



ANNUAL REPORT 2013

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BOARD OF DIRECTORS
AS ON FEBRUARY 25, 2014

20
Years of
Achievement
1994 - 2014



Biswadip Gupta
Chairman



Tanmay Kumar Ganguly
Managing Director



Francois Clement Wanecq



Yves M.C.M.G. Nokerman



Sudipto Sarkar

BOARD OF DIRECTORS

(as on February 25, 2014)

Biswadip Gupta
Chairman
Tanmay Kumar Ganguly
Managing Director
Yves M.C.M.G. Nokerman
Sudipto Sarkar
Francois Clement Wanecq

BOARD COMMITTEES

(as on February 25, 2014)

Audit Committee

Biswadip Gupta
Chairman
Yves M.C.M.G. Nokerman
Sudipto Sarkar

Share Transfer & Investor Grievance Committee

Biswadip Gupta
Tanmay Kumar Ganguly
Sudipto Sarkar

COMPANY SECRETARY

Taposh Roy
Email : Taposh.Roy@vesuvius.com

AUDITORS

Messrs B S R & Co. LLP
Chartered Accountants
Building No. 10, 8th floor, Tower-B,
DLF Cyber City, Phase-II,
Gurgaon 122 002, Haryana
(Firm Registration no. 101248W)

COST AUDITORS

N. K. Ghosh & Associates
Cost Accountants
Flat 4B, 10/1 Chakraberia Road (South)
Kolkata 700 025
(Firm Registration no. 102058)



BANKERS

Axis Bank Limited
Hongkong Bank
State Bank of India

REGISTRARS & SHARE TRANSFER AGENTS

CB Management Services (P) Ltd
P-22 Bondel Road, Kolkata 700 019
Tel : (033) 4011 6700 / 6711 / 6718 / 6723
Fax : (033) 40116739
Email : rta@cbmsl.com
Website : www.cbmsl.com

REGISTERED OFFICE

P-104 Taratala Road
Kolkata 700 088
Tel : (033) 30410600
Fax : (033) 2401 3976 / 1235
Email : vesuviusindia@vesuvius.com
Website : www.vesuviusindia.com

Kolkata Factory :

P-104 Taratala Road
Kolkata 700 088
Tel : (033) 30410600
Fax : (033) 2401 1235
Email : Saibal.Bandyopadhyay@vesuvius.com

Visakhapatnam Factories :

- (a) *First factory :*
Plot No. 13, 14 & 15, Block "E"
IDA Autonagar, Visakhapatnam 530 012
Tel : (0891) 3011300; 3011337
Fax : (0891) 2587511
Email : Tumma.Antony@vesuvius.com
- (b) *Second factory :*
Survey No 90 & 98, Part, Block G,
Industrial Park, Fakirtakya Village
Autonagar, Visakhapatnam 530 049
Tel : (0891) 3983715
Fax : (0891) 3983708
Email : Tumma.Antony@vesuvius.com

Mehsana Factory :

212/B, G.I.D.C Estate
Mehsana 384 002, Gujarat
Tel : (02762) 252948 / 949
Fax : (02762) 252909



Notice of Annual General Meeting

To the Members of
Vesuvius India Limited

Notice is hereby given that the twenty-third Annual General Meeting of the Members of Vesuvius India Limited will be held at G D Birla Sabhaghar, 29, Ashutosh Chowdhury Avenue, Kolkata 700019 on Tuesday, April 29, 2014 at 10.30 a.m. to transact the following business :

1. To receive and adopt the Audited Financial Statements for the year ended on December 31, 2013, and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr Sudipto Sarkar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration and, in this connection to pass, with or without modification, the following resolution which will be passed as an Ordinary Resolution :

“RESOLVED that, pursuant to Section 224 of the Companies Act, 1956, Messrs B S R & Co. LLP, Chartered Accountants, of Building No 10, 8th floor, Tower-B, DLF Cyber City, Phase-II, Gurgaon 122 002, Haryana (Firm Registration no. 101248W) be and are hereby appointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration and on terms plus out-of-pocket expenses as may be determined by the Board of Directors of the Company.”

Proxy : A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of self and such proxy need not be a Member of the Company. Proxies, in order to be effective, must be received by the Company at the registered office not later than 48 hours before the meeting.

