

5th ANNUAL REPORT 2007-2008

strength
to strength



FACOR ALLOYS LIMITED



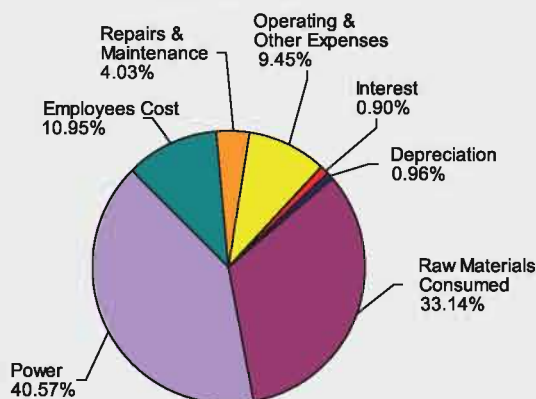
Board of Directors

L to R sitting: M.D. Saraf, A.S. Kapre, R.K. Saraf, K. Jayabharath Reddy, Arye Berest,
L to R standing: Yogesh Saraf, V. J. Trivedi, C. N. Harman, Ashim Saraf

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Highlights- 2007-08

Distribution of Revenue



Particulars	In Rupees Lacs		In US Dollars		Growth (%)
	2007-08	2006-07	2007-08	2006-07	
Consolidated Turnover	22,575.13	16,292.27	56,864	41,038	38.56
Consolidated Profit before Interest, Tax and Depreciation	8,223.74	1,814.25	20,715	4,570	353.29
Consolidated Profit after Tax	7,698.43	1,296.58	19,392	3,266	493.75
Saleable Ferro Alloys Production M.T.	69,075	66,689			

Exchange Rate Rs. 39.70 for March 31, 2008

CORPORATE INFORMATION



Board of Directors

R.K. Saraf
Chairman & Managing Director

M.D. Saraf
Vice Chairman

Yogesh Saraf
Joint Managing Director

Ashim Saraf
Joint Managing Director

R. Sampath
Nominee of Bank of India

C.N. Harman
Director (Technical)

K. Jayabharath Reddy

P.V.R.K. Prasad

V. J. Trivedi

A. S. Kapre

Arye Berest

Gautam Khaitan

Vinod Saraf
Alternate Director to
Arye Berest

S.S. Sharma
Company Secretary

Executive

M.S.S. Sarma
Chief Executive

Bankers

Bank of India

Central Bank of India

State Bank of India

Syndicate Bank

State Bank of Bikaner & Jaipur

Indian Overseas Bank

Solicitors

Mulla & Mulla and
Craig Blunt & Caroe

Bhaishankar Kanga and Girdharilal

Auditors

Salve And Co.
Chartered Accountants

Internal Auditors

D.C. Dhupia & Co.
Chartered Accountants

Registrars & Share Transfer Agent
(for Both Physical & Electronic)

Intime Spectrum Registry Limited
C-13 Pannalal Silk Mills Compound, LBS Road,
Bhandup (W), MUMBAI – 400 078
Phone No. 022-2596 3838
Fax No. 022-2594 2969
E-mail: isrl@intimespectrum.com

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Notice is hereby given that the **FIFTH 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 **MONDAY, the 15th Sept, 2008 at 4.30 p.m.** to transact, with or without modifications as may be permissible, the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2008 and Profit & Loss Account 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 M. D. Saraf who retires from office by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr Yogesh Saraf who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr P.V.R.K. Prasad 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 a Special Resolution:

"RESOLVED THAT pursuant to provisions of section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs Salve And Company, Chartered Accountants, 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. Gautam Khaitan (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 Rs 500/- from a member signifying his intention to propose Mr. Gautam Khaitan 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. Gautam Khaitan be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."
7. To appoint Mr. A.S. Kapre (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 Rs 500/- from a

member signifying his intention to propose Mr. A.S. Kapre 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. A.S. Kapre be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."

8. To appoint Mr. V.J. Trivedi (who was appointed to fill-up the casual vacancy on the Board caused by the resignation of Mr. Kesharao Pardhey under Article 107 of the Articles of Association of the Company and Section 262 of the Companies Act, 1956 and who holds office as a Director 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 Rs 500/- from a member signifying his intention to propose Mr. V.J. Trivedi 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. V.J. Trivedi be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."

