



09.09.2014

Mr. P.V.R.K. Prasad  
H.No.70, Road No.8, Banjara Hills,  
Hyderabad-500034

Dear Sir,

### **Appointment as an Independent Director of the company**

Please be informed that pursuant to the recommendations of the Board of Directors including Nomination and Remuneration Committee in its meetings held on 26/05/2014, the Shareholders at their meeting held on 9<sup>th</sup> September, 2014 have approved your appointment as an Independent Director (ID) on the Board of Directors of the Company with effect from 09th September, 2014.

This letter of appointment sets out the terms and conditions covering your appointment mentioned as under. It is agreed that on acceptance of this offer, this letter will constitute a contract for services and not a contract of employment.

#### **1. Terms of Appointment**

- a. Your appointment as an Independent Director of the Company pursuant to the provisions of Section 149 (10), 152 and other applicable provisions of the Companies Act, 2013 read with Clause 49 of the Listing Agreement as amended and the Companies (Appointment and Qualification of Directors) Rules, 2014 is initially for a period of 5 (five) years (i.e. up to 08th September, 2019) not liable to retire by rotation and is eligible for renewal for another term of five consecutive years, subject to the remaining provisions of this letter, unless terminated earlier by either parties by giving two month's written notice. The resignation or removal of an Independent Director shall be in the same manner as is provided in Sections 168 and 169 of the Companies Act 2013.
- b. The Re-appointment of Independent Director shall be on the basis of report of performance evaluation and in compliance of the relevant provisions of Companies Act, 2013 and Rules thereof.
- c. Further an Independent Director shall not serve as an Independent Director in more than seven listed companies. Any person who is serving as a whole time director in any listed company shall serve as an Independent Director in not more than three listed companies. The said limit of number of Companies is subject to the amendment to the Listing Agreement and Companies Act, 2013.

#### **2. Board's Expectation**

- a. The Independent Directors shall understand their roles & functions and abide the duties and responsibilities as prescribed under the Schedule IV of the Companies Act, 2013, a copy of which is enclosed herewith as Annexure-I, Listing Agreement and any other law for the time being in force and in future.
- b. The Independent Director shall strictly abide by all Code of Conducts as prescribed by the Company as required to be followed by various Acts, Enactments, Rules, Regulations, Agreements etc., at any point of time.
- c. The Director should not indulge in any activity that is detrimental to the Company and its stake holders directly or indirectly at any point of time.

#### **3. Committees to be served**

The Independent Director shall serve the following committees as required by the Companies Act, 2013 and Listing Agreement of the Stock Exchange under various circumstances, on the requisition of the Board.

Cont...2



# FACOR ALLOYS LIMITED

Regd. Office & Works: SHREERAMNAGAR-535 101, Dist. Vizianagaram, A.P., India CIN L27101AP2004PLC043252  
Phones: +91 8952 282029, 282038, 282456 Fax: +91 8952 282188 E-Mail: [facoralloys@facorgroup.in](mailto:facoralloys@facorgroup.in) Website: [WWW.facorgroup.in](http://WWW.facorgroup.in)

---

:2:

- I. Audit Committee
- II. Nomination and remuneration Committee
- III. Corporate Social Responsibility Committee and
- IV. any other Committee as may be prescribed by the Board or under any Act or Rules

The Director should ensure that they abide with the terms and references of the respective committee in which they serve as a member.

#### **4. Compensation**

The Compensation includes sitting fees for attending each meeting of Board as well as the Committees thereof of which you are a member, reimbursements of expenses properly and reasonably incurred by you for participation of Board and Committees meetings etc., as may be decided by the Board periodically, within the overall limit permitted under the Companies Act, 2013 and as per the Company rules and policies.

#### **5. Separate Meeting**

- a. The Independent Director of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.
- b. The Independent Director of the company shall strive to be present at such meeting.

#### **6. Evaluation**

- a. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- b. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

#### **7. Law**

- a. Your engagement with the Company is governed by and shall be construed in accordance with the Indian Laws and your engagement shall be subject to the jurisdiction to the courts of India.
- b. This letter constitutes the entire terms and conditions of your appointment and no waiver or modification shall be valid unless in writing and signed by both the parties.
- c. Please confirm your acceptance by signing and returning the enclosed copy of letter.

Thanking you,

Yours faithfully,  
For FACOR ALLOYS LTD.,

SD  
(R. K. Saraf)  
Chairman & Managing Director  
Encl.: As above.

I hereby acknowledge receipt of and accept the terms set out in this letter.

