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**FORTY-NINTH
ANNUAL REPORT
2004-2005**

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FACOR

FERRO ALLOYS CORPORATION LIMITED

Board of Directors

Umashankar Agrawal
Chairman & Managing Director

R.K.Saraf
Vice-Chairman

Manoj Saraf
Managing Director

Rohit Saraf
Joint Managing Director

Vineet Saraf
Joint Managing Director

Ashish Saraf
Joint Managing Director

O.P.Banka
Director [Finance]

B.B.Singh
Director [Technical]

S.C.Jain
Nominee of Bank of India

Arye Berest

A.S.Kapre

V.J.Trivedi

M.B.Thaker

V.V.Somasundaran
Secretary

Executives

R.D.Agrawal
Advisor

Ashok Agrawal
Chief Executive [Mines]

M. K. Pujari
Senior General Manager [Mines]

V. K. Begani
General Manager

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

Auditors

Salve And Co.,
Chartered Accountants

Internal Auditors

D.C.Dhupia & Co.
Chartered Accountants

**Registrar & Share Transfer
Agents**
[for Both Physical & Electronic]

MCS Limited

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

Notice is hereby given that the FORTY-NINTH ANNUAL GENERAL MEETING of the Members of the Company will be held at the Registered Office of the Company at D.P. Nagar, Randia 756 135, Dist. Bhadrak, Orissa on Thursday, the 22nd September 2005 at 11.45 a.m. to transact, with or without modifications as may be permissible, the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr V.J. Trivedi 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.K. Saraf who retires from office by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr Rohit Saraf who retires from office by rotation and, being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass the following resolution which will be proposed as a Special Resolution:

"RESOLVED THAT pursuant to provisions of section 224A and other applicable provisions, if any, of the Companies Act, 1956, Messrs Salve And Company, Chartered Accountants, the retiring Auditors of the Company, be and they are hereby re-appointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration plus service tax as applicable and reimbursement of expenses incurred by them incidental to their functions as the Board of Directors may fix in that behalf in consultation with the said Auditors."

AS SPECIAL BUSINESS:

6. To 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 twelve to thirteen".
7. To appoint Mr. Arye Berest 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 and in respect of whom the Company has received a notice in writing pursuant to the provisions of Section 257 of the Companies Act, 1956 alongwith a deposit of Rs 500/- from a member signifying his intention to propose Mr. Arye Berest as a candidate for the office of Director, as a Director of the Company and in that behalf to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:
"RESOLVED THAT pursuant to the relevant provisions of the Companies Act, 1956 including Section 257, Mr Arye Berest be and is hereby elected and appointed as a Director of the Company liable to retire by rotation."
8. 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 Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the manner following:

The following new Article with the marginal Note thereto be inserted after the existing Article 108 in the Articles of Association as Article 108A:

Alternate 108A
Director

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

9. To consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution:
"RESOLVED THAT in partial modification of the resolution approved earlier on 25th October 2004, pursuant to sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such other approvals, if any, as may be necessary, the consent of the members of the Company be and is hereby accorded to the revision in the remuneration of the Managing Director Mr Umashankar Agrawal with effect from 3rd April 2005 as set out in the draft supplemental

agreement prepared in that behalf and submitted to this meeting and initiated by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the explanatory statement in respect of this item of the notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and / or the agreement in such manner and to such extent as may be agreed to between the Directors and Mr Umashankar Agrawal so as not to exceed the limits specified in Schedule XIII to the Act or any amendments thereto and that the agreement, when finalized, be executed by the Company by affixing its common seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

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

"RESOLVED THAT in partial modification of the resolution approved earlier on 25th October 2004, pursuant to sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such other approvals, if any, as may be necessary, the consent of the members of the Company be and is hereby accorded to the revision in the remuneration of the Managing Director, Mr Manoj Saraf with effect from 1st April 2005 for the remaining period of his office as set out in the draft supplemental agreement prepared in that behalf and submitted to this meeting and initiated by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the explanatory statement in respect of this item of the notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and / or the agreement in such manner and to such extent as may be agreed to between the Directors and Mr Manoj Saraf within the limits specified in Schedule XIII to the Act or any amendments thereto and that the agreement, when finalized, be executed by the Company by affixing its common seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

