

# FOSECO INDIA LIMITED

55th Annual Report

Solutions partner to the  
Expert Foundryman

ANNUAL REPORT 2011



# Company information

## Board of Directors

### Chairman

Pradeep Mallick

### Managing Director

Sanjay Mathur

### Director

David Hughes

Francois Wanecq

Mukund M Chitale

### Additional Director

Christopher Nail

### Compliance Officer

R Umesh

### Controller of Accounts and Company Secretary

Aditya Jakhotia

## Audit Committee

Mukund M Chitale

Independent Director and Chairman

Pradeep Mallick

Independent Director

David Hughes

Director

R Umesh

Compliance Officer

Aditya Jakhotia

Controller of Accounts and Company Secretary

*Terms of Reference:* The terms of reference fully conform to clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

## Shareholders / Investors Grievance Committee

Pradeep Mallick

Chairman

Sanjay Mathur

David Hughes

Francois Wanecq

Mukund M Chitale

Christopher Nail

R Umesh

Compliance Officer

Aditya Jakhotia

Controller of Accounts and Company Secretary

*Terms of Reference:* The terms of reference fully conform to clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

## Nomination Committee

Mukund M Chitale

Chairman

Pradeep Mallick

David Hughes

R Umesh

Compliance Officer

Aditya Jakhotia

Controller of Accounts and Company Secretary

*Terms of Reference:* The purpose of the Committee is to determine and propose for Board approval the criteria for selection of executive and non-executive Directors. When the need arises to appoint a Director, the Committee will play a proactive role in identifying suitable candidates for presentation to the Board.

## Remuneration Committee

Pradeep Mallick

Chairman

Mukund M Chitale

David Hughes

Francois Wanecq

Christopher Nail

R Umesh

Compliance Officer

Aditya Jakhotia

Controller of Accounts and Company Secretary

*Terms of Reference:* The terms of reference of this Committee is to review and recommend the remuneration and performance linked bonuses of Executive Directors and the payment of commission to non-executive Directors.



### Registered Office

Gat Nos. 922 & 923,  
Sanaswadi, Taluka Shirur,  
District Pune - 412 208

### Factories

- Sanaswadi
- Puducherry

### Auditors

- B S R and Co.

### Bankers

- Standard Chartered Bank
- ICICI Bank Ltd.
- IDBI Bank Ltd.
- HDFC Bank Ltd.
- State Bank of India
- Indian Overseas Bank

### Registrars and Transfer Agents

- **Link Intime India Private Limited**  
Block 202, 2nd Floor, Akshay Complex,  
Off Dhole Patil Road, Near Ganesh Mandir,  
Pune - 411 001

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## Notice to the Shareholders

NOTICE IS HEREBY GIVEN THAT the FIFTY FIFTH Annual General Meeting of Foseco India Limited will be held on Wednesday, 25th April 2012 at 1000 HRS (IST) at the registered office of the Company at Gat Nos. 922 & 923, Sanaswadi, Taluka Shirur, District Pune-412 208, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st December 2011 and the Profit & Loss account for the year ended on that date together with the reports of the Directors and the Auditors thereon.
2. To declare a final dividend on 63,86,459 equity shares for the year ended on 31st December 2011.
3. To appoint Statutory Auditors and to fix their remuneration and in this connection to pass, with or without modification, the following resolution which will be passed as an Ordinary Resolution:  
"RESOLVED that, pursuant to Section 224 of the Companies Act, 1956, B S R and Co., Chartered Accountants (ICAI firm registration no. 128510W), be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting at the remuneration and terms determined by the Board of Directors of the Company."
4. To appoint a Director in place of Mr. Mukund M. Chitale, who retires by rotation and is eligible for re-appointment.

### SPECIAL BUSINESS:

5. To consider and if thought fit, to pass the following Ordinary Resolution with or without modification:  
"RESOLVED that, subject to the approval of the members, Mr. Pradeep Mallick, who was appointed as an Additional Director of the Company with effect from 21st October 2011 by the Board of Directors pursuant to section 260 of the Companies Act 1956 read with Article 137 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member proposing his candidature under section 257 of the Act, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
6. To consider and if thought fit, to pass the following Ordinary Resolution with or without modification:  
"RESOLVED that, subject to the approval of the members, Mr. Christopher Nail, who was appointed as an Additional Director of the Company with effect from

20th January 2012 by the Board of Directors pursuant to section 260 of the Companies Act 1956 read with Article 132A of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice from a member proposing his candidature under section 257 of the Act, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass the following Ordinary Resolution with or without modification:

"RESOLVED that, pursuant to the provisions of Section 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, as amended or re-enacted from time to time, read in conjunction with Schedule XIII, that the maximum limit of remuneration package of Mr. Sanjay Mathur, (which includes basic salary, personal allowance and annual bonus) be increased to Rs. 20,000,000/- from the current maximum limit of Rs. 15,000,000/-.

"RESOLVED further that the Board of Directors be and are hereby authorised to approve the remuneration package of Mr. Sanjay Mathur, which includes basic salary, personal allowance and annual bonus, subject to a maximum limit of Rs. 20,000,000/-."

### NOTES:

1. **PROXY:** A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company at the Registered Office not later than 48 hours before the start of the meeting. Members are requested to sign the attendance slip annexed to the proxy form and hand it over to the Company Secretary at the meeting.
2. **BOOK CLOSURE:** The register of members and share transfer books will remain closed from Friday, 23rd March 2012 to Friday, 6th April 2012 (both days inclusive).
3. **DIVIDEND:** If dividend on ordinary shares as recommended by the Board of Directors, is approved at the meeting, payment of such dividend will be made on Friday, 18th May 2012 to those members whose names appear on the register of members on Friday, 23rd March 2012.
4. **NOTIFICATION BY MEMBERS:** Members holding shares in physical form are requested to notify any change of address or bank mandates to the Registrar

& Transfer Agent and / or the Compliance Officer by Monday, 9th April 2012 or to their respective depository participants if the shares are held in electronic form.

- 5. TRANSFER TO INVESTORS EDUCATION and PROTECTION FUND (IEPF):** Pursuant to Section 205A of the Companies Act, 1956 read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rules 2001, all unclaimed / unpaid dividend up to 4th interim dividend of 2004 has been transferred to the Investors Education and Protection Fund set up by the Central Government account and no claim can be admitted in respect of this Fund. Members are therefore requested to encash their dividend warrants immediately for subsequent years. Members are requested to write to the Company and/or Share Transfer Agents, if any dividend warrant is not encashed so that fresh / re-validated warrants could be issued by the Company.
- 6. DEMATERIALISATION OF SHARES:** Shares of the Company can be held and traded in electronic form. Securities and Exchange Board of India (SEBI) has stipulated compulsory delivery of the shares of the Company in dematerialised form only. In view of the numerous advantages offered by the depository system, members are requested to avail of the facility of dematerialisation of the Company's shares.
- 7. ELECTRONIC CLEARING SERVICE (ECS):** SEBI, vide its circular no. DCC/FITTCIR-3/2001 dated 15th October 2001 had advised all companies to mandatorily use ECS facility, wherever available and in the absence of ECS facility, companies may use warrants for distributing dividends. SEBI vide its Circular No. D & CC/FITTCIR-04/2001 dated 13th November 2001 advised all companies to mandatorily print bank account details furnished by the depositories on the dividend warrants.
- 8. ISIN No.:** ISIN No. allotted by Bombay Stock Exchange to the Company is INE519A0101. This is required for trading of Company shares in electronic form.
- 9. ANNUAL REPORT DISTRIBUTION:** In line with the Green Initiative of the Ministry of Corporate Affairs, SEBI vide its circular CIR/CFD/DIL/7/2011 dated 5th October 2011 in amendment to Clause 42 of Equity Listing Agreement advised that hard copy of Full Annual reports containing Balance Sheet, Profit and Loss Account, Directors' Report, Auditors' Report etc. be sent to only those shareholders who have not registered their email addresses. Shareholders who have registered their email addresses be sent soft copies of full annual reports containing Balance Sheet, Profit and Loss Account and Directors Report etc. However, the shareholder continues to retain the right to request the Company for a hard copy of the annual report.

- 10. Profile of Mr. Mukund M Chitale, Director, retiring by rotation:** Mr. Mukund M Chitale was appointed as an Additional Director at the meeting of the Board of Directors held on 27th October 2009. By virtue of Section 260 of the Companies Act 1956 read with Article 137 of the Articles of Association of the Company, he shall hold office only up to the date of this Annual General Meeting of the Company.

He is a practicing Chartered Accountant since 1973, as partner of Mukund M Chitale & Co. He was the President of the Institute of Chartered Accountants of India in the period 1997-98. He was also member of Company Law Advisory Committee of Central Government in 1992 and 1993. Currently, he holds the following positions in various organisations:

ASREC (India) Ltd.	Director
Essel Propack Ltd.	Director
ITZ Cash Card Ltd.	Director
Larsen & Toubro Ltd.	Director
L & T General Insurance Company Ltd.	Director
ONGC Petro Additions Ltd.	Director
ONGC Mangalore Petrochemicals Ltd.	Director
Ram Ratna Wires Ltd.	Director
Shriram Transport Finance Co. Ltd.	Director

None of the Directors, except Mr. Mukund M Chitale, is interested in this resolution.

- 11. QUERIES TO COMPANY SECRETARY / REGISTRARS:** To ensure that shareholders' queries are answered in full, please forward any queries on or before 13th April 2012, to the Company Secretary (Phone No. +91 2137 668126, Email ID - aditya.jakhotia@foseco.com) at the Company's registered office. Members can also contact Link Intime India Pvt. Ltd., Registrars & Transfer Agents of the Company at Block 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Pune - 411 001 (Phone No. 020-2605 1629 / 2605 0084, Email: pune@linkintime.co.in)

By Order of the Board of Directors

**Aditya Jakhotia**

Place: Pune  
Date: 20 January 2012

*Controller of Accounts and  
Company Secretary*



**EXPLANATORY STATEMENTS AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956****Item No. 5.**

Mr. Pradeep Mallick was appointed as Additional Non-Executive Independent Director at the meeting of the Board of Directors held on 21st October 2011. He is a graduate Electrical Engineer from IIT Madras and received a Diploma in Business Management from U.K. He is a 'Chartered Engineer', Fellow of the Institution of Engineering & Technology (FIET), London. During the period 1967 to 1988, he worked with Crompton Greaves, Tata Exports, EMC and Genelec in the field of Power Distribution & Transmission, primarily managing large turnkey projects in India, Gulf, West Asia and North Africa. In 1988, he helped to establish the Finnish Company Wartsila in India as a greenfield project and led the Company as its Managing Director for 15 years till 2003. Pradeep currently serves on the Boards of several companies as a Professional Independent Non-Executive Director. Pradeep is a Strategic Adviser cum Sounding Board to CEOs and an Executive Coach/Mentor to Corporate Executives, focusing on Leadership Development.

Currently he holds the following positions in various organisations:

Automotive Stampings & Assemblies Ltd	Chairman
Blue Star Ltd	Director
ELANTAS Beck India Ltd	Director
ESAB India Ltd	Director
Gravitational Network Advisors (P) Ltd	Director
IRIS Business Services Limited	Director
JRG Securities Ltd	Director
Mount Everest Mineral Water Ltd	Director
Pragati Leadership Institute Pvt Ltd	Director
Tube Investments of India Ltd	Director

None of the Directors, except Mr. Pradeep Mallick is interested in the resolution mentioned in item no.5.

**Item No. 6.**

Mr. Christopher Nail was appointed as Additional Non-Executive Foseco Retiring Director at the meeting of the Board of Directors of the Company held on 20th January 2012. He graduated in Chemistry from The University of Bath in 1975 with a BSc. degree. During the period 1975 to 1977, Christopher worked with Catalin Limited, a resin manufacturer based in London, as research chemist. In 1977 Christopher worked with Foseco International Limited in their

resin binder R & D department in Nechells, Birmingham. In 1980 Christopher was transferred to Foseco Pty. Limited, in Padstow, N.S.W., Australia as Product Manager, Binders and Coatings. In 1984 he was transferred to Foseco (FS) Limited at Tamworth, U.K. as Product Manager, Binders and Coatings. In 1988 Christopher returned to Australia and progressively rose from Product Manager to Chief Executive Officer in 1998.

In 2008, he relocated to Kobe, Japan to take over the position of President of Foseco Japan Limited, the position was soon to include Korea as Area Director North Asia. Christopher was the initial Chairman of BTSG, (Binder Technology Steering Group) and has chaired global task forces from time to time. He is a member of the Australian Foundry Institute and a past president of the Institute of Refractory Engineers, Australian Branch.

Currently Christopher is on the Boards of Foseco Japan Limited, Foseco Korea Limited, Foseco Pty Ltd (Australia) and Vesuvius New Zealand Limited.

None of the Directors, except Mr. Christopher Nail is interested in the resolution mentioned in item no.6.

**Item No.7**

At the 54th Annual General Meeting held on 21st April 2011, maximum limit of remuneration package which includes basic salary, personal allowance and annual bonus payable to Mr. Sanjay Mathur was fixed at Rs. 15,000,000/-. The Board of Directors in their meeting held on 20th January 2012 reviewed his performance and recommended that the maximum remuneration payable to Mr. Sanjay Mathur be increased to Rs. 20,000,000/-. In view of this amendment, the Board of Directors would require authorization to approve Mr. Sanjay Mathur's remuneration package subject to a maximum of Rs. 20,000,000/-.

None of the Directors, except Mr. Sanjay Mathur is interested in the resolution mentioned in item no.7.

By Order of the Board of Directors

**Aditya Jakhotia**

Place: Pune  
Date: 20 January 2012

*Controller of Accounts and  
Company Secretary*

The Board of Directors  
Foseco India Limited  
Sanaswadi, Pune

## CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We hereby certify that for the financial year 2011 annual accounts we have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2011 which are fraudulent, illegal or violate the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:
  - (a) there have been no significant changes in internal control during this year.
  - (b) there have been no significant changes in accounting policies during this year.
  - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

**Sanjay Mathur**  
Managing Director

**R Umesh**  
Chief Financial Officer

Place: Pune  
Date: 20 January 2012



# Report of the Directors

Your Directors are pleased to present the Company's 55th Annual Report and the audited accounts for the year ended 31 December 2011.

## 1. PERFORMANCE REVIEW

The buoyant growth in the Indian economy during 2010 continued for the first few months of the year under review. This growth was, however, dampened during the second half due to hyperinflation and high interest cost, weakening the economic sentiment and causing a drop in the index of Industrial Production (IIP). Weak global cues also appeared to slow down the pace of the Indian economy in the last few months of the year. The foundry industry segment in which your Company operates, correspondingly recorded growth in production levels in the first half, but faced challenges of higher input costs and liquidity, coupled with high cost of funds during the rest of the year.

Your Directors are pleased to report that notwithstanding these challenges, your Company recorded excellent results in 2011, far exceeding the economic and industrial rate of growth. It reported a record gross turnover of Rs. 252.53 crores, Profit Before Tax of Rs. 37.43 crores and Profit After Tax of Rs. 25.28 crores.

The Management Discussion and Analysis Report annexed provides a more detailed review of the operating performance.

## 2. DIVIDEND & APPROPRIATIONS

An amount of Rs 2.53 crores has been credited to General Reserves during the year.

Your Directors have recommended payment of a final dividend of 70% on equity capital for the year ended 31 December 2011, which, if approved by the members, will be paid to the:

- ▶ Equity shareholders whose names appear in the register of members on 23 March 2012 and
- ▶ Beneficial owners whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

The Board had declared 20% first interim dividend in April 2011, 40% second interim dividend in July 2011 and 50% third interim dividend in October 2011 on the equity capital of the Company and this has been paid

to registered holders of equity shares. The total of the interim and proposed final dividends is 180% of equity capital.

## 3. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Your Company continues to place significant importance on Research and Development as the primary means of continuously advancing its product technology. A sum of Rs. 62.74 Lacs was spent during the year. Technology transfer into the Company from its overseas affiliates is by three main routes:

1. The information exchanged during periods of secondment when the Company's technical and marketing personnel spend extended periods working in the facilities of its overseas affiliates undergoing training in new technologies.
2. The Company's marketing and technology personnel traveling overseas to meet Foundry Division colleagues and customers in order to identify and bring back best practices.
3. Visits to the Company by technology experts from various parts of the Foundry Division.

## 4. CONSERVATION OF ENERGY

Continued efforts were applied throughout the Company to effect improvements to production processes resulting in reduced energy consumption.

## 5. HEALTH, SAFETY AND THE ENVIRONMENT

The Company's Health, Safety and Environment policy ensures a firm commitment to health, safety and environmental management by making it an integral part of the Company's business strategy, in line with Rule 73-L (5) d of the Maharashtra Factories Rules 1963, Rule made under the Maharashtra Factories Act, 1948.

## 6. IMPORTS / EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### A. IMPORTS

Imports of raw materials during the year amounted to Rs. 1,564.93 Lacs (previous year Rs. 1,919.37 Lacs) and capital goods of Rs. 113.31 Lacs (previous year Rs. 43.12 Lacs).



**B. EXPORTS**

Exports were mainly to Middle East, ASEAN and China. Exports during the year increased to Rs.869.65 Lacs from Rs. 576.75 Lacs in the previous year.

**C. EARNINGS AND OUTGO**

Details are provided in notes 12.3, 12.4, 12.5 and 12.7 of Schedule 19 forming part of the Profit & Loss Account for the year ended 31st December 2011.

**7. EMPLOYEE RELATIONS**

Employee relations throughout the Company were harmonious. The Board wishes to place on record its sincere appreciation of the devoted efforts of all employees in advancing the Company's vision and strategy to deliver good performance.

**8. STATUTORY DISCLOSURES**

Information as per Section 217 (2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and under Section 217(1)(e) of the said Act read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, forms part of this report. However, as per provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Details regarding technology absorption, conservation of energy and foreign exchange earnings and outgo required under section 217(1)(e) of the Companies Act, 1956 and Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are included as Annexure A, B and C to the Director's Report.

A Cash Flow Statement for the year 2011 is attached to the Balance Sheet.

**9. CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a separate section titled Report on Corporate Governance has been included in this Annual Report. Your Directors are pleased to report that your Company is fully compliant as on 31st December 2011 with the SEBI Guidelines on Corporate Governance.

**10. SECRETARIAL COMPLIANCE**

During the year the Company appointed a practicing Company Secretary to conduct an audit of secretarial compliance under section 383A of the Companies Act 1956. Though not a mandatory requirement, in its pursuit of achieving the highest standards of Corporate Governance, the Company believes such an audit to be of benefit.

The scope of the audit was to review compliance under the following:

1. Companies Act, 1956.
2. Listing Agreement executed with the Stock Exchanges.
3. Corporate Governance requirements of Clause 49 of the Listing Agreement.

Your Directors are pleased to state that the audit confirmed that the Company is in compliance with the Companies Act, 1956, Stock Exchange and SEBI regulations.

**11. COMPLIANCE - OTHER MATTERS**

The Board of Directors also requested the practicing Company Secretary to conduct an audit of compliance with the legislation listed below as part of its drive towards the highest standards of corporate governance.

1. Disclosure requirements of the Listing Agreements with Stock Exchanges.
2. Dividend transfer/payments/remittance to non-resident shareholders with RBI permission.
3. Transfer of unpaid dividend to the Investor Education and Protection Fund.
4. SEBI (Prohibition of Insider Trading) Regulations, 1992.
5. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
6. SEBI (RTI and STA) Regulations, 1993.
7. Foreign Exchange Management Act, 1999.
8. Disclosures under Section 299 and 274 (1)(g) by Directors under the Companies Act, 1956.
9. Issue of certificates of shares/transmission thereof as per requirements of the Companies Act, 1956.