Place:

Date: .09.2014

(P.V.R.K. Prasad)

---

Corp. Office : FACOR HOUSE, A-45-50, Sector-16, Noida, Dist. Gautam Buddh Nagar, Uttar Pradesh-201 301 India  
Phones: +91-120417 1000 Fax: +91-120425 6700, E-Mail: [facordelhi@facorgroup.in](mailto:facordelhi@facorgroup.in)

Head Office: Shreeram Bhawan, Tumsar - 441 912, Dist. Bhandara, Maharashtra, India, Phones: +91 7183 232233,  
232251, 232028 Fax: +91 7183 232271, E-Mail: [facorho@facorgroup.in](mailto:facorho@facorgroup.in)

**Schedule IV**

[See section 149(8)]

**CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**I. Guidelines of professional conduct:**

An independent director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- 9) assist the company in implementing the best corporate governance practices.

**II. Role and functions:**

The independent directors shall:

- 1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 2) bring an objective view in the evaluation of the performance of board and management;
- 3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6) balance the conflicting interest of the stakeholders;
- 7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- 8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

**III. Duties :**

The independent directors shall:

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **IV. Manner of appointment:**

- 1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- 2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- 3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- 4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
  - a. the term of appointment;
  - b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - d. provision for Directors and Officers (D and O) insurance, if any;
  - e. the Code of Business Ethics that the company expects its directors and employees to follow;
  - f. the list of actions that a director should not do while functioning as such in the company; and
  - g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

- 5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- 6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

**V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

**VI. Resignation or removal:**

- 1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- 2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- 3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

**VII. Separate meetings:**

- 1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- 2) All the independent directors of the company shall strive to be present at such meeting;
- 3) The meeting shall:
  - a. review the performance of non-independent directors and the Board as a whole;
  - b. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - c. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**VIII. Evaluation mechanism:**

- 1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.



22.09.2015

Mrs. Urmila Gupta  
F-107, Sector 41,  
Noida -201301 (U.P.)

Madam,

### **Appointment as an Independent Director of the company**

Please be informed that pursuant to the recommendations of the Board of Directors in its meeting held on 13/02/2015, the Shareholders at their meeting held on 22nd September, 2015 have approved your appointment as an Independent Director (ID) on the Board of Directors of the Company with effect from 13th February, 2015.

This letter of appointment sets out the terms and conditions covering your appointment mentioned as under. It is agreed that on acceptance of this offer, this letter will constitute a contract for services and not a contract of employment.

#### **1. Terms of Appointment**

- a. Your appointment as an Independent Director of the Company pursuant to the provisions of Section 149 (10), 152 and other applicable provisions of the Companies Act, 2013 read with Clause 49 of the Listing Agreement as amended and the Companies (Appointment and Qualification of Directors) Rules, 2014 is initially for a period of 5 (five) years (i.e. up to 12th February, 2020) not liable to retire by rotation and is eligible for renewal for another term of five consecutive years, subject to the remaining provisions of this letter, unless terminated earlier by either parties by giving two month's written notice. The resignation or removal of an Independent Director shall be in the same manner as is provided in Sections 168 and 169 of the Companies Act 2013.
- b. The Re-appointment of Independent Director shall be on the basis of report of performance evaluation and in compliance of the relevant provisions of Companies Act, 2013 and Rules thereof.
- c. Further an Independent Director shall not serve as an Independent Director in more than seven listed companies. Any person who is serving as a whole time director in any listed company shall serve as an Independent Director in not more than three listed companies. The said limit of number of Companies is subject to the amendment to the Listing Agreement and Companies Act, 2013.

#### **2. Board's Expectation**

- a. The Independent Directors shall understand their roles & functions and abide the duties and responsibilities as prescribed under the Schedule IV of the Companies Act, 2013, a copy of which is enclosed herewith as Annexure-I, Listing Agreement and any other law for the time being in force and in future.
- b. The Independent Director shall strictly abide by all Code of Conducts as prescribed by the Company as required to be followed by various Acts, Enactments, Rules, Regulations, Agreements etc., at any point of time.
- c. The Director should not indulge in any activity that is detrimental to the Company and its stake holders directly or indirectly at any point of time.

#### **3. Committees to be served**

The Independent Director shall serve the following committees as required by the Companies Act, 2013 and Listing Agreement of the Stock Exchange under various circumstances, on the requisition of the Board.

Cont...2



# FACOR ALLOYS LIMITED

Regd. Office & Works: SHREERAMNAGAR-535 101, Dist. Vizianagaram, A.P., India CIN L27101AP2004PLC043252  
Phones: +91 8952 282029, 282038, 282456 Fax: +91 8952 282188 E-Mail: [facoralloys@facorgroup.in](mailto:facoralloys@facorgroup.in) Website: [WWW.facorgroup.in](http://WWW.facorgroup.in)

:2:

- I. Audit Committee
- II. Nomination and remuneration Committee
- III. Corporate Social Responsibility Committee and
- IV. any other Committee as may be prescribed by the Board or under any Act or Rules

The Director should ensure that they abide with the terms and references of the respective committee in which they serve as a member.