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

"RESOLVED THAT in partial modification of the resolution approved earlier on 25th October 2004, pursuant to sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such other approvals, if any, as may be necessary, the consent of the members of the Company be and is hereby accorded to the revision in the remuneration of the Joint Managing Director, Mr Vineet Saraf with effect from 1st April 2005 for the remaining period of his office as set out in the draft supplemental agreement prepared in that behalf and submitted to this meeting and initiated by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the explanatory statement in respect of this item of the notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and / or the agreement in such manner and to such extent as may be agreed to between the Directors and Mr Vineet Saraf within the limits specified in Schedule XIII to the Act or any amendments thereto and that the agreement, when finalized, be executed by the Company by affixing its common seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

12. 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 25th October 2004, pursuant to sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such other approvals, if any, as may be necessary, the consent of the members of the Company be and is hereby accorded to the revision in the remuneration of the Joint Managing Director, Mr Rohit Saraf with effect from 1st April 2005 for the remaining period of his office as set out in the draft supplemental agreement prepared in that behalf and submitted to this meeting and initiated by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the explanatory statement in respect of this item of the notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and / or the agreement in such manner and to such extent as may be agreed to between the Directors and Mr Rohit Saraf within the limits specified in Schedule XIII to the Act or any amendments thereto and that the agreement, when finalized, be executed by the Company by affixing its common seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

13. 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 25th October 2004, pursuant to sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such other approvals, if any, as may be necessary, the consent of the members of the Company be and is hereby accorded to the revision in the remuneration of the Joint Managing Director, Mr Ashish Saraf with effect from 1st April 2005 for the remaining period of his office as

set out in the draft supplemental agreement prepared in that behalf and submitted to this meeting and initialed by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the explanatory statement in respect of this item of the notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and / or the agreement in such manner and to such extent as may be agreed to between the Directors and Mr Ashish Saraf within the limits specified in Schedule XIII to the Act or any amendments thereto and that the agreement, when finalized, be executed by the Company by affixing its common seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

14. 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 25th October 2004, pursuant to sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such other approvals, if any, as may be necessary, the consent of the members of the Company be and is hereby accorded to the revision in the remuneration of the Director (Finance) Mr O.P.Banka with effect from 1st April 2005 for the remaining period of his office as set out in the draft supplemental agreement prepared in that behalf and submitted to this meeting and initialed by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the explanatory statement in respect of this item of the notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and / or the agreement in such manner and to such extent as may be agreed to between the Directors and Mr O.P.Banka within the limits specified in Schedule XIII to the Act or any amendments thereto 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."

15. 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 25th October 2004, pursuant to sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Government from time to time, and subject to such other approvals, if any, as may be necessary, the consent of the members of the Company be and is hereby accorded to the revision in the remuneration of the Director (Technical) Mr B.B.Singh with effect from 1st April 2005 for the remaining period of his office as set out in the draft supplemental agreement prepared in that behalf and submitted to this meeting and initialed by the Secretary for the purpose of identification and which draft agreement, the broad details of which are given in the explanatory statement in respect of this item of the notice, is hereby specifically approved with liberty to the Directors to vary the terms and conditions of the remuneration and appointment and / or the agreement in such manner and to such extent as may be agreed to between the Directors and Mr B.B.Singh within the limits specified in Schedule XIII to the Act or any amendments thereto and that the agreement, when finalized, be executed by the Company by affixing its common seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

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

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

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 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 Mr Manoj Saraf, as Managing Director of the Company for a further period of five years with effect from 1st January 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 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 and to such extent as may be agreed to between the Directors and Mr Manoj Saraf within the limits specified in Schedule XIII to the Act or any amendments thereto and that the Agreement when finalized, be executed by the Company by affixing its Common Seal thereon in accordance with the relevant provisions contained in the Articles of Association of the Company."

NOTES:

1. The relevant explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos. 5 to 17 of the Notice set out above is annexed hereto.
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 5th September 2005 to 22nd September 2005, both days inclusive.
4. Members are requested to send all correspondence relating to the Company's shares including share transfer documents, demat requests, change of address etc. to the Company's Registrar & Transfer Agents M/s MCS Limited, Sri Venkatesh Bhavan, Plot No.27, Road No.11. MIDC, Andheri (East), Mumbai 400 093. Requests for change of addresses will be entertained only when shareholders' signatures on the letter intimating change of address tally with the specimen signatures recorded with the Company. While notifying change in address please ensure that the address is complete and the pin code number is clearly mentioned. Incorrect/incomplete address may lead to non-delivery of documents/communications sent by the Company/Registrar.
5. Shareholders intending to require information about accounts to be explained at the meeting are requested to furnish the queries to the Company at least 10 (ten) days in advance of the Annual General Meeting.
6. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company are requested to submit Form No.2B duly filled in and signed to the above Registrar & Transfer Agents. The Form can be had from the Share Department at the Registered Office of the Company at Randia-756 135 in Orissa or at the Corporate and Head Office at Shreeram Bhavan, Tumsar-441912, Maharashtra.
7. As required by the Listing Agreement with the Stock Exchange where the Company's shares are listed, the relevant details in respect of the Directors proposed to be appointed/re-appointed are set out in the Report on Corporate Governance in this Annual Report.
8. The Company's securities are admitted in the National Securities Depository Ltd. and Central Depository Services Ltd. and the ISIN No. allotted to the Company by them in respect of Equity Shares is INE 912A01026 and in respect of Preference Shares is INE 912A04012.