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 re-appointment of Shri R.K. Saraf as Managing Director of the Company for a period of 5 years w.e.f. 1.4.2009 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 Shri 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 finalised 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 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 Shri Yogesh Saraf as Jt. Managing Director of the Company for a period of 5 years w.e.f. 1.5.2009 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 Shri Yogesh 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 finalised 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 re-appointment of Shri Ashim Saraf as Jt. Managing Director of the Company for a period of 5 years w.e.f. 1.4.2009 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 Shri 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 finalised 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 Shri C.N. Harman as Director (Technical) of

the Company for a period of 5 years w.e.f. 1.8.2009 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 Shri 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 finalised 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."

13. To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution: (To be voted only by Postal Ballot)

"RESOLVED that pursuant to the provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred as "The Board" which expression shall include any Committee, thereof or any sub-delegation to a Director(s)) for mortgaging and/or charging subject to such consents, if any, as may be necessary from the existing mortgagees and charge holders, on such terms and conditions and at such time or times and in such form and manner and with such ranking as to priority, as the Board may in its absolute discretion think fit, the whole or substantially the whole of the Company's any one or more undertaking(s) or of all the undertakings, including the present and/or future properties, wheresoever situate, whether movable or immovable, belonging or to belong to the Company, comprised in any undertaking or undertakings of the Company, as the case may be, to or in favour of all or any of the Financial Institution(s) or Bank(s) or other lender(s), as security for any Loans or Financial Assistance/Working Capital facilities granted or to be granted by or any obligation incurred or to be incurred towards such Financial Institution(s) or Bank(s) or other lender(s) as the case may be, subject to the limit approved by Shareholders in terms of Section 293(1)(d) of the Companies Act, 1956 together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, remuneration of trustees, premium on prepayment, costs, charges, expenses, including any increase as a result of devaluation/revaluation/ fluctuation in the rates of exchange and any other money payable to them in connection therewith under their respective heads of agreement(s) / loan agreement(s) / letters of sanctions/memorandum of terms and conditions / debenture trust deed(s), subscription agreement(s) or any other document(s) entered into / to be entered into by the Company in respect of the loans / other financial assistance etc. granted / to be granted to the Company and as may be agreed to by the Board and in particular in favour of the following Consortium Banks or any other new bank(s) joining/forming part of the Consortium banks in future for funding the working capital and term loan facilities for the Company to secure Working Capital facilities (including Term Loans)

from Consortium Banks as under:-

1)	Bank of India (BOI)	Rs 3412 lacs
2)	Central Bank of India (CBI)	Rs. 1121 lacs
3)	State Bank of India (SBI)	Rs. 1206 lacs
4)	State Bank of Bikaner & Jaipur (SBBJ)	Rs. 276 lacs
5)	Syndicate Bank (SB)	Rs. 895 lacs
6)	Indian Overseas Bank (IOB)	Rs. 2463 lacs
Total-		Rs. 9373 lacs

and also such further additions to the aforesaid limits as may be made/ granted by the said Bank (s) including any new Bank(s) joining/forming part of the consortium in future, from time to time, subject to the condition that the aggregate amount of Working Capital Facilities including term loans to be secured in respect of borrowings from all the aforesaid Banks shall not exceed Rs. 30,000 lacs with liberty and authority to the Directors to accept the change in the limits of individual Bank consequent to such further additions to the above limits within the aforesaid overall maximum limit of Rs.30,000 lacs, together with interest at the respective agreed rates, compound interest and additional interest, wherever applicable, liquidated damages, costs, charges, expenses and all other moneys payable by the Company to BOI, CBI, SBI, SBBJ, SB and IOB or any new Bank(s) joining/forming part of the consortium in future under their respective loan agreement(s)/letter(s) of sanction or any other document/agreement entered into/to be entered into by the Company in respect of the said Working Capital Facilities including term loans as may be agreed to by the Board of Directors.

RESOLVED FURTHER THAT the securities to be created by the Company, as aforesaid may rank *pari passu* with / subservient to the mortgages and/or charges already created or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the Board of Directors or its Committee and as may be agreed to between the concerned parties.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors or its Committee or persons authorised by the Board, be and is/are hereby authorised to finalise, settle and execute with any or all concerned Bank(s) or other lender(s) as aforesaid such agreements, documents, deeds, writings and papers as may be necessary in relation to or for creating the mortgages and/ or charges as aforesaid, including documents for any *pari passu* or other arrangement and for reserving the aforesaid right and to do all such acts, deeds, matters and things as it / they may, in its / their absolute discretion consider necessary, desirable or expedient for implementing this resolution and to resolve any question, difficulty or doubt relating thereto in order to give effect to this resolution or to decide otherwise if so considered by the Board in the best interest of the Company."

