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Report

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FERRO ALLOYS CORPORATION LIMITED

Board of Directors

Umashankar Agrawal
Chairman & Managing Director

R.K.Saraf
Vice-Chairman

Manoj Saraf
Managing Director

S.C.Jain
Nominee of Bank of India

Vineet Saraf
Joint Managing Director

Rohit Saraf
Joint Managing Director

Ashish Saraf
Joint Managing Director

A.S.Kapre

V.J.Trivedi

M.B.Thaker

O.P.Banka
Director [Finance]

B.B.Singh
Director [Technical]

V.V.Somasundaran
Secretary

Executives

R.D.Agrawal
Advisor

Ashok Agrawal
Chief Executive [Mines]

M.K.Pujari
Senior General Manager [Mines]

Sudhir Gupta
General Manager [Marketing]

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

Bhaishanker Kanga and
Girdharlal

Auditor

K.P.Sahashrabudhe
Proprietor
Salve And Co.,
Chartered Accountants

Internal Auditors

D.C.Dhupla & Co.
Chartered Accountants

Registrar & Share Transfer Agents

[for Both Physical & Electronic]
M/S IIT Corporate Services Ltd
Protoprima Chambers
3rd Floor, Suren Road,
Near Cinemagic Theatre,
Andheri [East],
Mumbai 400 093
Phone No.26835599, 26832609
Fax No.26836790 / 791

FERRO ALLOYS CORPORATION LIMITED
Notice to Members
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Notice is hereby given that the **FORTY-EIGHTH ANNUAL GENERAL MEETING** of the Members of the Company will be held at the Regd. Office of the Company at D.P. Nagar, Randia 756 135, Dist. Bhadrak, Orissa on Monday, the 25th October, 2004 at 12.00 noon to transact, with or without modifications as may be permissible, the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2004 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 Shri A.S. Kapre who retires from office by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of Shri M.B. Thaker who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s Salve And Company, Chartered Accountants, a Partnership firm, as Auditors of the Company in place of Shri K.P. Sahasrabudhe, Chartered Accountant and Proprietor of M/s Salve And Company due to intended change in the constitution of the firm M/s Salve And Company from Proprietorship to Partnership and in that behalf 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, a Partnership firm, be and is hereby appointed as the Auditor of the Company in place of Shri K.P. Sahasrabudhe, Chartered Accountant and Proprietor of Proprietorship firm M/s Salve And Company, consequent upon intended change in the constitution of the said firm from Proprietorship to Partnership, 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 as the Board of Directors may fix in that behalf in consultation with the said Auditors."

AS 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 other applicable provisions, if any, of the Companies Act, 1956, the number of existing Directors in office, for the time being, be and is hereby increased from ten to twelve."

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions, if any, of the Companies Act, 1956 (the "Act") read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such further approvals, if any, as may be necessary, the Company hereby approves of the re-appointment of Shri Umashankar Agrawal, as Managing Director of the Company for a further period of five years with effect from 3rd April 2005 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 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 re-appointment and/or the Agreement in such manner as may be agreed to between the Directors and Shri Umashankar Agrawal in the best interests of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement, when finalized, be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

7. 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 passed at the 44th Annual General Meeting of the Company held on 25th September 2000 Shri Manoj Saraf, who was appointed as the Whole-time Executive Director of the Company, be now designated as the Managing Director of the Company with effect from 1.8.2004 for the remaining period of his agreement expiring on 31.12.2005, all other terms of his appointment including remuneration remaining the same as resolved at the said 44th Annual General Meeting of the Company."

8. To appoint Shri Rohit Saraf (who was appointed as an Additional Director by the Board of Directors of the Company under Article 108 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), as a Director of the Company, 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 Shri Rohit Saraf as a candidate for the office of Director 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, Shri Rohit 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 an Ordinary 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 Shri Rohit Saraf as Joint Managing Director of the Company for a period of 5 years w.e.f. 1.8.2004 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 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 as may be agreed to between the Directors and Shri Rohit Saraf in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement, when finalized, be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

10. To appoint Shri Vineet Saraf (who was appointed as an Additional Director by the Board of Directors of the Company under Article 108 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), as a Director of the Company, 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 Shri Vineet Saraf as a candidate for the office of Director 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, Shri Vineet Saraf be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."

