

4TH ANNUAL REPORT 2006-07

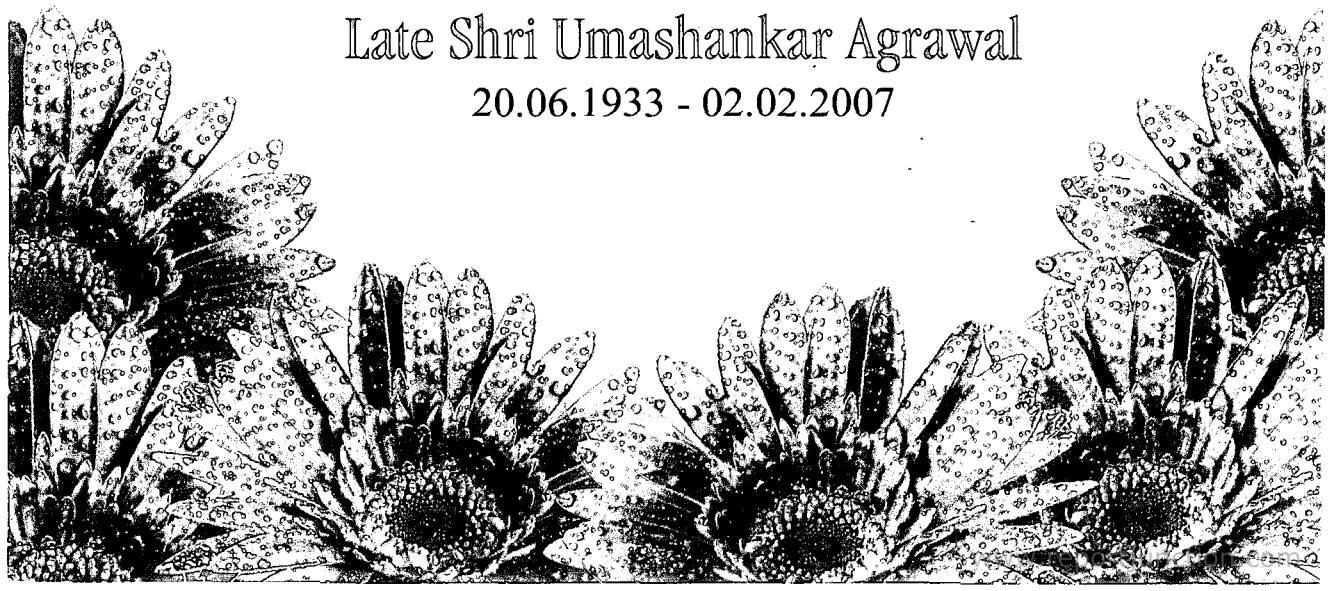


FACOR Steels Limited

IN HOMAGE TO
OUR VISIONARY, INSPIRATION
AND GUIDING LIGHT



Late Shri Umashankar Agrawal
20.06.1933 - 02.02.2007



Board of Directors

Narayandas Saraf
Chairman &
Wholetime Director

M.D. Saraf
Vice Chairman &
Managing Director

Vinod Saraf
Managing Director

Anurag Saraf
Joint Managing Director

R.V. Dalvi
Director (Technical)

A.S. Kapre

M.B. Thaker

Arye Berest

Ashim Saraf
Alternate Director to
Mr. Arye Berest

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

Amit G. Pandey
Secretary

Executives

C. V. Raghavan
Chief Financial Officer

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
Craig Blunt & Caroe

Auditors

Salve And Co.,
Chartered Accountants

Internal Auditor

M. M. Jain
Chartered Accountant

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 6969
E-mail:
isrl@intimespectrum.com

FACOR STEELS LIMITED
Notice to Members

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**FOURTH
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Notice is hereby given that the **FOURTH 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 Wednesday, the 26th of September, 2007 at 11.45 a.m. to transact, with or without modification as may be permissible, the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007 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. Arye Berest, who retires from Office by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Mr. R. V. Dalvi, 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 to 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 with or without modification the following resolution as an **Ordinary Resolution**:
 "RESOLVED THAT Mr. M.D. Saraf who was appointed by the Board of Directors as an Additional Director of the Company with effect from July, 27th 2007 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."
6. 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, 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.M.D. Saraf as Managing Director of the Company for a period of 5 years with effect from 11-08-2007 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 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 directors to vary the terms and conditions of the remuneration and appointment and / or the agreement in such manner as may be agreed to between the directors and Mr. M.D. Saraf in the best interest of the Company, within the limitations in that behalf as contained in the 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."
7. To consider and, if thought fit, to pass the following resolution which will be proposed as a **Special Resolution**:
 "RESOLVED THAT in partial modification of the resolution approved earlier on 16th September, 2005, pursuant to the provisions of Section 198,269,309,310 and all 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 further 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 Director (Technical) Mr. R.V.Dalvi with effect from 1st August, 2007 as set out in the 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. R.V.Dalvi 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 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."