#### **4. Compensation**

The Compensation includes sitting fees for attending each meeting of Board as well as the Committees thereof of which you are a member, reimbursements of expenses properly and reasonably incurred by you for participation of Board and Committees meetings etc., as may be decided by the Board periodically, within the overall limit permitted under the Companies Act, 2013 and as per the Company rules and policies.

#### **5. Separate Meeting**

- a. The Independent Director of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.
- b. The Independent Director of the company shall strive to be present at such meeting.

#### **6. Evaluation**

- a. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- b. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

#### **7. Law**

- a. Your engagement with the Company is governed by and shall be construed in accordance with the Indian Laws and your engagement shall be subject to the jurisdiction to the courts of India.
- b. This letter constitutes the entire terms and conditions of your appointment and no waiver or modification shall be valid unless in writing and signed by both the parties.
- c. Please confirm your acceptance by signing and returning the enclosed copy of letter.

Thanking you,

Yours faithfully,  
For FACOR ALLOYS LTD.,

(R. K. Saraf)  
Chairman & Managing Director  
Encl.: As above.

I hereby acknowledge receipt of and accept the terms set out in this letter.

Place:

Date: .09.2015

(Mrs. Urmila Gupta)

**Schedule IV**

[See section 149(8)]

**CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**I. Guidelines of professional conduct:**

An independent director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- 9) assist the company in implementing the best corporate governance practices.

**II. Role and functions:**

The independent directors shall:

- 1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 2) bring an objective view in the evaluation of the performance of board and management;
- 3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6) balance the conflicting interest of the stakeholders;
- 7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- 8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

**III. Duties :**

The independent directors shall:

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;



- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **IV. Manner of appointment:**

- 1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- 2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- 3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- 4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
  - a. the term of appointment;
  - b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - d. provision for Directors and Officers (D and O) insurance, if any;
  - e. the Code of Business Ethics that the company expects its directors and employees to follow;
  - f. the list of actions that a director should not do while functioning as such in the company; and
  - g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

- 5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- 6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

**V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

**VI. Resignation or removal:**

- 1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- 2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- 3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

**VII. Separate meetings:**

- 1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- 2) All the independent directors of the company shall strive to be present at such meeting;
- 3) The meeting shall:
  - a. review the performance of non-independent directors and the Board as a whole;
  - b. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - c. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**VIII. Evaluation mechanism:**

- 1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.



09.09.2014

Mr. K. Jayabharat Reddy  
Prashanti, 6-3-1186/6, Begumpet,  
Hyderabad-500016

Dear Sir,

### **Appointment as an Independent Director of the company**

Please be informed that pursuant to the recommendations of the Board of Directors including Nomination and Remuneration Committee in its meetings held on 26/05/2014, the Shareholders at their meeting held on 9<sup>th</sup> September, 2014 have approved your appointment as an Independent Director (ID) on the Board of Directors of the Company with effect from 09th September, 2014.

This letter of appointment sets out the terms and conditions covering your appointment mentioned as under. It is agreed that on acceptance of this offer, this letter will constitute a contract for services and not a contract of employment.

#### **1. Terms of Appointment**

- a. Your appointment as an Independent Director of the Company pursuant to the provisions of Section 149 (10), 152 and other applicable provisions of the Companies Act, 2013 read with Clause 49 of the Listing Agreement as amended and the Companies (Appointment and Qualification of Directors) Rules, 2014 is initially for a period of 5 (five) years (i.e. up to 08th September, 2019) not liable to retire by rotation and is eligible for renewal for another term of five consecutive years, subject to the remaining provisions of this letter, unless terminated earlier by either parties by giving two month's written notice. The resignation or removal of an Independent Director shall be in the same manner as is provided in Sections 168 and 169 of the Companies Act 2013.
- b. The Re-appointment of Independent Director shall be on the basis of report of performance evaluation and in compliance of the relevant provisions of Companies Act, 2013 and Rules thereof.
- c. Further an Independent Director shall not serve as an Independent Director in more than seven listed companies. Any person who is serving as a whole time director in any listed company shall serve as an Independent Director in not more than three listed companies. The said limit of number of Companies is subject to the amendment to the Listing Agreement and Companies Act, 2013.

#### **2. Board's Expectation**

- a. The Independent Directors shall understand their roles & functions and abide the duties and responsibilities as prescribed under the Schedule IV of the Companies Act, 2013, a copy of which is enclosed herewith as Annexure-I, Listing Agreement and any other law for the time being in force and in future.
- b. The Independent Director shall strictly abide by all Code of Conducts as prescribed by the Company as required to be followed by various Acts, Enactments, Rules, Regulations, Agreements etc., at any point of time.
- c. The Director should not indulge in any activity that is detrimental to the Company and its stake holders directly or indirectly at any point of time.