10. Necessary approvals of Directors/shareholders and other authorities as per requirement of the Companies Act, 1956.

Your Directors are pleased to confirm that the Company is in compliance with the requirements under the above laws and the Compliance Report issued by the practicing Company Secretary dated 16th January 2012.

## **12. DIRECTORS' RESPONSIBILITY STATEMENT**

Whilst preparing the annual accounts, the Company has adhered to the following practices:

- a) the annual accounts are prepared under the historical cost convention and on an accrual basis and are in compliance with the accounting standards referred to in Section 211 (3C) and other requirements of the Companies Act, 1956;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable, prudent and in the best interest of the Company's business so as to give a true and fair view of the state of affairs of the Company as at 31 December 2011 and of the profit of the Company for the same period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis.

## **13. DIRECTORS**

Independent Director Mr. Pradeep Mallick was appointed as additional Director on the Board with effect from 21st October 2011 and assumed office as member of Audit Committee, SIGC, Nomination & Remuneration Committee from 20th January 2012.

Mr. Christopher Nail, was appointed as additional Foseco Director on the Board with effect from 20th Jan 2012 and assumed office as member of SIGC and Remuneration Committee from 20th January 2012.

Information on the details of Directors seeking appointment as required under Clause 49 of the Listing Agreement has been given under the Notice to Shareholders.

## **14. AUDITORS**

The Statutory Auditors of the Company, B S R and Co, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received notification from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

Accordingly a resolution is being submitted to the members for the re-appointment of B S R and Co and to fix their remuneration for the current year.

## **15. COST AUDITORS**

Joshi Apte & Associates, Cost Accountants were appointed as Cost Auditors for the year under review to audit the cost records maintained by the Company in respect of its resin products pursuant to the notification issued by the Central Government bringing the above products under the purview of Cost Accounting Records (Chemical Industries) Rules 2004.

The Cost Auditor has issued a certificate for the year 2011 stating that the Company has maintained the required cost accounting records as per the Cost Accounting Records (Chemical Industries) Rules 2004 and the Company is in compliance.

## **16. INTERNAL CONTROL SYSTEMS**

The Company's internal control systems are audited by Natu & Pathak Chartered Accountants. The Internal Auditor independently evaluates the adequacy of internal controls and reviews major transactions. The Internal Auditor reports directly to the Audit Committee to ensure complete independence.

## **17. AUDITOR'S REPORT**

The observations of the Statutory Auditor in its report, read with the relevant notes to accounts in Schedule 19 are self explanatory and do not require further explanation.

## 18. ACKNOWLEDGMENTS

Your Directors thank Customers, Vendors and all the Foseco Stakeholders for their continued support to your Company's performance and growth. The Directors also wish to place on record their sincere appreciation of the commitment and enthusiasm of all employees for their significant role in the Company's growth till date.

On behalf of the Board of Directors

Place: Pune

Date: 20 January 2012

**Pradeep Mallick**

Chairman

# Annexure to the Report of the Directors

ANNEXURE TO THE REPORT OF THE DIRECTORS IN TERMS OF THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

## FORM – A

Form for disclosure of particulars with respect to conservation of energy.

### (A) Power and Fuel Consumption :

Particulars	31 December 2011	31 December 2010
<b>1. Electricity</b>		
(a) Purchased		
Units	25,40,616	19,53,962
Total Amount (Rs. Lacs)	135.55	90.61
Rate / Unit (Rs.)	5.34	4.64
(b) Own Generation		
i) Through Diesel Generator		
Units	2,84,412	3,27,368
Units per litre of Diesel Oil	3.70	3.78
Cost / Unit (Rs.)	11.40	10.04
ii) Through Steam Turbine / Generator		
Units	Not Applicable	Not Applicable
Units per litre of Fuel Oil / Gas	Not Applicable	Not Applicable
Cost / Unit (Rs.)	Not Applicable	Not Applicable
<b>2. Coal</b>		
Quantity (Tonnes)	Not Applicable	Not Applicable
Total Cost	Not Applicable	Not Applicable
Average Rate	Not Applicable	Not Applicable
<b>3. Furnace Oil</b>		
Quantity (KL)	Not Applicable	Not Applicable
Total Amount (Rs. Lacs)	Not Applicable	Not Applicable
Average Rate (Rs / KL)	Not Applicable	Not Applicable
<b>4. Others/Internal Generation</b>		
LPG		
Quantity (Kgs)	4,21,756	3,48,603
Total Cost (Rs. Lacs)	220.07	146.83
Rate/Unit (Rs./Kg)	52.18	42.12

### (B) Consumption per unit of production

Given the wide product range, it is not possible to compute the consumption per unit of production.

**ANNEXURE TO THE REPORT OF THE DIRECTORS IN TERMS OF THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

**FORM – B**

Form for Disclosure of Particulars With Respect to Absorption

**Research and Development (R & D)**

1.	Specific areas in which R & D carried out by the Company	:	Metallurgical Chemicals
2.	Benefits derived as a result of the R & D	:	Customers continue to benefit from the Company's range of products designed to improve quality, productivity, efficiency and the environment.
3.	Future plan of action	:	R & D initiatives continue to focus on improving customer's quality and productivity levels whilst contributing to an overall improvement in environmental conditions.
4.	Expenditure on R & D		
	(a) Capital	:	Rs. 8.72 Lacs
	(b) Revenue	:	Rs. 54.02 Lacs
	(c) Total	:	Rs. 62.74 Lacs
	(d) Total R & D expenditure as a percentage of total turnover	:	0.25%

**Technology Absorption, Adaptation and Innovation**

1.	Efforts made towards technology	:	Customers continue to benefit from the foundry products absorption, adaptation and innovation and contoured impact pads designed to improve quality, productivity and efficiency. The secondment of the Company's engineers and technologists to overseas group companies continued during the year. In particular, personnel visited Germany, South Africa, Thailand, Japan, Italy, China, Korea and Europe to gain insights into industry best practice.
2.	Benefit derived as a result of the above efforts	:	Continuous improvements to the Company's product technology and customer service offerings.
3.	In case of imported technology the following information may be furnished		
	(a) Technology imported into the Company	:	There is a continuous flow of technology into the Company from the parent, Foseco International Ltd., in the form of technology upgrades and new products
	(b) Year of Import	:	
	(c) Has technology been fully absorbed?	:	
	(d) If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action.	:	

**FORM – C**

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

i.	Foreign Exchange Earnings	Rs. 1,336.19 Lacs
ii.	Foreign Exchange Outgo	Rs. 3,170.14 Lacs



**Grishma Khandwala**  
Company Secretary

7/4, Indian Merchantile Mansions,  
Madam Cama Road, Mumbai-400 039

## CERTIFICATE

I have examined the compliance of conditions of Corporate Governance by Foseco India Limited for the year ended 31st December, 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. My examination was limited to the procedure and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Pune  
20th January 2012

**GRISHMA KHANDWALA**  
Company Secretary



## Management Discussion and Analysis

Foseco has been associated with the metals industry for over 75 years and is today acknowledged as a world leader in the supply of consumable products for use in the foundry industry with a presence in 32 countries and major facilities in Germany, USA, UK, Brazil, China, India, South Korea and Japan. The Company was founded by Eric Weiss in 1932 and quickly became established as a supplier to the Foundry Industry, from where the name FOUNDRY SERVICE COMPANY was derived. In April 2008, Foseco was acquired by Cookson Group Plc., which has interests in metals, electronics and ceramics. Foseco is a part of Ceramics (Vesuvius) division of the group.

Foundries form the heart of any manufacturing based economy. There are approx. 4,700 ferrous and 1,000 non-ferrous foundries out of which 80% can be classified as small-scale units and 10% each as medium and large-scale units. Foundries typically produce castings that go into different user segments. These segments can be broadly classified into automotive, construction, heavy machinery, general engineering and mining. The processes in each foundry have unique characteristics, so customers need to be provided specific customised solutions.

Foseco India Limited is acknowledged as the only Company in the country that possesses the capability of offering the widest range of solutions for producing casting of the highest standards in terms of quality, surface finish, soundness, integrity and dimensional tolerance. Its focus is on adding economic value through improved process capability, casting yield, resource utilization and efficiency and development of new business opportunities. Consequently, Foseco has adopted a “partnership” model with customers, which is founded on its three core areas of strength:

- ▶ **Product Technology:** Its global proprietary consumable product technology.
- ▶ **Application Expertise:** Its in-depth knowledge of its customer’s operations and the application of its products across a wide range of foundry processes.
- ▶ **Customer Relationships:** Its conviction that customer partnership, where expertise and knowledge are shared, result in the greatest performance improvements for its customers.

The Company partners with its customers to deliver measurable improvements to the performance of its customer’s production processes. Foseco is committed to the belief

that only by creating maximum value for the customer, can a fair share of that value be retained by Foseco as profits.

### Markets

The global economic scenario dampened during 2011 due to the downgrade of US sovereign rating by Standard and Poor and escalation of the Eurozone crisis. The Indian economy suffered a drop in growth rates due to these international events and also due to internal problems. The annual GDP growth rate dropped to 7.7 percent in April-June 2011, 6.9 percent in July-September 2011 and 6.1 percent in the last quarter of October-December 2011. The cumulative GDP growth rate for the first three quarters (April to December) of Financial Year 2011-12 was 6.9 percent as compared to 8.1 percent during the same period in 2010.

According to the estimates of the Index of Industrial Production (IIP), the manufacturing and electricity sectors registered growth rates of 4.1 percent and 9.5 percent, respectively during April-November 2011-12, as compared to 9 percent and 4.5 percent during April-November 2010-11. During the full financial year 2011-12 the construction sector is likely to show a growth rate of 4.8 percent as against 8 percent in the previous year. The automobile industry picked up well during the beginning of 2011, opening doors for the expansion of the foundry industry in the country. The solid demand from clients led manufacturing companies to increase stocks of both finished goods and purchases, but it also kept inflation pressures firmly in place, with neither input nor output price inflation showing any signs of abating.

The foundry industry in India registered a production of 9.05 million tonnes of castings in 2010-11 and is growing at a CAGR of 6-8 percent since 2006-07 as compared to the CAGR of 15-20 percent for the Automotive Industry. This is a pointer that there is a tremendous opportunity for sustainable growth of the Foundry industry and increasing its contribution to the overall national growth. Indian foundries enjoy the dual advantage of having a huge domestic and global market potential available to them. With many foundry groups establishing their footprint in Europe, USA, Japan and Middle East, the Indian foundry industry has established itself as the key source for high quality castings.

Over the years, Foseco has earned a unique position for itself, due to its customer focussed solutions partnering strategy, highly skilled workforce and a portfolio of over 400 products. It is fully geared to extract the benefits of the grow-



ing Indian economy and provide significant support to the foundry industry growth in the coming period.

## Operations

### Supply Chain

Foseco has two manufacturing plants in India, one located at Sanaswadi near Pune and the other in Puducherry. The Company offers more than 400 products which range from resins, coatings, feeding systems, ferrous and non-ferrous metal treatment products to greensand additives.

With a pivotal strength of 229 employees, Foseco leads the path of best-in-class manufacturing practices. It has a cellular manufacturing structure in which each cell team owns an end-to-end responsibility for the entire manufacturing process - from purchase of raw materials, production, quality assurance to final distribution and Health, Safety and Environmental management. Operational excellence tools are progressively used to eliminate non-value adding processes and activities to make the system more flexible, effective and efficient for delivering superior customer service levels. In 2011 all cell teams were trained on Lean principles and practices like Process Kaizen engineering and process standardization. Several loss reduction projects were identified and successfully completed in 2011. The 5S, visual management, standardised work, lean tools training programmes for all employees are being conducted regularly to drive and instil a Lean culture amongst all employees. Foseco continues its journey towards raising the safety and quality of its products supplied to its customers.

### Information Technology

The Company has effectively utilised the Information technology resource to improve its operating efficiency, process speed and controls. The entire operations of the Company are systematically handled with the help of JDEdwards ERP software. The software with its three modules, financial, manufacturing and logistics has helped the Company enhance its service levels and improve productivity and internal processes. The Java based, Customer Relationship Management (CRM) software, supports the customer service cell to respond to customer queries in a timely and informed manner. The capability of CRM has been boosted through successful adoption of the Cognos Powerplay business intelligence software, which supports swift and informed managerial decision-making.

Taking into account the extensive software usage and information flow, the Company has established an information security policy. A highly fortified virtual private network (VPN), with in-built intrusion detection systems, ensures

security of IT infrastructure of the Company. To maintain its high levels of security standard the Company undergoes periodic IT audit and its IT processes are accredited to the ISO9001: 2008.

### Human Resources

For Foseco India its people are its greatest asset. The quality of high professionals employed by it is unparalleled in the industry. Every employee undergoes a tough screening before being employed and is developed through a range of international and local training programmes and coaching by experts. The past successes of the Company and rebounding performance in the year 2011 with record sales are attributable to the remarkable commitment, dedication and hard work of our employees. Performance management systems are in place to ensure that everyone is focused on key objectives and key performance indicators providing a strong linkage between pay and performance.

The Company's set of core values provides the guiding principles for its day-to-day operations. All employees are encouraged to use these values as the basis upon which they conduct themselves and make decisions, policies and standards.

### Health, Safety and Environment (HSE)

Foseco strives to maintain the highest standards of Health, Safety and Environment practices and has a strong monitoring process all its operations. In 2009, the Company upgraded its ISO and OHSAS accreditations to modern standards and merged them into an Integrated Management System to ensure uniformity and linkage between quality and safety standards. Furthermore the Company also implemented "Behavioural based safety" programme to ingrain safety into the hearts and minds of its employees. Other noteworthy initiatives include identification of safety improvement opportunities and safety audits by all employees, regular monthly HSE team meetings and sharing of safety incidents from its associate companies. Foseco is well on its way to fulfil its aspiration to be one of the best industrial enterprises on Health Safety and Environmental management.

### Financial Performance

The company continued its efforts by taking series of highly innovative, proactive and effective steps for strengthening its core strategy of solutions partnering, focussing on infrastructure and new emerging segments and reduction in cost and expenses. The framework of Balanced Scorecard launched in early 2010 continued yielding results during the year. Scorecards were cascaded to all employees

with objectives and targets across the four perspectives of Finance, Customer, Internal Process and Learning & Growth providing synergy and alignment towards common company goals. This resulted in significant improvement in strategy execution and faster response to changes in market dynamics. The magnificent efforts made by your Company employees resulted in delivering an impressive growth during the year. Table 1 below gives the abridged profit and loss account for the Company.

Table 1: Abridged Profit and Loss Account (Rs. Crores)

	2011	2010
Net Sales (including other income)	234.57	190.09
Operating Expenses	192.60	157.09
EBDIT	41.97	33.00
Depreciation	4.29	3.68
PBIT	37.68	29.32
Finance Charges	0.25	0.34
PBT	37.43	28.98
Tax	12.15	9.69
PAT	25.28	19.30

The net sales of the company increased by 23.4%, inventory reduced significantly, operating profit increased by 31.1% and PBIT/Net Sales improved over 2010.

Table 2: Key Financial Ratios

	2011	2010
PBIT/Net Sales	16.06%	15.43%
PAT/Net Sales	10.78%	10.15%
ROCE	42.47%	37.98%
RONW	32.38%	29.17%
Debt/Equity	0.14	0.17

## Outlook

Foseco, with its unique customer focussed strategy of solutions partnering, highly skilled workforce, large portfolio of 400 products is fully geared and well positioned to service the rapidly growing technological and consumables requirements of the Indian foundry industry. The Company will stand by its philosophy of pursuing growth and generating profits through higher value creation for its customers. Several initiatives are pursued to maintain and improve its impressive track record. The unfolding economic and industrial scenario, however, will have an influence on its growth in the coming period.

## Internal Control Systems and Their Adequacy

Foseco adopts a rigorous system of Internal Control and Risk Management to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported quickly. In addition, the Company has well-structured system of risk management and risk reporting.

The Company's internal controls are supplemented by an extensive program of internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets. During the year due care has been exercised to Company with all the requirements of the Company Law and Listing Regulations.

## Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downturn in the foundry and casting industry - global, domestic or both, significant changes in the political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, exchange rate fluctuation, interest and other costs.

# Corporate Governance Report

## 1. FOSECO'S PHILOSOPHY

Foseco strives to adopt the highest standards of excellence in Corporate Governance, reflected in the following key areas of the Company's approach to business and its stakeholders:

### I. Nature and Role of the Board of Directors

The Company's Board comprises individuals with considerable experience and expertise across a range of disciplines including general management, business strategy, finance and accounting. All Board members have a significant breadth of international business experience.

### II. Foseco's Vision

The Company's vision is to become:

- The preferred partner to the foundry industry providing the greatest value.
- A highly respected industry leader with which all stakeholders are proud to be associated.

### III. Business Strategy

The Company's business strategy is to improve its customer's business performance:

- By being the partner providing the greatest value.
- Achieved through a solutions partnering approach delivering improved foundry processes and casting quality.
- Based upon world-class proprietary technology, foundry process and product application expertise and excellence in customer service.

### IV. Foseco Values

All employees are committed to living the Company's values:

- Creativity
- Cooperation
- Reliability
- Integrity
- Embracing Diversity

## V. Integrity of Financial Reporting

The Company ensures that adequate controls are in place to provide accurate and timely financial statements. The internal audit process is supervised by the Audit Committee of the Board and is undertaken by an external firm of Chartered Accountants, accountable directly to the Audit Committee.

## VI. Disclosure of Information to Investors

Foseco ensures the timely disclosure of all material information in compliance with applicable laws.

## VII. Insider Dealing Policy

The Company's shares are listed on the Pune, Bombay and National Stock Exchanges in accordance with the relevant Listing Agreements. With the intention of preventing insider dealing in the securities of the Company, the Company has implemented an insider dealing policy in accordance with the terms of the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 1992, as amended. As part of the policy, the Company's specified executives are advised of the closed periods in respect of dealing prior to the announcement of the quarterly, half-yearly and annual results and other price sensitive information.

## VIII. Investor Services

Performance measures have been established in respect of all investor related services. Results are monitored regularly and improvements made wherever required.

## IX. Performance Management

Foseco places considerable importance on the management of performance, the purpose being to support all employees and the organisation to perform to their peak potential. The process includes the regular and transparent review of the performance of all employees against agreed objectives and behaviour. Employee remuneration is strongly linked to individual and Company performance. Likewise, the commission paid to Independent Directors is strongly linked to performance of the Company.

## 2. BOARD OF DIRECTORS

### I. Composition and Category of Directors

The Board comprises 6 members - 1 executive Director and 5 non-executive Directors, of whom 2 are independent. Three of the non-executive Directors are nominated by Foseco Ltd., U.K. as provided in the Articles of Association of the Company. The Chairman of the Board is a non-executive, Independent Director.

Composition of the Board of Directors

Category	No. of Directors	Percentage of Total Number of Directors
Promoter - Non-executive Directors*	3	50.00%
Whole-time Director	1	16.67%
Non-executive Independent Directors*	2	33.33%
Total	6	100.00%

\* Mr. R A Savoor resigned from Board on 31st Dec 2011.

Mr. Pradeep Mallick was appointed as Additional Director on 21st Oct 2011 and Chairman on 20th Jan 2012.

Mr. Christopher Nail was appointed as Additional Director on 20th Jan 2012.

**The background of each Director is summarized below:**

#### (a) MR. R A SAVOOR, non-executive Chairman and Independent Director

Mr. R A Savoor joined the Board of Foseco India Limited as an Additional Director on 24th July 2002 and was appointed as a Director by members in their meeting held on 13th May 2003. Mr. Savoor holds a B.Sc. (Chemistry) from Ruia College and completed a 3-year course in Chemical Technology from the Department of Chemical Technology of University of Mumbai. In July 1968, Mr. Savoor started his career with Castrol India Ltd. as a management trainee and after undertaking a number of roles, retired on 24 April 2002 as Chief Executive Officer, a position he held for 12 years. Under his leadership, Castrol India Ltd. grew to become the number two lubricants Company in India and the second largest Castrol Company worldwide. During the year, Mr. Savoor was Chairman of the Nomination and the Remuneration Committees and a Member of the Shareholders'/Investors' Grievance and Audit Committees. Mr. R A Savoor resigned from the Board on 31st December 2011 on personal grounds.

