

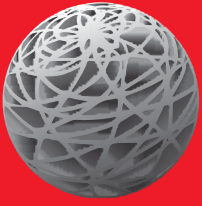


# Foseco India Limited

## 60th Annual Report 2016

Foseco is a brand of the Vesuvius Group





## Board Members

◀ Pradeep Mallick



Sanjay Mathur ▶



Ajit Shah ▶



◀ Indira Parikh



◀ Merryl Durrenbach



Glenn Cowie ▶



## Corporate Information

### Board of Directors

**Pradeep Mallick**, Chairperson  
**Sanjay Mathur**, Managing Director  
**Ajit Shah**, Director  
**Indira Parikh**, Director  
**Glenn Cowie**, Director  
**Merryl Durrenbach**, Director

### Chief Financial Officer

R Umesh

### Company Secretary & Compliance Officer

Mahendra Kumar Dutia

### Audit Committee

**Ajit Shah**, Chairperson  
**Pradeep Mallick**  
**Merryl Durrenbach**  
**Indira Parikh**

### Stakeholders' Relationship Committee

**Pradeep Mallick**, Chairperson  
**Ajit Shah**  
**Indira Parikh**  
**Glenn Cowie**  
**Merryl Durrenbach**  
**Sanjay Mathur**

### Nomination & Remuneration Committee

**Ajit Shah**, Chairperson  
**Pradeep Mallick**  
**Indira Parikh**  
**Glenn Cowie**

### Corporate Social Responsibility Committee

**Indira Parikh**, Chairperson  
**Pradeep Mallick**  
**Ajit Shah**  
**Sanjay Mathur**

### Registered Office

Gat Nos. 922 & 923, Sanaswadi,  
 Taluka Shirur, District Pune 412 208  
 Tel.: +91 2137 668100 Fax: +91 2137 668360  
**Website : [www.fosecointia.com](http://www.fosecointia.com)**  
**Email : [investor.grievance@foseco.com](mailto:investor.grievance@foseco.com)**  
**CIN : L24294PN1958PLC011052**

### Factories

- Sanaswadi, Pune
- Puducherry

### Statutory Auditors

B S R & Associates LLP

### Bankers

- Standard Chartered Bank
- ICICI Bank Ltd.
- HDFC Bank Ltd.
- State Bank of India
- UCO 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  
 Tel.: 020 2616 0084/1629  
 Fax : 020 2616 3503  
 Email : [pune@linkintime.co.in](mailto:pune@linkintime.co.in)  
 Website : [linkintime.co.in](http://linkintime.co.in)

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## Foseco India Limited

**Registered Office:** Gat Nos. 922 & 923, Sanaswadi,  
Taluka Shirur, District Pune – 412208

Tele: +91 (0)2137 668100, • Fax: +91 (0)2137 668360,

• **Website:** [www.fosecoindia.com](http://www.fosecoindia.com) • **E-mail ID:** [investor.grievance@foseco.com](mailto:investor.grievance@foseco.com)

Corporate Identity Number: **L24294PN1958PLC011052**

## Notice to the Shareholders

**NOTICE IS HEREBY GIVEN THAT** the **60<sup>th</sup> Annual General Meeting** of the Members of **Foseco India Limited** will be held on **Thursday, 27 April, 2017 at 1200 Hours (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 of the Company as at 31 December 2016, the Statement of Profit & Loss and the Cash Flow Statement for the financial year ended on that date including any explanatory note annexed to, or forming part of, the aforementioned documents, together with the Reports of the Board of Directors and the Auditors thereon.
2. To confirm the payment of two Interim Dividends on Equity Shares aggregating to Rs. 16 per share (i.e., 160%) on a share of Rs. 10 each and to declare a final dividend on the Equity Shares for the financial year ended 31 December 2016.
3. To appoint a Director in place of **Mr. Glenn Allan Cowie (DIN: 07163534)**, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint the Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, Price Waterhouse Chartered Accountants LLP (Firm registration no. - 012754N/N500016), Chartered Accountants, 7th Floor, Business Bay, Tower A, Wing - 1, Airport Road, Yerwada, Pune – 411006, be and are hereby appointed as the Statutory Auditors of the Company in place of B S R & Associates LLP, (Firm Registration Number: 116231W / W-100024), Chartered Accountants, whose term ends at the conclusion of the forthcoming Annual General Meeting of the Company, at such remuneration plus service tax, out of pocket and travelling expenses etc. as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors based on the recommendation of the Audit Committee.”

“RESOLVED FURTHER THAT, Price Waterhouse Chartered Accountants LLP, will hold office as the Statutory Auditors of the Company, for a period of 5 years that will begin from the conclusion of the 60<sup>th</sup> Annual General Meeting until the conclusion of the 65<sup>th</sup> Annual General Meeting to be held in the year 2022, subject to the condition that their appointment as the Statutory Auditors shall be placed for ratification at every Annual General Meeting, if required under the Companies Act 2013, as amended from time to time.”

### SPECIAL BUSINESS:

5. To ratify the remuneration payable to the Cost Auditor for the financial year ending on 31 December 2017 and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory

modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration decided by the Board of Directors, based on the recommendation of the Audit Committee, be and is hereby ratified and confirmed for a sum of Rs. 3,50,000/- (Rupees three lakh fifty thousand only) plus Service Tax at the applicable rates and reimbursement of out of pocket expenses payable to Joshi Apte & Associates, Cost Accountants, Pune (Firm Registration No: 000240) who have been appointed by the Board of Directors of the Company, for conducting the audit of the cost records of the Company for the financial year ending on 31 December, 2017.”

**Registered Office:**  
Gat Nos. 922 & 923,  
Sanaswadi, Taluka Shirur,  
District Pune 412 208

Date: 8 February, 2017

By Order of the Board of Directors  
**Mahendra Kumar Dutia**  
*Controller of Accounts & Company Secretary*

## NOTES:

1. The Explanatory Statement as required under Section 102 of the Companies Act, 2013 in respect of the special business is annexed to this Notice.
2. **A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE AT THE MEETING SHALL BE ENTITLED TO APPOINT ANOTHER PERSON AS HIS/HER PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. The instrument appointing proxy, in order to be effective, must be received by the Company at the Registered Office not later than 48 hours before the commencement of the Meeting. Members / Proxies are requested to sign the attendance slip annexed to the proxy form and hand it over at the gate of the venue of the Meeting.
4. Pursuant to the provisions of Section 105 of the Companies Act, 2013 and Rule 19(2) of the Companies (Management & Administration) Rules, 2014, a person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such proxy shall not act as a proxy for any other person or Member.
5. Corporate Members are requested to send a Board Resolution duly certified, authorising their representative to attend and vote on their behalf at the Annual General Meeting.
6. The proxy form should be signed by the appointer or his/her attorney duly authorised in writing.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. A route map showing direction to reach the venue of the Annual General Meeting is provided at the end of this Notice.
9. The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday, 22 April, 2017 to Thursday, 27 April, 2017 (both days inclusive)** in terms of the provision of Section 91 of the Companies Act, 2013, for determining the entitlement of the shareholders to the payment of final dividend, if declared at the Meeting.
10. The final dividend, if declared at the AGM, shall be paid/credited on or before **Friday, 26 May, 2017** as under, to those Members of the Company:
  - 1) whose names appear in the Company's Register of Members in respect of shares held in physical form, after giving effect to all valid share transfers lodged with the Company on or before the close of business hours on **Friday, 21 April, 2017**; and



- ii) whose names appear as beneficial owners in respect of shares held in demat form, as per the details furnished for this purpose by the National Securities Depository Limited and the Central Depository Services (India) Limited, as of the close of business hours on **Friday, 21 April 2017**.
11. Members holding securities in physical form are requested to intimate any change in address, name, bank details, National Electronic Clearing Service (NECS) / Electronic Clearing Service (ECS) mandates, nominations, e-mail address, contact numbers, etc., to the Company's Registrar & Transfer Agents, Link Intime India Pvt. Ltd., at Block 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Pune - 411 001 (Phone No. 020-2616 1629 / 2616 0084, Email: [pune@linkintime.co.in](mailto:pune@linkintime.co.in)) for providing efficient and better services. Members holding securities in dematerialised form are requested to intimate such changes to their respective depository participants.
12. Members can avail of the facility of nomination in respect of securities held by them in physical form pursuant to the provision of Section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed form duly filled-in to RTA. The nomination form can be downloaded from the website of the Company or can be obtained from the RTA. Members holding shares in electronic mode may contact their respective Depository Participant (DP) for availing this facility.
13. **TRANSFER OF UNCLAIMED/UNPAID DIVIDENDS TO INVESTORS EDUCATION AND PROTECTION FUND (IEPF):** Pursuant to Section 124 of the Companies Act, 2013 read with the relevant Rules, all unclaimed / unpaid dividend remaining unclaimed / unpaid with the Company, on the expiry of 7 (seven) years from the date of its transfer to the unclaimed / unpaid dividend Bank accounts, will be transferred to the Investors Education and Protection Fund set up by the Central Government. Members are requested to write to the Company and/or Share Transfer Agents, if any dividend warrants are not encashed so that fresh / re-validated warrants could be issued by the Company. Members can visit the Company's website [www.fosecoindia.com](http://www.fosecoindia.com) to check the details of their unclaimed dividend under the Investors' Section Page.
14. In line with the Green Initiative of the Ministry of Corporate Affairs, this Annual Report is being sent by electronic mode to those Shareholders whose E-mail addresses are registered with the Company / Depository Participant(s), unless a Shareholder has requested for a physical copy of the same. For Shareholders who have not registered their E-mail addresses, physical copies of the Annual Report are being sent by the permitted mode. However, any Shareholder who wish to have a physical copy of the Annual Report may write to the Company's Registrar at [pune@linkintime.co.in](mailto:pune@linkintime.co.in).
15. To ensure that shareholders' queries are answered in full, shareholders are requested to write to the Company at an early date at the e-mail ID [investor.grievance@foseco.com](mailto:investor.grievance@foseco.com).
16. The Notice of the AGM and the Annual Report will remain open for inspection at the Registered Office of the Company on all working days between 1000 Hours (IST) to 1300 Hours (IST) excluding Saturdays, Sundays and public holidays upto the date of the AGM. These documents will be made available on the Company's website [www.fosecoindia.com](http://www.fosecoindia.com).
17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar & Transfer Agents, Link Intime India Pvt. Ltd.
18. **Voting through electronic means:**
- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, and Regulation 44 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Members facility to exercise their right to vote on Resolutions proposed to be considered at the 60<sup>th</sup> AGM by

electronic means which includes “remote e-voting” i.e, from a place other than venue of the AGM, provided by Central Depository Services (India) Limited (CDSL).

**The instructions for shareholders voting electronically are as under:**

- (i) **The voting period begins on Sunday, 23 April, 2017 at 1000 Hours (IST) and ends on Wednesday, 26 April, 2017 at 1700 Hours (IST).** During this period, Shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date being **Thursday, 20 April, 2017** will be eligible to vote by electronic means or at the AGM.
- (ii) The shareholders should log on to the e-voting website **www.evotingindia.com** during the voting period.
- (iii) Click on “Shareholders / Members” tab.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digits' alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number which is printed on the Attendance Slip indicated in the PAN Field.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or Company, please enter the Member ID / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for Resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the Resolutions contained in this Notice.
- (xi) Click on the EVSN for “FOSECO INDIALIMITED” on which you choose to vote.

- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the Resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the Resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a Demat account holder has forgotten the changed password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non-Individual Shareholders and Custodians**
- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to **www.evotingindia.com** and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
  - After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be emailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutiniser to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at **www.evotingindia.com** under help section or write an email to **helpdesk.evoting@cdslindia.com**.
- II. The facility of voting shall also be made available at the Meeting. Members attending the Meeting who have not already cast their vote by remote e-voting facility shall be able to exercise their right at the Meeting.
- III. The Members who have exercised their right to vote by remote e-voting facility prior to the Meeting may also attend the Meeting but shall not be entitled to vote again at the Meeting. If a Member casts vote again, then votes cast through remote e-voting facility shall prevail and voting at the Meeting will be treated invalid.
- IV. The voting rights of the Members shall be in proportion to their shares of the paid-up Equity Share Capital of the Company as on the cut-off date of **Thursday, 20 April, 2017**. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM. Any person who has ceased to be the Member of the Company before the cut-off date will not be entitled for remote e-voting or voting at the Meeting. Any person, who becomes Member of the Company after dispatch of the Notice and holding shares as on the cut-off date, may obtain the login ID and password by sending a request at **pune@linkintime.co.in**



or to the Company at [investor.grievance@foseco.com](mailto:investor.grievance@foseco.com). However, if you are already registered with CDSL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

- V. The Company has appointed Mr. Rajesh Karunakaran, Practising Company Secretary (Membership No. FCS 7441, CP No. 6581), as the Scrutiniser, to scrutinize the e-voting process, in a fair and transparent manner.
- VI. The Chairman shall, at the AGM, at the end of discussion on the Resolutions on which voting is to be held, allow voting with the assistance of the Scrutiniser, by use of ballot paper to all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- VII. The Scrutiniser shall, after the conclusion of voting at the AGM, first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- VIII. The Results declared along with the Report of the Scrutiniser shall be placed on the website of the Company [www.fosecoindia.com](http://www.fosecoindia.com) and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorised by him in writing. The results shall also be communicated to the Stock Exchanges.

## Annexure to the Notice of the Annual General Meeting

### EXPLANATORY STATEMENTS AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013

As required by Section 102 of the Companies Act, 2013, (hereinafter referred to as "the Act") the following Explanatory Statements set out all material facts relating to the business mentioned under Item Nos. 4 and 5 of the accompanying Notice.

#### Item No. 4

B S R & Associates LLP (Firm Registration Number: 116231W / W-100024), Chartered Accountants, were appointed as the Statutory Auditors of the Company at the 58<sup>th</sup> Annual General Meeting of the Company held on 27 March, 2015, to hold office from the conclusion of the 58<sup>th</sup> Annual General Meeting until the conclusion of the 60<sup>th</sup> Annual General Meeting of the Company to be held in the year 2017, subject to ratification of their appointment by the Members at every Annual General Meeting.

The term of appointment of B S R & Associates LLP, as Statutory Auditors, ends at the conclusion of the forthcoming Annual General Meeting.

Based on the recommendation of the Audit Committee, the Board of Directors hereby propose to appoint Price Waterhouse Chartered Accountants LLP (Firm registration no. - 012754N/N500016), Chartered Accountants, 7th Floor, Business Bay, Tower A, Wing - 1, Airport Road, Yerwada, Pune – 411006, as the Statutory Auditors of the Company in place of B S R & Associates LLP, (Firm Registration Number: 116231W / W-100024) to hold office from the conclusion of this Annual General Meeting until the conclusion of the 65<sup>th</sup> Annual General Meeting to be held in the year 2022, subject to the condition that their appointment as the Statutory Auditors shall be placed for ratification at every Annual General Meeting, if required under the Companies Act 2013, at such remuneration plus service tax, out of pocket and travelling expenses etc. as may be mutually agreed between the Board of Directors of the Company and the Auditors based on the recommendation of the Audit Committee.

Price Waterhouse Chartered Accountants LLP, has furnished a certificate giving their consent to be appointed as the Statutory Auditors, and stating that their appointment if made, at the forthcoming Annual General Meeting, would be in accordance with the conditions laid down under Section 139 & 141 of the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014.

Accordingly, the Board recommends the **Ordinary Resolution** for approval of the Shareholders of the Company, as laid

down in item no. 4.

None of the Directors, or any key managerial personnel or any of their relatives, are concerned or interested, whether financially or otherwise, in this Resolution.

**Item No. 5**

The Board of Directors, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditor – Joshi Apte & Associates, Cost Accountants for conducting the audit of the cost records of the Company for the financial year ending on 31 December, 2017, at a remuneration of Rs. 3,50,000/- (Rupees three lakh fifty thousand only) plus Service Tax at the applicable rates and reimbursement of out of pocket expenses.

Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, requires that the remuneration payable to the Cost Auditor shall be ratified by the Shareholders of the Company.

Accordingly, the Board recommends the **Ordinary Resolution** for approval of the Shareholders of the Company ratifying the remuneration payable to the Cost Auditors for the year ending on 31 December, 2017, as laid down in item no.5.

None of the Directors, or any key managerial personnel or any of their relatives, are concerned or interested, whether financially or otherwise, in this Resolution.

**Registered Office:**

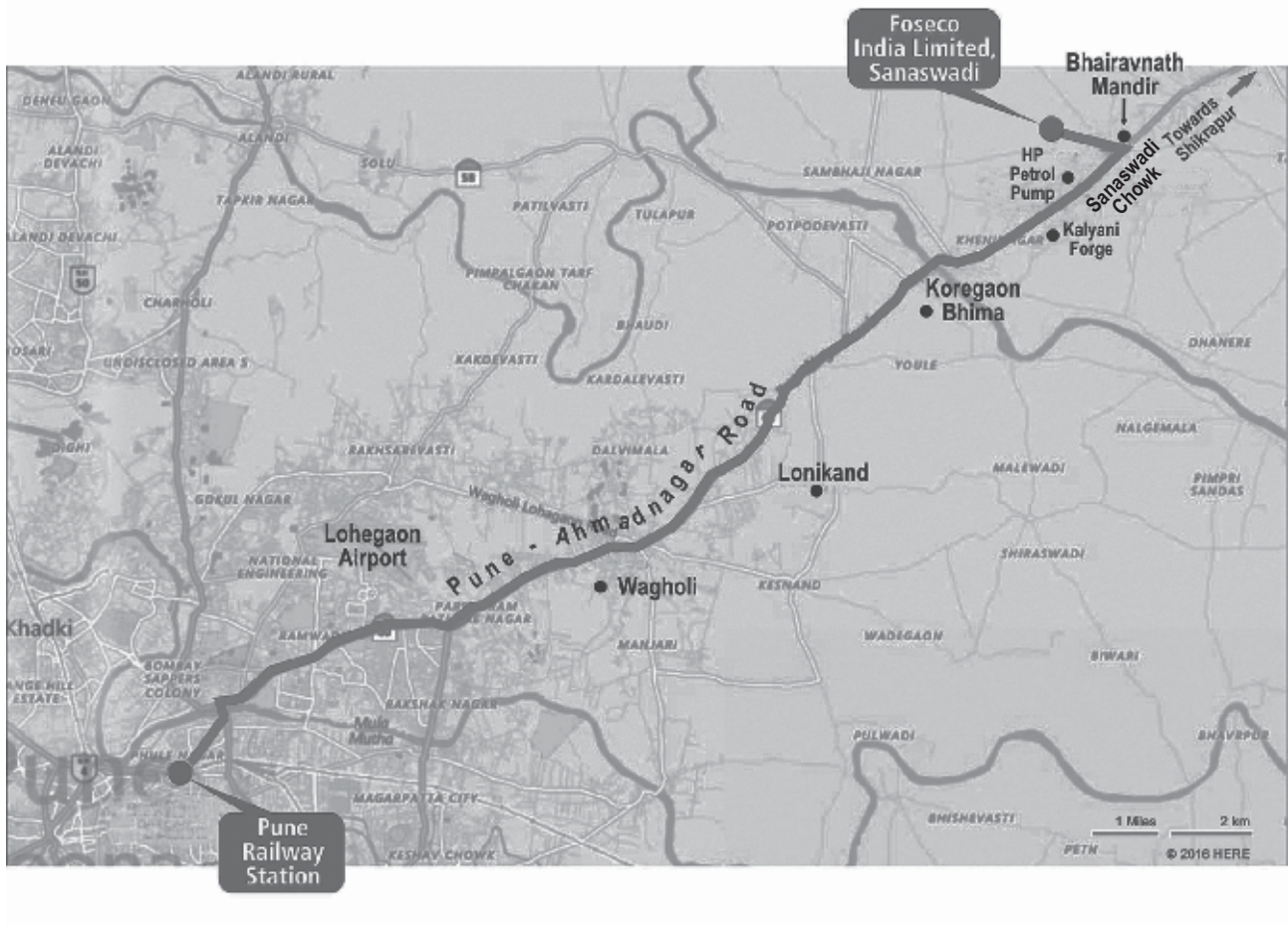
Gat Nos. 922 & 923,  
Sanaswadi, Taluka Shirur,  
District Pune 412 208

By Order of the Board of Directors

**Mahendra Kumar Dutia**

*Controller of Accounts & Company Secretary*

Date: 8 February, 2017



# Directors' Report

Your Directors are pleased to present the Company's 60<sup>th</sup> Annual Report and the audited accounts for the year ended 31 December 2016.

## Financial Results & Performance Review

(All Figures in Rs. Lakhs)

Particulars	Accounting year ended 31-Dec-2016	Accounting year ended 31-Dec-2015
<b>Total Revenue from Operations</b>	<b>34,159.94</b>	<b>29,402.49</b>
Operating Expenses	(28,480.95)	(24,145.44)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>5,678.99</b>	<b>5,257.05</b>
Finance Cost	(41.52)	(12.20)
Depreciation and amortisation expense	(505.20)	(454.00)
<b>Profit Before Tax (PBT)</b>	<b>5,132.27</b>	<b>4,790.85</b>
Tax Expense	(1,824.10)	(1,617.96)
<b>Profit for the Period (PAT)</b>	<b>3,308.17</b>	<b>3,172.89</b>
Balance brought forward from previous year	5,312.70	4,524.69
<b>Amount available for appropriation</b>	<b>8,620.87</b>	<b>7,697.58</b>
Appropriations:		
Interim Dividends	1,021.83	1,245.35
Final Dividend (Proposed)	447.05	447.05
Tax on Dividends (Interim and Final)	299.04	375.19
Transferred to General Reserves	331.00	317.29
Surplus carried to the Balance Sheet	6,521.95	5,312.70
<b>Total Appropriations</b>	<b>8,620.87</b>	<b>7,697.58</b>

Your Directors are pleased to inform that during the year under review your Company registered a growth of 16.2% in Revenue and 4.3% in Profit After Tax over the year 2015. The growth was achieved through effective implementation of our core strategy and projects that give higher sales growth. However, the margins growth was smaller due to intense competitive pressure on pricing, product mix and lowered production in sectors that use high margin products.

## Dividend

During the year, your Directors declared two Interim Dividends, as detailed below:

Particulars of Dividend	Date of declaration	Record Date	Dividend %	Dividend per share
1 <sup>st</sup> Interim Dividend	20 July, 2016	5 August, 2016	100	Rs. 10
2 <sup>nd</sup> Interim Dividend	20 October, 2016	4 November, 2016	60	Rs. 6

Your Directors are pleased to recommend for approval of the Shareholders', a Final Dividend of Rs. 7/- per share (i.e., 70%), on an Equity Share of Rs. 10/- each, for the financial year ended 31 December, 2016, taking the total dividend to Rs. 23/- per share (i.e., 230%) (previous year Rs. 26.50 per share i.e., 265%).

The total pay-out of the two Interim Dividends and Proposed Final Dividend for the financial year ended 31 December, 2016, inclusive of dividend distribution tax, will aggregate to Rs. 1767.92 Lakhs as compared to Rs. 2067.59 Lakhs in the previous year.

## Transfer to Reserves

Your Company has transferred Rs. 331 Lakhs (previous year: Rs. 317.29 Lakhs) to the General Reserves out of the current year profit.

## Financial Year of the Company

Your Company follows the Financial Year from 1<sup>st</sup> January to 31<sup>st</sup> December of the same year.

## Report on Corporate Governance & Management Discussion & Analysis

Pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, a separate section titled Report on Corporate Governance together with a Certificate from the Practising Company Secretary forms part of this Annual Report.

A detailed Management Discussion and Analysis is included as a part of this Annual Report.

## Subsidiaries

Your Company does not have any subsidiary / subsidiaries within the meaning of Section 2 of the Companies Act, 2013 ("Act"). Therefore, a statement under the provisions of Section 129(3) of the Act, containing salient features of the financial statements of the Company's subsidiaries in **Form AOC-1** is not attached.

## Public Deposits

The Company has not accepted any deposits from the public and accordingly no amount was outstanding as on the date of the Balance Sheet.

## Extract of the Annual Return

As required under Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in Form No. MGT 9, at the financial year ended 31 December, 2016, is given in **Annexure A**, which forms part of this Board Report.

## Number of Meetings of the Board

The Board of Directors met four times during the year 2016 on the following dates: 21 January 2016, 27 April 2016, 20 July 2016 and 20 October 2016. The information on the Meetings is given in the Report on Corporate Governance that forms part of this Annual Report. The intervening gap between any two meetings was within the period of 120 days prescribed by the Companies Act, 2013.

## Directors and Key Managerial Personnel

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of your Company, **Mr. Glenn Allan Cowie (DIN: 07163534)**, a Non-Executive and Non-Independent Director on the Board of the Company, who is a nominee of the Promoter Company – Foseco Overseas Limited, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Board recommends his re-appointment and a brief resume and other relevant details of his re-appointment are provided in the Corporate Governance Report which forms part of this Annual Report.

Pursuant to the provisions of Section 149 of the Companies Act 2013, **Mr. Pradeep Mallick (DIN: 00061256)**, **Mr. Ajit Shah (DIN: 02396765)** and **Mrs. Indira Parikh (DIN: 00143801)** were appointed as Independent Directors at the Annual General Meeting of the Company held on 27 March 2015. The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Act. They have submitted a declaration confirming that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during the year.

During the year, no Non-Executive Director of the Company has had any pecuniary relationship or transactions with the Company.

The following persons are designated as Key Managerial Personnel of the Company:

1. Mr. Sanjay Mathur, Managing Director,
2. Mr. R Umesh, Chief Financial Officer,

3. Mr. Mahendra Kumar Dutia, Controller of Accounts and Company Secretary.

There was no change in the Key Managerial Personnel during the year 2016.

