

DIRECTORS' REPORT

To,
The Members of
FERRO SCRAP NIGAM LIMITED

LADIES AND GENTLEMEN

Your Directors take pleasure in presenting the 41st Annual Report together with the audited financial statements for the year ended 31.03.2020 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 (2019-20)

(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 48.59 lakh tonnes of scrap and 99.51 lakh tonnes of slag (in total 148.10 lakh tons) which is an improvement of 12.69% 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:

FSNL has commenced job at MIDHANI, Hyderabad w.e.f. 30.09.2019.

(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 and Bhilai Unit for recharging rain water into ground to improve the ground water table.

(d) Processed metal free LD Slag size 63 mm to 75 mm 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 natural aggregates.

Ministry of Road Transport & Highways, S&R (Bridges) has issued a circular on 21.07.2020 on behalf of Government of India for the use of Manufactured aggregates namely Iron Slag, Steel Slag, Copper Slag, bottom ash from Thermal Power Plant, Recycled concrete aggregates, Recycled aggregates in National Highways works except use in pre-stressed concrete to all concern authorities of State Government / UTs, Public Works Department dealing with National Highways, NHAI, NHIDCL for immediate implementation.

Accordingly based on the customer demand, FSNL shall ensure necessary arrangements at all Steel Plants.

(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. The value of purchase made in the financial year 2019-20 is Rs. 128.32 Lakhs.

(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 14833 unit of electrical power through Solar Power Unit.

(g) Capacity Utilization

The company operated at 97.06% capacity in the year 2019-20.

FINANCIAL HIGHLIGHTS:

(Rs. in Lakhs)

Particulars	2019-2020	2018-2019
Total Revenue	40989.64	37841.34
Profit Before Tax	4601.68	4108.95
Profit After Tax (PAT)	3057.62	2668.83
Gross Margin	6186.21	5539.73
Balance brought forward from previous year	15.22	(48.34)
Other Comprehensive Income (OCI)	(637.82)	(431.29)
Profit available for Appropriations	2435.02	2189.20
Appropriations:		
Interim Equity Dividend	0.00	320.00
Final Equity Dividend payout of previous year	607.04	322.01
Tax on Equity Dividend	124.77	131.97
General Reserve	1690.00	1400.00
Surplus carried to the next year's account	13.21	15.22
Earnings per Share (Rs.) (Face Value Rs. 10/-)	9.56	8.34
PBT Per Employee	6.77	5.47

The total earning of the company was Rs. 40989.64 lakhs including service charges of Rs. 40072.76 lakhs as compared to the previous year's figure of Rs. 37841.34 lakhs (including Service Charges of Rs. 36519.56 lakhs). The company's gross margin and the profit before tax during the year was Rs. 6186.21 lakhs and Rs. 4601.68 lakhs as compared to the previous year's figure of Rs. 5,539.73 lakhs and Rs. 4108.95 lakhs respectively.

CAPEX:

The company has incurred expenditure to the tune of Rs. 2221.58 Lakhs towards acquisition/addition of fixed assets in the year 2019-20 from its resources generated internally on accrual basis against the revised estimate of Capex Target of Rs. 1954.00 Lakhs for financial year 2019-20.

GENERAL RESERVES:

The General Reserves of the Company stood at Rs. 16,789.21 lakhs as on 31st March, 2019. During the year under review Company has transferred Rs. 1690.00 Lakhs to General Reserve from Statement of Profit and Loss Account. The General Reserves stand at Rs. 18,479.21 lakhs as on 31st March, 2020.

DIVIDEND:

The final dividend proposed for the financial year 2019-20 is Rs. 10,00,22,156 i.e. @ Rs. 3.125692375 per equity share (31.25692375%) on paid-up equity Shares.

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 for Steel making process. Based on Lab scale level study, FSNL & CSIR-NML had entered into Phase-II (Plant trials) agreement on 04.02.2020 for making sufficient quantity of Briquettes by using the above solid waste materials for conducting Plant trials at Bhilai Steel Plant.

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 31.03.2022.
- b) Bokaro Steel Plant: Agreement is valid upto 31.03.2021.
- c) Rourkela Steel Plant: Agreement is valid upto 31.03.2021.
- 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) Neelachal Ispat 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 20.01.2024.

4) BHEL Haridwar

Agreement is valid upto 31.08.2020.

5) Salem Steel Plant, Salem

Agreement is valid up to 30.11.2021.

- 6) Bhilai Steel Plant, BF slag dump & LRS.

Agreement is valid upto 23.09.2020.

- 7) Arcelor Mittal Nippon Steel Limited, Hazira, Surat
(Formerly Essar Steel India Ltd.)

Letter of Intent (LOI) received and valid upto March 2021.

- 8) Mishra Dhatu Nigam Limited, Hyderabad

Work Order is valid upto 29.09.2024.

PERSONNEL

The total strength of manpower in the company as on 31/03/2020 was 685, comprising of 143 Executives and 542 Non-executives. The overall representation of employees belonging to Scheduled Caste, Scheduled Tribe & OBC communities as on 31st March 2020 was 18.98%, 10.80% & 18.10%, 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 685 employees as on 31.03.2020, the strength of Male & Female employees was 669 & 16, respectively.

The position of SC/ST/OBC, Minority & Physically challenged employees in various groups as on 31.03.20 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.	136	7	12	0	4	1	29	1	7	0	0	0
B.	433	2	80	0	37	0	64	0	42	0	0	0
C.	98	7	34	2	31	1	30	0	14	0	0	0
D. Excl.Safai Karmachari	0	0	0	0	0	0	0	0	0	0	0	0
D. Includ.Safai Karmachari	2	0	2	0	0	0	0	0	0	0	0	0
TOTAL	669	16	128	2	72	2	123	1	63	0	0	0

RECRUITMENTS

Only one direct recruitment was made in "A" group during the year 2019-20.

WELFARE OF MINORITIES

The directives issued from time to time for the welfare of Minorities have been strictly adhered to by the company. As on 31st March 2020, out of 685 employees, the total strength of employees belonging to Minority communities was 63, and the percentage of representation of Minorities in FSNL was 9.20% as on 31st March 2020.

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.

INITIATIVE UNDER "SUGAMYA BHARAT ABHIYAN"

In accordance with the "Sugamya Bharat Abhiyan" launched by the Government of India, FSNL has taken initiative and made necessary changes in our corporate office building to make it accessible for all including differently abled person.