#### (b) MR. SANJAY MATHUR, Managing Director

Mr. Sanjay Mathur was re-appointed as Managing Director for a period of three years from 1st April 2010. He is a Bachelor of Engineering (Chemical) from Punjab University, Chandigarh and has also done Advanced Management Programme from Melbourne Business School and Master of Marketing from Monash University, Australia. Mr. Mathur has undergone numerous leadership and management development training programmes during his career. He has a wide-ranging experience across various functions and has worked with J.K. Synthetics Ltd, Bharat Petroleum Corporation Ltd. and the Shell Group in sales (retail and institutional), supply chain and marketing, prior to his appointment in Foseco. He was the Supply Chain & Industrial Sales Manager and General Manager (acting) of a Shell JV in the Middle East between 1998 and 2003. In 2003 Mr. Sanjay Mathur took over as Managing Director of Pennzoil-Quaker State India Limited (Pennzoil), Mumbai after its acquisition by Shell in October 2002. Mr. Sanjay Mathur is a member of the Shareholders'/Investors' Grievance Committee.

#### (c) MR. DAVID HUGHES, non-executive Director

Mr. David Hughes holds an M.A. (Natural Sciences) from Cambridge University, U.K. and the Certified Diploma in Accounting & Finance from the U.K. Association of Chartered Certified Accountants. David Hughes joined the Foseco group in 1981 working with Foseco International Ltd., U.K. in product development and then in 1983 was transferred to Foseco Inc. U.S.A., as a Product Manager. In 1985 he moved to Foseco Singapore Pte. Ltd., as Technical Sales Manager and after 3 years relocated to Foseco Philippines Inc., as President of the Company. In 1992 David Hughes became Chief Executive of Foseco ASEAN based in Thailand. In 1996 he returned to U.K. as Chemical Controller with Foseco's parent Company, Burmah Castrol Chemicals Ltd. and then in 1997 returned to the Foseco Group in a head-office role working on acquisitions and disposals. Then in late 1999 David Hughes took over the role of Managing Director of Foseco India Ltd., moving on to the position of Regional Director Asia-Pacific in 2006. Currently he is the President of Foundry Division. Mr. David Hughes is member of the Audit Committee, Shareholders'/Investors' Grievance Committee, Nomination Committee and Remuneration Committee. Mr. David Hughes holds 200 qualification shares jointly with Foseco Ltd., U.K.





**(d) MR. MUKUND M CHITALE**, non-executive Independent Director

Mr. Mukund M Chitale joined the Board of Foseco India Limited as an Additional Director on 27th October 2009 and was appointed as a Director by members in the Annual General Meeting held on 21st April 2010.

He is a practicing Chartered Accountant since 1973, as Partner of Mukund M Chitale & Co. He was the President of The Institute of Chartered Accountants of India during 1997-98. He was also a member of the Company Law Advisory Committee of Central Government in 1992 and 1993. He is Chairman of the Audit Committee and Nomination Committee and member of Shareholders'/Investors' Grievance Committee and Remuneration Committee.

**(e) MR. FRANCOIS WANECQ**, non-executive Director

Mr. Francois Wanecq was appointed as an Additional Director at the meeting of the Board of Directors held on 21st April 2010 and was appointed as a Director in the Annual General Meeting held on 21st April 2011.

Mr. Francois Wanecq holds a Bachelors Degree in Engineering from Ecole des Mines, Paris. He started his career in 1978 with French Ministry for Industry and till 1985 was Head of Research and Production Department at Oil and Gas Directorate. During 1985 to 1995 he was the Managing Director of Saint Gobain. In 1995 he joined Arjo Wiggins Appleton plc. as Chief Executive Officer and was a Member of the Board during 1999-2001. He was also a Chairman of the Management Board of Arjo Wiggins SAS during 2001-2004.

Mr. Francois Wanecq is the President & CEO of the Vesuvius Group-HQ since 2005. He is a member of the Shareholders'/Investors' Grievance Committee and Remuneration Committee.

**(f) MR. PRADEEP MALLICK**, non-executive Chairman and Independent Director

Mr. Pradeep Mallick was appointed as Additional Non-Executive Independent Director at the meeting of the Board of Directors held on 21st October 2011 and non-executive Chairman on 20th January 2012. He is a graduate Electrical Engineer B.Tech from IIT Madras and received a Diploma in Business Management from U.K. He is a 'Chartered Engineer', Fellow of the Institution of Engineering & Technology (FIET), London. From 1967 to 1988, Mr. Pradeep

Mallick worked with Crompton Greaves, Tata Exports, EMC and GENELEC in the field of Power Distribution & Power Transmission, primarily in managing large turnkey projects in India, Gulf, West Asia and North Africa. In 1988, he helped to establish the Finnish Company Wartsila in India as a greenfield project and led the Company as its Managing Director for 15 years till 2003. He currently serves on the Boards of several Companies as a Professional Independent non-executive Director. Besides, he is a Strategic Adviser cum Sounding Board to CEOs and an Executive Coach/Mentor to Corporate Executives, focusing on Leadership Development.

Mr. Pradeep Mallick is Chairman of the Shareholders'/Investors' Grievance Committee and Remuneration Committee and a Member of the Audit Committee and Nomination Committee.

**(g) MR. CHRISTOPHER NAIL**

Mr. Christopher Nail was appointed as Additional Non-Executive Foseco Retiring Director at the meeting of the Board of Directors held on 20 January 2012. He graduated in Chemistry from The University of Bath in 1975 with a BSc. From 1975 to 1977, Nail worked with Catalin Limited, a resin manufacturer based in London, as research chemist. In 1977 he worked with Foseco International Limited in their resin binder R & D department in Nechells, Birmingham. In 1980 Mr. Christopher Nail was transferred to Foseco Pty. Limited, in Padstow, NSW., Australia as Product Manager, Binders and Coatings. In 1984 he was transferred to Foseco (FS) Limited at Tamworth, U.K. as Product Manager, Binders and Coatings. In 1988 Mr. Nail returned to Australia and progressively rose from Product Manager to Chief Executive Officer in 1998. In 2008, he relocated to Kobe, Japan to take on the position of President, Foseco Japan Limited. The position was soon to include Korea as Area Director North Asia. Christopher was the initial Chairman of BTSG (Binder Technology Steering Group) and has chaired global task forces from time to time. Mr. Nail is a member of the Australian Foundry Institute and a Past President of the Institute of Refractory Engineers, Australian Branch. Currently Christopher is on the Boards of Foseco Japan Limited, Foseco Korea Limited, Foseco Pty Lt (Australia) and Vesuvius New Zealand Limited.

Mr. Christopher Nail is member of the Shareholders'/Investors' Grievance Committee and Remuneration Committee.



## II. Board Meetings & Attendance of Directors

A total of four Board meetings were held during the year 2011 on the following dates: **20th January, 21st April, 22nd July and 21st October.**

Name of Director	Number of meetings held during his tenure	Number of meetings attended	% of total meetings Attended	AGM attendance
Mr. R A Savoor*	4	4	100	Yes
Mr. Mukund M Chitale	4	4	100	Yes
Mr. David Hughes	4	3	75	Yes
Mr. Francois Wanecq	4	3	75	Yes
Mr. Sanjay Mathur	4	4	100	Yes
Mr. Pradeep Mallick*	1	1	100	NA

- \* Mr. R A Savoor resigned from the Board on 31st Dec 2011.  
Mr. Pradeep Mallick was appointed as Additional Director on 21st Oct 2011 and Chairman on 20th Jan 2012.  
Mr. Christopher Nail was appointed as Additional Director on 20th Jan 2012.

## III. Board and Committee Memberships

As mandated by Clause 49, none of the Directors is a member of more than ten (10) Board level Committees nor Chairman of more than five (5) Committees in which he is a member. The table below gives the details of Directorships, Committee Memberships and Chairmanships on 31st December 2011. Directorships exclude Alternate Directorships and Directorship of Private limited Companies and foreign Companies wherever applicable. Committee include only Audit Committees and Shareholders' / Investors' Grievance Committee.

Name of Director	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. R A Savoor *	8	3	3
Mr. Mukund M Chitale	12	6	5
Mr. David Hughes	None	None	None
Mr. Francois Wanecq	1	None	None
Mr. Pradeep Mallick*	9	9	2
Mr. Christopher Nail*	None	None	None

- \* Mr. R A Savoor resigned from the Board on 31st Dec 2011.  
Mr. Pradeep Mallick was appointed as Additional Director on 21st Oct 2011 and Chairman on 20th Jan 2012.  
Mr. Christopher Nail was appointed as Additional Director on 20th Jan 2012.

## IV. Code of Conduct & Ethics

The Company's Code of Conduct & Ethics, enclosed in this Annual Report, provides guidelines to be followed by Directors and all employees to ensure the highest standards of professional conduct. Members of the Board and senior management have affirmed compliance with the Code of Conduct & Ethics for the year 2011 on behalf of themselves and to the extent that they are aware, on behalf of all employees reporting to them.

## V. Directors Seeking Reappointment

The required information regarding the details of Directors who are seeking appointment or reappointment is set out in the notes to the AGM notice.

## VI. Disclosure of Directors' Interests in Transactions with the Company

None of the non-executive Directors had any pecuniary relationship or transaction with the Company pursuant to the provisions of Clause 49 VII (D) of the Listing Agreement. However, some commercial transactions have taken place with some of the Companies where Foseco non-executive Directors also hold Directorships. Such transactions have taken place on a wholly arms length basis, which have been disclosed to the Board in accordance with the provisions of the Companies Act, 1956 and have been entered in the register of contracts and approved by the Board in accordance with Section 301 of the Companies Act, 1956.

## 3. AUDIT COMMITTEE

### I. Terms of Reference

The Audit Committee is mandated with the same terms of reference specified in Clause 49 II of the Listing Agreement with the Stock Exchanges, as revised by SEBI as on 29th October 2004, as well as those stipulated by the SEBI guidelines. The current terms of reference also fully conform to the requirements of Section 292A of the Companies Act, 1956. The Audit Committee reviews with management and the Statutory and Internal Auditors all aspects of the financial results, effectiveness of internal audit processes, taxation matters and the Company's risk management strategy.

### II. Composition

The Audit Committee comprises 2 non-executive Independent Directors - Mr. Mukund M Chitale, Mr. Pradeep Mallick and non-executive Director - Mr. David Hughes.

The Chairman is Mr. Mukund M Chitale, Chartered Accountant, who has considerable financial expertise and experience. The Chief Financial Officer, the Managing Director, the Internal Auditor and the Statutory Auditors are permanent invitees to the Committee. The Controller of Account and Company Secretary acts as Secretary to the Committee.

### III. Audit Committee Meetings and Attendance of Directors

A total of four Board meetings were held during the year 2011 and Audit Committee meetings were also held on same dates i.e.: 20th January, 21st April, 22nd July and 21st October.

Name of Director	Number of meetings held during his tenure	Number of meetings Attended	% of total meetings attended
Mr. Mukund M Chitale	4	4	100
Mr. R A Savor*	4	4	100
Mr. David Hughes	4	3	75
Mr. Pradeep Mallick*	1	1	100

\* Mr. R A Savor resigned from the Board on 31st Dec 2011. Mr. Pradeep Mallick was appointed as Additional Director on 21st Oct 2011 and Chairman on 20th Jan 2012.

## 4. REMUNERATION COMMITTEE

### I. Terms of Reference

The Remuneration Committee reviews and recommends the remuneration and performance linked bonuses of Executive Directors, the management team and the payment of commission to Non-Executive Directors within the limits approved by the shareholders. Such recommendations are based on the overall performance and financial results of the Company during the financial year and on an assessment of the personal contribution and performance of the individuals.

### II. Composition

The Committee comprises five Directors - Mr. Pradeep Mallick, Mr. Mukund M Chitale (both non executive, Independent Directors), Mr. David Hughes, Mr. Christopher Nail and Mr. Francois Wanecq (non-executive, Directors). The Controller of Accounts and Company Secretary acts as Secretary to the Committee.

### III. Remuneration Committee Meetings and Attendance of Directors

The Committee met twice during the year on 20th January 2011 and 21st April 2011.

Name of Director	Number of meetings held during his tenure	Number of meetings Attended	% of total meetings attended
Mr. Mukund M Chitale	2	2	100
Mr. R A Savor*	2	2	100
Mr. David Hughes	2	1	50
Mr. François Wanecq	2	1	50

\* Mr. R A Savor resigned from the Board on 31st Dec 2011.

### IV. Remuneration Policy

#### (A) Whole-time Directors and Management Team

For whole-time Directors and members of the management team the total remuneration, subject to shareholders' approval, comprises fixed component consisting of salary and perquisites in accordance with Company policy and a performance bonus linked to Company performance subject to the limits approved by the shareholders and defined by Schedule XIII of the Companies Act, 1956.

Increases in fixed remuneration are dependent upon Individual and Company performance and are assessed annually. The performance bonus is based on a set of stretch targets that reflect the overall financial performance of the Company each year.

During the year 2011 the Company had only one whole-time Director, the Managing Director, whose remuneration was as follows:

Salary and bonus	Rs. 106.84 lacs
Total perquisites	Rs. 14.48 lacs
Total	Rs. 121.32 lacs

The Managing Director has a three-year contract with the Company from 1st April 2010 to 31st March 2013, which can be terminated by mutual agreement and with no severance fees payable. For management team members other than the Managing Director, the fixed remuneration package and performance bonus scheme has the same structure as the rest of the Company.

**(B) Non-executive Independent Directors**

Non-executive, Independent Directors are paid sitting fees for attending Board and Committee meetings plus the reimbursement of directly related actual travel and out-of-pocket expenses. Non-executive, Independent Directors receive a commission, which in total does not exceed 1% of the net profits computed under Section 198(4) of the Companies Act, 1956. The amount of commission is based on the overall financial performance of the Company and of the Board of Directors. This is the only remuneration paid to non executive Directors and is summarized below:

Director	Sitting Fees (Rs.)	Commission Payable (Rs.)
Mr. R A Savor	110,000	700,000
Mr. M M Chitale	110,000	700,000
Mr. Pradeep Mallick	10,000	138,100

**5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE****I. Terms of Reference**

The Committee focuses primarily on strengthening investor relations and ensuring the rapid resolution of any shareholder or investor concerns.

**II. Composition**

The Committee comprises Mr. Pradeep Mallick, a Non-Executive, Independent Director as Chairman, Mr. Mukund M Chitale, Mr. David Hughes, Mr. Francois Wanceq, Mr. Christopher Nail and Mr. Sanjay Mathur. The Controller of Accounts and Company Secretary acts as Secretary to the Committee.

**III. Shareholders' / Investors' Grievance Committee Meetings and Attendance of Directors**

A total of four Committee meetings were held during the year 2011 on the following dates: 20th January, 21st April, 22nd July and 21st October.

Name of Director	Number of meetings held during his tenure	Number of meetings attended	% of total meetings attended
Mr. R A Savor*	4	4	100
Mr. Mukund M Chitale	4	4	100
Mr. David Hughes	4	3	75
Mr. Francois Wanceq	4	3	75
Mr. Sanjay Mathur	4	4	100
Mr. Pradeep Mallick*	1	1	100

- \* Mr. R A Savor resigned from the Board on 31st Dec 2011. Mr. Pradeep Mallick was appointed as Additional Director on 21st Oct 2011 and Chairman on 20th Jan 2012. Mr. Christopher Nail was appointed as Additional Director on 20th Jan 2012.

**IV. Compliance Officer**

Mr. R. Umesh, Chief Financial Officer has been appointed as Compliance Officer and Mr. Aditya Jakhota, Controller of Accounts and Company Secretary has been appointed as the Company Secretary under section 383A of The Companies Act 1956.

**V. Analysis of Complaints**

Nature of Complaints	Opening Balance	Complaint Received During the Year	Received From		Closing Balance
			Share Transfer Agents or Direct	S.E.B.I /BSE / NSE	
Non-receipt of dividend warrant	Nil	08	08	Nil	Nil
Non-receipt of Share Certificate	Nil	Nil	Nil	Nil	Nil
Non-furnishing of annual report & demat information	Nil	03	03	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>11</b>	<b>11</b>	<b>Nil</b>	<b>Nil</b>

All complaints have been resolved to the satisfaction of shareholders within a reasonable time.

**6. NOMINATION COMMITTEE****I. Terms of Reference**

The Nomination Committee is mandated to determine and propose for Board approval the criteria for selection of executive and non-executive Directors. When the need arises to appoint a Director, the Committee will play a proactive role in identifying suitable candidates for presentation to the Board. The Committee will also propose for Board approval the Members and Chairperson of Board Committees.

**II. Composition**

The Nomination Committee comprises Mr. Mukund M Chitale, a non-executive, Independent Director as Chairman, Mr. Pradeep Mallick and Mr. David Hughes. The Controller of Accounts and Company Secretary acts as Secretary to the Committee.

### III. Attendance

The Committee met once during the year on 21st October, 2011 and was attended by four members and recommended appointment of Mr. Pradeep Mallick as Additional Director.

## 7. GENERAL BODY MEETINGS

### I. Meeting Details

Financial Year	Location	Date	Number of Shareholders Attending	% of Shareholders Attending**	Resolutions Passed
2011	Foseco India Ltd. registered office	21-Apr-11	19	50% Proxy present for 75% shares	Ordinary-2
2010	Foseco India Ltd. registered office	21-Apr-10	13	33% Proxy present for 66.46% shares	Ordinary-2
2009	Foseco India Ltd. registered office	22-Apr-09	11	27% Proxy present for 66.46% shares	Ordinary-4

\*\* Total number of proxy attended / Total number of Shareholder attended including proxy

### II. Resolutions

The details of ordinary and special resolutions passed in the previous 3 AGMs are shown in the last column of the above table.

### III. Postal Ballot

During the financial year under review no postal ballot was conducted by the Company and no Special Resolution is proposed to be conducted through postal ballot by the Company.

## 8. DISCLOSURES

### I. Related Party Transactions

There have been no materially significant related party transactions with the Company's subsidiaries, Promoters, Directors, management or their relatives, which may have a potential conflict with the interests of the Company. Members may refer to the notes to the accounts for details of other related party transactions.

### II. Compliance with Regulations

The Company has complied fully with the requirements of the regulatory authorities on capital markets. There

have been no instances of non-compliance by the Company on any matters related to the capital markets, nor has any penalty or stricture been imposed on the Company by the Stock Exchange, SEBI or any other statutory authority.

### III. Accounting Standards

The Company has rigorously followed the accounting standards laid down by the Institute of Chartered Accountants of India.

### IV. Secretarial Standards

Though not a mandatory requirement, the Company has adopted Secretarial Standards SS 1-10 issued by the Institute of Company Secretaries of India.

### V. Risk Management

The Audit Committee regularly reviews the risk management strategy of the Company to ensure the effectiveness of risk management policies and procedures.

### VI. CEO / CFO Certificate

The Managing Director (the CEO) and the Chief Financial Officer (CFO) of the Company have furnished the requisite certificate to the Board of Directors under Clause 49 VII of the Listing Agreement.

## 9. COMMUNICATION APPROACH

The Company's financial results are published in Business Standard in English and Loksatta in Marathi and on the Company's website [www.fosecointia.com](http://www.fosecointia.com).

## 10. GENERAL SHAREHOLDER INFORMATION

### I. 55th Annual General Meeting

The 55th Annual General meeting will be held on 25th April 2012 at the Registered Office of the Company at 1000 hours (IST).