11. 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 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 Shri Vineet Saraf as Joint Managing Director of the Company for a period of 5 years w.e.f. 1.8.2004 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 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 as may be agreed to between the Directors and Shri Vineet Saraf in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement, when finalized, be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

12. To appoint Shri Ashish Saraf (who was appointed as an Additional Director by the Board of Directors of the Company under Article 108 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), as a Director of the Company, 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 Shri Ashish Saraf as a candidate for the office of Director 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, Shri Ashish Saraf be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."

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 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 Shri Ashish Saraf as Joint Managing Director of the Company for a period of 5 years w.e.f. 1.8.2004 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 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 as may be agreed to between the Directors and Shri Ashish Saraf in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement, when finalized, be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

14. To appoint Shri O.P. Banka (who was appointed as an Additional Director by the Board of Directors of the Company under Article 108 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), as a Director of the Company, 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 Shri O.P. Banka as a candidate for the office of Director 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, Shri O.P. Banka be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 314 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 Shri O.P. Banka as Director in Charge (Finance) of the Company for a period of 5 years w.e.f. 1.8.2004 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 initialled by the Secretary for the purpose of

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

16. To appoint Shri B.B. Singh (who was appointed as an Additional Director by the Board of Directors of the Company under Article 108 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), as a Director of the Company, 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 Shri B.B. Singh as a candidate for the office of Director 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, Shri B.B. Singh be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of Sections 198, 269, 309, 314 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 Shri B.B. Singh as Director in Charge (Technical) of the Company for a period of 5 years w.e.f. 1.8.2004 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 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 as may be agreed to between the Directors and Shri B.B. Singh in the best interest of the Company, within the limitations in that behalf as contained in Schedule XIII to the Act or any amendments thereof or otherwise as may be permissible at law and that the Agreement, when finalized, be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

NOTES:

- The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos. 4 to 17 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.
- The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 20th October, 2004 to Monday, the 25th October, 2004 both days inclusive.
- 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 IIT Corporate Services Ltd., Protoprma Chambers, 3rd Floor, Suren Road, Near Cinemagic Theatre, 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.
- 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.
- 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 Randia-756 135 in Orissa or at the Corporate and Head Office at Shreeram Bhavan, Tumsar-441912, Maharashtra.
- As required by the Listing Agreement with the Stock Exchange where the Company's shares are listed, the relevant details in respect of the Directors proposed to be appointed/re-appointed are set out in the Report on Corporate Governance given in this Annual Report.

Registered Office:
J.P. Nagar,
RANDIA - 756 135
Dist. Bhadrak (Orissa)

By Order of the Board,

V.V. Somasundaran
Secretary

Dated: 23.09.2004

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

ITEM No. 4:

Shri K.P. Sahasrabudhe, Chartered Accountant and Proprietor of M/s Salve And Company, the retiring Auditors, has informed the Company that there will be a change in the constitution of the firm M/s Salve And Company from the present Proprietorship to Partnership. Accordingly, he has requested the Company to consider re-appointment of his firm as the Auditor in the name of the Partnership firm viz. M/s Salve And Company, Chartered Accountants instead of effecting such re-appointment in the individual name of Shri K.P. Sahasrabudhe as Proprietor of M/s Salve And Company since the said Proprietorship firm will cease to be in existence after the intended change in the constitution of the firm as mentioned above.

Further, 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 of our 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 desirable to pass a Special Resolution to re-appoint M/s Salve And Company (Partnership firm), Chartered Accountants, as the Auditor of the Company. M/s Salve And Company have furnished a Certificate to the Company that the proposed re-appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.

ITEM No. 5:

The strength of Board of Directors for the time being in office was 10 pursuant to a resolution passed in the year 2001 under Section 258 of the Companies Act, 1956 reducing the number of Directors for the time being in office from fifteen to ten. Since then there have been changes in the Board of Directors of the Company as under:

a] Following nominees have been withdrawn from / appointed to the Board by the respective Institutions / Bank:

- 1] Shri A.S. Kapre, nominee of I(CI), ceased w.e.f. 07/12/2001
- 2] Shri S.V. Nayak, nominee of Bank of India, ceased w.e.f. 05/02/2002
- 3] Shri M.D. Vaidya, nominee of LIC, ceased w.e.f. 30/04/2003
- 4] Shri S. Ravindranath, nominee of Bank of India, appointed w.e.f. 28/04/2003
- 5] Shri S. Ravindranath, nominee of Bank of India, ceased w.e.f. 31/07/2004
- 6] Shri S.C. Jain, nominee of Bank of India, appointed w.e.f. 31/07/04

b] Shri A.S. Kapre was appointed as a Director w.e.f. 31/07/2002 while Shri Govindas Agrawal ceased to be a Director w.e.f. 07/06/2002.