#### **3. Committees to be served**

The Independent Director shall serve the following committees as required by the Companies Act, 2013 and Listing Agreement of the Stock Exchange under various circumstances, on the requisition of the Board.

Cont...2



# FACOR ALLOYS LIMITED

Regd. Office & Works: SHREERAMNAGAR-535 101, Dist. Vizianagaram, A.P., India CIN L27101AP2004PLC043252  
Phones: +91 8952 282029, 282038, 282456 Fax: +91 8952 282188 E-Mail: [facoralloys@facorgroup.in](mailto:facoralloys@facorgroup.in) Website: [WWW.facorgroup.in](http://WWW.facorgroup.in)

:2:

- I. Audit Committee
- II. Nomination and remuneration Committee
- III. Corporate Social Responsibility Committee and
- IV. any other Committee as may be prescribed by the Board or under any Act or Rules

The Director should ensure that they abide with the terms and references of the respective committee in which they serve as a member.

#### **4. Compensation**

The Compensation includes sitting fees for attending each meeting of Board as well as the Committees thereof of which you are a member, reimbursements of expenses properly and reasonably incurred by you for participation of Board and Committees meetings etc., as may be decided by the Board periodically, within the overall limit permitted under the Companies Act, 2013 and as per the Company rules and policies.

#### **5. Separate Meeting**

- a. The Independent Director of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.
- b. The Independent Director of the company shall strive to be present at such meeting.

#### **6. Evaluation**

- a. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- b. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

#### **7. Law**

- a. Your engagement with the Company is governed by and shall be construed in accordance with the Indian Laws and your engagement shall be subject to the jurisdiction to the courts of India.
- b. This letter constitutes the entire terms and conditions of your appointment and no waiver or modification shall be valid unless in writing and signed by both the parties.
- c. Please confirm your acceptance by signing and returning the enclosed copy of letter.

Thanking you,

Yours faithfully,  
For FACOR ALLOYS LTD.,

SD  
(R. K. Saraf)  
Chairman & Managing Director  
Encl.: As above.

I hereby acknowledge receipt of and accept the terms set out in this letter.

Place:

Date: .09.2014

(K. Jayabharat Reddy)

**Schedule IV**

[See section 149(8)]

**CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**I. Guidelines of professional conduct:**

An independent director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- 9) assist the company in implementing the best corporate governance practices.

**II. Role and functions:**

The independent directors shall:

- 1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 2) bring an objective view in the evaluation of the performance of board and management;
- 3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6) balance the conflicting interest of the stakeholders;
- 7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- 8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

**III. Duties :**

The independent directors shall:

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **IV. Manner of appointment:**

- 1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- 2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- 3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- 4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
  - a. the term of appointment;
  - b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - d. provision for Directors and Officers (D and O) insurance, if any;
  - e. the Code of Business Ethics that the company expects its directors and employees to follow;
  - f. the list of actions that a director should not do while functioning as such in the company; and
  - g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

- 5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- 6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

**V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

**VI. Resignation or removal:**

- 1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- 2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- 3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

**VII. Separate meetings:**

- 1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- 2) All the independent directors of the company shall strive to be present at such meeting;
- 3) The meeting shall:
  - a. review the performance of non-independent directors and the Board as a whole;
  - b. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - c. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**VIII. Evaluation mechanism:**

- 1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.



09.09.2014

Mr. A.S. Kapre  
A-805, Harsh Vardhan,  
Saki-Vihar Road, Andheri (East),  
MUMBAI-400 072

Dear Sir,

### **Appointment as an Independent Director of the company**

Please be informed that pursuant to the recommendations of the Board of Directors including Nomination and Remuneration Committee in its meetings held on 26/05/2014, the Shareholders at their meeting held on 9<sup>th</sup> September, 2014 have approved your appointment as an Independent Director (ID) on the Board of Directors of the Company with effect from 09th September, 2014.

This letter of appointment sets out the terms and conditions covering your appointment mentioned as under. It is agreed that on acceptance of this offer, this letter will constitute a contract for services and not a contract of employment.

#### **1. Terms of Appointment**

- a. Your appointment as an Independent Director of the Company pursuant to the provisions of Section 149 (10), 152 and other applicable provisions of the Companies Act, 2013 read with Clause 49 of the Listing Agreement as amended and the Companies (Appointment and Qualification of Directors) Rules, 2014 is initially for a period of 5 (five) years (i.e. up to 08th September, 2019) not liable to retire by rotation and is eligible for renewal for another term of five consecutive years, subject to the remaining provisions of this letter, unless terminated earlier by either parties by giving two month's written notice. The resignation or removal of an Independent Director shall be in the same manner as is provided in Sections 168 and 169 of the Companies Act 2013.
- b. The Re-appointment of Independent Director shall be on the basis of report of performance evaluation and in compliance of the relevant provisions of Companies Act, 2013 and Rules thereof.
- c. Further an Independent Director shall not serve as an Independent Director in more than seven listed companies. Any person who is serving as a whole time director in any listed company shall serve as an Independent Director in not more than three listed companies. The said limit of number of Companies is subject to the amendment to the Listing Agreement and Companies Act, 2013.

