** - FSNL has successfully installed initiated Internet Leased Line for better connectivity of Bhilai, Rourkela, Bokaro, Durgapur, Burnpur Units of FSNL.

FSNL has compiled information under 17 different templates/manual / manual for voluntary / suo-moto disclosure as required under section 4(1)(b) of the RTI Act 2005 and hosted the same on Company's website [www.fsnl.co.in](http://www.fsnl.co.in) and the information so published are being regularly updated.

## **PARTICULARS OF EMPLOYEES:**

The Statement showing the names and other particulars of the employees of the company as required under Rule 5 (2 &3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not required to be furnished since none of the employees of the company has received remuneration in excess of the remuneration mentioned in the above mentioned Rule 5 (2) during the financial year 2018-19.

## **BOARD OF DIRECTORS:**

### **DIRECTORS:**

The Composition of the Board as on 31.03.2019 was consisting of Shri Bam Bahadur Singh (DIN: 03212787) as Chairman, Shri Rajib Bhattacharya (DIN: 07091356) as Managing Director of the Company, ShriAurobindo Behera (DIN: 00765734) non-official Independent Director, Smt. Bhanu Kumar (DIN: 7982360) as nominee Director of MSTC Limited, Smt. Laxmi Verma (DIN: 08308190) non-official Independent Director, Shri Ashish Sharma (DIN:08365082) as Government Nominee Director and Smt. Aparna Chaturvedi (DIN:00028647) non-official Independent Director.

### **BRIEF INFORMATION OF DIRECTORS APPOINTED DURING FY 2018-19.**

Shri Aurobindo Behera (DIN:00765734), non-official Independent Director was appointed for a further period of one year w.e.f. 27.11.2018. His appointment was confirmed by the shareholders of the Company at the Extra-ordinary General Meeting of the Company held on 20.12.2018.

Smt. Bhanu Kumar (DIN: 7982360) was appointed as Nominee Director of MSTC Limited w.e.f. 01.12.2018 in place of Shri Asim Kumar Basu(DIN: 03102901).

Smt. Laxmi Verma (DIN: 08308190) was appointed as non-official Independent Director for a period of three years w.e.f. 14.12.2018. Her appointment was confirmed by the shareholders of the Company at the Extra-ordinary General Meeting of the Company held on 30.04.2019.

Shri Ashish Sharma (DIN: 08365082) was appointed as Government Director w.e.f. 05.02.2019 in place of Shri Arun Kumar Kailoo (DIN: 07521092).

Smt. Aparna Chaturvedi (DIN: 00028647) was appointed as non-official Independent Director w.e.f. 11.03.2018. Her appointment was confirmed by the shareholders of the Company at the Extra-ordinary General Meeting of the Company held on 30.04.2019.

### **Key Managerial Personnel:**

Shri Rajib Bhattacharya, Managing Director, Shri Satadal Mitra, Chief Financial Officer and Shri Ashok Mishra, Company Secretary are the Key Managerial Personnel of the Company. During the year under review there was no change in Key Managerial Personnel of the Company.

### **STATEMENT OF INDEPENDENCE OF DIRECTORS.**

Independent Directors of the Company Shri Aurobindo Behera, Smt. Laxmi Verma and Smt. Aparna Chaturvedi have submitted statement of independence in compliance of Section 149(7) of the Companies Act, 2013.

### **AUDITORS:**

In pursuance of the powers conferred by Section 139 of the Companies Act, 2013 read with section 129(4) of the Companies Act,2013, the Comptroller & Auditor General of India appointed M/s Laxmi Tripti & 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 31<sup>st</sup> March, 2019 is placed at **Annexure II** and forms part of this report.

The comments on the accounts for the year ended 31<sup>st</sup> March 2019 by the Comptroller & Auditor General of India under Sec 143 (6) & (7) of the Companies Act, 2013 is placed at **Annexure III** and forms part of this report.

## SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of the Companies Act, 2013, M/s. Pratibha Khandelwal & Associates (C.P. No:3973,FCS: 7194) Company Secretaries were appointed to undertake the Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2019.

The Secretarial Audit Report along with the Management replies thereto is placed at **Annexure IV** and forms part of this report.

## INTERNAL AUDITORS

M/s SABD & Associates, Chartered Accountants performs the duties of internal auditors of the company and their report were reviewed by the Audit Committee from time to time.

## DIRECTORS RESPONSIBILITY STATEMENT:

Your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013 based on the certification received from the operating management of the company:

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) That your Directors have selected such accounting policies and applied them consistently, and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- c) That your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your company and for preventing and detecting fraud and other irregularities;
- d) That your Directors have prepared the annual accounts on a going concern basis;
- e) That your Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively

## EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed here with as "**Annexure V**".

## COMMITTEES OF THE BOARD

There are three Board Level committees viz, Audit Committee, CSR Monitoring Committee and Nomination & Remuneration Committee are functional in FSNL.

## AUDIT COMMITTEE

In Compliance of Section 177 of the Companies Act, 2013 and DPE guidelines, the Company has constituted Audit Committee of the Board. A detail of the above Committee is mentioned under "**Annexure VII**" of this report.

## CSR MONITORING COMMITTEE

In Compliance of Section 135(1) read with Rule 5 of the Company's (CSR Policy) Rule 2014, Company has



constituted CSR Monitoring Committee of the Board. A detail of the above Committee is mentioned under “**Annexure VII**” of this report.

The CSR Policy of the company is available on the website of the company at [www.fsnl.nic.in](http://www.fsnl.nic.in). The Annual Report on CSR activities is annexed herewith as “**Annexure VI**”.

## **NOMINATION AND REMUNERATION COMMITTEE**

(Formerly known as Remuneration Committee)

In Compliance of Section 178 of the Companies Act, 2013, the Company has constituted Nomination and Remuneration Committee of the Board. A detail of the above Committee is mentioned under “**Annexure VII**” of this report. FSNL, being a CPSE, the selection and appointment of Directors including Chairman, Managing Director, Govt. Nominated Director and other Directors except One Nominee Director by Holding Company are being appointed by the Ministry of Steel, Govt. of India. Company is not having any power to induct or remove any of them.

Further, the appointment and remuneration of other executives including Key Managerial Personnel of the Company is done as per the DPE guidelines with the approval of the administrative Ministry. And for unionised employees, agreement with recognised union for wage agreement are entered into and implemented by the company with the approval of the administrative ministry.

The Nomination and Remuneration Committee is in place which is in compliance of Corporate Governance Guidelines issued by DPE which can decide the performance related pay for the non-unionized employees of the company within the prescribed limit of DPE guideline. And, as regard the pay scale of Managing Director, the same is fixed by the Ministry on appointment.

The Independent and Government Nominee Directors do not have any material pecuniary relationship or transactions with the company. However, Non-official (Independent) Directors were paid Daily allowance and sitting fees at a rate fixed by the Board within the limits as prescribed under the Companies Act, 2013 for attending the meetings of the Board and Committees of Directors. Presently, daily allowance of Rs. 670/- per day and sitting fee of Rs. 15000/- for attending each meeting of the Board and Committees of Directors is being paid to Non-official (Independent) Director.

Government Nominee and other Non-Executive Directors are not entitled to any remuneration or sitting fee from the Company.

## **ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS.**

The company has an efficient and sound system of internal control to monitor the activities of the company to achieve the business objectives with accuracy, clarity and transparency of financial reporting. Present internal control ensures statutory compliance with rules, laws and regulations and with the laid down policies and procedures of the Company.

To ensure independence to the internal control system, internal audit functions emphasizing transparency in the system and therefore, internal audit of the company is entrusted to independent external firms of Chartered Accountants. The reports of the internal audit are periodically submitted to the management and Audit Committee for improvement, appraisal and remedial measures, if any.

## **RISK MANAGEMENT POLICY**

The Company has adopted a Risk Management Policy to identify and evaluate business risks associated with the operations and other activities of the Company and formulated risk mitigations strategies.

## WHISTLE BLOWER POLICY

A Whistle Blower policy has also been implemented by FSNL for providing an opportunity to the employees to access in good faith, to the Audit Committee, in case they observe unethical and improper practices or any other wrongful conduct in the company, and to prohibit managerial personnel from taking any adverse action against those employees. The policy adopted by FSNL is in accordance with the DPE guidelines.

This policy is posted on the website of company.

## RELATED PARTY TRANSACTIONS

In addition to MSTC Limited (Holding Company), the Key Managerial Personnel (KMP) are the related party as defined under section 2(76) of the Companies Act, 2013.

And, there have been no materially significant related party transactions between the Company and the Directors, the management, the holding company or the relatives. Suitable disclosures as required by the Ind AS 24 have been made in the note no. 39 in the notes to the financial statements.

## CORPORATE GOVERNANCE

Separate report on Corporate Governance and Management Discussions and Analysis are attached herewith as **Annexure-VII** and forms part of this Annual report.

## ACKNOWLEDGEMENT

The Board records sincere support received from its valued customers i.e. SAIL Steel Plants, RINL, NINL, BHEL, Air India and Essar Steel. Board also express gratitude to the Ministry of Steel and other departments of Govt. of India and State Govt. of Andhra Pradesh, Chhattisgarh, Delhi, Gujarat, Jharkhand, Karnataka, Maharashtra, Orissa, Uttarakhand and West Bengal for their continued support and guidance and our holding company MSTC limited.

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**

Place: New Delhi  
Date : 10.08.2019

Sd/-  
Bam Bahadur Singh  
Chairman  
DIN: 03212787

## ANNEXURE – I TO THE DIRECTORS' REPORT

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNING AND OUTGO ETC:

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

#### (A) CONSERVATION OF ENERGY :

(i)	The steps taken or impact on conservation of energy:	<p>As per the directive of Government of India, we have switched over to installing LED lights from traditional lights in Corporate Office, Bhilai. This has reduced the power consumption by 50 %.</p> <p>With the help of 5 KVA&amp; 10 KVA capacity Solar Power Plant was installed, where by, with the enhanced solar power generation, in 2018-19 – 11,601 KVA of Solar energy was utilized from the solar energy power generated from rooftop solar power plant installed at Corporate Office, Bhilai.</p>
(ii)	The steps taken by the Company for utilising alternate sources of energy.	
(iii)	The capital investment on energy conservation equipment:	

#### POWER AND FUEL CONSUMPTION:

	CURRENT YEAR 2018-2019			PREVIOUS YEAR 2017-2018		
	UNITS(KWH)	Total Cost	Rs. Per Unit	UNITS(KWH)	Total Cost	Rs. Per Unit
Electricity	1647203	10430502	6.33	1676995	10804611	6.44

#### CONSUMPTION PER UNIT OF PRODUCTION:

	Standards (if any)	Current Year 2018-2019	Previous Year 2017-2018
Product : Iron & Steel Scrap	N.A.	1.97	2.11

**(A) TECHNOLOGY ABSORPTION :**

(i)	The efforts made towards technology absorption.	Updation of technology is a continuous process. Efforts are continuously made to develop new avenues for improved services required by Customers.
(ii)	The benefits derived like product improvement, cost reduction, product development or import substitution.	<p><u>Process &amp; Technology.</u></p> <p>(i) FSNL has taken up one R&amp;D project with CSIR-NML, Jamshedpur for the development of process technology for converting waste sludge, generated during Iron &amp; Steel making, into Briquettes.</p> <p>(ii) Development of design guidelines and specification for utilisation of Steel Slag in rural road construction.</p> <p>(iii) FSNL has done several modifications in existing Separators and Screening Units to get better output and also to meet customer's requirement.</p> <p>(iv) To get better output or to increase production FSNL has a practice of replacement of old and problematic equipment and old sub-assemblies with new, in order to increase machine's availability.</p> <p>(v) FSNL &amp; RINL, VSP, Visakhapatnam is using 0-10 mm &amp; 30-50 mm SMS Slag in place of Lime in Blast Furnace and thereby saving huge amount of money.</p>
(iii)	In case of imported technology (imported during the last three years reckoned from beginning of the financial year )  a) The details of technology imported. b) The year of import. c) Whether the technology been fully absorbed. d) If not fully absorbed, areas where absorption has not taken place & the reason thereof.	NIL
(iv)	The expenditure incurred on Research and Development.	NIL

**(A) FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The total foreign exchange earnings and outgo during the year 2018-19 as well as in the year 2017-18 was NIL

**For and on behalf of Board of Directors**

Place: New Delhi  
Date : 10.08.2019

Sd/-  
Bam Bahadur Singh  
Chairman  
DIN: 03212787

# ANNEXURE – II TO THE DIRECTORS' REPORT

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FERRO SCRAP NIGAM LIMITED Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone IndAS financial statements of **FERRO SCRAP NIGAM LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including the Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the **Auditor's Responsibilities for the Audit of the Standalone Financial Statements** section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and is not modified in respect of these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	Note 4.8 to the standalone IndAS financial statements which, describes the valuation method of non-moving inventories adopted by the Company i.e. at cost reduced by ten percent of cost every year from the year 2001-2002 onwards.	It is noticed that the valuation method of non-moving inventories adopted by the company is not in accordance to IndAS-2 on valuation of Inventories.

2	<p>Change in the method of Depreciation in Excavators 1.2 to 5 Cum during current accounting period , there is bifurcation of Excavators operating in Hot Slag &amp; Normal Activity.</p> <p>Refer Notes no 49 to the Standalone Financial Statements</p>	<p><b>The impact of the same depreciation, for the current accounting period is up by Rs. 88.33 lakhs and resultant decrease by the same in profit</b></p>
3	<p><b><i>Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 “Revenue from Contracts with Customers” (new revenue accounting standard)</i></b></p> <p>The application of the new revenue accounting standard involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognised over a period. Additionally new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>Refer Notes 4.11 to the Standalone Financial Statements</p>	<p><b><u>Principal Audit Procedures</u></b></p> <p>We assessed the Company's process to identify the impact of adoption of the new revenue accounting standard. Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows :</p> <ul style="list-style-type: none"> <li>◆ Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>◆ Selected sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> <li>◆ Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.</li> <li>◆ Selected sample of continuing contracts and performed the following procedures: <ul style="list-style-type: none"> <li>◆ Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>◆ Compared these performance obligations with that identified and recorded by the Company.</li> <li>◆ Samples in respect of revenue recorded for time and material contracts were tested using a combination of approved time sheets including customer acceptances, subsequent invoicing and historical trend of collections and disputes.</li> <li>◆ In respect of samples relating to fixed price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual and estimated efforts from the time recording and budgeting systems. We also tested the access and change management controls relating to these systems.</li> <li>◆ Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> <li>◆ Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> <li>◆ We reviewed the collation of information and the logic of the report generated from the budgeting system used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</li> </ul> </li> </ul>

## **Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

**We have nothing to report in this regard.**

## **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. With respect to the other matter to be included in the Auditors Report in terms of the directions of the Comptroller and Auditor General of India (CAG) under section 143(5) of the Act and on the basis of our examination of the books and records of the company carried out in accordance with the generally accepted principles in India and according to the information and explanations given to us, we give in the "Annexure –A", statement of the matters specified in the directions of CAG.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure –B" a statement of the matters specified in paragraphs 3 and 4 of the order.
3. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations 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 it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) Section 164(2) of Companies Act 2013 i.e. written representation from directors regarding disqualification of directors not applicable to Government Company.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C". Our report expresses an unmodified opinion on the

- adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For LAXMI TRIPTI AND ASSOCIATES**  
**Chartered Accountants**  
**FRN : 009189C**

**Place:-DURG**  
**Date: 22/05/2019**

Sd/-  
**CA LAXMI NARAYAN AGRAWAL**  
**(Partner)**  
**Membership No.078427**

#### **ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT**

Directions of the Comptroller and Auditor General of India (CAG) under section 143(5) of the Companies Act, 2013

<b>S.No.</b>	<b>Directions</b>	<b>Reply</b>
1.	<b>Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.</b>	<b>FSNL process all accounting transaction through integrated Accounting package i.e. FAST Package. The company has also separate 2 nos IT package for (1) Payroll &amp; (2) Inventory which are integrated in Accounting Package through J/Vs. Complete financial data with respect to Payroll &amp; Inventory are incorporated in Accounting Package i.e. in FAST Package.</b>
2.	<b>Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan ? If Yes, the financial impact may be stated.</b>	<b>FSNL has not taken any loan during the F.Y.2018-2019.  Hence there is no restructuring of an existing loan or cases of waiver /write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan.</b>
3.	<b>Whether funds received/receivable for specific schemes from central/state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.</b>	<b>During the F.Y. 2018-2019 FSNL has not received any fund for specific schemes from central/state agencies.</b>

## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of FERRO SCRAP NIGAM LIMITED of even date)

i. In respect of the Company's fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The company is not having any owned immovable property, however lease title deeds of leased immovable properties are held in the name of the company

ii. As per the information and explanations given to us, the inventories have been physically verified by the management at reasonable intervals during the year. The company is maintaining proper records of inventories. In our opinion, discrepancies noticed on physical verification of inventory were not material in relation to the operations of the company and the same have been properly dealt with in the books of account.

iii As per information furnished, the company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a), (b) and (c) of the order are not applicable to the Company and hence not commented upon.

iv. In our opinion and according to the information and explanations given to us, the company has not granted any loans or made any investments or given any, guarantees, and security covered, under section 185 and 186 of the Companies Act, 2013.

v. The Company has not accepted deposits from the public during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) According to the information given to us, there are disputed statutory dues which have not been deposited as given herein below:

Name of the statute	Nature of dues	Amount (in Lacs)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994 (As amended upto date)	Service tax on "Cargo Handling Services" at Duburi unit as demanded by Suptd. Of Central Excise, Jaipur. (net of payment made)	83.13	Oct. 2003 To Apr 2004	Appellate Authorities, (CESTAT, Kolkata)
Finance Act, 1994 (As amended upto date)	Service Tax on " Business Auxiliary services" at Bokaro unit as ordered by Commissioner Central Excise and Customs, Ranchi	722.11	10.09.2004 To 28.02.2005 & 01/02/2008 To 31/03/2010	Commissioner, Ranchi Commissioner Jamshedpur
Finance Act, 1994 (As amended upto date)	Service Tax on "Business Auxiliary services" at Burnpur unit as ordered by Additional Commissioner Central Excise and Customs, Bolpur and Assistant Commissioner, Central Excise and Custom, Asansol	212.70	April 2005 to Sept 2006 & Sept 2004 To March 2005	Commissioner ( Appeals), Kolkata Appellate Authorities, (CESTAT, Kolkata)
Finance Act, 1994 (As amended upto date)	Service tax on " Cargo Handling Services" at Bhilai unit as demanded by Commissioner, Central Excise and Customs, Raipur	315.63	Aug 2002 to June 2003	Appellate Authorities, (CESTAT, New Delhi)
Finance Act, 1994 (As amended upto date)	Service tax on " Cargo Handling Services" at Duburi unit Demanded by Commissioner, Central Excise, Bhubaneswar	445.24	May 2004 To Mar 2007	Appellate Authorities, (CESTAT, Kolkata)
Finance Act, 1994 (As amended upto date)	Service Tax on "Cargo handling Services "and "Business Auxiliary Services" at Durgapur steel plant and Alloy Steel Plant	2821.86	Sept 2004 To Nov 2008 & April 2003 to March 2008	Appellate Authorities, (CESTAT, Kolkata)
Finance Act, 1994 (As amended upto date)	Service Tax on "Business Auxiliary Service " at Durgapur steel plant.	831.48	Apr 2008 To May 2009 & June 2009 To Sept 2009	Appellate Authorities, (CESTAT, Kolkata)
Finance Act, 1994 (As amended upto date)	Service tax on " Cargo Handling Services" at Duburi unit as Demanded by Commissioner, Bhubaneswar	231.71	April' 2009 TO March' 2010	Appellate Authorities, (CESTAT, Kolkata)
Finance Act, 1994 (As amended upto date)	Service Tax on " Business Auxiliary services" at Durgapur unit as demanded by Commissioner, Central Excise Bolpur	239.72	Oct 2009 to Mar 2010	Appellate Authorities, (CESTAT, Kolkata)
Finance Act, 1994 (As amended upto date)	Service tax on " Cargo Handling Services" at Duburi unit Demanded by Commissioner, Central Excise, Bhubaneswar	278.70	April' 2007 To March' 2009	Appellate Authorities, (CESTAT , Kolkata)