With the above changes in the Board of Directors, the number of Directors for the time being in office stands reduced from ten to eight as on 31/07/2004. Subsequently, Shri Jamnadar Mor has ceased to be Director w.e.f. 2.8.2004, reducing the number of Directors for the time being in office further from eight to seven. Further, certain persons have been proposed for appointment as Directors on the Board as per various resolutions mentioned in this Notice. With their appointment in the ensuing Annual General Meeting the number of Directors will stand increased from seven to twelve which is within the limits fixed in that behalf by the Articles of Association of the Company. Although not strictly necessary to pass a specific resolution, in view of a Bombay High Court judgement, it has been deemed appropriate to pass such a resolution by way of abundant caution increasing the strength of the Directors for the time being in office from seven to twelve considering the fact that the Company had in the past passed a resolution under this Section reducing the strength of Board of Directors from the then existing level of fifteen to ten. The Directors accordingly commend the resolution mentioned in item 5 of the Notice for your approval.

ITEM No. 6:

The present tenure of office of Shri Umashankar Agrawal as Managing Director of the Company will expire on 2nd April, 2005. The Board of Directors considers it desirable that the Company should continue to avail of his services for its benefit. Accordingly, the Directors have decided to re-appoint him as the Managing Director of the Company for a further period of five years with effect from 3rd April, 2005 on the existing terms and conditions including remuneration as contained in the draft agreement subject to the approval of the shareholders in this general meeting.

Shri Umashankar Agrawal, aged about 73 years, has been associated with the Company as Director since its inception and as Managing Director since April 1970. He is connected since long with the management of the Company. He has not only acquired considerable experience in the business of the Company but is thoroughly conversant with the day to day affairs, requirements and problems of the Company. Due to his incessant efforts during his long association, the Company made considerable progress in the past. Since 1990-91, the Company has been passing through the most difficult period in its history. In 1999 the Company was declared a sick industrial company under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 by the Board for Industrial & Financial Reconstruction (BIFR). Despite heavy losses suffered by the Company in the last several years the Company has been operating its Plant due, inter alia, to his firm commitment and intensive efforts. The Company has been sanctioned a Rehabilitation Scheme by the Board for Industrial & Financial Reconstruction (BIFR) recently and the same is under implementation. It is, therefore, all the more necessary for the Company to continue to have the benefit of his valuable discuss and able guidance to enable the Company to implement the same smoothly. Accordingly, the resolution in Item No.6 of the Notice is commended for your approval.

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Schedule XIII to the Companies Act, 1956 has prescribed the remuneration payable to Managing/Whole-time Directors in case of profit making Companies as well as remuneration payable by Companies having no profits or inadequate profits. The material terms and conditions of the re-appointment of the Managing Director and his remuneration, which are in conformity with Schedule XIII to the Act and have been approved by the Remuneration Committee of the Board, are as contained in the draft agreement and as per **Annexure-A** to this Notice. These terms, conditions and remuneration are the same as those at which he was reappointed at the 43rd Annual General Meeting held on 22.12.1999:

Shri R.K. Saraf and Shri Manoj Saraf, Directors, are related to Shri Umashankar Agrawal and hence they are interested in his appointment.

ITEM No.7:

Shri Manoj Saraf was appointed as Wholetime Executive Director by the Company at the Annual General Meeting held on 25.9.2000 for a period of 5 years with effect from 1.1.2001 on the terms and conditions as to remuneration and otherwise as contained in the Agreement dated 7.10.2000 entered into between him and the Company.

Shri Manoj Saraf, aged about 50 years, is an engineer having passed BE Metallurgy Degree from the Nagpur University in 1st Class. He has been associated with the Company since 1977 and has been the Whole-time Executive Director of the Company since 1986. He looks after the Charge Chrome Division of the Company. He has not only acquired considerable experience in the business of the Company but is also fully conversant about its day to day affairs, requirements and problems.