- (i) Main Entry and Exit gates have been modified by installing chequered plate for safe and smooth movement of the differently abled person.
- (ii) For the convenience of differently abled person a wheel chair has been made available at the entrance, if required.
- (iii) The ramps along with the railing has been constructed at the entry points of the office building for the hassle-free accessibility of differently abled person in office.
- (iv) A toilet has also been specially modified and made compatible for the use by differently abled person.

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 units, CGM (F&A), FSNL is the first appellate authority under RTI Act 2005. The company has complied the information under 17 different templates/ 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 RTI Act, 2005. The total number of RTI application received during the period 1st April 2019 to 31st March 2020 was 58. Out of 58 applications, 56 applications have been replied and only 02 applications were pending, as on 31.03.2020, which have been 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 and

surprise 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.

Vigilance Department monitors implementation of Integrity Pact. Till 31.03.2020, 325 nos. of contracts have been covered under the Integrity Pact. Constant efforts are being made for adaptation of Leveraging technology for bringing transparency in the affairs of the company. Transparency and fairness in award of contracts is continuously being monitored. Various suggestions were given to management for systemic improvements in line with CVC guidelines.

Vigilance Awareness Week was organized in the company from 28th October, 2019 to 2nd November, 2019 during which various activities like Slogan writing competition, Essay writing competition in School & Collage, pamphlet distribution in public places, workshop on the theme "Integrity – A way of life" & preventive vigilance, taking pledge by the employees, vendors meet 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 2019-20, the frequency rate of reportable accidents was 0.12% per thousand mandays 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 2019-20. There was zero loss of production throughout the year on account of incidents like Gherao/Bandh or strike etc.

OFFICIAL LANGUAGE POLICY

All the directives issued by the Government from time to time with regard to implementation of Official Language Policy are being strictly adhered.

Rajbhasha Sangoshti was organized, inviting Hon'ble Minister of State for Steel Shri Faggan Singh Kulaste, and other Ministry officials. A Hasyakavi Sammelan was also organized in the evening during the Sangoshti, wherein eminent poets were invited from various parts of the country.

Third issue of "Darpan", an in-house magazine, dedicated to Official Language Hindi was released. Compositions of eminent writers of India along with the compositions received from employees of the organization have been incorporated in the third issue of "Darpan".

Employees are constantly motivated to carry out their official jobs in Hindi. Like past year, Rajbhasha Maah was organized from 1st to 30th September 2020, wherein various programmes and Hindi Competitions were organized, thereby creating awareness & interest among the employees for use of Hindi. The winners of these competitions were also awarded.

The Durgapur unit of FSNL has been awarded with 'Narakas Karyanvan Samman' for valuable and notable contribution towards the implementation of Official Language.

Shri C.L. Nagwanshi, Rajbhasha Adhikari, FSNL presented a speech on "Constitutional obligation of Official Language and removal of hesitation in Official Language Hindi" as a guest speaker at the Official Language Workshop organized by SAIL-SRU.

Apart from this following employee brought pride to the company by wining NARAKAS competition:

Smt. Sunita Pandit, Executive (Personnel & Administration) won first prize in the NARAKAS "Chitra Dekho Kavita Likho" competition and Shri D. Chandra Shekhar, Dy. Manager (EPS) got first position in the picture Quotation writing competition organized by Bank of Baroda.

Thus, FSNL is constantly contributing in the area of implementation of official language policy very well.

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.

The summary of grievances received and disposed off during the financial year 2019-20 is as below:

No. of Grievance Brought Forward	No. of Grievances Received	No. of Grievance Disposed Off	No. of Grievances Pending
1	4	5	Nil

(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

In accordance with Prevention of Sexual Harassment of Women Employees at Workplace (Prevention, Prohibition and Redressal) Act 2013, we are committed to provide a safe and conducive work environment to our employees. An Internal Complaints Committee is in place to deal with complaints, if any, of the women employees (including permanent, trainee, contractual/ outsourced, etc.) of the company.

The summary of complaints received and dealt during the financial year is as below:

Sl. No.	No. of complaints brought forward from the previous year	No. of complaints received during the year	Total no. of complaints	No. of complaints disposed off during the year	No. of complaints pending during the year
(1)	(2)	(3)	(4) = (2) + (3)	(5)	(6)
1	Nil	1 (Received on 17.03.2020)	1	0	1

Note: The committee's proceeding has been completed within the prescribed timeline.

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

FSNL has successfully implemented web-based applications for our employees i.e. Employee Self Service Portal, e-Gyan Sagar Portal (Web Learning Portal).

FSNL has also introduced web-based Bill Tracking System for our vendors, where vendor can track their bill status.

Based on the guidelines issued by the Govt. of India under "Sugamya Bharat Abhiyan", the website of FSNL has been made compatible for the visually impaired persons.

The information under section 4(1)(b) of the RTI Act 2005 are being regularly updated and published on company's website www.fsnl.nic.in

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 2019-20.

BOARD OF DIRECTORS:

DIRECTORS:

The Composition of the Board as on 31.03.2020 was consisting of Shri Surinder Kumar Gupta (DIN: 08643406) as Chairman, Shri Rajib Bhattacharya (DIN: 07091356) as Managing Director of the Company, 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 2019-20.

During the year under review Ministry of Steel has appointed Shri Surinder Kumar Gupta (DIN: 08643406), as ex-officio Chairman by w.e.f. 31.01.2020 on ex-officio basis without any extra remuneration. The Ministry of Steel has extended the tenure of Shri Rajib Bhattacharya (DIN: 07091356), Managing Director by beyond 08.02.2020 till 30.04.2021 i.e. the date of his superannuation or until further orders whichever is earlier.

During financial year 2020-21, Shri Arun Kumar Kailoo (DIN- 07521092) has been appointed by Ministry of Steel as Government Nominee Director in FSNL w.e.f. 02.07.2020 in place of Shri Ashish Sharma (DIN- 08365082).

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.

The Independent Directors of the Company have submitted statement of independence in compliance of Section 149(7) of the Companies Act, 2013. In compliance with Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014, all the Independent Directors of the Company have registered themselves with the India Institute of Corporate Affairs (IICA), Manesar and have included their names in the databank of Independent Directors within the statutory timeline.

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 Jain Chindalia & Co., Chartered Accountants as the Statutory Auditor of the Company for the period under review.

The Statutory Auditors' Report on the Accounts of the Company for the financial year ended on 31st March, 2020 is placed at **Annexure II** and forms part of this report.