### **Directors' Responsibility Statement**

Pursuant to Section 134(5) of the Companies Act 2013, your Directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed with no material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the same period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls in the Company that are adequate and are operating effectively; and
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that these are adequate and are operating effectively;

### **Policy on Directors' Appointment and Remuneration**

The policy of the Company on Directors' Appointment and Remuneration, including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided in Section 178(3) of the Companies Act, 2013, adopted by the Board is covered in the Report on Corporate Governance which forms part of this Annual Report.

### **Performance Evaluation of the Directors etc.**

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation by the Board of its own performance and that of the various Committees of the Board and the individual Directors including the Chairperson. The framework of performance evaluation of the Directors captures the following points:

- Key attributes of the Independent Directors that justify his / her extension / continuation on the Board of the Company;
- Participation of the Directors in the Board proceedings and his / her effectiveness;

More details on this subjects are provided in the Report on Corporate Governance.

### **Composition of the Audit Committee**

The Audit Committee comprises Mr. Ajit Shah as its Chairperson, Mr. Pradeep Mallick and Mrs. Indira Parikh, all of whom are Independent Directors and Mrs. Merryl Durrenbach as a Non-Executive, Non-Independent Member. Further details on the Committee are given in the Report on Corporate Governance.

### **Adequacy of Internal Financial Controls (IFC)**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The internal financial controls are adequate and are operating effectively so as to ensure orderly and efficient conduct of business operations. The internal controls are designed in a manner that facilitates achievement of three-pronged objectives viz., i) support the achievement of the Company's business objectives, ii) mitigate risks to acceptable level, and iii) support sound decision making and good governance.

The adequacy and effectiveness of the internal financial controls are demonstrated by following the procedures as set out below:-

- i. The internal controls have been designed to provide reasonable assurance with regard to recording and producing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance with corporate policies. The Company has a well-defined delegation of power with authority limits for approving revenue as-well-as expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down.



- ii. The Audit Committee periodically deliberates on the operations of the Company with the Members of the Management. It also sought the views of B S R & Associates LLP, the Statutory Auditors, on the internal financial control systems.
- iii. The Company has appointed P G Bhagwat, Chartered Accountants, as Internal Auditors of the Company. The Audit Committee in consultation with the Internal Auditors formulates the audit plan, scope, functioning and methodology, which are reviewed every year, in a manner that they cover all areas of operation. The Internal Audit covers inter alia, monitoring and evaluating the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies at all locations and adequacy of insurance coverage of all assets. Periodical Internal Audit Reports are submitted to the Audit Committee, to ensure complete independence, which is then extensively deliberated at every Audit Committee Meeting in the presence of the Internal and External Auditors. Based on the review by the Audit Committee, process owners undertake corrective actions in their respective areas and consider suggestions for improvement. The Internal Auditors have expressed that the internal control system in the Company is robust and effective.
- iv. The Board has also put in place requisite legal compliance framework to ensure compliance of all the applicable laws and that such systems are adequate and operating effectively.
- v. The Company's financial records are maintained on the ERP System which is effective and adequate in line with the size of its operations.

### Particulars of Loans, Investments, Guarantees and Securities

Your Company has neither advanced any loans, nor made any investments or given any guarantees and / or provided any securities to anybody, whether directly or indirectly, within the meaning of Section 185 of the Companies Act, 2013. Hence, there are no details worth providing.

### Particulars of Contracts or Arrangements with Related Parties

All contracts / arrangements / transactions entered into by the Company during the financial year ended 31 December, 2016 with related parties were on an arm's length basis and were in the ordinary course of business. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material, and therefore, Shareholders' approval was not required to be obtained, in accordance with the Policy of the Company on materiality of related party transactions. Thus, provisions of Sections 134(3)(h) and 188(1) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 are not applicable to the Company and therefore, **Form No. AOC-2** has not been attached.

In compliance with the requirements laid down in the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, all related party transactions were placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee had been obtained for transactions which were foreseeable and of repetitive nature. All transactions entered into with the related parties are presented to the Audit Committee by way of a statement giving details of all transactions.

The Policy on materiality of Related Party Transactions and dealing with Related Parties as approved by the Board has been uploaded on the Company's website at **URL: [FosecoIndia/View/policies.aspx](http://FosecoIndia/View/policies.aspx)**. Your Directors draw attention of the Members to Note 28 to the financial statement which sets out related party disclosures.

### Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Information under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in **Annexure B** to this Report.

### Particulars of Employees and Related Disclosures

Disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and also the Statement containing particulars of employees as required under Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 is provided in **Annexure C** forming part of this Report.

## Auditors and Auditors' Report

### Statutory Auditors

Price Waterhouse Chartered Accountants LLP (Firm registration no. - 012754N / N500016), Chartered Accountants, 7th Floor, Business Bay, Tower A, Wing - 1, Airport Road, Yerwada, Pune – 411006 are proposed to be appointed as the Statutory Auditors in place of B S R & Associates LLP, whose term ends at the conclusion of the forthcoming Annual General Meeting of the Company.

They will hold office as the Statutory Auditors of the Company, for a period of 5 years that will begin from the conclusion of the 60<sup>th</sup> Annual General Meeting until the conclusion of the 65<sup>th</sup> Annual General Meeting to be held in the year 2022. In terms of the provision of Section 139 of the Companies Act, 2013, the appointment of the Statutory Auditors shall be placed for ratification at every Annual General Meeting, if required under the Companies Act 2013, as amended from time to time.

Your Company has received a written confirmation from Price Waterhouse Chartered Accountants LLP, to the effect that their appointment as the Statutory Auditors of the Company, if made, will be as per the requirements laid down under Section 139 and 141 of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 and that they are not disqualified for appointment.

The observations of B S R & Associates LLP, the Statutory Auditors on the financial statement for the year ended 31 December, 2016 including the relevant notes to the financial statement are self-explanatory and therefore does not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

### Report on Frauds, if any

During the year under review, no incidence of any fraud has occurred against the Company by its officers or employees. Neither the Audit Committee of the Board, nor the Board of the Company has received any report involving any fraud, from the Statutory Auditors of the Company. As such, there is nothing to report by the Board, as required under Section 134 (3) (ca) of the Companies Act, 2013.

### Cost Auditors

Joshi Apte & Associates, Cost Accountants, were appointed as the Cost Auditors of the Company to examine the Cost Records and submit the Cost Audit Report. The Company has maintained the required cost accounting records as per the Companies (Cost Records and Audit) Rules, 2014 and is in compliance therewith. The Cost Audit Report in Form CRA-4 relating to the year ended 31 December, 2015 was filed with the Ministry of Corporate Affairs within the due date.

### Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, Rajesh Karunakaran & Co., Practising Company Secretary (FCS 7441; CP No. 6581), Pune, was appointed to conduct a secretarial audit of the Company's Secretarial and related records for the year ended 31 December, 2016. The Practising Company Secretary has submitted the Report which is attached as **Annexure D** and forms part of this Report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### Significant and Material Orders passed by the Regulators or Courts

There are no significant and material orders passed by the Regulators or Courts which would impact the going concern status of the Company and its future operations.

### Vigil Mechanism / Whistle Blower Policy

The Company has established a vigil mechanism (which incorporates a whistle blower policy) for Directors, employees and business associates, to report their genuine concerns. The details of the same are provided in the Report on Corporate Governance forming part of this Annual Report. The Policy is also available on the Company's website at **URL: FosecoIndia/View/policies.aspx**.

### Policies of the Company

Your Company has posted the following documents on its website at **URL: FosecoIndia/View/policies.aspx**.

- Code of Conduct;
- Familiarisation Programme for the benefit of the Independent Directors;

- Archival Policy;
- Policy for Determination of Material Events or Information;
- Policy of Preservation of Documents.

### **Risk Management Framework**

The Board regularly reviews the risk management strategy of the Company and the effectiveness of its implementation. Your Directors do not foresee any elements of risk, which in their opinion, may risk the Company's survival.

### **Corporate Social Responsibility (CSR)**

The Board of your Company has constituted a CSR Committee. As on 31 December 2016, the Committee comprises four Directors. A brief outline of the CSR Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure E** of this Report in the prescribed format of the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Policy is available on the website of the Company at **URL: FosecoIndia/View/policies.aspx**.

### **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.**

Your Company has in place a Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.

An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Your Directors have to report that, during the year under review, neither any complaints of sexual harassment were received by it from the ICC, nor were there any pending complaints relating thereto which required any disposal thereof.

### **Acknowledgements**

Employee relations throughout the Company were harmonious. Your Board of Directors would like to place on record their sincere appreciation for the wholehearted support and contributions made by all the employees of the Company as well as customers, suppliers, bankers and other authorities.

The Directors also thank the Government of various countries, Government of India, State Governments in India and concerned Government Departments/Agencies for their co-operation.

The Board of Directors thanks all the stakeholders of the Company and the parent Company, for their valuable support.

Place: Pune

Date: 8 February 2017

For and on behalf of the Board of Directors

**Pradeep Mallick**

**Chairperson**

**DIN: 00061256**

## Annexure A

### FORM NO. MGT - 9 EXTRACT OF ANNUAL RETURN

as at the financial year ended December 31, 2016  
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

i) CIN	L24294PN1958PLC011052
ii) Registration Date	22-03-1958
iii) Name of the Company	FOSECO INDIA LIMITED
iv) Category / Sub-Category of the Company	Public Company Limited by Shares
v) Address of the Registered Office and contact details	Gat Nos. 922 & 923, Sanaswadi, Taluka Shirur, Pune - 412208 Phone : +91 2137 668100
vi) Whether Listed Company	Yes
vii) Name, Address and contact details of Registrar and Transfer Agent	Link Intime India Pvt. Ltd. Block 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Pune - 411001 Phone : +91 20 26160084

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Manufacturer of Foundry Chemicals & Fluxes	0108	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SL. No.	Name and address of the Company	CIN/GLN	Holding / Subsidiary /Associate	% of shares held	Applicable Section
1	Foseco Overseas Limited. Fifth Floor, 265 Fleet Street London EC4A 2AE, United Kingdom	Foreign Company Not Obtained	Holding Company	58.00%	Section 2(46)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### (i) Category-wise Share Holding

Category of Shareholders	Number of Shares held at the beginning of the year - As on 01-01-2016				Number of Shares held at the end of the year - As on 31-12-2016				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual /HUF	0	0	0	0	0	0	0	0	0
b) Central Government	0	0	0	0	0	0	0	0	0
c) State Governments	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	0	0	0	0	0	0	0	0	0
e) Banks /Financial Institutions	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1) :</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals				0.00				0.00	
b) Other- Individuals				0.00				0.00	
c) Bodies Corporates	4788845	0	4788845	74.98	4788845	0	4788845	74.98	0.00
d) Banks / Financial Institutions				0.00				0.00	
e) Any other				0.00				0.00	
<b>Sub-total (A) (2) :</b>	<b>4788845</b>	<b>0</b>	<b>4788845</b>	<b>74.98</b>	<b>4788845</b>	<b>0</b>	<b>4788845</b>	<b>74.98</b>	<b>0.00</b>
<b>Total Shareholding of Promoter (A)</b>									
<b>(A) = (A)(1) + (A)(2)</b>	<b>4788845</b>	<b>0</b>	<b>4788845</b>	<b>74.98</b>	<b>4788845</b>	<b>0</b>	<b>4788845</b>	<b>74.98</b>	<b>0.00</b>

Category of Shareholders	Number of Shares held at the beginning of the year - As on 01-01-2016				Number of Shares held at the end of the year - As on 31-12-2016				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	1200	1200	0.02	0	1200	1200	0.02	0.00
b) Banks / Financial Institutions	232	200	432	0.01	233	200	433	0.01	0.00
c) Central Government(s)		0		0.00		0		0.00	
d) State Government(s)		0		0.00		0		0.00	
e) Venture Capital Funds		0		0.00		0		0.00	
f) Insurance Companies		0		0.00		0		0.00	
g) Foreign Institutional Investors (FII)	2897	0	2897	0.05	6946	0	6946	0.11	0.06
h) Foreign Venture Capital Funds		0		0.00		0		0.00	
i) Others (Specify)		0		0.00		0		0.00	
<b>Sub-total (B) (1) :</b>	<b>3129</b>	<b>1400</b>	<b>4529</b>	<b>0.07</b>	<b>7179</b>	<b>1400</b>	<b>8579</b>	<b>0.13</b>	<b>0.06</b>
<b>(2) Non-Institutions</b>									
a) Bodies Corporates	87345	1421	88766	1.39	83621	1321	84942	1.33	-0.06
i) Indian		0		0.00		0		0.00	
ii) Overseas		0		0.00		0		0.00	
b) Individuals		0		0.00		0		0.00	
i) Individual shareholders holding nominal share capital upto Rs 1 lakh	592524	92943	685467	10.73	594100	90661	684761	10.72	-0.01
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	37300	0	37300	0.58	38600	0	38600	0.60	0.01
c) Others (specify)	781472	80	781552	12.24	780652	80	780732	12.22	0.00
<b>Sub-total (B) (2) :</b>	<b>1498641</b>	<b>94444</b>	<b>1593085</b>	<b>24.94</b>	<b>1496973</b>	<b>92062</b>	<b>1589035</b>	<b>24.88</b>	<b>-0.06</b>
<b>Total Public Shareholding (B)</b>									
<b>(B) = (B)(1) + (B)(2)</b>	<b>1501770</b>	<b>95844</b>	<b>1597614</b>	<b>25.02</b>	<b>1504152</b>	<b>93462</b>	<b>1597614</b>	<b>25.02</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>
<b>GRAND TOTAL (A+B+C)</b>	<b>6290615</b>	<b>95844</b>	<b>6386459</b>	<b>100</b>	<b>6292997</b>	<b>93462</b>	<b>6386459</b>	<b>100</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

Sl No	Shareholder's Name	Shareholding at the beginning of the year - As on 01-01-2016			Shareholding at the end of the year - As on 31-12-2016			% change in share holding during the year
		No of Shares	% of total shares of the Company	% of shares Pledged/encumbered to total shares	No of Shares	% of total shares of Company	% of shares Pledged/encumbered to total shares	
1	Foseco Overseas Limited	3704219	58.00	0	3704219	58.00	0	0.00
2	Foseco (U K) Limited	540560	8.46	0	540560	8.46	0	0.00
3	Vesuvius Holdings Limited	544066	8.52	0	544066	8.52	0	0.00
	<b>TOTAL</b>	<b>4788845</b>	<b>74.98</b>	<b>0</b>	<b>4788845</b>	<b>74.98</b>	<b>0</b>	<b>0.00</b>

**(iii) Change in Promoter's Shareholding (please specify if there is no change)**

Sl No		Shareholding at the beginning of the year -As on 01-01-2016		Cumulative Shareholding during the year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
	At the beginning of the year	4788845	74.98		
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/transfer/bonus/ sweat equity etc) :	<b>No Change in Shareholding during the Year</b>			
	At the end of the year			4788845	74.98



**(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)**

SI No	Details of the Top 10 Shareholders	Shareholding at the beginning of the year - As on 01-01-2016		Cumulative Shareholding during the year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
1	<b>Karibu Limited</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	733226	11.48	No Change during the year 733226	11.48
2	<b>Shree Capital Services Limited</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	29579	0.46	No Change during the year 29579	0.46
3	<b>Nozer Jasi Shroff</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	25000	0.39	No Change during the year 25000	0.39
4	<b>The Venkatesh Co. Ltd.</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	12578	0.20	No Change during the year 12578	0.20
5	<b>V Srinivasa Rangan</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	12300	0.19		
		<b>Date</b>	<b>Reason</b>		
		22/01/2016	Purchase	100	0.00
		12/02/2016	Purchase	17	0.00
		19/02/2016	Purchase	383	0.01
		26/02/2016	Purchase	100	0.00
		04/03/2016	Purchase	100	0.00
		11/03/2016	Purchase	76	0.00
		18/03/2016	Purchase	124	0.00
		15/04/2016	Purchase	100	0.00
		06/05/2016	Purchase	100	0.00
		13/05/2016	Purchase	56	0.00
		29/07/2016	Purchase	144	0.00
				13600	0.21
6	<b>Suchitra Ganesh Shanbag</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	10000	0.16	No Change during the year 10000	0.16
7	<b>NBI Industrial Finance Co. Ltd.</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	8887	0.14	No Change during the year 8887	0.14

SI No	Details of the Top 10 Shareholders	Shareholding at the beginning of the year - As on 01-01-2016		Cumulative Shareholding during the year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
8	<b>Amit Ashok Thawani</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	8802	0.14	8602	0.13
	<b>Date Reason</b> 31/03/2016 Sale	-200	0.00	8602	0.13
9	<b>Geeta Arvind Joshi</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	8766	0.14	8766	0.14
		No Change during the year			
10	<b>Joseph Jivanayakam Daniel</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	6000	0.09	6000	0.09
		No Change during the year			
11	<b>Swiss Finance Corporation (Mauritius) Limited</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	2897	0.05	5121	0.08
	<b>Date Reason</b> 06/05/2016 Purchase 13/05/2016 Purchase 29/07/2016 Purchase 05/08/2016 Purchase 02/12/2016 Sale	2224 465 1287 73 -6946	0.03 0.01 0.02 0.00 -0.11	5586 6873 6946 0 0	0.09 0.11 0.11 0.00 0.00
12	<b>Nomura Singapore Limited</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	0	0.00	6946	0.11
	<b>Date Reason</b> 09/12/2016 Purchase	6946	0.11	6946	0.11

**(iv) Shareholding of Directors and Key Managerial Personnel:**

SI No	Name of the Directors and KMP	Shareholding at the beginning of the year - As on 01-01-2016		Cumulative Shareholding during the year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
1	<b>Mr. Pradeep Mallick</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	Nil	Nil	Nil	Nil
		No Change during the year			

SI No	Name of the Directors and KMP	Shareholding at the beginning of the year - As on 01-01-2016		Cumulative Shareholding during the year	
		No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
2	<b>Mr. Glenn Cowie</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	Nil	Nil	No Change during the year Nil	Nil
3	<b>Mr. Ajit Shah</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	Nil	Nil	No Change during the year Nil	Nil
4	<b>Mr. Sanjay Mathur</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	Nil	Nil	No Change during the year Nil	Nil
5	<b>Ms. Merryl Durrenbach</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	Nil	Nil	No Change during the year Nil	Nil
6	<b>Mrs. Indira Parikh</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	Nil	Nil	No Change during the year Nil	Nil
7	<b>Mr. R Umesh, CFO</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	1	0.00	No Change during the year 1	0.00
8	<b>Mr. Mahendra Kumar Dutia, Company Secretary</b> a) At the Beginning of the Year b) Changes during the Year c) At the end of the year	Nil	Nil	No Change during the year Nil	Nil

#### V.INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year i.e. on 01.01.2016				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total ( i + ii + iii)	Nil	Nil	Nil	Nil

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the Financial Year				
Addition	Nil	Nil	Nil	Nil
Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the Financial Year i.e as on 31.12.2016				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total ( i + ii + iii)	Nil	Nil	Nil	Nil

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholetime Directors and/or Manager:

Sl No	Particulars of Remuneration	Sanjay Mathur - Managing Director	Total Amount
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	177.79	177.79
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	27.57	27.57
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission- As a % of Profit - Others , specify		
5	Others, please specify		
	<b>TOTAL (A)</b>	<b>205.36</b>	<b>205.36</b>
	<b>Ceiling as per the Act Being 5% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013</b>		<b>269.70</b>

B. Remuneration to other Directors :

Particulars of Remuneration	Independent Directors			Total
	Pradeep Mallick	Ajit Shah	Indira Parikh	Amount in Rs. Lakhs
Fee for attending Board/Committee meetings	1.80	2.30	2.30	6.40
Commission	7.70	7.00	7.00	21.70
Others, please specify				-
<b>Total(1)</b>	<b>9.50</b>	<b>9.30</b>	<b>9.30</b>	<b>28.10</b>
Other Non-Executive Directors	Other Non-Executive Directors			Total
	Merryl Durrenbach	Glenn Cowie		Amount in Rs. Lakhs
Fee for attending Board/Committee meetings	-	-		-
Commission	-	-		-
Others, please specify				-
<b>Total(2)</b>				
<b>TOTAL (B) =(1 + 2)</b>	<b>9.50</b>	<b>9.30</b>	<b>9.30</b>	<b>28.10</b>
<b>Total Managerial Remuneration</b>				<b>233.46</b>
<b>Overall Ceiling as per the Act Being 6% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013</b>				<b>323.64</b>

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

SI No	Particulars of Remuneration	Key Managerial Personnel		Total
		R Umesh - CFO	Mahendra Kumar Dutia - Company Secretary	Amount in Rs. Lakhs
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	64.01	24.45	88.46
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	10.55	2.02	12.57
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission - As a % of Profit - Others, specify			
5	Others, please specify			
	<b>TOTAL</b>	<b>74.56</b>	<b>26.47</b>	<b>101.03</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :**

Type	Section of the Companies Act	Brief Description	Details of Penalty, Punishment, Compounding fees imposed	Authority RD/NCLT COURT	Appeals made if any (give details)
<b>A. COMPANY</b> Penalty Punishment Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b> Penalty Punishment Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b> Penalty Punishment Compounding	Nil	Nil	Nil	Nil	Nil

Place: Pune  
Date: 8 February, 2017

For and on behalf of the Board of Directors

**Pradeep Mallick**  
Chairperson  
DIN: 00061256



## ANNEXURE B

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

#### A) Conservation of energy

**1. Steps taken or impact on conservation of energy:**

The Company has constantly been emphasising on optimisation of energy consumption in every possible area in its units. Various avenues are being explored at periodic interval and after careful analysis and planning measures are being initiated to minimise the consumption of energy by optimum utilisation of energy consuming equipment.

During the year under review, the following measures were initiated/adopted for conservation and optimum utilisation of energy.

- Usage of LED lights in shop floors and office areas instead of conventional lights.
- Localized booster for high pressure air instead of increasing air compressor & systems overall pressure.
- Installed VFD and HPS efficient pumping system in continuous operation areas instead of conventional pumps.
- Installed flux maximo permanent magnet device for better atomizing of LDO in thermic fluid heater.
- Installed energy efficient VRV based air conditioning for complete ground floor of corporate office.

**2. Steps taken by the Company for utilising alternate source of energy:**

- Skypipe for utilizing natural light instead of using electric lamps during daytime.

**3. Capital investment on energy conservation equipment:**

- High bay LED lights for flammable areas on the shop floors in Resin Cell, Coating Cell and DG set area.
- Energy efficient agitator for Resin Cell dilution tank.
- Skypipe at Feeding Cell.

#### B) Technology Absorption

The following efforts are being made in technology absorption:

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

**1. Specific areas in which R&D is carried out by the Company**

The Company carried out R&D in the following areas:-

**(a) Feeding Systems:**

- Developed new formulation to improve product performance.

**(b) Coatings:**

- Absorbed technology for developing special coatings for automotive casting.

**(c) Binders:**

- Absorbed technology for developing special additive for thermal reclamation of burnt sand.

**2. Benefits derived as a result of the above R&D**

Customers continued to benefit from the Company's range of products designed to improve quality, productivity, efficiency and the environment, which translated into the following improvements:

**Product Improvement:** Improvements were carried out in Sand Binders which helped the customer to minimize the reworking in steel castings.

**Cost Reduction:** In case of Feeding system, the value engineering was done which helped to pass on some of the benefits to the customers.

**Product Development:** In case of Coatings, group product technology was improved which helped in improving the casting surface finish in steel castings.

**Import substitution:** In case of Coatings, alternative fillers are being tried with the aim to reduce dependence on imports.

**3. In case of imported technology (imported during the last three years) the following information may be furnished:**

**(a) Details of the technology imported:**

Ferrous Coating – Manufacturing technology & formulation for special coatings to improve passage cleanliness

Sand Binder – Manufacturing

**(b) Year of Import:**

Ferrous Coating – 2015

Sand Binder – 2015

**(c) Whether the technology has been fully absorbed:**

Ferrous coating – Yes

Sand Binder – Yes

**(d) If not fully absorbed, areas where absorption has not taken place and the reasons thereof:**

The technology has been fully absorbed

**4. Expenditure incurred on Research and Development:**

a) Capital :Rs. 1.89 Lakhs (previous year Rs. 0.70 Lakhs)

b) Revenue :Rs. 77.04 Lakhs (previous year Rs. 66.82 Lakhs)

c) **Total :Rs. 78.93 Lakhs** (previous year Rs. 67.52 Lakhs)

**C) Foreign exchange earnings and outgo during the year**

	Current Year (in Rs. Lakhs)	Previous Year (in Rs. Lakhs)
a) Total Foreign exchange earned in terms of actual inflows	1,614.36	1,417.39
b) Total Foreign exchange outgo in terms of actual outflows	6,058.55	4,856.60

Place: Pune

Date: 8 February, 2017

For and on behalf of the Board of Directors

**Pradeep Mallick**  
**Chairperson**  
**DIN: 00061256**

## ANNEXURE C

### Particulars of Employees and Related Disclosures

Information pursuant to Section 197(12) of Companies Act, 2013 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- a) The ratio of the remuneration of each Director and Key Managerial Personnel (KMP) to the median remuneration of the employees of the Company for the financial year ended 31 December, 2016:

Name of the Director / KMP	Designation	Ratio of the remuneration of each Director and KMP to the median remuneration	% increase in remuneration in the financial year
Pradeep Mallick	Non-Executive Director	1.36	-0.56%
Ajit Shah	Non-Executive Director	1.33	4.88%
Merryl Durrenbach	Non-Executive Director	-	0.00%
Indira Parikh	Non-Executive Director	1.33	91.11%
Glenn Allan Cowie	Non-Executive Director	-	0.00%
Sanjay Mathur	Managing Director	31.82	3.91%
R Umesh	Chief Financial Officer	11.55	13.01%
Mahendra Kumar Dutia	Company Secretary	4.10	9.47%

**Note: Non-Executive Directors other than the Independent Directors do not receive any remuneration, sitting fees or commission from the Company. Sitting fees and commission are paid to the Independent Directors only.**

- b) The median remuneration of the employees of the Company during the financial year ended 31 December, 2016 was **Rs. 6.45 Lakhs** (previous year **Rs. 6.34 lakhs**).
- c) The percentage increase in the median remuneration of employees in the financial year was **19.93%** (previous year **17.80%**).
- d) The number of permanent employees on the rolls of the Company : **221** as on 31 December, 2016 (previous year **228**).
- e) Affirmation that the remuneration is as per the remuneration policy of the Company:

**The Company affirms that the remuneration is as per the remuneration policy of the Company.**

### Statement of Particulars of Employees pursuant to the provisions of Rule 5(2) & 5(3) of the Companies (Appointment & Remuneration) Rules, 2014 and forming part of the Directors' Report for the year ended 31 December, 2016

Sr. No.	Name & Age	Designation	Gross Remuneration (Rs.)	Qualifications	Experience (Years)	Date Of Commencement Of Employment	Last Employment held Name of the Company
<b>Employed throughout the year</b>							
1	P M Deshpande (57 yrs)	Process And Engineering Director - Foundry	11,494,202	B.E. (Mechanical), MMS (Operations)	34	14-Nov-1985	Oil and Natural Gas Corporation of India
2	Sanjay Mathur (52 yrs)	Managing Director	20,564,541	B.E. (Chemical), Advanced Management Programme, Australia DipFM, ACCA, UK, Master of Marketing Australia	30	01-Apr-2007	Pennzoil Quaker State India Ltd.