Finance Act, 1994 (As amended upto date)	Service Tax on value of oxygen supplied free of cost by SAIL, Bokaro to FSNL as demanded by Addl. Commissioner, Central Excise, Ranchi-II	35.79	Oct' 2010 to March' 2015	Appellate Authorities, (CESTAT , Kolkata)
Finance Act, 1994 (As amended upto date)	Service Tax on " Business Support Service" at Dolvi unit as demanded by Astt. Commissioner, Service Tax, Mumbai	103.32	2009-10, 2010 - 11 and 2012-13	Commissioner Appeals , Raigad
Finance Act, 1994 (As amended upto date)	Service Tax on excess cenvat utilization and adjustment of service tax liability on de-escalation at Bokaro Unit	14.42	April 2015 To March 2016	Commissioner Appeals , Ranchi
Finance Act, 1994 (As amended upto date)	Service Tax on value of oxygen supplied free of cost by SAIL – Bokaro to FSNL as demanded by Asst Commissioner , CGST & Cx Division -1, Bokaro	13.33	April 20 15 to June 2017	Commissioner Appeals, Ranchi
Orissa Sales Tax Act, 1947	For Sales Tax and Entry tax at Rourkela unit as demanded by Orissa Sales Tax Department	43.56	2002-03	Sales Tax Tribunal, Cuttack
West Bengal Sales Tax Act, 1954	For Sales Tax at Durgapur unit as demanded by West Bengal Sales Tax Department	2.94	2013-14	West Bengal Sales Tax Tribunal, Kolkata

- viii In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues of bank. The company has not taken any loan or borrowings either from financial institution or from the government and has not issued any debentures. Hence reporting under clause 3(viii) of the order is not applicable to the company.
- ix Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, the provisions of clause 3(ix) of the order are not applicable to the company and hence not commented upon.
- x Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii In our opinion, The Company is not a Nidhi Company. Therefore, the provision of clause 3 (xii) of the order is not applicable to the company.
- xiii In our opinion, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the standalone Ind AS Financial Statements as required by the applicable accounting standards.
- xiv Based upon the audit procedures performed and the information & explanations given by the management , the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and accordingly the provision of clause 3 (xiv ) of the order are not applicable to the Company , hence not

commented upon.

- xv Based upon the audit procedures performed and information & explanations given by the management, the Company has not entered into non-cash transactions with directors or persons connected with him and hence provision of Section 192 of the act are not applicable to the Company and accordingly the provision of clause 3 (xv) of the order are not applicable to the Company, hence not commented upon.
- xvi In our opinion , the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly the provision of clause 3 (xvi) of the order are not applicable to the Company , hence not commented upon.

**For LAXMI TRIPTI AND ASSOCIATES  
Chartered Accountants  
FRN : 009189C**

**Place:-DURG  
Date: 22/05/2019**

**Sd/-  
CA LAXMI NARAYAN AGRAWAL  
(Partner)  
Membership No.078427**

## **ANNEXURE “C” TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of FERRO SCRAP NIGAM LIMITED of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of **FERRO SCRAP NIGAM LIMITED** (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of

changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Place:-DURG**  
**Date: 22/05/2019**

**For LAXMI TRIPTI AND ASSOCIATES**  
**Chartered Accountants**  
**FRN : 009189C**

**Sd/-**

**CA LAXMI NARAYAN AGRAWAL**  
**(Partner)**  
**Membership No.078427**



## **ANNEXURE – III TO THE DIRECTORS' REPORT**

### **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDERSECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF FERRO SCRAP NIGAM LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019**

The preparation of financial statements of Ferro Scrap Nigam Limited for the year ended 31<sup>st</sup> March, 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act, are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 22 May 2019.

I, on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit of the financial statements of Ferro Scrap Nigam Limited for the Year ended 31st March 2019 under Section 143 (6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come has to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 143 (6) (b) of the Act.

**For and on the behalf of the  
Comptroller & Auditor General of India**

Sd/-

**Indu Agrawal**

**Principal Director of Commercial Audit &  
Ex-Officio Member, Audit Board, Ranchi**

**Place: Ranchi**

**Date : 15 July 2019**

# ANNEXURE - IV TO THE DIRECTOR'S REPORT



Pratibha Khandelwal & Associates  
Company Secretaires

## FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

#### **FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

[Pursuant to Section 204 (1) of Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
FERRO SCRAP NIGAM LIMITED  
CIN: U27102CT1989GOI005468  
FSNL BHAWAN, EQUIPMENT CHOWK,  
CENTRAL AVENUE, BHILAI, DIST DURG  
CHATTISGARH 490001

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by FERRO SCRAP NIGAM LIMITED (hereinafter referred to as "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

I have examined the books, papers, minute books, forms and returns filed and other record maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Secretarial Standards issued by the Institute of Company Secretaries of India ('The ICSI')
- (iii) Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Ministry of Heavy Industries and Public Enterprises (DPE Guidelines)
- (iv) The Industrial And Labour Laws consisting of the Factories Act, 1948, Industrial Disputes Act, 1947, Minimum Wages act, 1948, The Payment of Wages Act, 1936, Maternity Benefit Act, 1961, The Employees Provident Funds and Miscellaneous Provisions Act, 1952, Payment of Gratuity Act, 1972, The Contract Labour (Regulation and Abolition ) Act, 1970, The Employment Exchange (Compulsory Notification of Vacancies) Act, 1959.
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to FSNL except The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.
- (vi) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder.

FERRO SCRAP NIGAM LIMITED is a Mini Ratna II Company under Ministry of Steel and is a wholly owned subsidiary of MSTC Limited. MSTC Limited, the holding company was listed on the stock exchanges on 29/03/2019. The composition of Board is as per the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Ministry

of Heavy Industries and Public Enterprises (DPE Guidelines)

Adequate Notice along with agendas is given to all directors to schedule the Board Meetings as per the Secretarial Standards and all instances of dispatch of notice or agenda for shorter period were duly ratified by the Board/ Committee and recorded in the minutes. Further, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of the Board of Directors of the Company, including the resolutions approved through circulations, were carried through on the basis of majority, and dissenting members' views, wherever necessary, were recorded as part of the minutes.

The Company has filed all necessary forms and returns for the financial year 2018-19 with the Registrar of Companies.

I further report that there are adequate system and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I have made test check of the returns filed under various laws applicable to the Company (as mentioned in Point iv above) and based on test check I further report that the company has proper system and processes to ensure the compliances of laws applicable to the company.

There are no other specific events/ actions having a major bearing on the company's affairs during the reporting period. During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations: -

1. In accordance to the Section 135 of the Companies Act 2013 and as per note no 43 of Financial Statements, the company has incurred Rs.66.81 lakhs towards CSR of which payment of Rs.10.04 lakhs was paid. The balance of Rs.56.77 lakhs was yet to be paid as on 31/03/2019.
2. In respect of the charges of FSNL created between years 1990 to 1999 the charge satisfaction forms have not been filed by the company. Hence, these charges still appear in the Index of charges on MCA portal.
3. On the basis of test check examinations carried out during the course of Audit, it was observed that Tax invoices issued by Rourkela Unit of FSNL does not contain the necessary disclosures with respect to Registered Office of Company as required under section 12 (3) of the Companies Act, 2013.
4. The company has obtained overdraft facilities against FDRs. However, as required under section 77 of the Companies Act, 2013 the company has not created charge on such overdraft facility.

For PRATIBHA KHANDELWAL & ASSOCIATES  
Company Secretaries

PLACE: JAIPUR  
DATE: 20/07/2019

Sd/-  
PRATIBHA KHANDELWAL  
PROPRIETOR



Pratibha Khandelwal & Associates  
Company Secretaires

**Annexure- I**

To,  
The Members  
FERRO SCRAP NIGAM LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the company our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Where ever required, I have obtained the Management Representation and clarifications about the compliance of laws, rules, and regulations, and happening of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

FOR PRATIBHA KHANDELWAL & ASSOCIATES  
Company Secretaries

Date: 20/07/2019  
Place: JAIPUR

Sd/-  
(PRATIBHA KHANDELWAL)  
PROPRIETOR  
FCS NO 7194  
CP 3973

**MANAGEMENT REPLY WITH REFERENCE TO OBSERVATION OF  
SECRETARIAL AUDIT REPORT FOR INCLUSION IN THE DIRECTORS'  
REPORT FOR THE FINANCIAL YEAR 2018**

Sl. No.	Audit Observation	Management Reply
1.	In accordance to the Section 135 of the Companies Act 2013 and as per note no 43 of Financial Statements, the company has incurred Rs.66.81 lakhs towards CSR of which payment of Rs.10.04 lakhs was paid. The balance of Rs.56.77 lakhs was yet to be paid as on 31/03/2019.	All CSR projects were completed handed over before 31.03.2019, however payment of some bills was yet to be paid on 31.03.2019 due to pending compliances by the and respective parties as per the agreed commercial terms of the work issued to them. orders
2.	In respect of the charges of FSNL created between years 1990 to 1999 the charge satisfaction forms have not been filed by the company. Hence, these charges still appear in the Index of charges on MCA portal.	The charges are not existing as per financial statements for the financial year 2018-19, However the Company will obtain NOC from respective Charge Holder. Company
3.	On the basis of test check examinations carried out during the course of Audit, it was observed that Tax invoices issued by Rourkela Unit of FSNL does not contain the necessary disclosures with respect to Registered Office of Company as required under section 12 (3) of the Companies Act, 2013.	Inadvertently the address of Registered Office of the Company was not mentioned in the invoices raised by Rourkela Unit during April' 18 to June 18 The address of Registered Office duly mentioned in the invoices raised by Rourkela Unit from July'18 to and onwards.
4.	The company has obtained overdraft facilities against FDRs. However, as required under section 77 of the Companies Act, 2013 the company has not created charge on such overdraft facility.	FSNL has availed Overdraft facility against pledge of Fixed Deposits, hence there is no requirement for creation of charge by the Bank for overdraft facility against 100% margin by way of Fixed Deposit

# ANNEXURE – V TO THE DIRECTORS' REPORT

## Form No. MGT-9 EXTRACT OF ANNUAL RETURN As on the Financial Year ended on 31.03.2019

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

CIN	U27102CT1989GOI005468
Registration Date	28 /03/1979
Name of the Company	Ferro Scrap Nigam Limited
Category/Sub-Category of the Company	Company having Share Capital
Address of the Registered office and contact details	FSNL BHAWAN, Equipment Chowk, Central Avenue, Post Box -37 Bhilai-490001. Telephone: 0788 -2222474 / 2222475. E-mail: fsnl.co@gov.in , web site: <a href="http://www.fsnl.nic.in">www.fsnl.nic.in</a>
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NIL

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turn over of the company shall be stated:-

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% total turn over of the company
1.	Metal Waste & Scrap recovery (recycling) services on a fees or contract basis- processing of iron & steel scrap and slag handling including other mills services.	9989	99.90
2.	Warehousing Services	9967	0.05
3.	Service related to Valuation of Assets	-	0.05

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No. :	Name & Address of the Company	CIN / GIL	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	MSTC LIMITED 225C A.J.C.Bose Road, Kolkata-700020.	L27320WB1964GOI026211	Holding	100%	2(46)

#### IV. SHARE HOLDING PATTERN (Equity Share - Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	
b) Central Govt (PSU)	Nil	32000000	32000000	100%	Nil	32000000	32000000	100%	Nil
c) State Govt(s)	-	-	-	-	-	-	-	-	
d) Bodies Corp.	-	-	-	-	-	-	-	-	
e) Banks/FI	-	-	-	-	-	-	-	-	
f) Any Other	-	-	-	-	-	-	-	-	
<b>Sub-total(A)(1):</b>	Nil	32000000	32000000	100%	Nil	32000000	32000000	100%	Nil
(2) Foreign	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a) NRIs- individuals									
b) Other- Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any Other									
<b>Sub-total(A)(2):</b>	-	-	-	-	-	-	-	-	Nil
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	Nil	32000000	32000000	100%	Nil	32000000	32000000	100%	Nil
<b>B. Public Shareholding</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt.									
d) State Govt.(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total(B)(1):-</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

<b>2.Non- Institutions</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a)Bodies Corp. i) Indian ii) Overseas									
b)Individuals i)Individual shareholders holding nominal share capital uptoRs.1lakh  ii)Individual shareholders holding nominal share capital in excess of Rs1lakh									
c)Others(specify)									
<b>Sub-total(B)(2):-</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding (B)=(B)(1)+ (B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. Shares held by Custodian for GDRs &ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	Nil	32000000	32000000	100%	Nil	32000000	32000000	100%	Nil

**(ii) Shareholding of Promoters**

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding During the year
	No. of Shares having face value of Rs. 1000/- each	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares having face value of Rs. 10/- each	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
MSTC LTD. (PSU)	32000000	100	NIL	32000000	100	NIL	Nil
<b>Total</b>	<b>32000000</b>	<b>100</b>	<b>NIL</b>	<b>32000000</b>	<b>100</b>	<b>NIL</b>	



**iii. Change in Promoters' Shareholding (please specify, if there is no change)**

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>At the beginning of the year</b>	32000000	100%	32000000	100%
<b>Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):</b>	No Change		N.A.	
<b>At the End of the year</b>	32000000	100%	32000000	100%

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters And Holders of GDRs and ADRs):**

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
<b>For Each of the Top 10 Shareholders</b>				
At the beginning of the year	N.A.	N.A.	N.A.	N.A.
Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ Decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	No Change		N.A.	
At the End of the year (or on the date of separation, if separated during the year)	N.A.	N.A.	N.A.	N.A.

## (v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	None of the Directors and KMP holds any shares in FSNL.			
Datewise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat Equity etc):	No Change		N.A.	
At the End of the year	Nil	Nil	Nil	Nil

**V. INDEBTEDNESS****Indebtedness of the Company including interest outstanding / accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>In indebtedness at the beginning of the financial year</b>				
I) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	NIL	NIL	NIL	NIL
<b>Change in Indebtedness during the financial year</b>	No Change	No Change	No Change	No Change
Addition				
Reduction				
<b>Net Change</b>	NIL	NIL	NIL	NIL
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	NIL	NIL	NIL	NIL

Note : The Company used overdraft facility amounting to Rs. 975.30 Lakhs (previous year - Rs. 453.62 Lakhs) against Fixed Deposit with Indian Bank, Bhilai to meet its working capital.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Particulars of Remuneration	Shri Rajib Bhattacharya, Managing Director	Total Amount (Rs.)
Gross Salary		
(a) Salary as per provisions contained in Section 17(1) of Income Tax Act, 1961	34,01,347.00	34,01,347.00
(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	0.00	0.00
(c) Profits in lieu of Salary under section 17(3) of Income Tax Act, 1961	0	0
Stock Option	0	0
Sweat Equity	0	0
Commission - as % of profit - others, specify	0	0
Others, please specify HRA : 1,21,563.00 Medical : 70,930.00 Entertainment Allowance : 45,456.00 Performance Related Pay : 6,94,852.00	9,32,801.00	9,32,801.00
<b>Total(A)</b>	<b>43,34,148.00</b>	<b>43,34,148.00</b>
Ceiling as per the Act*		

\* FSNL has only one Functional Director. FSNL being a Government Company, appointment of Managing Director and fixation of his remuneration is decided by the President of India in terms of the provision of the Articles of Association of the Company.

### B. Remuneration to Other Directors:

Particulars of Remuneration	Shri Aurobindo Behera, Independent Director	Smt. Laxmi Verma, Independent Director	Smt. Aparna Chaturvedi, Independent Director	Total Amount (Rs.)
1. Independent Directors				
· Fee for attending board and committee meetings	2,70,000.00	45,000.00	15,000.00	3,30,000.00
· Commission	-	-	-	-
· Others, please specify	-	-	-	-
<b>Total(1)</b>	<b>2,70,000.00</b>	<b>45,000.00</b>	<b>15,000.00</b>	<b>3,30,000.00</b>

2.Other Non-Executive Directors	N.A.	N.A.	N.A.	N.A.
·Fee for attending board committee meetings ·Commission ·Others, please specify				
Total(2)	0	0	0	0
Total(B)=(1+2)	2,70,000.00	45,000.00	15,000.00	3,30,000.00
Total Managerial Remuneration	2,70,000.00	45,000.00	15,000.00	3,30,000.00
Overall Ceiling as per the Act*				

\* The Independent Director was paid sitting fees within the limits as prescribed under the Companies Act,2013.

Note : During the financial year 2018 -19 no remuneration was paid by Company to any other Non-executive Director except Non-executive Independent Directors of the Company).

A. **Remuneration to Key Managerial Personnel other than MD /Manager/ WTD**

(Amount inRs.)

Particulars of Remuneration	Shri Satadal Mitra G.M (F&A)	Shri Ashok Mishra (Company Secretary)	Total
Gross Salary			
(a) Salary as per provisions Contained in Section17(1)of the Income-tax Act,1961	25,98,461.00	12,27,999.00	38,26,460.00
(b) Value of perquisites u/s17(2) Income-tax Act,1961	0	0	0
(c) Profits in lieu of Salary under section17(3) Income-tax Act,1961	0	0	0
Stock Option	0	0	0
Sweat Equity	0	0	0
Commission - as % of profit -others, specify.	0	0	0

Others, please specify			
- HRA	2,92,948.00	1,39,474.00	4,32,422.00
- Medical	48,971.00	42,334.00	91,305.00
- Entertainment allowance	11,081.00	0.00	11,081.00
- Performance Related Pay	2,40,193.00	0.00	2,40,193.00
<b>Total</b>	<b>31,91,654.00</b>	<b>14,09,807.00</b>	<b>46,01,461.00</b>

#### VII. PENALTIES/PUNISHMENT/COMPOUNDING OFFENCES:

Type	Sections of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
A. COMPANY					
Penalty Punishment Compounding			NONE		
B. DIRECTORS					
Penalty Punishment Compounding			NONE		
C. OTHER OFFICERS IN DEFAULT					
Penalty Punishment Compounding			NONE		

**For and on behalf of Board of Directors**

Sd/-

Bam Bahadur Singh

Chairman

DIN: 03212787

Place: New Delhi

Date :10.08.2019

# ANNEXURE- VI TO THE DIRECTORS' REPORT

## FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

**1. Brief outline of the company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

### VISION

In alignment with vision of the company, FSNL, through its CSR initiatives, will continue to enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

### OBJECTIVES

With the above vision, FSNL has formulated a CSR policy with the main objectives of directly or indirectly taking up programmes that benefit the communities in & around its work centres, which will result in enhancing the quality of life & economic well-being of the local population, to generate a community goodwill for FSNL and help reinforce a positive & socially responsible image of FSNL as a Corporate entity, to ensure an increased commitment at all levels in the organization, etc.

