



## FACOR ALLOYS LIMITED

Regd. Office & Works: SHREERAMNAGAR-535 101, Dist. Vizianagaram, A.P., India.  
Phones: +91 8952 282029, 282038, 282456 Fax: +91 8952 282188 E-Mail: [facoralloys@facorgroup.in](mailto:facoralloys@facorgroup.in)

FSEC/198Q/C/

13<sup>th</sup> August, 2013

EMAIL

The Bombay Stock Exchange Ltd.,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI - 400 001

Email ID: [corp.relations@bseindia.com](mailto:corp.relations@bseindia.com)

Attn: Mr Bhushan Mokashi, Deputy Manager Department of Corporate Services

Dear Sir,

Re: Details of voting results of the AGM held on 13.08.2013

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Pursuant to amended Clause 35A of the Listing Agreement, please note that an Annual General Meeting of the Company was held on 13.08.2013 at the Registered Office of the Company at Shreeramnagar, Andhra Pradesh.

Further, the required details of AGM are provided as under :-

A) Total No. of shareholders on the book closure date i.e. (09.08.2013)	59013
B) No. of shareholders present in meeting either in person or through proxy	
i) Promoter & Promoter Group	43
ii) Public	09
C) No. of shareholders attended the meeting through video Conferencing	
i) Promoter & Promoter Group	Nil
ii) Public	Nil

Further please note that mode of voting was by way of showing of hands and the itemwise results of the agenda including type of resolutions i.e. Ordinary / special is enclosed as Annexure-I. Detailed Minutes of the AGM alongwith Chairman's Speech are also enclosed as Annexure-II for your reference and record purpose. The Distribution Schedule as on the date of AGM will be filed separately in due course of time.

You are requested to kindly take the above information on record under intimation to us.

Request to acknowledge receipt.

Thanking you,  
Yours faithfully,  
For FACOR ALLOYS LTD,

  
SECRETARY

Encl.: As above.



Corporate & Head Office: Shreeram Bhawan, Tumsar - 441 912, Dist. Bhandara, Maharashtra, India.  
Phones: +91 7183 232233, 232251, 232028 Fax: +91 7183 232271, E-Mail: [facorho@facorgroup.in](mailto:facorho@facorgroup.in)



**FACOR ALLOYS LIMITED**

Regd. Office

**SHREERAMNAGAR-535 101, GARIVIDI, DIST: VIZIANAGARAM (ANDHRA PRADESH)**

**SPEECH OF SHRI R.K. SARAF, CHAIRMAN OF THE GENERAL MEETING AT THE 10TH ANNUAL GENERAL MEETING HELD AT SHREERAMNAGAR- 535 101, GARIVIDI, DIST: VIZIANAGARAM (ANDHRA PRADESH) ON 13<sup>TH</sup> AUGUST, 2013**

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Gentlemen,

I extend to you all a cordial welcome to this 10th Annual General Meeting of the Company.

The audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2013 and the Directors' Report have been with you for sometime now and, with your approval, I shall take them as read.

Now turning to the working results of the Company for the year ended 31-3-2013, as mentioned in the Directors' Report, Ferro Alloy is a crucial intermediate to Steel Industry, hence growth of Ferro Alloys industry is primarily driven by the growth and progress of Steel Industry. The estimated production capacity of ferro alloys in India is more than double of the domestic demand, making the industry partially dependent on domestic market and more on export market. The main market for Indian ferro chrome is China, Japan and South Korea and the current economic situation in all the three countries is not that good. Japan's capacity utilization is low around 60-70% which provides little opportunity for export from India. As far as Korea is concerned, it was doing well till the first half of 2012 and it had some plans of increasing production of Stainless steel, but from the later half of the year they started going down and their capacity utilization too started coming down eventually. And China which was kind of pulling the world, has also become uncertain because of the inflation problem. At present China is importing Chrome Ore as well as Charge Chrome from South Africa in huge quantities and the current situation is such that China has become a bigger producer of Chrome Alloys compared with South Africa, riding on some inherent advantages like availability of Coal and Coke among others. Further, a number of Ferro Chrome Producer in South Africa had recently been forced to stop or cut down production due to lower availability of power coupled with continued weak demand. Despite sharp fall in total production of Ferro Chrome due to power restriction in South Africa, the overall availability of the material is still higher than the demand.

As far as domestic market is concerned, the stainless steel market in India particularly 200 series is passing through a bad phase due to credit squeeze in the

market, high inflation, higher power cost, uncertainty of power supply and delay in several projects. The weakness in ferro alloys prices in India has happened largely due to weakness in Export demand. Most ferro alloys producers in India are currently passing through a difficult financial position because of significant fall in prices in recent months and increase in power cost. Lack of demand both in domestic and export markets, coupled with weak price trend and higher cost of power and Chrome Ore are primarily responsible for hardship faced by ferro alloys producers. Further, the ongoing power crisis in Andhra Pradesh manifesting in unprecedented power cuts and steep tariff hike have hit the company hard. Besides this, the Company is also burdened heavily by way of claims for Fuel Surcharge Adjustment (FSA) including arrears for earlier years.

On account of above and other factors, during the year under consideration the production during the financial year 2012-13 was 38,570 M.T. as against 64,000 M.T. in the previous year recording a steep fall of 40%. Owing to unfavourable market conditions, the overall turnover of the Company declined from Rs.367.44 crores in 2011-2012 to Rs.219.73 crores in 2012-2013. Exports were Rs. 132.07 crores as against Rs. 289.19 crores in the previous year. The Company derived 60% of its total sales from exports and during the year under review foreign currency earnings in rupee terms was Rs 121.79 crores. The profit before tax too was lower at Rs. 2.08 crores as compared to Rs. 10.16 crores in the previous year recording a steep fall of 80%.