#### **2. Board's Expectation**

- a. The Independent Directors shall understand their roles & functions and abide the duties and responsibilities as prescribed under the Schedule IV of the Companies Act, 2013, a copy of which is enclosed herewith as Annexure-I, Listing Agreement and any other law for the time being in force and in future.
- b. The Independent Director shall strictly abide by all Code of Conducts as prescribed by the Company as required to be followed by various Acts, Enactments, Rules, Regulations, Agreements etc., at any point of time.
- c. The Director should not indulge in any activity that is detrimental to the Company and its stake holders directly or indirectly at any point of time.

#### **3. Committees to be served**

The Independent Director shall serve the following committees as required by the Companies Act, 2013 and Listing Agreement of the Stock Exchange under various circumstances, on the requisition of the Board.

Cont...2





# FACOR ALLOYS LIMITED

Regd. Office & Works: SHREERAMNAGAR-535 101, Dist. Vizianagaram, A.P., India CIN L27101AP2004PLC043252  
Phones: +91 8952 282029, 282038, 282456 Fax: +91 8952 282188 E-Mail: [facoralloys@facorgroup.in](mailto:facoralloys@facorgroup.in) Website: [WWW.facorgroup.in](http://WWW.facorgroup.in)

---

:2:

- I. Audit Committee
- II. Nomination and remuneration Committee
- III. Corporate Social Responsibility Committee and
- IV. any other Committee as may be prescribed by the Board or under any Act or Rules

The Director should ensure that they abide with the terms and references of the respective committee in which they serve as a member.

#### **4. Compensation**

The Compensation includes sitting fees for attending each meeting of Board as well as the Committees thereof of which you are a member, reimbursements of expenses properly and reasonably incurred by you for participation of Board and Committees meetings etc., as may be decided by the Board periodically, within the overall limit permitted under the Companies Act, 2013 and as per the Company rules and policies.

#### **5. Separate Meeting**

- a. The Independent Director of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.
- b. The Independent Director of the company shall strive to be present at such meeting.

#### **6. Evaluation**

- a. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- b. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

#### **7. Law**

- a. Your engagement with the Company is governed by and shall be construed in accordance with the Indian Laws and your engagement shall be subject to the jurisdiction to the courts of India.
- b. This letter constitutes the entire terms and conditions of your appointment and no waiver or modification shall be valid unless in writing and signed by both the parties.
- c. Please confirm your acceptance by signing and returning the enclosed copy of letter.

Thanking you,

Yours faithfully,  
For FACOR ALLOYS LTD.,

SD  
(R. K. Saraf)  
Chairman & Managing Director  
Encl.: As above.

I hereby acknowledge receipt of and accept the terms set out in this letter.

Place:

Date: .09.2014

(A.S. Kapre)

**Schedule IV**

[See section 149(8)]

**CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**I. Guidelines of professional conduct:**

An independent director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- 9) assist the company in implementing the best corporate governance practices.

**II. Role and functions:**

The independent directors shall:

- 1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 2) bring an objective view in the evaluation of the performance of board and management;
- 3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6) balance the conflicting interest of the stakeholders;
- 7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- 8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

**III. Duties :**

The independent directors shall:

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **IV. Manner of appointment:**

- 1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- 2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- 3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- 4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
  - a. the term of appointment;
  - b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - d. provision for Directors and Officers (D and O) insurance, if any;
  - e. the Code of Business Ethics that the company expects its directors and employees to follow;
  - f. the list of actions that a director should not do while functioning as such in the company; and
  - g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

- 5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- 6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

**V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

**VI. Resignation or removal:**

- 1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- 2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- 3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

**VII. Separate meetings:**

- 1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- 2) All the independent directors of the company shall strive to be present at such meeting;
- 3) The meeting shall:
  - a. review the performance of non-independent directors and the Board as a whole;
  - b. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - c. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**VIII. Evaluation mechanism:**

- 1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.



09.09.2014

Mr. Kishan Lal Mehrotra  
2nd Floor, B-8, Geetanjali Enclave,  
Panchsheel Geetanjali Road,  
NEW DELHI-110017

Dear Sir,

### **Appointment as an Independent Director of the company**

Please be informed that pursuant to the recommendations of the Board of Directors including Nomination and Remuneration Committee in its meetings held on 26/05/2014, the Shareholders at their meeting held on 9<sup>th</sup> September, 2014 have approved your appointment as an Independent Director (ID) on the Board of Directors of the Company with effect from 09th September, 2014.