**Notes:**

- 1 All appointments are / were contractual, as per the rules and conditions of the Company.
- 2 "Gross Remuneration" includes salary, bonus, allowances, leave travel allowance, reimbursement of medical expenses, employer's contribution to provident fund and superannuation fund, personal accident, GPA insurance premium and Mediclaim premium, wherever as applicable.
- 3 As the future liability for the gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the individual employee is not ascertainable and therefore, not included above.
- 4 None of the employees listed above is a relative of any Director of the Company.
- 5 None of the employees listed above were in receipt of remuneration in that year, which in the aggregate, was in excess of the remuneration drawn by the Managing Director and holds, either by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company within the meaning of Rule 5(2)(iii) of the Companies (Appointment and Remuneration) Rules, 2014.

Place: Pune  
Date: 8 February, 2017

For and on behalf of the Board of Directors

**Pradeep Mallick**  
**Chairperson**  
**DIN: 00061256**

## ANNEXURE D

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Foseco India Limited  
Gat No. 922 and 923,  
Sanaswadi, Tal: Shirur,  
District Pune – 412208  
Maharashtra, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Foseco India Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> December 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31<sup>st</sup> December 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable for the Audit Period:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (d) Other laws applicable specifically to the Company namely:
    - (i) Manufacture Storage and Import of Hazardous Chemical Rules 1989 as amended;
    - (ii) Environment Protection Act, 1986;
    - (iii) Public Liability Insurance Act, 1991 as amended;
    - (iv) Explosives Act 1889;
    - (v) Legal Metrology Act, 2009 and the Packaged Commodities Rules 2011;
    - (vi) Food Safety Standards Act, 2006 and Rules 2011 with allied Rules and Regulations.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above.

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors in respect of schedule of the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the Meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the Minutes. During the year under Audit no specific instances of dissent have been recorded in the Minutes.

I further report that based on review of compliance mechanism established by the Company and on the basis of compliance certificates issued by respective officials and taken on record by the Board of Directors at their meetings that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I report further that there are no specific events /major decisions or activities undertaken in pursuance of the above laws, rules and regulations, guidelines, etc., during the financial year ended 31<sup>st</sup> December 2016, having a major bearing on the Company affairs.

Pune, 6<sup>th</sup> February 2017

**For RAJESH KARUNAKARAN & CO.,  
COMPANY SECRETARIES  
RAJESH KARUNAKARAN  
COMPANY SECRETARY  
FCS No. 7441/CP No. 6581**

**Note: This report is to be read with my letter of even date, which is appended below and forms an integral part thereof.**

To,  
The Members,  
Foseco India Limited  
Gat No. 922 and 923, Sanaswadi, Tal: Shirur,  
District Pune – 412208, Maharashtra, India

My Secretarial Audit Report of even date is to be read along with this letter.

### **Management Responsibility**

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on audits.

### **Auditors Responsibility**

1. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the fairness of the contents of the Secretarial records. The verification was done on test basis to ensure that facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
2. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
3. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis to the extent applicable to the Company.

### **Disclaimer**

5. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Pune, 6<sup>th</sup> February 2017

**For RAJESH KARUNAKARAN & CO.,  
COMPANY SECRETARIES  
RAJESH KARUNAKARAN  
COMPANY SECRETARY  
FCS No. 7441/CP No. 6581  
204 Pragati Towers, Opposite Shivajinagar S.T. Stand.,  
Shivajinagar, Pune – 411 005  
Tel.No.: 020- 3022 4146, Mob - 9890320874**



## Annexure E

### Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year ended 31 December, 2016

1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

**The CSR Policy aims at:**

- **Adopting appropriate strategies and projects for the welfare of the people and society at large, who are the ultimate beneficiaries.**
- **Making the project sustainable i.e., taking all decisions keeping the society and the environment in mind.**
- **Practicing its corporate values through its commitment to grow in a socially and environmentally responsible way, while meeting the interests of its stakeholders, including shareholders, customers, employees, suppliers, business partners, local communities and other organisations. The Company is responsible to continuously enhance shareholders' wealth; it is also committed to its other stakeholders to conduct its business in an accountable manner that is aimed at sustainable development and inclusive growth.**
- **Commit towards aligning with nature by adopting eco-friendly practices; pursue initiatives related to quality management, environment preservation by encouraging conservative / judicious use of natural resources and social awareness.**
- **Undertake proactive engagement with stakeholders to actively contribute to the socioeconomic development of the periphery/community in which it operates.**
- **Using environment friendly and safe processes in production.**
- **Create a positive footprint within the society by creating inclusive and enabling infrastructure/ environment for liveable communities.**

The CSR Policy has been placed on the Company's website at: <http://www.fosecoindia.com>.

2. Composition of the CSR Committee:

Name	Designation
Indira Parikh	Chairperson
Pradeep Mallick	Member
Ajit Shah	Member
Sanjay Mathur	Member

3. Average net profit of the Company for last three financial years: **The average net profit of the Company for the last three financial years as calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 was Rs. 3798.92 Lakhs (previous year 3274.98 Lakhs)**
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): **Rs. 75.98 Lakhs (previous year Rs. 65.50 Lakhs)**
5. Details of CSR spent during the financial year:
- a) Total amount to be spent for the financial year **Rs. 83.43 Lakhs (previous year Rs. 65.50 Lakhs) (includes unspent amount of Rs. 7.45 Lakhs of the earlier years)**
- b) Amount unspent, if any **Rs. 41.62 Lakhs (previous year Rs. 7.45 Lakhs)**
- c) Manner in which the amount spent during the financial year **Details given below**

### Manner in which the amount spent during the financial year (Rs. In Lakhs)

Sl. No.	CSR Project or activity identified	Sector in which project is covered	Projects or Programmes 1) Local area or other 2) Specify the State and district where Projects or Programmes were undertaken	Amount Outlay (budget) Project or Programmes-wise	Amount spent on the Projects or Programmes subheads: 1) Direct expenditure on projects or programmes 2) Overheads	Cumulative Expenditure up to the reporting period	Amount spent direct or through implementing agency
1.	Built 3 modern and well-equipped Science Laboratories in a college situated in a rural area	Girl Child Education	Talegaon Dhamdhere, Shirur, Maharashtra	12.41	4.81	12.41	Direct, but in association with Rotary Club of Pune East Charitable Trust
2.	Building basic facilities at a Primary Healthcare Centre	Healthcare	Talegaon Dhamdhere, Shirur, Maharashtra	7.00	7.00	7.00	Rotary Club of Pune East Charitable Trust
3.	Building science laboratory for practical education of Class V-X	Child Education	Pune, Maharashtra	4.15	4.00	4.00	Rotary Club of Poona Downtown, Pune
4.	Eye Check-up camp for students of various schools	Healthcare	Pune, Maharashtra	3.00	2.00	2.00	Rotary Club of Poona Downtown, Pune
5.	Girl Child Education Sponsorship	Girl Child Education	Pune, Maharashtra	5.00	5.00	5.00	Rotary Club of Pune East Charitable Trust
6.	Building Classrooms at the School	Child Education	Talegaon Dhamdhere, Shirur, Maharashtra	26.20	19.00	19.00	Rotary Club of Pune East Charitable Trust
			<b>Total</b>	<b>57.76</b>	<b>41.81</b>	<b>49.41</b>	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board's Report **The actual spend of the Company on CSR was less than 2% of the average net profit of the last three financial years. Out of the sanctioned amounts, three of the activities are ongoing projects, which when completed, the committed amounts will be released.**
7. A responsibility statement of the CSR Committee **The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.**

For and on behalf of the Board of Directors

**Indira Parikh**  
Chairperson (CSR Committee)

**Sanjay Mathur**  
Managing Director

Dated: 7 February, 2017

Place: Pune

# Report on Corporate Governance

## Foseco's Philosophy

Foseco strives to adopt the highest standards of excellence in Corporate Governance. The Company has consistently practised good Corporate Governance norms for the efficient conduct of its business and meeting its obligations towards all its stakeholders viz., the shareholders, customers, employees and the community in which the Company operates.

The Company has established procedures and systems to be fully compliant with the requirements stipulated by the Securities and Exchange Board of India (SEBI) under the SEBI (LODR) Regulations. The broad principles in relation to disclosures and obligations have been implemented in a manner so as to achieve the objectives of Corporate Governance.

The Company's Corporate Governance philosophy is reflected in the following key areas of the Company's approach to business and its stakeholders:

### 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. The Board Members are fully aware of their roles and responsibilities in the discharge of the key functions. The Board Members strive to meet the expectations of operational transparency to stakeholders, whilst simultaneously maintaining confidentiality of information to the extent required.

### 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.

### 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.

### Foseco Values

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

- Creativity
- Cooperation
- Reliability
- Integrity
- Embracing Diversity

### Integrity of Financial Reporting

The Company ensures that adequate controls are in place to provide accurate and timely disclosure on all material matters including the financial situation, performance, ownership and governance of the Company. The audit process is supervised by the Audit Committee of the Board and is undertaken by an independent firm of Chartered Accountants, accountable directly to the Audit Committee.

### Rights of the Shareholders

Foseco believes in protecting the rights of the shareholders. It ensures adequate and timely disclosure of all information to the shareholders in compliance with the applicable laws. Shareholders are furnished with sufficient and timely information concerning the general meetings, issues to be discussed thereat, rules regarding holding and conducting the general meetings, opportunity to participate effectively and vote in general meetings, rules of the voting process, exercise of ownership rights and mechanism to address their grievances. They are informed of all key decisions concerning fundamental corporate changes. The minority shareholders are made aware of their rights of protection from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly. All shareholders are treated equitably.

### Role of the Stakeholders

The Company recognises the rights of its stakeholders and respect their rights which are established by law or through mutual agreements. The stakeholders are provided opportunity to obtain effective redressal for violation of their rights. They get access to relevant, sufficient and reliable information on a timely and regular basis enabling them to participate in corporate governance process. The

Company has laid down an effective whistle blower policy enabling stakeholders, including employees to freely communicate their concerns about illegal or unethical practices.

### Framework on Insider Trading

The Company's shares are listed on the BSE Limited and the National Stock Exchange of India Limited. With the view to preventing insider trading and abusive self-dealing in the securities of the Company, the Company has formulated a Code of Conduct to Regulate, Monitor and Report Trading of the Company's securities by Insiders in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015. As a part of this Code, the Company's Directors, Key Managerial Personnel and designated employees are advised of the closure the Trading window for dealing / transacting in the Company's Equity Shares prior to the announcement of the quarterly, half-yearly and annual financial results of the Company, declaration of dividend and other price sensitive information. The Code of Conduct is available on the Company's [URL: FosecoIndia/View/policies.aspx](http://FosecoIndia/View/policies.aspx).

### Investor Services

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

### Performance Measurement

Foseco places considerable importance on the measurement of performance of employees, 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 linked to the performance of the Company.

## Board of Directors

### Composition and Category of Directors

The Board of Directors of the Company have an optimum combination of Executive, Non-Executive and Independent Directors who have an in-depth knowledge of business, in addition to the expertise in their areas of specialisation.

The Board of the Company comprises six Directors - One Executive Director and five Non-Executive Directors, of whom three are Independent Directors. Two of the Non-Executive Directors are nominated by Foseco Overseas Limited, London, United Kingdom, as provided in the Articles of Association of the Company. The current strength of the Board includes two Women Directors, out of which one is an Independent Director as required under applicable legislation. The Chairperson of the Board is a Non-Executive Independent Director.

Composition of the Board of Directors as on 31 December, 2016:

Category	No. of Directors
Promoter - Non-Executive Director	2
Executive Director	1
Non-Executive Independent Directors	3
<b>Total</b>	<b>6</b>

The background of each Director is summarized below:

#### (a) PRADEEP MALLICK (DIN: 00061256), Non-Executive Chairperson and Independent Director

Mr. Pradeep Mallick, aged 74 years, is a Non-Executive Independent Director on the Board of Foseco India Limited since 21 October, 2011 and Non-Executive Chairperson from 20 January, 2012. He is a graduate Electrical Engineer B. Tech from IIT Madras, who honoured him with the Distinguished Alumnus Award. He is a 'Chartered Engineer', Fellow of the Institution of Engineering & Technology (FIET), London, and holds a Diploma in Business Management from UK. 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 was conferred Knight First Class of the Order of the White Rose of Finland by the President of Finland. He is a Past Chairman of Confederation of Indian Industry (Western region) and a Past President of the Bombay Chamber of

Commerce & Industry. He currently serves on the Boards of several Companies as a professional Independent Non-Executive Director. 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 the Chairperson of the Stakeholders' Relationship Committee of the Board of the Company and also a Member of the Board's Audit Committee, Corporate Social Responsibility Committee and the Nomination and Remuneration Committee.

He does not hold any shares in the Company.

**(b) SANJAY MATHUR (DIN: 00029858),  
Managing Director**

Mr. Sanjay Mathur, aged 52 years, is Managing Director of the Company since 1 April, 2007. He was re-appointed as Managing Director for a period of three years from 1 April 2016. He is a Bachelor of Engineering (Chemical) from Punjab University, Chandigarh and has also done Advanced Management Programme from Melbourne Business School, Master of Marketing from Monash University, Australia and holds a Diploma in Financial Management (Dip FM) from ACCA, U.K. Mr. Sanjay 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. 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 Stakeholders' Relationship Committee and the Corporate Social Responsibility Committee of the Board of the Company. Although he is not a Member of the Audit Committee, he attends all the Meetings as he is a permanent invitee to these Meetings.

He does not hold any shares in the Company.

**(c) AJIT SHAH (DIN: 02396765), Non-Executive Independent Director**

Mr. Ajit Shah, aged 70 years, is a Non-Executive Independent Director on the Board of Foseco India Limited since 17 October, 2013. Mr. Ajit Shah is an eminent Chartered Accountant in practice since 1971. He is a Senior Partner at M. A. Parikh & Co., a firm of Chartered Accountants at Mumbai.

Mr. Ajit Shah specialises in the field of Audits and Assurances, domestic and international transfer pricing, valuation and consultancy in the field of finance and taxation. He is associated as consultant with well-known multinational groups like Merck, Germany, WPP Group, UK, American President Lines, Singapore, Mitsui OKS Lines, Japan and certain Tata group Companies.

Mr. Ajit Shah is the Chairperson of the Board's Audit Committee and the Nomination and Remuneration Committee of the Company and also a Member each of the Board's Stakeholders' Relationship Committee and the Corporate Social Responsibility Committee.

He does not hold any shares in the Company.

**(d) GLENN ALLAN COWIE (DIN: 07163534),  
Non-Executive Director**

Mr. Glenn Allan Cowie, aged 55 years, is a Non-Executive and Non-Independent Director on the Board of the Company, who was appointed as a Director of the Company on 24 April, 2015.

Mr. Glenn Allan Cowie is a South African national and a British citizen and currently resides in Ohio USA, serving as the President – Foundry Vesuvius plc. He is associated with the Vesuvius Group since the last 34 years.

Mr. Glenn was appointed President Foundry in November 2014, having delivered significant change in business structure and performance as President Advanced Refractories during the prior three years. He started his career in Foseco South Africa in 1981, where he held several technical and sales positions in both the Foundry and Steel divisions, before becoming the Chief Executive Sub Saharan Africa. Mr. Glenn was transferred to the UK in an international Strategic Growth Initiative role and shortly thereafter was promoted to Area Director Northern Europe,



based in Borken, Germany. Following a two-year period with Fosbel, he returned to Foseco in 2008 as Vice President Foundry NAFTA, and subsequently the Americas. He is a diploma engineer in Metallurgical Engineering.

Mr. Glenn does not hold Directorship in any other public Company in India except Foseco India Limited. He is a Member each of the Board's Stakeholders' Relationship Committee and the Nomination & Remuneration Committee.

He does not hold any shares in the Company.

**(e) MERRYL FRANCE DURRENBACH (DIN: 06920690), Non-Executive Director**

Mrs. Merryl France Durrenbach, aged 42 years, is a Non-Executive Director on the Board of the Company appointed on 21 July, 2014. Mrs. Merryl France Durrenbach is a French national. She graduated from the Paris Institute Superior of Management with a Masters Degree in Finance & Management. She is head of Internal Audit for Vesuvius plc. She has an experience of 15 years as an external / internal audit and risk assurance gained in the Automotive, Oil & Gas, Plastic & Paper Packaging and Services. In her previous role, Mrs. Merryl has set-up and developed from a zero base a strong internal audit team, and established robust audit processes globally, supporting all areas of the business to deliver improvements and mitigate risks. That audit team was recognised as one of the best for UK public companies.

Mrs. Merryl France Durrenbach does not hold Directorship in any other public Company in India except Foseco India Limited. She is a Member each of the Board's Audit Committee and the Stakeholders' Relationship Committee.

She does not hold any shares in the Company.

**(f) INDIRA PARIKH (DIN: 00143801), Non-Executive Independent Director**

Mrs. Indira Parikh, aged 73 years, is a Non-Executive Independent Director on the Board of Foseco India Limited since 21 July, 2014.

Mrs. Indira Parikh has done M.Ed. from University of Rochester, New York USA and the Doctorate from Gujarat University. She was a faculty at IIM-

Ahmedabad for over 30 years and Dean from 2002 to 2005. She has taught at INSEAD, Fontainebleau (France) and Texas A&M University. She has held various academic positions at IIMA.

She has specialized in organisation development and design, and institution building. She has designed and offered management and leadership development programs in public sector, private sector and multinational organisations. She has been a consultant to various national and international organisations. Mrs. Parikh has travelled extensively on assignments across the globe.

Mrs. Indira Parikh was the Founder President of FLAME. She was involved in creating the academic vision and shaping FLAME. She has conceptualized the Centre for Organizational Growth and Excellence (COGE) with its focus on thresholds of life, lifelong learning, development and growth. The focus of COGE is on transformation from entry to career transition at the end of working life. All the programmes focus on transformation of individuals, groups and institution's life, role and identity.

She has been honoured with several life time achievement awards both nationally and internationally.

Mrs. Indira Parikh is the Chairperson of the Corporate Social Responsibility Committee of the Board of the Company and also a Member of the Board's Audit Committee, Stakeholders' Relationship Committee and the Nomination and Remuneration Committee.

She does not hold any shares in the Company.

**None of the Directors of the Company are related to each other.**

**Disclosure of Directors' and Others Interest in Transactions with the Company**

None of the Directors', Key Managerial Personnel and Senior Management, whether they, directly, indirectly or on behalf of third parties, have had any material interest in any transaction or matter directly affecting the Company pursuant to the provisions of Regulation 4(2)(f) of the SEBI (LODR) Regulations.

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 only at arm's length basis and in the ordinary course of business, which have been disclosed to the Board and entered in the Register of Contracts and approved by the Board in accordance with the requirements of the Companies Act, 2013 and SEBI (LODR) Regulations.

### Independent Directors

The Independent Directors of the Company fully meet the requirements laid down under Regulation 16(1)(b) of the SEBI (LODR) Regulations. The Company has received a declaration from each of the Independent Directors confirming compliance with the criteria of independence as laid down under this Regulation as well as Section 149(6) of the Companies Act, 2013.

#### As mandated by the Regulation:

- all the Independent Directors, in the opinion of the Board of Directors, are persons of integrity and possesses relevant expertise and experience;
- none of the Independent Directors are or were promoter of the Company or its Holding, Subsidiary or Associate Company;
- none of the Independent Directors are related to Promoters or Directors in the Company, its Holding, Subsidiary or Associate Company;
- apart from receiving Director's remuneration, the Independent Directors of the Company do not have or had any material pecuniary relationship with the Company, its Holding, Subsidiary or Associate Company, or their Promoters, or Directors, during the two immediately preceding financial years or during the current financial year;
- none of the relatives of the Independent Directors has or have had pecuniary relationship or transaction with the Company, its Holding, Subsidiary or Associate Company, or their Promoters, or Directors, amounting to two per cent. or more of its gross turnover or total income of fifty lakhs rupees or such higher amount as may be prescribed from time to time, whichever is lower, during the two immediately preceding financial years or during the current financial year;

- neither the Independent Directors themselves nor any of their relative(s)—
  - (i) holds or have held the position of a key managerial personnel or is or have been an employee of the Company or its Holding, Subsidiary or Associate Company in any of the three financial years immediately preceding the financial year in which they are proposed to be appointed;
  - (ii) is or have been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which they are proposed to be appointed, of—
    - (A) a firm of auditors or company secretaries in practice or cost auditors of the Company or its Holding, Subsidiary or Associate Company; or
    - (B) any legal or a consulting firm that has or had any transaction with the Company, its Holding, Subsidiary or Associate Company amounting to ten per cent or more of the gross turnover of such firm;
  - (iii) holds together with their relatives two per cent or more of the total voting power of the company; or
  - (iv) is a Chief Executive or Director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the Company, any of its Promoters, Directors or its Holding, Subsidiary or Associate Company or that holds two per cent or more of the total voting power of the Company;
  - (v) is a material supplier, service provider or customer or a lessor or lessee of the Company;
- all the Independent Directors possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the Company's business.
- the Independent Directors of the Company are not less than 21 years of age.

## Board and Committee Memberships

As mandated by Regulation 26(1) of SEBI (LODR) Regulations, none of the Directors on the Board is a Member of more than ten (10) Committees and none is a Chairperson of more than five (5) Committees across all Public Limited Companies in which they are Directors. All the Directors have made necessary disclosures regarding Committee positions held by them in other Companies. The table below gives the details of Directorships, Committee Memberships and Chairpersonships in all Indian Companies including Foseco India Limited, as on 31 December 2016.

The numbers shown below, excludes Directorships and Committee Memberships of Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013. For the purpose of determination of limit, the Chairpersonship and Membership of the Audit Committee and the Stakeholders' Relationship Committee alone has been considered.

A total of four Board Meetings were held during the year 2016 on the following dates: **21 January 2016, 27 April 2016, 20 July 2016 and 20 October 2016**. The maximum time gaps between any two Board Meetings was less than 120 days.

Composition of the Board and the Directorships held as on **31 December 2016** is as follows:

Name of the Director	Category	Number of Board Meetings attended during the year 2016	Attendance at the last AGM	Number of Directorships in all Public Limited Companies including Foseco	Number of Memberships in Audit / Stakeholder Committee(s) held in all Public Limited Companies including Foseco	Number of Post of Chairpersonships in Audit / Stakeholder Committee(s) held in all Public Limited Companies including Foseco
Pradeep Mallick (DIN: 00061256)	Chairperson, Independent, Non-Executive	3	Yes	4	6	2
Sanjay Mathur (DIN: 00029858)	Managing Director	4	Yes	1	1	--
Ajit Shah (DIN: 02396765)	Independent, Non-Executive	4	Yes	2	3	2
Glenn Allan Cowie (DIN: 07163534)	Non Independent, Non-Executive	2	Yes	1	1	--
Merryl France Durrenbach (DIN: 06920690)	Non Independent, Non-Executive	4	Yes	1	2	--
Indira Parikh (DIN: 00143801)	Independent, Non-Executive	4	Yes	7	6	--

### Tenure of Independent Directors

The tenure of the Independent Directors is fixed in accordance with the requirements laid down in the Companies Act, 2013 and clarifications / circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time. Apart from the above, the Company policy requires the Board Members to retire at the AGM following their 75th birthday.

### Separate meetings of the Independent Directors

The Independent Directors held a Meeting on 7 February,

2017, without the attendance of Non-Independent Directors and members of the Management. All the Independent Directors were present at the Meeting, where they –

- reviewed the performance of Non-Independent Directors and the Board as a whole;
- reviewed the performance of the Chairperson of the Company, taking into account the views of Managing Director and Non-Executive Directors;
- assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Independent Directors hold an unanimous opinion that the Non-Independent Directors bring with them decades of experience in Business and that their knowledge and experience are found invaluable for the Company. They are highly knowledgeable of the Group's global and regional operations and possessed expertise of the Company's products as-well-as in their respective fields. They are also found to be highly competent, engaging, focussed, committed and participative, with good listening skills.

The Chairperson provides effective leadership to the Board, encourages active engagement, participation and discussion by all Members and communicates effectively. He is seen to be meticulous, caring and well prepared for the Meetings. He is an active listener and provides meaningful contribution for development of business and its strategic planning.