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

By Order of the Board,

V.V. Somasundaran
Secretary

Dated: 3rd August, 2005.

ANNEXURE TO THE NOTICE

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

ITEM NO.5

In terms of Section 224A of the Companies Act, 1956, if not less than 25% of the subscribed capital of the Company is held either singly or in combination by public financial institutions, Government Companies, Central or State Governments, 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 necessary to pass a Special Resolution to re-appoint M/s Salve And Company as Auditors of the Company. M/s Salve And Company have furnished a Certificate to the Company to the effect that their re-appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Companies Act, 1956.

ITEM NO.6

In view of the appointment of Mr Arye Berest as Additional Director on the Board, the number of directors now in office stands increased

from twelve to thirteen. The resolution as in this Item of the Notice, though not strictly necessary, is being proposed to be passed by way of abundant caution in view of the provisions of Section 258 of the Companies Act, 1956.

ITEM NO.7

Mr Arye Berest was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on 27/01/2005 as representing the foreign investors who have made substantial investments in the Company by way of Equity Capital, thanks to the efforts of the Promoters. Pursuant to Section 260 of the Companies Act, 1956 read with Article 108 of Articles of Association of the Company, he holds office as a Director only until the forthcoming Annual General Meeting of the Company. A notice has been received from a member pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Arye Berest as a candidate for the office of Director.

Mr Arye Berest, aged around 66 years, is a French National. He has qualified for business studies, ploytechnique from London. His expertise is mainly in metals and minerals as well as finance and international trade. From 1974 to 1989 he was Director of Marc Rich Group. From 1991 onwards he has been Chairman of A.O.A. Securities Anstalt and President of Trusta Group. He holds Directorship in several foreign and Indian companies. Through the efforts of the Promoters, his group has made substantial investments in the Company for its rehabilitation / revival as required by the Rehabilitation Scheme sanctioned by BIFR. Further, his expertise in the above mentioned fields would be beneficial to the Company. Accordingly, it is in the interest of the Company that it continues to avail of his services as a member of the Board. The resolution in item no. 7 of this Notice is accordingly commended for your approval.

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

ITEM NO.8

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

The proposed alteration of Articles of Association of the Company by inserting new Article 108A is to empower the Board of directors to appoint such alternate Directors as and when the occasion arises. Accordingly the resolution in this Item No.8 of this Notice is commended for your approval.

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

ITEM NOS. 9 & 10

Mr Umashankar Agrawal was appointed as Managing Director of the Company for a period of five years, having overall supervision and control over the entire operations and affairs of all the Units of the Company, with effect from 3rd April, 2005. Mr. Manoj Saraf who was appointed as whole-time executive director for a period of 5 years commencing 1st January, 2001, was elevated to the position of Managing Director of the Company, having supervision and control of the day-to-day operations of its Charge Chrome Plant at Randia and Mines at Bhadrak in Orissa, with effect from 1st August, 2004, for the remaining period of his tenure expiring on 31-12-2005. Their appointment and respective terms of remuneration were also approved by the shareholders at the Annual General Meeting held on 25th October, 2004.

During the financial year 2004-05, there has been significant improvement in the overall performance of the Company under their able guidance. Further, considering enormous efforts put in by them resulting in reversal of the fortunes leading to the present sound financial position of the Company and the prevailing trend in remunerating managerial personnel in the industry, it is proposed to revise the remuneration of Mr. Manoj Saraf with effect from 1st April, 2005 and of Mr. Umashankar Agrawal with effect from 3rd April, 2005. The broad details of the revised remuneration as contained in the draft supplemental agreement and approved by the Remuneration Committee of the Board, which are identical in both cases, are as under:

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

In addition to the aforesaid salary, they shall also be eligible to the perquisites as given hereunder; the monetary value of such perquisites being restricted in the aggregate to Rs. 13,20,000/- per annum for each of them.