8. 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 the consent of the Company be and is hereby accorded, pursuant to the provisions of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors of the Company ("the Board" which expression shall also 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) for securing 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) subject to the limit of Rs. 300 Crores as per the resolution passed by the Company under Section 293(1)(d) of the Companies Act, 1956 at its Annual General Meeting held on 23rd October, 2004 together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, costs, charges, expenses including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and any moneys payable to them in connection therewith under their respective heads of agreement(s)/loan agreement(s)/letter(s) of sanction/memorandum of terms and conditions or any other document entered into/to be entered into by the Company in respect of the loans etc. granted/to be granted to the Company and as may be agreed to by the Board and in particular in favour of all or any of:

- | | |
|------------------------------|--|
| 1) Bank of India (BOI) | 2) Central Bank of India (CBI) |
| 3) State Bank of India (SBI) | 4) State Bank of Bikaner & Jaipur (SBBJ) |
| 5) Syndicate Bank (SB) | |

to secure Working Capital/facilities (including Term Loans) of Rs. 8635 lacs from Consortium Banks as under:-

1) Bank of India	Rs.3167 lacs
2) Central Bank of India	Rs.3302 lacs
3) State Bank of India	Rs.1100 lacs
4) State Bank of Bikaner & Jaipur	Rs.253 lacs
5) Syndicate Bank	Rs.813 lacs
Total	Rs.8635 lacs

and also such further additions to the aforesaid limits as may be made/granted by the said Bank (s) 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. 10,000 lacs with liberty and authority to the Directors to accept the change in the limits of individual Bank consequent to such further additions to above limits within the aforesaid overall maximum limit of Rs.10,000 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 and SB respectively 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 Board be and is hereby authorized to finalise, settle and execute with any or all concerned Banks aforesaid, such agreements/deeds/writings/papers and any other documents as may be required in relation to or for creating the mortgages and/or charges aforesaid, including documents for any pari passu or other arrangement and for reserving the aforesaid right and to do all such acts, deeds and things as may be necessary or expedient for giving effect to this resolution.

9. To consider and, if thought fit, to pass, with or without modification, the following resolutions, which will be proposed as **Special Resolutions: (To be voted only by Postal Ballot)**

"RESOLVED THAT subject to the provisions of Section 17 and all other applicable provisions, if any, of the Companies Act, 1956, the Objects Clause III C of the Memorandum of Association of the Company be amended by inserting after the existing sub-clause 37 the following new sub-clauses:

- 37(A) To purchase, acquire, take on lease, sell, deal in, exchange, develop land (agricultural, non-agricultural and forest), buildings and other immovable properties including Real Estates, Tea, Coffee and Rubber Plantations and Plantations of any other kind and any accretion thereto in the form of area or in any other form whatsoever.
- 37(B) To carry on, promote, and/or engage in the business of Builders, Developers, Masonry and General Maintenance, Construction, Contractors and haulers and Real Estate and to Construct, Build, Purchase, Sell, Execute, Develop, Maintain, Operate, Run, Obtain, Grant Lease, Sub-lease, License, Let out and/or Sell Departmental Stores, Offices, Residential Apartments and Complexes, Bungalows, Townships, Godowns, Housing Complexes of all types, Multi Storeyed Buildings/Flats, Warehouses, Pent Houses, Rest Houses, Resorts, Entertainment Complex, Commercial and Industrial Complexes, Malls, Restaurants, Studios, Stores, Shopping Centers/Complexes, Satellite Townships, Industrial / IT Parks, Entertainment and Techno Parks, Hospitals, Seminar Halls, Meditation Centers, Marketing Arcades, Farm Houses, Theatres, Cinema Halls, Radio/TV Towers/Stations, Residential and Non-residential Schools, Colleges and Technical Institutes, Universities, Playgrounds & Gardens, Health Clubs, Water Sports, Bowling Alleys, Recreation Centers/Clubs, Special Economic Zones, Airports, Docks, Harbours, Ports, Wharves, Water Courses, Reservoirs, Embankments, Irrigation Projects, Reclamations, Sewage, Drainage and other Sanitary Works, Gas/Oil/Water pipeline Works, Houses, Buildings and Erections of every kind and to promote, establish, acquire, purchase, sale, construct, develop new Townships of any kind.
- 37(C) To promote, construct, build, acquire, develop, provide, supply, take/give on lease/licence, maintain various infrastructure facilities and to undertake development of infrastructure projects in all areas of infrastructure including basic infrastructure such as Power including Hydel, Thermal, Nuclear, Solar and Wind Power/Energy, Roads, Bridges, Flyovers, Sub-ways, Tunnels, Airways, Railways, Highways, Water, Water management system, sewerages, residual and industrial infrastructure, Villages, Semi-urban and urban infrastructure and entertainment as well as tourism infrastructure.
- 37(D) To carry on in India or elsewhere the business to generate, receive, produce, improve, buy, sell, resell, acquire, use, transmit, accumulate, employ, distribute, develop, handle, protect, supply and to act as agent, broker, representative, consultant, collaborator, or otherwise to deal in electric power in all its branches including Thermal, Hydel, Atomic, Solar and Wind Power at such place or places as may be permitted by appropriate authorities by establishment of thermal power plants, hydel power plants, atomic power plants, wind power plants, solar power plants and other power plants based on any source of energy as may be developed or invented in future.
- 37(E) To construct, laydown, establish, promote, erect, build, install, commission, carry out and run all necessary power sub-stations, work shops, repair shops, wires, cables, transmission lines, accumulators, street lights for

FACOR STEELS LIMITED

FACOR

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the purpose of conservation, transmission, distribution, and supply of electricity to participating industries, State Electricity Boards and other Boards for industrial, commercial, domestic, public and other purposes and also to provide regular services for repairing and maintenance of all distribution and supply lines.

- 37(F) To carry on in India or elsewhere the business of trading in power, whether by way of buying, selling, reselling, acquiring, transmitting, accumulating, employing, distributing power supply or otherwise, and to act as agent, broker, representative, consultant, collaborator or otherwise to deal in power in all its branches at such place or places as may be permitted by appropriate authorities.

RESOLVED FURTHER that the aforesaid Special Resolution for alteration of the objects clause of the Memorandum of Association of the Company, upon being duly passed and becoming effective, the approval of the members be and is hereby accorded to the Company pursuant to Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, for commencing or undertaking or carrying on all or any of the new businesses and activities, including in particular Real Estate and Infrastructure development and setting up Wind Power Plant for the generation, distribution and transmission of Wind Power, covered by Sub-clauses 37(A) to 37(F) of Clause III C of the Memorandum of Association of the Company as referred to above, as well as for commencing or undertaking or carrying on the new business and activities of Coal Mining in pursuance of the existing objects covered by sub-clause 43 of Clause III C of the Memorandum of Association of the Company, either alone or in joint venture with any other company/bodies corporate, at such time(s) as may be deemed fit by the Board of Directors who be and is hereby also authorized and empowered to do all acts, deeds, matters and things necessary for the said purpose".

10. To consider and, if thought fit, to pass, the following resolutions, which will be proposed as **Special Resolutions: (To be voted only by Postal Ballot)**

"RESOLVED THAT pursuant to the provisions of Section 372A and all other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) 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, sanctions, consent of the Company be and is hereby given to the Board of Directors;

- (i) to give guarantee and/or to continue the guarantee already given to the following consortium banks for Term Loans and other fund based and non-fund based Working Capital/Facilities availed/ to be availed from them by Ferro Alloys Corporation Limited(FACOR) and Facor Alloys Ltd.(FAL) as per details in respect of the said facilities given below:

Amount of Fund based and Non-fund based Working Capital/Facilities availed/to be availed from Consortium Banks by:

	(Rs./lacs)	
	FACOR	FAL
Bank of India	3274	1738
Central Bank of India	3676	2149
State Bank of India	1291	611
Syndicate Bank	276	541
State Bank of Bikaner & Jaipur	900	129
Total	9417	5168

subject to a maximum limit of Rs. 150 crores in respect of FACOR and Rs. 100 crores in respect of FAL for all the above Banks taken together with liberty and authority to Board of Directors to provide guarantee for such further limits as and when granted by individual Bank over and above their respective aforesaid limits within the overall limit of Rs. 150 crores and Rs. 100 crores in respect of FACOR and FAL respectively.