The comments on the accounts for the year ended 31st March 2020 by the Comptroller & Auditor General of India under Sec 143(6) & (7) of the Companies Act, 2013 forms part of this report as **Annexure III**.

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. Jain Tuteja & Associates (C.P. No: 8512, FCS: 7704) Company Secretaries were appointed to undertake the Secretarial Audit of the Company for the year ended 31st March, 2020.

The Secretarial Audit Report is placed at **Annexure IV** and forms part of this report. The Secretarial Audit Report is self-explanatory and does not require any clarification/reply in this regard.

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 herewith 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. 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. FSNL is not having any power to induct or remove any of Directors of the Company.

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 and the provisions of the Companies Act, 2013. And, as regard the pay scale of Managing Director, the same is fixed by the Ministry on appointment.

The Independent Directors 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 Directors and 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, Arcelor Mittal Nippon Steel Limited and MIDHANI. 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, Odisha, Tamil Nadu, Telangana, 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: *Kolkata*
Date : *25.08.2020*



Surinder Kumar Gupta

Chairman

DIN: 08643406

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:	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 %. With the help of 5 KVA& 10 KVA capacity Solar Power Plant was installed, whereby, with the enhanced solar power generation, in 2019-20 – 14,833 KVA of Solar energy was utilized from the solar energy power generated from rooftop solar power plant installed at Corporate Office, Bhilai.
(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 2019-2020			PREVIOUS YEAR 2018-2019		
	UNITS(KWH)	Total Cost	Rs. Per Unit	UNITS(KWH)	Total Cost	Rs. Per Unit
Electricity	1596450	10103287	6.33	1647203	10430502	6.33

CONSUMPTION PER UNIT OF PRODUCTION:

	Standards (if any)	Current Year 2019-2020	Previous Year 2018-2019
Product: Iron & Steel Scrap	N.A.	1.88	1.97

(B) 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 & Technology.</u></p> <p>(i) FSNL has taken up one R&D project with CSIR-NML, Jamshedpur for the development of process technology for converting waste sludge, generated during Iron & 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 & RINL, VSP, Visakhapatnam is using 0-10 mm & 30-50 mm SMS Slag in place of Lime in Blast Furnace and thereby saving huge amount of money.</p>
(iii)	<p>In case of imported technology (imported during the last three years reckoned from beginning of the financial year)</p> <p>a) The details of technology imported.</p> <p>b) The year of import.</p> <p>c) Whether the technology been fully absorbed.</p> <p>d) If not fully absorbed, areas where absorption has not taken place & the reason thereof.</p>	NIL
(iv)	The expenditure incurred on Research and Development.	NIL

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The total foreign exchange earnings and outgo during the year 2019-20 was Nil as against Rs. 4.24 Lakhs during the year 2018-19.

For and on behalf of Board of Directors

Place: *Kolkata*
Date : *25.08.2020*


Surinder Kumar Gupta
Chairman
DIN: 08643406

**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 financial statements of FERRO SCRAP NIGAM LIMITED ("the Company"), which comprise the balance sheet as at 31st March 2020, the statement of Profit and Loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by 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 31st March, 2020, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and are 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.

SL. NO.	KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTERS
1.	REVENUE RECOGNITION IN BOOKS: REFER NOTE NO. 4.11 TO THE STANDALONE FINANCIAL STATEMENT. UNBILLED REVENUE OF BHILAI UNIT OF RS. 65.25 CRORES THAT IS CONSIDERED AS REVENUE IN THE FINANCIAL STATEMENT OF THE COMPANY & TRADE RECEIVABLES OUTSTANDING AS ON 31 ST MARCH	<ul style="list-style-type: none">•WE HAVE READ THE ACCOUNTING POLICY FOR REVENUE RECOGNITION OF THE COMPANY AND ASSESSED COMPLIANCE OF THE POLICY IN TERMS OF PRINCIPLES ENUNCIATED UNDER IND AS 115.•ASSESSED THE DISCLOSURES MADE BY THE MANAGEMENT IN COMPLIANCE OF IND AS 115.



	<p>2020 AGAINST SUCH UNBILLED REVENUE IS RS. 85.65 CRORES (OUT OF WHICH RS. 20.40 CRORES IS RELATED TO 2018-19).</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 INVOLVE INFORMATION IN RESPECT OF DISAGGREGATED REVENUE AND PERIODS OVER WHICH THE REMAINING PERFORMANCE OBLIGATIONS WILL BE SATISFIED SUBSEQUENT TO THE BALANCE SHEET DATE.</p>	<ul style="list-style-type: none"> •READ THE UNDERLYING CONTRACTS WITH BHILAI STEEL PLANT. •TESTED MANAGEMENT'S CONTROL FOR EVALUATION OF RECOVERABILITY OF RECEIVABLES. •TESTED ON A SAMPLE BASIS, THE SUBSEQUENT INVOICING BY THE COMPANY AND COLLECTIONS FROM CUSTOMERS TO IDENTIFY, IF THERE WERE ANY INDICATORS OF IMPAIRMENT OF THE CONTRACT ASSETS. •WE THEREFORE DETERMINED THIS TO BE A KEY AUDIT MATTER.
2.	<p>CARRYING VALUE OF TRADE RECEIVABLES: TRADE RECEIVABLES COMPRISE A SIGNIFICANT PORTION OF THE LIQUID ASSETS OF THE COMPANY AND SERVE AS SECURITY FOR A MAJORITY OF THE COMPANY'S SHORT TERM DEBT. AS PER THE STANDALONE FINANCIAL STATEMENTS AS AT MARCH 31 2020 TRADE RECEIVABLES AMOUNT TO RS. 229.19 CRORES (NET OF PROVISION).</p> <p>BAD DEBTS AND PROVISION FOR DOUBTFUL DEBTS / EXPECTED CREDIT LOSS FOR TRADE RECEIVABLES- THE COMPANY HAS COME UP WITH ITS OWN POLICY TO MAKE PROVISION OF DOUBTFUL DEBTS WHICH SHALL BE EFFECTIVE FROM THE FOURTH QUARTER OF F. Y. 2109-20 I.E. FROM 1/1/20 TO 31/03/20 REFER</p>	<ul style="list-style-type: none"> •EVALUATING AND TESTING THE COMPANY'S CONTROL PROCESS FOR THE TRADE RECEIVABLES AND UNBILLED CONTRACT REVENUE INCLUDING THE PROVISIONING AND COLLECTION PROCESSES. WHERE THERE WERE INDICATORS THAT TRADE RECEIVABLES WERE UNLIKELY TO BE COLLECTED WITHIN CONTRACTED PAYMENT TERMS WE ASSESSED THE ADEQUACY OF THE ALLOWANCE FOR IMPAIRMENT OF TRADE RECEIVABLES •ASSESSING THE AGEING OF TRADE RECEIVABLES QUANTUM OF OTHER CONTRACT ASSETS, CONTRACT PERFORMANCE, DISPUTES WITH CUSTOMERS, AND PAST PAYMENT AND CREDIT HISTORY OF THE CUSTOMERS; •CONSIDERING THE HISTORICAL ACCURACY OF FORECASTING THE ALLOWANCE OF IMPAIRMENT OF TRADE RECEIVABLES. •ASSESSED THE METHOD OF