### ALLOCATION OF FUND

Effective from 01.04.2014, at least 2.0% of the average net profits of the company made during the three immediately preceding financial years, shall be spent in each financial year towards discharge of Corporate Social Responsibility.

### SELECTION & NEED ASSESSMENT OF CSR PROJECTS

The Selection of CSR & Sustainability project / activities depend upon the local needs as may be determined by the need identification studies or discussions with District Administration / local government / bodies / citizen's forums / NGOs/Trusts / Societies / Beneficiaries etc and the requests / applications are scrutinized and screened by the Corporate level CSR Committee.

The need assessment / baseline survey is carried out through in-house expertise and recourses.

### APPROVAL OF CSR PROJECTS/ACTIVITIES

All the CSR projects / activities are recommended by the CSR Monitoring Committee and thereafter approved by the Board of Directors.

### PROJECTS CARRIED OUT DURING 2018-19

(a) Providing facilities of Shed/Wash basin etc.

In discharge of CSR activity for the year 2018-19 and in adherence of the SwachchVidhyalaya Abhiyaan initiated by the Govt. of India, FSNL has provided the following facilities in the Government schools/Female/Male Hostels: -

(a) Construction of a Shed with Handwash facility in Government Middle School, Bothli, Patan, Dt.Durg (Chhattisgarh).

(b) Providing Handwash facility in Sanjeevani Girls Hostel, Durg (Chhattisgarh).

(c) Construction of a Shed with Handwash facility in Government Middle School, Pisegaon, Dt.Durg (Chhattisgarh).

(d) Providing Handwash facility in Government Higher Secondary School, Selud, Dt.Durg (Chhattisgarh).

(e) Providing Handwash facility in Government Higher Secondary School, Station Maroda, Bhilai, Dt.Durg (Chhattisgarh).

- (f) Construction of a Shed with Handwash facility in Government Middle School, Anjora Dhaba, Dt.Durg (Chhattisgarh).
- (g) Construction of a Shed with Handwash facility in Government Primary School, Ufra, Patan, Dt.Durg (Chhattisgarh).
- (h) Construction of a Shed with Handwash facility in Government Middle School, Thanoud, Dt.Durg (Chhattisgarh).
- (l) Construction of a Shed with Handwash facility in Government Aadarsh Girls Middle School, Dt.Durg (Chhattisgarh).
- (j) Construction of a Shed with Handwash facility in Government Middle School, Murmunda, Dhamda, Dt.Durg (Chhattisgarh).

Apart from the above, in adherence of Government directives for carrying out CSR activities in the identified Aspirational Districts, FSNL has undertaken the following activities in the Aspirational Districts of Visakhapatnam (Andhra Pradesh) and Bokaro (Jharkhand):-

1. Construction of Toilet Blocks comprising of 5 Urinals & 3 Toilets for Boys and 3 Urinals & 3 Toilets for Girl students, totaling 14 lavatories at Zilla Parishad High School-Rambilli, Visakhapatnam (Andhra Pradesh).
2. Construction of One Hall of 23' x 45' size in Zilla Parishad High School, Thotagaruvu-Visakhapatnam (Andhra Pradesh) for the benefit of the Boys & Girl students,
3. Construction of Toilet Block comprising of 4 Urinals and 4 toilets for Boy & 4 Urinals and 4 toilets for Girl students, totaling 16 lavatories in Ramrudra Intermediate School, Chas, Bokaro, Dt.Dhanbad (Jharkhand).
4. Construction of Two class rooms at Ramrudra Intermediate School, Chas, Dt.Bokaro (Jharkhand).

FSNL's efforts have been widely acclaimed and appreciated by the schools & District Education Officer.

## **2. COMPOSITION OF CSR COMMITTEE**

A Board Level Committee for CSR is headed by an Independent Director. The Composition of the Committee is decided by the Board of Directors of the Company.

The implementation and monitoring of the CSR activities are overseen by the said Board Level Committee.

## **3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST 3 FINANCIAL YEARS:**

Financial Year	Rs.in Lakhs
2015-16	3252.54
2016-17	3621.69
2017-18	1303.94
	-----
	8178.17
Average Net Profit for last 3 years	: 2726.06
2% of average Net Profit for last 3 years	Rs.54.52 Lakhs
Asset value of Paper re-cycling Plant considered as CSR activity during 2016-17, not agreed by Govt.Auditor.	: Rs.10.40 Lakhs
	-----
	Rs.64.92 Lakhs
	-----
Rounded off	: Rs.65.00 Lakhs

## **4. PRESCRIBED CSR EXPENDITURE [AS ABOVE]** Rs. 65.00 Lakhs

Note : In consonance with the recommendation of CSR Monitoring Committee, the Board of Directors have revised the CSR budget for FY 2018-19 to Rs. 65.00 Lakhs vide Circular Resolution dated 08.02.2019. The actual CSR expenditure is Rs. 66.81 Lakhs during the financial year 2018-19.

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR (2018-19)

CSR Projects:

(Rs.in lakhs)

Sl No	CSR project identified	Sector	State and District of Project coverage	Project wise outlay	Amount spent		Cumulative expenses	Direct or through agency
					Direct Exp.	Over-heads		
1.	Providing Handwash facility with Shed in 7 Government schools in Durg District of Chhattisgarh State.	Health &Hygiene (Under SwachchVidhyalaya Abhiyan)	District Durg in Chattisgarh State	3.32	03.25	0.24	03.49	Direct
2.	Providing Handwash facility in 2 Government schools & 1 Girls hostel in Durg District of Chhattisgarh.	Swachh Vidhyalaya & Health & Hygiene	District Durg in Chattisgarh State	0.67	0.59	0.06	04.14	Direct
3.	Construction of Toilet block for Girls at Ramrudra Intermediate School, Chas, Bokaro.	Health &Hygiene (Under SwachchVidhyalaya Abhiyan)	<b>Aspirational District</b> Bokaro (Jharkhand)	7.42	7.41		11.55	Direct
4.	Construction of Toilet block for Boys at Ramrudra Intermediate School, Chas, Bokaro.	Health &Hygiene (Under SwachchVidhyalaya Abhiyan)	<b>Aspirational District</b> Bokaro (Jharkhand)	7.41	7.41		18.96	Direct
5.	Providing portable type Toilet block s for Boys & Girls at Zilla Parishad High School, Rambilli-Visakhapatnam.	Health &Hygiene (Under SwachchVidhyalaya Abhiyan)	<b>Aspirational District</b> Visakhapatnam (Andhra Pradesh)	10.64	10.64		29.60	Direct



CSR Projects:

(Rs.in lakhs)

Sl No	CSR project identified	Sector	State and District of Project coverage	Project wise outlay	Amount spent		Cumulative expenses	Direct or through agency
					Direct Exp.	Over-heads		
6.	Construction of 1 Hall at Zilla Parishad High School, Thotagaruvu, Visakhapatnam.	Education	<b>Aspirational District</b> Visakhapatnam (Andhra Pradesh)	18.41	19.24	0.06	48.90	Direct
7.	Construction of 2 Class rooms at Ramrudra Intermediate School, Chas, Bokaro.	Education	<b>Aspirational District</b> Bokaro (Jharkhand)	17.08	17.91		66.81	Direct
TOTAL				64.95	66.45	0.36	66.81	

6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. : Not Applicable. All CSR projects were completed and handed over before 31.03.2019, however, payment of some bills was yet to be made on 31.03.19 due to pending compliances by the respective parties as per the agreed commercial terms of the work orders issued to them.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company. It is certified that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

Sd/- (Bhanu Kumar) Director & Member of CSR Monitoring Committee	Sd/- (Aurobindo Behera) Independent Director & Chairman of CSR Monitoring Committee	Sd/- (Rajib Bhattacharya) Managing Director FSNL	Sd/- (V.V.Satyanarayana) GM(P&A)/Law FSNL
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# ANNEXURE- VII TO THE DIRECTORS' REPORT

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY

The philosophy of the company in relation to corporate governance is to ensure transparency, disclosures and reporting and to promote ethical conduct throughout the organization. It recognizes that the Board is accountable to shareholder and each member of the Board owes his first duty to protect and further the interest of the Company.

### VISION

The Company has a vision to increase its operational horizon by expanding the existing business to provide better services to its customer and to make the company competitive.

### MISSION

The Mission of the Company is to generate "Wealth from Waste".

### OBJECTIVES

The Company's objective is to remain a market leader in the field of waste recycle management in the steel industry.

### **BOARD OF DIRECTORS:**

#### **COMPOSITION :**

The Composition of the Board as on 31.03.2019 was consisting of Shri Bam Bahadur Singh (DIN: 03212787) as Chairman, Shri Rajib Bhattacharya (DIN: 07091356) as Managing Director of the Company, Shri Aurobindo Behera (DIN: 00765734) non-official Independent Director, Smt. Bhanu Kumar (DIN: 7982360) as nominee Director of MSTC Limited, Smt. Laxmi Verma (DIN: 08308190) as non-official Independent Director, Shri Ashish Sharma (DIN: 08365082) as Government Nominee Director and Smt. Aparna Chaturvedi (DIN: 00028647) as non-official Independent Director.

None of the Directors on the Board is member in more than Ten (10) committees or acts as Chairman of more than Five (5) committees across all the companies in which he is a Director.

#### **BRIEF INFORMATION OF THE NEWLY APPOINTED DIRECTORS.**

Shri Aurobindo Behera (DIN: 00765734), non-official Independent Director was appointed for a further period of one year w.e.f. 27.11.2018. His appointment was confirmed by the shareholders of the Company at the Extra-ordinary General Meeting of the Company held on 20.12.2018.

Smt. Bhanu Kumar (DIN: 7982360) was appointed as Additional Director as Nominee of MSTC Limited w.e.f. 01.12.2018 in place of Shri Asim Kumar Basu (DIN: 03102901).

Smt. Laxmi Verma (DIN: 08308190) was appointed as non-official Independent Director for a period of three years w.e.f. 14.12.2018. Her appointment was confirmed by the shareholders of the Company at the Extra-ordinary General Meeting of the Company held on 30.04.2019.

Shri Ashish Sharma (DIN: 08365082), Government Nominee was appointed as Additional Director w.e.f. 05.02.2019 in place of Shri Arun Kumar Kailoo (DIN: 07521092).

Smt. Aparna Chaturvedi (DIN: 00028647) was appointed as non-official Independent Director w.e.f. 11.03.2018. Her appointment was confirmed by the shareholders of the Company at the Extra-ordinary General Meeting of the Company held on 30.04.2019.

### **DIRECTORSHIP HELD BY THE DIRECTORS:**

Shri Bam Bahadur Singh (DIN:03212787) Chairman is also holding position of Chairman-cum-Managing Director of MSTC Limited and Directorship in Mahindra MSTC Recycling Limited;

Smt. Bhanu Kumar (DIN: 7982360), Nominee Director is also functioning as Director (Commercial) in MSTC Limited.

Smt. Aparna Chaturvedi (DIN:00028647), Non-Official Independent Director is also functioning as Independent Director in MSTC Limited and IFCI Financial Services Ltd.

### **REMUNERATION TO THE DIRECTORS**

The Independent, Government Nominee and Nominee Director of MSTC Limited do not have any material pecuniary relationship or transactions with the Company. However, the Independent Director is paid the sitting fees at a rate fixed by the Board within the limits as prescribed under the Companies Act, 2013 and daily allowance for attending the meetings of the Board and Committees of Directors. Presently, sitting fee of Rs. 15,000/- for attending each meeting of the Board and Committees of Directors and Rs. 670/- per day is being paid to the Independent Directors of the Company.

Government Nominee and Nominee Director of MSTC Limited are not entitled to any remuneration or sitting fee from the Company.

And, as regard the remuneration of Managing Director, the pay scale of Managing Director is fixed by the Ministry on appointment.

### **Board / Committee Meetings and procedure:**

#### **a) Scheduling and selection of Agenda items for Board / Committee Meetings.**

- i) The Meetings are scheduled in consonance with the approval of all the Directors and by giving appropriate notice after requisite approval of the Chairman of the Board/Committee or Managing Director. The Board of Directors ratifies/rescheduling the time and venue of the meeting and shorter notice (if any) in accordance with the provisions of the Companies Act, 2013 and Secretarial Standard. The Detailed agenda, management reports and other explanatory statements are circulated in advance amongst the members for facilitating meaningful, informed and focused decisions at the meetings. The Board also passes Resolution by circulation for the permissible business items.
- ii) The agenda papers are prepared by the concerned head of the department and for obtaining approval submitted to the Managing Director. Duly approved agenda papers are circulated amongst the Board members by the Company Secretary.
- iii) Under certain circumstances additional or supplementary item(s) on the agenda are taken up for discussion with the permission of the Chairman and majority of Directors including one Independent Director.

#### **b) Compliances:**

Each Head of the Department ensures adherence to the provisions of applicable of laws, rules, guidelines etc.

## BOARD MEETING & ATTENDANCE :

During the financial year ended on 31<sup>st</sup> March, 2019, six board meetings were held and the maximum time gap between any two meetings was not more than one hundred and twenty days.

Details of the Directors attendance at the Board Meetings of the company held in the financial year 2018-2019.

Name of Director	170 <sup>th</sup> Board Meeting held on 26.04.2018	171 <sup>st</sup> Board Meeting held on 13.07.2018	172 <sup>nd</sup> Board Meeting held on 10.09.2018	173 <sup>rd</sup> Board Meeting held on 29.10.2018	174 <sup>th</sup> Board Meeting held on 24.11.2018	175 <sup>th</sup> Board Meeting held on 19.03.2019
Shri Bam Bahadur Singh (DIN: 03212787)	Not Attended	Attended	Attended	Attended	Attended	Not Attended
Shri Rajib Bhattacharya (DIN: 07091356)	Attended	Attended	Attended	Attended	Attended	Attended
Shri A.K.Basu (DIN: 03102901)	Attended	Attended	Attended	Attended	Attended	-
Shri Aurobindo Behera (DIN: 00765734)	Attended	Attended	Attended	Attended	Attended	Attended
Shri Arun Kumar Kailoo (DIN:07521092)	Attended	Attended	Not Attended	Attended	Attended	-
Smt. Bhanu Kumar (DIN:7982360)	-	-	-	-	-	Attended
Smt. Laxmi Verma (DIN: 08308190)	-	-	-	-	-	Attended
Shri Ashish Sharma (DIN: 08365082)	-	-	-	-	-	Attended
Smt. Aparna Chaturvedi (DIN: 00028647)	-	-	-	-	-	Attended

## Information placed before the Board of Directors:

The Board of Directors has complete access to information within the company. The information inter alia regularly supplied to the Board includes:

- Annual operating plans and Budgets and any updates.
- Capital Budget, Revenue Budget and any updates.
- Periodical physical and financial performance of the company.
- Formation / Reconstitution of Board Committees
- Appointment, change in nomination and resignation of Directors and KMP.
- Dividend declaration.
- Significant changes in accounting policies and internal controls.
- Minutes of the Meeting of the Board and other Committees of the Board of the company.
- Periodical details of investment made.
- Disclosure of interest by Directors.
- Any Significant development in human Resources / Industrial Relations viz wage agreement, Additional Resource Generation Scheme.

- The information on legal cases pending in different courts.
- The information on pending cases under fiscal laws such as Service Tax, VAT, Income Tax etc.
- Action Taken Report.

## GENERAL BODY MEETINGS HELD DURING THE LAST THREE YEARS

Type of Meeting	Date	Time	Venue	Special Resolution Passed
EGM	25 <sup>th</sup> April, 2016	02.30 P.M.	MSTC LIMITED, 30/31A, 1 <sup>st</sup> Floor, Jeevan Vikas Building, Asaf Ali Road, New Delhi-110002	2
37 <sup>th</sup> AGM	22 <sup>nd</sup> September, 2016	12.00 Noon	Registered Office, Bhilai, Chhattisgarh	3
38 <sup>th</sup> AGM	18 <sup>th</sup> September, 2017	12.30 P.M.	Registered Office, Bhilai, Chhattisgarh	Nil
39 <sup>th</sup> AGM	28 <sup>th</sup> September, 2018	11.00 A.M.	Registered Office, Bhilai, Chhattisgarh	Nil
EGM	20 <sup>th</sup> December, 2018	11.00 A.M.	Registered Office, Bhilai, Chhattisgarh	Nil

Shri B. B. Singh, Chairman and Shri Rajib Bhattacharya, Managing Director were present at the 39<sup>th</sup> Annual General Meeting of the Company held on 28<sup>th</sup> September, 2018.

## COMMITTEES OF THE BOARD

There are three Board level committees constituted by the Board of Directors namely Audit Committee, CSR Monitoring Committee and Nomination and Remuneration Committee.

### AUDIT COMMITTEE:

During the year under review, Shri A.K. Basu, Nominee Director and Shri Arun Kumar Kailoo, Govt. Director have ceased to be the member of Audit Committee. During the interim period Smt. Bhanu Kumar, Nominee Director was inducted as member of Audit Committee and subsequently after appointment of further Independent Directors on the Board, Smt. Bhanu Kumar has ceased to be the member of Audit Committee in compliance with the provisions of the Companies Act, 2013 and DPE guidelines. Smt. Laxmi Verma, Independent Director, Shri Ashish Sharma, Government Director and Smt. Aparna Chaturvedi, Independent Director were inducted as the member of Audit Committee. The Audit Committee as at 31st March, 2019 consists of three independent non-executive directors and one non-executive director as specified below:

Name of Member	Designation	Category
Shri Aurobindo Behera (DIN: 00765734)	Chairman	Independent Non-Executive Director
Smt. Laxmi Verma (DIN: 08308190)	Member	Independent Non-Executive Director
Shri Ashish Sharma (DIN: 08365082)	Member	Non-Executive Director
Smt. Aparna Chaturvedi (DIN: 00028647)	Member	Independent Non-Executive Director

The members of the Audit Committee are financially literate and possesses expertise in accounting and financial management. The Company Secretary serves as the Secretary to the Audit Committee. The terms of reference of the Committee are in line with the DPE Guidelines issued on Corporate Governance. During

the financial year ended on 31<sup>st</sup> March, 2019, six meetings of the Audit Committee were held. The following table gives details of meeting and attendance of the Audit Committee Members:

Name of Director	23 <sup>rd</sup> Meeting held on 25.04.2018	24 <sup>th</sup> Meeting held on 12.06.2018	25 <sup>th</sup> Meeting held on 03.09.2018	26 <sup>th</sup> Meeting held on 27.10.2018	27 <sup>th</sup> Meeting held on 24.11.2018	28 <sup>th</sup> Meeting held on 19.03.2019
Shri Aurobindo Behera (DIN: 00765734)	Attended	Attended	Attended	Attended	Attended	Attended
Shri A.K.Basu (DIN: 03102901)	Attended	Attended	Attended	Attended	Attended	-
Shri Arun Kumar Kailoo (DIN:07521092)	Attended	Attended	Attended	Attended	Attended	-
Smt. Bhanu Kumar (DIN: 7982360)	-	-	-	-	-	-
Smt. Laxmi Verma (DIN: 08308190)	-	-	-	-	-	Attended
Shri Ashish Sharma (DIN: 08365082)	-	-	-	-	-	Attended
Smt. Aparna Chaturvedi (DIN: 00028647)	-	-	-	-	-	-

The Audit Committee complies the criteria regarding the minimum number of Independent Directors on the Board of the Company as laid down under the Guidelines issued by Department of Public Enterprise as well as the provisions of the Companies Act, 2013.

