

FERRO ALLOYS CORPORATION LIMITED



CIN : L45201OR1955PLC008400

Registered Office : D.P. Nagar, Randia – 756 135, Dist. Bhadrak (Odisha)

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E-mail : facordelhi@facorgroup.in, Website : www.facorgroup.in

POSTAL BALLOT NOTICE

To
The Members

Notice pursuant to Section 110 of the Companies Act, 2013

Dear Member,

Notice is hereby given pursuant to Section 110 of the Companies Act, 2013 (the "Companies Act, 2013"), read with the Companies (Management and Administration) Rules, 2014, as amended (the "Rules") containing the procedure to be followed for conducting business through Postal Ballot for the consent of the members of the Company for the proposed resolutions set out below, which is sought to be obtained by means of Postal Ballot. The Explanatory statement stating all material facts and the reasons for the proposal is also appended hereto for your consideration. The Company has appointed Mr. Ashish Saxena of M/s Ashish Saxena & Company, Practising Company Secretaries (Membership no.6560), as the Scrutinizer for conducting the entire postal ballot in a fair and transparent manner.

In terms of clause 35B of the Listing Agreement with the Stock Exchanges, the Rules and other applicable provisions, the Company is also providing the facility of e-voting to its shareholders. The Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating the e-voting. Members, who have registered their e-mail id for receipt of documents in electronic mode with the Company/Depository Participants, are being sent the notice of Postal Ballot by e-mail. Members who have received the Postal Ballot notice by e-mail and who wish to vote through physical postal ballot can also vote through physical postal ballot forms which has been sent to their registered addresses as available with the Company / Depository.

In case of voting in physical form, members desirous of exercising their vote by postal ballot are requested to carefully read the instructions printed in the postal ballot (appended hereto) and return the form duly completed in the attached self-addressed postage prepaid envelope, so as to reach the Scrutinizer before the close of working hours on Monday, the 12th January, 2015. Please note that postal ballot form (s) received after the said date will be treated as not having been received.

The Scrutinizer will submit his report to the Chairman & Managing Director of the Company after completion of the scrutiny and the results of the voting by Postal Ballot and e-voting will be announced by the Chairman & Managing Director of the Company on Saturday, the 17th January, 2015 at the Corporate Office of the Company at "Facor House", Plot no. A-45 to A-50, Sector 16, Noida – 201301, Distt. Gautam Budh Nagar, U.P. and the resolution will be taken as passed effectively on the date of announcement of the results. The Scrutinizer's decision on the validity of the Postal ballot and e-voting shall be final. The results of the Postal Ballot and e-voting alongwith the Scrutinizer's Report will be hosted on the Company's website at www.facorgroup.in and on CDSL's website for information of the Members, besides being communicated to the Stock Exchanges on which the shares of the Company are listed.

RESOLUTIONS:

Item No. 1

To consider and, if thought fit, to give assent / dissent to the following resolution and pass as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 185, 186, 188 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time), and subject to such approvals, consents, sanctions, permissions, as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to:

- Invest a further sum of upto Rs.100 crores by way of subscription, purchase or otherwise by the Company in the share capital of Facor Power Limited in one or more tranches in addition to the investments of Rs.212 crores made so far and give loans of an amount not exceeding Rs.100 crores in one or more tranches;
- Execute the Deed of Pledge / Deed of Additional pledge in respect of shares held by the Company in Facor Power Limited to ensure continued pledge of its entire shareholding in Facor Power Limited with Rural Electrification Corporation Limited at all times during the currency of finance facility to Facor Power Limited, the subsidiary of the Company, by Rural Electrification Corporation Limited; and
- Execute the Deed of Corporate Guarantee of an amount of Rs.50.86 crores in favour of Rural Electrification Corporation Limited for the additional term loan of Rs.50.86 crores sanctioned by it to Facor Power Limited.

notwithstanding that the aggregate of the loans and investments so made or guarantees so given or securities so provided exceeds the prescribed limits under section 186 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to determine the actual sum upto which the investments may be made and the loans may be given and also to determine the time and manner of making such investments, giving of loans and executing the Deed of Guarantee for Rs.50.86 crores in favour of Rural Electrification Corporation Limited 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 authority in accordance with the provisions of Section 179 of the Companies Act, 2013 and the rules made thereunder and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or to decide otherwise if so considered by the Board to be in the best interest of the Company".

Item No. 2

To consider and, if thought fit, to give assent / dissent to the following resolution and pass as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time), and subject to such approvals, consents, sanctions, permissions, as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to enter into an amendment to the existing Power Purchase Agreement entered into by the Company with Facor Power Limited, the subsidiary of the Company, with broad particulars detailing proposed amendment forming part of the explanatory notes to this item of the notice of postal ballot.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to execute the amendment to the aforesaid Power Purchase Agreement, as amended, 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 authority in accordance with the provisions of Section 179 of the Companies Act, 2013 and the rules made thereunder and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or to decide otherwise if so considered by the Board to be in the best interest of the Company”.