<p>NOTE NO. 4.24 TO THE STANDALONE FINANCIAL STATEMENT. THE VALUATION OF ALLOWANCE FOR IMPAIRMENT OF TRADE RECEIVABLES REQUIRES SIGNIFICANT MANAGEMENT JUDGMENT AND SPECIFIC FACTORS, MANAGEMENT CONSIDERS THE AGE OF THE BALANCE, EXISTENCE OF DISPUTES, RECENT HISTORICAL PAYMENT PATTERNS AND ANY OTHER AVAILABLE INFORMATION CONCERNING THE CREDITWORTHINESS OF COUNTERPARTIES. MANAGEMENT USES THIS INFORMATION TO DETERMINE WHETHER A WRITE OFF / PROVISION FOR IMPAIRMENT IS REQUIRED EITHER FOR A SPECIFIC TRANSACTION OR FOR A CUSTOMER'S BALANCE OVERALL, REFER TO NOTE NO. 4.7 TO THE STANDALONE FINANCIAL STATEMENT.</p>	<p>PROVISIONING OF DEBTORS MADE BY MANAGEMENT AND FOUND IS NOT IN COMPLIANCE OF IND AS 109.</p> <p>•ACCORDINGLY IT HAS BEEN DETERMINED AS A KEY AUDIT MATTER.</p>
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Information other than the financial statements and auditors' 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 Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.**

Responsibilities of Management and Those Charged with Governance for the financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 of 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



financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 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", statements of the matters specified in the directions of CAG.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure B', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
3. As required by Section 143 (3) of the Act, 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 subject to key matters above.
 - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure C'.
 - g) With respect to the matter to be included in the Auditor's Report under section 197(16), In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current 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, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed pending litigations and the impact on its financial position in its standalone Ind AS financial Statements- Refer Note No.40 to the standalone Ind AS financial statements.
- ii. The Company has made provision subject to key matter above, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
- iii. There is no requirement of fund to be transferred to the Investor Education and Protection Fund by the Company.

Other Matter Paragraph :Scope Limitation due to COVID 19

As per "Annexure D" to the Independent Auditor's Report (Paragraph in case of audit without physical visit to the unit.

Place:-Bhilai (C.G.)
Date: 25-06-2020

UDIN: 20089728AAAAAY8084
For JAIN CHINDALIA & CO
Chartered Accountants
FRN: 513778C

RUPESH JAIN
(Partner)
M. No. 089728



Annexure-'A'

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

S. No.	Directions	Reply
1.	Whether the company has system in place to 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.	FSNL process all accounting transaction through integrated Accounting package i.e. FAST Package. The company has 2 separate IT package for (1) Payroll & (2) Inventory are integrated in Accounting Package JVs. Complete financial data with respect to Payroll & Inventory are incorporated in Accounting Package i.e. in FAST Package.
2.	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.	FSNL has not taken any loan during the F.Y.2019-2020. Hence there is no restructuring of any loan or cases of waiver /write off of debts/loans/interest etc. made by a lender the company due to the company's inability repay the loan.
3.	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.	During the F.Y. 2019-2020 FSNL has not received any fund for specific schemes from Central/state agencies.



Annexure 'B'

The Annexure referred to in paragraph 1 of Our Report on "Other Legal and Regulatory Requirements".

We report that:

- 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 its fixed assets.
 - b. As explained to us, fixed assets have been physically verified by the management at reasonable intervals; 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 explained to us, inventories have been physically verified during the year by the management at reasonable intervals. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties listed 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.
- 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 any deposits from the public covered under sections 73 to 76 of the Companies Act, 2013.
- vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 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 was 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, 2020 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 Lakh)	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)	87.13	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.	749.87	10.09.2004 To 28.02.2005 & 01.02.2008 To 31.03.2010	Commissioner, Ranchi and CESTAT, Kolkata
Finance Act, 1994 (As amended upto date)	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	219.64	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 ordered by Commissioner of Central Excise and Customs, Raipur.	326.69	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.	459.14	May 2004 To Mar 2007	Appellate Authorities, (CESTAT Kolkata)
Finance Act, 1994 (As amended upto date)	Service tax on "Business Auxiliary Service" and "Cargo Handling Services" at Durgapur Steel Plant and Alloy Steel Plant	2911.77	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	859.07	Apr 2008 To May 2009 & June 2009 To Sept 2009	Commissioner(Appeals), Kolkata 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	241.98	Apr 2009 To March 2010	Appellate Authorities, (CESTAT Kolkata)
Finance Act, 1994 (As amended upto date)	Service Tax on "Business Auxiliary Service" at Durgapur Unit as demanded by Commissioner, Central Excise, Bolpur	250.09	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	289.00	Apr 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 Additional Commissioner, Central Excise, Ranchi - II	37.98	Oct 2010 To Mar 2015	Appellate Authorities, (CESTAT Kolkata)
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 as demanded by West Bengal Sales Tax Department	2.94	2013-14	West Bengal Sales Tax Tribunal, Kolkata.
Motor Vehicles Act, 1988	For Penalty regarding registration of Vehicles with RTO	79.84	2014-15	Transport Commissioner, Visakhapatnam

- 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 on our audit procedures and according to the information given by the management, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) or by way of term loans during the year.
- x. According to the information and explanations given to us, 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. According to the information and explanations given to us, we report that managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii. The company is not a Nidhi Company. Therefore, clause (xii) of the order is not applicable to the company.
- xiii. According to the information and explanations given to us, 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 financial Statements etc. as required by the applicable accounting standards.
- xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- xv. The company has not entered into non-cash transactions with directors or persons connected with him.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.



Annexure 'C'

Report on the Internal financial Controls 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, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal financial Controls

The Company's management 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, 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 Company's internal financial controls system over financial reporting.

