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**SECOND
ANNUAL REPORT
2004-2005**

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FACOR

FACOR STEELS LIMITED

Board of Directors

Umashankar Agrawal
Chairman

M. D. Saraf
Vice Chairman &
Managing Director

Vinod Saraf
Managing Director

R. V. Dalvi
Director (Technical)

Arye Berest

A.S. Kapre

M. B. Thaker

B.C. Bhartia

Amit G. Pandey
Secretary

Executives

C. V. Raghavan
Financial Controller

S. C. Parija
General Manager
(Commercial)

Bankers

Bank of India

Central Bank of India

State Bank of India

Syndicate Bank

State Bank of Bikaner & Jaipur

Solicitors

Mulla & Mulla, and
Craigie Blunt & Caroe

Auditors

Salve And Co.,
Chartered Accountants

Internal Auditor

M. M. Jain
Chartered Accountant

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

MCS Ltd.
Sri Venkatesh Bhavan,
Plot No. 27, Road No. 11,
M.I.D.C. Area, Andheri (East),
Mumbai - 400 093
Phone No. 28215235
Fax No. 28350456
E-mail : mcsnum@vsnl.com

Notice is hereby given that the Second ANNUAL GENERAL MEETING of the Members of the Company will be held at Registered Office of the Company at 46 A & B, MIDC, Industrial Estate, Hingna Road, Nagpur- 440 028 on Friday, the 16th September, 2005 at 11.45 a.m. to transact, with or without modification as may be permissible, the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005 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 A. S. Kapre, who retires from office by rotation and, being eligible, offers himself for re-appointment.
3. 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

4. To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 258 and all other applicable provisions, if any, of the Companies Act, 1956, the number of the existing directors of the Company for the time being in office be increased from five to eight".
5. To appoint Mr. Arye Berest 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. Arye Berest 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 Arye Berest be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."
6. To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution.
To appoint Mr B. C. Bhartia 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 provisions of section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- from a member signifying his intention to propose Mr B. C. Bhartia 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 B. C. Bhartia be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."
7. To appoint Mr R.V. Dalvi 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 from a member signifying his intention to propose Mr R.V. Dalvi 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 R.V. Dalvi 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 an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310 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, consent of the members of the Company be and is hereby accorded to the appointment of Mr R.V. Dalvi as Director (Technical) of the Company for a period of 5 years with effect from 23rd October 2004 upon the terms and conditions as to remuneration and otherwise as set out in the draft Agreement prepared in that behalf and placed before this meeting and initialled by the secretary for the purpose of identification and hereby specifically approved and the abstract in respect whereof has already been circulated to the members on 10th November, 2004 and to the revision in the terms of his remuneration with effect from 1st April, 2005 for the remaining period of his office as set out in the draft supplemental agreement prepared in that behalf and placed before this meeting and initialed by the Secretary for the purpose of identification and which draft supplement agreement, the broad details of which are given in the Explanatory Statement to this item of the notice, be also hereby specifically approved with the liberty to the directors to vary the terms and conditions of the remuneration and appointment and / or the agreement in such manner and to such extent as may be agreed between the directors and Mr R.V. Dalvi within the limits specified in Schedule XIII to the Act or any amendments thereto and that the draft agreement and the draft supplemental 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 an Ordinary Resolution:

"RESOLVED THAT in partial modification of the resolution approved earlier on 23rd October 2004, pursuant to sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 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 other approvals, if any, as may be necessary, the consent of the members of the Company be and is hereby accorded to the revision in the remuneration of the Managing Director Mr M.D. Saraf with effect from 1st April 2005 for the remaining period of his office as set out in the draft supplemental agreement prepared in that behalf and placed before this meeting and initialled 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 and to such extent as may be agreed to between the Directors and Mr M.D. Saraf, within the limits specified in Schedule XIII to the Act or any amendments thereto 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 an Ordinary Resolution:

"RESOLVED THAT in partial modification of the resolution approved earlier on 23rd October 2004, pursuant to sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 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 other approvals, if any, as may be necessary, the consent of the members of the Company be and is hereby accorded to the revision in the remuneration of the Managing Director, Mr Vinod Saraf with effect from 1st April 2005 for the remaining period of his office as set out in the draft supplemental agreement prepared in that behalf and placed before this meeting and initialled 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 and to such extent as may be agreed to between the Directors and Mr. Vinod Saraf, within the limits specified in Schedule XIII to the Act or any amendments thereto 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 in accordance with the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the manner following:

The following new Article with the marginal Note thereto be inserted after the existing Article 107 in the Articles of Association as Article 107A:

Alternate Director	107A	Subject to the provisions of Section 313 of the Companies Act, 1956 the Board of Directors of the Company shall have power at any time, and from time to time, to appoint any person, as an Alternate Director to act for a Director (called "the original Director") during his absence for a period of not less than three months, from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee whilst holding office as an Alternate Director shall be entitled to notice of meetings of the directors and to attend and vote thereat accordingly. However, he shall ipso facto vacate office if and when the original director returns to the said State or vacates office as a director."
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12. To consider and, if thought fit, to pass the following resolution 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.20 Lacs (Rupees Twenty Lacs).

RESOLVED FURTHER that the Company in particular hereby approves of the contribution/donation amounting to Rs.63903.19 made to Mukhya Mantri Sahayata Nidhi towards Tsunami relief during the year ended 31st March, 2005."

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

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 and as required by the listing agreements with the stock exchanges, the consent of the members be and is hereby accorded for the payment of sitting fees for attending the Board Meetings or Committees thereof to the non-executive/independent directors of the Company as may be decided by the Board from time to time within such limits as may be prescribed by the said Act and/or the Central Government from time to time.

NOTES:

- The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos. 3 to 13 of the Notice set out above is annexed hereto.
- 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. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 1st September, 2005 to Friday, 16th September, 2005 both days inclusive.
4. Members are requested to send all correspondence relating to the Company's shares including share transfer documents, demat requests, change of address etc. to the Company's Registrar & Transfer Agents M/s MCS Limited, Sri Venkatesh Bhavan, Plot No.27, Road No.11, MIDC, Andheri (East), Mumbai 400 093. Requests for change of addresses will be entertained only when shareholders' signatures on the letter intimating change of address tally with the specimen signatures recorded with the Company. While notifying change in address please ensure that the address is complete and the pin code number is clearly mentioned. Incorrect/incomplete address may lead to non-delivery of documents/communications sent by the Company/Registrar.
5. 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.
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 Agents. The Form can be had from the Share Department at the Registered Office of the Company at 46 A&B, MIDC Industrial Estate, Hingna Road, Nagpur 440 028 or at the Corporate and Head Office at Shreeram Bhavan, Tumsar-441912, Maharashtra.
7. As required by the Listing Agreement with the Stock Exchange where the Company's shares are being listed, the relevant details in respect of the Directors proposed to be appointed/re-appointed are set out in the Report on Corporate Governance in this Annual Report.
8. 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 829G01011 and in respect of Preference Shares is INE 829G04015.

Registered Office :

46A & B, MIDC, Industrial Estate,
Hingna Road,
Nagpur 440028.

Dated: 30th July, 2005

By ORDER OF THE BOARD,

Amit G. Pandey
Secretary

ANNEXURE TO THE NOTICE

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

ITEM NO.3

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, nationalized 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 your Company, the aforesaid categories of shareholders together at present hold and are likely to continue 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.4

In view of the appointment of Mr R.V. Dalvi, Mr B.C. Bhartia and Mr Arye Berest as Additional Directors on the Board, the number of directors now in office stands increased from five to eight. The resolution as in this Item of the Notice, though not strictly necessary, is being proposed to be passed by way of abundant caution in view of the provisions of Section 258 of the Companies Act, 1956.

ITEM NO.5

Mr Arye Berest was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 27th January, 2005 as representing the foreign investors who have made substantial investments in the Company by way of Equity Capital, thanks to the efforts of the Promoters. 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. Arye Berest as a candidate for the office of Director.

Mr Arye Berest, aged around 66 years, is a French National. He has qualified for business studies, ploytechnique from London. His expertise is mainly in metals and minerals as well as finance and international trade. From 1974 to 1989 he was Director of Marc Rich Group. From 1991 onwards he has been Chairman of A.O.A. Securities Anstalt and President of Trusta Group. He holds Directorship in several foreign and Indian companies. Through the efforts of the Promoters, his group has made substantial investments in the Company. Further, his expertise in the above mentioned fields would be beneficial to the Company. Accordingly, it is in the interest of the Company that it continues to avail of his services as a member of the Board. The resolution in item no. 5 of this Notice is accordingly commended for your approval.