The information provided by the Company Management is complete, of high quality and furnished with full disclosure in a professional and timely manner.

### **Familiarisation programme for Independent Directors**

Whenever any person joins the Board of the Company as an Independent Director, an induction programme is arranged for him / her wherein he / she is familiarised with the Company, their roles, rights and responsibilities in the Company, the Code of Conduct and Ethics to be adhered to, nature of the industry in which the Company operates, business model of the Company, meeting with the senior management team members, etc. The Company undertakes various measures to update the Directors, from time to time, of any significant changes in the ongoing events and development relating to the Company.

The Company also undertakes various measures to update the Director, from time to time, of any significant changes in the ongoing events and development events and development relating to the Company.

The details of such familiarisation programmes can be viewed on the Company's website at **URL: [www.fosecointia.com/View/policies.aspx](http://www.fosecointia.com/View/policies.aspx)**.

### **Meetings of the Board**

**Frequency:** The Board meets at least once a quarter to review the quarterly results and other items of the Agenda. Whenever necessary, additional meetings are held. In case of business exigencies or urgency of matters, Resolutions are passed by circulation, as permitted by law, which is confirmed in the next Board / Committee Meeting. The

Company effectively uses video conferencing facility to enable the participation of Directors who may not be able to attend physically due to some exigencies.

**Meetings Calendar:** The probable dates of the Board / Committee Meetings for the forthcoming year are decided well in advance in order to facilitate and assist the Directors to plan their schedules for the Meetings. The indicative annual calendar of the Meetings forms part of this Report.

**Board Meeting Location:** The location of the Board / Committee Meetings is informed well in advance to all the Directors. Each Director is expected to attend the Board / Committee Meetings.

**Notice and Agendas distributed in advance:** The Company's Board / Committees are presented with detailed notes, alongwith the agenda papers, well in advance of the Meeting. The Agendas for the Board / Committee Meetings is set by the Company Secretary in consultation with the Chairperson of the Board / Committees. All material information is incorporated in the Agenda for facilitating meaningful and focused discussions at the Meeting. Where it is not practical to attach any document to the Agenda, the same is tabled before the Meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary items on the Agenda are permitted. The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the Management.

**Other Matters:** The senior management team of the Company is advised to schedule its work plans in advance, particularly with regard to matters requiring discussions / decision with the Board / Committee Members.

**Presentations by Management:** The Board / Committee is given presentations, wherever practicable covering health, safety and environment, finance, sales, marketing, major business segments and operations of the Company, global business environment including business opportunities, business strategy, risk management practices and operating performance of the Company before taking on record the financial results of the Company.

**Access to employees:** The Directors are provided free access to officers and employees of the Company. Whenever any need arises, the Board / Committee Members are at liberty to summon the personnel whose presence and expertise would help the Board to have a full understanding of matters being considered.

## Information Placed Before the Board / Committees:

Among others, information placed before the Board / Committees includes:

- Annual operating plans of businesses and budgets and any updates thereof.
- Capital budgets and any updates thereof.
- Quarterly Results of the Company including its operating divisions.
- Minutes of the Meetings of the Board and all Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including the appointment or removal, if any, of Chief Financial Officer and Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Transactions that involve substantial payment towards royalty, goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front, as and when it occurs.
- Making of loans and investments of surplus funds.
- General notices of interests of Directors.
- Formation / Reconstitution of Board Committees.
- Appointment, remuneration and resignation of Directors.
- Dividend declaration.
- Significant changes in accounting policies and internal controls.

- Sale of investments, assets which are material in nature and not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders' service, such as non-payment of dividend, delay in share transfer, if any, etc., and steps taken by company to rectify instances of non-compliances, if any.
- Declarations submitted by Independent Directors at the time of appointment and also annually.
- Appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee.
- Annual financial results of the Company, Auditors' Report, Directors' Report, Corporate Governance Report etc.
- Compliance Certificates for all the laws as applicable to the Company.

**Minutes of the Meetings:** The draft Minutes of the proceedings of the Meetings are circulated amongst the Members of the Board / Committees. Comments and suggestions, if any, received from the Directors are incorporated in the Minutes, in consultation with the Chairperson. The Minutes are confirmed by the Members and signed by the Chairperson at the next Board / Committee Meetings. All Minutes of the Committee Meetings are placed before the Board Meeting for perusal and noting.

**Post meeting follow-up mechanism:** The Company has an effective post meeting follow-up review and reporting process for the decisions taken by the Board and Committee(s) thereof. The important decisions taken at the Board / Committee(s) Meetings which calls for actions to be taken are promptly initiated and where required communicated to the concerned departments / divisions. Periodical Action Taken Reports are also sent to all the Directors through e-mails between two Meetings on the action taken on previous pending points.

## Code of Conduct and Ethics

The Company's Code of Conduct and Ethics provides guidelines to be followed by all Members of the Board of Directors and Senior Management to ensure the highest standards of professional conduct. Members of the Board

of Directors and Senior Management have affirmed compliance with the Code of Conduct and Ethics for the year ended 31 December 2016 on behalf of themselves and to the extent that they are aware, on behalf of all employees reporting to them. A declaration signed by the Managing Director of the Company to this effect is contained at the end of this report.

The said Code can be viewed on the Company's website at **URL: [www.fosecoindia.com/View/policies.aspx](http://www.fosecoindia.com/View/policies.aspx)**.

### **Committees of the Board**

As on 31 December 2016, the Company had: Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and the Corporate Social Responsibility Committee.

The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by the Members of the respective Board Committees. The Company's guidelines relating to Board Meetings are applicable to Committee Meetings, as far as may be practicable. Each Committee has the authority to obtain at the Company's expense, outside legal and professional advice on any matters within its term of reference. The Controller of Accounts and Company Secretary acts as the Secretary of all the Committees.

The functioning of all the Committees of the Board of Directors is guided by a well-laid down terms of references, that has been framed keeping in view the requirements prescribed for such Board Committees under the provisions of the Companies Act, 2013.

All the Committees were re-constituted during the year. The details of these Committees are set out below.

## **1. AUDIT COMMITTEE**

### **Terms of Reference**

The Audit Committee reviews with Management, the Statutory Auditors and the Internal Auditors all aspects of the financial results, effectiveness of internal audit processes, taxation matters and the Company's risk management strategy.

### **Composition**

The Audit Committee comprises 4 Members, three of whom are Non-Executive Independent Directors – Mr. Ajit Shah, Mr. Pradeep Mallick and Mrs. Indira Parikh

and one is Non-Executive Non-Independent Director – Mrs. Meryll France Durrenbach.

The Chairperson Mr. Ajit Shah, Chartered Accountant, has considerable financial expertise and experience. The Managing Director, the Chief Financial Officer, the Statutory Auditor and the Internal Auditor are permanent invitees to the Committee. The Controller of Accounts and Company Secretary acts as a Secretary to the Committee.

### **Audit Committee Meetings and Attendance of Directors**

A total of four Audit Committee Meetings were held during the year 2016 on **21 January 2016, 26 April 2016, 20 July 2016 and 20 October 2016**. The maximum time gaps between any two Committee Meetings was less than 120 days.

<b>Name of the Directors</b>	<b>Number of meetings held during the year</b>	<b>Number of meetings Attended</b>
Ajit Shah	4	4
Pradeep Mallick	4	3
Meryll Durrenbach	4	4
Indira Parikh	4	4

### **Powers and Role of the Audit Committee inter-alia includes the following:**

- Conduct oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Monitor the integrity of the financial statements of the Company, including its annual and interim reports, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature;
- Review where necessary:-
  - the methods used to account for significant or unusual transactions where different approaches are possible;



- whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the view of the External Auditor;
  - the clarity of disclosure in the Company's financial reports and the context in which statements are made;
  - all material information presented with the financial statements, such as the notes to the accounts;
  - the CEO / CFO Certification.
- Review at each Meeting the statement of Related Party Transactions as defined in Accounting Standard 18 on the Related Party Transactions and the statement of contingent liabilities including those relating to Income and Commercial taxation.
  - Approve Related Party Transactions.
  - Approve subsequent modifications, if any, of the transactions of the Company with the related parties.
  - Review, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  - Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
  - Scrutinise inter-corporate loans and investments;
  - Order valuation of undertakings or assets of the Company, wherever it is necessary;
  - Look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors;
  - Review, with the Management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
    - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
    - Changes, if any, in accounting policies and practices and reasons for the same;
    - Major accounting entries involving estimates based on the exercise of judgment by management;
    - Significant adjustments made in the financial statements arising out of audit findings;
    - Compliance with listing and other legal requirements relating to financial statements;
    - Disclosure of any related party transactions;
    - Qualification(s) / Modified Opinion(s) in the draft audit report;
    - The going concern assumption;
    - Compliance with accounting standards.
  - Review with the management and recommend for Board approval the quarterly financial statements after having reviewed the limited review process with the External Auditors.
  - Approve the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  - Carry out any other function as is mentioned in the terms of reference of the Audit Committee.
  - Evaluate the Internal Controls and Risk Management Systems.
  - Review the effectiveness and adequacy of the Internal audit functions and processes including the performance of the Internal Auditors.
  - Formulate the scope, functioning, periodicity and methodology for conducting the internal audit, in consultation with the Internal Auditors.
  - Consider and make recommendations to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Company's External Auditors, subject to the approval of the shareholder at the Annual General Meeting;



- Propose to the Board, the External Auditors remuneration having regard to the level of fees which is appropriate to enable an adequate audit to be conducted, subject to the approval of the shareholders at the Annual General Meeting;
- Recommend to the Board regarding the approval of the External Auditors terms of appointment, including any engagement letter issued at the start of each audit and the scope of the audit;
- Assess annually the External Auditors independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the Auditor as a whole, including the provision of any non-audit services;
- Approve the payment to the Statutory Auditors for any other services rendered by them;
- Monitor the Auditors compliance with relevant ethical and professional guidelines including the rotation of audit partners;
- Assess annually the Auditor's qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the External Auditor on their own Internal quality procedures;
- Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- Review the findings of the audit and limited reviews with the External Auditors. This shall include but not be limited to, the following;
  - A discussion of any major issues which arise during the audit or limited review;
  - Any errors identified during the audit or limited review.
- Review the Auditor's management letter and management's response.
- Discuss with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Review the overall effectiveness and adequacy of the external audit functions and processes including performance of the External Auditors in terms of value addition.
- Implement and regularly review the policy on the

rendering of the non-audit services by the External Auditors.

- Review the Whistle-blower Policy and taking stock of any report from the Directors and employees on the same.

### **Risk Management**

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

## **2. NOMINATION AND REMUNERATION COMMITTEE**

### **Terms of Reference**

The primary purpose of the Committee, among other things, is to determine and propose the following for Board's approval:-

- i) identify persons who are qualified to become Directors and who may be appointed in senior management positions in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- ii) carry out evaluation of every Director's performance along with the Board;
- iii) formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors;
- iv) formulate the criteria for performance evaluation of Independent Directors and the Board;
- v) devise a policy on Board diversity;
- vi) the Members and Chairperson of Board Committees;
- vii) evaluate the level and composition of remuneration to be reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully.
- viii) ensure that relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

### Composition

The Committee comprises four Members – Mr. Ajit Shah as Chairperson, Mr. Pradeep Mallick and Mrs. Indira Parikh as Non-Executive Independent Directors and Mr. Glenn Cowie as Non-Executive Non-Independent Director.

**Nomination and Remuneration Committee Meetings and Attendance of Directors** – During the year, two Meetings of the Nomination and Remuneration Committee were held on **21 January 2016** and **26 April 2016**. The attendance of the Members at these two Meetings is given below:

Name of the Directors	Number of meetings held during the year	Number of meetings Attended
Ajit Shah	2	2
Pradeep Mallick	2	2
Glenn Cowie	2	1
Indira Parikh	2	2

### Selection of Directors

Selection and appointment of Directors is done based on various criteria viz., Determining Qualifications, Positive Attributes & Independence of a Director and Policy for Board diversity. The criteria inter-alia includes, qualification in any professional discipline or proven track record of strong managerial capabilities; possessing knowledge and skills in one or more fields of sales, marketing, technical operations, research, accounting, finance, management, administration, corporate governance; possessing relevant experience at policy-making and at leadership position in large organisations; having high standards of integrity and probity etc. In case of Independent Directors, he/she must fulfill the criteria of independence attributes to bring independent judgment to Board's deliberations and decisions over and above other attributes. Woman member on the Board to be selected on merit.

### Performance evaluation criteria for Independent Directors

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Independent Directors. The framework of performance evaluation of the Independent Directors captures the following points:

- A) Key attributes of the IDs that justify his / her extension / continuation on the Board of the Company;
- B) Participation of the Directors in the Board proceedings and his / her effectiveness, contribution at the Meetings, guidance / support to the Management;

The assessment to determine the key attributes of the Directors covers the following:

- ability and willingness to speak up
- ability to carry others
- ability to disagree, stand his/her ground
- displays independence of judgement
- focus on shareholder value creation
- high governance standards
- is well informed of the agenda and well prepared on the issues to be discussed thereat

The Board of Directors (excluding the Director being evaluated) had evaluated the performance of all the Independent Directors on the Board and have determined to continue with the term of appointment of the Independent Directors.

All the Independent Directors have furnished a declaration that he / she meets the criteria of independence as laid down in Section 149 of the Companies Act, 2013.

The required information of the Directors who are seeking appointment or re-appointment is set out in the annexure to the AGM Notice.

### Performance Evaluation of Board, Committees and Directors

Based on the criteria laid down, the Board carried out the annual performance evaluation of Board, the Committees and the other Directors. Whereas at a separate meeting, Independent Directors evaluated the performance of the Non-Independent Director, the Board as a whole and of the Chairperson.

As per the criteria for evaluation of the Board, it covers: Degree of fulfillment of key responsibilities by the Board, structure and composition of the Board aligning to the need and strategy of the Company; establishment and delineation of responsibilities to the Committees; effectiveness of Board processes,

information and functioning; Board culture and dynamics; quality of relationship between the Board and the Management; efficacy of communication with the external stakeholders.

Performance evaluation criteria for Managing Director inter alia include: level of skill, knowledge and core competence; performance and achievement vis-à-vis budget and operating plans; Effectiveness towards ensuring statutory compliances; discharging duties/responsibilities towards all stakeholders; reviewing/monitoring Executive management's performance, adherence to ethical standards of integrity & probity; employment of strategic perception and business acumen in critical matters etc.

Committees of the Board are evaluated for their performance based on: effectiveness in discharging duties and responsibilities as outlined in the charter, specifically satisfying itself on integrity of financial statements and financial reporting, management of enterprise risk, compliance with laws and regulations, sufficiency in addressing the objectives for which it is set up, among other things; adequacy of Committee's composition; effectiveness of the various Meetings based on frequency of the Meetings, agenda discussed, time allotted, adequacy of information provided etc., dynamism of Committees giving an idea to the Members on their role and responsibilities; quality of relationship of the various Committees with the Board and the Management showing high degree of responsiveness and providing strategic guidance / direction to the Board on various matters coming under Committee's purview etc.

Performance evaluation was done by rating the performance on each criteria on the scale of 1 to 5, 1 being strongly disagree and 5 being strongly agree. Separate exercise was carried out for evaluation of each Director and category i.e. Independent Directors, Managing Director, Chairman, the Board and the Committees. The Board expressed its satisfaction on the process as well as performance of all Directors, Committees and Board as a whole.

## Remuneration Policy

### (A) Managing Director

The remuneration paid / payable to the Managing Director is in accordance with the limits fixed by the Board and approved by the Shareholders. The total

remuneration comprises fixed component consisting of salary and perquisites in accordance with the Company's policy and a performance bonus linked to Company performance. Increase in fixed remuneration is dependent upon both the Managing Director's and the Company's performance and is assessed annually. The performance bonus is based on a set of stretch targets that reflect the overall financial performance of the Company each year.

The remuneration to Managing Director is fair and reasonable after taking into account, level of skill, knowledge and core competence of individual, functions, duties and responsibilities, Company's performance and achievements, compensation of peers and industry standard and other factors.

The Committee recommends periodic revision in the remuneration of Managing Director to the Board and the Board fixes his remuneration taking into consideration the above factors as also ceiling limits prescribed under the Companies Act, 2013. The same is subject to the approval of the Shareholders, wherever required.

During the financial year ended 31 December 2016, the Company has paid the following remuneration to the Managing Director:

Salary and bonus	Rs. 177.79 lakhs
Total perquisites	Rs. 27.57 lakhs
<b>Total</b>	<b>Rs. 205.36 lakhs</b>

The Managing Director has been re-appointed for a period of three years from 1 April, 2016 to 31 March, 2019. The contract with the Managing Director can be terminated by mutual agreement with no severance fees payable.

### (B) Non-Executive Independent Directors

Non-Executive Independent Directors are paid sitting fees for attending the Board and Committee Meetings, plus the reimbursement directly related to the actual travel and out-of-pocket expenses, if any, incurred by them. Non-Executive Independent Directors receive commission, which in total does not exceed 1% of the net profits of the Company computed under Section 198 of the Companies Act, 2013. The amount of commission is based on the overall financial performance of the Company and of the Board of Directors.

Apart from the above, no other remuneration is paid to the Non-Executive Independent Directors. The amount paid / payable for the financial year ended 31 December 2016 is summarized below:

Directors	Sitting Fees (Rs. In lakhs)	Commission Payable (Rs. In lakhs)
Pradeep Mallick	1.80	7.70
Ajit Shah	2.30	7.00
Indira Parikh	2.30	7.00

The commission becomes due and payable only after the approval of the Annual Accounts by the Shareholders' at the Annual General Meeting held after the conclusion of the financial year.

### 3. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

#### Terms of Reference

The Terms of Reference of the CSR Committee are as under:

- Formulate and recommend to the Board, a CSR Policy.
- Recommend the amount of expenditure to be incurred on CSR activities.
- Institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company.
- Monitor CSR policy from time to time.

#### Composition

The Committee comprises four Members, out of which three of them are Independent Directors – Mrs. Indira Parikh as the Chairperson, with Mr. Pradeep Mallick, Mr. Ajit Shah and Mr. Sanjay Mathur as the other Members. The Controller of Accounts and Company Secretary acts as a Secretary to the Committee.

#### CSR Committee Meetings and Attendance of Directors

During the year, one Meeting of the CSR Committee was held on **21 January, 2016**. The attendance of the Members at this Meeting is given below:

Name of the Directors	Number of meetings held during the year	Number of meetings Attended
Indira Parikh	1	1
Pradeep Mallick	1	1
Ajit Shah	1	1
Sanjay Mathur	1	1

#### CSR Policy

The CSR Policy is available on the website of the Company at [URL: FosecolIndia/View/policies.aspx](http://URL: FosecolIndia/View/policies.aspx).

### 4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

#### Terms of Reference

The Committee focuses primarily on monitoring and ensuring that the shareholder and investor services operate in an efficient manner and that all Stakeholders grievances / complaints are addressed promptly with the result that all issues are resolved rapidly and efficiently.

#### Composition

As on 31 December 2016, the Committee comprises six Members: Mr. Pradeep Mallick, a Non-Executive Independent Director as Chairperson, Mr. Ajit Shah, Mr. Glenn Cowie, Mrs. Merryll Durrenbach, Mrs. Indira Parikh and Mr. Sanjay Mathur as its Members. The Controller of Accounts and Company Secretary acts as a Secretary to the Committee.

#### Stakeholders' Relationship Committee Meetings and Attendance of Directors

A total of four Committee Meetings were held during the year 2016 on the following dates: **21 January 2016, 26 April 2016, 20 July 2016 and 20 October 2016**. The attendance of the Directors at these Meetings are as follows:

Name of the Director	Number of meetings held during the year	Number of meetings Attended
Pradeep Mallick	4	3
Ajit Shah	4	4
Glenn Cowie	4	2
Merryll Durrenbach	4	4
Indira Parikh	4	4
Sanjay Mathur	4	4

### Compliance Officer

Mr. Mahendra Kumar Dutia, Company Secretary and Controller of Accounts is the Compliance Officer.

### Analysis of Complaints – Received and Resolved during the year ended 31 December, 2016

Nature of Complaints	Opening Balance	Complaints Received During the Year	Received From		Closing Balance
			Share Transfer Agents or Direct	SEBI /BSE / NSE	
Non-receipt of dividend warrant	Nil	1	1	Nil	Nil
Non-receipt of Share Certificate	Nil	Nil	Nil	Nil	Nil
Non-receipt of Annual Report	Nil	Nil	Nil	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>1</b>	<b>1</b>	<b>Nil</b>	<b>Nil</b>

All complaints have been resolved to the satisfaction of shareholders.

### General Body Meetings

Location, date and time of the Annual General Meeting held during the last 3 years and Special Resolutions passed thereat:

Financial Year Ended	Date of the AGM	Time	Location	Special Resolutions Passed
31 December, 2015	26 April, 2016	1200 Hrs	At the Company's Registered Office at <b>Gat Nos. 922 &amp; 923, Sanaswadi, Taluka Shirur, Pune – 412 208</b>	NIL
31 December, 2014	27 March, 2015	1200 Hrs	- Do -	Approval u/s., 197 of the Companies Act, 2013 for payment of commission not exceeding 1% of the net profits of the Company to the Independent Directors of the Company, in each financial year over a period of five years commencing from 1 January, 2015 and ending on 31 December, 2019.

Financial Year Ended	Date of the AGM	Time	Location	Special Resolutions Passed
31 December, 2013	22 April, 2014	1200 Hrs	At the Company's Registered Office at <b>Gat Nos. 922 &amp; 923, Sanaswadi, Taluka Shirur, Pune – 412 208</b>	Approval u/s., 309(4) and 309(7) of the Companies Act, 1956 for payment of commission not exceeding 1% of the net profits of the Company to the Independent Directors of the Company, in each financial year over a period of five years with effect from 1 January, 2014.

### Special Resolution passed through Postal Ballot

During the financial year ended 31 December 2016, no special resolution was put through by postal ballot.

### Special Resolution proposed to be conducted through Postal Ballot and procedure therefor

No Resolution is proposed to be passed at the forthcoming Annual General Meeting of the Company to be held in April, 2017 that is required to be conducted through postal ballot. Hence the procedure of postal ballot is not laid down.

### Extra-Ordinary General Meeting

No Extra-Ordinary General Meeting of the Shareholders was held during the financial year ended 31 December 2016.

### Means of Communication

The Quarterly, Half-Yearly and Annual Financial Results are regularly submitted to the Stock Exchanges in accordance with the Regulation laid down therefor and are generally published in the Business Standard (in English Language – All India Editions) and Loksatta (in Marathi Language – Pune Edition). The results are posted on the Company's website [www.fosecointia.com](http://www.fosecointia.com), after its submission to the Stock Exchanges. These are available in a freely downloadable format.

The Annual Report, Quarterly, Half-Yearly and Annual Financial Results, Shareholding Pattern, Intimation of the Board Meetings and other statutory filings with the Stock Exchanges are posted through the filing system of the BSE Limited and NSE Electronic Application Processing System (NEAPS) portals.



All price sensitive information and matters which are material and relevant to the Shareholders are intimated to the BSE Limited and the National Stock Exchange of India Limited, where the securities of the Company are listed.

## General Shareholders Information

### 59th Annual General Meeting

The 60<sup>th</sup> Annual General Meeting will be held on Thursday, 27 April, 2017 at the Registered Office of the Company at 1200 hours (IST).

### Financial Year of the Company

The Company follows the calendar year as the financial year viz., From January to December of a year.

### Financial Calendar (Tentative and subject to change)

Financial Reporting 2016	From	To	Probable Date(s)
1st Quarter	January	March	3 <sup>rd</sup> week of April 2017
2nd Quarter	April	June	3 <sup>rd</sup> week of July 2017
3rd Quarter	July	September	3 <sup>rd</sup> week of October 2017
4th Quarter	October	December	1 <sup>st</sup> week of February 2018
Annual General Meeting for the financial year ending 31 December, 2017			April 2018

### Company Identification Number (CIN):

CIN of the Company is L24294PN1958PLC011052.

### Date of Book Closure:

From **Saturday, 22 April, 2017 to Thursday, 27 April, 2017 (both days inclusive)** for determining the entitlement of the Shareholders to the final dividend, if declared at the AGM.

### Dividend Payment Date:

Final dividend, if declared at the AGM, shall be paid/credited on or before **Friday, 26 May, 2017**.

### Stock Exchange Listing

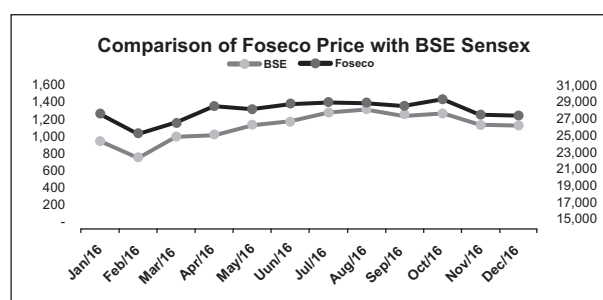
Stock Exchange	Stock Code	Listing Fees Paid Up to	ISIN
BSE Limited	500150	31.03.2017	INE519A01011
National Stock Exchange of India Limited	FOSECOIND	31.03.2017	INE519A01011

## Share Price

The Company's high and low prices recorded on the BSE Limited and the National Stock Exchange of India Limited during the year ended 31 December 2016 were:

Month	B S E		N S E	
	Share Price		Share Price	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Jan 16	1,574.00	1,275.00	1,580.00	1,275.00
Feb 16	1,321.00	1,070.25	1,321.95	1,065.10
Mar 16	1,235.25	1,070.00	1,274.40	1,099.00
Apr 16	1,420.00	1,181.00	1,422.00	1,185.45
May 16	1,433.00	1,310.00	1,422.00	1,300.00
Jun 16	1,430.00	1,321.00	1,430.00	1,312.00
Jul 16	1,477.00	1,371.00	1,560.00	1,373.65
Aug 16	1,467.00	1,385.00	1,467.00	1,375.00
Sep 16	1,481.95	1,376.00	1,477.30	1,380.00
Oct 16	1,570.00	1,396.00	1,575.30	1,400.00
Nov 16	1,465.00	1,249.50	1,468.95	1,250.10
Dec 16	1,350.10	1,233.00	1,359.00	1,234.00

(Source: Compiled from the data available from the BSE and NSE websites)



### Registrar & Share Transfer Agents (RTA):

The RTA of the Company is **Link Intime India Private Limited**, Akshay Complex, Block 202, 2nd floor, Off Dhole Patil Road, Near Ganesh Mandir, Pune-411001.