For the 4 months period from 1.4.2013 to 31.07.2013, the overall turnover of the Company however surged to Rs. 109.70 crores as compared to Rs.70.33 crores in the previous year mainly due to sale of higher tonnage. Further exports were marginally lower at Rs.49.10 crores as compared to Rs.53.49 crores in the previous year mainly due to less realization and lower tonnage. The main reason for the subdued performance is lower production due to severe power cuts imposed on the industries in Andhra Pradesh coupled with lack of demand by the end users. Further during this period there was no TSL conversion due to various reasons.

Your Company is not in a position to increase its own production further due to the reason of acute shortage of power and Chrome Ore, the main raw materials, both in terms of quantity and quality. To overcome the bottlenecks and to exercise proper control over price and supply of Chrome Ore, Company is looking for backward integration by putting power project and evaluating various acquisition opportunities overseas in Chrome Ore mining. Once power and Chrome Ore supplies are tied up, it

would like to take steps for increasing its own production further for achieving over-all improvement in the performance depending upon market scenario and the cash flow position.

Ferro alloy refers to various alloys of iron, which are used in the production of mild steel, carbon steel, special alloy steel and stainless steel. India's steel production is increasing every year, thereby the consumption of Ferro Alloys is also increasing. Preliminary figures released by the International Stainless Steel Forum (ISSF) show that worldwide stainless steel crude production has increased after the first nine months of 2012 by 2.9% compared to the same period of 2011. Total production for the first three quarters was 26.1 million metric tons (Mt.). In Asia, China increased its Stainless Steel production in the first 9 months of 2012 by 7.9% to 11.4 Mt. and it now accounts for about 44% of the World's Stainless Steel Production. After the first 9 months of 2012, Asia accounts for almost 70% of the World's Stainless Steel Production. The projected growth of over 8% of stainless steel and carbon steel till 2015 augurs well for the continued growth of ferro alloys production in India. The ferro alloys industry has a capacity of 5.15 million tonnes. It is accounting for nearly 10% of the world's ferro alloys production and is among the 10 largest producers of the material in the world. The market situation has become over supply because the supply increased but the consumption decreased. Steel market including stainless steel has been passing through difficult times due to credit squeeze in the market, high inflation, high power cost, uncertainty of power supply and delay in several projects. Nervousness is visible in the sector and production has been lower. The International price of HC Ferro Chrome started moving downwards. The main reason for the decline is lack of demand by the end users.

At the same time, the Indian Ferro Alloys Industry is grappling with various issues, such as non-availability of power with competitive rate, suitable quality and quantity of Chrome Ore/ Coke, minimum duty protection etc. Besides, the Industry has to compete with the integrated producers having captive Mines situated in South Africa, Australia, Brazil, CIS, etc to sell acceptable quality of Chrome Alloys in the world market for earning the valuable foreign exchange for the country. Reductants viz Anthracite Coal, Coke, Charcoal etc. are vital inputs for the Ferro Alloys Industry. The consumption of these reductants for producing one ton of Ferro Alloys varies between 600 to 2,000 kgs, depending on the Ferro Alloys produced. The availability of these items in good quality is declining in the country and the Ferro Alloy Industry may have to totally depend on import of these reductants on regular basis. Although the present

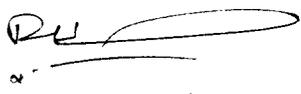


Import Duty on Ferro Alloys is 5%, this is not sufficient, as the import of Ferro Alloys is increasing every year, more so when the domestic Industry is operating at around 60% of capacity leaving balance 40% lying idle. These cheap imports from China and other countries are steadily grabbing the domestic market share to meet the expected rising demand from steel Industry. Further the problems of this industry are aggravated because of the high input cost of power including FSA charges. The ferro alloy Industry is a power intensive Industry, the power cost is about 35-40 percent of its total production cost. Repeated power tariff hikes by state run power utility company have put the Industry in a fix. In addition to the higher power tariff, the frequent power cuts in Andhra Pradesh are affecting the Industry badly. At such high power tariff, there is hardly any margin and viability in the production of ferro alloys. These issues need to be addressed by the Government to enable the Ferro Alloys Producers to compete in the Domestic as well as International Markets.

I am delighted to share with you that your company has completed acquisition of 51% equity stake in a company in Turkey which shall be starting operations in chrome ore mining at the start of next year, through a company formed for the purpose.

Before I conclude I would like to thank all members on the Board for their valuable advice, guidance and support. I also take this opportunity to express my sincere gratitude for the support and cooperation received from Central and State Governments, Financial Institutions, Consortium Banks, customers, suppliers, shareholders as well as all other stake holders. I also thank all Members of staff and workers at all levels for their hard work and dedication.

Thank you.

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At the same time, the Indian Ferro Alloys Industry is grappling with various issues, such as non-availability of power with competitive rate, suitable quality and quantity of Chrome Ore/ Coke, minimum duty protection etc. Besides, the Industry has to compete with the integrated producers having captive Mines situated in South Africa, Australia, Brazil, CIS, etc to sell acceptable quality of Chrome Alloys in the world market for earning the valuable foreign exchange for the country. Reductants viz Anthracite Coal, Coke, Charcoal etc. are vital inputs for the Ferro Alloys Industry. The consumption of these reductants for producing one ton of Ferro Alloys varies between 600 to 2,000 kgs, depending on the Ferro Alloys produced. The availability of these items in good quality is declining in the country and the Ferro Alloy Industry may have to totally depend on import of these reductants on regular basis. Although the present Import Duty on Ferro Alloys is 5%, this is not sufficient, as the import of Ferro Alloys is increasing every year, more so when the domestic Industry is operating at around 60% of capacity leaving balance 40% lying idle. These cheap imports from China and other countries are steadily grabbing the domestic market share to meet the expected rising demand from steel Industry. Further the problems of this industry are aggravated because of the high input cost of power including FSA charges. The ferro alloy Industry is a power intensive Industry, the power cost is about 35-40 percent of its total production cost. Repeated power tariff hikes by state run power utility company have put the Industry in a fix. In addition to the higher power tariff, the frequent power cuts in Andhra Pradesh are affecting the Industry badly. At such high power tariff, there is hardly any margin and viability in the production of ferro alloys. These issues need to be addressed by the Government to enable the Ferro Alloys Producers to compete in the Domestic as well as International Markets.