By Order of the Board of Directors

Vesuvius India Limited

Taposh Roy
Company Secretary

Registered Office :
P-104 Taratala Road
Kolkata 700 088
February 25, 2014

Notes :

1. **BOOK CLOSURE :** The Register of Members of the Company will remain closed from **April 22, 2014 to April 29, 2014**, both days inclusive.
2. **DIVIDEND :** Dividend to be declared at this meeting, will, subject to the provisions of Section 206A of the Companies Act, 1956, be deposited with the Bank within May 5, 2014 and dividend warrants will be despatched on or after May 8, 2014 to those members whose names appear on the Register of Members on April 29, 2014 or to their mandatees. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership as per details furnished by the National Securities Depositories Ltd. and Central Depository Services (India) Ltd., for this purpose. Payment of dividend will be rounded off pursuant to the provisions of Section 288B of the Income Tax Act, 1961 and Rule 23 of the Companies (Central Government's) General Rules & Forms, 1956. Dividend Tax will be paid by the Company pursuant to section 115O of the Income Tax Act, 1961.
3. **BANK ACCOUNT DETAILS :** Securities & Exchange Board of India (“SEBI”) has, by their circular no CIR/MRD/DP/10/2013 dated March 21, 2013, directed all companies to make payment to investors only through approved electronic mode of payment and also directed that updated bank detail records of investors must be maintained by the Company. **In view of this direction, dividend payments by the Company will be made only by electronic mode directly into the bank account of Shareholders and no dividend warrants will be issued without bank particulars.**

You are requested to submit your bank details along with an original cancelled cheque or a xerox copy of the cheque to our Registrars, M/s C B Management Services (P) Ltd, to enable them to update our records, in case you hold shares in physical form.

Members are requested to provide their new Bank Account Number allotted to them by their respective banks after implementation of Core Banking Solutions (CBS) to the Registrars & Share Transfer Agents in case shares are held physically and to the Depository Participants in respect of shares held by them in dematerialised form.

4. **UNCLAIMED DIVIDEND** : Notices pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 have been sent to all members concerned on January 31, 2014. Details of dividend unclaimed by Members for the past years which have not yet been transferred to the Central Government have been uploaded on the Company's website **www.vesuviusindia.com**. Members are encouraged to view the lists and lodge their claim with our Registrars & Share Transfer Agents for dividend which have remained unclaimed.
5. **TRANSFER TO IEPF** : Dividend for the year ended on December 31, 2006 which was declared at the Annual General Meeting held on April 17, 2007 and remaining unclaimed will be transferred to the Investor Education and Protection Fund of the Central Government in May 2014 pursuant to the provisions of section 205A of the Companies Act, 1956. Thereafter no claim shall lie on these dividend from the Members. Members are requested to lodge their claims with the Registrars & Share Transfer Agents immediately. Reminder letters have been sent to the shareholders concerned on February 12, 2014.
6. **ISIN No** : The shares of the Company are tradable compulsorily in electronic form. **The ISIN number allotted is INE386A01015**. In view of the numerous advantages offered by the depository system, Members are requested to avail of the facility of dematerialization of the Company's shares.
7. **NOMINATION** : Pursuant to the provisions of section 109A and 109B of the Companies Act, 1956, Members are informed that they may nominate at any time, in the prescribed manner, a person to whom their shares in the Company shall vest in the event of their death. Nomination Form 2B is available on the website of the Company at **www.vesuviusindia.com** under the heading "Investor Information" and "Download Forms".
8. **WEBSITE** : The Company's website is **www.vesuviusindia.com**. Annual Reports of the Company, unclaimed dividend list, standard downloadable forms and other Shareholder Communication are made available on the Company's website.
9. **COMMUNICATION** : The Company has implemented the "Green Initiative" as per Circular nos 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, all Shareholder communication including notices, Annual Reports, quarterly unaudited financial results etc will be sent to the email addresses of Members available with the Company and the Depositories. The documents/notices will also be made available on the Company's website **www.vesuviusindia.com** and will be available for inspection by the Members at the Registered Office of the Company between 10.30 a.m. and 4.00 pm on all working days.
10. **CORPORATE REPRESENTATION** : A Corporate Member shall be deemed to be personally present only if it is represented in accordance with Section 113 of the Companies Act, 2013 (earlier section 187 of the Companies Act, 1956) i.e. only if the Corporate Member sends a certified true copy of the resolution passed by the Board of Directors of the Company or a Power of Attorney authorizing the Representative to attend and vote at the meeting on behalf of the Corporate Member.
11. **REGISTRARS** : Members are requested to contact **M/s C B Management Services (P) Ltd, Registrars and Share Transfer Agents of the Company at P-22, Bondel Road, Kolkata 700 019 (Phone No 033-40116700; Email : rta@cbmsl.com)** for recording any change of address, bank mandate, NECS, share transfers/transmission or nominations regarding shares held by them in physical form and for redressal of complaints or contact Mr Taposh Roy, Company Secretary, at the Registered Office or by email at Taposh.Roy@vesuvius.com.
12. **REAPPOINTMENT OF DIRECTORS** : Pursuant to Clause 49 of the Listing Agreements with the stock exchanges, it is informed that Mr Sudipto Sarkar retires by rotation in accordance with the Articles of Association of the Company at the forthcoming Annual General Meeting, and being eligible, has offered himself for reappointment. The particulars of Mr Sudipto Sarkar are given below :