In order that Shri Saraf may be in a better position to discharge his responsibilities, the Board of Directors at its meeting held on 31.7.2004 has, subject to the approval of members, elevated him to the position of the Managing Director of the Company w.e.f. 1.8.2004 for the remaining period of his current tenure i.e. upto 31.12.2005. All the terms and conditions of appointment of Shri Manoj Saraf and his remuneration remain the same as approved by the Members at the aforesaid Annual General Meeting of the Company. Accordingly, the resolution in the Item No.7 of this Notice is commended for your approval.

Shri Umashankar Agrawal is related to Shri Manoj Saraf and hence is interested in this resolution.

ITEM Nos. 8 & 9:

Shri Rohit Saraf was appointed as an Additional Director by the Board of Directors of the Company at the meeting of the Board held on 31st July, 2004. Pursuant to Section 260 of the Companies Act, 1956 and Article 108 of the Articles of Association of the Company he holds office as a Director only until the forthcoming Annual General Meeting of the Company. Notice alongwith 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 Shri Rohit Saraf for the office of Director.

Shri Rohit Saraf, aged about 37 years, is a Commerce Graduate. He has worked with the Company for more than 14 years. He was designated as President and was, inter-alia, looking after day-to-day operations and administration of the Company's Mines in Orissa. His association with the Company has been of immense benefit to the Company.

The Board of Directors of the Company appointed Shri Rohit Saraf as Joint Managing Director of the Company for a period of 5 years w.e.f. 1.8.2004. The material terms and conditions of his appointment and remuneration, which are in conformity with the Schedule XIII to the Act and have been approved by the Remuneration Committee of the Board, are as contained in the draft agreement and as per **Annexure-A** to this Notice.

None of the Directors, except Shri Rohit Saraf, is interested in these resolutions.

Accordingly, the resolutions in Item Nos.8 & 9 of this Notice are commended for your approval.

ITEM Nos. 10 & 11:

Shri Vineet Saraf was appointed as an Additional Director by the Board of Directors of the Company at the meeting of the Board held on 31st July, 2004. Pursuant to Section 260 of the Companies Act, 1956 and Article 108 of the Articles of Association of the Company he holds office as a Director only until the forthcoming Annual General Meeting of the Company. Notice alongwith 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 Shri Vineet Saraf for the office of Director.

Shri Vineet Saraf, aged about 46 years, is a Commerce Graduate having several years experience in commercial aspects of business. He also has considerable experience in business management and administration and the Board is of the view that his continued association with the Company will be of immense benefit to it.

The Board of Directors of the Company appointed Shri Vineet Saraf as Joint Managing Director of the Company for a period of 5 years w.e.f. 1.8.2004. The material terms and conditions of his appointment and remuneration, which are in conformity with Schedule XIII to the Act and have been approved by the Remuneration Committee of the Board, are as contained in the draft agreement and as per **Annexure-A** to this Notice.

None of the Directors, except Shri Vineet Saraf, is interested in these resolutions.

Accordingly, the resolutions in Item Nos.10 & 11 of this Notice are commended for your approval.

ITEM Nos.12 & 13:

Shri Ashish Saraf was appointed as an Additional Director by the Board of Directors of the Company at the meeting of the Board held on 31st July, 2004. Pursuant to Section 260 of the Companies Act, 1956 and Article 108 of the Articles of Association of the Company he holds office as a Director only until the forthcoming Annual General Meeting of the Company. Notice alongwith 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 Shri Ashish Saraf for the office of Director.

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Shri Ashish Saraf, aged about 38 years, is an Engineering Graduate from the Manipal Institute of Technology having specialization in Industrial and Production Engineering and is also a Graduate from the Harvard Business School in Owner-President Management Programme (OPM). He has worked with the Company for quite some time looking after the Ferro Alloys Division in Andhra Pradesh and he used to supervise the operations of the furnaces and quality of finished products. He has also looked after the Departments of raw materials and general administration in the Company. He has thus acquired vast and rich experience in technical and administrative aspects of business operations. Hence, the Board feels that his continued association will be of immense benefit to the Company.

The Board of Directors of the Company appointed Shri Ashish Saraf as Joint Managing Director of the Company for a period of 5 years w.e.f. 1.8.2004. The material terms and conditions of his appointment and remuneration, which are in conformity with Schedule XIII to the Act and have been approved by the Remuneration Committee of the Board, are as contained in the draft agreement and as per Annexure-A to this Notice.