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Before I conclude I would like to thank all members on the Board for their valuable advice, guidance and support. I also take this opportunity to express my sincere gratitude for the support and cooperation received from Central and State Governments, Financial Institutions, Consortium Banks, customers, suppliers, shareholders as well as all other stake holders. I also thank all Members of staff and workers at all levels for their hard work and dedication.

Thank you.

The Chairman then moved the following resolution as an Ordinary Resolution :-

**ITEM NO.1**

Approval of  
Directors'  
Report and  
Accounts

"RESOLVED that the Audited Balance Sheet of the Company as at 31st March, 2013 and the Statement of Profit & Loss for the year ended on that date and the Report of the Board of Directors and the Auditors thereon now submitted to this Meeting be and the same are hereby approved and adopted."

Ordinary Resolution

Shri O.P. Banka seconded the motion.

Since no queries or comments were made and no clarifications were sought by members on the matters relating to Audit, the Chairman put the motion to vote and the same was carried unanimously.

**ITEM NO.2**

Re-appointment  
of Director

Proposed by : Shri S. S. Sharma  
Seconded by : Shri S. K. Jalwane

Ordinary Resolution

"RESOLVED that Mr. K. L. Mehrotra be and he is re-elected and re-appointed a Director of the Company."

The Chairman put the motion to vote and the same was carried unanimously.

**ITEM NO.3**

Re-appointment  
of Director

Proposed by : Shri Lakkaraju N. Murthy  
Seconded by : Shri S. S. Sharma

Ordinary Resolution

"RESOLVED that Mr. Gautam Khaitan be and he is re-elected and re-appointed a Director of the Company."

The Chairman put the motion to vote and the same was carried unanimously.

**ITEM NO.4**

Re-appointment  
of Director

Proposed by : Shri Lakkaraju N. Murthy  
Seconded by : Shri S. K. Jalwane

Ordinary Resolution

"RESOLVED that Mr. C. N. Harman be and he is re-elected and re-appointed a Director of the Company."

The Chairman put the motion to vote and the same was carried unanimously.

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**ITEM NO.5**

Re-appointment  
of Auditor

Ordinary Resolution

Proposed by : Shri O.P. Banka  
Seconded by : Shri Lakkaraju N. Murthy

"RESOLVED THAT pursuant to provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs SALVE & Co., Chartered Accountants, (Regn. No.109003W) the retiring Auditors of the Company, be and they are hereby re-appointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration plus service tax as applicable and reimbursement of expenses incurred by them incidental to their functions as the Board of Directors may fix in that behalf in consultation with the said Auditors."

The Chairman put the motion to vote and the same was carried unanimously.

**ITEM NO.6**

Appointment  
of Director

Ordinary Resolution

Proposed by : Shri S. S. Sharma  
Seconded by : Shri S. K. Jalwane

"RESOLVED THAT pursuant to the relevant provisions of the Companies Act, 1956 including Section 257, Mr. Anurag Saraf be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."

The Chairman put the motion to vote and the same was carried unanimously.

**ITEM NO.7**

Appointment  
of Director

Ordinary Resolution

Proposed by : Shri Lakkaraju N. Murty  
Seconded by : Shri S. K. Jalwane

"RESOLVED THAT pursuant to the relevant provisions of the Companies Act, 1956 including Section 257, Mr. Keshao Rao Pardhey be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."

The Chairman put the motion to vote and the same was carried unanimously.

**ITEM NO.8**

Re-appointment of  
Managing Director

Special Resolution

Proposed by : Shri O.P. Banka  
Seconded by : Shri S. S. Sharma

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 316 and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such further approvals, if any, as may be necessary, the Company hereby approves of the re-appointment of Mr. R. K. Saraf as Managing Director of the Company for a period of 5 years w.e.f. 01.04.2014 upon the terms and conditions as to remuneration and otherwise as set out in the draft agreement prepared in that behalf and submitted to this meeting and initialed by the Secretary for the purpose of identification and which draft

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agreement, the broad details of which are given in the Explanatory Statement in respect of this item of the Notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and/or the Agreement in such manner as may be agreed to between the Directors and Mr. R. K. Saraf in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement when finalized be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company.”

The Chairman put the motion to vote and the same was carried unanimously.

**ITEM NO.9**

Appointment of  
Managing Director

Special Resolution

Proposed by : Shri K. V. S. S. N. Murthy  
Seconded by : Shri Lakkaraju N. Murty

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 316 and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such further approvals, if any, as may be necessary, the Company hereby approves of the appointment of Mr. M. D. Saraf as Managing Director of the Company for a period of 5 years w.e.f. 01.02.2013 upon the terms and conditions as to remuneration and otherwise as set out in the draft agreement prepared in that behalf and submitted to this meeting and initialed by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the Explanatory Statement in respect of this item of the Notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and/or the Agreement in such manner as may be agreed to between the Directors and Mr. M. D. Saraf in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement when finalized be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company.”

The Chairman put the motion to vote and the same was carried unanimously.