Item No. 3 : Mr Sudipto Sarkar, a renowned Barrister, aged about 67 years, is a Director of the Company since July 26, 2005. He holds B.Sc. (Maths-Hons) from Presidency College, Kolkata; BA (Law Tripos) from Jesus College, Cambridge, UK; LL.M, (International Law) from Jesus College, Cambridge, UK; M.A. (Law)

from Jesus College, Cambridge, UK. He is also Barrister, Gray's Inn, London. He is presently practising as a Senior Advocate. He also has several publications to his credit on Evidence, Law of Civil Procedures and Specific Relief Act. He is the collaborating editor of Ramaiya's Guide to the Companies Act and contributor to several volumes of International Law Reports (Cambridge). He has also instituted the Sarkar Law lectures in Kolkata, where senior English Judges such as Lord Slynn of Hadley, Lord Nicholls of Birkenhead and Lord Justice Robin Auld have lectured.

He was formerly Chairman of the Board of Directors of Clarion Advertising Services Ltd, now known as Bates India Ltd, Chairman of DESCON Limited, President of The Bengal Club, Calcutta 1998-99 and Director of Bombay Stock Exchange Limited. He is presently a Director of JSW Steel Ltd, Eveready Industries Ltd, EIH Associated Hotels Ltd and McNally Bharat Engineering Company Ltd. He is on the panel of experts of the Indian Institute of Corporate Affairs constituted by the Ministry of Corporate Affairs, New Delhi. He is a member of the following Committees :

Name of Company	Name of Committee	Nature of Membership
EIH Associated Hotels Ltd	1. Audit Committee	Member
	2. Investors Grievances Committee	Member
Eveready Industries Ltd	Audit Committee	Member
JSW Steel Ltd	Audit Committee	Member
McNally Bharat Engineering Company Ltd	Shareholders & Investors Grievances Committee	Member
Vesuvius India Limited	1. Audit Committee	Member
	2. Share Transfer & Investor Grievance Committee	Member

Mr Sarkar's nature of experience is in Law and Corporate Affairs. He does not hold any shares in the Company and is not related to any other Director of the Company.

Members are requested to bring their copies of the Annual Report and Admission Slip to the Meeting.

Registered Office :
P-104 Taratala Road
Kolkata 700 088
February 25, 2014

By Order of the Board of Directors

Vesuvius India Limited

Taposh Roy
Company Secretary

20 Years of Employment with Vesuvius India

20
Years of
Achievement
1994 - 2014



MTP Nambiar (on the left)

MTP Nambiar, Basudeb Ray and
Subrata Roy have completed more
than 20 years of employment with
Vesuvius India



Basudeb Ray (on the left)



Subrata Roy (on the left)

Twenty Years of Vesuvius India

Originally incorporated as Vesuvius Refractories Limited on September 6, 1991, the name of the Company was subsequently changed to Vesuvius India Limited on November 16, 1992. Promoted by the Vesuvius Group headquartered in United Kingdom, Vesuvius India Limited is one of the first multinational companies in the country under the then liberalised Industry Policy of 1991. The first manufacturing unit at Kolkata commenced commercial production on July 1, 1994.

In this span of 20 years, your Company has moved from its single location in Kolkata to several operating units in Visakhapatnam and Mehsana. Total revenue has increased to over Rs 600 crores, earnings per share (EPS) has reached Rs 32.10 and the current market capitalisation is over Rs 900 crores. Your Company has emerged as a strong player as a provider of customized products, services and technologies that make demanding high temperature industrial applications possible. We work continuously to develop innovative solutions that enable our customers to improve the performance of their manufacturing processes. Technology and Service continue to be the main pillars of our offering to customers. Sustained support from Vesuvius Group by way of latest technology and strategic insights have further reinforced our core competency over the years.