Mr Arye Berest is interested in this resolution relating to his appointment as a member of the Board.

ITEM NO.6

Mr B. C. Bhartia was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 23/10/2004. 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 B. C. Bhartia for the office of Director.

Mr B. C. Bhartia, aged around 49 years, is a Commerce Graduate and Fellow Member of the Institute of Chartered Accountants of India. He is a practicing Chartered Accountant and has vast experience in finance and accounts. The Board is of the view that his continued association with the Company will be of immense benefit to it. Accordingly, the resolution in item no.6 of this Notice is commended for your approval.

Mr B. C. Bhartia is interested in this resolution relating to his appointment as member of the Board.

ITEM NOS.7 & 8

Mr Dalvi, aged around 54 years, is an Engineer holding B.Tech (Hons) Degree in Metallurgy from IIT, Mumbai. He has over 30 years rich experience in manufacture of steel and steel products. He has undergone training in steel making, continuous casting and rolling at Steel Plants in Japan, France and Germany. He has visited various Steel Plants in Europe, USA & Japan. It was, therefore, felt by the Board that the Company should avail of his services as a whole-time Director (Technical) to look after the Company's Steel Plant.

Accordingly, the Board of Directors at its meeting held on 23rd October, 2004 co-opted him on the Board as an additional Director under Section 260 of the Companies Act, 1956 and soon thereafter appointed him at the same meeting as whole-time Director (Technical) of the Company for a period of 5 years with effect from the said date upon the terms and conditions as to remuneration and otherwise as herein set out, subject to the approval of the Shareholders. Considering the relevant

provisions of the above Act, he will have to be appointed as a Director liable to retirement by rotation as per the resolution under item no. 7 and a separate resolution is being proposed for his appointment as whole-time Director (Technical) as in item no. 8 of the Notice. In connection with his appointment as Director, in terms of section 260 of the Companies Act, 1956 read with Article 107 of the Articles of Association of the Company the required notice along with requisite deposit of Rs.500/- has been received from a member pursuant to section 257 of the Companies Act, 1956 signifying his intention to propose Mr Dalvi as a candidate for the office of Director.

1. The details about his Remuneration upto 31st March 2005 are as under:

(a) Salary : Rs.36,000/- per month

(b) Perquisites:

In addition to the aforesaid salary, the Director (Technical) shall also be eligible to the various perquisites and allowances including dearness allowance as per Rules of the Company and/or as may be allowed to him by the Company.

Note: The perquisites shall be evaluated as per Income Tax Rules wherever applicable. In the absence of such Rules, perquisites shall be evaluated at actual cost.

2. Minimum Remuneration:

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, he shall be paid salary and perquisites as specified above.

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

During the financial year 2004-05, there has been significant improvement in the overall performance of the Company for which Mr Dalvi had made impressive contribution. Further, keeping in view his challenging responsibilities, and the prevailing trend in remunerating managerial personnel in the industry, it is proposed to revise his above remuneration with effect from 1st April 2005 as stated in the resolution under item 8 of the Notice. The revised remuneration as contained in the draft supplemental agreement proposed to be entered into is as under:

a) Salary:

i) Basic Salary Rs.36,000/- p.m in the scale of Rs.36,000 - 3,000 - 51,000

ii) Dearness Allowance and other allowances in accordance with the rules of the Company.

b) Perquisites:

In addition to the aforesaid salary, the Director (Technical) shall also be eligible to the perquisites as given hereunder; the monetary value of such perquisites being restricted in the aggregate to Rs 7,68,000/- per annum.

The perquisites payable to Mr R.V.Dalvi 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 actual for self and his family, leave travel concession at actual for self and his family, club fees, medical insurance and such other perquisites within limit of the amount specified above. 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 fee for attending the meetings of the Board of Directors or Committee thereof.

The remuneration payable to the Director (Technical) by way of salary, dearness allowance, perquisites and any other allowances shall not, however, exceed the overall ceiling limit of Rs 12,00,000/- per annum.