### II. Financial Reporting Calendar

Financial Reporting 2011	From	To	Date
1st Quarter	January	March	25th April 2012
2nd Quarter	April	June	20th July 2012
3rd Quarter	July	September	23rd October 2012
4th Quarter	October	December	Jan 2013
Annual General Meeting	January	December	April 2013

### III. Book Closure

The date of closure is from 23rd March to 6th April 2012.

### IV. Dividend Payment

Interim dividend payments were made during 2011 on the following dates:

- |                   |                    |
|-------------------|--------------------|
| 1. First interim  | 16th May 2011      |
| 2. Second interim | 19th August 2011   |
| 3. Third interim  | 18th November 2011 |

The final dividend, subject to shareholder approval will be paid on 18th May 2012.

### V. Stock Exchange Listing

Stock Exchange	Stock code	Listing Fees Paid Up to	ISIN
Pune Stock Exchange	FOSECO	31.03.2012	
Bombay Stock Exchange	150	31.03.2012	INE519A01011
National Stock Exchange	FOSECOIND	31.03.2012	

### VI. Share Price

The Company's high and low prices recorded on the Bombay Stock Exchange and the National Stock Exchange during the year 2011 were:

Month	Stock Exchange					
	The Stock Exchange, Mumbai (BSE)			National Stock Exchange (NSE)		
	Share Price		Sensex	Share Price		Nifty
	High (Rs.)	Low (Rs.)	(Close)	High (Rs.)	Low (Rs.)	(Close)
Jan. 11	471	411	18327	458	435	5512
Feb.11	460	403	17823	465	401	5333
Mar.11	488	425	19445	487	425	5834
Apr.11	565	406	19135	565	457	5749
May- 11	559	501	18503	557	502	5560
Jun.11	624	506	18846	624	502	5647
Jul.11	603	531	18197	599	535	5482
Aug.11	599	492	16677	586	490	5001
Sep.11	553	498	16454	555	497	4943
Oct.11	592	501	17705	590	500	5327
Nov.11	608	537	16123	607	535	4832
Dec.11	600	527	15455	605	525	4646

### VII. Registrar & Transfer Agent

Agent	Address	Contacts	Meeting Frequency
Link Intime India Private Ltd.	Akshay Complex, block 202, 2nd floor Off Dhole Patil Road, Near Ganesh Mandir, Pune-411001	Tel.:+91-(020) 65203395 +91-(020)-2651629 Fax :+91-(020)-2653503 Email: pune@linkintime.co.in	Each Fortnight

### VIII. Share Transfer System

The power to approve the transfer of securities has been delegated by the Board to the Share Transfer Agents. Share transfer requests are processed within an average of 15 days from the date of receipt. Shareholders are encouraged to opt for dematerialisation of the physical shares in which case electronic credit is made. It should be noted that:

The authority relating to share transfers has been delegated to the Share Transfer Committee comprising the four non-whole time Directors and the Managing Director.

The Board has authorised the Share Transfer Agents Link Intime India Pvt. Ltd. to approve all routine transfers and transmissions of shares and these are effected within 15 days.

As on 31st December 2011 there were no valid requests pending for transfer of shares.

### IX. Shareholding Distribution

The shareholding distribution at 31st December 2011 is tabulated below:

Shareholding of Nominal value Rs.	Number of Shareholders	% of Total	Number of Shares	% of Total
Up to 5,000	5,628.00	97.19	437,329.00	6.85
5,001 to 10,000	81.00	1.40	62,111.00	0.97
10,001 to 20,000	43.00	0.74	62,108.00	0.97
20,001 to 30,000	11.00	0.19	28,788.00	0.45
30,001 to 40,000	5.00	0.09	19,466.00	0.30
40,001 to 50,000	3.00	0.05	13,480.00	0.21
50,001 to 1,00,000	10.00	0.17	69,348.00	1.09
1,00,001* and above	10.00	0.17	5,693,829.00	89.15
<b>Total</b>	<b>5,791.00</b>	<b>100.00</b>	<b>6,386,459.00</b>	<b>100.00</b>

\* Includes five individuals jointly holding shares as nominee.





The nature of shareholding is summarized below:

Category	Number of shareholder	Number of shares	%
Foreign collaborators/ nominees (different folios)	10	4789845	75.00
Foreign companies	2	734829	11.51
NRIs	57	13367	0.21
Banks, Indian mutual funds, insurance companies	4	1400	0.02
Bodies corporate	168	123464	1.93
Indian public	5550	723554	11.33
<b>TOTAL</b>	<b>5791</b>	<b>6386459</b>	<b>100</b>

#### X. Dematerialisation of Shares and Liquidity

Shares of the Company can be held and traded in electronic form. SEBI has stipulated the shares of the Company for compulsory delivery in dematerialised form only by all investors from 28th August 2000. The Parent Company holds 66.49% of the shares in physical form.

Approximately 32% of shares have been dematerialised, of which 8.5% is held by Cookson Group Plc and the remaining 23.5% is held by the public. Shares of the Company are actively traded on the Stock Exchange, Mumbai and the National Stock Exchange of India Ltd.

#### XI. Outstanding GDRs / ADRs / Warrants / Convertible Instruments

The Company has not issued GDRs or ADRs. There are no outstanding warrants or any convertible instruments.

#### XII. Plant Locations

The Company has two manufacturing sites, with the Registered Office and Head Office being located at the Pune site.

Pune	Puducherry
Gat Nos. 922 & 923 Sanaswadi village Taluka, Shirur, District Pune 412 208	Medium Scale Industrial Area PIPDIC Industrial Estate Mettupalayam Puducherry 605 009

#### XIII. Address for Correspondence

For change of address and bank mandates:

- Shares in dematerialised form contact the Shareholder's depository participant.
- Shares in physical form contact the share transfer agents Link Intime India Pvt. Ltd. See paragraph 9.VII for contact details.

For all matters relating to investor relations contact:

Compliance Officer (direct)  
Tel.: +91-(02137) 668233  
Foseco India Limited  
Gat Nos. 922 & 923,  
Taluka Shirur Sanaswadi  
District Pune 412 208  
+91-(02137) 668100 (Board)  
+91-(02137) 668360 (Fax)  
email: r.umesh@foseco.com

#### XIV. Unclaimed Dividends

By virtue of Sections 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid / unclaimed for the period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company shall be required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Given below are the dates of declaration of dividend and corresponding dates when unpaid / unclaimed dividends are due for transfer to the IEPF:

Year	Date of Declaration (MM/DD/YYYY)	Due Date for Transfer (MM/DD/YYYY)
2004 - Final	04/26/2005	05/25/2012
2005 - 1st interim	04/26/2005	05/25/2012
2005 - 2nd interim	07/20/2005	08/19/2012
2005 - 3rd interim	10/19/2005	11/18/2012
2005 - Final	02/07/2006	03/06/2013
2006 - 1st interim	04/25/2006	05/24/2013
2006 - 2nd interim	07/18/2006	08/17/2013
2006 - 3rd interim	10/17/2006	11/16/2013
2006 - Final	04/26/2007	05/25/2014
2007 - 1st interim	04/26/2007	05/25/2014
2007 - 2nd interim	07/16/2007	08/15/2014
2007 - 3rd interim	10/22/2007	11/21/2014
2007 - Final	04/22/2008	05/22/2015
2008 - 1st interim	04/22/2008	05/22/2015
2008 - 2nd interim	07/17/2008	08/16/2015
2008 - 3rd interim	10/16/2008	11/15/2015
2008 Final	04/22/2009	05/21/2016
2009 1st Interim	07/24/2009	08/23/2016
2009 2nd Interim	10/27/2009	11/26/2016
2009 Final	04/21/2010	05/20/2017
2010 - 1st interim	04/21/2010	05/20/2017
2010 - 2nd interim	07/23/2010	08/22/2017
2010 - 3rd interim	10/21/2010	11/20/2017
2010 - Final	04/21/2011	05/20/2018
2011 - 1st interim	04/21/2011	05/20/2018
2011 - 2nd interim	07/22/2011	08/21/2018
2011 - 3rd interim	10/21/2011	11/20/2018



Members who have not encashed their dividend warrants are requested to have them revalidated and encashed to avoid transfer to IEPF.

#### **XV. Nomination**

Individual shareholders holding shares singly or jointly in physical form can nominate a person in whose name the shares shall be transferable in case of death of the registered shareholder. The nomination facility in respect of shares held in electronic form is also available with the depository participants as per the by-laws and business rules applicable to NSDL and CDSL. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agents.

#### **XVI. Electronic Clearing Service (ECS)**

SEBI, vide its circular no. DCC/FITTCIR-3/2001 dated October 15, 2001 had advised that all Companies should compulsorily use ECS facility wherever available. In the absence of ECS facility, Companies may use warrants for distributing dividends and vide its Circular No. D & CC/FITTCIR-04/2001 dated November 13, 2001 SEBI had advised to compulsorily print the bank account details furnished by the depositories on the dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the accounts specified on the dividend warrants and ensures safety for the investors. However, members who wish to receive dividend in an account other than the one specified while opening the depository account, may notify their Depository Participants about any change in the bank account details.

### **11. ADOPTION OF NON-MANDATORY REQUIREMENTS**

#### **I. Maintenance of the Chairman's Office**

The Company does not maintain an office for the non-executive Chairman and no expenses are being reimbursed in this regard.

#### **II. Remuneration Committee**

The Company has a Remuneration Committee, as detailed in Section 4 above.

#### **III. Shareholder Rights**

The quarterly and half yearly results are not being sent to the personal address of shareholders as the quarterly performance and financial results of the Company

are published in the press and the results are posted on the website of Company [www.fosecointia.com](http://www.fosecointia.com).

#### **IV. Audit Qualifications**

The Auditor's Report does not contain any qualifications to the accounts.

#### **VI. Board Performance**

The Board recognises the importance of reviewing and improving upon its performance and meets regularly to discuss the effectiveness of its functioning and to agree ways in which performance can be further improved.

#### **VII. Training of Board Members**

As the part of Board's review of its performance, the training needs of individual Directors is considered and action taken, wherever necessary.

#### **VIII. Tenure of Independent Directors**

Company policy requires that Board members retire at the AGM following their 75th birthday.

#### **IX. Whistleblower Policy**

In line with the best international governance practices Foseco India Ltd., has put in place a system through which employees and business associates may report unethical practices and infringements of the Company's Code of Conduct & Ethics without fear of reprisal. The Company has put in place a process by which employees and business associates have direct access to the Audit Committee, Managing Director and Chairman of the Board and Compliance Officer.

The Whistleblower policy is enclosed in this Annual Report. Cookson Group plc. has a 24-hour Employee Business Concern Helpline telephone and email facility. This is operated by a professional, external provider of employee support, counseling and business concern services, which provides Cookson's employees and business associates world wide with an independent and confidential service through which to register any concerns about any incorrect or irregular practices they perceive in Cookson's workplace, with the express permission of the caller or email correspondent, the service provider supports any matters raised to a designated team at Cookson's Head Office for investigation.

**X. Dividend Policy**

Foseco's dividend policy is based on the belief that our shareholders should decide how best to invest their funds retained in the Company that is surplus to the medium term cash requirements of the business. Therefore, the Company's dividend policy is to return to the shareholders that cash, which in the opinion of the Board, in excess to the medium term cash requirements. In determining the future cash requirements of the business, the Board includes the following in its review:

- Working capital to support growth
- Capital investment to expand capacity and to maintain existing facilities
- Potential for acquisitions
- Possibility of contingent liabilities crystallizing
- The projected business performance and internal cash generation
- Possible funding requirements
- Macro-economic and fiscal environment
- Contingency planning

**XI. Going beyond Regulation**

Foseco India believes firmly in the adoption of global best practices in all areas of its business, including corporate governance. Therefore, in its approach to corporate governance Foseco adopts good practices beyond regulatory requirements. Recent progress in this area includes:

- Compliance with the recommendations of the U.K. Combined Code on Corporate Governance.
- The introduction of a comprehensive range of performance measures for the internal audit process.
- An annual full-day Audit Committee to review in detail certain key aspects of the Company's internal control and risk management practices. External specialists are invited to attend this meeting.
- The Independent Directors meet several times each year without the presence of the Managing Director.

**XII. Lead Independent Director**

Since the Chairman of the Company is a non-executive, Independent Director, he undertakes the role of lead Independent Director.

**12. PRACTICING COMPANY SECRETARY'S CORPORATE GOVERNANCE CERTIFICATE**

The Company has obtained a certificate from a practicing Company Secretary confirming compliance with the conditions of corporate governance as stipulated in the Listing Agreement with Stock Exchanges. This is annexed to the Report of Directors.

## Nomination Committee Report - 2011

The Nomination Committee is mandated to determine and propose for Board approval the criteria for selection of executive and non-executive Directors.

The Committee met once during the year to recommend Mr. Pradeep Mallick for the position of Additional Director.

Sanaswadi, Pune  
20 January 2012

**Mukund M Chitale**  
Chairman,  
Nomination Committee

## Remuneration Committee Report - 2011

The Remuneration Committee's primary responsibility is to develop and recommend to the Board the remuneration structure of the executive Directors and senior management team and to propose the commissions payable to non-executive Directors.

The Committee met twice during the year.

Sanaswadi, Pune  
20 January 2012

**Pradeep Mallick**  
Chairman,  
Remuneration Committee

## Shareholders' and Investors' Grievance Committee Report - 2011

The Shareholders' and Investors' Grievance Committee's main responsibility is to ensure that all shareholder services operate in an efficient manner and that shareholders' and investors' grievances are addressed promptly and efficiently. The Committee reviewed quarterly the status of investors' grievances (transfer of shares, non-receipt of annual reports, non-receipt of dividends for example).

During the year the Committee received 11 (eleven from R & T & zero from SEBI) complaints, all of which were resolved promptly. At the close of the financial year there were no open complaints. The analysis of complaints received and resolved are summarised in the Corporate Governance report.

Sanaswadi, Pune  
20 January 2012

**Pradeep Mallick**  
Chairman,  
Shareholders' and Investors' Grievance Committee



## Audit Committee Report - 2011

The Audit Committee comprises two non-executive Independent Directors and of one non-executive Director. A majority of the members of the Audit Committee are Independent Directors as per the requirement of Clause 49 of the Listing Agreement executed between the Company and the stock exchanges on which the Company's shares are listed. The terms of reference of the Audit Committee reflect the requirements of Section 292 of the Companies Act, 1956, Clause 49 of the Listing Agreement and of the U.K. Combined Code.

The Company's management is responsible for the Company's financial reporting and internal controls and the Statutory Auditor is responsible for performing an independent audit of the financial statements of the Company in accordance with Generally Accepted Accounting Principles in India and issuing the Auditor's report thereupon.

The Audit Committee is responsible for overseeing the processes relating to the preparation of the financial statements and internal controls and also for reviewing issues arising out of the Whistleblower Policy. The Audit Committee meets every quarter and at least once per year for an in-depth session to review key processes, with external experts joining the meeting. During the year the Committee met four (4) times with the following agenda:

1. Internal audit reports - review of issues arising and action plans
2. Review of the performance of the internal audit process
3. Contingent liabilities
4. Related party transactions
5. Review of taxation - direct and indirect
6. Discussion of the External Auditor's comments
7. Changes to accounting policies applied
8. Methods used to account for significant or unusual transactions where different approaches are possible
9. Implementation of new accounting standards already in use
10. Major accounting entries involving estimates based on the exercise of managerial judgement
11. Significant adjustments made in the financial statements arising out of the findings of the Limited Review
12. Review of the External Auditor performance
13. Accounting standards - the implementation of new accounting standards to be applied prospectively
14. Review any issues reported under the Whistleblower Policy

The Committee during the year-end reviewed the following:

1. Management Discussion and Analysis report
2. Directors' Responsibility statement
3. Related party transactions
4. Draft Statutory Auditor's report along with financial statements

The Committee is satisfied that the Company is complying with the requirements of the Companies Act, 1956, Clause 49 of the Listing Agreement and Indian GAAP. The Committee is further satisfied with the Company's internal control systems.

Sanaswadi, Pune  
20 January 2012

**Mukund M Chitale**  
Chairman,  
Audit Committee

# Corporate Social Responsibility Policy

## Introduction

Foseco is committed to acting with integrity in its relationships with customers, employees, shareholders, suppliers, the local community and all business partners in order to maintain trust and confidence of all stakeholders. We must achieve consistently high standards of behaviour and care. In order to do this, our Code of Conduct & Ethics set out Foseco's philosophies and policies on the operation of its business and is critical for the continued growth of Foseco.

## Customers

Foseco aims to provide products and services which improve our customer's processes and capability, process efficiency and environment practices. A close working relationship is required to enable us to identify our customer's needs and to respond quickly and effectively. In dealing with customers we must:

- Deliver high quality products and services which meet their needs;
- Provide high quality, reliable after sales service;
- Treat all customers fairly and with respect.

## Shareholders

We seek to deliver long term sustainable growth in the total returns earned by our shareholders, through prudent and effective use of the Company's assets, both tangible and intangible. We will:

- Provide information on our policies, performance and activities to all shareholders on a timely and accurate basis;
- Aim for the best practices of corporate governance;
- Endeavour to treat all shareholders fairly and consistently.

## Company Assets and Financial Integrity

We have the responsibility and legal duty to protect the Company's assets. We will:

- Comply with applicable laws, including accounting standards;
- Accurately record and report our data and results;
- Protect Foseco's assets by guarding against misuse.

## Employees

Foseco's employees are the key to secure achievement of our objectives and strategies. Employees will be recruited, selected, developed and promoted on merit, irrespective of race, gender, sexual orientation, religion, age, disability or any other status protected by law or not related to the job performance. Relevant United Nations guidelines on human rights will be observed. We will:

- Provide employees with a fair and equitable remuneration based on the value of their contribution to the Company and overall Company's performance;
- Encourage and support employees to fully develop their capabilities;
- Keep their employees informed about issues which affect them and about the Company's performance, objectives and vision; refuse to tolerate discrimination and harassment;
- Develop people through trusting them with the freedom to act and to take responsibility.

In return for this commitment we require employees to:

- Comply with Company policies and all applicable laws;
- Conduct all business dealings at "arm's length," avoiding conflicts of interests;
- Refrain from offering or accepting any item of value to unlawfully influence our relationship with any government official, business associate or any competitor or anyone else;
- Safeguard confidential information and not use inside information for personal gain.

## Health, Safety and Environment

We are committed to provide safe and secure working conditions for our employees and those of other companies working on our premises and minimize our operations on the environment. We will ensure that all individuals take responsibility for achieving this. We will:

- Minimize, make safe or, where possible, prevent the release of substances which could adversely affect health or the environment;
- Reduce the waste by careful use of resources and by maximizing recycling opportunities;
- Provide sufficient training and other resources to meet our Health, Safety and Environment commitments;
- Measure, appraise and report on our performance;
- Adopt a comprehensive Health, Safety and Environment policy.



FOSECO

### **Suppliers and Business Associates**

We will work with our suppliers and other business partners on the basis of mutual respect and trust and encourage them to act in accordance to our values.

### **Competitors**

We believe that our customers benefit from an unrestrained competitive environment. Therefore, we will compete aggressively but will do so fairly and in compliance with the law. We will not:

- Discuss or provide proprietary or confidential information with or to competitors;
- Acquire information relating to competitors by underhand means;
- Be involved in restrictive or collusive business practices;
- Engage in unfair competition or make false or misleading claims.

### **The wider Community**

Foseco aims to be a good corporate citizen in the communities where we do business. In order to meet this goal we will:

- Be aware of local concerns, customs and traditions;
- Be supportive of appropriate community initiatives;
- Observe national and state- laws and regulations.

### **Compliance**

The Foseco India Ltd. Board will monitor compliance with this statement of Corporate Social Responsibility. Employees at all levels must ensure that this policy is adhered to and are encouraged to discuss with management any genuine concerns about behaviour or decisions which will conflict with this policy.