Gathering a growth momentum since 1994, the Company installed a mixing plant at Kolkata for backward integration in the manufacturing process and expanded to manufacture slide gate plates and equipment. Assets and manufacturing rights for blast furnace caston range of products of KSR International (India) Ltd were acquired. First monolithic plant at Visakhapatnam was acquired from Carborundum Universal Limited and a second greenfield plant at Visakhapatnam was constructed. A crucible manufacturing unit at Mehsana was acquired to enter into the foundry business. The product range over these 20 years has expanded from refractories for steel industries only to those of other industries like aluminium, petrochemical, power, cement, copper and foundries. Technical know-how was acquired for manufacture of Blast Furnace Casthouse Refractories and General Purpose Pumpables and all other technologies and R&D improvements are obtained on a regular basis from the Vesuvius Group. Technology for the Mehsana product has been sourced from Vesuvius, Germany. The New Product Development Centre at Visakhapatnam released significant new products to the market including advanced alumina-silicate castables for blast furnace trough lining and stack gunning.

Twenty Years of Growth

20
Years of
Achievement
1994 - 2014



Inauguration of New Product Development Centre



Inauguration of New Office at Visakhapatnam



Inauguration of Mix Plant at Kolkata



Kolkata Plant expansion in progress



Inauguration of Tap Clay Plant at Visakhapatnam



GTC 2085 tundish slide gate system with integrated tube changer in operation

Several awards were received by the Company from the Vesuvius Group as well as from environmentalists, local bodies and inter-corporate competitions.

Apart from the technicalities involved in the growth and well being of the Company, what was most significant was the spirit of the Company. Working together as a team and respecting each other's efforts is essential to the smooth growth of a company. A highly motivated workforce backed by a committed management team therefore is our key competitive edge in happily serving customers.

In July 1994 leaders of the Vesuvius Group from the world over, had visited the plant in Kolkata to grace the occasion of 10 years of Vesuvius India and to celebrate the Indian success. And today, Vesuvius India is 20 years old almost having come of age. As a company, mature and confident, Vesuvius India has no need to struggle but the pursuit of "pouring excellence" continues as usual. It is not surprising that for all stakeholders of Vesuvius, there is pride and joy in being associated with the Company.



Twenty Years of Relationship

20
Years of
Achievement
1994 - 2014



Governor of West Bengal,
awards the Paryavaran
Parirakshak Puraskar
in June 2012



Safety Awards received by
Visakhapatnam plant

Essar Steel Ltd gives
their Safety award to
Mr Thomas Mathew of
Vesuvius in year 2008



Meeting customers at
METEC-11 in Germany

REPORT OF THE DIRECTORS and MANAGEMENT DISCUSSION & ANALYSIS REPORT

FOR THE YEAR ENDED ON DECEMBER 31, 2013

The Directors have pleasure in submitting their Annual Report together with the Audited Statements of Account for the year ended on December 31, 2013.

The Year in Retrospect Financial Results

	(Rs. Lakhs)	
	Year ended 31.12.2013	Year ended 31.12.2012
Sale of Goods (excluding Excise Duty)	57,492	53,553
Sale of Services	2,627	2,681
Other Income	628	352
Total Revenue	60,747	56,586
Profit before Depreciation, Interest & Tax (PBDIT)	11,657	9,904
Depreciation & Amortisation	1,756	1,635
Interest	7	6
Profit before Tax	9,894	8,263
Provision for Income Tax	3,377	2,687
Profit after Tax	6,517	5,576
Balance as per last Balance Sheet brought forward	26,604	22,647
Available for appropriation	33,121	28,223
Appropriations made :		
Proposed Dividend @ Rs 4.75 per share i.e. 47.50 %	964	913
Dividend Tax	164	148
Transfer to General Reserves	652	558
	1,780	1,619
Balance in Statement of Profit & Loss	31,341	26,604
	33,121	28,223
Basic & Diluted Earnings Per Share	Rs 32.10	Rs 27.48

Operating & Financial Performance, Internal Control

It continued to be a difficult period for the Indian economy reflected by lower GDP growth, inflationary trends and lower industrial production. Private consumption, an important demand-side driver of growth which amounts for about three-fourths of GDP, plummeted in line with other economic indicators after being impacted by high retail inflation and interest rates. This scenario continues to prevail with impact on the economy in general and domestic steel industry in particular causing the steel industry to suffer from lower volumes, margins and delay in new projects.