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 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 authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent 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, 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, 2020, 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.

Other matter

We would like to draw attention of stakeholders in respect of hiring of equipment on rent by the company. CVO has observed that the notice inviting tender is not being published in the official website of the company. Also limit of turnover and work experience required to get empanelled for the same is too restrictive for many other vendors to participate. These observations are recorded in minutes of 178th meeting of directors held on 12th November 2019.

On sample checking of work orders, tendering process and bills of equipment on rent, we found that only limited vendors are empanelled for the above contracts and the contracts awarded by the customers on nomination basis are sub-contracted to them in the form of "**Hiring of Module of Equipments and Manpower**". The Expense under this head amounts to Rs. 151.04 Crores as against total turnover of Rs. 409.90 crores. Company has proposed certain changes in their Purchase and Stores manual regarding system improvement in their purchase procedures. We are unable to form an opinion on this, as we do not have access to all the documents and records related to the above matter.




Annexure D" to the Independent Auditor's Report (Paragraph in respect of audit without physical visit to the unit)

The opinion expressed in the present report is based on the limited information, facts and inputs made available to us through electronic means by the units of the company. We wish to highlight that due to the COVID 19 induced restrictions on physical movement and strict timelines, we could not visit the units except Bhilai unit for undertaking the required audit procedures as prescribed under ICAI issued Standards on Auditing, including but not limited to:

- Inspection, observation, examination and verification of the original documents/ files.
- Physical verification of stocks of spares items including adequate internal controls thereof.
- Physical verification of fixed assets (Movable & immovable), Vehicle movement records and their including adequate internal controls thereof.
- Observation with regard to internal controls.
- Adequate audit procedures for various assertion specified in CARO Reports.
- Examination of vouchers and invoices of expenses etc.

Place:- Bhilai (C.G.)
Date:25-06-2020

For JAIN CHINDALIA & CO
Chartered Accountants
FRN: 513778C


RUPESH JAIN
(Partner)
M. No. 089728



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF FERRO SCRAP NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2020

The preparation of financial statements of Ferro Scrap Nigam Limited for the year ended 31 March 2020 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 the 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 25 June 2020.

I, on 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 31 March 2020 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 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 behalf of the
Comptroller and Auditor General of India



(A. P. Choppy)
Director General of Audit (Steel)
Ranchi

Place: Ranchi
Date: 31.07.2020



Jain Tuteja & Associates

MOD. 30270 000
Ph. : 0771-4221303

S Tanveer Kour Tuteja
(B.Com, F.C.S., L.L.B.)
M.No. 7704
C.P. No. - 8512

Head Office - C/o Ravindra Kiraya Bhandar
Hotel Ranjit Building, Station Road, Raipur (C.G.)

CS Deepti Jain
(B.Com, A.C.S., L.L.B.)
M. No. 26623
C.P. No. - 9650

ANNEXURE - IV

Date.....

SECRETARIAL AUDIT REPORT

FORM NO. MR-3

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to Section 204(1) of the 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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Ferro Scrap Nigam Limited (CIN: U27102CT1989GOI005468) (hereinafter called 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 Ferro Scrap Nigam Limited's books, paper, minute books, forms, and return filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representative during the conduct of secretarial audit and as per the explanations given to us and the representation made by the management, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 generally complied with the statutory provisions listed hereunder and also that company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter



Branch - C/o Mandeep Singh Tuteja, Opp. Bank of Baroda, Itwari Bazar, Nayaganj, Raigarh (C.G.)
E-mail : tanveerdutta0@gmail.com

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Ministry of Heavy Industries and Public Enterprises (DPE Guidelines)
3. 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

The Company being unlisted entity the following Enactments, Agreements and Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable: -

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018,
- d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993,
- e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2018.
- f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;



- h. The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018;
- i. The Securities and Exchange Board of India (Employees Stock Option Scheme & Employees Stock Purchase Scheme) Guidelines, 1999
- j. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- k. The Listing Agreements;
- l. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- m. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- n. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;

We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standard as mentioned above. We further report that compliance of applicable financial laws including Direct & Indirect Tax laws by the Company has not been reviewed in this Audit since the same has been subject to review by Statutory Auditors and other designated Professionals.

M/s Ferro Scrap Nigam Limited is a Private Limited Company and is a wholly owned subsidiary of MSTC Limited. The composition of Board of Directors, the Audit Committee, CSR Monitoring Committee and Nomination & Remuneration Committee 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) and also as per the provisions of the Companies Act, 2013 and the Rules made thereunder. We further report that the Changes in the composition of the Board of Directors that took during the period under review were carried out in compliance with the provision of the Act.



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, where any, were recorded as part of the minutes.

We further report that there are adequate systems 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.

We have relied upon the information, extracts, declaration etc. as provided by M/s Ferro Scrap Nigam Limited for this Secretarial audit. Considering the COVID-2019 pandemic & lockdown the information and confirmation were received digitally.

We further report that during the audit period, the Company has not taken any actions having a major bearing on the Company's affairs in pursuance of the above applicable laws, rules, regulations, guidelines, standards etc. referred to above.

Place: Raipur
Date: 09.06.2020

FOR, JAIN TUTEJA & ASSOCIATES



Tanveer Kaur Tuteja
(Partner)

Practicing Company Secretary
M. No.: 7704
C. P. No.: 8512
UDIN: F007704B000329685

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Annexure A

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. We 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

FOR, **JAIN TUTEJA & ASSOCIATES**



Tanveer Kaur Tuteja
(Partner)

Practicing Company Secretary

M. No.:7704

C. P. No.:8512

UDIN:F007704B000329685

Place: Raipur

Date: 09.06.2020

ANNEXURE – V TO THE DIRECTORS' REPORT**FormNo.MGT-9****EXTRACT OF ANNUAL RETURN****As on the Financial Year ended on 31.03.2020**

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule12(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: www.fsnl.nic.in
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 turnover of the company shall be stated: -

Sl. No.	Name and Description of main products/ services	NIC Code of the Product / service	% total turnover 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	100

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. SHAREHOLDING PATTERN (Equity Share-Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

[illegible]

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	
2.Non- Institutions	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 upto Rs.1lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs1lakh									
c)Others(specify)									
Sub-total(B)(2):-	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
Total	32000000	100	NIL	32000000	100	NIL	

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
At the beginning of the year	32000000	100%	32000000	100%
Date wise Increase/ Decrease in Promoters 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	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
For Each of the Top 10 Shareholders				
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:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	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.			
	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	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
Indebtedness at the beginning of the financial year				
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
Total(i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year	No Change	No Change	No Change	No Change
· Addition				
· Reduction				
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
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
Total(i+ii+iii)	NIL	NIL	NIL	NIL

Note : The Company used overdraft facility amounting to Rs. 2703.69 Lakhs (previous year - Rs. 975.30 Lakhs) against Fixed Deposit with Indian Bank and IDBI Bank, Bhilai Branch 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	40,82,038.00	40,82,038.00
(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	0	0
(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 : 3,72,467.00 Medical : 48,973.00 Entertainment Allowance : 9,859.00 Performance Related Pay : 74,156.00	5,05,455.00	5,05,455.00
Total(A)	45,87,493.00	45,87,493.00

Note : 1. 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.
2. Suitable disclosures with respect to details of post-employment benefits and other long-term benefits are made in the note no. 39 in the notes to the financial statements.