**ITEM NO.10**

Re-appointment of  
Jt. Managing Director

Special Resolution

Proposed by : Shri Lakkaraju N. Murty  
Seconded by : Shri S. K. Jalwane

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 314, 316 and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Schedule XIII thereto as amended upto date and all guidelines for managerial

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remuneration issued by the Central Government from time to time, and subject to such further approvals, if any, as may be necessary, the Company hereby approves of the re-appointment of Mr. Ashim Saraf as Jt. Managing Director of the Company for a period of 5 years w.e.f. 01.04.2014 upon the terms and as to remuneration and otherwise as set out in the draft agreement prepared in that behalf and submitted to this meeting and initialed by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the Explanatory Statement in respect of this item of the Notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and/or the Agreement in such manner as may be agreed to between the Directors and Mr. Ashim Saraf in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement when finalized be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

The Chairman put the motion to vote and the same was carried unanimously.

**ITEM NO.11**

Appointment of  
Jt. Managing Director

Special Resolution

Proposed by : Shri K. V. S. S. N. Murthy

Seconded by : Shri S. K. Jalwane

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 314, 316 and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such further approvals, if any, as may be necessary, the Company hereby approves of the appointment of Mr. Anurag Saraf as Jt. Managing Director of the Company for a period of 5 years w.e.f. 01.02.2013 upon the terms and conditions as to remuneration and otherwise as set out in the draft agreement prepared in that behalf and submitted to this meeting and initialed by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the Explanatory Statement in respect of this item of the Notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and/or the Agreement in such manner as may be agreed to between the Directors and Mr. Anurag Saraf in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement when finalized be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

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The Chairman put the motion to vote and the same was carried unanimously.

**ITEM NO.12**

**Re-appointment of  
Director (Technical)**

**Special Resolution**

Proposed by : Shri Lakkaraju N. Murty  
Seconded by : Shri S. S. Sharma

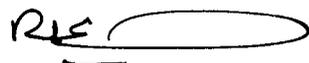
"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such further approvals, if any, as may be necessary, the Company hereby approves of the re-appointment of Mr. C.N. Harman as Director (Technical) of the Company for a period of 5 years w.e.f. 01.08.2014 upon the terms and conditions as to remuneration and otherwise as set out in the draft agreement prepared in that behalf and submitted to this meeting and initialed by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the Explanatory Statement in respect of this item of the Notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and/or the Agreement in such manner as may be agreed to between the Directors and Mr. C.N. Harman in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement when finalized be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

The Chairman put the motion to vote and the same was carried unanimously.

There being no other item on the agenda, the Chairman declared the meeting as concluded and thanked all for the cooperation extended in the smooth conduct of the meeting.

Shri O.P. Banka proposed a vote of thanks to the Chairman, Directors and Members.

Company Secretary invited the members for tea/refreshments.

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**CHAIRMAN**



**ANNEXURE – I****Statement showing itemwise full details about votings in the Annual General Meeting of the company**

Mode of Voting-By show of hands

Item no.	Particulars	No. of Votes cast in favour	No. of Votes cast against	Remarks
1	Ordinary Resolution for approval of Directors' Report and Accounts	6,28,15,818	Nil	Resolution was carried unanimously
2	Ordinary Resolution for Re-appointment of Directors	6,28,15,818	Nil	Resolution was carried unanimously
3	Ordinary Resolution for Re-appointment of Directors	6,28,15,818	Nil	Resolution was carried unanimously
4	Ordinary Resolution for Re-appointment of Directors	6,28,15,818	Nil	Resolution was carried unanimously
5	Ordinary Resolution for Re-appointment of Auditors	6,28,15,818	Nil	Resolution was carried unanimously
6	Ordinary Resolution for Appointment of Directors	6,28,15,818	Nil	Resolution was carried unanimously
7	Ordinary Resolution for Appointment of Directors	6,28,15,818	Nil	Resolution was carried unanimously
8	Special Resolution for Appointment of Managing Director	6,28,15,818	Nil	Resolution was carried unanimously
9	Special Resolution for Appointment of Managing Director	6,28,15,818	Nil	Resolution was carried unanimously
10	Special Resolution for Appointment of Jt. Managing Director	6,28,15,818	Nil	Resolution was carried unanimously
11	Special Resolution for Appointment of Jt. Managing Director	6,28,15,818	Nil	Resolution was carried unanimously
12	Special Resolution for Appointment of Director (Technical)	6,28,15,818	Nil	Resolution was carried unanimously

  
 CHAIRMAN

## NOTICE

**Notice** is hereby given that the **TENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held at the **Registered Office** of the Company at **“Administrative Building, Shreeramnagar-535101, Garividi, Distt. Vizianagaram, Andhra Pradesh”** on **Tuesday, the 13<sup>th</sup> August, 2013 at 3.00 p.m.** to transact, with or without modifications as may be permissible, the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2013 and Statement of Profit & Loss for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. K. L. Mehrotra, who retires from office by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. Gautam Khaitan, who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr. C. N. Harman, who retires from office by rotation and, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:  

“RESOLVED THAT pursuant to provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs SALVE & Co., Chartered Accountants, (Regn. No.109003W) the retiring Auditors of the Company, be and they are hereby re-appointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration plus service tax as applicable and reimbursement of expenses incurred by them incidental to their functions as the Board of Directors may fix in that behalf in consultation with the said Auditors.”