Item No. 3

To consider and, if thought fit, to give assent / dissent to the following resolution and pass as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force and as may be enacted from time to time), and subject to such approvals, consents, sanctions, permissions, as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors of the Company to enter into a lease agreement with GDP Infrastructure Private Limited for lease of property admeasuring approximately 2000 sq.ft and situated at 'Manganese House, Harbour Approach Road, Visakhapatnam for an initial period of three years with monthly lease rental of Rs.25,000/- i.e. @ Rs.12.50/- per sq.ft to said GDP Infrastructure Private Limited with liberty to renew the lease from time to time for such further periods as the parties may agree upon and with an increase in the lease rental per sq. ft. by 15% at each renewal whenever falling due, broad particulars whereof are forming part of the explanatory notes to this item of the notice of postal ballot.

RESOLVED FURTHER that the Board of Directors of the Company be and are hereby authorized to execute the said lease agreement 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 authority in accordance with the provisions of Section 179 of the Companies Act, 2013 and the rules made thereunder and to settle any question or doubt that may arise in relation thereto in order to give effect to this resolution or to decide otherwise if so considered by the Board to be in the best interest of the Company”.

By Order of the Board of Directors

Date: 28th November, 2014
Place: Noida

Ritesh Chaudhry
General Manager (Legal) & Company Secretary

NOTES:

1. The Explanatory Statement for the proposed Special Resolutions under item nos. 1 to 3 pursuant to Section 102 of the Companies Act, 2013 read with Section 110 of the Companies Act, 2013 setting out the material facts are annexed herewith.
2. The notice is being sent to all the members, whose names appear in the Register of Members / List of Beneficial Owners as received from the National Securities Depository Limited (NSDL) / Central Depository (Services) India Limited (CDSL) on Friday, the 28th November, 2014.
3. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited.

Kindly note that the shareholders can opt for only one mode or voting i.e. either by Physical Ballot or e-voting. If members are opting for e-voting, then do not vote by Physical Ballot also and vice versa.

Further, the instructions for e-voting are as under:

- (i) The voting period begins on 13th December, 2014 at 9 a.m. and ends on 12th January, 2015 at 6 p.m. During this period, shareholders of the Company holding shares either in the physical form or dematerialised form, as on the cut-off date (record date) of 28th November, 2014 may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com
- (iii) Click on Shareholders
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 character DP ID followed by 8 Digits Client ID
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on earlier voting of any company, then your existing password is to be used.
- (vii) If you are first time user, follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits, enter the applicable of 0's before the number after the first two characters of the name in CAPITAL letters. folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1, then enter RA00000001 in the PAN field.
DOB #	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv) .

(viii) after entering these details appropriately, click on “SUBMIT” tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the

new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the **EVSNO. 141202003** for **FERRO ALLOYS CORPORATION LIMITED**.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non-individual Shareholders and Custodians

Non-individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com

After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (a) Please follow all steps from sl. no. (i) to sl. no. (xviii) above to cast vote.
 - (b) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com
 - (c) The e-voting period commences on 13th December, 2014 (9:00 am) and ends on 12th January, 2015 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 28th November, 2014 may cast their vote electronically. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
 - (d) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 28th November, 2014.
 - (e) Mr. Ashish Saxena of M/s Ashish Saxena & Co., Company Secretaries, (Membership No. 6560) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - (f) The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - (g) The Results of e-voting and postal ballot form shall be aggregated and declared by the Chairman & Managing Director of the Company or by any other person duly authorized in this regard. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.facorgroup.in and on the website of CDSL within two(2) days of passing of the resolutions and communicated to the BSE Limited.
4. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the 12th January, 2015.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item no.1

Members are informed that Facor Power Limited, the subsidiary of the Company, has been sanctioned an additional loan of Rs.50.86 crores by Rural Electrification Corporation Limited to inter alia complete the setting up of the 100 MW captive generation power plant at Bhadrak in the State of Odisha. The balance fund requirement for completion of the setting up of the said power plant is to be met with by the Company, being the promoter and project sponsor of Facor Power Limited, through a combination of equity and debt.

Further, as security for the term loan of Rs.50.86 crores sanctioned to Facor Power Limited by REC, as aforesaid, the Company has to execute a Corporate Guarantee for Rs.50.86 crores and also pledge shares held by the Company in Facor Power Limited, with the said REC. In view of the transaction attracting the provisions of section 185 (*loans to directors*), Section 186 (*loans and investment by Company*) and

Section 188 (*Related party transactions*) of the Companies Act, 2013, approval of the members is sought in respect of resolution proposed in item no.1 of the accompanying notice of postal ballot.

Mr. Vineet Saraf, Mr. Ashish Saraf, Mr. A.S.Kapre, Directors in the Company are also the Directors in Facor Power Limited, and may thus, alongwith their relatives, be deemed to be interested in the resolution. Further, Mr. R.K. Saraf being related to Mr. Ashish Saraf and his relatives may also be deemed to be interested in the resolution. Other than the aforesaid persons, none of the Directors, Key Managerial Personnel are in any way concerned or interested, financially or otherwise in this resolution.