B. Remuneration to Non Official Independent 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	1,65,000.00	2,10,000.00	1,80,000.00	5,55,000.00
· Commission	-	-	-	-
· Others, please specify	-	-	-	-
Total (1)	1,65,000.00	2,10,000.00	1,80,000.00	5,55,000.00

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)	1,65,000.00	2,10,000.00	1,80,000.00	5,55,000.00

* The Non-Official Independent Directors were paid sitting fees within the limits as prescribed under the Companies Act, 2013.

Note : During the financial year 2019-20 no remuneration was paid by Company to any other Non-executive Director except Non-executive Independent Directors of the Company.

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

(Amount in Rs.)

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 Section 17(1) of the Income-tax Act, 1961	29,78,179.00	13,34,568.00	43,12,747.00
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
(c) Profits in lieu of Salary under section 17(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	3,01,747.00	1,43,668.00	4,45,415.00
- Medical	48,554.00	47,474.00	96,028.00
- Entertainment allowance	13,640.00	0.00	13,640.00
- Performance Related Pay	35,651.00	12,034.00	47,685.00
Total	33,77,771.00	15,37,744.00	49,15,515.00


Note : Suitable disclosures with respect to details of post-employment benefits and other long-term benefits are made in the note no. 39 in the notes to the financial statements.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF 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

Place: *Kolkata*
Date : *25.08.2020*


Surinder Kumar Gupta
Chairman
DIN: 08643406

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 2019-20

In discharge of Corporate Social Responsibility during the year 2019-20, and in adherence of Swachh Vidhayalay Abhiyaan initiated by the Government of India, FSNL has provided the following facilities in the Government Schools situated in the Aspirational District of Visakhapatnam, in the State of Andhra Pradesh:-

1. Construction of Hand Wash facility with accessories & Covered with proper Shed, in Zilla Parishad High School, Kanithi, Gajuwaka-Visakhapatnam (Andhra Pradesh);
2. Construction of One Class Room, and Construction of Hand Wash facility with accessories & covered with proper Shed, in Zilla Parishad High School, Chintala Agraharam - Visakhapatnam (Andhra Pradesh);
3. Construction of One Toilet Block for Boys (consisting of 4 Urinals & 4 Toilets), and One Toilet Block for Girls (consisting of 4 Urinals & 4 Toilets), in Zilla Parishad High School, Nadupuru - Visakhapatnam (Andhra Pradesh);
4. Construction of Two Toilet Blocks for Girls (consisting of 8 Urinals & 8 Toilets), and Construction of Hand Wash facility with accessories & covered with proper Shed, in Zilla Parishad High School, V-Juttada - Visakhapatnam (Andhra Pradesh).

Apart from the above, in accordance with the requests received from the District Administration of Durg (Chhattisgarh), FSNL has also undertaken the following activities in the Durg District of Chhattisgarh: -

- a) Construction of one Hall at Government Primary School, Ruabandha, Bhilai, Dt.Durg (Chhattisgarh);
- b) Construction of one Class Room at Government Middle School, Dewada, Patan-Durg (Chhattisgarh);
- c) Construction of one Class Room at Government Higher Secondary School, Dhaurabhata, Patan-Durg (Chhattisgarh).

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

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
2016-17	3621.69
2017-18	1303.78
2018-19	4108.95
	<u>9034.42</u>
Average Net Profit for last 3 years	3011.47
2% of average Net Profit for last 3 years	Rs. 60.23 Lakhs
Rounded off :	Rs. 61.00 Lakhs

4. PRESCRIBED CSR EXPENDITURE [AS ABOVE] Rs. 61.00 Lakhs

Note : In consonance with the recommendation of CSR Monitoring Committee, the Board of Directors have revised the CSR budget for FY 2019-20 to Rs.62.78 Lakhs vide Circular Resolution No.5 of Financial Year 2019-20 dated 07.09.2019.

The actual CSR expenditure incurred by FSNL is Rs.63.07 Lakhs during the financial year 2019-20.

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR (2019-20)

(Rs.in lakhs)

Sl No	CSR Project identified	Sector	State and District of project coverage	Projectwise outlay	Amount Spent		Cumulative expenses	Direct or through agency
					Direct Exp.	Over-heads		
1.	Construction of Handwash facility with accessories with Shed in Zilla Parishad High School, Kanithi, Gajuwaka-Visakhapatnam(AP)	Health & Hygiene (Under Swachh Vidhyalay, Abhiyan)	Aspirational District Visakhapatnam in Andhra Pradesh State	0.52	0.42	-	0.42	Direct

(Rs.in lakhs)