### CSR MONITORING COMMITTEE:

During the year under review Shri A.K. Basu, Nominee Director and Shri Arun Kumar Kailoo, Govt. Director have ceased to be the member of CSR Monitoring Committee. Smt. Bhanu Kumar, Nominee Director, Smt. Laxmi Verma, Independent Director, Shri Ashish Sharma, Government Director and Smt. Aparna Chaturvedi, Independent Director were inducted as a member of CSR Monitoring Committee. The CSR Monitoring Committee as at 31<sup>st</sup> March, 2019 consists of three independent non-executive directors and two non-executive directors as specified below:

Name of Member	Designation	Category
Shri Aurobindo Behera (DIN: 00765734)	Chairman	Independent Non-Executive Director
Smt. Bhanu Kumar (DIN: 7982360)	Member	Non-Executive Director
Smt. Laxmi Verma (DIN: 08308190)	Member	Independent Non-Executive Director
Shri Ashish Sharma (DIN: 08365082)	Member	Non-Executive Director
Smt. Aparna Chaturvedi (DIN: 00028647)	Member	Independent Non-Executive Director

During the financial year ended on 31<sup>st</sup> March, 2019, four meetings of the CSR Monitoring Committee were held as detailed below:

Name of Director	18 <sup>th</sup> Meeting held on 12.06.2018	19 <sup>th</sup> Meeting held on 03.09.2018	20 <sup>th</sup> Meeting held on 26.10.2018	21 <sup>st</sup> Meeting held on 04.02.2019
Shri Aurobindo Behera (DIN: 00765734)	Attended	Attended	Attended	Attended
Shri A.K.Basu (DIN: 03102901)	Attended	Attended	Attended	-
Shri Arun Kumar Kailoo (DIN:07521092)	Attended	Attended	Attended	-
Smt. Bhanu Kumar (DIN: 7982360)	-	-	-	Attended
Smt. Laxmi Verma (DIN: 08308190)	-	-	-	Attended
Shri Ashish Sharma (DIN: 08365082)	-	-	-	-
Smt. Aparna Chaturvedi (DIN: 00028647)	-	-	-	-

Based on the recommendation of the CSR Monitoring Committee, the Corporate Social Responsibility Policy (CSR Policy) has been adopted by the Company.

The CSR Policy of the company is available on the website of the company at [www.fsnl.co.in](http://www.fsnl.co.in/pdf/english/CSR_Policy.pdf) at web link [http://www.fsnl.co.in/pdf/english/CSR\\_Policy.pdf](http://www.fsnl.co.in/pdf/english/CSR_Policy.pdf)

The terms of reference of the CSR Monitoring Committee is in line with the DPE Guidelines issued on Corporate Governance.

### **NOMINATION AND REMUNERATION COMMITTEE: (Formerly known as Remuneration Committee)**

The Company has a functional "Nomination and Remuneration Committee" in compliance with the provisions of Section 178(1) of the Companies Act, 2013 and the terms of reference of the committee are in line with the DPE Guidelines issued on Corporate Governance. During the year under review Shri A.K. Basu, Nominee Director and Shri Arun Kumar Kailoo, Govt. Director have ceased to be the member of Nomination and Remuneration Committee. Smt. Bhanu Kumar, Nominee Director, Smt. Laxmi Verma, Independent Director, Shri Ashish Sharma, Government Director and Smt. Aparna Chaturvedi, Independent Director were inducted as a member of Nomination and Remuneration Committee. The Nomination and Remuneration Committee as at 31<sup>st</sup> March, 2019 consists of three independent non-executive directors and two non-executive directors as specified below:

Name of Member	Designation	Category
Shri Aurobindo Behera (DIN: 00765734)	Chairman	Independent Non-Executive Director
Smt. Bhanu Kumar (DIN: 7982360)	Member	Non-Executive Director
Smt. Laxmi Verma (DIN: 08308190)	Member	Independent Non-Executive Director
Shri Ashish Sharma (DIN: 08365082)	Member	Non-Executive Director
Smt. Aparna Chaturvedi (DIN: 00028647)	Member	Independent Non-Executive Director

During the financial year ended on 31<sup>st</sup> March, 2019, two meetings of this Committee were held as detailed below:

<b>Name of Director</b>	<b>12<sup>th</sup> Meeting held on 03.09.2018</b>	<b>13<sup>th</sup> Meeting held on 26.10.2018</b>
Shri Aurobindo Behera(DIN: 00765734)	Attended	Attended
Shri A.K.Basu(DIN: 03102901)	Attended	Attended
Shri Arun Kumar Kailoo(DIN:07521092)	Attended	Attended
Smt. Bhanu Kumar (DIN: 7982360)	-	-
Smt. Laxmi Verma (DIN: 08308190)	-	-
Shri Ashish Sharma (DIN: 08365082)	-	-
Smt. Aparna Chaturvedi (DIN: 00028647)	-	-

### **Compliance with Accounting Standards:**

Financial statements have been prepared in accordance with relevant Accounting Standard issued by the Institute of Chartered Accountants of India.

### **INTERNAL CONTROLS**

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 independent external firms of Chartered Accountants. The reports of Internal Audit are periodically submitted to the management for appraisal, improvement and remedial measures, if any.

### **CODE OF CONDUCT:**

The company has designed a comprehensive model code of Business Conduct and Ethics for Board Members and Senior Management personnel of the company in accordance with the Guidelines on Corporate Governance by DPE. The code is circulated to all the directors and members in the senior management of the company. The code of conduct is available on the website of the company [www.fsnl.nic.in](http://www.fsnl.nic.in). All Board members and designated senior management personnel have affirmed compliance with the Code of Conduct. A declaration to this effect signed by the Managing Director is given at the end of this report.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

#### **Industry Structure and Development:**

It is learnt that the beginning of the scrap processing industry in India can be traced back to 1956 when the Managing Director of the then TISCO contacted i.e. M/s Heckett Engineering Company, USA, (a division of Harsco Corporation, (USA), considered the pioneer in Scrap Recovery Technology in the world. The predecessor of Ferro Scrap Nigam Ltd, M/s Heckett Engineering Company (USA) started its operation in 1957 in India at Tata Iron & Steel Company Limited (then TISCO, Jamshedpur) for mechanized scrap recovery. Subsequently, in the year 1962, Rourkela Steel Plant and in 1964, the Indian Iron & Steel Company, Burnpur also employed their services for scrap recovery.

M/s Heckett Engineering Company (USA) operated in India as the Indian Branch of the American Company. Pursuant to the promulgation of Foreign Exchange Regulation Act, 1974, M/s Heckett Engineering Company (USA) either had to wind up its operations or had to acquire an Indian partner who would take a majority stake.



At the same time continuance of their operations in India was considered to be beneficial to the steel plants. The solution was to form a new Company.

The Government of India desired that the operation of M/s Heckett Engineering Company, USA should be nationalized. Consequently, MSTC Ltd (the erstwhile Metal Scrap Trade Corporation Ltd.,) then a subsidiary of SAIL was advised to begin work on this decision. MSTC Ltd., after undertaking a comprehensive study recommended the formulation of an independent company for this purpose and thus on the 28<sup>th</sup> of March, 1979, Ferro Scrap Nigam Limited in collaboration with M/s Harsco Inc., USA came into existence.

The entire mechanized scrap recovery process technology of M/s Heckett Engineering Company as well as the equipment and services of the operating personnel were transferred to FSNL, with 60% shareholding by MSTC Ltd., and the remaining 40% shareholding by M/s Harsco Corporation, USA. Initially, FSNL was a subsidiary of SAIL and delinked from SAIL along with MSTC Ltd., in 1982. In the year 2002, M/s Harsco Corporation transferred their 40 % shareholding to MSTC Ltd., thus FSNL became a wholly owned subsidiary of MSTC Ltd.

The Company was awarded 'Mini-Ratna Category II' by the Government of India. During the year under review FSNL has filed an application vide letter no. FC/2411/2018 dated 06.04.2018 for upgradation of FSNL from "Schedule C" to "Schedule B" Company. Further FSNL has also filed an application vide our letter no. FC/3160/2018 dated 15.05.2018 for re-categorisation of FSNL from "Miniratna Category II Company" to "Miniratna Category I Company".

FSNL implemented Integrated Management System - ISO 9001:2015, 14001:2015 & OHSAS 18001:2007, in the year 2011 at its Corporate Office as well as all Units.

### **Expansion/ New projects:**

#### **Expansion in Existing Customer Steel Plant:**

FSNL is prepared to enhance their capacity in coming years to come up with the enhanced slag & scrap generated by customer steel plants for recovery and processing.

Due to expansion activities of the Steel Plants, the requirement of scrap is expected to increase and FSNL looks up to this as an opportunity and it is fully geared up to take up these additional jobs of the Steel Plants in the years ahead. FSNL is executing out its plan to revamp/replace the existing fleet of equipment under Addition / Modification / Replacement in a phased manner to achieve cost reduction and increase productivity as well as efficiency.

FSNL has planned its diversification towards conversion of slag into slag aggregates as per the requirement of steel plant for different uses such as road making, construction material, rail ballast, soil conditioner etc.

With increasing capacity of existing steel plants there is a need of enhanced requirement of raw materials, which can be supplemented with utilization of the Fe bearing waste material like SMS sludge, BF sludge, BF dust etc. In this regard FSNL had entered into an agreement with CSIR-National Metallurgical Limited, Jamshedpur for development of process technology for making briquettes from above waste material at lab scaler level. It will not only fetch good revenue for FSNL but also contribute for protection of environment. CSIR -NML has submitted report and found suitable. Plant trial to be taken for which MoU/Agreement is to be made with CSIR-NML for making required quantity of briquettes.

### **Strength and Weakness:**

#### **Strength**

- Core competence in metal scrap recovery bulk material handling.
- Large, disciplined & skilled workforce with good work culture.
- Highest market shares in its core line of business.
- Trust of regulatory statutory body customer being a PSU company.
- History of very good relationship with the customer.

- Ability to induct and assimilate new technologies as per requirement/situation.

### **Weakness**

- Inconsistent requirement/demand of customer.
- Absence of long term assured business.
- Business cycle effect and volatility in the steel sector.

### **Outlook :**

Inadequate utilization of large volume of unaccountable/non-segregated scrap is resulting in depletion of natural resources and occupying precious space in the form of huge dump at many Steel Plants viz. Bhilai Steel Plant and Bokaro Steel Plant.

FSNL has ample opportunities to convert these huge volumes of unrecovered metal scrap into secondary raw materials for manufacturing of end products.

FSNL has plan for improvement in productivity and efficiency by adopting the following mechanisms:

- a) Induction of rock breaker attachment for loosening of hard slag in slag pit in place of loosening the hard slag by conventional method of balling with the help of a magnet crane.
- b) Induction of shear attachment for further processing of mill rejects at WRM mills in place of conventional processing by manual gas cutting for faster and safe processing of mill rejects.

### **Opportunities and threats:**

#### **Opportunities:**

- Capacity expansion of customer steel plant
- Venture in other sectors.

#### **Threats:**

- Reduction of metallic in input to FSNL with modernization of steel plants and introduction of advanced technology.
- Compulsion of working in hazardous and adverse working conditions.
- Demand of services by the customers within stringent time schedule.

### **Risks & Concerns:**

- 1) The area of concern for FSNL is the reduction in quantity of scrap due to modernization of steel making technology and operational discipline.
- 2) Single line of business and FSNL's performance is directly related to the business cycle of Steel industry.
- 3) undercutting by small size entities to fetch the similar nature of work.
- 4) The judgement of Hon'ble Calcutta High Court in the appeal no. MAT 244/2019 dated 15.02.2019 preferred against the order of Single Bench of Calcutta High Court in writ petition no. 33074 (W) of 2013 wherein the single bench has quashed the nomination policy for award of work on nomination basis to FSNL. If the appeal no. MAT 244/2019 dated 15.02.2019 filed by FSNL is not allowed by the divisional bench of Hon'ble Calcutta High Court it would entail significant business risk.

### **SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE.**

During the year the company was engaged in the business of scrap recovery and allied jobs for various steel plants in India which was as per IndAS 108 is considered the reportable business segment. Beside scrap

recovery and allied jobs, company has rendered services of warehouse management and valuation services for scrapped plant and machineries, movable or immovable material/properties but since revenue earned from these services is less than 10% of the total revenue the same does not constitute a reportable segment. The geographical segmentation is not relevant, as the company has no business operation outside India.

Identification of segments:

The Company's operating business are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Inter segment transfers:

The company generally accounts for intersegments sales and transfers as if the sales or transfers were to third parties at current market costs.

Unallocated items:

The Corporate and other segments include general corporate income and expense items which are not allocated to any business segment.

#### **DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

The total earning of the company was Rs.37,841.34 lakhs including service charges of Rs.36,519.56 lakhs as compared to the previous year's figure of Rs.34,029.79 lakhs and Rs.31,961.12 lakhs respectively with growth of around 11.20%. The total expenses have shown an increase of 3.08% as compared to the previous year. The increase in the expenditure is mainly attributable to the cost of high-speed diesel and stores spares.

#### **HUMAN RESOURCES DEVELOPMENT**

In order to enhance the skills & knowledge of the employees at all levels, acquainting them with the day-to-day developments in the industrial scenario, various Internal & External training programmes were organized for the employees (Executives as well as Non-executives) through the OEMs & reputed training institutions, on the basis of the yearly training schedule prepared at the beginning of the year 2018-19.

During the year 2018-19, total 415 man days were utilized for imparting training to the employees in the area of enhancement of their skills & managerial capabilities.

#### **ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:**

The company has an efficient and sound system of internal control to monitor the activities of the company to achieve the business objectives with accuracy, clarity and transparency of financial reporting. Present internal control ensures statutory compliance with rules, laws and regulations and with the laid down policies and procedures of the company.

To ensure independence to the internal control system, internal audit functions emphasizing transparency in the system and therefore, internal audit of the company is entrusted to independent external firms of Chartered Accountants. The reports of the internal audit are periodically submitted to the management for improvement, appraisal and remedial measures, if any.

#### **FURTHER DISCLOSURES AS PER CORPORATE GOVERNANCE GUIDELINES:**

1. There is no material significant related party transaction that may have potential conflict with the interest of the company.
2. Instances of non-compliance by the company has been observed and duly reported. No statutory authority has issued any strictures or levied penalty or any matter related to any guidelines issued by the Government during the last three years.
3. The Company has formulated a whistle blower policy in line with Government guidelines duly approved by the board. No person has been denied personal access to Audit Committee and no one has reported anything under this policy.
4. The Corporate Governance Guidelines has been complied to the extent applicable to the Company.
5. All Presidential guidelines have been complied with by the company for the year and also during the last three years.
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 Senior Management.
8. The financial results are available in the website of the company i.e. [www.fsnl.nic.in](http://www.fsnl.nic.in)
9. The designated employees of FSNL which includes Directors and Officers of the Company were informed to refrain from dealing in shares of MSTC Limited (Holding Company) during the closure of Trading Window of MSTC Limited.

#### **Company Identification Number (CIN)**

The CIN of the Company is: **U27102CT1989GOI005468**

#### **CAUTIONARY STATEMENT:**

Statements in the Management Discussion and Analysis describing the Company's objectives and expectations may be forward looking statements. Actual results may differ materially from those expressed or implied which could make a difference to the company's operations including continuation of business on nomination basis from the public sector steel plant

**For and on behalf of Board of Directors**

Place: New Delhi  
Date : 10.08.2019

Sd/-  
Bam Bahadur Singh  
Chairman  
DIN: 03212787

#### **DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT**

In compliance of Corporate Governance Guidelines, the Board Members and the Senior Management Personnel have confirmed compliance with the MODEL CODE OF BUSINESS CONDUCT AND ETHICS for the Financial Year 2018-19.

Sd/-  
Rajib Bhattacharya  
Managing Director



Pratibha Khandelwal & Associates  
Company Secretaires

**SECRETARIAL AUDITORS' CERTIFICATE**  
**(ON CORPORATE GOVERNANCE)**

To,  
The Members,  
Ferro Scrap Nigam Limited,  
CIN : U27102CT1989GOI005468  
FSNL Bhawan, Equipment Chowk, Central Avenue, Bhilai, Dist. Durg(CG)-490001

I have examined the compliance of conditions of corporate governance of M/s Ferro Scrap Nigam Limited for the year ended 31 March 2019 as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Ministry of Heavy Industries and Public Enterprises (DPE Guidelines)

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company. It is limited purpose report issued as per the DPE guidelines.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has broadly complied with the conditions of Corporate Governance.