Telephone Nos: +91 (020) 26160084, 26161629, 26163503

Email: [pune@linkintime.co.in](mailto:pune@linkintime.co.in).

Website: [www.linkintime.co.in](http://www.linkintime.co.in).



### Address for Correspondence:

#### i) For change of address and bank mandates:

- In cases of shares held in dematerialised form – Shareholders should contact their respective Depository Participant.
- In cases of shares held in physical form – Shareholders should contact the Company's RTA – Link Intime India Private Limited.

#### ii) For dividends and other complaints:

- Shareholders should contact the Company's RTA – Link Intime India Private Limited.

#### iii) For any other queries, information and matters relating to investor relations:

- Shareholders should contact Mr. Mahendra Kumar Dutia, Company Secretary and Compliance Officer, Foseco India Limited, Gat Nos. 922 & 923, Sanaswadi, Taluka: Shirur, District Pune 412 208, Contact number: +91 (02137) 668126 (Direct), 668100 (Board), +91 (02137) 668360 (Fax), E-mail ID: [investor.grievance@foseco.com](mailto:investor.grievance@foseco.com).

### Share Transfer System

In order to expedite the process of transfer of securities, the Stakeholders' Relationship Committee of the Board has delegated the powers severally to all the Directors and the Registrar & Share Transfer Agents. All routine transfers and transmissions of shares are processed within a period of 15 days from the date of receipt of transfer documents provided the documents are complete in all respect.

Requests for dematerialisation of shares are processed within 15 days from the date of receipt if the documents are in order.

As per the requirement laid down in Regulation 40(9) of the SEBI (LODR) Regulations, the Company has obtained half-yearly certificates from Practicing Company Secretary for due compliance of issuance of share certificates within the stipulated time limit and had filed the same with the Stock Exchanges.

As on 31 December 2016 there were no valid requests pending for transfer of shares.

### Reconciliation of Share Capital Audit Report

As required under Regulation 55A of SEBI (Depositories

and Participants), Regulations, 1996, the Reconciliation of Share Capital on the total admitted capital with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Ltd. ("CDSL") and in physical form for the 4 quarters in the financial year ended 31 December 2016 was carried out by a Practising Company Secretary whose reports were submitted with the Stock Exchanges, within the stipulated time-limit. The reports were also placed before the Board of Directors at its Board Meetings.

### Shareholding Distribution

The shareholding distribution as at 31 December 2016 is tabulated below:

Shareholding	Number of Share-holders	% of Total Share-holders	Total Number of Shares	% of Total Shares
Up to 5,000	7194	97.33	480775	7.53
5,001 to 10,000	99	1.34	72848	1.14
10,001 to 20,000	49	0.66	72766	1.14
20,001 to 30,000	23	0.31	57869	0.91
30,001 to 1,00,000	18	0.25	99373	1.55
1,00,001 and above	8	0.11	5602828	87.73
<b>Total</b>	<b>7391</b>	<b>100.00</b>	<b>6386459</b>	<b>100.00</b>

The nature of shareholding is summarized below:

Category	Total Number of Shares	% of Total Shares
Foreign Promoters	4788845	74.98
Foreign Companies	734829	11.51
NRIs /OCBs/FIIs/FPIs	29279	0.46
Banks and FIs, Mutual Funds	1633	0.03
Private Corporate Bodies	84942	1.33
Indian Public	746931	11.69
<b>Total</b>	<b>6386459</b>	<b>100.00</b>

### Dematerialisation of Shares and Liquidity

Shares of the Company can be held and traded in electronic form. The Company has established connectivity with both the depositories i.e., NSDL and CDSL. As on 31

December 2016, approximately 98.54% of shares of the Company have been dematerialised. Shares of the Company are actively traded on the BSE Limited and the National Stock Exchange of India Limited.

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

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

### Equity Shares lying in the Suspense Account

In compliance with Para F of Schedule V to the SEBI (LODR) Regulations, the information relating to the equity shares lying in the suspense account is given hereunder:

Particulars	No. of Share-holders	No. of Shares Outstanding
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year	2	140
Number of shareholders who approached the Company for transfer of shares from the suspense account during the year	--	--
Number of shareholders to whom shares were transferred from the suspense account during the year	--	--
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year	2	140

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

### Plant Locations

The Company has two manufacturing sites. The address of its plants are given below:-

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

**Puducherry** - Medium Scale Industrial Area, PIPDIC Industrial Estate, Mettupalayam, Puducherry 605 009

## Disclosures

### Related Party Transactions and Policy related thereto

There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. The Company does not have any subsidiary or associate. Transactions with related parties are entered into by the Company in the normal course of business and at arm's length. The details of transactions are periodically placed before the Audit Committee for review and approval. Members may refer to the notes to the accounts for details of related party transactions.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules framed thereunder including the SEBI (LODR) Regulations. The policy has been placed on the website of the Company at **URL: [FosecoIndia/View/policies.aspx](http://FosecoIndia/View/policies.aspx)**.

### Disclosure of Accounting Treatment

The Company has followed the treatment laid down in the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in the preparation of financial statements. There are no audit qualifications in the Company's financial statements for the year under review.

### Compliance with Regulations

The Company has complied with the requirements of the Regulatory Authorities on Capital Markets. Neither has there been any 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 Regulatory Authorities or any statutory authority, on any matter related to capital markets, during the last three years.

### Whistle-blower Policy / Vigil Mechanism

In line with the best Corporate Governance practices, Foseco India Limited has put in place a system through which the Directors, employees and business associates may report concerns about unethical behaviour, actual or

suspected fraud or violation of the Company's Code of Conduct and 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 Chairperson, Managing Director, Chairperson of the Board and Compliance Officer.

The Whistle-blower Policy is placed on the notice board of the Company, and its website at **URL: FosecoIndia/View/policies.aspx**.

### Dividend Policy

Foseco's dividend policy is based on the belief that our shareholders should decide how best to utilise 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, is 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 crystallising
  - The projected business performance and internal cash generation
  - Possible funding requirements
  - Macro-economic and fiscal environment
- Contingency planning

### Unclaimed Dividends

By virtue of the provision laid down under the Companies Act, 2013, 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	Due Date for Transfer
2009 Final	21-Apr-2010	20-May-2017
2010 - 1st interim	21-Apr-2010	20-May-2017
2010 - 2nd interim	23-Jul-2010	21-Aug-2017
2010 - 3rd interim	21-Oct-2010	19-Nov-2017
2010 – Final	21-Apr-2011	20-May-2018
2011 - 1st interim	21-Apr-2011	20-May-2018
2011 - 2nd interim	22-Jul-2011	20-Aug-2018
2011 - 3rd interim	21-Oct-2011	19-Nov-2018
2011 – Final	25-Apr-2012	25-May-2019
2012 - 1st interim	25-Apr-2012	25-May-2019
2012 - 2nd interim	18-Jul-2012	17-Aug-2019
2012 - 3rd interim	23-Oct-2012	22-Nov-2019
2012 – Final	22-Apr-2013	21-May-2020
2013 - 1st interim	22-Apr-2013	21-May-2020
2013 - 2nd interim	14-Aug-2013	13-Sep-2020
2013 - 3rd interim	17-Oct-2013	16-Nov-2020
2013 – Final	22-Apr-2014	21-May-2021
2014 - 1st interim	09-May-2014	08-Jun-2021
2014 - 2nd interim	21-Jul-2014	20-Aug-2021
2014 - 3rd interim	14-Nov-2014	13-Dec-2021
2014 – Final	27-Mar-2015	26-Apr-2022
2015 - 1st interim	24-April-2015	23-May-2022
2015 - 2nd interim	22-July-2015	21-Aug-2022
2015 - 3rd interim	20-Oct-2015	19-Nov-2022
2015 – Final	26-April-2016	26-May-2023
2016 - 1st interim	20-July-2016	19-Aug-2023
2016 - 2nd interim	20-Oct-2016	19-Nov-2023

Members who have not encashed their dividend warrants are requested to write to the Company's Registrar and Transfer Agents viz., Link Intime India Private Limited and have them revalidated and encashed to avoid transfer to IEPF.

### Payment of Dividend etc.

The Company through its Registrar and Transfer Agents – Link Intime India Private Limited (RTA) uses the electronic

mode of payment facility approved by the Reserve Bank of India, i.e., ECS, RTGS, NECS, NEFT, Direct Credit etc. for making payment of dividends and other cash benefits to the shareholders.

As specified in Schedule I to the SEBI (LODR) Regulations, the Company's RTA shall maintain bank details of their investors as follows –

- (a) For investors holding securities in dematerialised mode, by seeking the same from the depositories,
- (b) For investors holding securities in physical mode, by updating bank details of the investors at their end.

In cases where either the bank details such as MICR, IFSC etc. that are required for making electronic payment are not available or the electronic payment instructions have failed or have been rejected by the Bank, the RTA shall issue 'payable-at-par' warrants / cheques for making payments to the investors. The RTA shall mandatorily print the bank account details of the investors on such payment instruments and in cases where the bank details of investors are not available, it shall mandatorily print the address of the investor on such payment instructions.

Where the amount payable as dividend exceeds Rs. 1500, the 'payable-at-par' warrants or cheques shall be sent by speed post.

Members holding securities in physical form are requested to intimate any change in address, change of name, bank details viz., account number, name of the bank and branch, MICR, IFSC etc., to the Company's RTA for updating these details against their folios. Members holding securities in dematerialised form are requested to intimate such changes to their respective depository participants.

### 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 byelaws and business rules applicable to NSDL and CDSL. Nomination forms are available on the website of the Company [www.fosecointia.com](http://www.fosecointia.com), which can be used by the Members for the said purpose.

### CEO / CFO Certificate

The Managing Director / CEO and the CFO have furnished a compliance certificate to the Board of Directors under Regulation 17(8) read with Part B of Schedule II of the SEBI (LODR) Regulations.

### Details of Compliance with Mandatory Requirements and adoption of Non-Mandatory Requirements

The Company has complied with the applicable mandatory requirements of the SEBI (LODR) Regulations.

The Company has adopted following non-mandatory requirements as specified in Part E of Schedule II of the SEBI (LODR) Regulations.

- A Non-Executive Chairperson is entitled to maintain a chairperson's office at the Company's expenses and also allowed reimbursement of expenses incurred in performance of his duties.
- During the year under review, there was no audit qualification in the Auditors' Report on the Company's financial statements.
- The Chairperson of the Company and the Managing Director / CEO are different persons.
- The Internal Auditor of the Company is a permanent invitee to the Audit Committee Meeting and regularly attends the Meeting for reporting their findings of the internal audit to the Audit Committee Members.

### Policy for determining 'material' subsidiaries

Your Company does not have any subsidiary / subsidiaries, therefore no policy was required to be framed in this regard.

### Disclosure of commodity price risks and commodity hedging activities

The principal raw materials of the Company are zircon, phenol, inoculants etc. These are procured from the domestic suppliers. Some of the raw materials are procured from the overseas markets as well. In case the raw materials prices undergo upward revision and / or the imported raw materials are exposed to foreign exchange rate fluctuations, the price differences are adequately

covered in the selling price of the finished products. The Company does not indulge in any commodity hedging activities.

### **Compliance or otherwise of any requirement of Corporate Governance Report**

The Company has complied with the requirements of the Corporate Governance and has made disclosures to the extent required and applicable to it, as stipulated in the SEBI (LODR) Regulations. These are the following:-

- Sub-paras 2 to 10 of Para C of Schedule V;
- Regulations 17 to 27; and
- Regulation 46 (2) (b) to (i).

### **PRACTICING COMPANY SECRETARY'S CORPORATE GOVERNANCE CERTIFICATE**

The Company has obtained a certificate from a practicing Company Secretary confirming compliance of the conditions of Corporate Governance as stipulated in Para E of Schedule V of the SEBI (LODR) Regulations. The Certificate is annexed to this Report.

For and on behalf of the Board of Directors

**Pradeep Mallick**  
Chairperson

Place: Pune

Date: 8 February 2017

DIN: 00061256

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### **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

As required under Regulation 34(3) read with Para D of Schedule V to the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, I hereby declare that the Company has adopted a Code of Conduct and Ethics for all Board Members and Senior Management of the Company. The Code is available on the Company's website.

I further declare that the Company has in respect of the financial year ended 31 December, 2016, received from all the Board Members and Senior Management Personnel of the Company, an affirmation of compliance with the Code, as applicable to them.

Place: Pune  
Date: 8 February, 2017

For Foseco India Limited  
**Sanjay Mathur**  
Managing Director

## Compliance of Corporate Governance requirements - Certificate

**To:**

**The Members of Foseco India Limited**

Gat No. 922 and 923,

Sanaswadi, Tal: Shirur,

District Pune – 412208

Maharashtra, India

I have examined the compliance of conditions of corporate governance by Foseco India Limited, for the year ended on 31<sup>st</sup> December, 2016, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of 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 us, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchanges.

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.

**For RAJESH KARUNAKARAN & CO.,  
COMPANY SECRETARIES  
RAJESH KARUNAKARAN  
COMPANY SECRETARY  
FCS No. 7441/CP No. 6581  
204 Pragati Towers, Opposite Shivajinagar S.T. Stand.,  
Shivajinagar, Pune – 411 005  
Tel.No.: 020-3022 4146, Mob - 9890320874**

Pune, 6<sup>th</sup> February 2017



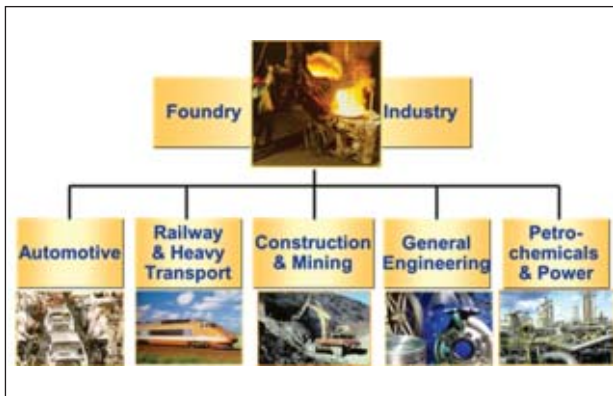
# Management Discussion and Analysis

Foundry Services was born of an idea that took shape in a small town of Birmingham in England in 1932. “FOSECO” as the name stands originates from the term **FO**undry **SER**VICES **CO**mpany. One of the most recognised brand names in the world, it has become an integral part of the foundry industry as a supplier of high quality consumable products to the various sectors.

FOSECO is the Foundry Technologies Division of Vesuvius Group plc which has presence in six continents. Vesuvius Group is engaged in supporting the development of global steel and foundry manufacturing processes with new technologies. It has manufacturing capabilities in all the main steel and foundry markets in the world. It trains its engineers who are progressively integrated within the Vesuvius network of experts. Local manufacturing, local expertise and leveraging global knowledge of the foundry processes positions Foseco in a special relationship with its customers. Helping them optimise their processes and product performances, it provides its customers, products and expertise to create best solutions and reap full benefits for success.

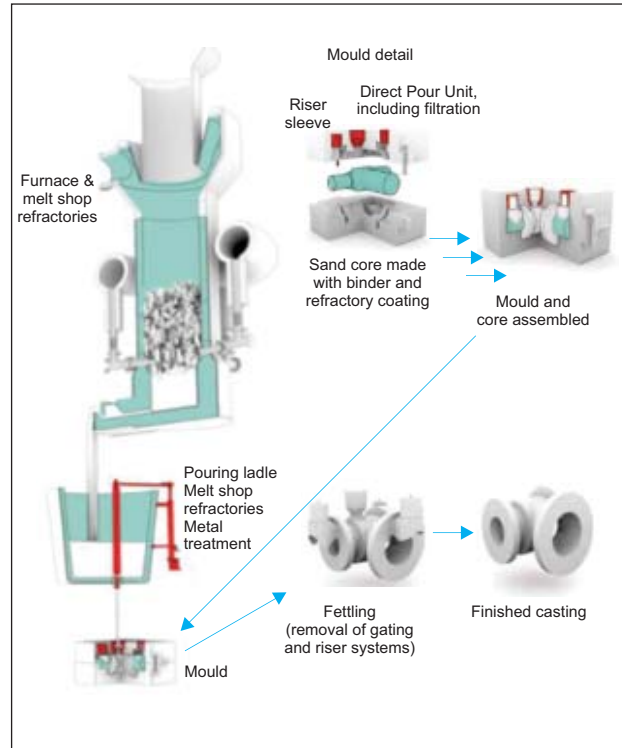
## Industrial Sectors

Foseco services the needs of the following industrial sectors:



## Foundry Process

The foundry process is highly sequential and, similar to the continuous casting of steel and is critically dependent on consistency of product quality and productivity optimisation. Foseco is a leading supplier of consumable products, solutions and associated services in the areas of foundry process as shown below:



## Business Model

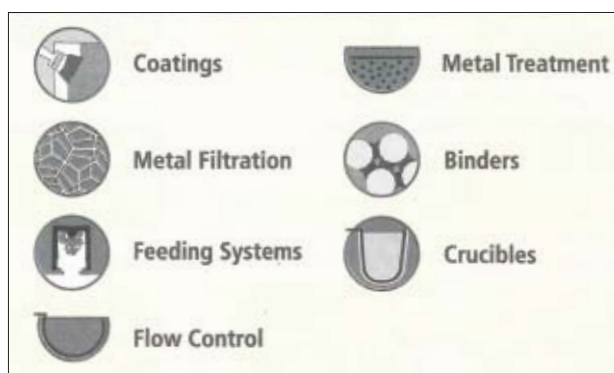
Foseco operates a profitable, flexible, cash generative and growth-building business model centred around strong Customer Relationships and local presence. We have built the brand equity of our products through reliability, technology and service over many decades. We provide a comprehensive range of foundry technologies, equipment and consumable supplies backed by world-leading foundry process and product application expertise. These are delivered to the customers by an international team of experts, passionate about consistently creating better castings through a partnership model with Foundries. The value addition is made through improvements in process capability, casting yields, resource utilisation, efficiency and development of new business opportunities.

## Business strategy

Foseco India follows a strategy known as “Solution Partnering” that is founded on its five core area of strength viz., Product Technology, Application Expertise, Process Knowledge, Process Control and Customer Relationships. The Solutions offered help the customers in conserving natural resources e.g. energy consumed in metal handling and reducing the number of melt heats by pouring more

number of castings per mould. It continually works to improve its Solutions offerings and thereby deliver the Greatest Value to its customers.

**Product Technology:** Foseco is the only supplier to offer products and services across the entire foundry process in Ferrous and Non Ferrous foundries. The offerings are further strengthened with the Vesuvius range of products for melt shops and pouring stations. The global proprietary consumable product technology consists of:



**Application Expertise:** Foseco has in-depth knowledge of customers' operations and application of its products across wide range of foundry processes.

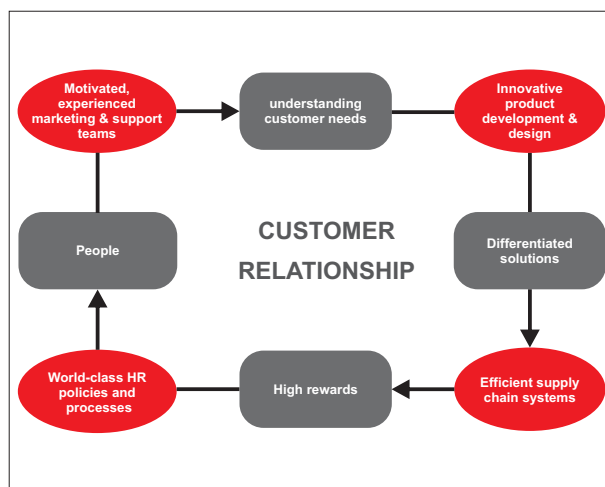


**Process Knowledge:** Foseco's Engineers possess in-depth understanding of customer's processes for manufacturing of casting from melting to post cast treatment.

**Process Control:** Foseco's range of sophisticated and state of the art Process Control equipments help ensure process management, measurement, consistency, improved productivity and reliability of cast components.



**Customer Relationships:** A conviction that customer partnerships, where expertise and knowledge are shared, result in the greatest performance improvements for its customers, is the cornerstone of Foseco's strategy.



### Quality and Reliability

Reliability in quality, delivery and all its interactions with its customers is intrinsic to Foseco's business model and part of its brand equity. It strives to deliver reliability and consistency through best-in-class quality management in its production sites and major customer locations. Its quality policy clearly defines the commitments and responsibilities which apply to all aspects of the business. Foseco has renewed its focus on quality, improving customer relationships and adding to operating efficiency.

## The Global Economy

United Kingdom's decision to exit the EU has brought complexity to the global financial markets. Brexit is expected to delay the recovery in global growth potentially reducing the flow of funds to India in the short term. The developments emanating from the US elections, demonetisation of the high value Indian currency notes, gradual rise in the prices of crude oil have caused uncertainties in the market. Fuel inflation has been inching up, and is likely to increase or remain elevated, in light of the OPEC's decision to reduce oil output. The result of these external factor will be felt during the coming period and will affect the foundry industry.

## Indian Economy – Opportunities and Threats

India being largely a domestically-driven economy, most investors, domestic and international, remain positive about its economic future. In 2016, the Indian economy witnessed a healthy GDP growth, better than China, comfortable trade and current account balance, adequate foreign exchange reserves and strong FDI inflows. While the Indian currency weakened (to around Rs. 68 to the US dollar) it has by and large remained stable. The inflation has been under control but the threat of high NPAs in banks looms over credit availability to the industry. The Indian economy is also entering a phase of digitisation, post demonetisation. The Government of India's dream project of transforming into "Digital India" will bring about the much needed transparency in business dealings largely done in cash. The Foundry industry with a large unorganised sector is expected to undergo change due to this potential shift away from cash. One of the biggest economic reforms, the Goods and Services Tax (GST) to be launched on 1<sup>st</sup> July 2017, will provide transparency and an opportunity for foundries operating in the small and micro sectors to become more organised. Your Company is in the process of preparing itself for GST, upgrading the ERP and actively engaging with its vendors and dealers for a smooth transition.

## Foundry Industry scenario – Future Outlook

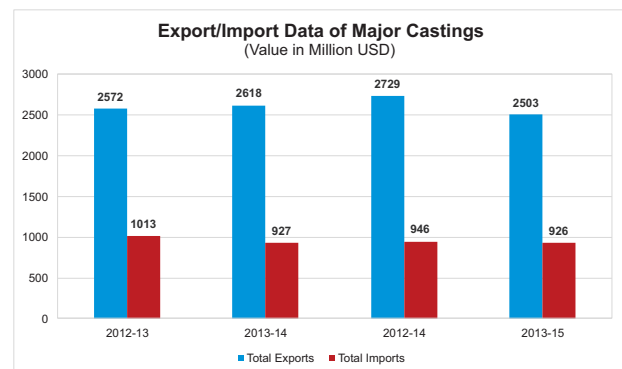
China accounts for 44% of the total casting production in the World, whereas India and USA's combined share is 20%. In 2015, world casting production was 104.1 million MT. The world's two top producing nation in 2014 reported a drop in production. China's total decreased by 1.3% from 46.2 million to 45.6 million MT, while USA's production

dropped by 0.8% to 10.39 million MT from 10.47 million MT. The Indian foundry industry, on the other hand recorded an increase of 7.5% to 10.77 million tons rising to the 2<sup>nd</sup> position from the 5<sup>th</sup> position as a castings producer. It has a revenue of USD 18 billion and exports of approximately USD 2.7 billion and employs 2 million people (directly and indirectly) with one-third in the unorganised sector. Despite the growth in 2015, major foundries reported excess capacity due to low demand take-off from big industrial players and exports. Valve Industries were affected due to absence of any major projects, both domestic as-well-as global and Tractors and Pumps industries were hit by lower demand.

## Exports-Import Trends:

The growth in exports have picked up since 2012-13 and the trend continued till 2014-15. The year 2015-16 however, saw a slowdown in both exports and imports due to weak demand globally.

Source: [http://www.foundryinfo-india.org/profile\\_of\\_indian.aspx](http://www.foundryinfo-india.org/profile_of_indian.aspx)



## New Government Initiatives

The Government of India's programmes of Make in India, Skill Development and Ease of Doing business are expected to drive the demand for castings. The Auto and Capital goods sectors have drawn ambitious growth plans which will impact a corresponding growth of the foundry sector. Auto sector has envisaged to grow to USD 300 billion by 2026 under the New Automotive Mission plan and the Capital Goods Policy foresees the sector to grow from USD 35 billion to USD 115 billion by 2025 providing new job opportunities to about 22 million people. These initiatives augur well for the foundry sector.

## Financial Performance

Foseco has recorded a good performance in a very competitive business environment.

**Table 1: Abridged Profit and Loss Account (Rs. In Lakhs)**

Particulars	2016	2015
Total Revenue	34182	29402
Operating Expenses	28503	24145
EBITDA	5679	5257
Depreciation	505	454
PBIT	5174	4803
Finance Charges	42	12
PBT	5132	4791
Tax	1824	1618
PAT	3308	3173

In 2016, Foseco recorded growth in sales by 16.26% over 2015, due to successful implementation of Solutions Partnering strategies and focussed penetration of its strong portfolio offerings. The PAT increased by 4.25% versus 2015 despite competitive pressures through implementation of various cost improvement initiatives, tight control on discretionary expenses, improved product mix and maximisation of the value chain efficiency. The Company generated Rs. 4861 Lakhs cash from its operations in 2016 as against Rs. 3609 Lakhs in 2015.