Sl No	CSR Project identified	Sector	State and District of project coverage	Projectwise outlay	Amount Spent		Cumulative expenses	Direct or through agency
					Direct Exp.	Over-heads		
2.	Construction of One class room, and Handwash facility with accessories & shed in Zilla Parishad High School, Chintala Agraharam, Visakhapatnam(A.P)	Education & Health & Hygiene (Under Swachh Vidhyalaya)	Aspirational District Visakhapatnam in Andhra Pradesh State	10.83	11.43	-	11.85	Direct
3.	Construction of one Toilet blocks for Boys & Girls, (consisting of 4 Urinals & 4 Toilets each), in Zilla Parishad High School, Nadupuru-Visakhapatnam (AP).	Health & Hygiene (Under Swachh Vidhyalaya)	Aspirational District Visakhapatnam in Andhra Pradesh State	15.54	14.77	-	26.62	Direct
4.	Construction of Two Toilet blocks for Girl students, (consisting of 8 Urinals & 8 Toilets), and Construction of Hand Wash facility with accessories & shed, in Zilla Parishad High School, V-Juttada, Visakhapatnam (AP).	Health & Hygiene (Under Swachh Vidhyalaya)	Aspirational District Visakhapatnam in Andhra Pradesh State	16.07	15.56	-	42.18	Direct
5.	Construction of One Hall at Government Primary School, Ruabandha, Bhilai, Dt. Durg (C.G.)	Education	Durg District in Chhattisgarh State.	7.70	7.85	-	50.03	Direct
6.	Construction of One Class Room at Government Middle School, Dewada, Patan-Durg (C.G.).	Education	Durg District in Chhattisgarh State.	6.06	6.52	-	56.55	Direct
7.	Construction of One Class Room at Government Higher Secondary School, Dhaurabhata, Patan-Durg(Chhattisgarh).	Education	Durg District in Chhattisgarh State.	6.06	6.52	-	63.07	Direct
			TOTAL	62.78	63.07			

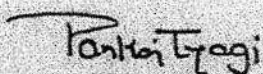
6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

: Not Applicable.

All CSR projects were completed and handed over before 31.03.2020, the payments for which have also been made within the financial year 2019-20.

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.



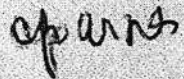
(Pankaj Tyagi)
AGM(P&A)/Law



(Bhanu Kumar)
Director & Member
CSR Monitoring
Committee



(Rajib Bhattacharya)
Managing Director



(Aparna Chaturvedi)
Director & Chairman-
CSR Monitoring
Committee

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 31.03.2020 was consisting of Shri Surinder Kumar Gupta (DIN: 08643406) as Chairman, Shri Rajib Bhattacharya (DIN: 07091356) as Managing Director of the Company, 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.

During the year under review Shri Aurobindo Behera (DIN: 00765734) non-official Independent Director has ceased to be Director of Company w.e.f. 27.11.2019 and Shri Shri Bam Bahadur Singh (DIN: 03212787) has ceased to be Director of Company w.e.f. 30.11.2019.

BRIEF INFORMATION OF THE NEWLY APPOINTED DIRECTORS.

During the year under review Ministry of Steel has appointed Shri Surinder Kumar Gupta (DIN: 08643406), as ex-officio Chairman by w.e.f. 31.01.2020 on ex-officio basis without any extra remuneration.

The Ministry of Steel has extended the tenure of Shri Rajib Bhattacharya (DIN: 07091356), Managing Director by beyond 08.02.2020 till 30.04.2021 i.e. the date of his superannuation or until further orders whichever is earlier.

Shri Arun Kumar Kailoo (DIN- 07521092) has been appointed by Ministry of Steel as Government Nominee Director in FSNL w.e.f. 02.07.2020 in place of Shri Ashish Sharma (DIN- 08365082).

DIRECTORSHIP HELD BY THE DIRECTORS:

Shri Surinder Kumar Gupta (DIN: 08643406) Chairman is also holding position of Chairman-cum-Managing Director of MSTC Limited and Directorship in Mahindra MSTC Recycling Limited;

Smt. Bhanu Kumar (DIN: 07982360), 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, IFCI Financial Services Limited and Agra Smart City Limited.

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 and terms of appointment are fixed by the Ministry of Steel 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 submitted to the Managing Director for obtaining approval. 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. pertaining to their domain.

BOARD MEETING & ATTENDANCE :

During the financial year ended on 31st March, 2020, four 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 2019-2020.

Name of Director	176 th Board Meeting held on 21.05.2019	177 st Board Meeting held on 10.08.2019	178 nd Board Meeting held on 12.11.2019	179 rd Board Meeting held on 05.02.2020
Shri Bam Bahadur Singh (DIN: 03212787)	Attended	Attended	-	-
Shri Rajib Bhattacharya (DIN: 07091356)	Attended	Attended	Attended	Attended
Shri Aurobindo Behera (DIN: 00765734)	Attended	Attended	Attended	-
Smt. Bhanu Kumar (DIN: 07982360)	Attended	Attended	Attended	Attended
Smt. Laxmi Verma (DIN: 08308190)	Attended	Attended	Attended	Attended
Shri Ashish Sharma (DIN: 08365082)	Attended	Attended	Attended	Attended
Smt. Aparna Chaturvedi (DIN: 00028647)	-	Attended	Attended	Attended
Shri Surinder Kumar Gupta (DIN : 08643406)	-	-	-	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
38 th AGM	18 th September, 2017	12.30 P.M.	Registered Office, Bhilai, Chhattisgarh	Nil
39 th AGM	28 th September, 2018	11.00 A.M.	Registered Office, Bhilai, Chhattisgarh	Nil
EGM	20 th December, 2018	11.00 A.M.	Registered Office, Bhilai, Chhattisgarh	Nil
EGM	30 th April, 2019	11.30 A.M.	Registered Office, Bhilai, Chhattisgarh	Nil
40 th AGM	18 th September, 2019	11.30 A.M.	Registered Office, Bhilai, Chhattisgarh	Nil

Shri Rajib Bhattacharya, Managing Director, Smt. Laxmi Verma, Independent Director and Smt. Aparna Chaturvedi, Independent Director were present at the 40th Annual General Meeting of the Company held on 18th September, 2019.

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 Aurobindo Behera, Independent Director has ceased to be the Chairman of Audit Committee. The Audit Committee as at 31st March, 2020 consists of two independent non-executive directors and one non-executive director as specified below:

Name of Member	Designation	Category
Smt. Aparna Chaturvedi (DIN: 00028647)	Chairman	Independent Non-Executive Director
Smt. Laxmi Verma (DIN: 08308190)	Member	Independent Non-Executive Director
Shri Ashish Sharma (DIN: 08365082)	Member	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 31st

March, 2020, 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	29 th Meeting held on 21.05.2019	30 th Meeting held on 26.07.2019	31 th Meeting held on 10.08.2019	32 nd Meeting held on 19.09.2019	33 rd Meeting held on 12.11.2019	34 th Meeting held on 05.02.2020
Shri Aurobindo Behera (DIN: 00765734)	Attended	Attended	Attended	Attended	Attended	-
Smt. Laxmi Verma (DIN: 08308190)	Attended	Attended	Attended	Attended	Attended	Attended
Shri Ashish Sharma (DIN: 08365082)	Attended	Attended	Attended	Attended	Attended	Attended
Smt. Aparna Chaturvedi (DIN: 00028647)	Not Attended	Attended	Attended	Attended	Attended	Attended