- (ii) to give loan to the following bodies corporate at a rate of interest not lower than the prevailing bank rate being the standard rate made public u/s 49 of the Reserve Bank of India Act, 1934 or such other rate as may be fixed from

time to time by the Reserve Bank of India up to a sum of Rs.50.00 crores, as per following details:

<u>Name of Body Corporate</u>	<u>Amount of loan given/to be given not to exceed</u>
Ferro Alloys Corp Ltd.	Rs.25.00 crores
Facor Alloys Ltd.	Rs.25.00 crores

and such guarantees and loans as mentioned in (i) and (ii) above will be over and above the limits, if any, available to the Board of Directors of the Company u/s 372A of the Companies Act, 1956.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to determine the actual sum upto which loans and guarantees may be given and also to determine the time and manner for giving such loans and guarantees 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 authorities in accordance with the provisions of Section 292(1)(e) of the Companies Act, 1956 in respect of loans as specified in item (ii) above and to settle any question or doubt that may arise in relation thereto in order to give effect to this Resolution or otherwise considered by the Board to be in the best interest 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 10 of the Notice set out above is annexed hereto.
2. With respect to resolutions at item No. 8, 9 & 10 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 are 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.
3. 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.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday the 20th September, 2007 to Wednesday, the 26th September, 2007, both days inclusive.
5. 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 Steels 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 Secretarial Department at the Registered Office of the Company at 46 A&B, MIDC, Industrial Estate, Hingna Road, Nagpur 440 028 (Maharashtra).
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 829G01011 and in respect of

Preference Shares is INE 829G04015.

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:
46 A & B, MIDC, Industrial Estate,
Hingna Road,
Nagpur 440028
Dated: 11th August, 2007

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. 5 & 6

Mr. M.D. Saraf was appointed as an Additional Director by the Board of Directors of the Company at the meeting of the Board held on 27th July, 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 alongwith 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. M.D. Saraf for the office of Director.

Mr. M.D. Saraf, aged around 58 years, is a commerce graduate with Bachelor's Degree in Law. He is having more than three decades rich experience particularly in Steel Industry. He has served in the capacity of Managing Director of the Company from 1st July, 2004 to 28th July, 2006. It is considered desirable that after his reinduction in the Board as Director, the Company should take the benefit of his vast experience.

Accordingly the Board of Directors of the Company at its meeting held on 11th August, 2007 have subject to approval of the shareholders in the ensuing Annual General Meeting appointed Mr. M.D. Saraf as Managing Director of the Company for a period of 5 years w.e.f. 11-08-2007. The details of the 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 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 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 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 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,

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 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.

Mr. N.D.Saraf, Mr. Anurag Saraf & Mr. M.D. Saraf are related to each other and hence they are interested in this resolution.

The Particulars set out above may be treated as an abstract of the draft Agreement between the said Managing Director and the Company pursuant to Section 302 of the Companies Act, 1956.

The Draft Agreement between the Company and Mr. M.D. Saraf is available for inspection by the Members of the Company at the Registered Office between 11 a.m. to 1 p.m. on any working day upto and inclusive of the date of the Annual General Meeting.

Accordingly the resolution in Item No. 5 & 6 of the accompanying Notice are commended for your approval.

ITEM NO. 7

Mr. R.V.Dalvi was appointed as the Director (Technical) of the Company for a period of five years w.e.f. 23.10.2004. His appointment and terms of remuneration were approved by the Board in its meeting held on 23rd October, 2004 and by the shareholders in their Annual General Meeting held on 16th September, 2005.

During the financial year 2006-2007, there has been significant improvement in the overall performance of the Company under his able leadership. Further, keeping in view his responsibilities, education qualification, experience, other relevant factors and the prevailing trend in remunerating managerial personnel in the industry, it is proposed to further revise his remuneration w.e.f. 1st August, 2007. The revised remuneration as approved by the Remuneration Committee and the Board and as contained in the draft supplemental agreement is as under:

a) Salary

- i) Basic Salary Rs.51,000/- p.m in the scale of Rs. 36,000-3,000-100000/-
- 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 5,88,000/- 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,