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

For Pratibha Khandelwal & Associates

Place: Jaipur  
Date: 20/07/2019

Sd/-  
(Pratibha Khandelwal)  
Practicing Company Secretary  
Membership No.: FCS 7194  
COP: 3973

# Ferro Scrap Nigam Limited

## Balance Sheet as at 31st March 2019

₹ In Lakhs

	Note	As at 31st March 2019	As at 31st March 2018
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, Plant and Equipment	5	6,989.39	6,461.83
(b) Capital work-in-progress	5	271.37	395.56
(c) Other Intangible assets	6	11.55	14.02
(d) Intangible assets under development	6	57.20	29.20
(e) Financial assets			
(i) Trade receivables	7	0.00	44.37
(ii) Other financial assets	8	28.86	33.30
(f) Income tax assets	9	1,326.61	1,777.73
(g) Deferred tax assets (net)	10	828.04	662.22
(h) Other non-current assets	11	0.95	0.75
Total Non-Current Assets		<b>9,513.97</b>	<b>9,418.98</b>
<b>(2) Current Assets</b>			
(a) Inventories	12	603.50	415.63
(b) Financial assets			
(i) Trade receivables	13	14,972.16	13,932.05
(ii) Cash and Bank Balances	14	19.38	12.43
(iii) Other Bank Balances	15	9,907.69	9,834.09
(iv) Other financial assets	16	1,173.52	1,234.77
(c) Other current assets	17	834.05	958.85
		<b>27,510.30</b>	<b>26,387.82</b>
Assets classified as held for sale	18	307.61	259.21
Total Current Assets		<b>27,817.91</b>	<b>26,647.03</b>
<b>TOTAL ASSETS</b>		<b>37,331.88</b>	<b>36,066.01</b>
<b>EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity Share Capital	19	3,200.00	3,200.00
(b) Other equity	20	16,841.79	15,378.23
Total equity		<b>20,041.79</b>	<b>18,578.23</b>
<b>(2) Non-Current Liabilities</b>			
Provisions	21	5,879.16	7,269.26
Total Non-Current Liabilities		<b>5,879.16</b>	<b>7,269.26</b>
<b>(3) Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	22	975.30	453.62
(ii) Trade payables	23	3,611.58	3,754.53
(iii) Other financial liabilities	24	2,779.02	2,785.36
(b) Other current liabilities	25	977.13	1,072.75
(c) Provisions	26	3,048.10	2,127.32
		<b>11,391.13</b>	<b>10,193.58</b>
Liabilities directly associated with assets / sub-assemblies classified as held for sale	27	19.80	24.94
Total Current Liabilities		<b>11,410.93</b>	<b>10,218.52</b>
Total Liabilities		<b>17,290.09</b>	<b>17,487.78</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>37,331.88</b>	<b>36,066.01</b>

**Significant Accounting Policies & Notes on Accounts**

1 to 53

The accompanying notes are integral part of the Financial Statements

As per our report of even date

For Laxmi Tripti & Associates  
Chartered Accountants  
FRN . 009189C

For and on behalf of the Board of Directors of  
Ferro Scrap Nigam Limited

Sd/-  
(CA L N Agrawal)  
Partner  
Membership No.: 078427

Sd/-  
(Ashok Mishra)  
Company Secretary

Sd/-  
(Satadal Mitra)  
General Manager (F&A)

Place : Durg  
Date : 22/05/2019

Sd/-  
(Bhanu Kumar)  
Director  
DIN - 07982360

Sd/-  
(Rajib Bhattacharya)  
Managing Director  
DIN - 07091356

Sd/-  
(B.B. Singh)  
Chairman  
DIN - 03212787

# Ferro Scrap Nigam Limited

## Statement of Profit & Loss for the period ended 31st March 2019

		₹ In Lakhs	
Particulars	Note	Current year 31.03.2019	Previous year 31.03.2018
I	Revenue from operations	36,519.56	31,961.13
II	Other Income	1,321.78	2,068.67
III	<b>Total Revenue (I + II)</b>	<b>37,841.34</b>	<b>34,029.80</b>
<b>IV EXPENSES</b>			
(a)	Operational Expenses	4,879.42	4,032.30
(b)	Employee benefit expense	10,912.96	12,408.34
(c)	Finance costs	86.79	7.35
(d)	Depreciation and amortisation expenses	1,34.39	1,094.16
(e)	Other expenses	16,509.23	15,183.86
	<b>Total Expenses (IV)</b>	<b>33,732.39</b>	<b>32,726.01</b>
V	<b>Profit Before Exceptional Items and Tax (III-IV)</b>	<b>4,108.95</b>	1,303.79
VI	<b>Exceptional Items</b>	0.00	0.00
VII	<b>Profit Before Tax (V-VI)</b>	<b>4,108.95</b>	1,303.79
VIII	<b>Tax Expense</b>		
(a)	Current tax	1,605.94	532.67
(b)	Deferred tax	(165.82)	(35.60)
	<b>Total Tax Expense</b>	<b>1,440.12</b>	497.07
IX	<b>Profit After Tax for the Year (VII- VIII)</b>	<b>2,668.83</b>	806.72
X	<b>Other Comprehensive Income</b>	(431.29)	(123.50)
	<b>Items that will not be re-classified to Profit/(Loss)</b>		
(a)	Remeasurement of the defined benefit plans	(662.95)	(188.86)
(b)	Income tax relating to items that will not be reclassified to profit or loss	231.66	65.36
XI	<b>Total Comprehensive Income for the year (IX+X)</b>	<b>2,237.54</b>	683.22
XII	<b>Earnings per Equity Share (₹ 10/- each)</b>		
(a)	Basic	<b>8.34</b>	2.52
(b)	Diluted	<b>8.34</b>	2.52

Significant Accounting Policies & Notes on Accounts 1 to 53

The accompanying notes are integral part of the Financial Statements

As per our report of even date

For Laxmi Tripti & Associates  
Chartered Accountants  
FRN . 009189C

For and on behalf of the Board of Directors of  
Ferro Scrap Nigam Limited

Sd/-  
(CA L N Agrawal)  
Partner  
Membership No.: 078427

Sd/-  
(Ashok Mishra)  
Company Secretary

Sd/-  
(Satadal Mitra)  
General Manager (F&A)

Sd/-  
(Bhanu Kumar)  
Director  
DIN - 07982360

Sd/-  
(Rajib Bhattacharya)  
Managing Director  
DIN -07091356

Sd/-  
(B.B. Singh)  
Chairman  
DIN -03212787

Place : Durg  
Date : 22/05/2019

**Ferro Scrap Nigam Limited**  
**Statement of Cash Flow for the Year ended 31st March 2019**

₹ In Lakhs

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit for the year</b>	<b>2,668.83</b>	<b>806.71</b>
<b>Adjustments for:</b>		
Depreciation / Amortisation of non-current assets	1,343.99	1,094.16
Income Tax expense recognised in profit & loss	1,440.12	497.07
(Gain)/Loss on disposal of Property, Plant & Equipment(net)	(4.27)	4.22
Finance Cost	86.79	7.35
Interest Income recognised in profit & loss	784.44	782.35
<b>Operating profit before Working Capital changes</b>	<b>6,319.90</b>	<b>3,191.86</b>
<b>Adjustments for changes in Operating Assets &amp; Liabilities</b>		
<b>Adjustments for (increase) / decrease in Operating Assets:</b>		
(Increase)/decrease in Trade Receivables	(995.74)	(1,770.00)
(Increase)/decrease in Other Financial Assets	9.97	8.87
(Increase)/decrease in Other Assets	76.20	(77.24)
(Increase)/ decrease in Inventories	(187.87)	(50.04)
<b>Adjustments for increase / (decrease) in Operating Liabilities:</b>		
Increase/ (decrease) in Trade Payables	(142.95)	1,257.45
Increase/ (decrease) in Other Financial Liabilities	(6.34)	686.90
Increase/ (decrease) in Other Liabilities	(100.76)	429.18
Increase/ (decrease) in Provisions	(1,132.27)	(720.64)
<b>Cash generated from Operations</b>	<b>3,840.14</b>	<b>2,956.34</b>
Direct Taxes Paid (Net of Refund)	(923.16)	(1,187.31)
<b>Net cash from Operating Activities</b>	<b>2,916.98</b>	<b>1,769.03</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment for Property, Plant & Equipment net of transfer from CWIP	(2,228.32)	(1,931.09)
Proceeds from disposal of Property, Plant & Equipment	459.71	232.95
Investment In Fixed Deposits	(73.61)	(297.14)
Interest received	(728.72)	(1,311.37)
<b>Net cash (used) in Investing Activities</b>	<b>(2,570.94)</b>	<b>(3,306.65)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>Repayment of</b>		
Interest Paid	(86.79)	(7.35)
Dividend Paid	(642.01)	(616.99)
Tax on Dividends Paid	(131.97)	(125.61)
<b>Net cash used in Financing Activities</b>	<b>(860.77)</b>	<b>(749.95)</b>
<b>Net increase/(decrease) in Cash &amp; Cash equivalents( A+B+C)</b>	<b>(514.73)</b>	<b>(2,287.57)</b>
<b>Cash and Cash equivalents at the beginning of the Year</b>	<b>(441.19)</b>	<b>1,846.38</b>
<b>Cash and Cash equivalents at the end of the Year (Note No.14)</b>	<b>(955.92)</b>	<b>(441.19)</b>

Figures in brackets indicate outflows.

Statement Showing Cash and Cash Equivalents		
Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Cash and Cash equivalents at the end of the Year	19.38	12.43
Less: Over Draft Bank Balances at the end of the year	(975.30)	(453.62)
<b>Net Cash and Cash equivalents at the end of the Year</b>	<b>(955.92)</b>	<b>(441.19)</b>

As per our report of even date

For Laxmi Tripti & Associates  
Chartered Accountants  
FRN . 009189C

For and on behalf of the Board of Directors of  
Ferro Scrap Nigam Limited

Sd/-  
(CA L N Agrawal)  
Partner  
Membership No.: 078427

Sd/-  
(Ashok Mishra)  
Company Secretary

Sd/-  
(Satadal Mitra)  
General Manager (F&A)

Place : Durg  
Date : 22/05/2019

Sd/-  
(Bhanu Kumar)  
Director  
DIN - 07982360

Sd/-  
(Rajib Bhattacharya)  
Managing Director  
DIN - 07091356

Sd/-  
(B.B. Singh)  
Chairman  
DIN -03212787



**Ferro Scrap Nigam Limited**  
**Statement of changes in equity for the year ended 31st March 2019**

₹ In Lakhs

**A. Equity Share Capital**

Particulars	Balance as at 1st April,2017		Changes in Equity		Balance as at 31st March,2018	
	Nos	Value	Nos	Value	Nos	Value
Equity Shares of ₹ 10 each	3,20,00,000	3,200.00	-	-	3,20,00,000	3,200.00
Issue of Share Capital	-	-	-	-	-	-
Issue of Bonus Share Capital	-	-	-	-	-	-
Particulars	Balance as at 1st April,2018		Changes in Equity		Balance as at 31st March,2019	
	Nos	Value	Nos	Value	Nos	Value
Equity Shares of ₹ 10 each	3,20,00,000	3,200.00	-	-	3,20,00,000	3,200.00
Issue of Share Capital	-	-	-	-	-	-
Issue of Bonus Share Capital	-	-	-	-	-	-

Equity shares of ₹ 10 each issued, subscribed and fully paid.

**B. Other Equity**

Particulars	Reserve & Surplus			
	Capital Reserve	General Reserve	Surplus	Total
Balance as at April 1, 2017	37.36	15,389.21	11.05	15,437.62
Profit for the year	-	-	806.71	806.71
Other Comprehensive Income for the year (net of Income tax)	-	-	(123.50)	(123.50)
Final Dividend	-	-	(8.99)	(8.99)
Interim Dividend	-	-	(608.00)	(608.00)
Dividend Distribution Tax (final)	-	-	(1.83)	(1.83)
Dividend Distribution Tax (interim)	-	-	(123.78)	(123.78)
Transfer to General Reserve	-	-	-	-
<b>Balance as at March 31, 2018</b>	<b>37.36</b>	<b>15,389.21</b>	<b>(48.34)</b>	<b>15,378.23</b>
Profit for the year	-	-	2,668.83	2,668.83
Other Comprehensive Income for the year (net of Income tax)	-	-	(431.29)	(431.29)
Interim Dividend	-	-	(320.00)	(320.00)
Final Dividend	-	-	(322.01)	(322.01)
Dividend Distribution Tax (final)	-	-	(66.19)	(66.19)
Dividend Distribution Tax (interim)	-	-	(65.78)	(65.78)
Transfer to General Reserve	-	1,400.00	(1,400.00)	-
<b>Balance as at March 31, 2019</b>	<b>37.36</b>	<b>16,789.21</b>	<b>15.22</b>	<b>16,841.79</b>

As per our report of even date

For Laxmi Tripti & Associates  
Chartered Accountants  
FRN . 009189C

For and on behalf of the Board of Directors of  
Ferro Scrap Nigam Limited

Sd/-  
(CA L N Agrawal)  
Partner  
Membership No.: 078427

Sd/-  
(Ashok Mishra)  
Company Secretary

Sd/-  
(Satadal Mitra)  
General Manager (F&A)

Place : Durg  
Date : 22/05/2019

Sd/-  
(Bhanu Kumar)  
Director  
DIN - 07982360

Sd/-  
(Rajib Bhattacharya)  
Managing Director  
DIN -07091356

Sd/-  
(B.B. Singh)  
Chairman  
DIN -03212787

# FERRO SCRAP NIGAM LIMITED

## 1. GENERAL INFORMATION

Ferro Scrap Nigam Limited ('FSNL' or 'the Company') is a public sector company, incorporated on 28-3-1979 & is having its registered office in Bhilai, Chhattisgarh. Presently it is a "Mini Ratna II PSU" (IMS Certified) a Government of India company under Ministry of Steel. It is a wholly owned subsidiary of MSTC Limited.

FSNL undertakes the job of recovery and processing of scrap from slag and refuse generated during iron and steel making at Steel Plants. Ferro Scrap Nigam Limited offers specialized services for Dig and Haul of Blast Furnaces & Steel Melting Shop slag at slag yards, processing of iron and steel skulls, mill rejects & maintenance scrap as per customer's requirement. FSNL also offers scarfing of slabs, crushing and screening of LD slag to be used in sinter plant, blast furnace, steel melting shop and rail ballast. It removes sludge & ash deposit from sludge compartments & ash ponds. FSNL also handle and neutralize Acid Sludge in open Hearth Muck Dump.

The company is also providing (a) Custodian service for warehouse management to the clients of MSTC Limited and (b) Valuation services for plant & machinery/scrap, movable and immovable material / properties.

## 2. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest Lakh ( upto two decimals), except as stated otherwise.

## 3. Application of new and revised Ind AS

(a) Ind AS 115: Revenue from contracts with customer was issued on 28<sup>th</sup> March 2018 and supersedes Ind AS 18: Revenue and Ind AS 21: Construction Contracts and it applies, with limited exception to all revenue arising from contracts with its customers. Under Ind AS 115: revenue is recognized when a customer obtains control of goods or services. The company has carried out assessment of change in accounting policy, following the adoption Ind AS 115 and concluded that there is no significant impact on the Company's revenue recognition policy.

(b) Standard Issued but not yet effective

The following amendments to the existing Ind AS standards are not expected to have a significant impact on the Company's financial statements:

- (i) Appendix C to IndAS 12: Income Taxes (uncertainty over Income taxes treatments)
- (ii) Amendments to IndAS 12: Income Taxes
- (iii) Amendments to IndAS 19: Employee benefits
- (iv) Amendments to IndAS 23: Borrowing costs
- (v) Amendments to IndAS 28: Investments associates and Joint Ventures.
- (vi) Amendments to IndAS 103: Business combinations.
- (vii) Amendments to IndAS 109: Financial instruments
- (viii) Amendments to IndAS 111: Joint Arrangements

## **4. SIGNIFICANT ACCOUNTING POLICIES**

### **4.1 Basis of Preparation**

The financial statements of the company have been prepared in accordance with Indian Accounting Standard (Ind AS) as prescribed under Section 133 of Companies Act, 2013 as notified under the companies (Indian Accounting Standards) Rules, 2015(as amended) under the historical cost convention on the accrual basis with the exception of certain assets and liabilities which are required to be measured at fair values at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### **4.2 Use of Estimates and Critical Judgement**

The preparation of accounts in accordance with Ind AS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the accounts and reported amounts of income and expenses during the period.

Actual results could differ from those estimates. Critical accounting judgments and the key sources of estimation or uncertainty in applying the Company's accounting policies arise in relation to property, plant and equipment, current asset provisions, deferred tax, retirement benefits. All of these key factors are reviewed on a continuous basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and any future periods affected.

### **4.3 Property, Plant and Equipment**

An Item of Property, Plant and Equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the company and its costs can be measured reliably. This

recognition principal is applied to the costs incurred initially to acquire an item of Property, Plant and Equipment and also to cost incurred subsequently to add to, replace part of, or service it. All other repair and maintenance costs, including regular servicing, are recognised in the statement of profit and loss as incurred. When a replacement occurs, the carrying amount of the replaced part is de-recognised.

Property, Plant and Equipment are stated at cost, less accumulated depreciation and impairment losses. Cost includes all direct costs and expenditures incurred to bring the asset to its working condition and location for its intended use.

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised in the statement of profit and loss. Included in Property, Plant and Equipment are loose plant and tools which are stated at cost less amounts written off related to their expected useful lives and estimated scrap value.

Spares having useful life of more than one year and having value of Rs. 25.00 Lakhs or more in each case, are capitalised under the respective heads as and when available for use.

Capital work-in-progress is valued at cost and includes equipment in transit and the cost of fixed assets that are not ready for their intended use at the reporting date.

“Assets classified as held for sale” is under “Non-current Asset” if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell, except for asset such as Deferred Tax Asset, Assets arising from employees benefit, Financial Assets which are specifically exempt from this requirement. Further, where the management expects that any part of said assets is likely to be disposed off within one year on the Balance Sheet date, the same are classified as “Current Assets”.

“Assets classified as held for sale” is classified under “Non-current Asset” at their net written down value since these assets have already been retired from normal continuing operations and is held only for sale / auction.

“Assets classified as held for sale” are presented separately from the other assets in the balance sheet. The liabilities classified as held for sale are presented separately from the other liabilities in the balance sheet.

#### **4.4 Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Further, the management estimates that the intangible assets are having zero carrying cost at the end of its useful life i.e. zero residual value.

#### **4.5 Depreciation and Amortization**

Depreciation on tangible assets is provided on straight line method, considering residual value of 5% of the cost of asset, over the useful lives of the assets, as specified in Schedule II of the Companies Act, 2013.

Depreciation on addition to/ deletion of assets during the year is provided on Pro-rata basis with reference to the date of addition/deletion.

No further depreciation is provided in respect of assets that are fully written down but are still in

use. Depreciation on assets under construction commences only when the assets are ready for their intended use.

Depreciation on capital spares is provided over the useful life of the spare or remaining useful life of the mother asset, as re-assessed, whichever is lower.

The estimated useful lives of depreciable / amortisable assets are reviewed regularly and if necessary, changes in estimates are accounted for prospectively.

Assets costing upto Rs. 4999/- are fully depreciated in the year in which they are put to use.

Software which is not an integral part of related hardware, if treated as intangible assets and amortised over a period of 6 years or its license period, whichever is less, without any residual value.

However, in the following classes of assets depreciation is determined and charged on the basis of technically assessed estimated useful life as decided by the Management and approved by the Board of Directors shown hereunder.

Excavators 1.2 to 5 Cum used for Hot Slag handling	- 5 Years
Dozer	- 7 Years
Excavators 1.2 to 5 Cum Not used for Hot Slag handling	- 7 Years
Cranes	- 15 Years
Magnetic Separators	- 15 Years

All assets under "Plant and Machinery" except assets mentioned above – 9.19 Years  
Solar Plants – 10 Years

#### **4.6 Impairment of Non Financial Assets**

At each balance sheet date, the Company reviews the carrying amounts of its Property, Plant and Equipment to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the extent of impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised in the statement of profit and loss as and when the carrying amount of an asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

#### **4.7 Financial Instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and

loss.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

## **a) Financial assets**

### **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **Financial assets measured at fair value**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through profit or loss.

### **Impairment of financial assets**

Loss allowance for expected credit losses is recognised for financial assets measured at amortized cost and fair value through other comprehensive income.

Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition. For financial instruments whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised.

### **De-recognition of financial assets**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing of the proceeds received.

## **b) Financial liabilities and equity instruments**

### **Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

## **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

## **Financial Liabilities**

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

## **De-recognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

## **4.8 Inventories**

Inventories other than non-moving inventories are valued at cost or estimated net realizable value whichever is less. The cost includes purchase cost and other direct expenses but exclude excise duty , Goods & Service Tax on such goods where the company is eligible to take cenvat credit in accordance with rule 3 (1) of the Cenvat Credit Rules'2004 & Input Credit under GST rules.

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 cost or estimated net realizable value whichever is lower.

## **4.9 Borrowing Costs**

Borrowing costs on working capital is charged against the profit/loss for the year in which it is incurred. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale.

Other income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## **4.10 Employee Benefits**

### **(a) Short term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and re-measured at the amounts to be paid when the liabilities are settled. The liabilities are presented as current employee benefits obligations in the balance sheet.

### **(b) Other long term employee benefit obligations**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 month after the end of the period in which the employees render related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up

to the end of the reporting period using the projected unit credit method.

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 using the projected unit credit method.

The benefits are discounted using the market yield at the end of the reporting period that have terms of approximating to the terms of related obligations. Re-measurement as a result of experience adjustments and changes in actuarial assumptions are recognised in statement of profit and loss.

### **(c) Post-employment obligations**

The Company operates the following post-employment schemes:

- (a) Defined benefit plans such as gratuity, post-employment medical plans, contributory post retirement medical scheme and
- (b) Defined contribution plans such as provident funds.

#### **Gratuity obligations**

The liabilities or assets recognised in the balance sheet in respect of gratuity plan is the present value of the defined benefits obligation at the end of the reporting period less the fair value of plan assets. The defined benefits obligations are calculated annually by actuaries using projected unit credit method.