# Code of Conduct and Ethics

## Introduction

Foseco is firmly committed to conducting its business and relationships with all stakeholders in a manner that is lawful, ethically responsible and at all times, in a way that reflects Foseco's values. This code is a commitment to ethical professional conduct by the board of Directors and all employees of Foseco India.

Since this code cannot anticipate every situation that may arise, it is intended to provide guidance rather than detailed regulations. In situations that are complex or unclear, employees are encouraged to discuss the matter with colleagues and to apply the fundamental principles of the code and Foseco's values.

This code's guidelines are explained in the following sections;

## Conflict of Interest

All Directors and employees must ensure that they are not compromised by conflicts of interest. A conflict of interest exists when the person's personal or professional interest is, or appears to be, adverse to the interests of Foseco.

Examples of possible conflicts of interest include;

- ▶ Any ownership interest in any supplier, competitor, customer or business associate of the Company.
- ▶ Any agency, consulting or employment relationship with any supplier, competitor, customer or business associate of the Company.
- ▶ Any outside business interest or activity which detracts from an individual's ability to satisfactorily perform his or her Foseco role.
- ▶ Being in a position of employing, supervising, reviewing or having any influence on the performance assessment or benefits of any relative, associate or partner.
- ▶ Any situation in which a Director or employee, member of his or her family or an organisation with which the Director or employee is affiliated, receives improper benefits as a result of the Director's or employee's position.

When any potential conflict of interest arises the Director or employee needs to make a full and immediate disclosure to the Chairman or Company Secretary respectively. By promptly and openly making a disclosure, discussion will help to identify if a genuine conflict exists and if it does, how best to resolve the situation. If the possible conflict is not disclosed then there is a high risk that the Director or

employee will be assumed to be behaving in contravention of this code.

At the conclusion of the discussion a written approval or denial will be issued.

## Honest & Ethical Conduct

Directors and employees shall act with the highest standards of personal and professional integrity and honesty in their roles as Foseco brand ambassadors. Such behaviour includes;

- ▶ Not seeking competitive or other advantage through dishonest, corrupt, unlawful or anti-competitive business practices.
- ▶ The full, fair, accurate, timely and understandable disclosure in management accounts and other internal documents of information required by the board, other employees or the Company's business associates.
- ▶ The improper giving or receipt of any personal gifts or payments in return for business. Building close relationships at a business level may involve legitimate business entertainment consistent with the circumstances and seniority of the guest but must never be excessive or of an inappropriate kind. Cash giving or receiving is not acceptable in any circumstances.
- ▶ Dealing fairly with all investors, employees, customers and business associates.
- ▶ Not taking unfair advantage of anyone through the misrepresentation, manipulation or concealment of information.
- ▶ Not soliciting, accepting or agreeing to accept anything of value for the benefit of any person or organisation doing or seeking to do business with Foseco.
- ▶ Undertaking our professional roles with political independence. The Company does not make political donations or behave in any way so as to favour any political organisation.

## Confidentiality

Directors and employees must protect confidential information entrusted to them by the Company, its customers and all business associates. This includes all information not in the public domain, which, if disclosed, might be of use to competitors or harmful to the Company, its customers or business associates in any way.



The obligation to safeguard confidential information continues after employment with Foseco has ended through the terms of the employee's Service Agreement.

An exception to this is when disclosure is legally mandated.

### Corporate Opportunities

Directors and employees have a duty to the Company to advance its legitimate interests at every opportunity.

Directors and employees are prohibited from;

1. Taking for themselves, a relative or associate opportunities that are discovered by virtue of their position in the Company
2. Competing directly or indirectly with the Company
3. Using Company property, assets or resources for the benefit of themselves, relatives or associates.

If a Director or employee reasonably believes that a contemplated transaction might be a corporate opportunity or a competitive transaction, the Director or employee must make a full written disclosure to the Chairman (if a Director) or Compliance Officer (if an employee). The proposed transaction will either be approved or denied.

### Protection & Proper Use of Company Assets

Directors and employees should protect the Company's assets and ensure their efficient use for legitimate business purposes only.

### Equal Opportunities Employer

Foseco India is committed to being an equal opportunities employer and will recruit, develop and promote employees based only on a transparent and meritocratic assessment of the person's suitability to perform his or her role. Any form of bias including disability, nationality, gender, sexual orientation, caste, age, race or religion is considered totally unacceptable.

### Health, Safety & the Environment

Foseco India is fully committed to the safety, health and well being of its employees and to minimizing the environmental impact of its business operations. Directors and employees are expected to uphold this commitment.

### Company Policies & Values

The Company has a range of policies, including its Quality and Safety, Health and Environment policies to guide employee work practices, actions and decisions. The Company strives to continually improve the effectiveness of its policies and employees are encouraged to contribute to this process.

All employees are obliged to ensure that they fully understand all policies and that they fully comply.

All employees have committed to live Foseco's values every day;

- Creativity
- Cooperation
- Reliability
- Integrity
- Embracing Diversity

### Compliance with The Code

Supporting employees to fully understand and comply with this code is in the best interests of the Company, its customers, shareholders, employees and business associates. Therefore, employees are encouraged to seek clarification from either their functional head or the Managing Director when in doubt about the best course of action to take in a particular situation.

Any employee who becomes aware of an existing or potential breach of this code is required to promptly notify the Chairman or Managing Director.

Violations of this code could result in disciplinary action up to and including dismissal of and legal action against, the individuals responsible.

# Whistleblower Policy

## Introduction

Foseco India is firmly committed to conducting its business and working with all stakeholders including employees, customers, suppliers, shareholders and business associates in a manner that is lawful and ethically responsible and in a way that reflects the Company's values at all times. It will not tolerate attitudes or activities that constitute a breach of law or trust or infringe collective or individual liberties in any way. This approach is described in the Company's Code of Conduct & Ethics.

The Whistleblower policy formalises Foseco's commitment to enabling employees and business associates to make fair and prompt disclosure of circumstances where it is genuinely believed that a part of Foseco's business is engaged in inappropriate practices and that the Code of Conduct & Ethics is being violated. The policy sets out arrangements that encourage individuals to disclose violations of the Code of Conduct & Ethics, knowing that in so doing, they are acting in the best interests of all Foseco stakeholders. This policy also ensures that the whistleblower will be protected from retaliation and reprisal.

Normally any such concern about a workplace situation should be raised with the employee's immediate line manager or if identified by a business associate, raised with the appropriate member of the Foseco India Management Team. However, it is recognised that because of the seriousness and sensitivity of some issues, together with the knowledge of who the employee or business associate thinks may be involved in wrongdoing, this may be difficult or even impossible.

## Scope of Policy

This policy is intended to cover any concerns which are in the public interest. These might include:

- ▶ Breach of any internal controls or Company policy relating to financial malpractice or fraud
- ▶ Failure to comply with a legal obligation
- ▶ Dangers to health and safety or the environment
- ▶ Criminal activity
- ▶ Miscarriage of justice
- ▶ Improper conduct or unethical behaviour
- ▶ Violation of the Company's Code of Conduct & Ethics
- ▶ Attempts to conceal any of the above

This is not intended to be a complete list and any matter raised under this policy will be considered seriously. However, matters of purely operational nature should not be raised under this policy. Instead such matters should be raised through the usual organisational channels.

## Safeguards

### Protection

This policy is designed to offer protection to those employees or business associates who disclose such concerns provided the disclosure is made in:

- i. Accordance with the procedures laid down
- ii. Good faith and
- iii. The reasonable belief of the individual making the disclosure that malpractice has taken place

### Confidentiality

The Company will treat all such disclosures in a sensitive manner and will endeavour to keep the identity of an individual making an allegation confidential. However, the investigation process may inevitably reveal the source of the information and the individual, making the disclosure may need to provide a statement which cannot be kept confidential if legal proceedings arise.

### Anonymous Allegations

This policy encourages individuals to put their name to any disclosures they make.

### Untrue/Malicious/Vexatious Allegations

If an individual makes an allegation, which is not confirmed by subsequent investigation and the it shows that an individual has made malicious or vexatious allegations for personal leverage and particularly if he or she persists with making them, disciplinary action may be taken against the concerned individual.

## Procedure for Making a Disclosure

Employees are entitled to make their disclosure in the first instance through their line manager or if they feel it would be more appropriate to approach directly the Compliance Officer, Managing Director, Audit Committee Chairman or the Chairman of the Board.

Contact should be made by phone, email or in writing and should include as much detail and evidence as possible.



Upon receipt of the disclosure the matter will be investigated immediately to ascertain all the facts and a recommendation will be made to the Board. The recommendation will include a revision of Company policies and procedures to reduce the risk of re-occurrence.

### Protection Against Retaliation

Foseco commits to ensure that no retaliatory action, of any sort, will take place against any employee or business associate making a disclosure in good faith.

### Reporting

The Managing Director, the Chairman of the Audit Committee or the Chairman of the Board will be responsible for reporting any whistleblowing disclosures to the Audit Committee.

### Contacts

The relevant contacts are:

Person	Position	Email Address	Telephone
M M Chitale	Chairman - Audit Committee	mmc@mmchitale.com	
Sanjay Mathur	Managing Director	sanjay.mathur@foseco.com	+91-(02137) 668201 +91-(0)98233 89648
Pradeep Mallick	Chairman of the Board	pradeep.mentordom@gmail.com	
R Umesh	Compliance Officer	r.umesh@foseco.com	+91-(02137) 668233 +91-(0)98230 52934

## Quality Policy

Foseco India Ltd. specialises in improving its foundry and steel industry customer's business performance by partnering with them to improve their cast product quality and operational efficiency.

Foseco achieves this through the implementation of:

- ▶ The Solutions Partner strategy which combines Foseco's product technology, application expertise and foundry and steel making process knowledge with the customer's expertise to deliver solutions valued by the customer.
- ▶ A quality management system in accordance with ISO9001:2000.

We shall continually improve our business processes through teamwork, employee development and the involvement of our business partners, particularly our customers and suppliers.

Foseco is totally committed to achieving excellence in all areas of the Company's operations and every employee is dedicated to delivering this goal.

## Health, Safety and Environment Policy

As a leading provider of consumable products and services to the foundry industry, Foseco India is committed to ensure a safe and healthy environment for our employees, business partners and the localities in which we operate through the proactive management of the health, safety and environmental matters under our control.

### Our policy requires us to;

- ▶ Ensure a firm commitment to health, safety and environmental management by making it an integral part of the Company's business strategy.
- ▶ Maintain a safe and healthy working environment.
- ▶ Work towards minimising the environmental impact of our process and practices including the control of dust, air borne emissions, process residues and the prevention of pollution.

### To achieve these aims we will;

- ▶ Actively promote safety awareness, health and environmental issues throughout the entire Company and to our business partners.

- ▶ Design and operate all plant, processes and systems so as to be inherently safe and at a minimum, in compliance with current health, safety and environmental legislation.
- ▶ Ensure that the health, safety and environmental impact of proposed operating activities is assessed.
- ▶ Regularly communicate with our employees and business partners to ensure that they are fully aware of their responsibilities in respect of health, safety and the environment and to provide training and supervision where appropriate.
- ▶ Regularly review and audit all health, safety and environmental policies and practices to ensure effectiveness.
- ▶ Maintain contact with external and statutory bodies in relation to health, safety and environmental policies and practices.
- ▶ Implement, maintain and continually improve our health, safety and environmental management systems in accordance with international standards.

# Strategic Risk Management Policy

## Business Purpose

The Cookson Group PLC, operates globally with manufacturing and representation in countries with developed foundry and primary steel manufacturing industries. The Foundry Division marketing and technology led business-to-business product sales are managed via regional management.

Foseco Foundry Division supplies foundry consumables that are designed to improve process capability, yield efficiency and resource utilisation in the foundry process. Main product areas include feeding aids, filtration, ferrous and non-ferrous metal treatment, binders, coatings, molten metal transfer and moulding materials. A unique level of technical and commercial service support differentiates Foseco Foundry's product offering.

## Strategic Objectives

The primary Group Strategic Risk Management Objective is to protect the value of the Group on behalf of the shareholders. Within this policy there is a requirement to protect the generation of cash flow and profits through the supply of products and services to customers.

## Benefits

It is recognised that, through effective management of risk and uncertainty, including both upside and downside risks, benefits accrue to all areas of the Group through maximising of opportunities and minimisation of threats.

## Resources

Cookson Group plc. through its Finance, Human Resources, Marketing, Operational, Technical, Intellectual Property, Insurance and Risk Management personnel provide functions and services to the Group. The Foundry Division possesses significant Risk Management embedded in its existing management processes. To facilitate an effective process, existing risk management processes should be incorporated into the Division framework where appropriate.

## Combined Code

The combined code principles of good governance and code of best practice requires the board to maintain a sound system of internal control to safeguard shareholders' investment and the Company's assets. The Turnbull report on the Combined Code provides guidance on assessing the effectiveness of the Company's risk and internal control processes which is reflected in this policy.

In order to satisfy the requirements of the combined code, it is the policy of the Group that the following should be carried out:

## Management of Risk Process: Frameworks and Techniques

Appropriate, tailored frameworks that relate to key features of the business processes and are compatible with existing Company culture and management processes should be used as a basis for:

- ▶ Analysing (identifying, describing and estimating) risks
- ▶ Identification of risk owners
- ▶ Setting of acceptable levels of risk
- ▶ Evaluating the risks against acceptable levels of risk
- ▶ Identification and implementation of controls
- ▶ Monitoring of residual risks and the effectiveness of controls
- ▶ Reviewing and reporting on the Risk Management process at appropriate intervals, at least annually.

Risk Management techniques should be appropriate to the context and should take into account costs and benefits. Group Risk Management should be developed on a consistent and repeatable basis through the adoption and transfer of best practice in line with business needs.

## Risk Appetite

The exposure of the Group to risks should be maintained at a level acceptable to the Board of Directors, on behalf of the shareholders, that is reviewed and determined at appropriate intervals by the Board of Directors or their nominees. Depending on availability and cost effectiveness, risk may be transferred or retained as appropriate.

## Responsibilities and Ownership

- ▶ Cookson Group plc., should manage global level strategic, high impact risks and interdependencies between businesses and policies.
- ▶ The Executive for each SBU should manage SBU specific strategic risks.
- ▶ Regional management should manage region specific strategic risks, programme and project risks.
- ▶ Operating Company management teams should manage operational risks.





## Escalation and Reporting

Criteria and thresholds for escalating and reporting risks and occurrences to a strategic level should be reviewed and notified at least annually. Reporting on key risks to the Board of Directors and the Executives should be carried out on a regular basis at a frequency determined by the Board of Directors or their nominees at least annually.

## Documentation

Risk Registers and Summary Risk Profiles should be maintained covering all significant risks capable of impacting on the Group / Operating Company at Strategic and Operational levels respectively. The Board of Directors or their nominees should review the Registers and thresholds for impact and probability at appropriate intervals, at least annually.

## Auditing

Group Risk Management should be subject to internal and external audits at a frequency determined by the context and external and internal requirements.

## NOTES

The Policy is based on the OGC Guidelines (Management of Risk: Guidance for practitioners. Office of Government Commerce, TSO: 2002).

Internal control requirements of the 2003 Combined Code and revised Turnbull Report 2005 were considered when preparing this policy. In particular these include the following:

Principle C.2 of the Code states that 'The Board should maintain a sound system of internal control to safeguard shareholders' investment and the Company's assets.'

Provision C.2.1 states that 'The Directors should, at least annually, conduct a review of the effectiveness of the Group's system of internal control and should report to shareholders that they have done so. The review should cover all material controls, including financial, operational and compliance controls and risk management systems.'

## Turnbull Report:

A Company's objectives, its internal organisation and the environment in which it operates are continually evolving and as a result, the risks it faces are continually changing. A sound system of internal control therefore depends on a thorough and regular evaluation of the nature and extent of the risks to which the Company is exposed. Since profits are, in part, the reward for successful risk taking in business, the purpose of internal control is to help manage and control risk appropriately rather than to eliminate it.

## Dissemination of Information to the Market Policy

**1. Introduction:** this document briefly summarizes the policies and guidelines adopted by Foseco India Ltd. in relation to the Company's communications with investors, analysts and the market generally (the "Market"). Any amendment to the Company's policies on these matters requires the approval of the Board.

**2. Responsibility for Communications:** the following individuals have exclusive responsibility (subject to directions from the Board) for the Company's communications with the Market:

Pradeep Mallick	- Chairman
Sanjay Mathur	- Managing Director
David Hughes	- Director

In the normal course, no other individuals within the Company are authorised to communicate with the Market without the actual involvement or express permission of at least one of the persons named above. The Company will arrange for appropriate training and advice to be provided to any individual involved in Market communications.

### UNAUTHORISED COMMUNICATIONS ARE PROHIBITED.

**3. Preparation and Release of Announcements:** the Company is required to take reasonable care in the preparation of formal announcements. The individuals named in Section 2 above will be responsible for coordinating the review and checking of announcements, in conjunction with advisers. It is particularly important to confirm in each case that nothing has been omitted which makes an announcement misleading. Verification procedures may also be necessary and undertaken with the assistance of advisers and the Company's Auditors prior to the release of some announcements to ensure no incorrect statement is made and that due consideration has been given to the content.

No announcement (including financial results) may be released without the express authority of the individuals named in Section 2, following approval by the Board where required.

Release of announcements containing inside information must be made as soon as possible and posted on the Company's website by the end of the business day. If the Company is faced with an unexpected and significant event, a short delay may be acceptable if it is necessary to clarify the situation.

Further, the Company must take reasonable care to ensure that the disclosure of inside information to the public is synchronised as closely as possible in all jurisdictions in which its securities are traded.

**4. Communications with Analysts:** there are legal risks in relation to "early or selective disclosure" of relevant information to third parties, including analysts. The Company's policy is that:

- as a strict rule, no meetings or scheduled communications with analysts will take place during closed periods;
- at no time can inside information be discussed with analysts;
- following release of interim or final results, the Company may discuss current trading in similar terms to any comments made in the announcement but will not brief analysts on expectations for results in the current year;
- communications with analysts outside close periods are likely to be more frequent but in any event no unpublished relevant information will be revealed and care will need to be taken to avoid inadvertently divulging inside information, for example, where cumulative disclosure could amount to inside information;
- the Company will keep a contemporaneous note of meetings with analysts and try to ensure at least two representatives of the Company are present; and
- the Company will not correct an analyst's estimate or conclusions which it believes to be mistaken (whether in a draft or a published report), but through a formal announcement may correct any widespread misapprehension in the Market regarding the Company's trading or prospects.

**5. Insider Lists:** the Company must ensure that it and persons acting on its behalf (for example, banks, accountants and lawyers) or on its account, draw up and maintain a list of those persons working for them, whether under a contract of employment or otherwise who have access to inside information relating, directly or indirectly, to the Company, whether on a regular or occasional basis. The Company must also ensure that those on the insider list acknowledge the

legal and regulatory duties entailed and are aware of the sanctions for misusing or improperly circulating the Company's inside information. Insider lists must be kept for at least five years from the date on which they are drawn up or updated, whichever is the latest.

6. **Records:** a record should be kept of any meetings or other scheduled communications with analysts, investors or journalists. Documents relating to the preparation and approval of results and other announcements (including contemporaneous records of the Company's reasons for not making an announcement or for delaying an announcement) and relating to other Market communications, should always be prepared with care. This will include board minutes, internal memos, notes of meetings and board packs.

7. **Journalists /Newspapers:** similar rules apply to communications with journalists as in the case of analysts.

Inside information should not be released to a single journalist or newspaper.

8. **Leaks and Press Speculation:** the Company will not normally comment on rumours or speculation which appears in the media. If it appears that important unpublished information which amounts to inside information has leaked to a newspaper, urgent consideration will be given to whether an announcement should be made. If the Market has reacted to the leak, a prompt announcement will normally be needed. An announcement may also be required if press speculation or market rumour regarding the Company is largely accurate without a leak having occurred and the information underlying the press speculation or market rumour is inside information to which the Market is reacting and the confidentiality of the inside information cannot be ensured. However, the more accurate a rumour, the more likely it is that there has been a breach of confidentiality and that an announcement should be made as soon as possible. In addition, if there is a danger of inside information leaking before the facts and their impact can be confirmed or wherever the confidentiality of inside information cannot be ensured, a holding announcement should be released immediately. The level of detail required will depend on the circumstances.

