



**THIRD**

**ANNUAL REPORT**

**2005-2006**

report  junction.com

**FACOR**

**FACOR STEELS LIMITED**

**Board of Directors**

**Umashankar Agrawal**  
Chairman

**Narayandas Saraf**  
Vice Chairman &  
Wholetime Director

**Vinod Saraf**  
Managing Director

**Anurag Saraf**  
Joint Managing Director

**R.V. Dalvi**  
Director (Technical)

**A.S. Kapre**

**M.B. Thaker**

**B.C. Bhartia**

**P.G. Chitale**

**Arye Berest**

**P.K.S. Nair**  
Nominee of Bank of India

**Amit G. Pandey**  
Secretary

**Executives**

**C. V. Raghavan**  
Financial Controller

**S. C. Parija**  
Sr. 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 Accountants

**Registrar & Share Transfer Agents**  
**(for Both Physical & Electronic)**

**MCS Ltd.**

'Harmony', 1st Floor,  
Sector 1, Khanda,  
NEW PANVEL 410 206(W)  
Dist.: Raigad (Maharashtra)  
Phone No. 27492003-19  
Fax No. 2749 2014  
E-mail: mcsnum@vsnl.com

Notice is hereby given that the **THIRD ANNUAL GENERAL MEETING** of the Members of the Company will be held at the Registered Office of the Company at 46 A & B, MIDC, Industrial Estate, Hingna Road, Nagpur- 440 028 on Friday, the 22nd of September, 2006 at 11.45 a.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 31st March 2006 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 Umashankar Agrawal, who retires from Office by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. M. B. Thaker, who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Messrs Salve And Company, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors plus service tax as applicable and reimbursement of expenses incurred by them incidental to their functions.

**SPECIAL BUSINESS:**

5. 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 eight to twelve."
6. To appoint Mr. P. G. Chitale (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. P.G.Chitale 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 P.G.Chitale be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."
7. To appoint Mr N.D. 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 Rs. 500/- from a member signifying his intention to propose Mr N.D. 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 N. D. Saraf be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."
8. 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 provisions of section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 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."

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

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 311, 314 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 N.D. Saraf as Whole Time Director of the Company for a period of 5 years with effect from 1st May 2006 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 initialed by the Secretary for the purpose of identification, the broad details of which are given in the Explanatory Statement in respect of this item of the Notice, which is hereby specifically approved with liberty to the Board 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 Board and Mr N.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 draft 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 16th September 2005, pursuant to sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereof 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 1-4-2006 as set out in the draft supplemental agreement prepared in that behalf and submitted to this meeting and initialed by the Secretary for the purpose of identification, and which draft supplemental 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 Board to vary the terms and conditions of the remuneration in such manner as may be agreed to between the Board and Mr Vinod 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 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."

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 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 the Joint Managing Director of the Company for a period of 5 years with effect from 28th July 2006 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 this item of the Notice, is hereby specifically approved with the liberty to the Board 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 Board and Mr. Anurag Saraf in the best interest of the Company, within the limitations in that behalf as contained in the 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. 5 to 11 of the Notice 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. The Register of Members and Share Transfer Books of the Company will remain closed from Monday 11th September, 2006 to Friday 22nd September, 2006 both days inclusive.
4. Members are requested to send all correspondence relating to the Company's shares including share transfer documents, change of address etc. to the Company's Registrar & Transfer Agents M/s MCS Limited, Harmony 1st Floor, Sector 1, Khanda, New Panvel (West), District Raigad, Maharashtra - 401206. 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 the 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
7. 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 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:

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

By ORDER OF THE BOARD,

Amit Pandey  
Secretary

Dated : 31st July, 2006.

**ANNEXURE TO THE NOTICE****Explanatory Statement as required by Section 173 of the Companies Act, 1956:****ITEM NO.5**

In view of the resignation of Mr M.D. Saraf from the Board and the appointment of Mr.P.G.Chitale, Mr.N.D.Saraf and Mr. Anurag Saraf as Additional Directors and Mr. P.K.S. Nair as Nominee Director of Bank of India, on the Board, the number of directors now in office stands increased from eight to eleven. This resolution as in this item of the Notice, though not strictly necessary, but in view of a Bombay High Court judgement 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.6**

Mr P.G.Chitale was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 28th April 2006. 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 P.G.Chitale for the office of Director.