The present value of defined benefits obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on Government bonds that are terms approximating to the terms of the related obligations.

The net interest cost is calculated by applying the discounted rate to the net balance of defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of defined benefit obligation resulting from amendments and curtailments are recognised immediately in statement of profit and loss as past service cost.

#### **Post-employment medical obligations**

Company provides postretirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employees remaining in service up to the retirement age and the completion of minimum service period. The expected cost of these benefits is accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

#### **Defined contribution plans**

Company pays Provident Fund which is administered by a Trust recognised by Income Tax Authorities and contribution to this Fund is charged to revenue. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Pensioners Benefits are secured through Employees' Pension Scheme 1995

## **4.11 Revenue Recognition**

Revenue is recognised for amounts the Company expects to be entitled to in exchange for transferring promised goods and services to a customer excluding amounts collected on behalf of third parties e.g. Goods and Service Tax. Revenue from contracts with customers is recognised when the Company



satisfies the performance obligation identified in the contract through transfer of control of the promised goods and services.

Revenue is measured at the fair value of consideration received or receivable and recognised on accrual basis.

Items which are accounted on actual realization since realisability of such items are uncertain in accordance with the Provisions of the accounting standards are as follows:-

- (i) Liquidated damages on Suppliers or contractors.
- (ii) Interest thereon on Refund of Income Tax.

Interest Income is reported on an accrual basis using the effective interest method.

#### **4.12 Service Charges**

Service charges represent the income earned for processing of scrap and other items, custodian services for warehouse management and service related to valuation of assets done by the Company at the rates agreed with / offered to the respective Steel Plants and other parties.

Any retrospective revision of Service Charges in line with rate revision clause of the agreement with the customers is accounted for in the year of such revision to the extent such claims are accepted by the customers.

Where Agreement with Customers are not finalised, the service charges are accounted for on Provisional basis.

#### **4.13 Foreign Currency Transaction**

Foreign currency transactions are translated into the functional currency of the company using the exchange rates prevailing at the date of the transactions.

In preparing the financial statements of the company, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the statement of profit and loss for the period. Exchange differences arising on retranslation on non-monetary items carried at fair value are included in statement of profit and loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income.

Wherever foreign exchange fluctuations are to be borne by the customers as per agreement with them, foreign exchange gain/ loss are not recognised in the books of the Company.

#### **4.14 Taxes on Income**

Tax expense for the year comprises current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted in the country where the Company operates by the end of the reporting period. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying

amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset to the extent that they relate to taxes levied by the same tax authority and there are legally enforceable rights to set off current tax assets and current tax liabilities within that jurisdiction.

Current and deferred tax are recognised as an expense or income in the statement of profit and loss, except when they relate to items credited or debited either in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity.

#### **4.15 Provisions, Contingent Liabilities and Contingent Assets**

Liabilities which are material and whose future outcome cannot be reasonably ascertained are treated as contingent and not provided for and disclosed by way of notes to the accounts. These are reviewed at each Balance Sheet date and are adjusted to reflect the current management estimate considering final disposal of respective cases on merit basis as assessed by the management.

Contingent assets are not recognised but are disclosed when an inflow of economic benefits is probable.

Provisions are recognised, where the Company has any legal or constructive obligation or where reliable estimate can be made for the amount of the obligation and as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

#### **4.16 Investments**

Investments held / intended to be held for a period exceeding one year are classified as long term investments and the same are stated at cost. Gains / losses on long term investments are considered as income/expenditure at the time of sale only. Current investments are stated at lower of cost and fair value determined on an individual investment basis.

#### **4.17 Provisions for doubtful debts/ advances**

Provision is made against claims and advances wherever such claim / advance is considered doubtful in the opinion of management. Writing back of liabilities / provisions is made wherever such liability / provision considered no longer required in the opinion of management.

#### **4.18 Cash Flow Statements**

The statement of cash flow is prepared by using the indirect method as prescribed in INDAS 7, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

#### **4.19 Segment Reporting**

Company is engaged in the business of Scrap Recovery and Allied Jobs in various Steel Plants in India, BHEL – Haridwar, which is the principal business activity of the company. Beside scrap recovery and allied jobs, company has rendered services of custodian service and service related to valuation of assets. However as per para 11 of Ind AS (108) i.e. “operating segment”, a business segment should be identified as a reportable segment if its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 percent or more of the combined revenue, internal and external, of all reporting segments. Total service charges received against custodian service and service related to valuation of assets are less than ten percent of the revenue earned; hence the former does not constitute a reportable segment.

Further as regard to geographical segment, the primary criteria as envisaged in the accounting standard are being considered of which details are as follows:

- a. Similarity of economic and political conditions
- b. Relationship between operations in different geographical areas
- c. Proximity of operations
- d. Special risks associated with operations in particular area
- e. Exchange control regulations
- f. Underlying currency risks.

Since the company is rendering services to units that are subject to same economical and political conditions and are therefore exposed to same operational risks viz. exchange control regulations, underlying currency risks, proximity of operations etc. Accordingly relationship between operations in different geographical areas does not differ from each other and therefore is not relevant for the company or the management.

#### **4.20 Earnings Per Share**

The earning per share and diluted earnings per share is calculated as per Ind AS 33.

Basic earning per share is computed by dividing profit after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding for the period

For the purpose of calculating diluted earnings per share, the profit after tax for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### **4.21 Cash & Cash Equivalentents**

Cash and Cash equivalentents in the Balance Sheet comprise Cash at Banks, Cash on hand and Short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

#### **4.22 Equity & Reserves**

Share Capital represents the nominal value of shares that have been issued.

Components of other equity include the following:

- Re-measurement of defined benefit liability comprise the actuarial gain or loss from changes in demographic and financial assumptions and return on plan assets.
- Other transactions recorded directly in Other Comprehensive Income.
- Retained earnings include all Current and Prior Period retained Profits.

#### **4.23 Adjustment Pertaining to Earlier year**

Income /Expenditure relating to Prior Period, which do not exceed Rs. 5.00 Lakhs in each case, is treated as Income/Expenditure of Current year.

## Ferro Scrap Nigam Limited

### 5 - Property, Plant and Equipment

₹ In Lakhs

Particulars	Buildings	Office Equipment	Plant and Equipment	Furniture & Fixtures	Vehicles	Total Tangible Assets	Capital work in progress	Total tangible assets including Capital work in progress
Cost at the beginning of the year April 1, 2018	307.27	124.61	8814.32	53.24	271.56	9571.00	395.56	9966.56
Additions	50.16	27.33	1823.50	7.22	19.94	1928.15	268.61	2196.76
Deduction / Adjustments	0.00	0.33	99.06	0.00	1.29	100.68	392.80	493.48
<b>Cost as at March 31, 2019</b>	<b>357.43</b>	<b>151.61</b>	<b>10538.76</b>	<b>60.46</b>	<b>290.21</b>	<b>11398.47</b>	<b>271.37</b>	<b>11669.84</b>
Depreciation at the beginning of the year April 1, 2018	73.13	63.33	2899.32	13.11	70.28	3109.17	0.00	3109.17
Charge for the period	22.21	23.39	1252.28	4.93	35.14	1337.95	0.00	1337.95
Deduction / Adjustments	0.00	0.23	37.81	0.00	0.00	38.04	0.00	38.04
<b>Depreciation as at March 31, 2019</b>	<b>95.34</b>	<b>86.49</b>	<b>4103.79</b>	<b>18.04</b>	<b>105.42</b>	<b>4409.08</b>	<b>0.00</b>	<b>4409.08</b>
Net book value as at March 31, 2018	234.14	61.28	5925.00	40.13	201.28	6461.83	395.56	6857.39
<b>Net book value as at March 31, 2019</b>	<b>262.09</b>	<b>65.12</b>	<b>6434.97</b>	<b>42.42</b>	<b>184.79</b>	<b>6989.39</b>	<b>271.37</b>	<b>7260.76</b>

### 6 - Other Intangible Assets

Particulars	Computer Software	Total Intangible Assets	Intangible assets under development	Total intangible assets including intangible assets under development
Cost at the beginning of the year April 1, 2018	23.55	23.55	29.20	52.75
Additions	3.57	3.57	28.00	31.57
Deduction / Adjustments	0.00	0.00	0.00	0.00
<b>Cost as at March 31, 2019</b>	<b>27.12</b>	<b>27.12</b>	<b>57.20</b>	<b>84.32</b>
Amortisation at the beginning of the year April 1, 2018	9.53	9.53	0.00	9.53
Charge for the period	6.04	6.04	0.00	6.04
Deduction / Adjustments	0.00	0.00	0.00	0.00
<b>Amortisation as at March 31, 2019</b>	<b>15.57</b>	<b>15.57</b>	<b>0.00</b>	<b>15.57</b>
Net book value as at March 31, 2018	14.02	14.02	29.20	43.22
<b>Net book value as at March 31, 2019</b>	<b>11.55</b>	<b>11.55</b>	<b>57.20</b>	<b>68.75</b>

# Ferro Scrap Nigam Limited

₹ In Lakhs

## 7 - Trade Receivables (Non Current)

Particulars	As at March 31, 2019	As at March 31, 2018
Trade receivables		
(1) Unsecured, considered good	-	44.37
(2) Unsecured, Considered Doubtful	11.69	
Less: Allowance for doubtful trade receivables	11.69	
<b>Total</b>	<b>-</b>	<b>44.37</b>

## 8 - Other Financial Assets (Non Current)

Particulars	As at March 31, 2019	As at March 31, 2018
(1) Security deposits	23.17	22.84
(2) Interest accrued on loans and advances		
Loans to employees	2.09	3.07
(3) Other loans and advances		
Loans to employees	3.60	7.39
<b>Total</b>	<b>28.86</b>	<b>33.30</b>

## 9 - Income Tax Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Advance Payment of Taxes	8,045.46	7,122.30
Less: Provision for Income Tax	6,718.85	5,344.57
<b>Total</b>	<b>1,326.61</b>	<b>1,777.73</b>

## 10- Deferred Tax

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Deferred tax (liabilities) / assets:</b>		
<b>Tax effect of items constituting deferred tax liabilities</b>		
<b>On difference between book balance and tax balance of fixed assets</b>		
Tax effect of items constituting deferred tax liabilities	(82.94)	(269.02)
<b>Total</b>	<b>(82.94)</b>	<b>(269.02)</b>
<b>Tax effect of items constituting deferred tax assets</b>		
Provision for compensated absences, gratuity and other employee benefits	882.76	821.93
Provision for doubtful debts / advances	14.94	14.94
Provision for claim payable to vendor against escalation claim	-	81.08
Provision for Interest on Service tax	13.28	13.29
<b>Tax effect of items constituting Deferred Tax Assets</b>	<b>910.98</b>	<b>931.24</b>
<b>Deferred Tax (Liabilities) / Assets (Net)</b>	<b>828.04</b>	<b>662.22</b>

## 11 - Other Assets (Non Current)

Particulars	As at March 31, 2019	As at March 31, 2018
(1) Prepaid Lease Payments*	0.16	0.23
(2) Other loans and advances		
Prepaid expenses	0.79	0.52
<b>Total</b>	<b>0.95</b>	<b>0.75</b>
<b>Classification of other assets:</b>		
Secured, considered good	-	-
Unsecured, considered good	0.95	0.75
Unsecured, considered doubtful	-	-

\* The land on which the plant and building of the company are situated at Rourkela, Burnpur, Bhilai, Bokaro Vizag, Durgapur & Duburi are neither freehold nor leasehold. The company has acquired right of free use from landholders as a part of service agreement. The company has however, acquired leasehold land from SAIL - BSP on perpetual lease of 33 years w.e.f 29th December 1988 on which the Registered office Building has been constructed.

# Ferro Scrap Nigam Limited

₹ In Lakhs

## 12 - Inventories

Particulars	As at March 31, 2019	As at March 31, 2018
(1) Stores and Spare parts including loose tools	434.23	324.15
(2) Stock of Non-Moving inventory	152.04	162.74
(3) Stores and Spares - Awaiting Disposal	25.95	25.95
(4) Inventory Shortage-Pending Adjustment	0.14	0.14
(5) Goods in Transit	1.19	0.50
(6) Stock of Printing & Stationary	9.82	10.39
(7) Inventory for Capital Project	86.71	-
	<b>710.08</b>	<b>523.87</b>
(8) <b>Less: Provision</b>		
(a) for stock of non-moving	92.41	94.07
(b) for inventory shortage	0.14	0.14
(c) for Stores & Spares - Awaiting Disposal	14.03	14.03
	<b>106.58</b>	<b>108.24</b>
<b>Total</b>	<b>603.50</b>	<b>415.63</b>

## 13 - Trade receivables (Current)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Trade receivables outstanding for a period less than 6 months from the date they are due for payment</b>		
Unsecured, considered good	12,565.83	12,247.46
<b>Trade receivables outstanding for a period exceeding 6 months from the date they are due for payment</b>		
Unsecured, considered good	2,406.33	1,684.59
<b>Total</b>	<b>14,972.16</b>	<b>13,932.05</b>

## 14 - Cash and Bank Balances

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Cash &amp; Cash equivalents</b>		
(1) Cash in hand	0.62	2.48
(2) Balances with banks		
In Current Account	18.76	9.95
<b>Total</b>	<b>19.38</b>	<b>12.43</b>

## 15 - Other Bank Balances

Particulars	As at March 31, 2019	As at March 31, 2018
<b>In Deposit Account</b>		
Maturity up to 12 Months#	7,747.69	4,884.09
Maturity with more than 12 Months*	2,160.00	4,950.00
<b>Total</b>	<b>9,907.69</b>	<b>9,834.09</b>

# The above deposits includes ₹3,677.69 lakhs (PY 2017-18 As on 31.03.2018 ₹ 3844.09 lakhs) pledged with Bank of Baroda, IDBI, Indian Bank and Andhra Bank against Bank Guarantee and Overdraft facility.

\* The above deposit includes ₹2,160.00 lakhs (PY 2017-18 As on 31.03.2018 ₹ 1980 lakhs) pledged with Andhra Bank and Bank of Baroda against Overdraft facilities.

# Ferro Scrap Nigam Limited

₹ In Lakhs

## 16 - Other financial assets (Current)

Particulars	As at March 31, 2019	As at March 31, 2018
(1) Security deposits - other deposits	0.53	0.88
(2) Interest accrued on deposits, loans and advances		
(a) Term deposits	1,134.49	1,190.16
(b) Loans to employees	1.07	0.15
(3) Other loans and advances		
(a) Loans to employees	3.49	6.61
(b) Advances to employees	33.94	36.97
<b>Total</b>	<b>1,173.52</b>	<b>1,234.77</b>

## 17 - Other assets (Current)

Particulars	As at March 31, 2019	As at March 31, 2018
(1) Advance with public bodies		
CGST, SGST, IGST, Excise, Service Tax and Commercial Tax etc.	542.47	688.87
(2) Prepaid Lease Payments	0.15	0.15
(3) Other loans and advances		
(a) Advances to employees	78.74	84.29
(b) Advances to suppliers and service providers	23.98	51.32
(c) Prepaid expenses	188.71	134.22
<b>Total</b>	<b>834.05</b>	<b>958.85</b>
<b>Classification of other assets:</b>		
Secured, considered good	78.74	84.29
Unsecured, considered good	755.31	874.56
Doubtful	-	-

## 18 - Assets classified as held for sale

Particulars	As at March 31, 2019	As at March 31, 2018
Property, Plant and Equipment*	307.61	259.21
<b>Total</b>	<b>307.61</b>	<b>259.21</b>

\*Asset classified as held for sale" is classified under "Current Assets" at their written down value since these assets have already been retired from normal continuing operations and is held only for sale / auction. Further, where management expects that any part of the said assets is likely to be disposed off / written off within one year on the Balance Sheet date, the same are classified as current assets.

₹ In Lakhs

## 19 - Share Capital

Particulars	As at March 31, 2019	As at March 31, 2018
Authorised:		
5,00,00,000 Ordinary Shares of ₹ 10/- each	5,000	5,000.00
	<b>5,000</b>	<b>5,000.00</b>
Issued:		
3,20,00,000 Ordinary Shares of ₹ 10/- each	3,200	3,200.00
	<b>3,200</b>	<b>3,200.00</b>
Subscribed and Paid-up		
3,20,00,000 Ordinary Shares of ₹ 10/- each	3,200	3,200.00
	<b>3,200</b>	<b>3,200.00</b>

The company is a public sector undertaking and a wholly owned subsidiary of MSTC Ltd.

The company has only one class of shares referred to as equity shares having a par value of ₹ 10/- each. Each holder of equity share is entitled for dividend and one vote per share.

The company declares and pays dividend in Indian Rupees. The quantum of dividend is based on DPE guideline as applicable to all CPSE. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining asset of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended March 31, 2019, Company has paid Interim Dividend amounting to ₹1.00/- per equity shares (P.Y. 2017-18 ₹ 1.90/- per equity share). Total dividend appropriation amounted to ₹385.78 lakhs which include corporate dividend tax of ₹ 65.78 lakhs (P.Y. 2017-18 ₹ 731.77 lakhs include corporate dividend tax of ₹ 123.77 lakhs)

On 21/05/2019 the Board of Directors of the company have proposed a final dividend of ₹ 1.897 per share in respect of the year ending 31st March, 2019 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in cash outflow of ₹ 731.82 lakhs inclusive of dividend distribution tax of ₹ 124.78 lakhs.

## 19.1 - Share Capital

₹ In Lakhs

Particulars	Attributable to owners of the Company	
	Equity Share capital-Paid up	
	As at March 31, 2019	As at March 31, 2018
Equity Share Capital-Paid up	3,200.00	3,200.00

## 19.2 Statement of Reconciliation of Issued, Subscribed and Fully Paid-up Share Capital

Particulars	Equity Shares		
	Number	Face Value (in ₹)	Amount ₹ In Lakhs
Shares outstanding as at April 1, 2018	32,000,000	10	3,200.00
<b>Add:</b>			
Issue of Shares	-	-	-
<b>Less:</b>			
Reduction of Shares	-	-	-
Shares outstanding as at March 31, 2019	32,000,000	10	3,200.00

## 19.3 Details of Shareholders holding more than 5% of Share holding:

Type of Shares	Name of the Shareholder	% of Shares Held	No. of Shares Held
Equity Share of ₹ 10 each as at 31st March 2019	MSTC Limited	100	32,000,000
Equity Share of ₹ 10 each as at 31st March 2018			32,000,000



₹ In Lakhs

**20 - Other Equity**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(1) Capital Reserves</b>	<b>37.36</b>	<b>37.36</b>
<b>(2) General Reserve</b>		
Opening balance	15,389.21	15,389.21
Add: Current Year Transfer from Surplus	1,400.00	-
Less: Issue of Bonus Share	-	-
	<b>16,789.21</b>	<b>15,389.21</b>
<b>(3) Surplus</b>		
Opening balance	(48.34)	11.05
Add: Net Profit/(Net Loss) For the current year	2,668.83	806.71
Other Comprehensive income arising from remeasurement of defined benefit obligation	(431.29)	(123.50)
Less: Final Dividend FY 16-17	-	8.99
Less: Final Dividend FY 17-18	322.01	-
Less: Interim Dividend FY 17-18	-	608.00
Less: Interim Dividend FY 18-19	320.00	-
Less: Dividend Distribution Tax (FY 16-17-final)	-	1.83
Less: Dividend Distribution Tax (FY 17-18-interim)	-	123.78
Less: Dividend Distribution Tax (FY 17-18-final)	66.19	-
Less: Dividend Distribution Tax (FY 18-19-interim)	65.78	-
Less: T transfer to General Reserve	1,400.00	-
	<b>15.22</b>	<b>(48.34)</b>
<b>Total of Other Equity(1+2+3)</b>	<b>16,841.79</b>	<b>15,378.23</b>

₹ In Lakhs

**21 - Provisions (Non Current)**

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(1) Provision for Employee Benefits</b>		
<b>(a) Defined Benefit Obligations</b>		
(i) Employees Family Benefit Scheme	554.15	611.77
(ii) Gratuity	514.45	2,170.17
<b>(b) Retirement Benefits Obligations</b>		
(i) Post Retirement Medical Benefit	2,344.70	1,792.50
(ii) Contributory Post Retirement Medical Benefit	174.87	167.67
(iii) Employee Settlement Benefit Scheme	41.39	35.85
<b>(c) Other Employee Benefits</b>		
(i) Leave Encashment Benefit	2,244.08	2,209.19
(ii) Long Service Awards	5.52	2.51
<b>(2) Others Provision</b>		
Claim Payable to vendor for escalation claim	-	279.60
<b>Total</b>	<b>5,879.16</b>	<b>7,269.26</b>

## 22 - Borrowings (Current)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Secured</b>		
<b>Working Capital Loan</b>		
Overdraft with Indian Bank, Bhilai*	975.30	453.62
<b>Total</b>	<b>975.30</b>	<b>453.62</b>

\* The above loans are secured by pledge on fixed deposits of the company held with bankers.