Shri R.K. Saraf, Director, is related to Shri Ashish Saraf and as such he is interested in Shri Ashish Saraf's appointment.

Accordingly, the resolutions in Item Nos. 12 & 13 of this Notice are commended for your approval.

ITEM Nos. 14 & 15:

Shri O.P. Banka was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 31st July, 2004. Pursuant to Section 260 of the Companies Act, 1956 and Article 108 of the Articles of Association of the Company he holds office as a Director only until the forthcoming Annual General Meeting of the Company. Notice alongwith 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 Shri O.P. Banka for the office of Director.

Shri O.P. Banka, aged about 65 years, is a Commerce Graduate and Master of Law (LLM) as well as a Fellow Member of the Institute of Company Secretaries of India. He has over 40 years rich experience in finance, accounts, taxation and other matters connected with the administration and management. He has been working in FACOR for more than 30 years and held the position of Sr. General Manager before he was inducted on the Board. He has vast experience in dealing with Financial Institutions and Banks and has handled the rehabilitation scheme of the Company right from its inception. Hence, the Board feels that his continued association with the Company will be of immense benefit to it.

The Board of Directors of the Company appointed Shri O.P. Banka as Director (Finance) of the Company for a period of 5 years w.e.f. 1.8.2004. The material terms and conditions of his appointment and remuneration, which are in conformity with Schedule XIII to the Act and have been approved by the Remuneration Committee of the Board, are as contained in the draft agreement and as per Annexure-B to this Notice.

None of the Directors, except Shri O.P. Banka, is interested in his appointment.

Accordingly, the resolutions in Item Nos. 14 & 15 of this Notice are commended for your approval.

ITEM Nos. 16 & 17:

Shri B.B. Singh was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 31st July, 2004. Pursuant to Section 260 of the Companies Act, 1956 and Article 108 of the Articles of Association of the Company he holds office as a Director only until the forthcoming Annual General Meeting of the Company. Notice alongwith 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 Shri B.B. Singh for the office of Director.

Shri B.B. Singh, aged around 67 years, is an Engineer holding M.M.E., F.I.E., V.D.I. (West Germany) qualifications. He held various senior positions in the Company since 1966. He has looked after the Furnace operations etc. at the Ferro Alloys Division in Andhra Pradesh. In the year 1982-83 when the Company set up its Charge Chrome Plant in Orissa he was involved in the construction and Project Management. He also looked after the production and other technical areas of operations of the Charge Chrome Plant. Hence, the Board feels that his continued association with the Company will be of immense benefit to the Company.

The Board of Directors of the Company appointed Shri B.B. Singh as Director (Technical) of the Company for a period of 5 years w.e.f. 1.8.2004. The material terms and conditions of his appointment and remuneration which are in conformity with Schedule XIII to the Act and have been approved by the Remuneration Committee of the Board, are as contained in the draft agreement and as per Annexure-C to this Notice.

None of the Directors, except Shri B.B. Singh, is interested in his appointment.

Accordingly, the resolutions in Item Nos. 16 & 17 of this Notice are commended for your approval.

The draft agreements between the Company and the aforesaid appointees are available for inspection by the members of the Company at the Registered Office between 11.00 a.m. to 1.00 p.m. on any working day upto and inclusive of the date of the annual general meeting.

Registered Office:
D.P. Nagar,
RANDIA - 756 135
Dist Bhadrak
(Orissa)

By Order of the Board

V.V. Somasundaran
Secretary

Dated: 23.09.2004

FERRO ALLOYS CORPORATION LIMITED**FACOR****48****FORTYEIGHTH
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2003-2004****ANNEXURE 'A' TO THE NOTICE****MATERIAL TERMS AND CONDITIONS OF RE-APPOINTMENT/APPOINTMENT OF MANAGING DIRECTORS AND JOINT MANAGING DIRECTORS INCLUDING THEIR REMUNERATION.****1. Term of Office:**

- | | | |
|---|----|--|
| a) Shri Umashankar Agrawal, Managing Director | .. | 5 years w.e.f. 3.4.2005 |
| b) Shri Manoj Saraf, Managing Director (Change in designation only) | .. | w.e.f. 1.8.2004 for the remaining period of his current tenure i.e upto 31.12.2005 |
| c) Shri Rohit Saraf, Joint Managing Director | .. | 5 years w.e.f. 1.8.2004 |
| d) Shri Vineet Saraf, Joint Managing Director | .. | 5 years w.e.f. 1.8.2004 |
| e) Shri Ashish Saraf, Joint Managing Director | .. | 5 years w.e.f. 1.8.2004 |