This letter of appointment sets out the terms and conditions covering your appointment mentioned as under. It is agreed that on acceptance of this offer, this letter will constitute a contract for services and not a contract of employment.

#### **1. Terms of Appointment**

- a. Your appointment as an Independent Director of the Company pursuant to the provisions of Section 149 (10), 152 and other applicable provisions of the Companies Act, 2013 read with Clause 49 of the Listing Agreement as amended and the Companies (Appointment and Qualification of Directors) Rules, 2014 is initially for a period of 5 (five) years (i.e. up to 08th September, 2019) not liable to retire by rotation and is eligible for renewal for another term of five consecutive years, subject to the remaining provisions of this letter, unless terminated earlier by either parties by giving two month's written notice. The resignation or removal of an Independent Director shall be in the same manner as is provided in Sections 168 and 169 of the Companies Act 2013.
- b. The Re-appointment of Independent Director shall be on the basis of report of performance evaluation and in compliance of the relevant provisions of Companies Act, 2013 and Rules thereof.
- c. Further an Independent Director shall not serve as an Independent Director in more than seven listed companies. Any person who is serving as a whole time director in any listed company shall serve as an Independent Director in not more than three listed companies. The said limit of number of Companies is subject to the amendment to the Listing Agreement and Companies Act, 2013.

#### **2. Board's Expectation**

- a. The Independent Directors shall understand their roles & functions and abide the duties and responsibilities as prescribed under the Schedule IV of the Companies Act, 2013, a copy of which is enclosed herewith as Annexure-I, Listing Agreement and any other law for the time being in force and in future.
- b. The Independent Director shall strictly abide by all Code of Conducts as prescribed by the Company as required to be followed by various Acts, Enactments, Rules, Regulations, Agreements etc., at any point of time.
- c. The Director should not indulge in any activity that is detrimental to the Company and its stake holders directly or indirectly at any point of time.

#### **3. Committees to be served**

The Independent Director shall serve the following committees as required by the Companies Act, 2013 and Listing Agreement of the Stock Exchange under various circumstances, on the requisition of the Board.

Cont...2



# FACOR ALLOYS LIMITED

Regd. Office & Works: SHREERAMNAGAR-535 101, Dist. Vizianagaram, A.P., India CIN L27101AP2004PLC043252  
Phones: +91 8952 282029, 282038, 282456 Fax: +91 8952 282188 E-Mail: [facoralloys@facorgroup.in](mailto:facoralloys@facorgroup.in) Website: [WWW.facorgroup.in](http://WWW.facorgroup.in)

:2:

- I. Audit Committee
- II. Nomination and remuneration Committee
- III. Corporate Social Responsibility Committee and
- IV. any other Committee as may be prescribed by the Board or under any Act or Rules

The Director should ensure that they abide with the terms and references of the respective committee in which they serve as a member.

#### **4. Compensation**

The Compensation includes sitting fees for attending each meeting of Board as well as the Committees thereof of which you are a member, reimbursements of expenses properly and reasonably incurred by you for participation of Board and Committees meetings etc., as may be decided by the Board periodically, within the overall limit permitted under the Companies Act, 2013 and as per the Company rules and policies.

#### **5. Separate Meeting**

- a. The Independent Director of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.
- b. The Independent Director of the company shall strive to be present at such meeting.

#### **6. Evaluation**

- a. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- b. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

#### **7. Law**

- a. Your engagement with the Company is governed by and shall be construed in accordance with the Indian Laws and your engagement shall be subject to the jurisdiction to the courts of India.
- b. This letter constitutes the entire terms and conditions of your appointment and no waiver or modification shall be valid unless in writing and signed by both the parties.
- c. Please confirm your acceptance by signing and returning the enclosed copy of letter.

Thanking you,

Yours faithfully,  
For FACOR ALLOYS LTD.,

SD  
(R. K. Saraf)  
Chairman & Managing Director  
Encl.: As above.

I hereby acknowledge receipt of and accept the terms set out in this letter.

Place:

Date: .09.2014

(Kishan Lal Mehrotra)

**Schedule IV**

[See section 149(8)]

**CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**I. Guidelines of professional conduct:**

An independent director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- 9) assist the company in implementing the best corporate governance practices.

**II. Role and functions:**

The independent directors shall:

- 1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 2) bring an objective view in the evaluation of the performance of board and management;
- 3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6) balance the conflicting interest of the stakeholders;
- 7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- 8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

**III. Duties :**

The independent directors shall:

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **IV. Manner of appointment:**

- 1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- 2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- 3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- 4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
  - a. the term of appointment;
  - b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - d. provision for Directors and Officers (D and O) insurance, if any;
  - e. the Code of Business Ethics that the company expects its directors and employees to follow;
  - f. the list of actions that a director should not do while functioning as such in the company; and
  - g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.