Mr. P. G. Chitale aged around 65 years is highly qualified with Bachelors degrees in Mechanical and Electrical Engineering and Masters degree in Business Management from Haward Business School, USA. He has worked in the capacity as Managing Director of Kalyani Steels Ltd. and Mahindra Ugine Steel Co. Ltd. and has very vast experience in the steel industry. He has also been a visiting professor in some of the well known Business Schools in the country. 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 the accompanying Notice is commended for your approval. Mr P.G. Chitale is interested in the resolution as it relates to his appointment.

**ITEM NOS.7 & 9**

Mr N.D. Saraf was appointed as an additional Director by the Board of Directors of the Company at its meeting held on 28th April, 2006. 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 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 intension to propose Mr N. D. Saraf as a candidate for the office of Director.

Mr N.D. Saraf aged 68 years is a noted Industrialist having more than three decades of rich experience of running industries. It was felt that the Company should avail of the benefit of his vast experience. Accordingly, the Board of Directors of the Company at its meeting held on 28th April 2006 appointed Mr N.D.Saraf as Wholtime Director of the Company for a period of 5 years with effect from 1st May, 2006 upon the terms and conditions as to remuneration and otherwise as set out below subject to the approval of the shareholders.

**Remuneration:**

(a) Basic Salary : Rs. 40,000/- per month in the scale of Rs. 40,000-5,000-65,000

(b) Perquisites:

In addition to the aforesaid salary, the Wholtime Director was also eligible to the perquisites as set out hereunder, the monetary value of such perquisites being restricted in the aggregate to Rs. 7,20,000/- per annum.

The perquisites payable to the Wholtime Director 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 for self and his family, club fees, medical insurance



and such other perquisites within the amount specified above. The said perquisites are to 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 the Rules of the Company, are not to 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.

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Whole Time Director, 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.

The term "Family" means spouse, dependent children and dependent parents of the Whole Time Director.

The Whole Time Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

In line with the trend prevailing in the Corporate Sector and considering the terms of remuneration for other Wholetime Directors in Management, the Remuneration Committee and the Board of Directors in their subsequent meetings held on 28th July 2006 revised the provisions as to monthly salary and quantum of perquisites with effect from the date of his appointment as under.

- a. Basic Salary Rs. 75,000/- per month in the scale of Rs. 75,000 - 5,000 - 1,00,000/-
- b. Perquisites and Allowances:

The limit upto which the perquisites and allowances payable to Mr. N.D. Saraf was revised from Rs. 7,20,000/- per annum to Rs. 9,00,000/- per annum.

The perquisites and allowances payable to Mr N.D.Saraf 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 amount specified above. The said perquisites and allowances 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]. In the absence of such Rules, perquisites and allowances 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 the 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 spouse, dependent children and dependent parents of the Whole time Director.

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

The remuneration payable to the Whole Time Director by way of salary, dearness allowance, perquisites and any other allowances shall not however exceed the ceiling limit of Rs 18,00,000/- per annum.

The Board of Directors or any Committee thereof is entitled to determine and revise the salary and perquisites and allowances payable to the Whole Time Director of the Company at any time, such that the overall remuneration payable shall not exceed the aggregate limit of Rs 18,00,000/- 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 Whole Time Director, 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.

Mr N.D. Saraf is interested in this resolution relating to him and Mr. Umashankar Agrawal is also interested in this resolution being a relative of Mr. N. D. Saraf.

The particulars set out above may be treated as an abstract of the Agreement / Revised Agreement between the said Whole Time Director and the Company pursuant to section 302 of the Companies Act, 1956.

The draft agreement between the Company and Mr. N.D. Saraf 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.