The perquisites payable will include accommodation [furnished or otherwise] or House Rent Allowance in lieu thereof; reimbursement of expenses for utilization of gas, electricity, water, furnishing, medical reimbursement at actual for self and family, leave travel concession at actual for self and family, club fees, medical insurance and such other perquisites within limit of the

amount specified above. The said perquisites shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder [including any statutory modification[s] or re-enactment thereof, for the time being in force]. However, the Company's contribution to Provident fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and Gratuity payable and encashment of leave at the end of tenure, as per Rules of the Company, shall not be included in the computation of the limits for the remuneration. Further, the Company shall provide car for use on Company's business and telephone at residence for official purpose. Provision of a car for use on Company's business and telephone at residence for official purpose are not to be considered as perquisites.

The term "Family" means the spouse, the dependent children and the dependent parents of the Managing Directors.

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

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

The Board of Directors or any Committee thereof is entitled to determine and revise the salary and perquisites payable to the Managing Directors at any time, such that the overall remuneration payable shall not exceed the aggregate limit of Rs 18,00,000/- per annum for each of them as specified above.

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the respective tenures of the Managing Directors, the Company has no profits or its profits are inadequate, then also the Company will pay remuneration to each of the said Managing Directors by way of salary, allowances and perquisites as specified above in accordance with the applicable provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, if any, required.

Mr. Umashankar Agrawal and Mr. Manoj Saraf are interested in the respective resolutions relating to them. One is also interested in the resolution relating to the other since they are relatives. Mr. R.K. Saraf is also interested in the resolution relating to Mr. Umashankar Agrawal as they are also relatives of one another.

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

The draft supplemental agreements between the Company and each of the Managing Directors along with the earlier agreements with them are available for inspection by the Members of the Company at the Registered Office between 11.00 am to 1.00 pm on any working day upto and inclusive of the date of the Annual General Meeting.

ITEM NOS.11, 12 & 13

Mr. Vineet Saraf, Mr. Rohit Saraf and Mr. Ashish Saraf were appointed Joint Managing Directors of the Company for a period of five years with effect from 1st August, 2004. Mr. Vineet Saraf has the supervision and control over the commercial and liaison activities of the Company. Mr. Rohit Saraf has the supervision and control over the day-to-day operations of the Company's mines at Bhadrak, Orissa and Mr. Ashish Saraf looks after the expansion, diversification and co-ordination activities of the Company. Their appointment and terms of remuneration were also approved by the Shareholders at the Annual General Meeting of the Company held on 25th October, 2004. Considering the turnaround in the fortunes of the Company, to which these Joint Managing Directors have also contributed substantially, following the revision of the terms of remuneration of the two Managing Directors, the terms of remuneration of the Joint Managing Directors are also proposed to be amended suitably for the remaining period of their respective offices, as contained in the draft supplemental Agreements to be entered into with them and also approved by the Remuneration Committee of the Board. The details of their remuneration, which are identical, are as under:

- a Basic Salary : Rs.25,000/- per month in the scale of Rs.25,000 - 3,000 - 40,000 for each Joint Managing Director.
- b Perquisites for each Joint Managing Director :

In addition to the aforesaid salary, they shall also be eligible to the perquisites as given hereunder; the monetary value of such perquisites being restricted in the aggregate to Rs 15,00,000/- per annum for each of them.

The perquisites payable will include accommodation [furnished or otherwise] or House Rent Allowance in lieu thereof; reimbursement of expenses for utilization of gas, electricity, water, furnishing, medical reimbursement at actual for self and family, leave travel concession at actual for self and family, club fees, medical insurance and such other perquisites within the limit of the amount specified above. The said perquisites shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder [including any statutory modification[s] or re-enactment thereof, for the time being in force]. However, the Company's contribution to Provident fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and Gratuity payable and encashment of leave at the end of tenure, as per Rules of the Company, shall not be included in the computation of the limits for the remuneration. Further, the Company shall provide car for use on Company's

business and telephone at residence for official purpose. Provision of a car for use on Company's business and telephone at residence for official purpose are not to be considered as perquisites.

The term "Family" means the spouse, the dependent children and the dependent parents of the Joint Managing Directors.

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

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

The Board or any Committee thereof is entitled to determine and revise the salary and perquisites payable to the Joint Managing Directors at any time, such that the overall remuneration payable shall not exceed the aggregate limit of Rs. 18,00,000/- per annum for each of them as specified above.

Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the respective tenures of the Joint Managing Directors the Company has no profits or its profits are inadequate, then also the Company will pay remuneration to each of the said Joint Managing Directors by way of salary, allowances and perquisites as specified above in accordance with the applicable provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, if any, required.

Each of the Joint Managing Directors is interested in the resolution concerning him. Mr. R.K. Saraf is also interested in the resolution concerning Mr. Ashish Saraf, being the relative of Mr. Ashish Saraf.

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

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

ITEM NO.14

Mr O.P. Banka was appointed as Director (Finance) of the Company for a period of five years with effect from 1st August, 2004. His appointment and terms of remuneration were also approved by the Shareholders at the Annual General Meeting held on 25th October, 2004.

Keeping in view his increasing responsibilities as well as his educational qualifications, experience and other relevant factors coupled with improved financial position of the Company and the prevailing trend in remunerating managerial personnel in the industry, it is proposed to revise his remuneration also with effect from 1st April, 2005. His revised remuneration as contained in the draft supplemental agreement and also approved by the Remuneration Committee of the Board is as under:-

a) Salary:

- i) Basic Salary : Rs. 30,000/- per month in the scale of to Rs. 30,000 - 3,000 - 45,000.
- ii) Dearness Allowance and other allowances in accordance with the rules of the Company.

b) Perquisites:

In addition to the aforesaid salary, the Director (Finance) shall also be eligible to the perquisites as given hereunder; the monetary value of such perquisites being restricted in the aggregate to Rs. 14,40,000/- per annum.

The perquisites payable to Mr O. P. Banka 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 the limit of the amount specified above. The said perquisites shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder [including any statutory modification(s) or re-enactment thereof, for the time being in force]. However, the Company's contribution to Provident fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and Gratuity payable and encashment of leave at the end of tenure, as per rules of the Company, shall not be included in the computation of the limits for the remuneration. Further, the Company shall provide car for use on Company's business and telephone at residence for official purpose. Provision of a car for use on Company's business and telephone at residence for official purpose are not to be considered as perquisites.

The term "Family" means the spouse, the dependent children and the dependent parents of the Director (Finance).

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

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The remuneration payable to the Director (Finance) by way of salary, dearness allowance, perquisites and any other allowances shall not, however, exceed the overall 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 payable to the Director (Finance) 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 Director (Finance), the Company has no profits or its profits are inadequate, then also the Company will pay remuneration to Mr. O. P. Banka by way of salary, allowances and perquisites as specified above in accordance with the applicable provisions of Schedule XIII of the Companies Act, 1956 and subject to the approval of the Central Government, if any, required.

Mr O.P.Banka is interested in this resolution.

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

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

ITEM NO.15

Mr B.B.Singh was appointed as Director (Technical) of the Company for a period of five years with effect from 1st August 2004. His appointment and terms of remuneration were also approved by the Shareholders at the Annual General Meeting held on 25th October 2004.

Considering the task handled by him, to ensure smooth operations, his responsibilities as well as his educational qualifications, technical knowledge, experience and other relevant factors coupled with improved financial position of the Company and the prevailing trend in remunerating managerial personnel in the industry, it is proposed to revise his remuneration also with effect from 1st April 2005. The revised remuneration as contained in the draft supplemental agreement and approved by the Remuneration Committee of the Board is as under:

- a) Basic Salary : Rs.32,000/- per month in the scale of Rs. 32,000 - 3,000 - 47,000.
- 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 14,16,000/- per annum.

The perquisites payable to Mr B.B.Singh 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 the limit of the amount specified above as applicable to his cadre as per Rules of the Company. The said perquisites shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder [including any statutory modification[s] or re-enactment thereof, for the time being in force]. However, the Company's contribution to Provident fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, and Gratuity payable and encashment of leave at the end of tenure, as per rules of the Company, shall not be included in the computation of limits for the remuneration. Further, the Company shall provide car for use on Company's business and telephone at residence for official purpose. Provision of a car for use on Company's business and telephone at residence for official purpose are not to be considered as perquisites.

The term "Family" means the spouse, the dependent children and the dependent parents of the Director [Technical].

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

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

The Board of Directors or any Committee thereof is entitled to determine and revise the salary and perquisites payable to the Director (Technical) at any time, such that the overall remuneration payable shall not exceed the aggregate limit of Rs 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 Director (Technical), the Company has no profits or its profits are inadequate, then also the Company will pay remuneration to Mr. B.B.Singh by