### AS SPECIAL BUSINESS:

6. To appoint Mr. Anurag Saraf, who was appointed as an Additional Director by the Board of Directors of the company under Article 107 of the Articles of Association of the Company and who holds office under the said Article and Section 260 of the Companies Act, 1956 upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956 alongwith a deposit of ₹ 500/- from a member signifying his intention to propose Mr. Anurag Saraf as a candidate for the office of Director, as a Director of the Company and in that behalf to consider and, if thought fit, to pass the following resolution

which will be proposed as an Ordinary Resolution:

“RESOLVED THAT pursuant to the relevant provisions of the Companies Act, 1956 including Section 257, Mr. Anurag Saraf be and is hereby elected and appointed as a Director of the Company liable to retire by rotation.”

7. To appoint Mr. Kesharao Pardhey, who was appointed as an Additional Director by the Board of Directors of the Company under Article 107 of the Articles of Association of the Company and who holds office under the said Article and Section 260 of the Companies Act, 1956 upto the date of this Annual General Meeting and in respect of whom the Company has received notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956 alongwith a deposit of ₹500/- from a member signifying his intention to propose Mr. Kesharao Pardhey as a candidate for the office of Director, as a Director of the Company and in that behalf to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:

“RESOLVED THAT pursuant to the relevant provisions of the Companies Act, 1956 including Section 257, Mr. Kesharao Pardhey be and is hereby elected and appointed as a Director of the Company liable to retire by rotation.”

8. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution:

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 316 and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such further approvals, if any, as may be necessary, the Company hereby approves of the re-appointment of Mr. R. K. Saraf as Managing Director of the Company for a period of 5 years w.e.f. 01.04.2014 upon the terms and conditions as to remuneration and otherwise as set out in the draft agreement prepared in that behalf and submitted to this meeting and initialed by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the Explanatory Statement in respect of this item of the Notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and/or the Agreement in such manner as may be agreed to between the Directors and Mr. R. K. Saraf in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement when finalized be executed by the Company by affixing its Common Seal thereon in accordance with

the relevant provisions contained in the Articles of Association of the Company.”

9. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution:

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 316 and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such further approvals, if any, as may be necessary, the Company hereby approves of the appointment of Mr. M. D. Saraf as Managing Director of the Company for a period of 5 years w.e.f. 01.02.2013 upon the terms and conditions as to remuneration and otherwise as set out in the draft agreement prepared in that behalf and submitted to this meeting and initialed by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the Explanatory Statement in respect of this item of the Notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and/or the Agreement in such manner as may be agreed to between the Directors and Mr. M. D. Saraf in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement when finalized be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company.”

10. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution:

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 314, 316 and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such further approvals, if any, as may be necessary, the Company hereby approves of the re-appointment of Mr. Ashim Saraf as Jt. Managing Director of the Company for a period of 5 years w.e.f. 01.04.2014 upon the terms and conditions as to remuneration and otherwise as set out in the draft agreement prepared in that behalf and submitted to this meeting and initialed by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the Explanatory Statement in respect of this item of the Notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and/or the Agreement in

such manner as may be agreed to between the Directors and Mr. Ashim Saraf in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement when finalized be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company.”

11. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution:

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 314, 316 and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such further approvals, if any, as may be necessary, the Company hereby approves of the appointment of Mr. Anurag Saraf as Jt. Managing Director of the Company for a period of 5 years w.e.f. 01.02.2013 upon the terms and conditions as to remuneration and otherwise as set out in the draft agreement prepared in that behalf and submitted to this meeting and initialed by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the Explanatory Statement in respect of this item of the Notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and/or the Agreement in such manner as may be agreed to between the Directors and Mr. Anurag Saraf in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement when finalized be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company.”

12. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution:

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such further approvals, if any, as may be necessary, the Company hereby approves of the re-appointment of Mr. C.N. Harman as Director (Technical) of the Company for a period of 5 years w.e.f. 01.08.2014 upon the terms and conditions as to remuneration and otherwise as set out in the draft agreement prepared in that behalf and submitted to

this meeting and initialed by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the Explanatory Statement in respect of this item of the Notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and/or the Agreement in such manner as may be agreed to between the Directors and Mr. C.N. Harman in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement when finalized be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company.”

**NOTES:**

1. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos. 6 to 12 of the notice set out above is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT SHREERAMNAGAR-535101, GARIVIDI, DIST. VIZIANAGARAM (A.P.) NOT LESS THAN 48 HOURS BEFORE HOLDING THE MEETING.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday the 9<sup>th</sup> August, 2013 to Tuesday, the 13<sup>th</sup> August, 2013, both days inclusive.
5. Pursuant to Section 205C of the Companies Act, 1956, unclaimed dividend is to be transferred to the “Investor Education and Protection Fund” of the Central Government after a period of 7 years from the date of transfer to unpaid dividend A/c. Shareholders who have not en-cashed/misplaced/not received the dividend warrant for the years 2008-09 (interim), 2009-10 & 2010-11 are requested to write to M/s. Link Intime India Pvt. Ltd., (Unit: Facor Alloys Ltd.) C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W) Mumbai 400 078, Maharashtra for claiming the dividend. Due dates for the transfer of the unclaimed dividend of the year 2008-09, 2009-10 & 2010-11 to the said fund is 3<sup>rd</sup> September, 2015, 24<sup>th</sup> October, 2017 & 15<sup>th</sup> October, 2018 respectively and shareholders cannot make a claim after these dates.
6. Members are requested to notify immediately any change in their address/bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company viz., Link Intime India Pvt. Limited,(Unit: Facor Alloys Ltd.) C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W) Mumbai 400 078, Maharashtra in respect of their physical share holding, if any. While intimating change of address to Depositories and Registrar and Share Transfer Agents please indicate your client ID No. / Folio No.,as may be applicable. The address should be complete with Pin Code No.
7. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company are requested to submit Form No.2B duly filled in and signed to the above Registrar & Transfer Agent. The Form can be had from the Share Department at the Registered Office of the Company at Shreeramnagar-535101 Dist. Vizianagaram, Andhra Pradesh.
8. Shareholders intending to require information about accounts to be explained at the meeting are requested to furnish the queries to the Company at least 10 (ten) days in advance of the Annual General Meeting.
9. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
10. As required by the Listing Agreement with the Stock Exchange, the relevant details in respect of the Directors proposed to be appointed/re-appointed are set out in the Report on Corporate Governance forming part of the Annual Report.
11. The Company's securities are admitted in the National Securities Depository Ltd. and Central Depository Services Ltd. and the ISIN No. allotted to the Company by them in respect of Equity Shares is INE 828G01013.
12. Non-resident Indian Members holding shares in physical form are requested to inform the Registrar and Transfer Agent of the Company about:
  - a) The change in their residential status on return to India for permanent settlement.
  - b) The details of the bank account in India with complete name, branch, account type, account no. and address of the bank.
13. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.