The Board of Directors or any Committee thereof is entitled to determine and revise the salary and perquisites payable to the Director (Technical) at any time, such that the overall remuneration payable shall not exceed the aggregate limit of Rs 12,00,000/- per annum as specified above.

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 the Company will pay remuneration to Mr. R.V. Dalvi by way of 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.

Mr R.V. Dalvi is interested in this resolution relating to his appointment as member of the Board.

The particulars set out above may be treated as an abstract of the draft Agreements proposed to be entered into between the said Director (Technical) and the Company pursuant to section 302 of the Companies Act, 1956.

The draft supplemental agreement between the Company and Mr. R.V. Dalvi along with the earlier draft agreement with him is available for inspection by the Members of the Company at the Registered Office between 11 am to 1 pm on any working day upto and inclusive of the date of the Annual General Meeting.

Accordingly, the resolutions in item nos. 7 & 8 of this Notice are commended for your approval.

ITEM NOS. 9 & 10

Mr M.D. Saraf and Mr. Vinod Saraf were appointed Managing Directors of the Company for a period of five years with effect from 1st August 2004. Mr. M.D. Saraf has overall supervision and control over the entire operations and affairs of the Company. Mr. Vinod Saraf has supervision and control over the commercial operations as well as sales/exports of the Company. Their appointment and respective terms of remuneration were also approved by the Shareholders at the Annual General Meeting held on 23rd October 2004.

During the financial year 2004-05, the overall performance of the Company has improved considerably due, inter alia, to their able guidance. Further, considering the enormous efforts put in by them towards managing the affairs of the Company and the prevailing trend in remunerating managerial personnel in the industry, it is proposed to revise their remuneration with effect from 1st April 2005. The broad details of the revised remuneration as contained in the draft supplemental agreements, which are identical in both cases, are as under:

- a. Basic Salary Rs 40,000/- per month in the scale of Rs 40,000 - 5,000 - 65,000 for each Managing Director
- b. Perquisites for each Managing Director:

In addition to the aforesaid salary, they shall also be eligible to the perquisites as given hereunder; the monetary value of such perquisites being restricted in the aggregate to Rs 7,20,000/- per annum for each Managing Director.

The perquisites payable to each Managing Director 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 actual for self and family, leave travel concession at actual for self and family, club fees, medical insurance and such other perquisites within limit of the amount specified above. 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 the 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 Managing Directors.

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

The remuneration payable to the Managing Directors by way of salary, dearness allowance, perquisites and any other allowances shall not, however, exceed the overall ceiling limit of Rs 12,00,000/- per annum 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 at any time, such that the overall remuneration payable shall not exceed the aggregate limit of Rs 12,00,000/- per annum for each of them as specified above.

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the respective tenures of the Managing Directors, the Company has no profits or its profits are inadequate then also, the Company will pay remuneration to each of the said Managing Directors by way of 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.

Mr M.D. Saraf and Mr. Vinod Saraf are interested in the respective resolutions relating to them. Mr Umashankar Agrawal is also interested in the resolution relating to Mr M.D. Saraf as they are relatives of one another.

The particulars set out above may be treated as an abstract of the Agreements between the said Managing Directors and the Company pursuant to section 302 of the Companies Act, 1956.

The draft supplemental agreements between the Company and each of the Managing Directors along with the earlier agreements with them are available for inspection by the Members of the Company at the Registered Office between 11 am to 1 pm on any working day upto and inclusive of the date of the Annual General Meeting.

ITEM NO.11

Section 313 of the Companies Act, 1956 provides for appointment of an Alternate Director by the Board of Directors of the Company, if so authorized by the Articles of Association of the Company or by a resolution passed by the Company in General Meeting to act for such Director (to be called "the Original Director") during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held subject to other provisions mentioned in the said Section. Such a provision in the Articles becomes quite handy to cater to various needs.

The proposed alteration of Articles of Association of the Company by inserting new Article 107A is to empower the Board of Directors to appoint such Alternate Directors as and when the occasion arises. Accordingly the resolution in this Item No.1 of this Notice is commended for your approval.

None of the Directors of the Company is particularly interested in this resolution.

ITEM NO.12

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 institution 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