Item no.2

Members are informed that the Company had entered into a long term Power Purchase Agreement with Facor Power Limited in June, 2006, which has been amended from time to time. Rural Electrification Corporation Limited, which has sanctioned a term loan to Facor Power Limited, the subsidiary of the Company has advised for certain amendment(s) to the said Power Purchase Agreement as part of their terms for the loan sanctioned to Facor Power Limited.

Facor Power Limited is a 'Related Party' within the meaning of section 2(76) of the Companies Act, 2013, and thus transaction requires the approval of the members by a Special resolution under section 188 of the Companies Act, 2013.

The particulars of the transaction pursuant to para 3 of Explanation to Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 are, as under:

1.	Name of Related Party	Facor Power Limited
2.	Name of the Director or Key Managerial Personnel who is related	1) Mr. R.K. Saraf, Chairman & Managing Director 2) Mr. Vineet Saraf, Director 3) Mr. Ashish Saraf, Joint Managing Director 4) Mr. A.S. Kapre, Independent Director
3.	Nature of Relationship	Facor Power Limited (FPL) is a subsidiary of Ferro Alloys Corporation Limited(FACOR) and Mr. Vineet Saraf, Mr. Ashish Saraf and Mr. A.S. Kapre are common Directors in both FPL and FACOR. Further, Mr. R.K. Saraf, Chairman & Managing Director of Ferro Alloys Corporation Limited is related being father of Mr. Ashish Saraf who is also a director in FPL.
4.	Monetary value	Rs.140 crore per annum approximately.
5.	Nature, material terms and particulars of the arrangement	Amendment to Clause 1.1.0 of Clause 1.0.0 of the Power Purchase Agreement, as amended, relating to tariff fixation mechanism linked to Grid rate instead of coal cost movement. Under the revised tariff fixation mechanism, the Company shall purchase the required energy which shall be made available by Facor Power Limited at the interconnection point from Facor Power Limited's facility, pursuant to the terms and conditions of this agreement currently at the rate of Rs.5.11 per KWH (inclusive of Electricity Duty of Rs.0.20) ex point of evacuation / interconnection. The above rate is linked to the prevailing grid landed tariff to the Company after a discount of 5%. The tariff shall be increased minimum 4% annually. Further, escalation in the above rate on account of any other factors will be decided mutually by the Company and Facor Power Limited. No additional payment, whatsoever may be, on any account shall be payable by the Company.

Other than Mr. Vineet Saraf, Ashish Saraf, Mr. A.S. Kapre and Mr. R.K. Saraf, being related to Mr. Ashish Saraf, no director or Key Managerial Personnel or their relatives, is interested financially or otherwise in this resolution.

Item no.3

Members are informed that the Company proposes to enter into a Lease Agreement for taking on lease the office space admeasuring approximately 2,000 sq. ft at 'Manganese House, Harbour Approach Road, Visakhapatnam from M/s GDP Infrastructure Private upon the terms as mentioned herein below.

GDP Infrastructure Private Limited is a 'Related Party' within the meaning of section 2(76) of the Companies Act, 2013, and thus transaction requires the approval of the members by a Special resolution under section 188 of the Companies Act, 2013.

The particulars of the transaction pursuant to para 3 of Explanation to Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 are, as under:

1.	Name of Related Party	GDP Infrastructure Private Limited (GDP)
2.	Name of the Director or Key Managerial Personnel who is related	1) Mr. R.K. Saraf, Chairman & Managing Director 2) Mr. Ashish Saraf, Joint Managing Director 3) Mr. Rohit Saraf, Joint Managing Director
3.	Nature of Relationship	Mr. Ashish Saraf and Mr. Rohit Saraf are common directors in GDP and FACOR. Further, Mr. R.K. Saraf, Chairman & Managing Director of Ferro Alloys Corporation Limited is related being father of Mr. Ashish Saraf who is also a director in GDP.
4.	Monetary value	Rs.25,000/- per month [@ Rs.12.50 per sq.ft.] plus taxes thereon with liberty to increase lease rental by 15% at each renewal whenever falling due.
5.	Nature, material terms and particulars of the arrangement	The Company proposes to take on lease, the office space admeasuring approximately 2000 sq.ft. in 'Manganese House, Harbour Approach Road, Visakhapatnam, which is owned by GDP Infrastructure Private Limited, currently @ Rs.12.50/- per sq.ft for a period of three years, which may be renewed for such further periods as the parties to the agreement may mutually, agree upon. Escalation in the lease rental per sq.ft by 15% at each renewal when falling due is permitted.

Other than Mr. Ashish Saraf, Mr. Rohit Saraf and Mr. R.K. Saraf, being related to Mr. Ashish Saraf, no director or Key Managerial Personnel or their relatives, is interested financially or otherwise in this resolution.

By Order of the Board of Directors

Date: 28th November, 2014
Place: Noida

Ritesh Chaudhry
General Manager (Legal) & Company Secretary