- 5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- 6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

**V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

**VI. Resignation or removal:**

- 1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- 2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- 3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

**VII. Separate meetings:**

- 1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- 2) All the independent directors of the company shall strive to be present at such meeting;
- 3) The meeting shall:
  - a. review the performance of non-independent directors and the Board as a whole;
  - b. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - c. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**VIII. Evaluation mechanism:**

- 1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.



09.09.2014

Mr. Kesharao Pardhey  
Sudama Nivas, Indira Nagar,  
Tumsar-441912

Dear Sir,

### **Appointment as an Independent Director of the company**

Please be informed that pursuant to the recommendations of the Board of Directors including Nomination and Remuneration Committee in its meetings held on 26/05/2014, the Shareholders at their meeting held on 9<sup>th</sup> September, 2014 have approved your appointment as an Independent Director (ID) on the Board of Directors of the Company with effect from 09<sup>th</sup> September, 2014.

This letter of appointment sets out the terms and conditions covering your appointment mentioned as under. It is agreed that on acceptance of this offer, this letter will constitute a contract for services and not a contract of employment.

#### **1. Terms of Appointment**

- a. Your appointment as an Independent Director of the Company pursuant to the provisions of Section 149 (10), 152 and other applicable provisions of the Companies Act, 2013 read with Clause 49 of the Listing Agreement as amended and the Companies (Appointment and Qualification of Directors) Rules, 2014 is initially for a period of 5 (five) years (i.e. up to 08<sup>th</sup> September, 2019) not liable to retire by rotation and is eligible for renewal for another term of five consecutive years, subject to the remaining provisions of this letter, unless terminated earlier by either parties by giving two month's written notice. The resignation or removal of an Independent Director shall be in the same manner as is provided in Sections 168 and 169 of the Companies Act 2013.
- b. The Re-appointment of Independent Director shall be on the basis of report of performance evaluation and in compliance of the relevant provisions of Companies Act, 2013 and Rules thereof.
- c. Further an Independent Director shall not serve as an Independent Director in more than seven listed companies. Any person who is serving as a whole time director in any listed company shall serve as an Independent Director in not more than three listed companies. The said limit of number of Companies is subject to the amendment to the Listing Agreement and Companies Act, 2013.

#### **2. Board's Expectation**

- a. The Independent Directors shall understand their roles & functions and abide the duties and responsibilities as prescribed under the Schedule IV of the Companies Act, 2013, a copy of which is enclosed herewith as Annexure-I, Listing Agreement and any other law for the time being in force and in future.
- b. The Independent Director shall strictly abide by all Code of Conducts as prescribed by the Company as required to be followed by various Acts, Enactments, Rules, Regulations, Agreements etc., at any point of time.
- c. The Director should not indulge in any activity that is detrimental to the Company and its stake holders directly or indirectly at any point of time.

#### **3. Committees to be served**

The Independent Director shall serve the following committees as required by the Companies Act, 2013 and Listing Agreement of the Stock Exchange under various circumstances, on the requisition of the Board.

Cont...2



# FACOR ALLOYS LIMITED

Regd. Office & Works: SHREERAMNAGAR-535 101, Dist. Vizianagaram, A.P., India CIN L27101AP2004PLC043252  
Phones: +91 8952 282029, 282038, 282456 Fax: +91 8952 282188 E-Mail: [facoralloys@facorgroup.in](mailto:facoralloys@facorgroup.in) Website: [WWW.facorgroup.in](http://WWW.facorgroup.in)

---

:2:

- I. Audit Committee
- II. Nomination and remuneration Committee
- III. Corporate Social Responsibility Committee and
- IV. any other Committee as may be prescribed by the Board or under any Act or Rules

The Director should ensure that they abide with the terms and references of the respective committee in which they serve as a member.

#### **4. Compensation**

The Compensation includes sitting fees for attending each meeting of Board as well as the Committees thereof of which you are a member, reimbursements of expenses properly and reasonably incurred by you for participation of Board and Committees meetings etc., as may be decided by the Board periodically, within the overall limit permitted under the Companies Act, 2013 and as per the Company rules and policies.

#### **5. Separate Meeting**

- a. The Independent Director of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management.
- b. The Independent Director of the company shall strive to be present at such meeting.

#### **6. Evaluation**

- a. The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- b. On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

#### **7. Law**

- a. Your engagement with the Company is governed by and shall be construed in accordance with the Indian Laws and your engagement shall be subject to the jurisdiction to the courts of India.
- b. This letter constitutes the entire terms and conditions of your appointment and no waiver or modification shall be valid unless in writing and signed by both the parties.
- c. Please confirm your acceptance by signing and returning the enclosed copy of letter.