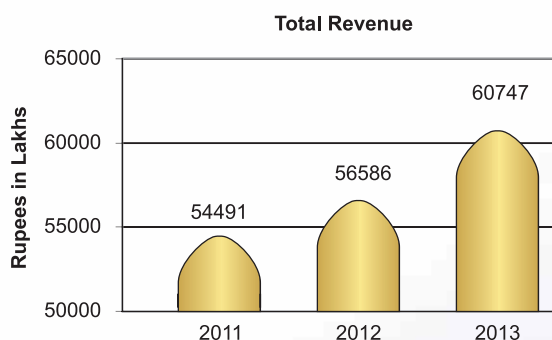
This year total revenue increased by over Rs 4,161 lakhs driven by domestic growth despite slowdown in domestic steel production. Net sales increased by 7% but PBT and PAT increased by 20% and 17% respectively over the previous year. Energy and transportation costs increased sharply but significant savings were made through energy usage optimization programs. Focused attention is made on cost and internal efficiencies to retain profitability.

All four factories had been working efficiently during the year. New Taphole Clay facility at Visakhapatnam

successfully produced planned materials for field trials. Safety measures and processes have been installed and improved upon at all plants and work sites.

The Company has in place an established internal control system designed to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and statutory compliances. Internal Audit has been conducted on a pan India basis.

The Company has adopted the revised policies on Health & Safety, Quality, Code of Conduct applicable to Directors and Employees of the Company and also the Whistle Blowing Policy. Code on Internal Control which require that the Directors review the effectiveness of internal controls and compliance controls, financial and operational risks, risk assessment and management systems and related party transactions, have been complied with. Self certification exercises are also conducted by which senior management certify effectiveness of the internal control system and adherence to Code of Conduct and Company's policies for which they are responsible.



Dividend

The Board of Directors are pleased to recommend dividend of Rs 4.75 per share i.e. 47.50% on Equity Shares of Rs 10/- each. The dividend together with dividend tax will entail a cash outflow of Rs 1,128 lakhs (previous year Rs 1,061 lakhs). If this is approved at the forthcoming Annual General Meeting, dividend will be deposited with the bank within May 5, 2014 and dividend warrants will be despatched on or after May 8, 2014 to those who are members of the Company as on April 29, 2014. In respect of shares held electronically, dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories.

Special Dividend

The Company this year is celebrating its 20th Anniversary of commencement of commercial production from its first plant at Kolkata. On this occasion, and for the purpose of rewarding the Shareholders for their continuous support to the Company, the Board of Directors have declared at their Board meeting held on February 25, 2014 a 20th Anniversary Special Dividend of Re. 1/- per share (i.e. 10%). The Record Date for determining the persons eligible for this Special Dividend is March 8, 2014. Dividend warrants will be dispatched on or after March 12, 2014. This 20th Anniversary Special Dividend is an interim dividend for the year ended December 31, 2014 and is given in addition to the dividend of Rs 4.75 per share (i.e. 47.50%) that has been recommended for the year ended on December 31, 2013 which will be declared at the ensuing Annual General Meeting.

ISO Certification

The Company's factories at Kolkata, Mehsana and Visakhapatnam and two of its sites at Surat in Gujarat and Dolvi in Maharashtra have been certified ISO 9001:2008 for Quality Management Systems Standards.

Segmentwise performance

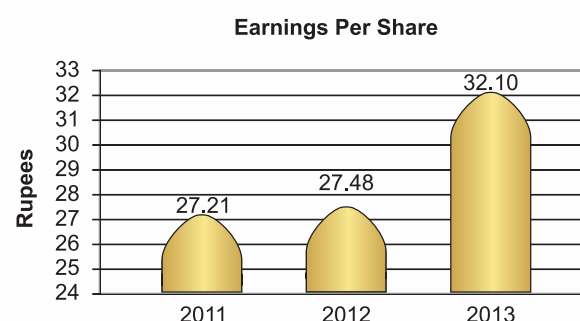
The Company is primarily a manufacturer and trader of refractory and is managed organizationally as a single unit. Accordingly, the Company is a single business segment company. Geographical (secondary) segment has been identified as domestic sales and exports.

Industry Structure & Developments, Opportunities & Threats, Outlook, Risks & Concerns

The steel industry, which is the major customer of the Company, has been suffering from the present economic slowdown with lower volumes and poor margins caused by non-availability of raw materials like iron ore and coal, inflationary costs, higher interest rates compounded with unfavourable foreign exchange. Major customers have either put off or delayed their expansion projects. Competition activities have increased as they try to hold on to their market share even at lower prices causing pressure on margins. International competitors have entered Indian markets with new acquisitions with aggressive pricing strategies.

Vesuvius is a global leader in metal casting engineering providing technical services principally to the steel and foundry industries and has established with the customers over the years a relationship of trust and partnership based on the true value we create in our customer's processes with our unique technological product and service offering.

biggest group of our customers. Hence anything that affects the steel and foundry industry will have its one off effect on our business.