## 23 - Trade payables (Current)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(1) Creditors for supplies and services</b>		
(a) Dues to micro and small enterprises	-	-
(b) Others	3,611.58	3,754.53
<b>Total</b>	<b>3,611.58</b>	<b>3,754.53</b>

## 24 - Other Financial Liabilities (Current)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Employee Benefits Payable</b>	1,139.58	1,390.55
<b>Creditors for other liabilities</b>		
Security deposits/EMD	1,639.44	1,394.81
<b>Total</b>	<b>2,779.02</b>	<b>2,785.36</b>

₹ In Lakhs

## 25 - Other Liabilities (Current)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Statutory Dues</b>		
(1) Goods & Service Tax payable	692.88	590.33
(2) Tax deducted and collected at source	110.61	272.25
(3) Provident Fund and Pension	171.94	208.03
(4) Others	1.70	2.14
<b>Total</b>	<b>977.13</b>	<b>1,072.75</b>

## 26 - Provisions (Current)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>(1) Provision for employee benefits</b>		
<b>(a) Defined benefit obligations</b>		
Employee Family Benefit Scheme	143.32	155.16
<b>(b) Retirement benefits obligations</b>		
(i) Post Retirement Medical Benefit	80.76	56.75
(ii) Contributory Post Retirement Medical Benefit	10.20	6.80
(iii) Employee Settlement Benefit Scheme	2.70	3.12
<b>(c) Other employee benefits</b>		
(i) Leave Encashment Benefit	129.72	141.75
(ii) Long Service Awards	1.58	0.92
(iii) Wage Revision	1,664.93	943.02
(iv) Additional Resource Generation Scheme payable to Non-executive	59.23	65.68

(v) Performance Related Pay for 2016-17	0.00		125.83	
for 2017-18	16.95		16.13	
for 2018-19	174.97	191.92	0.00	141.96
(vi) Pension Scheme		594.06		442.87
<b>(2) Other Provisions</b>				
Other Provisions*		169.68		169.29
<b>Total</b>		<b>3,048.10</b>		<b>2,127.32</b>

\* Other Provisions includes accident claim, demand raised by MVI, etc

## 27 - Liabilities associated with "Assets/Sub-assemblies classified as held for sale"

Particulars	As at March 31, 2019	As at March 31, 2018
Liabilities directly associated with asset / sub-assemblies held for sale*	19.80	24.94
<b>Total</b>	<b>19.80</b>	<b>24.94</b>

\*Amount deposited by H1 bidder but asset / sub-assemblies not lifted on reporting date is considered under "Liabilities directly associated with asset / sub-assemblies classified as held for sale".

₹ In Lakhs

## 28 - Revenue From Operations

Particulars	Current year 31.03.2019	Previous year 31.03.2018
<b>Sale of Services</b>		
(1) Processing of Scrap & other items	36,482.79	31,709.81
(2) Custodian Services for Warehouse Management	19.77	230.22
(3) Service related to valuation of assets	17.00	21.10
<b>Total</b>	<b>36,519.56</b>	<b>31,961.13</b>

## 29 - Other Income

Particulars	Current year 31.03.2019	Previous year 31.03.2018
(1) Interest income on FDR	784.44	782.35
(2) Sale of Sub-assemblies	11.14	-
(3) Profit on Sale of Fixed Assets	4.58	4.92
(4) Liquidated damages and other recoveries	17.52	20.00
(5) Provision no longer required written back	295.79	1,230.05
(6) Miscellaneous income	208.31	31.35
<b>Total</b>	<b>1,321.78</b>	<b>2,068.67</b>

## 30 - Operational Expenses

Particulars	Current year 31.03.2019	Previous year 31.03.2018
(1) Lancing Tubes	44.93	41.02
(2) Oxygen & Acetylene	268.39	362.53
(3) Lubricants	147.41	148.81
(4) Diesel & Gasoline	3,029.08	2,333.63
(5) Stores & Spare Parts	1,239.66	1,031.82
(6) Water, Power, Fuel	149.95	114.49
<b>Total</b>	<b>4,879.42</b>	<b>4,032.30</b>

## 31 - Employee Benefit Expense

Particulars	Current year 31.03.2019	Previous year 31.03.2018
(1) Salary, Wages & Incentives	8,831.96	8,244.14
(2) Contribution to Provident & Other Fund	1,029.89	2,834.46
(3) Staff welfare expenses	1,051.11	1,329.74
<b>Total</b>	<b>10,912.96</b>	<b>12,408.34</b>

### 32 - Finance Costs

Particulars	Current year 31.03.2019	Previous year 31.03.2018
Interest expense on short term borrowings	86.79	7.35
<b>Total</b>	<b>86.79</b>	<b>7.35</b>

### 33 - Other Expenses

Particulars	Current year 31.03.2019	Previous year 31.03.2018
(1) Cost of services through outside agency /Equipment Rent	13,764.52	12,669.51
(2) Hiring of manpower for operational activities	766.50	539.55
(3) Security Services	359.56	352.42
(4) Travelling including allowances	125.29	110.86
(5) Expenses for Custodian Services	18.44	174.28
(6) Insurance	82.66	102.23
(7) Rates & Taxes	39.70	26.88
(8) Professional Fess	62.34	23.59
(9) Postage, Printing & Stationery	36.17	30.96
(10) Telephone Expenses	17.04	17.56
(11) Advertisement	29.04	13.61
(12) Provision for Claim Payable	-	11.00
(13) Loss on written off/ sale of Fixed Assets	0.31	9.14
(14) Swachh Bharat Cess	-	16.07
(15) Corporate Social Responsibility	66.81	63.48
(16) Bank Charges	1.84	1.62
(17) Leasehold Land Rent Expenses	0.06	0.15
(18) Expenses for Valuation Services	4.97	6.20
(19) Freight	43.30	67.20
(20) Discount on Credit Note	12.50	-
(21) Foreign Travelling Expenses	7.46	-
<b>(22) Repair and Maintenance</b>		
(a) Repairs to Machinery	689.62	624.41
(b) Repairs to Building	86.60	81.64
(c) Repairs to Office Equipment	15.84	14.10
(d) Repairs to Vehicle	6.36	6.79
(e) Maintenance Intangible Assets	0.03	0.08
<b>(23) Auditors remuneration and out-of-pocket expenses</b>		
(a) Statutory Audit Fees inclusive of out of pocket expenses Half yearly	1.48	
(b) Statutory Audit Fees	1.40	1.40
(c) Tax Audit Fees	0.40	0.40
(d) Certification Fees	0.05	0.05
(e) Out of Pocket Expenses	1.55	3.40
<b>(24) Miscellaneous Expenses</b>	267.39	217.13
<b>Total</b>	<b>16,509.23</b>	<b>15,183.86</b>

### 34 - Income Tax Recognised in Statement of Profit & Loss Account

₹ In Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
(1) Current Tax in respect of the Current Year	1,605.94	532.67
(2) Deferred Tax in respect of the Current Year	(165.82)	(35.60)
<b>Total income tax expense recognised in the Current Year</b>	<b>1,440.12</b>	<b>497.07</b>

The income tax expense for the year can be reconciled to the accounting profit/(loss) as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Profit before tax for the Year	4,108.95	1,303.79
(1) Income tax expense calculated at 34.944 % (2017-18: 34.944 %)	1,435.83	451.22
(2) Effect of expenses that are not deductible in determining taxable profit	23.53	25.16
(3) Effect of income that is exempt from tax	(19.24)	27.06
(4) Effect on deferred tax due to change in income tax rate @34.944%	-	(6.36)
	<b>1,440.12</b>	<b>497.08</b>

The tax rate used for the year 2018-19 and 2017-18 in the reconciliations above is the corporate tax rate of 30% plus surcharge and cess payable by corporate entities in India on taxable profits under the Indian tax law.

## 35 - Deferred Tax

Particulars	As at March 31st 2018	Charge/ (credit) for the Year	As at March 31st 2019
<b>Deferred Tax Liabilities</b>			
Property, Plant & Equipment and Other Intangible As sets (Difference in Book Value)	269.02	(186.08)	82.94
	269.02	(186.08)	82.94
<b>Deferred Tax Assets</b>			
Defined Benefit Obligation	821.93	60.83	882.76
Provision for Doubtful Debts & Advances	14.94	-	14.94
Provision for Vendor Escalation claim	81.08	(81.08)	-
Others	13.29	(0.01)	13.28
	931.24	(20.26)	910.98
<b>Net Deferred Tax (Liability)/ Asset</b>	<b>662.22</b>	<b>165.82</b>	<b>828.04</b>

## 36 - Earning Per Share

Particulars	As at March 31, 2019	As at March 31, 2018
	₹ In lakhs	₹ In lakhs
Profit after tax	2,668.83	806.72
Profit attributable to Shareholders	2,668.83	806.72
Weighted average No. of Shares for Basic EPS	320	320
Nominal value of Ordinary Shares (₹)	10.00	10.00
Basic/Diluted Earnings per Share (₹ Per Share)	<b>8.34</b>	<b>2.52</b>

## 37 - Employee Benefits

### Defined Contribution Plans

#### 1. Leave Encashment

It is payable on separation to eligible employees, shall be limited to 300 days (Earned Leave and Half-Pay Leave combined), and HPL shall not be commuted as per DPE Guidelines for calculation of 300 days limit. Encashment of accumulated earned leave is also allowed up to 30 days once in a calendar year.

#### 2. Post Retirement Settlement Benefit

It is payable to retiring employees for settlement at their declared home town.

#### 3. Long Term Service Award

It is payable in kind for rendering minimum 25 years of service and also on superannuation.

#### 4. Employee Family Benefit Scheme

Monthly payment to disabled separated employees / legal heirs of deceased employees in lieu of prescribed deposit till the notional date of superannuation of deceased employees.

#### 5. Provident Fund

12% of Basic pay and Dearness Allowance contributed to the provident fund trust by the company.

### Defined Benefit Plans

#### 1. Gratuity:

The Gratuity is 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 up to 30 years. The Gratuity is calculated at the rate of one month's 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 ₹ 20.00 lakhs.

The Gratuity is funded with LIC of India. The company has done actuarial valuation of Gratuity Fund in accordance with Ind AS 19.

#### 2. Post Retirement Medical Benefit:

The Post Retirement Medical Benefit is a medical benefit to the superannuated employees and their spouse. This is available to superannuated employees at any hospital under the Medclaim Insurance Policy.

#### 3. Contributory Scheme for Post Retirement Medical Facilities (Domiciliary):

The payment of medical facilities (Domiciliary) to the separated executives as covered under contributory scheme for post retirement medical facilities (domiciliary) for executives.

These plans typically expose the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds and if the return on plan asset is below this rate, it will create a plan deficit.
Interest risk	The defined benefit plan liability calculated uses a discount rate based on government bonds. If bond yields fail, the defined benefit plan liability will tend to increase.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

(a) The company has recognised an amount of ₹ 575.64 lakhs in Statement of Profit and Loss for the year (2017-18 : ₹ 1211.51 lakhs) expenses under defined contribution plans.

Benefit (Contribution to)	Current Year 31.03.2019	Previous Year 31.03.2018
	₹ in Lakhs	₹ in Lakhs
Leave Encashment	22.86	180.61
Post Retirement Settlement Benefit	5.12	(1.66)
Long Term Service Award	3.67	(0.59)
Employee Family Benefit Scheme	(69.46)	158.86
Provident Fund	613.67	874.29
<b>Total</b>	<b>575.86</b>	<b>1,211.51</b>

(b) The company operates post retirement defined benefit plans as follows :

- I. Funded
  - a. Gratuity
- ii. Unfunded:
  - a. Post Retirement Medical Benefit Scheme
  - b. Contributory Scheme for Post Retirement Medical Facilities (Domiciliary)

(c) Details of the Gratuity Plan are as follows :

Description	For the year ended	
	March, 31st 2019	March, 31st 2018
<b>1. Assumptions</b>		
a. Discount rate (per annum)	7.10%	7.40%
b. Estimated rate of return on plan assets (per annum)	7.10%	7.40%
c. Rate of escalation in salary (per annum)	Non-Executive-10% for the first year and 6% thereafter Executive-10% for first year and 5% thereafter	Non-Executive-10% for the first year and 6% thereafter Executive-10% for first year and 5% thereafter
<b>2. Amounts recognised in standalone statement of profit and loss in respect of defined benefit plans under Gratuity are as follows:</b>		
	For the year ended	
	March, 31st 2019	March, 31st 2018
	₹ in lakhs	₹ in lakhs
a. Current service cost	241.35	1,842.12
b. Service Cost	241.35	1,842.12
c. Net Interest on net defined benefit liability / (asset)	80.29	13.83
d. Cost recognized in P&L	<b>321.64</b>	<b>1,855.95</b>
Remeasurement on the net defined benefit liability/asset:		
a. Actuarial (gain)/loss due to DBO Experience	80.44	304.69
b. Actuarial (gain)/loss due to DBO assumption charges	117.63	31.24
c. Actuarial (gain)/loss arising during period	198.07	335.93
d. Return on plan assets (greater)/less than discount rate	(5.26)	(21.71)
e. Actuarial (gains)/losses recognised in OCI	192.81	314.22
f. (Income)/Cost recognized in OCI	<b>192.81</b>	<b>314.22</b>

3. The current service cost and the net interest expenses for the year are included in the 'Employee benefits expense' line item in the standalone statement of profit and loss.

4. The remeasurement of the net defined benefit liability is included in other comprehensive income.

5(a). Movements in the present value of the defined benefit obligation are as follows	For the year ended	
	March, 31st 2019	March, 31st 2018
	₹ In lakhs	₹ In lakhs
a. Obligation as at the beginning of the year	6,815.22	4,760.34
b. Current Service Cost	241.35	53.50
c. Interest Cost	469.44	313.40
d. Past Service cost - Plan Amendments	-	1,788.62
e. Actuarial gains and losses arising from changes in financial assumptions	93.48	31.24
f. Actuarial gains and losses arising from experience adjustments	80.44	304.69
g. Actuarial gains and loss arising demographic assumption	24.15	-
h. Benefits paid from plan asset	(942.79)	(436.57)
i. Closing defined benefit Obligation	<b>6,781.29</b>	<b>6,815.22</b>

5(b). Movements in the fair value of the plan assets are as follows	For the year ended	
	March, 31st 2019	March, 31st 2018
	₹ In lakhs	₹ In lakhs
a. Fair value of the assets at end of prior period	4,645.05	4,359.54
b. Interest Income on plan assets	389.15	299.57
c. Employer Contributions	2,170.17	400.80
d. Return on plan assets greater/(lesser) than discount rate	5.26	21.71
e. Benefits paid	(942.79)	(436.57)
f. Fair Value of assets at the end of current period	<b>6,266.84</b>	<b>4,645.05</b>

6. Significant actuarial assumptions for the determination of the defined obligation are discount rate and Salary Escalation Rate. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Effect of a 1% change in discount rate	For the year ended	
	March, 31st 2019	March, 31st 2018
	₹ In lakhs	₹ In lakhs
Increase		
(i) aggregate current service and interest cost	(302.60)	(327.79)
(ii) closing balance of obligation	6,478.69	6,487.43
Decrease		
(i) aggregate current service and interest cost	329.68	358.41
(ii) closing balance of obligation	7,110.97	7,173.63

Effect of a 1% change in salary escalation rate	For the year ended	
	March, 31st 2019	March, 31st 2018
	₹ In lakhs	₹ In lakhs
Increase		
(i) aggregate current service and interest cost	246.67	277.90
(ii) closing balance of obligation	7,027.96	7,093.12
Decrease		
(i) aggregate current service and interest cost	(256.50)	(287.95)
(ii) closing balance of obligation	6,524.79	6,527.27

7. The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

8. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**(d) Details of the Post Retirement Medical Benefit Scheme are as follows :**

Description	For the year ended	
	March, 31st 2019	March, 31st 2018
1. Assumptions		
a. Discount rate (per annum)	7.10%	7.40%
b. Medical Inflation (per annum)	5.00%	5.00%

2. Amounts recognised in standalone statement of profit and loss in respect of defined benefit plans under Post Retirement Medical Benefit Scheme are as follows:

	For the year ended	
	March, 31st 2019	March, 31st 2018
	₹ In lakhs	₹ In lakhs
a. Current service cost	47.78	40.69
b. Service Cost	47.78	40.69
c. Net Interest on net defined benefit liability / (asset)	134.00	121.94
d. Cost recognized in P&L	<b>181.78</b>	162.63
Remeasurement on the net defined benefit liability/asset:		
e. Actuarial (gain)/loss due to DBO Experience	389.06	84.23
f. Actuarial (gain)/loss due to DBO assumption charges	82.27	(137.83)
g. Actuarial (gain)/loss arising during period	471.33	(53.60)
h. Return on plan assets (greater)/less than discount rate	-	-
i. Actuarial (gains)/losses recognised in OCI	471.33	(53.60)
j. Adjustments for limit on net assets	-	-
k. (Income)/Cost recognized in OCI	<b>471.33</b>	<b>(53.60)</b>

3. The current service cost and the net interest expenses for the year are included in the 'Employee benefit expense' line item in the standalone statement of profit and loss.