**Registered Office:**  
 Administrative Building,  
 Shreeramnagar-535 101,  
 Garividi, Dist. Vizianagaram,  
 Andhra Pradesh  
 Dated: 27th May, 2013

By Order of the Board  
  
**S.S. Sharma**  
 General Manager (Legal)  
 & Company Secretary

## ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956:

### ITEM NO.6 & 11

Mr. Anurag Saraf was appointed as an Additional Director by the Board of Directors of the Company by Circular Resolution No. FAL/CR/01/2013 dated 5<sup>th</sup> January, 2013 to broad base the Board by inducting professionals and businessmen of proven records with effect from 15.01.2013. Pursuant to Section 260 of the Companies Act, 1956 read with Article 107 of Articles of Association of the Company, he holds office as a Director only until the forthcoming Annual General Meeting of the Company. A Notice has been received from a member pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Anurag Saraf as a candidate for the office of Director.

Mr. Anurag Saraf aged around 42 years is a Bachelor of Engineering in Electronics and is having rich experience in Business Administration. His experience, advice and guidance will be of immense benefit to the Company.

The Board of Directors of the Company at its meeting held on 28.01.2013 has appointed Mr. Anurag Saraf as Joint Managing Director of the Company for a period of 5 years w.e.f. 01.02.2013 although subject to retirement by rotation. The material terms & conditions of his appointment and remuneration, which are in conformity with the Schedule XIII to the Act, are as contained in the draft agreement and as given in the attached Annexure "A" forming part of the Explanatory Statement.

Accordingly, the resolutions in item nos. 6 & 11 of the accompanying Notice are commended for your approval.

Mr. Anurag Saraf is evidently interested in these resolutions concerning him. Mr. M. D. Saraf, Director of the Company, is related to Mr. Anurag Saraf and hence he is also interested in these resolutions.

The agreement between the Company and Mr. Anurag Saraf, Joint Managing Director, providing the terms and conditions of his appointment and remuneration is available for inspection by the members of the Company at the Registered Office between 11 a.m to 2 p.m on any working day of the Company upto and inclusive of the date of the ensuing Annual General Meeting.

An abstract of the draft agreement between the Company and Mr. Anurag Saraf, Joint Managing Director, pursuant to the Section 302 of the Companies Act, 1956 was sent to the members of the Company on 1<sup>st</sup> February, 2013.

### ITEM NO. 7

Mr. Kesharao Pardhey was appointed as an Additional Director by the Board of Directors of the Company by Circular Resolution No. FAL/CR/01/2013 dated 5<sup>th</sup> January, 2013 to broad base the Board by inducting professionals and businessmen of proven records with effect

from 15.01.2013. Pursuant to Section 260 of the Companies Act, 1956 read with Article 107 of Articles of Association of the Company, he holds office as a Director only until the forth-coming Annual General Meeting of the Company. A Notice has been received from a member pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Kesharao Pardhey as a candidate for the office of Director.

Mr. Kesharao Pardhey aged around 84 years is an Ex-Member of Parliament having rich experience in Business Administration. It is, therefore, considered desirable that the Company should continue to avail the benefit of his versatile business experience. Accordingly, the resolution in item no. 7 of this Notice is commended for your approval.

None of the Directors is interested in the appointment of Mr. Kesharao Pardhey excepting the said appointee.

### ITEM NO. 8

Mr. R.K. Saraf is the promoter Director of Ferro Alloys Corporation Ltd (FACOR). He has been associated with the said Company since its inception and as Executive Director from April, 1975 and as Joint Managing Director from December, 1986. He was looking after the Ferro Alloys Division of FACOR. Upon trifurcation of FACOR, this Company was formed to take over the said Division of FACOR. He was then appointed as Managing Director of this Company. Under his stewardship the Company is doing well. It is therefore considered desirable that the Company should continue to avail the benefit of his vast and varied experience in the Ferro Alloys industry and able guidance.

The Board of Directors of the Company therefore re-appointed Mr. R.K. Saraf as Managing Director of the Company for a period of 5 years w.e.f. 01.04.2014 subject to your approval.

The material terms & conditions of his appointment and remuneration which are in conformity with the Schedule XIII to the Act are as contained in the draft Agreement and as given in the attached Annexure "A" forming part of the Explanatory Statement.

Accordingly, the resolution in item no. 8 of this Notice is commended for your approval.

Mr. R. K. Saraf is interested in this resolution relating to him. Mr. M. D. Saraf & Mr. Ashim Saraf, Directors of the Company, are related to Mr. R. K. Saraf and hence they are also interested in this resolution.

The agreement between the Company and Mr. R. K. Saraf, Managing Director, providing the terms and conditions of his appointment and remuneration is available for inspection by the members of the Company at the Registered Office between 11 a.m to 2 p.m on any working day of the Company upto and inclusive of the date of the ensuing Annual General Meeting.