**Table 2: Key Financial Ratios**

Particulars	2016	2015
PBIT/ Total Revenue	15.14%	16.34%
PAT/ Total Revenue	9.68%	10.79%
ROCE	42.94%	42.94%
RONW	29.13%	29.13%
Debt Equity Ratio	0.03	0.03

## Operations

Foseco India Limited manufactures its products at two locations - Pune and Puducherry. It also import products from its group manufacturing locations in other parts of the world.

With a strength of 221 employees, Foseco India Limited drives its factories with best-in-class manufacturing practices in a cellular operation. Each cell team has an end-to-end responsibility for the entire supply chain process - from purchase of raw materials, manufacturing and final distribution. This workflow also ensures that the entire cell team is responsible for safety, quality, production, costs and customer service.

Operational excellence tools have been progressively used to reinforce the customer service levels and to reduce non-value adding processes and activities making the system more flexible and efficient. The Company has reaped benefits by adopting Lean (minimisation of waste) manufacturing and other initiatives like reduction in changeover time, change in packaging methodology, reduction in specific power & fuel consumption, improvement in process capability, improvement in equipment efficiency, etc. During 2016, the Company employees have completed 346 Kaizens and 48 8D-PPS projects delivering improvements in efficiency and safety standards.

## Information Technology

The Company's IT systems are on SAP Business One. The SAP has been seamlessly integrated with the Vesuvius manufacturing application, HALO and the existing Customer Relationship Management (CRM) software. This will continue to assist the Customer Service team in successfully managing relationships with customers.

The Company's e-mailing system is also undergoing migration from IBM Lotus Notes to Microsoft technology. All users in the company have been migrated to Office 365 in preparation for this move. It has been planned to migrate users to the Microsoft mailing system in the first half of 2017.

The IT processes of the Company are accredited to ISO 9001:2008.

## Human Resources

Human Resources are Foseco's greatest strength and a foundation for long-term success. The good performance record is largely attributable to the remarkable commitment, dedication and hard work of the employees. The Company has laid focus on Employee Engagement and Employee Development.

It also believes in the fact that "the growth of an organisation



is closely linked to the growth of engaged and motivated employees". The Company has strongly embedded the core values of 'Creativity', 'Cooperation', 'Reliability', 'Integrity' and 'Embracing Diversity' into the fabric of organisational culture and all employees are always encouraged to live these values in their day to day functioning. The unflinching belief of the organisation in the foundation of core values is reiterated by a unique initiative of 'Living The Value Award' which is held every year. Launch of the Group's Code of Conduct was another milestone attained in 2016 which was carried out at all the locations through personal interactions followed by communication mechanism.

Annual Balanced Score Card process has been well ingrained in the organisation to encourage a High Performance Organisational Culture.

The year 2016 saw the launch of 'Indradhanush' celebrating the beginning of seven hobby clubs across locations. This initiative has proven to be yet another milestone to create a strong bond between the organisation and employees. Also, the team celebrated '100 years of Vesuvius' amidst camaraderie, excitement and zeal for a brighter future. Various team bonding and energy building programmes held regularly, help strengthen the team.



Building of managerial and technical competencies is an area of constant focus. 'Foseco University' provided the needed impetus to the organisation's drive to build competencies of its customer and market facing functions.

### Health, Safety and Environment (HSE)

Foseco strives to achieve the highest standards of Health, Safety and Environment practices. The Company has a clear HSE monitoring process for each of its operations and an Integrated (Quality, Health, Safety and Environment)

Management System (IMS) accredited to ISO 9001:2008, ISO 14001:2004 and OHSAS 18001-2007. It continuously drives "Behavioural Based Safety" and other initiatives such as identification and completion of safety improvement opportunities, safety audits by all employees, regular monthly HSE team meetings and Turbo S programme focusing on the next level of safety culture. In 2016, group safety standards on gas, fuel and safety culture journey were implemented. These will strengthen the foundation for sustainable safety performance.

### 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 unauthorised use or disposition and that transactions are authorised, recorded and reported quickly. In addition, the Company has a 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 controls are 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 by the Company with respect to all the requirements of the Company Law and Listing Regulations.

### Cautionary Statement

*Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results might differ materially from those expressed or implied. Important developments that could affect the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws, and other factors such as litigation and industrial relations.*

# Code of Conduct and Ethics

## Introduction

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

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 Group'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, Managing Director or the Compliance Officer. 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 or a Managing Director (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 Limited 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 Limited is fully committed to the health, safety 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, Health, Safety 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

### Duties of Independent Directors

The Independent Directors are expected to comply with the requirements laid down under Section 166 read with Schedule IV of the Companies Act, 2013, which is reproduced below:

#### Section 166

1. Subject to the provisions of this Act, a Director of a Company shall act in accordance with the Articles of the Company.
2. A Director of a Company shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.
3. A Director of a Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
4. A Director of a Company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
5. A Director of a Company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such Director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company.
6. A Director of a Company shall not assign his office and any assignment so made shall be void.

#### Schedule IV -

##### Duties

The Independent Directors shall —

1. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company;
2. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the Company;

3. strive to attend all Meetings of the Board of Directors and of the Board committees of which he is a Member;
4. participate constructively and actively in the Committees of the Board in which they are Chairpersons or Members;
5. strive to attend the General Meetings of the Company;
6. where they have concerns about the running of the Company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the Minutes of the Board Meeting;
7. keep themselves well informed about the Company and the external environment in which it operates;
8. not to unfairly obstruct the functioning of an otherwise proper Board or Committee of the Board;
9. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the Company;
10. ascertain and ensure that the Company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy;
12. acting within his authority, assist in protecting the legitimate interests of the Company, shareholders and its employees;
13. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

### **Liability of Independent Director**

As per Clause 49 II (E) (4) of the Listing Agreement Regulation 25(5) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 – An Independent Director shall be held liable, only in respect of such acts of omission or commission by a Company which had occurred with his knowledge, attributable through Board processes of the Board of Directors, and with his consent or connivance or where he/she had not acted diligently with respect of the provisions contained in the Listing Agreement these Regulations.

### **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 Limited is firmly committed to conducting its business and relationships with all stakeholders including employees, customers, suppliers, shareholders and business associates in a manner that is lawful and ethically responsible and at all times, in a way that reflects the Company's values. 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 and 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 and Ethics is being violated. The policy sets out arrangements that encourage individuals to report concerns about unethical behaviour, actual or suspected fraud or violations of the Code of Conduct and Ethics, knowing that in so doing, they are acting in the best interests of all Foseco stakeholders.

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 of the environment
- Criminal activity
- Miscarriage of justice
- Improper conduct or unethical behaviour
- Violation of the Company's Code of Conduct and 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 then it shows that an individual has made untrue, 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 Managing Director, the Chief Financial Officer, the Audit Committee Chairperson or the Chairperson 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

This policy ensures that the whistleblower will be protected from retaliation and reprisal. 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 Chief Financial Officer or the Chairperson of the Board will be responsible for reporting any whistleblowing disclosures to the Audit Committee.

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### Contacts

The relevant contacts are:

Person	Position	Email Address	Contact Number
Ajit Shah	Chairperson - Audit Committee	ajit.shah@maparikh.co.in	
Pradeep Mallick	Chairperson of the Board	pradeep.mentordom@gmail.com	
Sanjay Mathur	Managing Director	sanjay.mathur@foseco.com	+91 (0) 2137 668201 +91 (0) 98233 89648
R Umesh	Chief Financial Officer	r.umesh@foseco.com	+91 (0) 2137 668233 +91 (0) 98230 52934

# Integrated Management System Policy

As a leading provider of consumable products and services to the foundry industry, Foseco India is committed to ensuring 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.

## Quality, Health, Safety and Environment policy

We will operate all work and business activities to ensure that

- the quality of our products and services consistently meets the requirements of our internal and external customers
- we proactively prevent customer issues, injuries, ill health and negative effects to the environment
- health, safety and environmental legal and other obligations are complied with
- we, continuously improve our performance in Quality, Health & Safety and Environmental Management Systems.

## Organization and Responsibilities

- Quality, health & safety and environmental matters are a mainstream management responsibility.
- Every employee is responsible and accountable for safety, environmental matters and quality in activities under their control. Working safely is a condition of employment.
- All employees, contractors, service providers and suppliers are expected to participate positively in the task of improving the quality of our products and services, preserving workplace health and safety and achievement of our environmental aims.

## Our Beliefs

- Good Quality, Health & Safety and preserving Environment is Good Business.
- All quality issues, environmental incidents and work-related injuries & ill-health are preventable.
- Safety is everybody's responsibility.
- All employees have a responsibility to ensure that whatever we deliver is right and contribute to protect the environment.

## Our Aims

- No poor quality material is passed to the next step in our processes and no out-of-specification product is shipped.
- **No repeat customer issues.**
- No accidents, no harm to people and no repeat injuries.
- Reduction in waste at source and during production.
- Minimise consumption of energy, water and other resources.
- Minimise release of substances which could adversely affect humans or the environment.

## Our Commitments: We will

- raise the profile of quality, health & safety and environmental issues and openly address them.
- thoroughly investigate any health & safety incident to learn, share and avoid repeats.
- welcome quality concerns raised by our customers, employees and suppliers as opportunities for improvement and pro-actively work towards solving them.
- undertake health, safety & environmental risk assessments to identify hazards, prioritise and remove any deficiencies and have appropriate safe work procedures.
- build quality and environmental protection into our products and processes.
- abide by simple and non-negotiable standards.
- provide training to all employees and contractors to ensure that they understand their responsibilities and are able to act accordingly.
- work pro-actively with our suppliers to develop our mutual capabilities.
- ensure every manufacturing location has an appointed Quality, Environmental and Health & Safety Manager.

# Strategic Risk Management Policy

## Business Purpose

The Vesuvius 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 of Vesuvius plc, 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 flows 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

Vesuvius 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

- Vesuvius 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.

# Dissemination of Information to the Market Policy

**1. Introduction:** This document briefly summarises the policies and guidelines adopted by Foseco India Limited in relation to the Company's communications with investors, analysts and the Market generally. Any amendment to the Company's policies on these matters requires the approval of the Board of Directors.

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

Pradeep Mallick - Chairman  
 Sanjay Mathur - Managing Director

In the normal course, no other individuals within the Company are authorised to communicate with the investors, analysts or 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 above, following the 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 financial 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 closed 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 estimates 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 acknowledges 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 the financial results and other announcements (including contemporaneous records of the Company's reasons for not making an announcement or for delaying an announcement) relating to 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, analyst or newspaper.
- 8. Leaks and Press Speculation:** The Company will not normally comment on rumours or speculations which appear in the media. If it appears that important unpublished information which amounts to inside information has been 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.

**The Board of Directors  
Foseco India Limited  
Sanaswadi,  
Pune – 412 208**

**8 February, 2017**

**CERTIFICATION BY  
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER**

In compliance with Regulation 17(8) of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 read with Part B of Schedule II, we hereby certify that:-

We have reviewed the Financial Statements and the Cash Flow Statement for the financial year ended 31 December, 2016, and that to the best of our knowledge and belief:

- (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- (b) 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.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the aforesaid period which are fraudulent, illegal or violative of the Company's Code of Conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware, and that we have taken the required steps to rectify these deficiencies.

We have indicated to the Auditors and the Audit Committee that:

- (a) there have been no significant changes in internal control over financial reporting during the year.
- (b) there have been no significant changes in accounting policies during the year and that adequate disclosure have been made in the notes to the financial statements, and
- (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Sanjay Mathur**  
Managing Director

**R Umesh**  
Chief Financial Officer

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# Financial Statements 2016





## Independent Auditors' Report

### **B S R & Associates LLP**

Chartered Accountants

701-703, 7th Floor, Godrej Castlemaine,  
Next to Ruby Hall Clinic,  
Bund Garden Road, Pune - 411 001, India

Tel. : +91(20) 3050 4000  
Fax : +91(20) 3050 4100

### **To the Members of Foseco India Limited**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Foseco India Limited ("the Company"), which comprise the Balance Sheet as at 31 December 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2016 and its profit and its cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:

## Independent Auditors' Report (continued)

- (a) We have sought and 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 it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31 December 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27.3.1 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For BSR & Associates LLP**  
Chartered Accountants  
Firm Registration No: 116231W/W-100024  
**Shiraz Vastani**  
Partner  
Membership Number: 103334

Place: Pune

Date : 8 February 2017

## Annexure A to the Independent Auditors' Report – 31 December 2016

With reference to the Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the Members of the Company on the financial statements for the year ended 31 December 2016, 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 by which all the fixed assets were physically verified during the year. 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) The title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory, except goods-in-transit and stock lying with third parties, has been physically verified by 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.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) According to the information and explanations given to us, the Company has not granted any loans, made any investments, or provided any guarantees, and security to which the provisions of section 185 and 186 of the Companies Act, 2013 apply.
- (v) The Company has not accepted any deposits from public as per the directives issued by the Reserve Bank of India and in accordance with the provisions of sections 73 to 76 of the Act and rules framed there under.
- (vi) 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 128 (1) read with Section 148 (1) of the Companies Act, 2013 in respect of the Company's products 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 same.
- (vii) (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, Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise, Value Added tax and other statutory dues have been generally been regularly deposited during the year by the Company with appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise, Value Added tax and other statutory dues were in arrears, as at 31 December 2016, 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 Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value Added tax which have not been deposited with the appropriate authorities on account of any disputes other than the following dues of Income Tax and Duty of Excise:

Nature of the Statute	Nature of the Dues	Amount (Rs in lakhs)	Amount paid under protest	Period to which the amount relates.	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	7.68	-	November 1994- March 1995	CESTAT Chennai
Income Tax Act, 1961	Income Tax	129.36	129.36	Assessment Year 1998-1999	CIT (Appeals)
Income Tax Act, 1961	Income Tax	346.81	-	Assessment Year 2009-2010	ITAT
Income Tax Act, 1961	Income Tax	320.51	-	Assessment Year 2010-2011	ITAT
Income Tax Act, 1961	Income Tax	288.73	-	Assessment Year 2011-2012	ITAT
Income Tax Act, 1961	Income Tax	387.83	-	Assessment Year 2012-2013	ITAT
Income Tax Act, 1961	Income Tax	393.97	393.97	Assessment Year 2013-2014	CIT (Appeals)

## Annexure A to the Independent Auditors' Report – 31 December 2016 (continued)

- (viii) According to the information and explanations given to us, the Company did not have any loan or borrowings from financial institutions, banks, government or any debenture holders outstanding during the year.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The Company has not taken any term loan during the year.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company as per the Act.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions with related parties are in compliance with section 177 and 188 of the Act and the details, as required by the applicable accounting standards have been disclosed in the financial statements.
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partially convertible debentures during the year.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanations given to us, the Company is not required to register under section 45-IA of the Reserve Bank of India Act, 1934.

**For BSR & Associates LLP**  
Chartered Accountants  
Firm Registration No: 116231W / W-100024  
**Shiraz Vastani**  
Partner  
Membership Number: 103334

Place: Pune

Date : 8 February 2017

## **Annexure B to the Independent Auditors' Report – 31 December 2016**

Referred to in paragraph 2(f) in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of Foseco India Limited on the financial statements for the year ended 31 December 2016.

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of Foseco India Limited ("the Company") as of 31 December 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Control over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Annexure B to the Independent Auditors' Report – 31 December 2016 (continued)

### Inherent Limitations of Internal Financial Control over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 December 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on 'Audit of Internal Financial Controls Over Financial Reporting' issued by the Institute of Chartered Accountants of India.

**For BSR & Associates LLP**

Chartered Accountants

Firm Registration No: 116231W / W-100024

**Shiraz Vastani**

Partner

Membership Number: 103334

Place: Pune

Date : 8 February 2017



## Balance Sheet as at 31st December 2016

	Note No.	2016 Rs. Lakhs	2015 Rs. Lakhs
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	638.65	638.65
Reserves and Surplus	4	11,794.13	10,253.88
		<u>12,432.78</u>	<u>10,892.53</u>
<b>Non Current Liabilities</b>			
Long Term Borrowings	5	64.53	184.81
Other Long Term Liabilities	6	63.84	68.20
Long Term Provisions	7	23.84	41.18
		<u>152.21</u>	<u>294.19</u>
<b>Current Liabilities</b>			
Trade Payables	8		
- Total Outstanding Dues of Micro Enterprises and Small Enterprises		500.19	54.80
- Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises		3,928.88	3,540.68
		<u>4,429.07</u>	<u>3,595.48</u>
Other Current Liabilities	9	654.91	748.94
Short Term Provisions	10	682.23	747.56
		<u>5,766.21</u>	<u>5,091.98</u>
<b>TOTAL</b>		<b><u>18,351.20</u></b>	<b><u>16,278.70</u></b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets	11		
- Tangible Assets		2,539.04	2,580.64
- Intangible Assets		30.74	61.29
- Capital Work-in-Progress		24.16	76.17
Deferred Tax Assets (Net)	12	180.79	140.65
Long Term Loans and Advances	13	805.92	983.70
		<u>3,580.65</u>	<u>3,842.45</u>
<b>Current Assets</b>			
Inventories	14	1,916.43	1,587.88
Trade Receivables	15	9,960.66	9,030.87
Cash and Bank Balances	16	2,507.20	1,614.55
Short Term Loans and Advances	17	385.74	202.78
Other Current Assets	18	0.52	0.17
		<u>14,770.55</u>	<u>12,436.25</u>
<b>TOTAL</b>		<b><u>18,351.20</u></b>	<b><u>16,278.70</u></b>
<b>Significant Accounting Policies</b>	2		
<b>Notes to Financial Statements</b>	27		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date attached

**For B S R & Associates LLP**  
**Chartered Accountants**  
Firm Registration No. 116231W / W-100024

**Shiraz Vastani**  
Partner  
Membership No. 103334

**For and on behalf of the Board of Directors**  
**of Foseco India Limited**  
Corporate Identity Number (CIN) : L24294PN1958PLC011052

**Pradeep Mallick**  
Chairman  
DIN : 00061256

**Sanjay Mathur**  
Managing Director  
DIN : 00029858

**Ajit Shah**  
Director  
DIN : 02396765

**Indira Parikh**  
Director  
DIN : 00143801

**Glenn Cowie**  
Director  
DIN : 07163534

**R Umesh**  
Chief Financial Officer

**Mahendra Dutia**  
Controller of Accounts and Company Secretary

Place : Pune Date : 8 February 2017

Place : Sanaswadi, Pune Date : 8 February 2017

## Statement of Profit and Loss for the year ended 31st December 2016

	Note No.	2016 Rs. Lakhs	2015 Rs. Lakhs
<b>Revenue from Operations</b>	<b>19</b>		
Sale of Products		37,984.44	32,361.62
Less : Excise Duty		4,101.34	3,419.23
		<b>33,883.10</b>	<b>28,942.39</b>
Sale of Services		6.94	3.49
Other Operating Revenues		60.46	267.73
Total Revenue from Operations		<b>33,950.50</b>	<b>29,213.61</b>
<b>Other Income</b>	<b>20</b>	209.44	188.88
<b>Total Revenue</b>		<b>34,159.94</b>	<b>29,402.49</b>
Expenses:			
Cost of Materials Consumed	<b>21</b>	19,140.52	15,646.52
Purchases of Stock-in-Trade	<b>22</b>	849.21	828.92
Changes in Inventories of Finished Goods and Stock-in-Trade	<b>23</b>	(9.34)	(39.47)
Employee Benefits Expense	<b>24</b>	2,660.89	2,665.27
Finance Cost	<b>25</b>	41.52	12.20
Depreciation and Amortisation Expense	<b>11</b>	505.20	454.00
Other Expenses	<b>26</b>	5,839.67	5,044.20
<b>Total Expenses</b>		<b>29,027.67</b>	<b>24,611.64</b>
<b>Profit Before Tax</b>		<b>5,132.27</b>	<b>4,790.85</b>
<b>Tax Expense:</b>			
- Current Tax (Net of excess provision of tax relating to earlier years Rs 22.24 Lakhs (Previous Year: Rs. 60.87 Lakhs written back)		1,864.24	1,603.13
- Deferred Tax		(40.14)	14.83
Total Tax Expense		<b>1,824.10</b>	<b>1,617.96</b>
<b>Profit for the Year</b>		<b>3,308.17</b>	<b>3,172.89</b>
<b>Earnings Per Equity Share:</b>			
- Basic		51.80	49.68
- Diluted		51.80	49.68
Number of equity shares of Rs. 10/- each (refer Note 2 point 1.14 & Note 27.9)		6,386,459	6,386,459
<b>Significant Accounting Policies</b>	<b>2</b>		
<b>Notes to Financial Statements</b>	<b>27</b>		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date attached

**For B S R & Associates LLP**  
Chartered Accountants  
Firm Registration No. 116231W / W-100024

**For and on behalf of the Board of  
Directors of Foseco India Limited**  
Corporate Identity Number (CIN) : L24294PN1958PLC011052

**Shiraz Vastani**  
Partner  
Membership No. 103334

**Pradeep Mallick**  
Chairman  
DIN : 00061256

**Sanjay Mathur**  
Managing Director  
DIN : 00029858

**Ajit Shah**  
Director  
DIN : 02396765

**Indira Parikh**  
Director  
DIN : 00143801

**Glenn Cowie**  
Director  
DIN : 07163534

**R Umesh**  
Chief Financial Officer

**Mahendra Dutia**  
Controller of Accounts and Company Secretary

Place : Pune Date : 8th February 2017

Place : Sanaswadi, Pune Date : 8 February 2017

## Cash Flow Statement for the year ended 31st December 2016

Particulars	2016 Rs. Lakhs	2015 Rs. Lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit Before Tax</b>	<b>5,132.27</b>	<b>4,790.85</b>
Adjustments for :		
Depreciation / Amortisation	505.20	454.00
Unrealised Foreign Exchange (gain) [Net]	(11.04)	(4.70)
Interest Income	(93.61)	(63.89)
Finance Cost (excluding bank charges)	41.52	12.20
Loss on Sale of Fixed Assets (Net)	4.53	2.89
	<hr/>	<hr/>
<b>Operating profit before working capital changes</b>	<b>5,578.87</b>	<b>5,191.35</b>
<u>Adjustments for :</u>		
(Increase) in Trade Receivables	(926.24)	(1,713.41)
(Increase) in Inventories	(328.55)	(241.84)
(Increase) / Decrease in Long Term Loans and Advances (excluding capital advance, advance taxes and deposits with Income Tax Authorities)	(5.42)	2.27
(Decrease) / Increase in Short Term Loans and Advances	(182.96)	3.61
Increase in Trade Payable	841.08	510.07
(Decrease) in Other Current Liabilities	(52.20)	(29.22)
(Decrease) in Other Long Term Liabilities	(4.36)	(2.02)
(Decrease) in Long Term Provisions	(17.34)	(129.15)
(Decrease) / Increase in Short Term Provisions (excluding provision for tax and proposed dividend)	(42.36)	17.56
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>4,860.52</b>	<b>3,609.22</b>
Direct Taxes Paid (net of refunds)	(1,658.08)	(1,882.94)
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	<b>3,202.44</b>	<b>1,726.28</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets (including net movement in Capital Work-in-Progress)	(433.23)	(492.92)
Sale of Fixed Assets	1.73	-
Fixed Deposits Placed during the year	(311.80)	(5.13)
Fixed Deposits Matured during the year	5.13	4.83
Investments Matured during the year	-	2.92
Interest Received	93.26	74.29
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(644.91)</b>	<b>(416.01)</b>

## Cash Flow Statement (continued)

Particulars	2016 Rs. Lakhs	2015 Rs. Lakhs
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Unsecured Loan	(173.22)	(222.93)
Interest Expense Paid	(41.52)	(12.20)
Dividend paid (including tax on distributed dividends)	(1,756.81)	(2,269.61)
<b>Net cash used in financing activities</b>	<b>(1,971.55)</b>	<b>(2,504.74)</b>
Net Cash Inflow / (Outflow) -		
Net (Decrease) / Increase in cash and cash equivalents - (A+B+C)	585.98	(1,194.47)
Cash and cash equivalents at the beginning of the year	1,609.42	2,803.89
Cash and cash equivalents at the end of the year	<b>2,195.40</b>	<b>1,609.42</b>
Particulars	2016 Rs. Lakhs	2015 Rs. Lakhs
<b>Cash and Cash Equivalents</b>		
Cash on Hand	2.14	2.06
Cheques on Hand	66.76	251.61
Balances with Banks		
- On current accounts	2,047.15	1,247.51
- On deposit accounts (with original maturity of three months or less)	-	40.00
- Unclaimed Dividend Accounts #	79.35	68.24
	<b>2,195.40</b>	<b>1,609.42</b>

# These are restricted bank balances for payment of Unpaid Dividend  
The accompanying notes are an integral part of the financial statements.