There is a continuous process for identifying, evaluating and managing significant risks faced through a risk management process designed to identify the key risks facing each business. The role of insurance and other measures used in managing risks is also reviewed. Risks would include significant weakening in demand from core-end markets, adverse foreign exchange fluctuations, inflation, energy costs and shortage of raw materials and adverse regulatory developments. During the year a risk analysis and assessment was conducted in line with the Group requirements and no major risks were noticed.

Directors

Dr S K Gupta, who was the non-executive independent Chairman of the Company, had resigned effective from May 8, 2013 and Mr Shekhar Datta, a non-executive independent Director of the Company had resigned on April 25, 2013. Dr Claude Dumazeau retired from the Vesuvius Group's employment and his resignation as a Director of the Company was accepted effective from February 25, 2014. The Board of Directors records its appreciation of the services rendered by Dr S K Gupta, Mr Shekhar Datta and Dr Claude Dumazeau.

Mr Biswadip Gupta was unanimously appointed Chairman of the Board of Directors at the Board meeting held on July 27, 2013. He is also the Chairman of the Audit Committee effective from July 27, 2013.

Mr Sudipto Sarkar retires by rotation in accordance with the Articles of Association of the Company at the forthcoming Annual General Meeting, and being eligible, offered himself for reappointment.

Mr Sudipto Sarkar, a renowned Barrister and aged about 67 years, is a Director of the Company since July 26, 2005. He holds B.Sc. (Maths-Hons) from Presidency College, Kolkata; BA (Law Tripas) from Jesus College, Cambridge, UK; LL.M, (International Law) from Jesus College, Cambridge, UK; M.A. (Law) from Jesus College, Cambridge, UK. He is also Barrister, Gray's Inn, London. He is presently practising as a Senior Advocate. He also has several publications to his credit on Evidence, Law of Civil Procedures and Specific Relief Act. He is the collaborating editor of Ramaiya's Guide to the Companies Act and contributor to several volumes of International Law Reports (Cambridge).

He is presently a Director of JSW Steel Ltd, Eveready Industries Ltd, EIH Associated Hotels Ltd and McNally Bharat Engineering Company Ltd. He is on the panel of experts of the Indian Institute of Corporate Affairs constituted by the Ministry of Corporate Affairs, New Delhi. He is a member of the following Committees :

Name of Company	Name of Committee	Nature of Membership
EIH Associated Hotels Ltd	1. Audit Committee	Member
	2. Investors Grievances Committee	Member
	Audit Committee	Member
Eveready Industries Ltd	Audit Committee	Member

Name of Company	Name of Committee	Nature of Membership
JSW Steel Ltd	Audit Committee	Member
McNally Bharat Engineering Company Ltd	Shareholders & Investors Grievances Committee	Member
Vesuvius India Ltd	1. Audit Committee	Member
	2. Share Transfer & Investor Grievance Committee	Member

Mr Sarkar's nature of experience is in Law and Corporate Affairs. He does not hold any shares in the Company and is not related to any other Director of the Company.

All Directors and senior management of the Company have confirmed compliance with the Code of Conduct applicable to the Directors and employees of the Company and the declaration in this regard made by the Managing Director is annexed to this Report. All Directors have confirmed compliance with provisions of section 274(1)(g) of the Companies Act, 1956.

Listing and ISIN Number

The shares of the Company are listed on the Bombay and National Stock Exchange. The Company's shares are compulsorily traded in the dematerialized form. The ISIN number allotted is **INE 386A01015**. The details of shareholding pattern, distribution of shareholding and share prices are mentioned separately in the Corporate Governance Report. Only 2.30 % of share capital are held in physical mode by 3311 Shareholders.

Group Activities

Vesuvius plc, the ultimate holding company since December 19, 2012, is listed on the London Stock Exchange and is a global leader in metal flow engineering, principally serving steel and foundry industries with customized products, services and technologies that make demanding applications possible. The Vesuvius Group has a presence across the world at all major customer facilities employing over 11,000 employees spread over 30 countries with 72 manufacturing establishments and has 6 Research & Development Centres, 8 Development Laboratories and employs more than 100 PhDs. The Vesuvius Research Centers in USA and France are fully equipped laboratory and product testing complexes.

Vesuvius Group holds about 56% of the share capital of the Company. Mr Francois Wanecq the Chief Executive of Vesuvius plc is a Director of our Company. The Vesuvius Group continues to focus on safety, technology, investing into growing markets including in India. The Vesuvius Group has a sincere commitment to and has been extremely supportive of their Indian operations and continues to provide constant support in terms of technology, systems, manufacturing etc.