However, the knowledge that a rumour or press speculation is false is not likely to amount to inside information. In the event it does amount to inside information, it may be possible for the Company to delay disclosure in accordance with the Disclosure Rules.

9. **Trading Updates:** in addition to regular announcements, consideration will be given at appropriate times to the formal release of trading updates (to enable fuller communication with the Market).

10. **Other Announcements:** during a closed period or at other times, the Company may be required to announce a significant development, such as a new contract or "preferred bidder" status on a concession. If such an announcement is required during a closed period, brief comment on the Company's forthcoming results may be misleading and should normally be avoided.



# **FINANCIAL STATEMENTS 2011**



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## AUDITORS' REPORT to the Members of Foseco India Limited

**B S R and Co**  
Chartered Accountants

703, 7th Floor, Godrej Castlemaine,  
Next to Ruby Hall Clinic,  
Bund Garden Road,  
Pune - 411 001, India

Tel. : +91(20) 3058 5764  
+91(20) 3058 5765  
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We have audited the attached Balance Sheet of Foseco India Limited ('the Company') as at 31 December 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
  - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the Directors of the Company as on 31 December 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 December 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
  - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2011;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For B S R and Co.**  
Chartered Accountants  
Firm Registration No: 128510W

**Vijay Mathur**  
Partner

Membership No: 046476

Place: Pune

Date: 20 January 2012



## ANNEXURE TO THE AUDITORS' REPORT – 31st December 2011

With reference to the Annexure referred to in paragraph 1 of the Auditors' Report to the Members of Foseco India Limited ('the Company') on the financial statements for the year ended 31 December 2011, we report that:

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets. All the fixed assets were physically verified during the year and confirmations have been obtained for certain assets lying with third parties. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) Fixed assets disposed off during the year were not substantial and therefore, do not affect the going concern assumption.
- (ii)
  - (a) The inventory, except goods in transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
  - (b) The procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and similarly certain goods sold are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and provision of services. We have not observed any major weaknesses in the internal control system during the course of the audit.
- (v)
  - (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs. 5 lacs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, except for purchases of certain items of inventories and fixed assets which are for the Company's specialised requirements and similarly for sale of certain goods for the specialised requirements of the buyers and for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products (resins) and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix)
  - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including

Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Wealth Tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. There were no dues on account of Cess under Section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Wealth Tax and other material statutory dues were in arrears as at 31 December 2011 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us there are no dues of Sales Tax, Wealth Tax, Service Tax and Customs Duty which have not been deposited by the Company on account of disputes other than the following dues:

Name of the Statute	Nature of the Dues	Amount (Rs )	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	15,961,776	2005-2006	Commissioner of Income Tax
Central Excise Act, 1944	Excise Duty	768,651	November 1994 to March 1995	Assistant Commissioner of Central Excise Division – Puducherry

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) The Company did not have any outstanding debentures or any dues outstanding to financial institutions during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a Nidhi / mutual benefit fund / society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For B S R and Co.**  
Chartered Accountants  
Firm Registration No: 128510W

**Vijay Mathur**  
Partner  
Membership No: 046476

Place: Pune  
Date: 20 January 2012

**BALANCE SHEET as at 31st December 2011**

	Schedule No.	2011 Rs. Lacs	2010 Rs. Lacs
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	638.65	638.65
Reserves and Surplus	2	7,168.38	5,976.27
		7,807.03	6,614.92
<b>Loan Funds</b>			
Unsecured Loans	3	1,064.95	1,102.71
<b>Deferred Tax Liability (Net)</b> (Refer note 10 of schedule 19)			
		-	3.35
<b>TOTAL</b>		<b>8,871.98</b>	<b>7,720.98</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	5,500.42	5,067.25
Less : Accumulated Depreciation and Amortisation		2,883.40	2,496.12
Net Block		2,617.02	2,571.13
Add: Capital Work-in-progress (including capital advances)		205.31	1.70
		2,822.33	2,572.83
<b>Investments</b>			
	5	8.18	8.18
<b>Deferred Tax Assets (Net)</b> (Refer note 10 of Schedule 19)			
		48.31	-
<b>Current Assets, Loans and Advances</b>			
Inventories	6	908.68	1,119.85
Sundry Debtors	7	6,355.06	5,191.24
Cash and Bank Balances	8	1,831.48	2,717.42
Loans and Advances	9	2,278.45	618.24
Interest Accrued but not due		9.44	16.35
		11,383.11	9,663.10
<b>Less: Current Liabilities and Provisions</b>			
Current Liabilities	10	3,662.32	3,799.96
Provisions	11	1,727.63	723.17
		5,389.95	4,523.13
<b>Net Current Assets</b>		5,993.16	5,139.97
<b>TOTAL</b>		<b>8,871.98</b>	<b>7,720.98</b>
<b>Significant Accounting Policies</b>		18	
<b>Notes to Accounts</b>		19	

The Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date attached

**For B S R and Co.**  
**Chartered Accountants**  
Firm's Registration No. 128510W

Vijay Mathur  
Partner  
Membership No. 046476

Place: Pune  
Date: 20th January, 2012

**For and on behalf of the Board of Directors of Foseco India Limited**

**Pradeep Mallick**  
Chairman

**Sanjay Mathur**  
Managing Director

**Mukund M Chitale**  
Director

**Christopher Nail**  
Director

**David Hughes**  
Director

**R Umesh**  
Chief Financial Officer

**Aditya Jakhota**  
Controller of Accounts and Company Secretary

Place: Pune  
Date: 20th January, 2012

## PROFIT AND LOSS ACCOUNT for the year ended 31st December 2011

	Schedule No.	2011 Rs. Lacs	2010 Rs. Lacs
<b>INCOME</b>			
Turnover (Including Traded Goods Rs. 824.69 Lacs, Previous Year Rs. 888.81 Lacs)		25,253.42	20,218.92
Less : Excise Duty		2,254.05	1,633.28
<b>Turnover</b>		<b>22,999.37</b>	<b>18,585.64</b>
Service Income		1.00	8.83
Other Income	12	457.01	414.11
<b>Total</b>		<b>23,457.38</b>	<b>19,008.58</b>
<b>EXPENDITURE</b>			
Materials and Manufacturing Expenses	13	14,270.35	11,433.97
Personnel Expenses	14	1,979.13	1,685.15
Operating and Other Expenses	15	3,010.66	2,589.39
Financial Expenses	16	24.97	33.96
Depreciation / Amortisation	4	429.49	367.71
<b>Total</b>		<b>19,714.60</b>	<b>16,110.18</b>
<b>PROFIT BEFORE TAX</b>		<b>3,742.78</b>	<b>2,898.40</b>
Provision for tax			
- Current Tax		1,266.19	979.00
- Deferred Tax (Credit)		(51.66)	(10.38)
<b>Total Tax Expense</b>		<b>1,214.53</b>	<b>968.62</b>
<b>PROFIT AFTER TAX</b>		<b>2,528.25</b>	<b>1,929.78</b>
Balance brought forward from Previous Year		2,247.47	1,776.93
Profit available for Appropriation		4,775.72	3,706.71
<b>Appropriations :</b>			
Interim Dividend		702.51	638.65
Proposed Final Dividend		447.05	447.05
Tax on Proposed Final Dividend		72.56	74.25
Tax on Interim Dividend		114.02	106.31
Transfer to General Reserve		252.83	192.98
<b>Surplus carried to Balance Sheet</b>		<b>3,186.75</b>	<b>2,247.47</b>
<b>Earnings Per Share</b>			
Basic and diluted Earnings Per Share of Rs. 10 each (previous year Rs. 10)		39.59	30.22
Number of equity shares of Rs. 10 each (refer note 1.13 of schedule 18)		63,86,459	63,86,459
<b>Significant Accounting Policies</b>	18		
<b>Notes to Accounts</b>	19		

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date attached

**For B S R and Co.**  
Chartered Accountants  
Firm's Registration No. 128510W  
  
Vijay Mathur  
Partner  
Membership No. 046476

Place: Pune  
Date: 20th January, 2012

**For and on behalf of the Board of Directors of Foseco India Limited**

<b>Pradeep Mallick</b> Chairman	<b>Sanjay Mathur</b> Managing Director	<b>Mukund M Chitale</b> Director
<b>Christopher Nail</b> Director	<b>David Hughes</b> Director	<b>R Umesh</b> Chief Financial Officer
<b>Aditya Jakhotia</b> Controller of Accounts and Company Secretary		

Place: Pune  
Date: 20th January, 2012

## SCHEDULES TO THE FINANCIAL STATEMENTS

	2011 Rs. Lacs	2010 Rs. Lacs
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### Schedule 1 : Share Capital

#### Authorised

75,00,000 (Previous Year 75,00,000) equity shares of Rs. 10 each

750.00

750.00

#### Issued, Subscribed and Fully Paid Up

63,86,459 (Previous Year 63,86,459) equity shares of Rs. 10 each fully paid up

638.65

638.65

#### Note:

Of the above 47,89,845 (Previous Year 47,89,845) shares, representing 75% of the total paid up capital, are held by the Promoter Group represented by

- Cookson Group Plc, United Kingdom with 5,44,066 (Previous Year 5,44,066) shares,
- Foseco Overseas Limited, United Kingdom with 37,02,819 (Previous Year 37,02,819) shares and
- Foseco (UK) Limited, United Kingdom with 5,42,960 (Previous Year 5,42,960) shares.

### Schedule 2 : Reserves and Surplus

#### Securities Premium Account

Balance as per last Balance Sheet

1,912.60

1,912.60

#### General Reserve

Balance as per last Balance Sheet

1,816.20

1,623.22

Add : Transfer from Profit and Loss Account

252.83

192.98

**2,069.03**

**1,816.20**

#### Profit and Loss Account

3,186.75

2,247.47

**Total**

**7,168.38**

**5,976.27**

### Schedule 3 : Unsecured Loans

Sales Tax Deferral Loan (refer note below)

1,064.95

1,102.71

**Total**

**1,064.95**

**1,102.71**

#### Notes :

The Sales Tax Deferral Loan of the Company is repayable in 5 equal annual installments from April 2011.

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 4 : Fixed Assets

(Rs. Lacs)

Category / Group of Asset	Gross Block			Depreciation / Amortisation			Net Block	
	Opening Balance 01-Jan-2011	Additions	Deductions	Closing Balance 31-Dec-2011	Charge for the year	Deductions during the year	Closing Balance 31-Dec-2011	Opening Balance 31-Dec-2010
Intangible Assets - Computer Software	190.81	2.02	-	192.83	1.29	-	190.40	1.70
Freehold Land	151.92	-	-	151.92	-	-	-	151.92
Leasehold Land	3.95	-	-	3.95	0.04	-	0.99	3.00
Factory Buildings	879.08	-	0.66	878.42	33.36	0.24	211.77	666.65
Buildings Others	457.93	-	-	457.93	16.92	-	149.30	308.63
Plant & Machinery	2,904.57	434.35	22.98	3,315.94	328.98	21.65	1,977.06	1,234.84
Laboratory and Office Equipments	146.01	19.14	4.27	160.88	18.66	3.32	86.51	74.84
Furniture and Fittings	231.57	-	0.28	231.29	6.45	0.21	198.57	39.24
Motor Vehicles	101.41	23.99	18.14	107.26	23.79	16.79	68.80	39.61
<b>Total</b>	<b>5,067.25</b>	<b>479.50</b>	<b>46.33</b>	<b>5,500.42</b>	<b>429.49</b>	<b>42.21</b>	<b>2,883.40</b>	<b>2,571.13</b>
<b>Previous year</b>	<b>4,710.81</b>	<b>397.56</b>	<b>41.12</b>	<b>5,067.25</b>	<b>367.71</b>	<b>29.78</b>	<b>2,496.12</b>	<b>2,571.13</b>



## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

	2011 Rs. Lacs	2010 Rs. Lacs
<b>Schedule 5 : Investments</b>		
Long Term Investments (at cost )		
Indira Vikas Patra (pledged with electricity board, Puducherry)	8.18	8.18
Add: Purchased during the period	0.85	-
Less: Matured during the period	0.85	-
<b>Total</b>	<b>8.18</b>	<b>8.18</b>

### Schedule 6 : Inventories

Raw Materials ( refer note below )	574.24	714.66
Finished Goods ( refer note below )#	327.44	397.01
Traded Goods	7.00	8.18
<b>Total</b>	<b>908.68</b>	<b>1,119.85</b>
<b>Note :</b>		
Raw Material in Bond	29.88	166.60
Raw Material in Transit	82.70	105.43
Finished Goods in Transit	43.13	24.57

# Includes provision for excise duty of Rs. 27.35 Lacs (Previous Year Rs. 36.63 Lacs)

### Schedule 7 : Sundry Debtors

Unsecured :		
Debts outstanding for a period exceeding six months		
- Considered good	205.34	139.81
- Considered doubtful	33.89	26.94
Other Debts		
- Considered good	6,149.72	5,051.43
	6,388.95	5,218.18
Less Provision for Doubtful Debts	33.89	26.94
<b>Total</b>	<b>6,355.06</b>	<b>5,191.24</b>
Included in Sundry Debtors are dues from Companies under the same management (refer note no. 8 of Schedule 19)	257.62	239.12

### Schedule 8 : Cash and Bank Balances

Cash on Hand	2.04	3.99
Cheques on Hand	247.86	334.82
Balances with Scheduled Banks		
- Current Accounts	714.24	305.24
- Fixed Deposits	800.00	1,900.00
- Unclaimed Dividend Accounts	67.34	173.37
<b>Total</b>	<b>1,831.48</b>	<b>2,717.42</b>

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

	2011 Rs. Lacs	2010 Rs. Lacs
<b>Schedule 9 : Loans and Advances</b>		
(Unsecured Considered Good)		
Advances Recoverable in Cash or Kind or for Value to be Received	476.66	95.67
Advance Income Tax (Previous year is net of Provision for tax Rs 702.04 Lacs)	1,309.42	57.77
Deposits		
- With Income Tax Authorities#	313.00	293.82
- With Others	20.35	24.88
Balances with Excise and Customs Authorities	159.02	146.10
<b>Total</b>	<b>2,278.45</b>	<b>618.24</b>

# Amounts paid to Income Tax Authorities under protest, pending appeal

### Schedule 10 : Current Liabilities

Sundry Creditors		
- Due to Micro and Small Enterprises (refer note 3 of Schedule 19)	7.54	16.24
- Others	2,876.93	2,851.74
Deposits from Customers	14.25	14.25
Unclaimed Dividends (refer note below)	67.34	173.37
Commission Payable to non-whole time Directors	20.05	22.80
Other Liabilities	659.46	704.81
Earnest Money Received Against Leasehold Land	16.75	16.75
<b>Total</b>	<b>3,662.32</b>	<b>3,799.96</b>

Notes :

There is no amount due and outstanding as at Balance Sheet date to be credited to "Investor Education and Protection Fund".

### Schedule 11 : Provisions

Proposed Final Dividend	447.05	447.05
Tax on Proposed Final Dividend	72.56	74.25
Provision for		
- Gratuity	74.90	38.52
- Leave Encashment	198.76	163.35
Income Tax Provision (Previous year is net of Advance Income tax Rs 702.04 Lacs)	934.36	-
<b>Total</b>	<b>1,727.63</b>	<b>723.17</b>

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

	2011 Rs. Lacs	2010 Rs. Lacs
<b>Schedule 12 : Other Income</b>		
<b>From Operations</b>		
Commission Income	274.05	168.68
Foreign Exchange Fluctuation Gain (Net)	-	25.46
Sale of Scrap	10.88	10.35
Sale of Deteriorated Raw Material and Packing Material	4.11	5.51
	<b>289.04</b>	<b>210.00</b>
<b>From Other Sources</b>		
Interest		
- On Bank Deposits (TDS Rs. 8.40 Lacs, Previous Year Rs. 10.97 Lacs)	77.45	102.38
- From Customers and Others	5.33	1.73
Excess Provisions of Earlier Years Written Back		-
- Others	35.04	24.53
- Doubtful Debts	-	22.18
Profit on Sale of Fixed Assets (Net)	0.75	
Miscellaneous Income	49.40	53.29
	<b>167.97</b>	<b>204.11</b>
<b>Total</b>	<b>457.01</b>	<b>414.11</b>

### Schedule 13 : Materials and Manufacturing Expenses

Raw Material Consumed		
Opening Stock	714.66	362.08
Purchases	12,835.62	10,796.44
	13,550.28	11,158.52
Less : Closing Stock	574.24	714.66
	12,976.04	10,443.86
(Increase) / Decrease in Finished Goods Manufactured (refer note below)		
Opening Stock	397.01	272.57
Less : Closing Stock	327.44	397.01
	69.57	(124.44)
Cost of Traded Goods Sold		
Opening Stock	8.18	9.29
Purchases	484.54	506.39
	492.72	515.68
Less : Closing Stock	7.00	8.18
	485.72	507.50
Processing Charges	34.90	28.46
Stores, Spares and Consumables	67.19	52.03
Power and Fuel	408.72	292.49
Repairs and Maintenance		
- Plant and Machinery	182.80	188.77
- Buildings	45.41	45.30
<b>Total</b>	<b>14,270.35</b>	<b>11,433.97</b>
<b>Note</b>		
- Excise duty included in opening stock	36.63	20.86
- Excise duty included in closing stock	27.34	36.63
- Excise duty paid	9.29	(15.77)

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

	2011 Rs. Lacs	2010 Rs. Lacs
<b>Schedule 14 : Personnel Expenses</b>		
Salaries, Wages and Bonus	1,526.80	1,293.11
Contributions to Provident and Other Funds	272.61	222.30
Staff and Labour Welfare	179.72	169.74
<b>Total</b>	<b>1,979.13</b>	<b>1,685.15</b>

### Schedule 15 : Operating and Other Expenses

Freight and Forwarding Expenses	467.49	275.10
Rates and Taxes	29.33	15.85
Insurance	38.81	47.70
Repairs and Maintenance - Others	28.37	28.42
Advertising	44.85	53.94
Commission on Sales	2.94	2.35
Travelling and Conveyance	459.82	415.76
Telephone Charges	32.77	33.98
Professional Charges	261.06	234.42
Directors' Sitting Fees	2.40	2.20
Auditor's Remuneration (Refer note 12.6 of Schedule 19)	30.88	28.90
Foreign Exchange Fluctuation Loss (net)	19.40	-
Provision for Doubtful Debts	6.95	-
Bad Debts	1.00	25.31
Loss on Fixed Assets Sold / Discarded (Net)	-	8.65
Software Maintenance Charges	60.12	38.99
Royalty (including R&D Cess thereon)	1,113.37	1,016.27
Consultancy Service Fees	264.92	216.35
Commission to Resident Non Whole Time Directors	15.38	14.00
Miscellaneous Expenses	130.80	131.20
<b>Total</b>	<b>3,010.66</b>	<b>2,589.39</b>

### Schedule 16 : Financial Expenses

Interest		
- on temporary overdrafts	16.72	20.98
- on leased assets	-	0.04
Bank Charges	8.25	12.94
<b>Total</b>	<b>24.97</b>	<b>33.96</b>



## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 17 : Company Background

#### Nature of Operation

The Company is engaged in the manufacture of products used in the metallurgical industry. The products are in the nature of additives and consumables that improve the physical properties and performance of castings. The manufacturing activities are at Sanaswadi and Puducherry.

THIS PLACE IS INTENTIONALLY KEPT BLANK

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 18 : Significant Accounting Policies

#### 1.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 ('the Act'), to the extent applicable. The financial statements are presented in Indian Rupees, lacs.