2. Remuneration:

- (i) Salary including dearness allowance Rs. 15000/- per month for each of the Managing Directors and Joint Managing Directors
- (ii) Perquisites:

In addition to the aforesaid salary, each of the Managing Directors and Joint Managing Directors shall also be eligible to the following perquisites which are classified into 3 categories A, B and C. However, the perquisites are restricted in the aggregate to Rs. 1,50,000/- per annum for each of them:

CATEGORY A:

- (1) Housing: (i) The expenditure by the Company on hiring/leasing furnished accommodation to be subject to 60% of the salary over and above 10% payable by the Managing Directors and Joint Managing Directors
- Housing: (ii) In case accommodation is owned by the Company, 10% of the salary to be deducted by the Company.
- Housing: (iii) In case no accommodation is provided by the Company, he will be entitled to house rent allowance subject to the ceilings laid-down in Housing (i).

The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings is to be valued as per the Income Tax Rules, 1962. This is, however, subject to a ceiling of 10% of the salary.

- (2) Medical Reimbursement - Expenses incurred for self and family subject to a ceiling of 1 month's salary per year or 3 months' salary in a period of 3 years.
- (3) Leave Travel Concession - For self and family once in a year in accordance with the Rules of the Company.
- (4) Club Fees - Fees of Clubs subject to a maximum of 2 Clubs, admission and life membership fees not being allowed.
- (5) Personal Accident Insurance - Premium not to exceed Rs. 4000/- p.a.

Note: Family means the spouse, the dependant children and dependant parents of the Managing Directors and Joint Managing Directors.

CATEGORY B:

Contributions to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together, are not taxable under the Income Tax Act, 1961, Gratuity payable at the rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of the tenure shall not be included in the computation of the ceiling on perquisites mentioned in 2(ii) above.

CATEGORY C:

The Company shall provide Car and Telephone at residence. Provision of a Car for use on Company's business and telephone at residence are not to be considered as perquisites. Personal long distance calls on telephone and use of Car for private purposes are to be billed by the Company to the Managing Directors and Joint Managing Directors.

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.

3. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Managing Directors and the Joint Managing Directors, the Company has no profits or its profits are inadequate, he shall be paid salary and perquisites as specified above.

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

ANNEXURE 'B' TO THE NOTICE**MATERIAL TERMS AND CONDITIONS OF APPOINTMENT OF DIRECTOR (FINANCE) INCLUDING HIS REMUNERATION.****1. Term of Office:**

Shri O.P. Banka, Director (Finance) : 5 years with effect from 1.8.2004

2. Remuneration:

(i) Salary excluding dearness allowance : Rs.25,000/- per month

(ii) Perquisites:

In addition to the aforesaid salary, the Director (Finance) shall also be eligible to the various perquisites/allowances as applicable to his cadre as per Rules of 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.

3. Minimum Remuneration:

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Director (Finance), the Company has no profits or its profits are inadequate, he shall be paid salary and perquisites as specified above.

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

ANNEXURE 'C' TO THE NOTICE**MATERIAL TERMS AND CONDITIONS OF APPOINTMENT OF DIRECTOR (TECHNICAL) INCLUDING HIS REMUNERATION.****1. Term of Office:**

Shri B.B. Singh, Director (Technical) : 5 years with effect from 1.8.2004

2. Remuneration:

(i) Salary including dearness allowance : Rs. 32000/- per month.

(ii) Perquisites:

In addition to the aforesaid salary, the Director (Technical) shall also be eligible to the various perquisites as applicable to his cadre as per Rules of 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.

3. 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.

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

The particulars set out in Annexures-A, B and C above may also be treated as abstracts of the Agreements between the Company and the respective managerial personnel mentioned above even though abstract and memorandum dated 5.8.2004 in respect of them (except Shri Umashankar Agrawal) was already sent to all members in accordance with Section 302 of the Companies Act, 1956.

Registered Office:

D.P. Nagar,

RANDIA - 756 135

Dist. Bhadrak

(Orissa)

By Order of the Board,

V.V. Somasundaran

Secretary

Dated: 23.09.2004