Corporate Governance

The Company has in place the SEBI guidelines pertaining to Corporate Governance. During the year under consideration the Company had a eight member Board of Directors consisting of four non-executive independent directors, three non-executive non-resident directors representing the holding company and the Managing Director. Two non-executive independent Directors viz. Dr S K Gupta and Mr Shekhar Datta have resigned during the year. Dr Claude Dumazeau, a non-executive non-resident Director's resignation was accepted by the Board at their meeting held on February 25, 2014. The Board of Directors now consists of five Directors with Mr Biswadip Gupta as Chairman.

The non-resident Directors have waived their commission on profits for the year

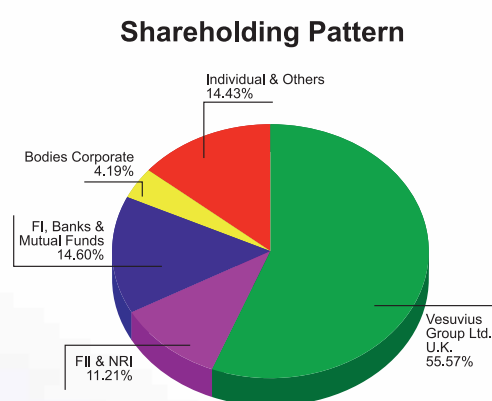
and have not received any sitting fees for attending the meetings of the Directors. The Managing Director does not receive sitting fees for attending the meetings of the Board or any Committee thereof. The sitting fees paid to the directors are within the limits prescribed under the Companies Act, 1956.

The Audit Committee was constituted on October 24, 2000 and the Share Transfer and Investor Grievance Committee on February 12, 2001. The details of the composition and attendance of the Board and Committees thereof and remuneration paid to the Directors as well as the shares held by the Directors have been given separately in the Corporate Governance Report.

The Corporate Governance Report giving the details as required under clause 49 of the listing agreement with the stock exchanges is given separately and forms part of the Directors Report to Shareholders. The Corporate Governance Certificate for the year ended on December 31, 2013 issued by the Statutory Auditors is also attached.

The Company has in place an Insider Trading Code for compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. Mr Taposh Roy, Company Secretary, is the Compliance Officer responsible for compliance with the Insider Trading procedures. Details of securities transaction by insiders are placed before the Board of Directors of the Company.

Mr Tanmay Ganguly, Managing Director and Mr Sanjoy Dutta, Chief Financial Officer have given their certificate under clause 49(V) of the listing agreement with stock exchanges regarding the annual financial statements for the year ended on December 31, 2013 to the Board of Directors. The Managing Director has given his certificate under clause 49(I)(D) of the listing agreement with stock exchanges, which is attached and forms a part of our Report.



Secretarial audit for reconciliation of Capital

The Securities and Exchange Board of India has directed vide circular no. D&CC/FITTC/CIR-16/2002 dated December 31, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total shares held in both the depositories viz NSDL and CDSL and in physical form with the total shares issued /paid up capital. In compliance with this requirement, the Company has submitted within due dates the certificates, duly certified by a Practicing Company Secretary, to the stock exchanges where the securities of the Company are listed.

Investor Education and Protection Fund

In compliance with the provisions of section 205A of the Companies Act, 1956, a sum of Rs 322,302/- being the dividend lying unclaimed out of the ninth dividend declared by the Company for the year ended December 31, 2005 at the Annual General Meeting held on April 20, 2006 was transferred to the Investor Education and Protection Fund of the Central Government in May, 2013, after giving several notices and reminders to the concerned shareholders.

Dividend which remains unclaimed out of the tenth dividend declared by the Company for the year ended on December 31, 2006 at the Annual General Meeting held on April 17, 2007 will be transferred to the Investor Education and Protection Fund of the Central Government in May, 2014 pursuant to the provisions of section 205A of the Companies Act, 1956. Thereafter no claim shall lie on these dividend from the shareholders. Individual notices have already been sent to the shareholders concerned on February 12, 2014.

Notices pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 have been sent to all members concerned on January 31, 2014 reminding them to encash their unclaimed dividend.

Auditors

M/s B S R & Co., Chartered Accountants, who were appointed Auditors of the Company at the Annual General Meeting held on April 25, 2013, have changed their name to M/s B S R & Co. LLP upon conversion of their partnership firm to a Limited Liability Partnership. They hold office till the conclusion of the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment.