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 Aurobindo Behera, Independent Director has ceased to be the Chairman of CSR Monitoring Committee. The CSR Monitoring Committee as at 31st March, 2020 consists of two independent non-executive directors and two non-executive directors as specified below:

Name of Member	Designation	Category
Smt. Aparna Chaturvedi (DIN: 00028647)	Member	Independent Non-Executive Director
Smt. Bhanu Kumar (DIN: 07982360)	Member	Non-Executive Director
Smt. Laxmi Verma (DIN: 08308190)	Member	Independent Non-Executive Director
Shri Ashish Sharma (DIN: 08365082)	Member	Non-Executive Director

During the financial year ended on 31st March, 2020, two meetings of the CSR Monitoring Committee were held as detailed below:

Name of Director	18 th Meeting held on 26.07.2019	19 th Meeting held on 28.08.2019
Shri Aurobindo Behera (DIN: 00765734)	Attended	Attended
Smt. Bhanu Kumar (DIN: 07982360)	Attended	Attended
Smt. Laxmi Verma (DIN: 08308190)	Attended	Attended
Shri Ashish Sharma (DIN: 08365082)	Attended	Attended
Smt. Aparna Chaturvedi (DIN: 00028647)	Attended	Attended

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.nic.in at web link http://www.fsnl.nic.in/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 Aurobindo Behera, Independent Director ceased to be the Chairman of Nomination and Remuneration Committee. The Nomination and Remuneration Committee as at 31st March, 2020 consists of three independent non-executive directors and two non-executive directors as specified below:

Name of Member	Designation	Category
Smt. Aparna Chaturvedi (DIN: 00028647)	Chairman	Independent Non-Executive Director
Smt. Bhanu Kumar (DIN: 07982360)	Member	Non-Executive Director
Smt. Laxmi Verma (DIN: 08308190)	Member	Independent Non-Executive Director
Shri Ashish Sharma (DIN: 08365082)	Member	Non-Executive Director

During the financial year ended on 31st March, 2020, two meetings of this Committee were held as detailed below:

Name of Director	14 th Meeting held on 18.11.2019	15 th Meeting held on 18.12.2019
Shri Aurobindo Behera (DIN: 00765734)	Attended	-
Smt. Bhanu Kumar (DIN: 07982360)	Attended	Attended
Smt. Laxmi Verma (DIN: 08308190)	Attended	Attended
Shri Ashish Sharma (DIN: 08365082)	Attended	Attended
Smt. Aparna Chaturvedi (DIN: 00028647)	Attended	Attended

SEPARATE MEETING OF INDEPENDENT DIRECTORS:

In compliance with the requirement of Schedule IV of the Companies Act, 2013, a meeting of Independent Directors of the Company was held during the financial year 2019-20 without the presence of non-independent directors and members of management.

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. 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 28th 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. 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. 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 scalar 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, the company has not rendered any other services during the year under review. 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.

REVIEW OF FINANCIAL PERFORMANCE

FSNL achieved Total Revenue of ₹ 40,989.64 lakhs inclusive of Service charges of ₹ 40,072.76 lakhs during the Financial Year (FY) 2019-20, higher by 8.32 % as compared to corresponding period of last year (CPLY) of total Revenue of ₹ 37,841.34 lakhs inclusive of Service charges of ₹ 36,519.56 lakhs. During the Financial Year (FY) 2019-20, the Profit before Tax and Profit after Tax is ₹4,601.68 lakhs and ₹ 3,057.62 lakhs as compared to Profit before Tax and Profit after Tax of corresponding period of last year (CPLY) of ₹ 4,108.95 Lakhs and ₹ 2,668.83 Lakhs which reflect better performance of the Company, higher by 11.99 % and 14.57 % respectively over last year. The comparative performance of major financial parameters during the FYs 2019-20 and 2018-19 is given below:

FINANCIAL HIGHLIGHTS	(₹ lakhs)	
	2019-20	2018-19
Particulars		
Total Revenue	40,989.64	37,841.34
Revenue from operation	40,072.76	36,519.56
Earnings before depreciation, interest and tax (EBIDTA)	6,186.21	5,539.73
Depreciation	1,457.99	1,343.99
Finance cost	126.54	86.79
Profit / (Loss) before tax (PBT)	4,601.68	4,108.95
Provision for tax / Income Tax refund and deferred tax asset (-)	1,544.06	1,440.12
Profit / (Loss) after tax (PAT)	3,057.62	2,668.83
Other Comprehensive Income	(637.82)	(431.29)
Total Comprehensive Income (+)/loss (-)	2,419.80	2,237.54
Net worth	21,692.42	20,004.43
EBIDTA to Revenue from operation (Operating Profit Margin) (%)	15.44	15.17
Net Profit Margin (%)	7.46	7.05
Return (PAT) on Net Worth (%)	14.10	13.34
Earnings per share of ₹10/-each	9.56	8.34
Current ratio	2.22	2.44

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 2019-20.

During the year 2019-20, total 707 mandays 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 GU0020IDELINES:

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

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: *Kolkata*
Date : *25.08.2020*



Surinder Kumar Gupta

Chairman

DIN: 08643406

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 2019-20.

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



CS Tanveer Kour Tuteja
(B.Com, F.C.S., L.L.B.)
M.No. 7704
C.P. No. - 8512

Jain Tuteja & Associates

Head Office - C/o Ravindra Kiraya Bhandar
Hotel Ranjit Building, Station Road, Raipur (C.G.)

Mob.: 98279-00541
Ph. : 0771-4221303

CS Deepti Jain
(B.Com, A.C.S., L.L.B.)
M. No. 26623
C.P. No. - 9650

Date... 30.06.2020

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

We have examined the compliance of conditions of corporate governance of M/s Ferro Scrap Nigam Limited for the year ended 31st March, 2020 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. Our 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 our opinion and to the best of our information and according to the explanations given to us, We certify that the Company has broadly complied with the conditions of Corporate Governance.

We 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.

Place: Raipur
Date: 30/06/2020

For, Jain Tuteja & Associates
(Practicing Company Secretary))



(Tanveer Kour Tuteja)
M.No.: 7704
C.P NO: 8512

UDIN: F007704B000405123

Branch - C/o Mandeep Singh Tuteja, Opp. Bank of Baroda, Itwari Bazar, Nayaganj, Raigarh (C.G.)
E-mail : tanveerdutta0@gmail.com