#### 1.2 Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from those estimates. Any difference between the actual results and estimates are recognised in the period in which the results are known / materialise. Any revision to accounting estimates is recognised prospectively in the current and future periods.

#### 1.3 Fixed assets and depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes inward freight, duties, taxes and other incidental expenses related to the acquisition, construction and installation of the fixed assets.

Depreciation on fixed assets is provided on the Straight Line Method ("SLM") pro-rata to the period of use. Depreciation is provided based on the useful life of the assets as estimated by the management or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher. Assets individually costing Rs 5,000 or less are depreciated fully in the year of purchase.

Category / Group of Asset	Rates in percent SLM
<b>Buildings</b>	
Factory and Other Building	4
<b>Plant and Machinery</b>	
Computer Hardware	25
Production Machinery	10
Energy Saving Devices	10
Effluent Treatment Plant	20
Other Machinery	20
Machinery at Customers' / Processors' Site	25 / 50
<b>Laboratory and Office Equipments</b>	
Laboratory Equipment	15
Electrical Equipment	15
Mobile Handsets	25
<b>Furniture and Fittings</b>	
Furniture and Fixtures	10
Hard Furnishing	25
<b>Motor Vehicles</b>	
Vehicles	25

Leasehold land is depreciated over the initial period of the lease.



## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 18 : Significant Accounting Policies (continued)

#### 1.4 Finance leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised with a corresponding liability at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. The value of the lease payment is apportioned between finance charges, which are recognised as an interest expense in the Profit and Loss Account and reduction in lease obligations, recorded at the inception of the lease.

#### 1.5 Intangible assets and amortization

Intangible assets representing computer software are recorded at their acquisition price and are amortised over their estimated useful life of 2 years on a straight line basis commencing from the date the assets are available for use. The useful life of the intangible assets is reviewed by the Management at each Balance Sheet date.

#### 1.6 Impairment of assets

In accordance with Accounting Standard 28 – Impairment of Assets (AS 28), the carrying amounts of the Company's assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indications exist, the assets' recoverable amount is estimated, as the higher of the net selling price and the value in use. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. If at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of depreciable historical cost.

#### 1.7 Investments

Long-term investments are stated at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

#### 1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and other costs necessary to make the sale. Cost is determined on the basis of weighted average method and includes expenditure in acquiring the inventories and bringing them to the present location and condition. In the case of manufactured inventories, cost includes cost of direct materials and labour and an appropriate share of overheads based on normal operating capacity of the production facilities. The comparison of cost and net realisable value is made on an item-by-item basis. Finished goods inventory includes excise duty payable.

Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined and it is estimated that the cost of finished products will exceed their net realisable value.

#### 1.9 Revenue Recognition

Revenue from sale of goods is recognised when all significant risks and rewards of ownership of goods transfers to the customers. Sales are recorded net of sales tax / VAT, discounts and rebates.

Revenue from 'solutions partnering' services is recognised when the rendering of services is completed and to the extent that it is probable that the economic benefits will flow to the Company and the revenue from such services can be reliably measured.

Commission income is recognised on an accrual basis, when it is reasonably certain that the economic benefits will flow to the Company.

Interest income is recognised on a time proportionate basis taking into account the amount invested and the rate applicable.

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 18 : Significant Accounting Policies (continued)

#### 1.10 Foreign exchange transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Profit and Loss Account of the year.

Monetary assets and liabilities denominated in foreign currency at the Balance Sheet date are translated at the year end exchange rate and the resultant exchange differences are recognised in the Profit and Loss Account.

#### 1.11 Employee benefits

##### a) Short-term employee benefits

Employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and are recognised in the period in which the employee renders the related service.

##### b) Post-employment benefits (defined benefit plans)

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on an actuarial valuation, carried out by an independent actuary, using the Projected Unit Credit method. The liability for gratuity is funded annually to a gratuity fund maintained with the Life Insurance Corporation of India ('LIC'). Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

##### c) Post-employment benefits (defined contribution plans)

Contributions to the provident fund and superannuation scheme which are defined contribution schemes are charged to the Profit and Loss Account as incurred.

##### d) Long-term employee benefits

Long term employee benefits comprise of compensated absences. These are measured based on an actuarial valuation carried out by an independent actuary at each Balance Sheet date. Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

#### 1.12 Taxation

Income-tax comprises current tax, (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation and carried forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed at each Balance Sheet date and written down or written-up to reflect the amount that is reasonable / virtually certain (as the case may be) to be realised.

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 18 : Significant Accounting Policies (continued)

#### 1.13 Earnings per share

The basic earnings per share ('EPS') is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period.

Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and equivalent dilutive equity shares outstanding during the year, except where the results would be anti-dilutive.

#### 1.14 Provisions and Contingencies

A provision is recognised in the Balance Sheet when the Company has a present obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation, in respect of which a reliable estimate of the amount of the obligation can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure by way of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of economic resources. Where there is a possible obligation in respect of which the likelihood of outflow of economic resources is remote, no provision or disclosure is made.

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 19 : Notes to Accounts

#### 1 Disclosure of Related Parties / Related Party Transactions

##### a. Name of Related Party Where Control Exists

i	Cookson Group Plc., United Kingdom	-	Ultimate Parent Company
ii	Foseco Holdings Limited, United Kingdom	-	Subsidiary of Ultimate Parent Company
iii	Foseco (U.K.) Limited., United Kingdom	-	Subsidiary of Ultimate Parent Company
iv	Foseco Overseas Limited, United Kingdom	-	Immediate Holding Company

##### b. Names of Related Parties with whom Transactions were Carried out for the Financial Year ended 31 December 2011.

- i. Fellow Subsidiaries of Holding Company
  - 1) Foseco International Limited, United Kingdom
  - 2) Foseco (Thailand) Limited
  - 3) Foseco Espanola S.A., Spain
  - 4) Foseco Foundry (China) Company Limited
  - 5) Foseco Korea Limited
  - 6) Foseco Golden Gate Company Limited, Taiwan
  - 7) Foseco Industrial e-Commercial Ltda., Brazil
  - 8) Foseco Japan Limited
  - 9) Foseco (FS) Limited, United Kingdom
  - 10) Foseco Nederland BV.
  - 11) Foseco Philippines Inc
  - 12) Foseco Pty Limited, Australia
  - 13) Foseco S.A.S Siege Social, France
  - 14) PT Foseco Indonesia
  - 15) Vesuvius Poland Sp.z.o.o
  - 16) Vesuvius Emirates (FZE), Dubai
  - 17) Vesuvius USA
  - 18) Vesuvius GmbH, Germany
  - 19) Vesuvius Malaysia Sdn. Bhd.
  - 20) Vesuvius Group SA, Belgium
  - 21) Vesuvius India Limited

##### c. Key Management Personnel

Sanjay Mathur, Managing Director

##### d. Names of Related Parties with whom the Company neither had any Transactions nor had any outstanding Balances for the Financial Year ended 31 December 2011.

- i) Cookson Overseas Limited, United Kingdom
- ii) Cookson Financial Limited, United Kingdom
- iii) Vesuvius Group Limited, United Kingdom

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 19 : Notes to Accounts (continued)

#### e. Disclosure of Related Party Transactions

For the financial year ended 31 December 2011:

(Amount in Rs. Lacs)

Nature of Transaction	Nature of Relationship				
	Immediate Holding Company	Ultimate Parent Company and Subsidiaries	Fellow Subsidiaries	Key Management Personnel	Total
Sale	-	-	854.57	-	<b>854.57</b>
Purchases	-	-	879.02	-	<b>879.02</b>
Purchase of Fixed Assets	-	-	14.57	-	<b>14.57</b>
Salaries and Perquisites	-	-	-	123.18	<b>123.18</b>
Dividend*	666.51	195.66	-	-	<b>862.17</b>
Royalty	-	-	1,058.84	-	<b>1,058.84</b>
Consultancy Service Fees	-	-	264.92	-	<b>264.92</b>
Services Received **	-	-	118.06	-	<b>118.06</b>
Services Rendered **	-	-	190.20	-	<b>190.20</b>
<b>Total</b>	<b>666.51</b>	<b>195.66</b>	<b>3,380.18</b>	<b>123.18</b>	<b>4,365.53</b>

\* The above figure represents interim dividend paid during the year and final dividend for the previous year ended 31 December 2010

\*\* Including reimbursement of expenses

Related party transactions above 10% of the total transactional value	Amount in Rs. Lacs
Purchase - Vesuvius GmbH, Germany	562.33
Purchase - Foseco (FS) Limited, United Kingdom	125.94
Purchase of Fixed Asset - Vesuvius GmbH, Germany	14.57
Sale - Vesuvius Emirates (FZE), Dubai	490.84
Sale - PT Foseco Indonesia	96.47
Sale - Vesuvius Malaysia Sdn. Bhd.	147.76
Dividend - Cookson Group Plc., United Kingdom	97.93
Dividend - Foseco (UK) Limited, United Kingdom	97.73
Royalty - Foseco International Limited, United Kingdom	1,058.84
Consultancy Service Fees - Vesuvius Group SA, Belgium	264.92
Services Rendered - Foseco International Limited, United Kingdom	100.91
Services Rendered - Foseco Foundry (China) Company Limited	25.45
Services Received - Foseco Pty Limited, Australia	75.71
Services Received - Vesuvius Group SA, Belgium	23.49

For the financial year ended 31 December 2010:

(Amount in Rs. Lacs)

Nature of Transaction	Nature of Relationship				
	Immediate Holding Company	Ultimate Parent Company and Subsidiaries	Fellow Subsidiaries	Key Management Personnel	Total
Sale	-	-	569.11	-	569.11
Purchases	-	-	1,056.95	-	1,056.95
Purchases of Fixed Assets	-	-	34.33	-	34.33
Salaries and Perquisites	-	-	-	89.52	89.52
Dividend*	629.48	243.45	-	-	872.93
Royalty	-	-	966.50	-	966.50
Consultancy Service Fees	-	-	216.35	-	216.35
Services Received **	-	-	88.06	-	88.06
Services Rendered **	-	-	192.41	-	192.41
<b>Total</b>	<b>629.48</b>	<b>243.45</b>	<b>3,123.71</b>	<b>89.52</b>	<b>4,086.16</b>

\* The above figure represents interim dividend paid during the year and final dividend for the previous year ended 31 December 2009

\*\* Including reimbursement of expenses

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 19 : Notes to Accounts (continued)

Related party transactions above 10% of the total transactional value	Amount in Rs. Lacs
Purchase - Vesuvius GmbH, Germany	522.60
Purchase - Foseco (FS) Limited, United Kingdom	126.25
Purchase - Foseco Foundry (China) Company Limited	129.34
Purchase - Foseco S.A.S. Siege Social, France	165.59
Purchase of Fixed Asset - Vesuvius GmbH, Germany	34.33
Sale - Foseco International Limited (Middle East Regional Office), Dubai	327.51
Sale - PT Foseco Indonesia	74.07
Sale - Vesuvius Malayasia Sdn. Bhd.	73.57
Dividend - Cookson Group Plc., United Kingdom	151.15
Dividend - Foseco (UK) Limited, United Kingdom	92.30
Royalty - Foseco International Limited, United Kingdom	966.50
Consultancy Service Fees - Vesuvius Group SA, Belgium	216.35
Services Rendered - Foseco International Limited, United Kingdom	122.51
Services Rendered - Foseco Foundry (China) Company Limited	29.66
Services Rendered - Vesuvius India Limited	10.00
Services Received - Foseco Pty Limited, Australia	28.73
Services Received - Vesuvius Group SA, Belgium	41.05

## 2 Disclosure of Related Parties / Related Party Transactions - Receivables and Payables

### Amount Due From and To Related Parties

(Amount in Rs. Lacs)

Nature of transaction	2011	2010
Receivable	257.62	239.12
Payable	378.67	436.63

### Related Parties whose balance exceeded 10% of the Total Receivable Balance

(Amount in Rs. Lacs)

Name of the Company	2011	2010
Foseco International Limited, United Kingdom	-	77.04
Vesuvius Malayasia Sdn. Bhd.	29.56	22.99
Foseco Foundry (China) Company Limited	-	31.47
Vesuvius Emirates (FZE), Dubai	140.42	76.66

### Related Parties whose balance exceeded 10% of the Total Payable Balance

(Amount in Rs. Lacs)

Nature of the Company	2011	2010
Foseco International Limited, United Kingdom	220.02	237.28
Vesuvius GmbH, Germany	48.95	99.41
Vesuvius Group SA, Belgium	60.02	-

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 19 : Notes to Accounts (continued)

#### 3 Micro and Small Enterprises

The Company has circulated letters to all its suppliers requesting them to confirm whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED'). Certain suppliers have provided the necessary confirmation along with the evidence of being Micro or Small enterprises. As on 31st December 2011, the dues payable to Micro and Small Enterprises is Rs. 7.54 (Previous Year Rs. 16.24) and interest accrued and unpaid thereon Rs. 0.19 (Previous Year Rs. 0.28).

#### 4 Contingent Liabilities

(Amount in Rs. Lacs)

Particulars		2011	2010
i.	Counter guarantees given to banks in respect of guarantee given by them	40.88	349.68
ii.	Income tax demands in respect of which the Company is in appeal	897.92	558.38
iii.	Central Excise Demands in respect of which the Company is in Appeal	7.69	-

#### 5 Capital Commitments:

(Amount in Rs. Lacs)

Particulars		2011	2010
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance payments)		7.00	-

#### 6 Freight Recovery:

(Amount in Rs. Lacs)

Particulars		2011	2010
Amount included in sales		220.10	182.48

#### 7 Expenditure on Research & Development Activities, as Certified by the Management:

(Amount in Rs. Lacs)

Particulars		2011	2010
i.	Revenue Expenditure	54.02	57.50
ii.	Capital Expenditure	8.72	-



## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 19 : Notes to Accounts (continued)

#### 8 Debts Due From Companies under the Same Management:

(Amount in Rs. Lacs)

Name of the Company	2011	2010
Foseco Foundry (China) Company Limited	13.10	31.47
Foseco International Limited, United Kingdom	21.20	77.04
Vesuvius Emirates (FZE), Dubai	140.42	76.66
Foseco Phillippines Inc.	-	0.49
Foseco (Thailand) Limited	22.72	5.86
Vesuvius Malaysia Sdn. Bhd.	29.56	22.99
Vesuvius GmbH, Germany	9.16	0.05
Foseco Pty Limited, Australia	1.92	1.19
PT Foseco Indonesia	9.84	12.65
Foseco Korea Limited	4.94	1.81
Foseco Japan Limited	-	2.34
Vesuvius India Limited	1.32	6.57
Vesuvius Group SA, Belgium	3.44	-
<b>Total</b>	<b>257.62</b>	<b>239.12</b>

#### 9 Excise Duty included in Closing Stock

In accordance with ASI 14 (Revised) on 'Disclosure of Revenue from Sales Transactions' issued by Institute of Chartered Accountants of India, excise duty on sales amounting to Rs. 2,254.05 Lacs ( Previous Year Rs. 1,633.28 Lacs) has been reduced from sales in profit & loss account and excise duty on increase in stock amounting to Rs. 9.29 Lacs (Previous year decrease Rs. 15.77 Lacs for decrease in stock) has been adjusted in Schedule 13 of the financial statements.

#### 10 Deferred Tax Asset / (Liability)

Deferred Tax Asset / (Liability) due to timing differences are in respect of:

(Amount in Rs. Lacs)

Particulars	01 Jan 2011	(Charge) / Credit	31 Dec 2011
Depreciation	(112.19)	13.73	(98.46)
Depreciation on Assets Written Off	6.33	5.02	11.35
Expenditure debited to Profit and Loss Account in the current period but allowed for the tax purpose in subsequent assessment years	93.50	30.73	124.23
Provision for doubtful debts	9.01	2.18	11.19
<b>Total Asset / (Liability)</b>	<b>(3.35)</b>	<b>51.66</b>	<b>48.31</b>

#### 11 Leasehold Rights

The leasehold land at the closed Chinchwad site is proposed for disposal by its owners Greaves Limited. The Company has agreed to surrender its 99 year lease (ending in 2060) in exchange for a 50% share of the sale proceeds. A tripartite memorandum of understanding has been entered into between Greaves Ltd., the Company and the proposed buyer. Pending execution of the agreement, Rs. 16.75 Lacs has been received by the Company as earnest money deposit.

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 19 : Notes to Accounts (continued)

#### 12 Supplementary Statutory Information

##### 12.1 Director's Remuneration

(Amount in Rs. Lacs)

Particulars	2011	2010
Salaries	78.15	68.55
Performance linked bonus	28.70	6.30
Contribution to Provident and other funds	16.33	14.66
Commission to non-whole time Directors	15.38	14.00
<b>Total</b>	<b>138.56</b>	<b>103.51</b>

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Director's is not ascertainable and, therefore, not included above.

##### 12.2 Computation of Net Profit in Accordance With the Provisions of Sections 349 and 350 of the Companies Act, 1956

(Amount in Rs. Lacs)

Particulars	2011	2010
a. Profit before tax as per Profit & Loss Account	3,742.78	2,898.40
Add / (Less)		
- Remuneration to Managing Director <sup>#</sup>	108.70	76.81
- Resident non-whole-time Director's commission	15.38	14.00
Provision for Doubtful Debts and Bad Debts written back / off (net)	-	(22.18)
<b>Net profit in terms of Section 198 of Companies Act, 1956</b>	<b>3,866.86</b>	<b>2967.03</b>
b. Maximum permissible remuneration to Managing Director @ 5% of the profit computed above	193.34	148.35
c. Restricted as per service agreement	108.70	64.26
d. Maximum permissible commission to non-whole-time Directors @ 1% of profits computed above	38.67	29.67
e. Commission to resident non-whole-time Directors	15.38	14.00

# Excluding contribution towards Superannuation and Provident Fund

##### 12.3 Earnings in Foreign Currency

(Amount in Rs. Lacs)

Particulars	2011	2010
F. O. B. value of exports	869.65	576.75
Commission and reimbursements	466.54	353.28
<b>Total</b>	<b>1,336.19</b>	<b>930.03</b>

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 19 : Notes to Accounts (continued)

#### 12.4 Expenditure in Foreign Currency

(Amount in Rs. Lacs)

Particulars	2011	2010
Travelling	4.80	4.48
Royalty (excluding Cess)	1,058.84	966.50
Consultancy service fees	264.92	216.35
Services received (reimbursements)	163.34	98.93
<b>Total</b>	<b>1,491.90</b>	<b>1,286.26</b>

#### 12.5 Value of Imports [on CIF Basis]

(Amount in Rs. Lacs)

Particulars	2011	2010
Raw materials	1,564.93	1,919.37
Capital goods	113.31	43.12
<b>Total</b>	<b>1,678.24</b>	<b>1,962.49</b>

#### 12.6 Auditor's Remuneration (Excluding Service Tax and Cess)

(Amount in Rs. Lacs)

Particulars	2011	2010
Audit fees	12.46	13.23
Tax audit fees	6.50	6.00
Certification work and other matters (refer note)	10.45	8.00
Reimbursement of out of pocket expenses	1.47	1.67
<b>Total</b>	<b>30.88</b>	<b>28.90</b>
Note		
Includes fees pertaining to limited reviews and group audit.	10.45	8.00

#### 12.7 Dividend Remitted During the Year to Non-resident Shareholders

(Amount in Rs. Lacs)

Particulars	2011	2010
Number of shareholders (of which two hold 600 shares jointly, third shareholder as the nominee)	6	5
Number of shares held (including 800 shares held by three residents jointly with the non-Resident shareholder as the nominee)	55,23,071	55,24,674
<b>A. Final Dividend</b>		
(i) Amount remitted (net of tax) Rs. Lacs	386.61	386.61
(ii) Year to which dividend related	2010	2009
<b>B. Interim Dividend</b>		
(i) Amount remitted (net of tax) Rs. Lacs	607.54	552.31
(ii) Year to which dividend related	2011	2010

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 19 : Notes to Accounts (continued)

#### 12.8 Un-hedged Foreign Currency Exposure

Currency	Year 2011			Year 2010		
	Amount in Foreign Currency	Exchange Rate	Amount in Indian Rs. Lacs	Amount in Foreign Currency	Exchange Rate	Amount in Indian Rs. Lacs
<b>Accounts Receivables</b>						
USD	437,231	54.18	236.89	337,578	44.81	151.27
EUR	119,535	70.15	83.85	23,422	58.81	13.77
AUD	43,170	54.94	23.72	49,398	46.29	22.87
GBP	25,974	83.51	21.69	111,075	69.29	76.96
<b>Accounts Payables</b>						
USD	272,899	54.18	147.86	383,240	44.81	171.73
EUR	344,372	70.15	241.58	301,223	58.81	177.15
AUD	14,659	54.94	8.05	11,700	46.29	5.42
GBP	49,286	83.51	41.16	48,877	69.29	13.02
JPY	305,879	0.70	2.14	1,428,363	0.55	6.50

#### 12.9 Employee Benefit Plans

Gratuity: In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Scheme) covering certain categories of employees. The Gratuity Scheme provides a lump sum payment to vested employees, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to the fund managed by the Life Insurance Corporation of India (LIC), under this plan the settlement obligation remains with the Company although the Life Insurance Corporation of India, administers the plan and determines the contribution of premium required to be paid by the Company.