14. To consider and if though fit to pass the following resolution which will be proposed as a Special Resolution **(To be voted only by Postal Ballot)**:

"RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 as may be applicable, the Company hereby approves and confirms the decision of the Board of Directors of the Company authorising the execution of a Guarantee by the Company in favour of Indian Overseas Bank for Working Capital Facilities to the extent of Rs. 1185 lacs sanctioned to Facor Steels Ltd. (FSL) by the said Bank notwithstanding that the aggregate of the loans and investments so far made or guarantees or securities so far given to all bodies corporate may exceed the limits prescribed in the said Section."

15. To consider and if though fit to pass the following resolution which will be proposed as a Special Resolution **(To be voted only by Postal Ballot)**:

"RESOLVED THAT in partial modification of the Special Resolution No. 10 passed by the members of the Company by Postal Ballot at the 4th Annual General Meeting held on 17th August 2007 and pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 as are applicable and subject to such other approvals, sanctions and permissions as may be necessary and subject to such conditions as may be prescribed while granting such approvals, permissions and sanctions, consent of the Company be and is hereby given to the Board of Directors to give guarantee and /or to continue the guarantees already given to the following Consortium Banks as well as to any new bank(s) joining/forming part of the consortium in future, for the term loans and other fund based and non-fund based working capital facilities availed/to be availed from them by Ferro Alloys Corporation Ltd. (FACOR) & Facor Steels Ltd. (FSL) :

Amount of fund based and non-fund based working capital facilities availed/ to be availed from consortium banks as per details given below viz.		
	FACOR	(Rs. in lacs) FSL
Bank of India	4040	5142
Central Bank of India	1154	1837
State Bank of India	1494	1838
Syndicate Bank	1039	1293
Indian Overseas Bank	3050	3374
State Bank of Bikaner & Jaipur	337	427
Total	11114	13911

subject to a maximum limit of Rs.300 crores in respect of FACOR and Rs.350 crores in respect of FSL for all the above Banks as well as any new Bank(s) joining/forming part of the consortium in the future taken together with liberty to Board of Directors to provide guarantee for such further limits as and when granted by individual Banks over and above their respective aforesaid limits within the overall limits of Rs.300 crores and Rs.350 crores in respect of FACOR and FSL respectively, notwithstanding that the aggregate of the loans and investments so made or guarantees or securities so given to all bodies corporate may exceed the limits prescribed in the said Section”.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to determine the actual sum upto which guarantees may be given and also to determine the time and manner of giving such guarantees and to do all such acts, deeds, matters and things as the Board, in its absolute discretion, may consider necessary, expedient or desirable and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or to decide otherwise if so considered by the Board to be in the best interest of the Company.”

16. To consider and if though fit to pass the following resolution which will be proposed as a Special Resolution **(To be voted only by Postal Ballot):**

“RESOLVED THAT pursuant to the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956 as are applicable and subject to such other approvals, permissions, and sanctions as may be necessary, and subject to such conditions as may be prescribed while granting such approvals, permissions and sanctions, consent of the Company be and is hereby given to the Board of Directors to invest and acquire by way of subscription, purchase or otherwise the securities of the Bodies Corporate to be formed for undertaking the following projects:

Sr. No.	Name of the Projects	Amounts to be invested upto
1.	Mining of Manganese and Chrome Ore	Rs. 60 crores
2.	Power Sector	Rs.50 crores

notwithstanding that the aggregate of the loans and investments so far made or to be made in and the guarantees or securities so far given or to be given to all the bodies corporate may exceed the limits prescribed in the said Section.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to determine the actual sum upto which the investment may be made and also to determine the time and manner of making such investment and to do all such acts, deeds, matters and things as the Board, in its absolute discretion, may consider necessary, expedient or desirable including the delegation of the above authority in accordance with the provisions of Section 292(1)(d) of the Companies Act, 1956 and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or to decide otherwise, if so, considered by the Board to be in the best interest of the Company”.