As per our report of even date attached  
**For B S R & Associates LLP**  
Chartered Accountants  
Firm Registration No. 116231W / W-100024

**For and on behalf of the Board of  
Directors of Foseco India Limited**  
Corporate Identity Number (CIN) : L24294PN1958PLC011052

**Shiraz Vastani**  
Partner  
Membership No. 103334

**Pradeep Mallick**  
Chairman  
DIN : 00061256

**Sanjay Mathur**  
Managing Director  
DIN : 00029858

**Ajit Shah**  
Director  
DIN : 02396765

**Indira Parikh**  
Director  
DIN : 00143801

**Glenn Cowie**  
Director  
DIN : 07163534

**R Umesh**  
Chief Financial Officer

**Mahendra Dutia**  
Controller of Accounts and Company Secretary

Place : Pune Date : 8th February 2017

Place : Sanaswadi, Pune

## Notes to Financial Statements

	2016 Rs. Lakhs	2015 Rs. Lakhs
<b>Note 3 : Share Capital</b>		
Authorised		
7,500,000 (Previous Year 7,500,000) equity shares of Rs. 10 each	750.00	750.00
Issued, Subscribed and Fully Paid Up		
6,386,459 (Previous Year 6,386,459) equity shares of Rs. 10 each fully paid up	638.65	638.65
<b>Total</b>	<b>638.65</b>	<b>638.65</b>

A Details of shareholder's holding more than 5% of shares in the company	Value (Rupees) Number of Shares Percentage	Value (Rupees) Number of Shares Percentage
<b>1 Promoter Group representing 4,788,845 shares, cumulatively representing 74.98% of the total paid up capital are held by;</b>		
a) Vesuvius Holdings Limited, United Kingdom - Subsidiary of Ultimate Parent Company	5,440,660 544,066 8.52%	5,440,660 544,066 8.52%
b) Foseco Overseas Limited, United Kingdom - Immediate Holding Company	37,042,190 3,704,219 58.00%	37,042,190 3,704,219 58.00%
c) Foseco (UK) Limited, United Kingdom - Subsidiary of Ultimate Parent Company	5,405,600 540,560 8.46%	5,405,600 540,560 8.46%
<b>2 Public Shareholding</b>		
a) Karibu Limited, United Kingdom	7,332,260 733,226 11.48%	7,332,260 733,226 11.48%

### B Terms / Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity share is entitled for one vote per share. Accordingly, all equity shares rank equally with regards to dividends and shares in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time.

On winding up of the Company, the holder's of equity shares will be entitled to receive the residual assets of the Company after distribution of all preferential amounts in proportion to the number of equity shares held.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

## Notes to Financial Statements (continued)

	2016 Rs. Lakhs	2015 Rs. Lakhs
<b>Note 4 : Reserves and Surplus</b>		
<b>Securities Premium Account</b>		
Balance as per last Balance Sheet	1,912.60	1,912.60
<b>General Reserve</b>		
Balance as per last Balance Sheet	3,028.58	2,711.29
Add : Amount transferred from Statement of Profit and Loss	331.00	317.29
<b>Closing Balance</b>	<b>3,359.58</b>	<b>3,028.58</b>
Surplus in the Statement of Profit and Loss		
Balance brought forward from previous year	5,312.70	4,524.69
Profit for the year	3,308.17	3,172.89
<b>Profit available for Appropriation</b>	<b>8,620.87</b>	<b>7,697.58</b>
<b>Less Appropriations:</b>		
Interim Dividend	1,021.83	1,245.35
Tax on Interim Dividend	208.03	284.18
Proposed Final Dividend	447.05	447.05
Tax on Proposed Final Dividend	91.01	91.01
Transfer to General Reserve	331.00	317.29
	<b>2,098.92</b>	<b>2,384.88</b>
<b>Net Surplus in the Statement of Profit and Loss</b>	<b>6,521.95</b>	<b>5,312.70</b>
<b>Total</b>	<b>11,794.13</b>	<b>10,253.88</b>

### Note 5 : Long Term Borrowings

#### Unsecured

Deferred Payment Liability - Sales Tax Deferral Loan (refer note below)

<b>Total</b>	<b>64.53</b>	<b>184.81</b>
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Note : The repayment of Sales Tax Deferral Loan has commenced from April, 2011 and is scheduled to be repaid by April, 2018

### Note 6 : Other Long Term Liabilities

#### Others

- Payable to Employees and Executive Directors

- Earnest Money Received Against Leasehold Land (refer note below)

<b>Total</b>	<b>63.84</b>	<b>68.20</b>
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Note : This amount has been received with respect to the agreement for leasehold land at Chinchwad



## Notes to Financial Statements (continued)

	2016 Rs. Lakhs	2015 Rs. Lakhs
<b>Note 7 : Long Term Provisions</b>		
Provision for Employee Benefits		
- Compensated Absences	23.84	24.57
- Gratuity	-	16.61
<b>Total</b>	<b>23.84</b>	<b>41.18</b>
<b>Note 8 : Trade Payables</b>		
Trade Payables		
- Total Outstanding Dues of Micro Enterprises and Small Enterprises	500.19	54.80
- Total Outstanding Dues of Creditors Other than Micro Enterprises and Small Enterprises	3,928.88	3,540.68
<b>Total</b>	<b>4,429.07</b>	<b>3,595.48</b>

**Note :**

The identification of micro, small and medium enterprises is based on the management's knowledge of their status. The Company has not circulated letters to its suppliers requesting them to confirm whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) in the current financial year. In view of the Management there is no significant variation from the last year in the list of vendors which fall under this category of the last year.

<b>Dues payable to Micro and Small Enterprises as at</b>	<b>2016</b>	<b>2015</b>
a) The principal amount and the Interest due thereon (refer point d) remaining unpaid to any supplier at the end of each accounting year;	500.12	54.65
b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
c) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year	0.07	0.15
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
<b>Note 9 : Other Current Liabilities</b>		
Current Maturity of Long Term Borrowings		
- Deferred Payment Liability - Sales Tax Deferral Loan	120.28	173.22
Dues to Independent Directors	21.70	21.70
Other Liabilities		
- Payable to Employees and Executive Directors	127.06	174.52
- TDS Payable	105.09	59.72
- PF / ESI Payable	27.43	21.56
- Excise Duty Payable (Includes provision on Finished Goods)	149.77	183.19
- Sales Tax / VAT Payable	11.98	7.29
- Payable for Capital Goods	-	23.56
Deposits from Customers (unsecured and payable on demand)	12.25	12.25
Advances from Customers	-	3.69
Unclaimed Dividends (refer note below)	79.35	68.24
<b>Total</b>	<b>654.91</b>	<b>748.94</b>

Note : The "Investor Education and Protection Fund" shall be credited by the amounts, as and when due.

## Notes to Financial Statements (continued)

	2016 Rs. Lakhs	2015 Rs. Lakhs
<b>Note 10 : Short Term Provisions</b>		
Proposed Final Dividend	447.05	447.05
Tax on Proposed Final Dividend	91.01	91.01
Income tax provision (net of advance tax and TDS)	55.31	78.28
Provision for Employee Benefits		
- Compensated Absences	85.11	64.77
- Gratuity	3.75	66.45
<b>Total</b>	<b>682.23</b>	<b>747.56</b>

### Note 11 : FIXED ASSETS

Category / Group of Asset	Gross Block					Depreciation					Net Block	
	Opening Balance 01-Jan-2016	Additions	Deductions	Reclassification of assets	Closing Balance 31-Dec-2016	Opening Balance 01-Jan-2016	Adjustment due to reclassification of asset	Charge for the year	Deductions during the year	Closing Balance 31-Dec-2016	Closing Balance 31-Dec-2016	Closing Balance 31-Dec-2015
Freehold Land	151.92	-	-	-	151.92	-	-	-	-	-	151.92	151.92
Leasehold Land	3.95	-	-	-	3.95	1.15	-	0.04	-	1.19	2.76	2.80
Factory Buildings	1,007.27	-	-	-	1,007.27	356.02	-	38.51	-	394.53	612.74	651.25
Buildings Others	521.56	-	-	-	521.56	223.94	-	19.47	-	243.41	278.15	297.62
Plant & Machinery	4,422.32	412.33	133.18	-	4,701.47	3,069.87	-	363.57	127.33	3,306.11	1,395.36	1,352.45
Laboratory Equipments	152.64	1.89	2.43	(62.45)	89.65	112.63	(45.18)	7.52	2.02	72.95	16.70	40.01
Office Equipments	28.65	8.15	0.56	62.45	98.69	7.06	45.18	15.56	0.56	67.24	31.45	21.59
Furniture and Fittings	243.91	3.99	0.20	-	247.70	217.55	-	7.70	0.20	225.05	22.65	26.36
Motor Vehicles	102.37	11.13	5.44	-	108.06	65.73	-	20.46	5.44	80.75	27.31	36.64
<b>Total</b>	<b>6,634.59</b>	<b>437.49</b>	<b>141.81</b>	<b>-</b>	<b>6,930.27</b>	<b>4,053.95</b>	<b>-</b>	<b>472.83</b>	<b>135.55</b>	<b>4,391.23</b>	<b>2,539.04</b>	<b>2,580.64</b>

During the year, the Company has rectified the classification of certain office equipments which were wrongly classified in laboratory equipments.

Included in the above additions, the capital expenditure towards Research & Development Activities is Rs. 1.89 Lakhs (Previous Year Rs. 0.70 Lakhs)

Category / Group of Asset	Gross Block					Amortisation				Net Block	
	Opening Balance 01-Jan-2016	Additions	Deductions	Reclassification of assets	Closing Balance 31-Dec-2016	Opening Balance 01-Jan-2016	Charge for the year	Deductions during the year	Closing Balance 31-Dec-2016	Closing Balance 31-Dec-2016	Closing Balance 31-Dec-2015
Computer Software	259.97	1.82	122.47	-	139.32	198.68	32.37	122.47	108.58	30.74	61.29
<b>Total</b>	<b>259.97</b>	<b>1.82</b>	<b>122.47</b>	<b>-</b>	<b>139.32</b>	<b>198.68</b>	<b>32.37</b>	<b>122.47</b>	<b>108.58</b>	<b>30.74</b>	<b>61.29</b>

## Notes to Financial Statements (continued)

### Note 11 : FIXED ASSETS

Category / Group of Asset	Gross Block				Depreciation				Net Block	
	Opening Balance 01-Jan-2015	Additions	Deductions	Closing Balance 31-Dec-2015	Opening Balance 01-Jan-2015	Charge for the year	Deductions during the year	Closing Balance 31-Dec-2015	Closing Balance 31-Dec-2015	Closing Balance 31-Dec-2014
Freehold Land	151.92	-	-	151.92	-	-	-	-	151.92	151.92
Leasehold Land	3.95	-	-	3.95	1.11	0.04	-	1.15	2.80	2.84
Factory Buildings	1,006.99	3.97	3.69	1,007.27	318.93	38.59	1.50	356.02	651.25	688.06
Buildings Others	519.01	2.55	-	521.56	204.49	19.45	-	223.94	297.62	314.52
Plant & Machinery	4,105.92	405.02	88.62	4,422.32	2,819.96	337.94	88.03	3,069.87	1,352.45	1,285.96
Laboratory Equipments	154.10	-	1.46	152.64	105.61	8.48	1.46	112.63	40.01	48.49
Office Equipments	95.08	3.19	69.62	28.65	58.39	18.26	69.59	7.06	21.59	36.69
Furniture and Fittings	248.51	1.88	6.48	243.91	217.45	6.51	6.41	217.55	26.36	31.06
Motor Vehicles	93.46	8.91	-	102.37	42.87	22.86	-	65.73	36.64	50.59
<b>Total</b>	<b>6,378.94</b>	<b>425.52</b>	<b>169.87</b>	<b>6,634.59</b>	<b>3,768.81</b>	<b>452.13</b>	<b>166.99</b>	<b>4,053.95</b>	<b>2,580.64</b>	<b>2,610.13</b>

Included in the above additions, the capital expenditure towards Research & Development Activities is Rs. 0.70 Lakhs (Previous Year Rs. 11.80 Lakhs)

Category / Group of Asset	Gross Block				Amortisation				Net Block	
	Opening Balance 01-Jan-2015	Additions	Deductions	Closing Balance 31-Dec-2015	Opening Balance 01-Jan-2015	Charge for the year	Deductions during the year	Closing Balance 31-Dec-2015	Closing Balance 31-Dec-2015	Closing Balance 31-Dec-2014
Computer Software	197.55	62.42	-	259.97	196.81	1.87	-	198.68	61.29	0.74
<b>Total</b>	<b>197.55</b>	<b>62.42</b>	<b>-</b>	<b>259.97</b>	<b>196.81</b>	<b>1.87</b>	<b>-</b>	<b>198.68</b>	<b>61.29</b>	<b>0.74</b>

## Notes to Financial Statements (continued)

	2016 Rs. Lakhs	2015 Rs. Lakhs
<b>Note 12 : Deferred Tax Asset</b>		
<b>Deferred Tax Liability</b>		
Depreciation	(29.13)	(28.14)
	<u>(29.13)</u>	<u>(28.14)</u>
<b>Deferred Tax Assets</b>		
Expenditure debited to the Statement of Profit and Loss in the current period but allowed for the tax purpose in subsequent assessment years	92.43	132.00
Provision for doubtful debts	117.49	36.79
	<u>209.92</u>	<u>168.79</u>
<b>Deferred Tax Asset Net</b>	<b><u>180.79</u></b>	<b><u>140.65</u></b>
<b>Note 13 : Long Term Loans and Advances</b>		
To the parties other than related parties		
Unsecured and Considered Good		
- Capital Advances	54.61	8.68
- Security Deposits	35.65	32.05
Other Loans and Advances		
- Advances with Income Tax Authorities (Net of Provisions)	711.95	941.08
- Employee Loans	3.71	1.89
<b>Total</b>	<b><u>805.92</u></b>	<b><u>983.70</u></b>
<b>Note 14 : Inventories</b>		
(Valued at Lower of Cost and NRV)		
Raw Materials ( refer note below )	1,386.02	1,066.81
Finished Goods ( refer note below ) #	473.53	516.80
Work-in-Progress	53.58	-
- Stock - in - Trade	3.30	4.27
<b>Total</b>	<b><u>1,916.43</u></b>	<b><u>1,587.88</u></b>
Note :		
Raw Material in Bond	247.55	48.87
Raw Material in Transit	245.56	212.24
Finished Goods in Transit	-	0.05
# Includes provision for excise duty of Rs. 89.99 Lakhs (Previous Year Rs. 97.86 Lakhs)		
<b>Note 15 : Trade Receivables</b>		
Unsecured :		
Debts Outstanding for a Period Exceeding Six Months from Due Date		
- Considered Good	244.90	167.44
- Considered Doubtful	339.47	84.85
	<u>584.37</u>	<u>252.29</u>
Less Provision for Doubtful Debts	339.47	84.85
	<u>244.90</u>	<u>167.44</u>
Other Debts		
- Considered Good	9,715.76	8,863.43
- Considered Doubtful	-	21.47
	<u>9,715.76</u>	<u>8,884.90</u>
Less Provision for Doubtful Debts	-	21.47
	<u>9,715.76</u>	<u>8,863.43</u>
<b>Total</b>	<b><u>9,960.66</u></b>	<b><u>9,030.87</u></b>

## Notes to Financial Statements (continued)

	2016 Rs. Lakhs	2015 Rs. Lakhs
<b>Note 16 : Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents</b>		
Cash on Hand	2.14	2.06
Cheques on Hand	66.76	251.61
Balances with Banks		
- On current accounts	2,047.15	1,247.51
- On deposit accounts (with original maturity of three months or less)	-	40.00
Unclaimed / Unpaid Dividend Accounts #	79.35	68.24
	<b>2,195.40</b>	<b>1,609.42</b>
Other Bank Balances (on deposit accounts with original maturity of more than three months)	311.80	5.13
	<b>311.80</b>	<b>5.13</b>
<b>Total</b>	<b>2,507.20</b>	<b>1,614.55</b>
# These are restricted bank balances for payment of Unpaid Dividend		
<b>Note 17 : Short Term Loans and Advances</b>		
<b>To the parties other than related parties</b> (Unsecured Considered Good)		
- Advance for supply of goods and services	244.84	80.92
- Prepaid Expenses	98.74	44.10
- Current maturities of long term loans to employees	3.54	8.20
- Employee Travel Advances	0.24	0.90
- Other Recoveries	-	3.85
Balances with Excise and Customs Authorities		
- Service Tax	25.19	-
Sales Tax (VAT and CST)	-	30.13
Related Party (Unsecured Considered Good)		
- Dues for Reimbursements	13.19	34.68
	<b>13.19</b>	<b>34.68</b>
<b>Total</b>	<b>385.74</b>	<b>202.78</b>
<b>Note 18 : Other Current Assets</b>		
Accrued Interest on Fixed Deposits	0.52	0.17
	<b>0.52</b>	<b>0.17</b>
<b>Note 19 : Revenue from Operations</b>		
Sale of Products (refer below note - I)	37,984.44	32,361.62
Less : Excise Duty	4,101.34	3,419.23
	<b>33,883.10</b>	<b>28,942.39</b>
Sale of Services	6.94	3.49
Other Operating Revenues (refer details below note - II)	60.46	267.73
<b>Turnover</b>	<b>33,950.50</b>	<b>29,213.61</b>
<b>Note - I</b>		
Sale of stock- in - trade included in sale of products	1,069.41	1,122.94
<b>Note - II</b>		
<b>Details for Other Operating Revenues</b>		
Commission Income	-	58.46
Sale of Scrap	24.01	20.78
Sale of Deteriorated Raw Material and Packing Material	36.45	188.03
Other Miscellaneous Income	-	0.46
	<b>60.46</b>	<b>267.73</b>
<b>Total</b>	<b>60.46</b>	<b>267.73</b>

## Notes to Financial Statements (continued)

	2016 Rs. Lakhs	2015 Rs. Lakhs
<b>Note 20 : Other Income</b>		
<b>From Other Sources</b>		
Interest Income		
- On Bank Deposits	20.54	63.26
- From Income Tax Authorities	73.07	-
- From Customers	-	0.62
Excess Provisions/ Accruals of Earlier Years Written Back	55.30	84.53
Others		
- Other Service Cost Reimbursed	16.70	23.85
- Management and Service Fees	12.00	12.00
- Insurance Claim Received	6.74	0.88
- Other Miscellaneous Income	25.09	3.74
<b>Total</b>	<b>209.44</b>	<b>188.88</b>
<b>Note 21 : Cost of Material Consumed</b>		
Raw Material Consumed		
- Opening Stock	1,066.81	864.44
- Purchases	19,459.73	15,848.89
	20,526.54	16,713.33
Less : Closing Stock	1,386.02	1,066.81
<b>Total</b>	<b>19,140.52</b>	<b>15,646.52</b>
<b>Note 22 : Purchases of Stock-in-Trade</b>		
Purchases of Traded Goods	849.21	828.92
<b>Total</b>	<b>849.21</b>	<b>828.92</b>
<b>Note 23 : Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress</b>		
(Increase) / Decrease in Finished Goods Manufactured		
Opening Stock	516.80	479.39
Less : Closing Stock	473.53	516.80
	43.27	(37.41)
(Increase) / Decrease in Stock-in-Trade		
Opening Stock	4.27	2.21
Less : Closing Stock	3.30	4.27
	0.97	(2.06)
(Increase) / Decrease in Work-in-Progress		
Opening Stock	-	-
Less : Closing Stock	53.58	-
	(53.58)	-
<b>Total</b>	<b>(9.34)</b>	<b>(39.47)</b>
<b>Note 24 : Employee Benefits Expense</b>		
Salaries, Wages and Bonus	2,221.87	2,132.39
Contributions to Provident and Other Funds	284.42	374.92
Staff Welfare Expense	154.60	157.96
<b>Total</b>	<b>2,660.89</b>	<b>2,665.27</b>
Above expenses includes, expenditure on Research & Development Activities as certified by the Management of the Company	59.24	56.75



## Notes to Financial Statements (continued)

	2016 Rs. Lakhs	2015 Rs. Lakhs
<b>Note 25 : Finance Cost</b>		
Interest		
- on temporary overdrafts	41.52	12.20
<b>Total</b>	<b>41.52</b>	<b>12.20</b>
<b>Note 26 : Other Expenses</b>		
Consumption of Stores and Spares	72.80	66.27
Power and Fuel	314.27	484.31
Repairs and Maintenance - Plant and Machinery	493.05	394.57
Repairs and Maintenance - Buildings	72.45	29.87
Repairs and Maintenance - Others	-	14.65
Processing Charges	274.00	51.28
Freight and Forwarding Expenses	819.79	662.37
Rates and Taxes	64.51	19.61
Insurance	64.78	79.68
Advertising	54.90	59.19
Travelling and Conveyance	444.24	527.92
Telephone Charges	36.92	24.07
Professional Charges	355.42	335.65
Directors' Sitting Fees	6.40	3.35
Auditor's Remuneration (refer details below)	48.35	47.76
Foreign Exchange Fluctuation Loss (Net)	127.01	42.25
Provision for Doubtful Debts	257.23	21.47
Bad Debts	19.92	6.77
Loss on Fixed Assets Sold / Discarded (Net)	4.53	2.89
Bank Charges	21.42	16.99
Software Maintenance Charges	52.26	69.07
Royalty (including R&D Cess thereon)	1,560.69	1,364.17
Consultancy Service Fees	416.60	432.35
Commission to Resident Non Whole Time Directors	21.70	21.70
Safety & Security Expenses	96.47	85.14
Printing and Stationery	23.98	29.92
Corporate Social Responsibility Expenses	41.81	58.05
Miscellaneous Expenses	74.17	92.88
<b>Total</b>	<b>5,839.67</b>	<b>5,044.20</b>
Above expenses includes, expenditure on Research & Development Activities as certified by the Management of the Company	17.80	10.07
<b>Details of Auditor's Remuneration</b>		
<b>i As an auditor:</b>		
- Statutory Audit Fees	21.85	23.29
- Tax Audit Fees	7.50	7.50
- Fees for Limited Review	9.75	9.75
- Other Audit Services	5.68	4.23
- Reimbursement of Expenses	3.57	2.99
<b>Total Auditors Remuneration</b>	<b>48.35</b>	<b>47.76</b>

## Notes to Financial Statements

### Note 1 : Company Background

#### Nature of Operations

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.

### Note 2 : Significant Accounting Policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements

#### 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 which continue to apply under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements are presented in Indian Rupees.

#### 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 Current and Non-current Classification

All assets and liabilities are classified into current and non-current.

##### Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

##### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the company's normal operating cycle
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

##### Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. The Company's operating cycle is less than 12 months

## Notes to Financial Statements (continued)

### Note 2 : Significant Accounting Policies (continued)

#### 1.4 Tangible Fixed Assets and Depreciation

Tangible 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.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposed. Loss or gains arising from retirement on account of disposals of fixed assets are carried at cost and recognised in the Statement of Profit and Loss.

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 following useful lives of the assets as estimated by the management. Assets individually costing Rs 5,000 or less are depreciated fully in the year of purchase.

Category / Group of Asset	Useful Estimated Life (in years)
Buildings	
Factory and Other Building	25
<b>Plant and Machinery</b>	
Computer Hardware	3
Production Machinery	10
Energy Saving Devices	6 / 7
Effluent Treatment Plant	5
Other Machinery	5
Machinery at Customers' / Processors' Site	4
<b>Laboratory and Office Equipment's</b>	
Laboratory Equipments	6 / 7
Office Equipments	5
Electrical Equipment	6 / 7
<b>Furniture and Fittings</b>	
Furniture and Fixtures	10
<b>Motor Vehicles</b>	
Vehicles	4

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

#### Note

For these class of assets, based on internal assessment and independent technical evaluation carried out by external professional valuer, the management believes that the useful lives as given above best represent the period over which management expects to use these assets.

#### 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.

## Notes to Financial Statements (continued)

### Note 2 : Significant Accounting Policies (continued)

#### 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 recognized 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.

#### 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 Statement of Profit and Loss 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 Statement of Profit and Loss.

#### 1.11 Cash and Cash Equivalents

Cash and bank balances in the Balance Sheet comprise cash at bank and in hand including bank deposits with an original maturity of three months or less.

#### 1.12 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

## Notes to Financial Statements (continued)

### Note 2 : Significant Accounting Policies (continued)

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 Statement of Profit and Loss .

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

Contributions to the provident fund and superannuation scheme which are defined contribution schemes are charged to the Statement of Profit and Loss 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 Statement of Profit and Loss .

### 1.13 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 reasonably / virtually certain (as the case may be) to be realised.

### 1.14 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.

### 1.15 Provisions

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.

### 1.16 Contingent Liabilities and Contingent Assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

## Notes to Financial Statements (continued)

### Note 27 : Disclosure Notes

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

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

i	Vesuvius Plc., United Kingdom	- Ultimate Parent Company
ii	Vesuvius Holdings Limited, United Kingdom	- Subsidiary of Ultimate Parent Company
iii	Foseco Holding Limited, United Kingdom	- Subsidiary of Ultimate Parent Company
iv	Foseco (U.K.) Limited., United Kingdom	- Subsidiary of Ultimate Parent Company
v	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 2016.