##### i) Defined Benefits Plan

(Amount in Rs. Lacs)

Table set out the status of Gratuity Plan as required under AS 15 (Revised 2005)	2011	2010
<b>(a) Reconciliation of opening and closing balances of the Present Value of the Defined Benefit Obligations:</b>		
Defined Benefit Obligation at beginning of the year	406.14	346.63
Current Service Cost	41.66	31.03
Interest Cost	35.98	28.69
Benefits Paid	(15.38)	(13.46)
Actuarial Loss	57.98	13.25
<b>Present Value of Defined Benefit Obligation at the end of the year</b>	<b>526.38</b>	<b>406.14</b>
<b>(b) Reconciliation of the opening and closing balances of the Fair Value of Plan Assets:</b>		
Fair value of plan assets at beginning of the year	367.62	334.20
Expected return on plan assets	34.81	28.08
Employer Contributions	47.96	56.70
Benefits Paid	(15.38)	(13.46)
Actuarial Gain	16.47	(37.90)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>451.48</b>	<b>367.62</b>
<b>(c) Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets to the assets recognised in the Balance Sheet:</b>		
Present Value of the Defined Benefit Obligation at the end of the year	526.38	406.14
Fair Value of Plan Assets at the end of the year	(451.48)	(367.62)
<b>Plan Liability recognised in the Balance Sheet</b>	<b>74.90</b>	<b>38.52</b>

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 19 : Notes to Accounts (continued)

Table set out the status of Gratuity Plan as required under AS 15 (Revised 2005)	2011	2010
<b>(d) The total expense recognised in the Profit and Loss Account:</b>		
Current service cost	41.66	31.03
Interest cost	35.98	28.69
Expected return on plan assets	(34.81)	(28.08)
Actuarial Loss (net)	41.51	51.15
<b>Net Gratuity Cost</b>	<b>84.34</b>	<b>82.79</b>

<b>(e) Actual Return on Plan Assets:</b>		
Actual Return on Plan Assets	51.28	(9.82)

The Company has invested the plan assets with the Life Insurance Corporation of India. Expected rate of return on the plan asset has been determined scientifically considering the current and expected plan asset allocation, historical rate of return earned by the Company, current market trend and the expected return on the plan assets.

<b>(f) Principal Assumptions used as at the Balance Sheet date:</b>		
	2011	2010
Discount rate	9.03%	8.44%
Rate of increase in compensation levels	12.00% for the First year and 8.50% for subsequent years.	12.00% for the First year and 8.00% for subsequent years.
Expected rate of return on plan assets	8.00%	8.00%
Employee Turnover	15.00%	11.00%

#### ii) Defined Contribution Plan:-

The Company has recognised the following amounts which are defined contribution plans in the Profit and Loss Account.

(Amount in Rs. Lacs)

Particulars	2011	2010
Provident Fund	99.00	68.53
Superannuation Scheme	104.00	83.95
<b>Total</b>	<b>203.00</b>	<b>152.48</b>

### 13. Additional Information Pursuant to the Provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

#### 13.1 Licensed Capacity, Installed Capacity and Actual Production

Capacity	Unit	2011	2010
Licensed	Tonnes	42,274	42,274
Installed	Tonnes	29,267	29,267
Actual Production*			
Own Production	Tonnes	28,720	25,066
Outside Production	Tonnes	38	40

\* The installed capacity is as certified by the Management and the actual production is as per Company records on which the Auditors have placed reliance.

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 19 : Notes to Accounts (continued)

#### 13.2 Sales of Manufactured Products

Class of Goods	Unit	Quantity		Value (in Rs. Lacs)	
		2011	2010	2011	2010
Metallurgical Chemicals	Tonnes	28,758	24,935	22,174.67	17,696.82

#### 13.3 Consumption of Raw Materials by Item

Class of Goods	Unit	Quantity		Value (in Rs. Lacs)	
		2011	2010	2011	2010
Phenol	Tonnes	1,563	1,220	1,432.24	1,077.26
Others*	-	-	-	11,543.80	9,366.60
<b>Total</b>				<b>12,976.04</b>	<b>10,443.86</b>

\* It is not practicable to furnish quantitative information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

#### 13.4 Consumption of Raw Materials by Source

Class of Goods	Percentage to Total Consumption		Value (in Rs. Lacs)	
	2011	2010	2011	2010
Imported	11.99	17.55	1,555.31	1,832.52
Indigenous	88.01	82.45	11,420.73	8,611.34
Total	100.00	100.00	12,976.04	10,443.86

#### 13.5 Details of Trading Goods

Class of Goods Metallurgical Chemicals	Unit	Quantity		Value (in Rs. Lacs)	
		2011	2010	2011	2010
Purchases	Tonnes	123	253	334.57	429.89
Turnover	Tonnes	121	249	655.59	745.23
Opening Stock	Tonnes	6	2	8.18	9.29
Closing Stock	Tonnes	8	6	7.00	8.18

Class of Goods Machinery & Components	Unit	Quantity		Value (in Rs. Lacs)	
		2011	2010	2011	2010
Purchases	Nos.	30	38	149.97	120.75
Turnover	Nos.	30	38	169.10	225.92

#### 13.6 Details of Finished Goods

Class of Goods Metallurgical Chemicals	Unit	Quantity		Value (in Rs. Lacs)	
		2011	2010	2011	2010
Opening Stock	Tonnes	527	356	397.01	272.58
Closing Stock	Tonnes	527	527	327.44	397.01

## SCHEDULES TO THE FINANCIAL STATEMENTS (continued)

### Schedule 19 : Notes to Accounts (continued)

#### 14 Segmental Reporting

The Company operates in a single business segment, metallurgical products and services, as defined by Accounting Standard 17. Secondary segmental reporting is identified on the basis of the geographical location of the customers. The Company has identified India and rest of the world for secondary segmental reporting.

Geographical sales are segregated based on the location of the customer who is invoiced or in relation to which the sale is otherwise recognised. Assets other than receivables used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as these are used interchangeably between segments. All assets other than receivables are located in India. Similarly, capital expenditure is incurred towards fixed assets located in India.

(Amount in Rs. Lacs)

Segment	Segment Revenues		Segment Assets	
	2011	2010	2011	2010
India	22,129.71	18,008.88	6,003.81	4,926.40
Rest of the World	869.65	576.76	351.25	264.84
<b>Total</b>	<b>22,999.36</b>	<b>18,585.64</b>	<b>6,355.06</b>	<b>5,191.24</b>

#### 15 Provision for Tax

Fiscal year for the Company being year ending 31 March 2012, the ultimate tax liability will be determined on the basis of the results for the period from 01 April 2011 to 31 March 2012.

The Company's Management is of the opinion that its international transactions with associated enterprises are at 'arm's length' and that the Company is in compliance with the transfer pricing legislation. Further, the Company is in the process of updating its documentation in respect of international transactions with associated enterprises as required under section 92E of the Income Tax Act, 1961. The Company's Management believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and the provision for tax as at and for the year ended 31 December 2011.

As per our report of even date attached

**For B S R and Co.**  
Chartered Accountants  
Firm's Registration No. 128510W

Vijay Mathur  
Partner  
Membership No. 046476

Place: Pune  
Date: 20th January, 2012

**For and on behalf of the Board of Directors of Foseco India Limited**

**Pradeep Mallick**  
Chairman

**Christopher Nail**  
Director

**Aditya Jakhotia**  
Controller of Accounts and Company Secretary

**Sanjay Mathur**  
Managing Director

**David Hughes**  
Director

Place: Pune  
Date: 20th January, 2012

**Mukund M Chitale**  
Director

**R Umesh**  
Chief Financial Officer





## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER 2011

Particulars	2011 Rs. Lacs	2010 Rs. Lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit before tax</b>	<b>3,742.78</b>	<b>2,898.40</b>
Adjustments for :		
Depreciation / Amortisation	429.49	367.71
Unrealised Foreign Exchange (gain) / loss [Net]	16.85	5.72
Interest Income	(82.78)	(104.11)
Financial Expense (excluding bank charges)	16.72	21.02
(Profit) / Loss on sale of fixed assets (Net)	(0.75)	8.65
<b>Operating profit before working capital changes</b>	<b>4,122.31</b>	<b>3,197.39</b>
Adjustments for :		
(Increase) in Sundry Debtors	(1,153.36)	(1,652.66)
Decrease / (Increase) in Inventories	211.17	(475.90)
(Increase) in Loans and Advances (excluding advance taxes)	(702.64)	(117.59)
(Decrease) / Increase in Current Liabilities	(58.91)	1,266.23
Increase in Provisions (excluding provision for tax and proposed dividend)	71.79	55.63
<b>Cash generated from operations</b>	<b>2,490.36</b>	<b>2,273.10</b>
Direct Taxes paid	(1,289.40)	(989.41)
<b>Net cash from operating activities</b>	<b>1,200.96</b>	<b>1,283.69</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (including net movement in Capital Work-in-Progress)	(683.10)	(308.41)
Sale of Fixed Assets	4.85	2.69
Interest Received	89.69	114.61
<b>Net cash used in investing activities</b>	<b>(588.56)</b>	<b>(191.11)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER 2011

Particulars	2011 Rs. Lacs	2010 Rs. Lacs
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Unsecured Loan	(37.76)	(2.29)
Interest Expense Paid	(16.72)	(21.02)
Dividend paid (including tax on distributed dividends)	(1,443.86)	(1,165.87)
<b>Net cash used in financing activities</b>	<b>(1,498.34)</b>	<b>(1,189.18)</b>
Net Cash Inflow / (Outflow) - (A+B+C)		
Net (decrease) in cash and cash equivalents	(885.94)	(96.60)
Cash and cash equivalents at the beginning of the year	2,717.42	2,814.02
<b>Cash and cash equivalents at the end of the year</b>	<b>1,831.48</b>	<b>2,717.42</b>
<b>Cash and Cash Equivalents</b>		
Cash and cheques on hand	249.90	338.81
With Banks		
- Current accounts	714.24	305.24
- Unpaid Dividend Accounts#	67.34	173.37
- Fixed Deposit	800.00	1,900.00
	<b>1,831.48</b>	<b>2,717.42</b>

# These are restricted bank balances for payment of Unpaid Dividend

The schedules referred to above form an integral part of the Cash Flow Statement.

As per our report of even date attached

**For B S R and Co.**  
**Chartered Accountants**  
Firm's Registration No. 128510W

Vijay Mathur  
Partner  
Membership No. 046476

Place: Pune  
Date: 20th January, 2012

**For and on behalf of the Board of Directors of Foseco India Limited**

**Pradeep Mallick**  
Chairman

**Sanjay Mathur**  
Managing Director

**Mukund M Chitale**  
Director

**Christopher Nail**  
Director

**David Hughes**  
Director

**R Umesh**  
Chief Financial Officer

**Aditya Jakhotia**  
Controller of Accounts and Company Secretary

Place: Pune  
Date: 20th January, 2012



## Balance Sheet Abstract and Company's General Business Profile

**I. Registration Details**

Registration No. 

1	1	0	5	2
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 State Code 

1	1
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Balance Sheet Date 

3	1	1	2	2	0	1	1
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**II. Capital raised during the year (Amount in Rs. Thousands)**

Public Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	Rights Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
						N	I	L											
						N	I	L											
Bonus Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	Private Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
						N	I	L											
						N	I	L											

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>8</td><td>8</td><td>7</td><td>1</td><td>9</td><td>8</td></tr></table>			8	8	7	1	9	8	Total Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>8</td><td>8</td><td>7</td><td>1</td><td>9</td><td>8</td></tr></table>			8	8	7	1	9	8
		8	8	7	1	9	8										
		8	8	7	1	9	8										

**Source of Funds**

Paid-up Capital <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>6</td><td>3</td><td>8</td><td>6</td><td>5</td></tr></table>			6	3	8	6	5	Reserve & Surplus <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>7</td><td>1</td><td>6</td><td>8</td><td>3</td><td>8</td></tr></table>			7	1	6	8	3	8		
		6	3	8	6	5												
		7	1	6	8	3	8											
Secured Loan <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L	Unsecured Loan <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>0</td><td>6</td><td>4</td><td>9</td><td>5</td></tr></table>			1	0	6	4	9	5
						N	I	L										
		1	0	6	4	9	5											

**Application of Funds**

Net Fixed Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>8</td><td>2</td><td>2</td><td>3</td><td>3</td></tr></table>			2	8	2	2	3	3	Investments <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>8</td><td>1</td><td>8</td></tr></table>							8	1	8
		2	8	2	2	3	3											
						8	1	8										
Net Current Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>5</td><td>9</td><td>9</td><td>3</td><td>1</td><td>6</td></tr></table>			5	9	9	3	1	6	Accumulated Losses <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
		5	9	9	3	1	6											
						N	I	L										
Deferred Tax Asset <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>4</td><td>8</td><td>3</td><td>1</td></tr></table>					4	8	3	1										
				4	8	3	1											

**IV. Performance of Company (Amount in Rs. Thousands)**

Turnover (Including other income and provisions written back) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>3</td><td>4</td><td>5</td><td>7</td><td>3</td><td>8</td></tr></table>			2	3	4	5	7	3	8	Total Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>9</td><td>7</td><td>1</td><td>4</td><td>6</td><td>0</td></tr></table>			1	9	7	1	4	6	0
		2	3	4	5	7	3	8											
		1	9	7	1	4	6	0											
Profit before tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>7</td><td>4</td><td>2</td><td>7</td><td>8</td></tr></table>			3	7	4	2	7	8	Profit after tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>5</td><td>2</td><td>8</td><td>2</td><td>5</td></tr></table>			2	5	2	8	2	5		
		3	7	4	2	7	8												
		2	5	2	8	2	5												
Earning per share <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>9</td><td>.</td><td>5</td><td>9</td></tr></table>				3	9	.	5	9	Dividend rate % <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>8</td><td>0</td><td>.</td><td>0</td><td>0</td><td>%</td></tr></table>				1	8	0	.	0	0	%
			3	9	.	5	9												
			1	8	0	.	0	0	%										

**V. Generic Names of principal products, services of the Company ;**

Item Code no. 28 & 29  
Product Description Additives and consumable used in metallurgical industry for foundry and steel

**Pradeep Mallick**  
Chairman

**Mukund M Chitale**  
Director

**David Hughes**  
Director

**Sanjay Mathur**  
Managing Director

**Christopher Nail**  
Director

**R Umesh**  
Chief Financial Officer

Place: Pune  
Date: 20th January, 2012

**Aditya Jakhotia**  
Controller of Accounts and Company Secretary



**Foseco India Limited**

Registered office:

Gat nos. 922 & 923, Sanaswadi,  
Taluka Shirur, District Pune 421 208

## Attendance Slip & Proxy Form

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company. The admission will, however, be subject to verification of signatures and other such checks, as may be necessary.

Name & Address of the shareholder

L. F. No.:

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I, hereby record my presence at the 55th Annual General Meeting of the Company at the registered office of Foseco India Limited, Gat Nos. 922 & 923, Sanaswadi, Taluka Shirur, District Pune 412 208.

Signature of the Shareholder or Proxy \_\_\_\_\_

## Proxy Form

I/We \_\_\_\_\_

of \_\_\_\_\_ being a member/

Members of Foseco India Limited hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of

\_\_\_\_\_ as my/our proxy to vote for mre/us

And on my/our behalf at the 55th Annual General Meeting of the Company to be held on Wednesday, 25th April, 2012, at 1000 hrs. (IST) and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Affix a One  
Rupee  
Revenue  
Stamp

\_\_\_\_\_  
Signature of the Shareholder (s)

Note: The proxy must be returned so as to reach the Company not less than 48 hours before the time of holding the aforesaid meeting.









# Financial Highlights

(Amount in Rupees Lacs)

	2007	2008	2009	2010	2011
<b>Operating Results</b>					
Sales & Other Income (Net of duties)	15,429.07	15,041.06	12,855.13	19,008.58	23,457.38
Total Expenses	11,963.23	12,222.74	10,587.43	15,708.51	19,260.14
EBITDA	3,465.84	2,818.32	2,267.70	3,300.07	4,197.24
Interest	32.04	42.44	17.91	33.96	24.97
Depreciation	264.79	319.11	352.99	367.71	429.49
Profit before Taxation and Extraordinary Items	3,169.01	2,456.77	1,896.80	2,898.40	3,742.78
Tax Expense	1,172.49	893.13	646.30	968.62	1,214.53
Profit after Taxation	1,996.52	1,563.64	1,250.50	1,929.78	2,528.25
<b>Sources and Application of Funds</b>					
Share Capital	638.65	638.65	638.65	638.65	638.65
Reserves	3,880.91	4,734.72	5,835.78	5,976.27	7,168.38
Shareholders Funds	4,519.56	5,373.37	6,474.43	6,614.92	7,807.03
Deferred Tax Liability (Net)	-	24.00	13.73	3.35	-
Loan Funds	1,128.78	1,111.85	1,105.00	1,102.71	1,064.95
<b>Total Sources</b>	<b>5,648.34</b>	<b>6,509.22</b>	<b>7,593.16</b>	<b>7,720.98</b>	<b>8,871.98</b>
Net Fixed Assets	2,009.05	2,822.45	2,643.47	2,572.83	2,822.33
Investments	8.48	8.18	8.18	8.18	8.18
Deferred Tax Assets (Net)	50.87	-	-	-	48.31
Net Current Assets	3,579.94	3,678.59	4,941.51	5,139.97	5,993.16
<b>Total Application</b>	<b>5,648.34</b>	<b>6,509.22</b>	<b>7,593.16</b>	<b>7,720.98</b>	<b>8,871.98</b>
Debt Equity Ratio	0.25	0.21	0.17	0.17	0.14
Earning per Share (Rs.)	31.26	24.48	19.58	30.22	39.59
Dividend per Share (Rs.)	17.00	9.50	9.00	17.00	18.00

### Our Vision

- The preferred partner to the foundry industry providing the greatest value
- A highly respected industry leader with which all stakeholders are proud to be associated

### Our Values

- Creativity
- Cooperation
- Reliability
- Integrity
- Embracing Diversity

### Our Business Strategy

To improve our customer's business performance

- By being the partner providing the greatest value
- Achieved through a solutions partnering approach delivering improved foundry processes and casting quality
- Based upon world class proprietary technology, foundry process and product application expertise and excellence in customer service



**Foseco India Limited**

Gat Nos. 922 & 923, Sanaswadi, Taluka Shirur,  
District Pune - 412 208