17. To consider and if though fit to pass the following resolution which will be proposed as an Ordinary Resolution:

“RESOLVED that pursuant to Section 293(1)(e) of the Companies Act, 1956 and other applicable provisions, if any, of the said Act, consent of the Company be and is hereby accorded to the Board of Directors of the Company contributing from time to time by way of donations or otherwise to national, benevolent, charitable, public or general or other funds/institutions, not directly relating to the business of the Company or welfare of its employees, notwithstanding that the moneys to be contributed together with the moneys already contributed by the Company during any financial year will or may in the aggregate exceed a sum of Rs. 50000/- (Rupees fifty thousand) or 5% of the Company’s average net profits as determined in accordance with the provisions of Sections 349 and 350 of the said Act, during the three financial years immediately preceding the financial year in which such contributions are made, whichever is greater, but so that the aggregate amount of such contributions by the Board of Directors during any financial year will not exceed in the aggregate Rs.50 Lacs (Rupees Fifty Lacs)

AND RESOLVED FURTHER that the Company in particular hereby approves of the contribution/donation amounting to Rs.4.00 lacs and Rs. 0.25 lacs made to Smt. Godavaridevi Saraf Jansewa Trust and Suryakumari Abraham Memorial Foundation respectively during the year ended 31/03/08.”

NOTES:

- The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos. 5 to 17 of the Notice set out above is annexed hereto.
- With respect to resolutions at item No. 13 to 16 of the Notice, Members are requested to vote only by Postal Ballot in terms of Section 192-A of the Companies Act, 1956. A Postal Ballot Form and pre-paid postage envelope is enclosed. Votes cast otherwise than in the said Postal Ballot Form will be rejected. Please read the instructions in the Postal Ballot Form carefully. Depending upon the result of the Postal Ballot the said resolutions will be confirmed/declared to have been passed on the date of the Annual General Meeting.
- 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.
- The Register of Members and Share Transfer Books of the Company will remain closed Monday the 15th September, 2008.
- 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., Intime Spectrum Registry 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.

6. 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 Distt. Vizianagaram, Andhra Pradesh.
7. 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.
8. 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.
9. 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 828GO1013.
10. Non-resident Indian Members 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.
11. 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. up to the date of Annual General Meeting.

Registered Office:

Administrative Building,
Shreeramnagar-535 101,
Garividi, Dist. Vizianagaram,
Andhra Pradesh
Dated: 30TH July, 2008

By Order of the Board,

S.S. Sharma
Secretary

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956:

ITEM NO.5

In terms of Section 224A of the Companies Act, 1956, if not less than 25% of the Subscribed Capital of the Company is held either singly or in combination by Public Financial Institutions, Government Companies, Central or State Governments, Nationalised Banks or Insurance Companies carrying on general insurance business, then the appointment or re-appointment of an Auditor of the Company has to be made by a Special Resolution.

In the case of your Company, the aforesaid categories of shareholders together are likely to hold more than 25% of the Subscribed Capital at the date of ensuing Annual General Meeting of the Company. Hence, it is necessary to pass a Special Resolution to re-appoint M/s Salve And Company as Auditors of the Company. M/s Salve And Company have furnished a Certificate to the Company to the effect that their re-appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.

ITEM NO. 6

Mr. Gautam Khaitan was appointed as an Additional Director by the Board of Directors of the Company with effect from 27.10.2007. Pursuant to Section 260 of the Companies Act, 1956 read with Article 107 of the 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. Gautam Khaitan for the office of Director.

Mr. Gautam Khaitan is a renowned practicing Advocate/Solicitor with rich experience of several years in the legal profession . It is considered desirable that the Company should take the benefit of his able guidance. Accordingly the resolution in item no. 6 of this Notice is commended for your approval.

None of the Directors except Mr. Gautam Khaitan is interested in this resolution.

ITEM NO. 7

Shri A.S.Kapre was appointed as an Additional Director with effect from 27.10.2007 by the Board of Directors of the Company. 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 Shri A.S. Kapre for the office of Director.

Shri A.S.Kapre, is an Engineering Graduate from IIT Madras and a Law Graduate from Mumbai University. He has several years experience as a highly placed Executive with one of the leading Financial Institutions, in various functions like project and corporate lending, rehabilitation finance and risk management besides few years experience in various industrial companies. The Board is of the view that the Company should avail the benefit of his advice particularly on technical and financial aspects of the Company's administration. Accordingly, the resolution in item no.7 of this Notice is commended for your approval.