4. The remeasurement of the net defined benefit liability is included in other comprehensive income.

5. Movements in the present value of the defined benefit obligation are as follows	For the year ended	
	March, 31st 2019	March, 31st 2018
	₹ In lakhs	₹ In lakhs
a. Obligation as at the beginning of the year	1,849.25	1,794.27
b. Current Service Cost	47.78	40.69
c. Interest Cost	134.00	121.94
d. Actuarial gains and losses arising from changes in financial assumptions	97.79	(137.83)
e. Actuarial gains and losses arising from experience adjustments	389.06	84.23
f. Benefits paid directly by the Company	(76.91)	(54.05)
g. Actuarial gains and loss arising from demographic assumption	(15.52)	
h. Closing defined benefit Obligation	<b>2,425.45</b>	1,849.25

6. Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected medical cost inflation. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Effect of a 1% change in discount rate	For the year ended	
	March, 31st 2019	March, 31st 2018
	₹ In lakhs	₹ In lakhs
Increase		
(i) aggregate current service and interest cost	(304.04)	(236.12)
(ii) closing balance of obligation	2,121.41	1,613.13
Decrease		
(i) aggregate current service and interest cost	374.49	291.35
(ii) closing balance of obligation	2,799.94	2,140.60

Effect of a 1% change in medical inflation rate	For the year ended	
	March, 31st 2019	March, 31st 2018
	₹ In lakhs	₹ In lakhs
Increase		
(i) aggregate current service and interest cost	378.82	295.64
(ii) closing balance of obligation	2,804.27	2,144.89
Decrease		
(i) aggregate current service and interest cost	(312.20)	(243.06)
(ii) closing balance of obligation	2,113.25	1,606.19

7. The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

8. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(e) Details of the Contributory Scheme for Post Retirement Medical Facilities (Domiciliary) are as follows :

Description	For the year ended	
	March, 31st 2019	March, 31st 2018
	1. Assumptions	
a. Discount rate (per annum)	7.10%	7.40%
b. Medical Inflation (per annum)	Not Applicable	Not Applicable



2. Amounts recognised in standalone statement of profit and loss in respect of defined benefit plans under Contributory Scheme for Post Retirement Medical Facilities (Domiciliary) are as follows:	For the year ended	
	March, 31st 2019	March, 31st 2018
	₹ In lakhs	₹ In lakhs
a. Current service cost	5.60	8.10
b. Service Cost	5.60	8.10
c. Net Interest on net defined benefit liability / (asset)	12.67	15.52
d. Immediate recognition of (gains)/losses-other long term employee benefit plans	-	-
e. Cost recognized in P&L	<b>18.27</b>	<b>23.62</b>
Remeasurement on the net defined benefit liability/asset:		
a. Actuarial (gain)/loss due to DBO Experience	(10.01)	(60.94)
b. Actuarial (gain)/loss due to DBO assumption charges	8.82	(10.82)
c. Actuarial (gain)/loss arising during period	(1.19)	(71.76)
d. Actuarial (gains)/losses recognised in OCI	(1.19)	(71.76)
e. (Income)/Cost recognized in OCI	<b>(1.19)</b>	<b>(71.76)</b>

3. The current service cost and the net interest expenses for the year are included in the 'Employee benefits expense' line item in the standalone statement of profit and loss.

4. The remeasurement of the net defined benefit liability is included in other comprehensive income.

5. Movements in the present value of the defined benefit obligation are as follows	For the year ended	
	March, 31st 2019	March, 31st 2018
	₹ In lakhs	₹ In lakhs
a. Obligation as at the beginning of the year	(174.47)	(227.22)
b. Current Service Cost	(5.60)	(8.10)
c. Interest Cost	(12.67)	(15.52)
d. Actuarial gains and losses arising from experience adjustments	-	-
g. Benefits paid directly by the Company	6.48	4.61
h. Amounts recognized in OCI	1.19	71.76
i. Closing defined benefit Obligation	<b>(185.07)</b>	<b>(174.47)</b>

6. Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected medical cost inflation. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant

Effect of a 1% change in discount rate	For the year ended	
	March, 31st 2019	March, 31st 2018
	₹ In lakhs	₹ In lakhs
Increase		
(i) aggregate current service and interest cost	(19.83)	(18.91)
(ii) closing balance of obligation	(204.90)	(193.38)
Decrease		
(i) aggregate current service and interest cost	23.85	22.72
(ii) closing balance of obligation	(161.22)	(151.75)

Effect of a 1% change in medical inflation rate	March, 31st 2019	March, 31st 2018	
	Increase		
	(i) aggregate current service and interest cost	Not Applicable	Not Applicable
(ii) closing balance of obligation	-	-	
Decrease			
(i) aggregate current service and interest cost	Not Applicable	Not Applicable	
(ii) closing balance of obligation	-	-	

7. The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

8. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## 38 - Disclosures on financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset and financial liability are disclosed in note to the standalone financial statements.

### (1) Financial assets and liabilities

The following table presents carrying amount and fair value of each category of financial assets and liabilities as at the year end.

	As at March 31, 2019	As at March 31, 2018	Remarks
Financial assets	₹ In lakhs	₹ In lakhs	
Trade Receivables	14,972.16	13,976.42	Amortised cost
Other Financial Assets	1,202.38	1,268.07	Amortised cost
Cash and Cash Equivalents	19.38	12.43	Amortised cost
Other Bank Balances	9,907.69	9,834.09	Amortised cost
<b>Total Financial Assets</b>	<b>26,101.61</b>	<b>25,091.01</b>	
<b>Financial Liabilities</b>			
Borrowings	975.30	453.62	Amortised cost
Trade Payables	3,611.58	3,754.53	Amortised cost
Other Financial Liabilities	2,779.02	2,785.36	Amortised cost
<b>Total Financial Liabilities</b>	<b>7,365.90</b>	<b>6,993.51</b>	

## (2) Capital Management

The Company manages its capital to ensure to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance.

## (3) Financial risk management objectives

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the company. These risks include market risk (like- currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company does not enter into or trade of financial instruments, including derivative financial instruments for speculative purposes.

## (4) Market Risk

The Company's activities exposes it primarily to the financial risks which will fluctuate due to change in market prices.

### (a) Interest rate risk management

The company does not have any loans, hence it is not exposed to any interest risk.

### (b) Foreign Currency risk management

The company has spent foreign currency towards foreign travel expenses during the year.

## (5) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transact with entities that are rated by agencies where available and if not available, the company uses other publicly available financial information and its own past records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are monitored and the aggregated value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Senior management committee.

## (6) Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31st, 2019 and March 31st 2018

	As at March 31, 2019				
	Carrying amount	Contractual cash flows	less than 1 year	between 1 - 5 years	More than 5 years
	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In lakhs
Trade paybles	3,611.58	3,611.58	3,611.58	-	-
Other financial liabilities	2,779.02	2,779.02	2,779.02	-	-
	6,390.60	6,390.60	6,390.60	-	-
	As at March 31, 2018				
	Carrying amount	Contractual cash flows	less than 1 year	between 1 - 5 years	More than 5 years
	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In lakhs	₹ In lakhs
Trade paybles	3,754.53	3,754.53	3,754.53	-	-
Other financial liabilities	2,785.36	2,785.36	2,785.36	-	-
	6,539.89	6,539.89	6,539.89	-	-

## (7) Fair value Measurement

Some of the Companies financial assets and financial liabilities are measured at fair value at the end of the reporting period.

### 39 - Related party transactions

₹ In lakhs

Particulars		Current year 31.03.2019	Previous year 31.03.2018
Sh. Rajib Bhattacharya	Managing Director		
	Short Term Benefits	43.34	39.80
	Post Employment Benefits	2.06	8.61
	Other Long Term Benefits	3.23	1.02
Sh. Satadal Mitra	Chief Financial Officer		
	Short Term Benefits	31.92	30.87
	Post Employment Benefits	1.87	1.68
	Other Long Term Benefits	3.26	0.01
Sh. Ashok Mishra	Company Secretary		
	Short Term Benefits	14.10	12.89
	Post Employment Benefits	0.53	0.33
	Other Long Term Benefits	1.09	0.73
MSTC	(Holding Company)		
	Received, towards Custodian Service for the Warehouse Management of MSTC LTD.	19.77	230.21
	Paid Service charge against e-Auction	0.64	0.85

₹ In Lakhs

### 40- Contingent Liabilities & Commitments

SI No.	Particulars	As at March 31, 2019	As at March 31, 2018
<b>(1) Contingent Liabilities</b>			
<b>(a) Claims against the company not acknowledged as debt</b>			
	(i) For compensation to ex-employees and others under adjudication estimated at	23.61	23.38
	(ii) For repair job at Dolvi Unit claimed by M/s Audumber Engineering Works as per Civil Suit with Civil Judge, Alibag	39.25	36.51
	<b>Sub Total</b>	<b>62.86</b>	<b>59.89</b>
<b>(b) Service Tax</b>			
	(i) Service tax on "Cargo Handling Services" at Duburi unit as demanded by Suptd. of Central Excise, Jajpur.(net of payment made) pending before CESTAT, Kolkata.	83.13	79.15
	(ii) Service Tax on "Business Auxiliary Services" at Bokaro unit as ordered by Commissioner Central Excise and Customs, Ranchi, pending before Commissioner, Ranchi and CESTAT, Kolkata	722.11	2,476.53
	(iii) 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 pending before Commissioner (Appeal), Kolkata	212.70	253.20
	(iv) Service tax on "Cargo Handling Services" at Bhilai unit as ordered by Commissioner of Central Excise and Customs, Raipur, pending before CESTAT, Delhi	315.63	304.59
	(v) Service tax on "Cargo Handling Services" at Duburi unit Demanded by Commissioner, Central Excise, Bhubaneswar for the period from May 2004 to March 2007, pending before Appellate Authorities (CESTAT), Kolkata	445.24	431.39
	(vi) Service tax on "Business Auxiliary Service" and "Cargo Handling Services" at Durgapur Steel Plant and Alloy Steel Plant for the period from April 2003 to March 2008 and September 2004 to November 2008 respectively, pending before CESTAT, Kolkata.	2,821.86	2,732.20

#### 40- Contingent Liabilities & Commitments

Sl No.	Particulars	As at March 31, 2019	As at March 31, 2018
(vii)	Service Tax on "Business Auxiliary Service" at Durgapur Steel Plant for the period April'2008 to May'2009 and June'2009 to September'2009 respectively, pending before CESTAT, Kolkata and Commissioner, Kolkata.	831.48	803.96
(viii)	Service Tax on "Cargo Handling Services" at Duburi unit as demanded by Commissioner, Bhubaneswar for the period April'2009 to March'2010 is pending before CESTAT, Kolkata.	231.71	221.47
(ix)	Service Tax on "Business Auxiliary Service" at Durgapur Unit as demanded by Commissioner, Central Excise, Bolpur for the period October 2009 to March 2010, is pending before CESTAT, Kolkata.	239.72	229.39
(x)	Service tax on "Cargo Handling Services" at Duburi unit Demanded by Commissioner, Central Excise, Bhubaneswar for the period from April 2007 to March 2009, pending before Appellate Authorities (CESTAT), Kolkata	278.70	268.42
(xi)	Service Tax on value of oxygen supplied free of cost by SAIL , Bokaro to FSNL as demanded by Additional Commissioner, Central Excise, Ranchi - II for the period October 2010 to March 2015. Pending before Commissioner Appeals, Ranchi	35.79	33.60
(xii)	Service Tax on "Business Auxiliary Service" at Durgapur Unit as demanded by Asst.. Commissioner, CGST Durgapur II, Bolpur for the period October 2008 to September 2009. Pending before Commissioner Appeals, Siliguri Darjeeling	-	46.29
(xiii)	Service Tax on "Business Support Service" at Dolvi Unit as demanded by Asst. Commissioner, Service Tax, Mumbai for the year 2009-10, 2010-11 and 2012-13. Pending before Commissioner Appeals, Raigad	103.32	96.65
(xiv)	Service Tax on excess cenvat credit utilisation and adjustment of Service Tax liability on de-escalation at Bokaro unit as ordered by Asst. Commissioner Central GST & Cx Division - I, Bokaro.	14.42	-
(xv)	Service Tax on value of oxygen supplied free of cost by SAIL , Bokaro to FSNL as demanded by Asst. Commissioner, CGST & Cx Division - I Bokaro for the period April 2015 to June 2017.	13.33	-
	<b>Sub Total</b>	<b>6,349.14</b>	<b>7,976.84</b>
<b>(c) Sales Tax and Other Taxes</b>			
1	For Sales Tax and Entry Tax at Rourkela Unit as demanded by Orissa Sales Tax Department, pending before Sales Tax Tribunal, Cuttack.	43.56	43.56
2	For Sales Tax at Durgapur as demanded by West Bengal Sales Tax Department, pending before Sales Tax Tribunal, Kolkata.	2.94	2.94
3	For Octroi on heavy earthmoving equipment like Dumpers, Dozers etc. by Notified Area Council, Rourkela (Steel Township), pending before Orissa High Court	-	3.24
	<b>Sub Total</b>	<b>46.50</b>	<b>49.74</b>
<b>c. Outstanding Bank Guarantees</b>		<b>14.00</b>	<b>14.00</b>
	<b>Sub Total</b>	<b>14.00</b>	<b>14.00</b>
	<b>Grand Total</b>	<b>6,472.50</b>	<b>8,100.47</b>
<b>(2) Commitments</b>			
	Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>551.73</b>	<b>435.62</b>

#### 41-Micro Small and Medium Enterprises

The amount due to MSME (as disclosed in note no 23) is to the extent such undertakings have been identified. The company has normally made payment to MSME units in due time and there are no claim from the parties for interest or overdue payment. The company is following the guidelines of Public Procurement Policy for Micro & Small Enterprises (MSMEs) Order 2012.

## 42- Expenditure in Foreign Currency

SI No	Particulars	Current year 31.03.2019	Previous year 31.03.2018
	Towards Travel Expenses	4.24	-
	<b>Total</b>	<b>4.24</b>	<b>-</b>

## 43- Expenditure Incurred on Corporate Social Responsibility Activities

- (1) In accordance to the section 135 of Companies Act 2013, the company has incurred ₹ 66.81 lakhs towards Corporate Social Responsibility for the period April 2018 to March 2019 against the CSR Budget of Rs 65.00 lakhs

₹ in lakhs

SI No	Particulars	Paid as on March 31st 2019	Yet to be paid as on March 31st 2019	Total
(1)	Supply, Installation and Commissioning of Wash Basin at 7 locations (1) Govt Middle School Anjora Dhaba (2) Govt Middle School Thanaud (3) Govt Middle School Murmunda Dhamdha (4) Govt Middle School Pisegaon (5) Govt Middle School , Adarsh(K) (6) Govt Middle School Bhothali, Patan (7) Govt Primary School Ufra, Patan , Durg ( C.G.) (Under CSR Budget for FY 2018-19)	0.00	3.25	3.25
(2)	Supply , Installation and Commissioning of Wash Basin at 3 location (1) Sanjeevani Girls Hostel, Durg, (2) Govt High School Maroda, Durg (3) Govt Higher Secondary School, Selud- Durg (Under CSR Budget for FY 2018-19)	0.00	0.59	0.59
(3)	Construction of Toilet Block for Girls at Ramrudra Intermediate School, Chas, Bokaro (Under CSR Budget for FY 2018-19)	0.00	7.41	7.41
(4)	Construction of Toilet Block for Boys at Ramrudra Intermediate School, Chas, Bokaro (Under CSR Budget for FY 2018-19)	0.00	7.41	7.41
(5)	Providing Portable Type Toilet Block for Boys & Girls at Zilla Parishad High School, Rambilli Mandal, Rambilli, Visakhapatnam (Under CSR Budget for FY 2018-19)	0.00	10.64	10.64
(6)	Construction of 1 no Hall at Zilla Parishad High School, Thotagaruvu, Visakhapatnam, (Under CSR Budget for FY 2018-19)	0.00	19.24	19.24
(7)	Construction of Two Class Rooms at Ramrudra Intermediate School, Chas, Bokaro (Under CSR Budget for FY 2018-19)	9.68	8.23	17.91
(8)	Other	0.36	0.00	0.36
	<b>Total</b>	<b>10.04</b>	<b>56.77</b>	<b>66.81</b>

## DISCLOSURES

### FERRO SCRAP NIGAM LIMITED

44. The current assets, loans and advances are good and recoverable and are approximately of the values, if realized in the ordinary course of business unless and to the extent stated otherwise in the accounts. Balances of trade payables, trade receivables, loans and advances are subject to reconciliation and confirmation.
45. 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.
46. The Agreement for Wage revision of Non-executive employees expired on 31<sup>st</sup> December 2016. Pending finalization of the fresh agreement w.e.f. 1st January 2017, provision of Rs. 1,664.93 lakhs from January' 2017 to March'2019 towards wage revision of non-executives including a provision of Rs. 721.91 Lakhs for the F.Y. 2018-19 towards wage revision has been estimated and provided.
47. Accumulated Provision towards FSNL Executive Pension Scheme of the company as on 31.03.2019 is Rs. 594.06 Lakhs.

During the FY 2018-2019 provision for an amount of Rs 151.19 lakhs has been created for FSNL Executive Pension Scheme in line with DPE's guideline.

As proposed under the scheme the executives who were on the roll of the company on 01.10.2014 will be entitled for pension and for them provision has been made towards superannuation benefit.

48. During the FY 2018-19, the company has declared and paid Interim Dividend of Rs. 320.00 lakhs i.e. 10.00 % of paid-up equity share capital to the shareholders. The Dividend Distribution Tax amounting to Rs. 65.78 lakhs has been deposited.

The Final Dividend for the F.Y. 2017-2018 paid during the F.Y. 2018-19 was Rs. 322.01 lakhs and the Dividend Distribution Tax amounting to Rs. 66.19 lakhs has been deposited.

49. Estimated useful life of Excavators has been reviewed by the management considering used in Hot Slag handling or otherwise. The change in estimate resulted additional depreciation of Rs. 88.33 Lakhs has been accounted for during F.Y. 2018-19.
50. With the approval of Board of Directors, the terms of settlement in between FSNL and M/s Linde India Limited was filed before the Hon'ble Supreme Court and the Hon'ble Supreme Court disposed the Civil Appeal with a direction to both the parties to give effect to the terms of the settlement, which results write-in of provision of Rs. 254.28 Lakhs (net) in the Books of Account of the company during F.Y. 2018-19
51. The custodian service for warehouse management to the clients of MSTC Limited has been discontinued w.e.f. 01/06/2018. During the year the expenditure of Rs 18.44 Lakhs

has been incurred towards providing custodian service.

52. The fair value of assets classified as held for sale is more than the carrying amount of the asset. The sale of asset is expected to be within one-year cycle.
53. Figures of the previous years have been split up and regrouped wherever necessary so as to correspond to current year's figures.

For Laxmi Tripti & Associates  
Chartered Accountants  
FRN No. 009189C

For and on behalf of the Board of Directors of  
Ferro Scrap Nigam Limited

Sd/-  
(CALN Agrawal)  
Partner  
Membership No.: 078427

Sd/-  
(Ashok Mishra)  
Company Secretary

Sd/-  
(Satadal Mitra)  
General Manager (F&A)

Place: Durg  
Date: 22/05/2019

Sd/-  
(Bhanu Kumar)  
Director  
DIN -07982360

Sd/-  
(Rajib Bhattacharya)  
Managing Director  
DIN-07091356

Sd/-  
(B.B. Singh)  
Chariman  
DIN-03212787







गणतंत्र दिवस 2019  
Republic Day 2019



सतर्कता जागरुकता सप्ताह के अवसर पर कार्यशाला  
Workshop On the Occasion of Vigilance Awareness Week



राजभाषा कार्यशाला  
Rajbhasha Workshop



राजभाषा माह के दौरान आयोजित हिंदी भाषण प्रतियोगिता  
Hindi Speech Competition during Rajbhasha month



सतर्कता जागरुकता सप्ताह के अवसर पर शपथग्रहण  
Oth taking on the occasion of Vigilance Awareness Week