#### ITEM NO. 10

Mr Vinod Saraf was appointed as the Managing Director of the Company for a period of five years with effect from 1st August 2004. His appointment and terms of remuneration were approved by the Board in its meeting held on 31st July 2004 and by the shareholders in their Annual General Meeting held on 23rd October 2004. The remuneration paid to Mr. Vinod Saraf underwent revision w.e.f. from 1st April, 2005 which was approved by the Shareholders in their Annual General Meeting held on 16th September, 2005

During the financial year 2005-06, there has been significant improvement in the overall performance of the Company under his able leadership. Further, keeping in view his responsibilities, educational qualifications, experience, other relevant factors and the prevailing trend in remunerating managerial personnel in the industry, it is proposed to further revise his remuneration with effect from 1st April 2006. The revised remuneration as approved by the Remuneration Committee and the Board and as contained in the draft supplemental agreement is as under:

- a. Basic Salary Rs. 75,000/- per month in the scale of Rs. 75,000 - 5,000 - 1,00,000/-
- b. Perquisites and Allowances:

In addition to the aforesaid salary, the Managing Director shall also be eligible to the perquisites and allowances as given hereunder; the monetary value of such perquisites and allowances is restricted in the aggregate to Rs 9,00,000/- per annum.

The perquisites and allowances payable to Mr Vinod Saraf 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 amount specified above. The said perquisites and allowances 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]. In the absence of such Rules, perquisites and allowances 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 the 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 spouse, dependent children and dependent parents of the Managing Director.

The Managing Director 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 Director by way of salary, dearness allowance, perquisites and any other allowances shall not, however, exceed the ceiling limit of Rs 18,00,000/- per annum.

The Board of Directors or any Committee thereof is entitled to determine and revise the salary and perquisites and allowances payable to the Managing Director of the Company at any time, such that the overall remuneration payable shall not exceed the aggregate limit of Rs 18,00,000/- 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 Managing Director, 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.

Except Mr Vinod Saraf no other Director is interested in this resolution.

The particulars set out above may be treated as an abstract of the Draft Supplemental Agreement between the Managing Director and the Company pursuant to section 302 of the Companies Act, 1956.

The draft agreement between the Company and Mr Vinod Saraf 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.

#### ITEM NOS.8 & 11

Mr. Anurag Saraf, aged around 35 years, is an engineer by profession and is having rich experience in business administration. In order to take the benefit of his versatile experience, it was felt by the Board that the Company should avail of his services as Joint Managing Director to look after the day to day management and expansion, diversification and co-ordination activities of the Company.

Accordingly, the Board of Directors in their meeting held on 28th July, 2006 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 the Joint Managing Director of the Company for a period of 5 years with effect from 28th July, 2006 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 Act, he is proposed to be appointed as a Director liable to retirement by rotation as per the resolution under Item No. 8 and a separate resolution is being proposed for his appointment as the Joint Managing Director as in Item No. 11 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 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. The details of his remuneration as approved by the Remuneration Committee and the Board are as follows:

- a. Basic Salary Rs. 75,000/- per month in the scale of Rs. 75,000 - 5,000 - 1,00,000/-
- b. Perquisites and Allowances:

In addition to the aforesaid salary, the Joint Managing Director shall also be eligible to the perquisites and allowances as given hereunder; the monetary value of such perquisites and allowances is restricted in the aggregate to Rs 9,00,000/- per annum.

The perquisites and allowances payable to the Joint Managing Director 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 amount specified above. The said perquisites and allowances 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, perquisites and allowances shall be evaluated at the actuals. 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 the 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 spouse, dependent children and dependent parents of the Joint Managing Director.

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

The remuneration payable to the Joint Managing Director by way of salary, dearness allowance, perquisites and any other allowances shall not however exceed the ceiling limit of Rs 18,00,000/- per annum.

The Board of Directors or any Committee thereof is entitled to determine and revise the salary and perquisites and allowances payable to the Joint Managing Director of the Company at any time, such that the overall remuneration payable shall not exceed the aggregate limit of Rs 18,00,000/- 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 Joint Managing Director, 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.

Except Mr. Anurag Saraf no other Director is interested in this resolution. The Particulars set out above may be treated as an abstract of the draft Agreement between the Joint Managing Director and the Company pursuant to Section 302 of the Companies Act, 1956.

The Draft Agreement between the Company and Mr. Anurag Saraf 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 resolution in Item nos 8 & 11 of the accompanying Notice are commended for your approval.

Registered Office:

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

By ORDER OF THE BOARD,

Amit Pandey  
Secretary

Dated: 31st July, 2006.