None of the Directors, except Shri A.S. Kapre, is interested in this Resolution.

ITEM NO. 8

Shri V.J. Trivedi was appointed as a Director by the Board of Directors of the Company to fill-up the casual vacancy on the Board caused by the resignation of Shri Kesharao Pardhey with effect from 30.7.2008. Pursuant to Section 262 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 Shri V. J. Trivedi as a candidate for the office of Director.

Shri V.J. Trivedi is a business man having extensive experience in Mining and other related activities. In the past, he had held the position of President of Federation of Indian Mineral Industries and was also at one time Director of Hindusthan Copper Ltd. His appointment will be a valuable addition to the Board and the Company should avail the benefit of his experience and guidance. Accordingly, the resolution under this item of the Notice is commended for your acceptance.

Except Shri V.J. Trivedi, no other Director is concerned or interested in this Resolution.

ITEM NO. 9

Shri 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 extremely 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 Shri R.K. Saraf as Managing Director of the Company for a period of 5 years w.e.f. 1.4.2009 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.

Accordingly, the resolution in item no. 9 of this Notice is commended for your approval.

Shri M.D. Saraf and Shri Ashim Saraf, Directors of the Company, are related to Shri R.K. Saraf and hence they are interested in this resolution.

ITEM NO. 10

Shri Yogesh Saraf is an Engineer and an MBA. He is also having several years of rich and vast executive experience in business administration and management. He has made immense contribution to the Company for the improvement of overall performance of the Company. 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 Shri Yogesh Saraf as Joint Managing Director of the Company for a period of 5 years w.e.f. 1.5.2009 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.

Accordingly, the resolutions in item no. 10 of this Notice are commended for your approval.

None of the Directors except Shri Yogesh Saraf is interested in this resolution.

ITEM NO. 11

Shri 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 Shri Ashim Saraf as Joint Managing Director for a period of 5 years w.e.f. 1.4.2009 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.

Accordingly, the resolution in item no. 11 of this Notice is commended for your approval.

Shri R.K. Saraf, Managing Director, is related to Shri Ashim Saraf and hence he is interested in Shri Ashim Saraf's appointment.

ITEM NO. 12

Shri 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 Shri C.N. Harman as Director (Technical) of the Company for a period of 5 years w.e.f. 1.8.2009. 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.

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.

ITEM NO.13

In order to meet the requirement of funds for financing of capital expenditure/ working capital requirements and/or general corporate purposes, including expansion and diversification, the Company has to raise funds from time to time from Banks/ Financial Institutions/Investment Institutions/Bodies Corporate/Individual(s)/any other agency(ies) etc. which are normally required to be secured by a mortgage/charge over the immovable/ movable properties of one or more units of the Company in such form and manner as may be determined by the Board of Directors of the Company or its Committee from time to time in consultation with the Lenders/Agents/Trustees.

Since the mortgaging and/or charging by the Company of its immovable and movable properties to secure borrowings from different classes of lenders as mentioned in the resolution may be regarded as disposal of the Company's properties/Undertakings, it is desirable to pass a resolution in general meeting of the Company u/s 293(1)(a) of the Companies Act, 1956 for the creation of such mortgage/charge. A Resolution in this regard is being proposed in Item No.13 of the Notice for your acceptance.

ITEM NO. 14

Facor Steels Ltd. (FSL), a Group Company, had been sanctioned fund-based and non fund-based Working Capital Facilities to the extent of Rs. 1185 lacs by Indian Overseas Bank (IOB) subject to fulfillment of certain conditions including a Corporate Guarantee from your Company as collateral security for repayment of the above Working Capital facility by FSL. It was a pre-condition of IOB for releasing the above Working Capital facilities that FSL should obtain a Corporate Guarantee of your Company. Accordingly FSL, who was in dire need of Working Capital, had requested your Company to extend a Guarantee for the above amount sanctioned to them by IOB to enable them to utilize the same.