Thanking you,

Yours faithfully,  
For FACOR ALLOYS LTD.,

SD  
(R. K. Saraf)  
Chairman & Managing Director  
Encl.: As above.

I hereby acknowledge receipt of and accept the terms set out in this letter.

Place:

Date: .09.2014

(Kesharao Pardhey)

**Schedule IV**

[See section 149(8)]

**CODE FOR INDEPENDENT DIRECTORS**

The Code is a guide to professional conduct for independent directors. Adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors.

**I. Guidelines of professional conduct:**

An independent director shall:

- 1) uphold ethical standards of integrity and probity;
- 2) act objectively and constructively while exercising his duties;
- 3) exercise his responsibilities in a *bona fide* manner in the interest of the company;
- 4) devote sufficient time and attention to his professional obligations for informed and balanced decision making;
- 5) not allow any extraneous considerations that will vitiate his exercise of objective independent judgment in the paramount interest of the company as a whole, while concurring in or dissenting from the collective judgment of the Board in its decision making;
- 6) not abuse his position to the detriment of the company or its shareholders or for the purpose of gaining direct or indirect personal advantage or advantage for any associated person;
- 7) refrain from any action that would lead to loss of his independence;
- 8) where circumstances arise which make an independent director lose his independence, the independent director must immediately inform the Board accordingly;
- 9) assist the company in implementing the best corporate governance practices.

**II. Role and functions:**

The independent directors shall:

- 1) help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct;
- 2) bring an objective view in the evaluation of the performance of board and management;
- 3) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
- 4) satisfy themselves on the integrity of financial information and that financial controls and the systems of risk management are robust and defensible;
- 5) safeguard the interests of all stakeholders, particularly the minority shareholders;
- 6) balance the conflicting interest of the stakeholders;
- 7) determine appropriate levels of remuneration of executive directors, key managerial personnel and senior management and have a prime role in appointing and where necessary recommend removal of executive directors, key managerial personnel and senior management;
- 8) moderate and arbitrate in the interest of the company as a whole, in situations of conflict between management and shareholder's interest.

**III. Duties :**

The independent directors shall:

- 1) undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;

- 2) seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- 3) strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- 4) participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- 5) strive to attend the general meetings of the company;
- 6) where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- 7) keep themselves well informed about the company and the external environment in which it operates;
- 8) not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- 9) pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- 10) ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- 11) report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- 12) acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- 13) not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

#### **IV. Manner of appointment:**

- 1) Appointment process of independent directors shall be independent of the company management; while selecting independent directors the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.
- 2) The appointment of independent director(s) of the company shall be approved at the meeting of the shareholders.
- 3) The explanatory statement attached to the notice of the meeting for approving the appointment of independent director shall include a statement that in the opinion of the Board, the independent director proposed to be appointed fulfills the conditions specified in the Act and the rules made thereunder and that the proposed director is independent of the management.
- 4) The appointment of independent directors shall be formalised through a letter of appointment, which shall set out :
  - a. the term of appointment;
  - b. the expectation of the Board from the appointed director; the Board-level committee(s) in which the director is expected to serve and its tasks;
  - c. the fiduciary duties that come with such an appointment along with accompanying liabilities;
  - d. provision for Directors and Officers (D and O) insurance, if any;
  - e. the Code of Business Ethics that the company expects its directors and employees to follow;
  - f. the list of actions that a director should not do while functioning as such in the company; and
  - g. the remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Boards and other meetings and profit related commission, if any.

- 5) The terms and conditions of appointment of independent directors shall be open for inspection at the registered office of the company by any member during normal business hours.
- 6) The terms and conditions of appointment of independent directors shall also be posted on the company's website.

**V. Re-appointment:**

The re-appointment of independent director shall be on the basis of report of performance evaluation.

**VI. Resignation or removal:**

- 1) The resignation or removal of an independent director shall be in the same manner as is provided in sections 168 and 169 of the Act.
- 2) An independent director who resigns or is removed from the Board of the company shall be replaced by a new independent director within a period of not more than one hundred and eighty days from the date of such resignation or removal, as the case may be.
- 3) Where the company fulfils the requirement of independent directors in its Board even without filling the vacancy created by such resignation or removal, as the case may be, the requirement of replacement by a new independent director shall not apply.

**VII. Separate meetings:**

- 1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- 2) All the independent directors of the company shall strive to be present at such meeting;
- 3) The meeting shall:
  - a. review the performance of non-independent directors and the Board as a whole;
  - b. review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
  - c. assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**VIII. Evaluation mechanism:**

- 1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.
- 2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.