This may be treated as an abstract of the draft agreement between the Company and Mr. R. K. Saraf, Managing Director, pursuant to the Section 302 of the Companies Act, 1956.

**ITEM NO. 9**

Mr. M. D. Saraf aged around 64 years, is a Commerce Graduate with Bachelors' Degree in Law. He is having more than 4 decades rich experience particularly in Steel Industry to his credit. Ferro Alloys Industry is closely connected with steel/stainless steel industry. It is, therefore, considered desirable that the Company should avail the benefit of his vast and varied experience and able guidance. Accordingly, the resolution in item no. 9 of this Notice is commended for your approval.

The Board of Directors of the Company at its meeting held on 28.01.2013 appointed Mr. M. D. Saraf, as Managing Director of the Company for a period of 5 years w.e.f. 01.02.2013. The material terms and conditions of his appointment and remuneration, which are in conformity with the Schedule XIII to the Act, are as contained in the draft agreement and as given in the attached annexure "A" forming part of the Explanatory Statement.

Mr. M. D. Saraf is interested in this resolution relating to him. Mr. R. K. Saraf and Mr. Anurag Saraf, Directors of the Company, are related to Mr. M. D. Saraf and hence they are interested in this resolution.

The agreement between the Company and Mr. M. D. Saraf, Managing Director providing the terms and conditions of his appointment and remuneration is available for inspection by the members of the Company at the Registered Office between 11 a.m to 2 p.m on any working day of the Company upto and inclusive of the date of the ensuing Annual General Meeting.

An abstract of the draft agreement between the Company and Mr. M. D. Saraf, Managing Director, pursuant to the Section 302 of the Companies Act, 1956 was sent to the members of the Company on 1<sup>st</sup> February, 2013.

**ITEM NO. 10**

Mr. Ashim Saraf is M.Sc (Tech) S.T.D. from the Birla Institute of Tech. & Science, Pilani. He has several years experience in business and administration to his credit. During the last couple of years there was significant improvement in the Company's overall performance to which he has contributed immensely. Hence, it is desirable that he should continue as Joint Managing Director of the Company.

Accordingly, the Board of Directors of the Company re-appointed Mr. Ashim Saraf as Joint Managing Director for a period of 5 years w.e.f. 1.4.2014 subject to your approval.

The material terms & conditions of his appointment and remuneration which are in conformity with the Schedule XIII to the Act, are as contained in the draft Agreement and as given in the attached Annexure "A" forming part of the Explanatory Statement.

Accordingly, the resolution in item no. 10 of this Notice is commended for your approval.

Mr. Ashim Saraf is interested in this resolution relating to him. Mr. R. K. Saraf, Director of the Company, is related to Mr. Ashim Saraf and hence he is interested in this resolution.

The agreement between the Company and Mr. Ashim Saraf, Joint Managing Director, providing the terms and conditions of his appointment and remuneration is available for inspection by the members of the Company at the Registered Office between 11 a.m to 2 p.m on any working day of the Company upto and inclusive of the date of the ensuing Annual General Meeting.

This may be treated as an abstract of the draft agreement between the Company and Mr. Ashim Saraf, Joint Managing Director, pursuant to the Section 302 of the Companies Act, 1956.

**ITEM NO. 12**

Mr. C. N. Harman is basically a Science graduate and was associated with Ferro Alloys Corporation Ltd. (FACOR) since 1957. Upon trifurcation of FACOR, this Company was formed to take over the Ferro Alloys Division of FACOR. He was then appointed as Director (Technical) of this Company. He was looking after all technical matters of the Ferro Alloys Division of FACOR. In view of his more than 5 decades long association with FACOR group and looking into his wide and vast technical experience particularly in development of iron ore, Manganese Ore, Chrome Ore Mines and Ferro Alloys production, it is desirable that he should continue as Director (Technical) of the Company.

Accordingly, the Board of Directors of the Company re-appointed Mr. C.N. Harman as Director (Technical) of the Company for a period of 5 years w.e.f. 01.08.2014. The material terms and conditions of his re-appointment and remuneration which are in conformity with the Schedule XIII to the Companies Act, 1956 are as contained in the draft agreement and as given in the attached Annexure-"B" forming part of the Explanatory Statement.

Accordingly, the resolution in item no. 12 of this Notice is commended for your approval.

Except Mr. Harman, no other Director of the Company is interested in his appointment.

The agreement between the Company and Mr. C. N. Harman, Director (Technical), providing the terms and conditions of his appointment and remuneration is available for inspection by the members of the Company at the Registered Office between 11 a.m to 2 p.m on any working day of the Company upto and inclusive of the date of the ensuing Annual General Meeting.

This may be treated as an abstract of the draft agreement between the Company and Mr. C. N. Harman, Director (Technical), pursuant to the Section 302 of the Companies Act, 1956.

**Registered Office :**

Administrative Building,  
Shreeramnagar-535 101,  
Garividi, Dist. Vizianagaram,  
Andhra Pradesh  
Dated: 27th May, 2013

By Order of the Board,

**S.S. Sharma**  
General Manager (Legal)  
& Company Secretary

## ANNEXURE A FORMING PART OF EXPLANATORY STATEMENT ANNEXED TO THE NOTICE

### MATERIAL TERMS AND CONDITIONS OF THE APPOINTMENT OF MANAGING DIRECTORS AND JOINT MANAGING DIRECTORS

The material terms and conditions of the appointment of Managing Directors and the Joint Managing Directors and their remuneration by way of salary, dearness allowance, perquisites and benefits (which are in conformity with the schedule XIII to the Companies Act, 1956) and as contained in the draft Agreement, are as under:

#### 1. Term of Office:

- |   |   |  |
|---|---|--|
| a) Mr. R. K. Saraf,<br>Managing Director        | : | 5 years with effect from<br>01.04.2014 |
| b) Mr. M.D. Saraf,<br>Managing Director         | : | 5 years with effect from<br>01.02.2013 |
| c) Mr. Ashim Saraf,<br>Joint Managing Director  | : | 5 years with effect from<br>01.04.2014 |
| d) Mr. Anurag Saraf,<br>Joint Managing Director | : | 5 years with effect from<br>01.02.2013 |

#### 2. Remuneration for each of them:

- a. Basic Salary: ₹ 105000 per month in scale of ₹ 100000-5000-150000/-

#### b. Perquisites and allowances:

In addition to the aforesaid salary, each of the Managing Directors and Joint Managing Directors shall also be eligible to the perquisites and allowances as given hereunder; the monetary value of such perquisites and allowances being restricted in the aggregate to ₹ 5,40,000/- per annum or ₹ 45,000/- per month in each case.

The perquisites and allowances payable to each of the Managing Directors and Joint Managing Directors will include dearness and other allowances, accommodation [furnished or otherwise] or House Rent Allowance in lieu thereof, reimbursement of expenses for utilization of gas, electricity, water, furnishing, medical reimbursement at actuals for self and his family, leave travel concession at actuals for self and his family, club fees, medical insurance and such other perquisites within the limits of amount specified above. The said perquisites shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules there-under (including any statutory modification(s) or re-enactment thereof, for the time being in force). In the absence of any such Rules, the same shall be evaluated at actual cost. However, the Company's contribution to Provident fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and Gratuity payable and

encashment of leave at the end of tenure, as per rules of the Company, shall not be included in the computation of limits for the remuneration. Further, the Company shall provide car for use on company's business and telephone at residence for official purpose. Provision of a car for use on company's business and telephone at residence for official purpose are not to be considered as perquisites.

The Managing Directors and the Joint Managing Directors shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

The term "Family" means spouse, dependent children and dependent parents of the Managing Directors and Joint Managing Directors.

The remuneration payable to each of the Managing Directors and the Joint Managing Directors by way of salary, dearness allowance, perquisites and any other allowances shall not however exceed the ceiling limit of ₹ 18,00,000/- per annum or ₹ 1,50,000/- per month for each of them.

The Board of Directors or any Committee thereof is entitled to determine and revise the salary and perquisites payable to the Managing Directors and Joint Managing Directors of the Company at any time, such that the overall remuneration shall not exceed the aggregate limit of ₹ 18,00,000/- per annum or ₹ 1,50,000/- per month for each of them as specified above.

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Managing Directors and the Joint Managing Directors, the company has no profits or its profits are inadequate, then also they shall be paid salary, allowances and perquisites as specified above in accordance with the applicable provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, if any, required.

## ANNEXURE B FORMING PART OF EXPLANATORY STATEMENT ANNEXED TO THE NOTICE

### MATERIAL TERMS AND CONDITIONS OF THE APPOINTMENT OF DIRECTOR (TECHNICAL)

The material terms and conditions of the appointment of Director (Technical) and his remuneration by way of salary, perquisites and benefits (which are in conformity with the schedule XIII to the Companies Act, 1956) and as contained in the draft agreement are as under :

#### 1. Term of Office :

- |  |   |                           |
|--|---|---------------------------|
| Mr. C. N. Harman<br>Director (Technical) | : | 5 years w.e.f. 01.08.2014 |
|--|---|---------------------------|

#### 2. Remuneration :

- |                 |   |   |
|-----------------|---|---|
| a) Basic Salary | : | ₹ 84,000/- per month in the scale of<br>₹ 68,000/- – 5,000/- – 1,10,000/- |
|-----------------|---|---|

b) Perquisites and Allowances:

In addition to the aforesaid salary, the Director (Technical) shall also be eligible to the perquisites and allowances as given hereunder; the monetary value of such perquisites and allowances being restricted in the aggregate to ₹7,92,000/- per annum or ₹66,000/- per month.

The perquisites and allowances payable to Mr. C.N. Harman will include accommodation (furnished or otherwise) or House Rent Allowance in lieu thereof, reimbursement of expenses for utilization of gas, electricity, water, furnishing, medical reimbursement at actuals for self and his family, leave travel concession at actuals for self and his family, club fees, medical insurance and such other perquisites within the amount specified above as applicable to his cadre as per rules of the Company. The said perquisites shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force). However, the Company's contribution to Provident fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and Gratuity payable and encashment of leave at the end of tenure, as per rules of the Company, shall not be included in the computation of limits for the remuneration. Further, the Company shall provide car for use on company's business and telephone at residence for official purpose. Provision of a car for use on company's

business and telephone at residence for official purpose are not to be considered as perquisites.

The term "Family" means the spouse, the dependent children and the dependent parents of the Director (Technical).

The Director (Technical) shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

The remuneration payable to the Director (Technical) by way of salary, perquisites and any other allowances shall not, however, exceed the ceiling limit of ₹ 18,00,000/- per annum or ₹1,50,000/- per month.

The Board of Directors or any Committee thereof is entitled to determine and revise the salary and perquisites payable to the Director (Technical) of the Company at any time, such that the overall remuneration payable shall not exceed the aggregate limit of ₹18,00,000/- per annum or ₹1,50,000/- per month as specified above. The next revision in his salary will be effective from 1<sup>st</sup> April, 2015.

Notwithstanding anything to the contrary herein contained where, in any financial year during the currency of the tenure of the Director (Technical), the company has no profits or its profits are inadequate, then also he shall be paid salary, allowances and perquisites as specified above in accordance with the applicable provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, if any, required.