The above Guarantee to Indian Overseas Bank (IOB) on behalf of FACOR Steels Ltd.(FSL) for the working capital facilities to the extent of Rs.1185 lacs sanctioned to FSL by IOB, exceeds the limits which can be approved by the Board u/s 372A of the Companies Act, 1956. However, the second proviso to sub-section (1) of Section 372A of the Companies Act, 1956 provides that in exceptional circumstances authority to the Company to give Guarantee can be given by a Resolution passed at a meeting of the Board of Directors provided the said Board Resolution is confirmed within 12 months in a General Meeting of the Company or AGM held immediately after passing of the Resolution by the Board, whichever is earlier. Accordingly, the Company had, after obtaining approval of the Board vide resolution passed at its meeting held on 26th April 2008, subject to confirmation by the Members, given a guarantee to the extent of Rs.1185 lacs to IOB. Hence, Resolution in item No.14 of the Notice is commended for your confirmation/ approval.

None of the Directors except Mr R. K. Saraf, Mr M. D. Saraf, Mr Yogesh Saraf, Mr. Ashim Saraf, Mr Arye Berest, Mr A.S. Kapre, and/or their relatives who are also Directors and/or members of FSL are concerned or interested in the resolution.

ITEM NO. 15

In the 4th Annual General Meeting held on 17th August 2007 the members by Postal Ballot have already approved giving of guarantee to Consortium Banks viz. BOI, CBI, SBI, SBBJ & SB to secure the borrowings made/to be made from them by group companies Ferro Alloys Corporation Ltd. (FACOR) and Facor Steels Ltd (FSL). Indian Overseas Bank (IOB) have recently joined the consortium and have sanctioned to FSL and are in the process of sanctioning to FACOR against their proposal pending with IOB, working capital facilities. The said facilities granted/to be granted to FSL and FACOR is subject to their furnishing guarantee for the same from your Company. FACOR and FSL have already given and will also be required to give in future their guarantee to IOB and other member banks of the consortium against the working capital facilities to be sanctioned to your Company. In view of this it is only appropriate that your Company also furnishes guarantee to IOB and other member banks of consortium against the working capital

facilities sanctioned/to be sanctioned to FACOR and FSL. As the guarantee to be given to consortium banks together with the guarantees, securities, loans and investments already given/made by the Company so far, exceed the limit prescribed under section 372 A of the Companies Act, 1956, approval of the members is required for the same. Hence the Resolution as in item No. 15 of this notice is commended for your approval.

None of the Directors except Mr R. K. Saraf, Mr M. D. Saraf, Mr Yogesh Saraf, Mr. Ashim Saraf, Mr Arye Berest, Mr A.S. Kapre, and/or their relatives who are also Directors and/or members of FACOR and FSL is concerned or interested in the resolution.

ITEM NO. 16

Your Company is contemplating investment in the businesses of mining of manganese and chrome ore as the same is in line with the existing business operations of the Company and power which is perennially much below the country's requirement and which offers tremendous growth opportunity. Depending on the circumstances, the Company may also think of setting up a new Company, as a subsidiary or a joint venture for the aforesaid purpose. The above new businesses will also enable the Company to spread its risk. Further, this can be conveniently combined with the existing business of the Company. Hence, this Special Resolution of the Notice is commended for your approval.

ITEM NO. 17

Your Company acknowledges its social responsibilities towards the nation and would therefore keeping up with the Social Corporate Responsibility like to donate funds from time to time to Charitable and other funds/ benevolent institutions engaged in deserving causes such as relief work, social welfare activities and other national causes.

Section 293(1)(e) of the Companies Act, 1956, inter alia, provides that the Board of Directors of a public company shall not, except with the consent of the Company in General Meeting, contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, in a financial year any amounts exceeding Rs.50000/- or 5% of its average net profits of three immediately preceding financial years as determined in accordance with the provisions of Section 349 and 350 of the said Act, whichever is greater.

It is because of this statutory requirement that the consent of the Company in general meeting is necessary in order to enable the Board to make the contributions as aforesaid, including the contribution/donation made by your Company amounting to Rs 24.16 lacs to various parties / organisations during the financial year ended 31st March, 2008.

Considering the size of your Company and the extensive areas of its operations, your Directors consider that the amount of expenditure incurred on donations, subject to the limits set out in this resolution, is reasonable, and they accordingly commend the resolution for your acceptance.

Registered Office:
Administrative Building,
Shreeramnagar-535 101,
Garividi, Dist. Vizianagaram,
Andhra Pradesh
Dated: 30th July, 2008.

By Order of the Board,

S. S. Sharma
Secretary