##### i Fellow Subsidiaries

- 1) Foseco (Thailand) Limited
- 2) Foseco Foundry (China) Company Limited
- 3) Foseco Industrial e-Commercial Ltda., Brazil
- 4) Foseco International Limited, United Kingdom
- 5) Foseco Japan Limited
- 6) Foseco Korea Limited
- 7) Foseco Nederland BV.
- 8) Foseco Philippines Inc.
- 9) Foseco Pty Limited, Australia
- 10) Foseco Trading Indonesia
- 11) Foseco Indonesia
- 12) PT Foseco Indonesia
- 13) Vesuvius Emirates (FZE), Dubai
- 14) Vesuvius Foundry Technologies (Jiangsu) Company Limited, China
- 15) Vesuvius Foundry Products (Suzhou) Company Limited, China
- 16) Vesuvius GmbH, Germany
- 17) Vesuvius Group SA, Belgium
- 18) Vesuvius Inc., USA
- 19) Vesuvius UK Limited, United Kingdom
- 20) Vesuvius Ras Al Khaimah FZ-LLC, Dubai
- 21) Vesuvius Malaysia Sdn. Bhd.
- 22) Vesuvius Poland Sp. Z.o.o.
- 23) Vesuvius India Limited

##### ii. Key Management Personnel

	Name	Designation
1)	Mr. Sanjay Mathur	Managing Director
2)	Mr. R Umesh	Chief Financial Officer
3)	Mr. Mahendra Kumar Dutia	Controller of Accounts and Company Secretary



## Notes to Financial Statements (continued)

### Note 27 : Disclosure Notes (continued)

#### c. Disclosure of Related Party Transactions For the Financial Year Ended 31 December 2016:

(Amount in Rs. Lakhs)

Nature of Transaction	Nature of Relationship				
	Immediate Holding Company	Subsidiaries of Ultimate Parent Company	Fellow Subsidiaries	Key Management Personnel	Total
Purchases	-	-	1,804.28	-	1,804.28
Purchase of Fixed Assets	-	-	32.42	-	32.42
Sales	-	-	1,315.27	-	1,315.27
Salaries and Perquisites	-	-	-	306.39	306.39
Dividend*	851.97	249.46	-	-	1,101.43
Royalty	-	-	1,484.25	-	1,484.25
Consultancy Service Fees	-	-	416.60	-	416.60
Services Rendered **	-	-	343.11	-	343.11
Services Received **	-	-	59.26	-	59.26
<b>Total</b>	<b>851.97</b>	<b>249.46</b>	<b>5,455.19</b>	<b>306.39</b>	<b>6,863.01</b>

\* The above figure represents interim dividend paid during the year and final dividend for the previous year ended 31 December 2015

\*\* Including reimbursement of expenses

Related Party Transactions Above 10% of the Total Transactional Value	Amount in Rs. Lakhs
Purchase - Foseco Japan Limited	983.65
Purchase - Vesuvius GmbH, Germany	351.88
Purchase - Vesuvius UK Limited	218.80
Purchase of Fixed Asset - Vesuvius GmbH, Germany	32.42
Sale - Foseco Foundry (China) Company Limited	311.98
Sale - Vesuvius Emirates (FZE), Dubai	424.19
Sale - Vesuvius Malaysia Sdn.Bhd.	213.02
Salaries and Perquisites - Mr Sanjay Mathur, Managing Director	205.36
Salaries and Perquisites - Mr R Umesh, Chief Financial Officer	74.56
Dividend - Foseco Overseas Limited, United Kingdom	851.97
Dividend - Vesuvius Holdings Limited, United Kingdom	125.14
Dividend - Foseco (UK) Limited, United Kingdom	124.32
Royalty - Foseco International Limited, United Kingdom	1,484.25
Consultancy Service Fees - Vesuvius Group SA, Belgium	416.60
Services Rendered - Foseco International Limited, United Kingdom	268.29
Services Rendered - Vesuvius India Limited	51.05
Services Received - Vesuvius Group SA, Belgium	50.45

## Notes to Financial Statements (continued)

### Note 27 : Disclosure Notes (continued)

For the financial Year Ended 31 December 2015:

(Amount in Rs. Lakhs)

Nature of Transaction	Nature of Relationship				
	Immediate Holding Company	Subsidiaries of Ultimate Parent Company	Fellow Subsidiaries	Key Management Personnel	Total
Purchases	-	-	1,287.38	-	1,287.38
Purchase of Fixed Asset	-	-	33.96	-	33.96
Sales	-	-	1,057.57	-	1,057.57
Salaries and Perquisites	-	-	-	287.79	287.79
Dividend*	1,092.74	319.96	-	-	1,412.70
Royalty	-	-	1,297.36	-	1,297.36
Consultancy Service Fees	-	-	432.35	-	432.35
Services Rendered **	-	-	347.87	-	347.87
Services Received **	-	-	56.57	-	56.57
<b>Total</b>	<b>1,092.74</b>	<b>319.96</b>	<b>4,513.06</b>	<b>287.79</b>	<b>6,213.55</b>

\* The above figure represents interim dividend paid during the year and final dividend for the previous year ended 31 December 2014

\*\* Including reimbursement of expenses

Related Party Transactions Above 10% of the Total Transactional Value	Amount in Rs. Lakhs
Purchase - Foseco Japan Limited	631.95
Purchase - Vesuvius GmbH, Germany	383.55
Purchase - Vesuvius UK Limited	176.67
Purchase of Fixed Assets - Vesuvius GmbH, Germany	33.96
Sale - Foseco Foundry (China) Company Limited	164.82
Sale - PT Foseco Indonesia	117.05
Sale - Vesuvius Emirates (FZE), Dubai	405.87
Sale - Vesuvius Malaysia Sdn.Bhd.	171.69
Salaries and Perquisites - Mr Sanjay Mathur, Managing Director	197.64
Salaries and Perquisites - Mr R Umesh, Chief Financial Officer	65.98
Dividend - Foseco Overseas Limited, United Kingdom	1,092.74
Dividend - Vesuvius Holdings Limited, United Kingdom	160.50
Dividend - Foseco (UK) Limited, United Kingdom	159.47
Royalty - Foseco International Limited, United Kingdom	1,297.36
Consultancy Service Fees - Vesuvius Group SA, Belgium	432.35
Services Rendered - Foseco International Limited, United Kingdom	202.02
Services Rendered - Vesuvius India Limited	46.45
Services Received - Vesuvius Group SA, Belgium	37.25
Services Received - Foseco International Limited, United Kingdom	6.87

## Notes to Financial Statements (continued)

### Note 27 : Disclosure Notes (continued)

#### 2 Related Party Receivable and Payable 2.1 Amount Receivable From Related Parties

(Amount in Rs. Lakhs)

Name of the Company	2016	2015
Foseco (Thailand) Limited	24.92	26.71
Foseco Foundry (China) Company Limited	56.59	16.87
Foseco International Limited, United Kingdom	-	26.95
Foseco Korea Limited	10.17	-
PT Foseco Indonesia	-	40.59
Vesuvius Emirates (FZE), Dubai	132.12	71.82
Foseco Trading Indonesia	44.04	-
Vesuvius India Limited	11.85	5.86
Vesuvius Malaysia Sdn Bhd	29.97	10.18
Vesuvius Poland Sp.z.o.o	-	0.95
<b>Total</b>	<b>309.66</b>	<b>199.93</b>

#### 2.2 Amount Payable To Related Parties

(Amount in Rs. Lakhs)

Name of the Company	2016	2015
Foseco International Limited, United Kingdom	318.33	272.26
Foseco Japan Limited	215.51	177.23
Foseco Nederland BV.	5.14	3.71
Vesuvius GmbH, Germany	155.22	86.64
Vesuvius Group SA, Belgium	88.85	109.25
Vesuvius Poland Sp.z.o.o	6.22	0.46
Vesuvius Ras Al Khaimah FZ-LLC, Dubai	-	1.49
Foseco Foundry (China) Company Limited	0.02	-
PT Foseco Indonesia	0.92	-
Vesuvius Foundry Technologies (Jiangsu) Co. Ltd.	-	0.80
Vesuvius UK Limited, United Kingdom	56.62	25.86
Vesuvius Inc., USA	38.65	22.82
<b>Total</b>	<b>885.48</b>	<b>700.52</b>

## Notes to Financial Statements (continued)

### Note 27 : Disclosure Notes (continued)

#### 3 Contingent Liabilities & Commitments

##### 3.1 Contingent Liabilities

(Amount in Rs. Lakhs)

Sr. No.	Particulars	2016	2015
i.	Counter Guarantees given to Banks in respect of Guarantee given by them	11.76	21.80
ii.	Central Excise Demands in respect of which the Company is in Appeal	7.69	7.69
iii.	Income Tax Demands in respect of which the Company is in Appeal *	523.33	129.36

\* The above excludes Rs. 1,343.88 Lakhs (Previous Year Rs 1,343.88 Lakhs) in respect of income tax matters where the Department is in appeal and the Company has won the first appeal.

##### 3.2 Commitments:

(Amount in Rs. Lakhs)

Sr.No.	Particulars	2016	2015
i.	Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for (net of advance payments)	18.68	32.80

#### 4 Freight Recovery

(Amount in Rs. Lakhs)

Particulars	2016	2015
Amount included in Sales	290.78	252.33

#### 5 Supplementary Statutory Information

##### 5.1 Earnings in Foreign Currency

(Amount in Rs. Lakhs)

Particulars	2016	2015
F. O. B. Value of Exports	1,322.30	1,058.35
Commission and Reimbursements	292.06	359.04
<b>Total</b>	<b>1,614.36</b>	<b>1,417.39</b>

## Notes to Financial Statements (continued)

### Note 27 : Disclosure Notes (continued)

#### 5.2 Expenditure in Foreign Currency

(Amount in Rs. Lakhs)

Particulars	2016	2015
Travelling	2.31	6.32
Consultancy Service Fees	416.60	432.35
Royalty	1,484.25	1,297.36
Services Received (reimbursements)	88.44	91.79
<b>Total</b>	<b>1,991.60</b>	<b>1,827.82</b>

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

(Amount in Rs. Lakhs)

Particulars	2016	2015
Raw Materials	4,034.53	2,994.82
Capital Goods and Spares	32.42	33.96
<b>Total</b>	<b>4,066.95</b>	<b>3,028.78</b>

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

(Amount in Rs. Lakhs)

Particulars	2016	2015
Number of shareholders	4	4
Number of shares held	5,522,071	5,522,071
<b>A. Final Dividend</b>		
(i) Amount remitted (net of tax)	386.54	552.21
(ii) Year to which dividend related	2015	2014
<b>B. Interim Dividend</b>		
(i) Amount remitted (net of tax)	883.53	1,076.80
(ii) Year to which dividend related	2016	2015

## Notes to Financial Statements (continued)

### Note 27 : Disclosure Notes (continued)

#### 5.5 Un-hedged Foreign Currency Exposure

Foreign currency exposures on account of trade receivables / trade payables not hedged by derivative instruments are as follows:

Currency	2016			2015		
	Amount in Foreign Currency	Exchange Rate	Amount in Indian Rs. Lakhs	Amount in Foreign Currency	Exchange Rate	Amount in Indian Rs. Lakhs
<b>Accounts Receivables</b>						
USD	459,945	65.92	303.20	251,399	66.20	166.43
EUR	-	-	-	1,314	71.89	0.94
GBP	-	-	-	27,307	97.56	26.64
<b>Accounts Payables</b>						
USD	162,893	70.00	114.03	344,903	66.20	228.33
EUR	396,371	73.68	292.05	276,417	71.89	198.72
GBP	67,551	86.00	58.09	25,742	97.56	25.11
JPY	37,069,396	0.60	222.41	32,265,109	0.55	177.46

#### 5.6 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.



## Notes to Financial Statements (continued)

### Note 27 : Disclosure Notes (continued)

#### I) Defined Benefits Plan

(Amount in Rs. Lakhs)

Table set out the status of Gratuity Plan as required under AS 15 (Revised 2005)		2016	2015
<b>(a)</b>	<b>Reconciliation of opening and closing balances of the Present Value of the Defined Benefit Obligations:</b>		
	Defined Benefit Obligation at beginning of the year	764.14	715.04
	Current Service Cost	47.42	53.36
	Interest Cost	49.25	53.57
	Benefits Paid	(68.91)	(95.87)
	Actuarial (Gain)/ Loss	(29.54)	38.04
	<b>Present Value of Defined Benefit Obligation at the end of the year</b>	<b>762.36</b>	<b>764.14</b>
<b>(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	681.08	684.62
	Expected Return on Plan Assets	57.59	58.04
	Employer Contributions	91.07	70.79
	Benefits Paid	(68.91)	(95.87)
	Actuarial Gain	(2.21)	(36.50)
	<b>Fair Value of Plan Assets at the end of the year</b>	<b>758.62</b>	<b>681.08</b>
<b>(c)</b>	<b>Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets / Liability to the assets recognised in the Balance Sheet:</b>		
	Present Value of the Defined Benefit Obligation at the end of the year	762.36	764.14
	Fair Value of Plan Assets at the end of the year	(758.62)	(681.08)
	<b>Plan Liability recognised in the Balance Sheet</b>	<b>3.74</b>	<b>83.06</b>
<b>(d)</b>	<b>The Total Expense Recognised in the Statement of Profit and Loss:</b>		
	Current Service Cost	47.42	53.36
	Interest Cost	49.25	53.57
	Expected Return on Plan Assets	(57.59)	(58.04)
	Actuarial (Gain) / Loss	(27.33)	74.54
	<b>Net Gratuity Cost</b>	<b>11.75</b>	<b>123.43</b>
<b>(e)</b>	<b>Actual Return on Plan Assets:</b>		
	Actual Return on Plan Assets	55.38	21.54

## Notes to Financial Statements (continued)

### Note 27 : Disclosure Notes (continued)

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.

(f) Principal Assumption used as at the Balance Sheet date:			
		2016	2015
	Discount Rate	6.75% p.a.	8.03% p.a.
	Rate of Increase in Compensation Levels	7% p.a.	10.7%(1st Year) & 7.5% p.a thereafter
	Expected Rate of Return on Plan Assets	8% p.a.	8.5% p.a.
	Employee Turnover	12.5% p.a.	13% p.a.

(g) Experience Adjustments (Amount in Rs. Lakhs)						
	2016	2015	2014	2013	2012	
	Defined Benefit Obligation	3.74	83.06	30.43	49.02	45.35
	Experience Adjustment on Plan Liabilities (Gain) / Loss	(53.01)	(19.83)	(13.75)	38.57	125.43
	Actuarial Gain / (Loss) due to Change on Assumptions	21.26	21.36	22.22	10.16	111.33

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The estimates of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

#### ii) Defined Contribution Plan:-

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

(Amount in Rs. Lakhs)

Particulars	2016	2015
Provident Fund	119.79	112.50
Superannuation Scheme	146.18	144.02
Total	265.97	256.52

### 6 Additional Information Pursuant to the Provisions of Paragraph 5 of Part II of Schedule III to the Companies Act, 2013

#### 6.1 Details of Raw Materials

##### 6.1.1 Consumption of Raw Materials during the year

(Amount in Rs. Lakhs)

Sr. No.	Particulars	Value (in Rs. Lakhs)	Value (in Rs. Lakhs)
		2016	2015
i.	Liquid Phenol	1,269.19	361.95
ii.	Others	17,871.33	15,284.57
	<b>Total</b>	<b>19,140.52</b>	<b>15,646.52</b>

## Notes to Financial Statements (continued)

### Note 27 : Disclosure Notes (continued)

#### 6.1 Details of Raw Materials (continued)

##### 6.1.2 Consumption of Raw Materials by source

Sr. No.	Class of Goods	Percentage to Total Consumption		Value (in Rs. Lakhs)	
		31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
i.	Imported	14.96	12.27	2,864.31	1,919.65
ii.	Indigenous	85.04	87.73	16,276.21	13,726.87
	<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>19,140.52</b>	<b>15,646.52</b>

##### 6.1.3 Purchase of Raw Materials during the year

Sr. No.	Particulars	Value (in Rs. Lakhs)	Value (in Rs. Lakhs)
		2016	2015
i.	Liquid Phenol	1,349.71	357.23
ii.	Others	18,110.02	15,491.66
	<b>Total</b>	<b>19,459.73</b>	<b>15,848.89</b>

##### 6.1.4 Closing Stock of Raw Materials as at

Sr. No.	Particulars	Value (in Rs. Lakhs)	Value (in Rs. Lakhs)
		2016	2015
i.	Liquid Phenol	94.01	13.49
ii.	Others	1,292.01	1,053.32
	<b>Total</b>	<b>1,386.02</b>	<b>1,066.81</b>

#### 6.2 Details of Traded Goods

##### 6.2.1 Purchase of Traded Goods during the year

Sr. No.	Particulars	Value (in Rs. Lakhs)	Value (in Rs. Lakhs)
		2016	2015
i.	Metallurgical Chemicals (includes purchase of machinery used in foundry industry)	849.21	828.92
	<b>Total</b>	<b>849.21</b>	<b>828.92</b>

##### 6.2.2 Sale of Traded Goods during the year

Sr. No.	Particulars	Value (in Rs. Lakhs)	Value (in Rs. Lakhs)
		2016	2015
i.	Metallurgical Chemicals (includes sale of machinery used in foundry industry)	1,069.41	1,122.94
	<b>Total</b>	<b>1,069.41</b>	<b>1,122.94</b>

##### 6.2.3 Closing Stock of Traded Goods as at

Sr. No.	Particulars	Value (in Rs. Lakhs)	Value (in Rs. Lakhs)
		2016	2015
i.	Metallurgical Chemicals	3.30	4.27
	<b>Total</b>	<b>3.30</b>	<b>4.27</b>

## Notes to Financial Statements (continued)

### Note 27 : Disclosure Notes (continued)

#### 6.3 Details of Work-in-Progress as at

Sr. No.	Particulars	Value (in Rs. Lakhs)	Value (in Rs. Lakhs)
		2016	2015
i.	Liquid Phenol	12.54	-
ii.	Others	41.04	-
	<b>Total</b>	<b>53.58</b>	<b>-</b>

#### 6.4 Details of Finished Goods

##### 6.4.1 Sale of Finished Goods during the year

Sr. No.	Particulars	Value (in Rs. Lakhs)	Value (in Rs. Lakhs)
		2016	2015
1	Phenolformaldehyde Binder System	7,043.11	5,413.07
2	Feeding Systems	6,209.73	5,858.09
3	Inoculants	3,858.85	3,619.37
4	Water Based Alumino Silicate Coating	2,692.03	2,451.74
5	Spirit Based Zircon Coating	2,613.39	2,405.20
6	Others	10,396.58	8,075.48
	<b>Total</b>	<b>32,813.69</b>	<b>27,822.95</b>

##### 6.4.2 Closing Stock of Finished Goods as at

Sr. No.	Particulars	Value (in Rs. Lakhs)	Value (in Rs. Lakhs)
		2016	2015
1	Non Ferrous Foundry	146.06	103.24
2	Feeding System	86.13	175.83
3	Others	241.34	237.72
	<b>Total</b>	<b>473.53</b>	<b>516.79</b>

### 7 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. Lakhs)

Segment	Segment Revenues		Segment Assets*	
	2016	2015	2016	2015
India	32,386.50	27,789.50	9,652.93	8,869.05
Rest of the World (majorly Middle East Asia)	1,496.60	1,152.89	307.73	161.82
<b>Total</b>	<b>33,883.10</b>	<b>28,942.39</b>	<b>9,960.66</b>	<b>9,030.87</b>

\* Only Trade Receivable

## Notes to Financial Statements (continued)

### Note 27 : Disclosure Notes (continued)

#### 8 Corporate Social Responsibility Activities

As per the Section 135 of the Companies Act, 2013, (Act) a Corporate Social Responsibility (CSR) committee has been duly constituted by the Company. The funds allocated for CSR activities was Rs. 75.98 Lakhs of which utilised by the Company as specified under Schedule VII of the Act is provided herein below

(Amount in Rs. Lakhs)

Sr. No.	Particulars	2016	2015
1	Girl Child Education	32.81	21.50
2	Promoting Healthcare	9.00	36.55
	<b>Total</b>	<b>41.81</b>	<b>58.05</b>

#### 9. Earnings Per Share (EPS)

Sr. No.	Particulars	2016	2015
1	Profit for the Year after Tax (Rs. in lakhs)	3,308.17	3,172.89
2	Net Profit attributable to equity shareholders for calculation of basic EPS (a) (Rs. in lakhs)	3,308.17	3,172.89
3	Weighted average number of equity shares outstanding for calculation of Basic and Diluted EPS (b)	6,386,459	6,386,459
4	Basic Earning Per Share ( (a) / (b) )	51.80	49.68
5	Diluted Earning Per Share ( (a) / (b) )	51.80	49.68

#### 10 Provision for Tax

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 2016.

#### 11 Prior Period Comparative

Certain comparative figures have been regrouped / re-classified wherever necessary to confirm the current year position.

As per our report of even date attached  
**For B S R & Associates LLP**  
**Chartered Accountants**  
 Firm Registration No. 116231W / W-100024

**For and on behalf of the Board of**  
**Directors of Foseco India Limited**  
 Corporate Identity Number (CIN) : L24294PN1958PLC011052

Shiraz Vastani  
 Partner  
 Membership No. 103334

**Pradeep Mallick**  
 Chairman  
 DIN : 00061256

**Sanjay Mathur**      **Ajit Shah**  
 Managing Director      Director  
 DIN : 00029858      DIN : 02396765

**Indira Parikh**  
 Director  
 DIN : 00143801

**Glenn Cowie**  
 Director  
 DIN : 07163534

**R Umesh**  
 Chief Financial Officer

**Mahendra Dutia**  
 Controller of Accounts and Company  
 Secretary

Place : Pune

Date : 8 February 2017

Place : Sanaswadi, Pune

Date : 8 February 2017



# Foseco India Limited

Registered Office: Gat Nos. 922 & 923, Sanaswadi, Taluka Shirur,  
District Pune – 412208. Tele: +91 (0)2137 668100, Fax: +91 (0)2137 668360,  
Website: www.fosecoindia.com, E-mail ID: investor.grievance@foseco.com  
Corporate Identity Number: **L24294PN1958PLC011052**



## Proxy Form

(FORM NO. MGT - 11)

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

Name of the Member(s): .....

Registered address .....

E-mail ID: ..... Folio No./Client ID: ..... DP ID: .....

I/We being the Member(s) holding..... shares of Foseco India Limited, hereby appoint:

1) Name: .....

Address: .....

having E-mail id ..... Signature ..... or failing him/her

2) Name: .....

Address: .....

having E-mail id ..... Signature ..... or failing him/her

3) Name: .....

Address: .....

having E-mail id ..... Signature .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **60<sup>th</sup> Annual General Meeting** of the Company to be held on **Thursday, 27 April, 2017 at 1200 Hours (IST)** at the Registered Office of the Company, at Gat Nos. 922 & 923, Sanaswadi, Taluka Shirur, District Pune 412 208. and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Subject Matter of the Resolution
1.	Adoption of the Annual Accounts and Reports thereon for the year ended 31 December, 2016
2.	Confirmation of payment of Interim Dividends and declaration of Final Dividend on Equity Shares
3.	Appointment of Mr. Glenn Allan Cowie as a Director of the Company who retires by rotation
4.	Appointment of the Statutory Auditors and to fix their remuneration
5.	Ratification of the remuneration payable to the Cost Auditor for the year 2017

Signed this ..... day of ..... 2017

### Notes:

- This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- It is optional to indicate your preference. If you leave the for, against or abstained column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she may deem appropriate.
- Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting right, then such proxy shall not act as a proxy for any other person or Member.
- A Proxy need not be a member of the Company.

Affix a One  
Rupee  
Revenue  
Stamp

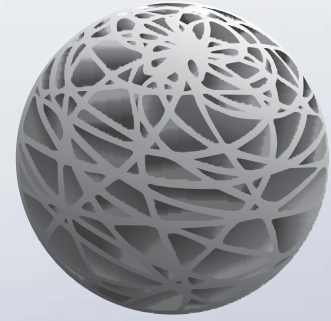
Signature of the Shareholder



## Financial Highlights

(Rupees in Lakhs)

	2012	2013	2014	2015	2016
<b>Operating Results</b>					
Sales & Other Income	24,841.18	22,945.47	26,673.01	29,402.49	34,159.94
Total Expenses	21,103.64	19,693.62	22,416.66	24,145.44	28,480.95
<b>EBITDA</b>	<b>3,737.54</b>	<b>3,251.85</b>	<b>4,256.35</b>	<b>5,257.05</b>	<b>5,678.99</b>
Interest	46.45	26.45	17.42	12.20	41.52
Depreciation	465.22	511.87	465.40	454.00	505.20
<b>Profit before Taxation and Extraordinary Item</b>	<b>3,225.87</b>	<b>2,713.53</b>	<b>3,773.54</b>	<b>4,790.85</b>	<b>5,132.27</b>
Extraordinary Items	-	-	-	-	-
Tax Expense	1,044.37	931.48	1,314.52	1,617.96	1,824.10
<b>Profit after Taxation</b>	<b>2,181.50</b>	<b>1,782.05</b>	<b>2,459.02</b>	<b>3,172.89</b>	<b>3,308.17</b>
<b>Sources and Application of Funds</b>					
Share Capital	638.65	638.65	638.65	638.65	638.65
Reserves	8,310.66	8,258.67	9,148.58	10,253.88	11,794.13
Shareholders Funds	<b>8,949.31</b>	<b>8,897.32</b>	<b>9,787.23</b>	<b>10,892.53</b>	<b>12,432.78</b>
Deferred Tax Liability (Net)	-	-	-	-	-
Loan Funds / Non Current Liabilities	993.33	823.94	598.58	294.19	152.21
Current Liabilities	4,151.32	4,952.16	4,805.37	5,091.98	5,766.21
<b>Total Sources</b>	<b>14,093.96</b>	<b>14,673.42</b>	<b>15,191.18</b>	<b>16,278.70</b>	<b>18,351.20</b>
Net Fixed Assets	3,127.58	2,782.00	2,610.87	2,718.10	2,593.94
Investments	8.18	8.18	2.92	-	-
Deferred Tax Assets (Net)	79.95	125.46	155.48	140.65	180.79
Long Term Loans and Advances	1,149.74	1,188.79	683.29	983.70	805.92
Net Current Assets	9,728.51	10,568.99	11,682.31	12,436.25	14,770.55
<b>Total Application</b>	<b>14,093.96</b>	<b>14,673.42</b>	<b>15,134.87</b>	<b>16,278.70</b>	<b>18,351.20</b>
Debt Equity Ratio	0.11	0.09	0.06	0.03	0.03
Earning per Share (Rs.)	34.16	27.90	38.50	49.68	51.80
Dividend per Share (Rs.)	14.00	24.50	21.00	26.50	23.00



### Our Vision

Our 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

### Our Values

- Creativity
- Co-operation
- 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.  
India

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Website : [www.fosecointia.com](http://www.fosecointia.com)

Email Id : [investor.grievance@foseco.com](mailto:investor.grievance@foseco.com)

CIN : L24294PN1958PLC011052