Cost Auditors

In compliance with the provisions of Section 233B and Section 224(IB) and other applicable provisions of the Companies Act, 1956 and the Order No F.No.52/26/CAB-2010 dated November 6, 2012 issued by the Ministry of Corporate Affairs, Government of India, Messrs N. K. Ghosh & Associates, Cost Accountants, of Flat no 4B, 10/1 Chakraberia Road (South), Kolkata 700 025 (Firm's Registration no 102058) had been appointed Cost Auditors of the Company for the financial year ended on December 31, 2013 after obtaining Central Government's approval. They have been re-appointed cost Auditors for the year ended December 31, 2014, subject to the approval of the Central Government.

Fixed Deposits

The Company has not accepted any deposits from the public, and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 1975.

Information pursuant to section 217 of the Companies Act, 1956

The prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under section 217(1)(e) and Particulars of Employees required under section 217(2A) of the Companies Act, 1956 read with the Rules made there under are given in the Annexure to this Report and form a part of the Directors Report.

Directors' Responsibility Statement

The Board of Directors acknowledges the responsibility for ensuring compliance with the provisions of section 217(2AA) of the Companies Act, 1956 in the preparation of the annual accounts for the year ended on December 31, 2013 and state that :

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. the Directors 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 that period;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts on a going concern basis.

Corporate Social Responsibility

The Company recognizes that its operations impact a wide community of stakeholders, including investors, employees, customers, business associates and local communities and that appropriate attention to the fulfillment of its corporate responsibilities can enhance overall performance. In structuring its approach to the various aspects of Corporate Social Responsibility, the Company takes account of guidelines and statements issued by stakeholder representatives and other regulatory bodies.

Social, environment and ethical matters are reviewed by the Board including the impact such matters may have on the Company's management of risk.

Particular emphasis is focused on the following areas :

- ◆ **Code of Conduct** : requiring all employees to comply with the highest standards of legal and ethical behaviour.
- ◆ **Health, Safety and Environment** : protecting the health and safety of our employees, contractors, customers and the general public and reducing energy consumption and waste in our operations.
- ◆ **Products and services** : developing innovative products and services which promote sustainability in our customers' production processes and products.

The Company continues to support local initiatives to improve infrastructure and increase business opportunities as well as support in other corporate social responsibility initiatives.

Human Resources Management & Health, Safety and Environment

The Company's long-term success is dependent upon the diversity, dedication and commitment of all our people who share a common set of values. Vesuvius looks at diversity in its broadest sense, recognizing the importance of getting the right balance of independence, skills, knowledge and experience across the business.

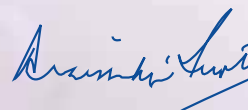
Training courses give employees the opportunity to improve their skills, maximize personal potential and develop careers within the Company and the Group while adhering to Vesuvius values. The Columbus program where promising young graduates from emerging countries are trained to take on international careers was offered to fresh Indian graduates. Similarly, the graduate exchange program where three graduates from India and Brazil exchanged places during the year for international training and skill development with cross-cultural experience. Employees were encouraged to participate in sports activities and so this year a Vesuvius Premier League was conducted where employees participated in football matches. Cricket, badminton and caroms tournaments were also held.

Our Code of Conduct expresses our intense concern for Health and Safety in saying that "we will protect the health and safety of our employees, customers, suppliers, contractors, visitors, the general public and others affected by our operations". We have made further good progress on Health and Safety both in terms of safe working practices and the reporting performance by implementation of standards for vehicle and machine safety, ergonomics initiatives, wearing protective equipments, regular safety audits etc. Also managing environment impact is a matter of priority and therefore continuous care for the environment, responsible disposal of wastes and development of local co-operatives are engaged into.

Appreciation

Your Directors record their sincere appreciation of the dedication and commitment of all employees in achieving and sustaining excellence in all areas of the business. Your Directors thank the Shareholders, customers, suppliers and bankers and other stakeholders for their continuous support to the Company.

For and on behalf of the
Board of Directors



Biswadip Gupta
CHAIRMAN

Kolkata
February 25, 2014

Annexure to the Report of the Directors

FOR THE YEAR ENDED ON DECEMBER 31, 2013

PARTICULARS OF EMPLOYEES FORMING PART OF THE REPORT OF THE DIRECTORS PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

Name	Age	Designation/ Nature of Duties	Gross Remuneration (Rs.)	Qualification	Experience (years)	Date of commencement of employment	Previous Employment & position held
Employed during the year and in receipt of remuneration aggregating Rs. 6,000,000/- per annum or more							
Sudarshan Das	48	Chief Executive - Sales	6,772,042	BE (Metallurgy)	24	09.04.2007	Pyrotek Inc, Canada Sales Manager [India & Other Asia]
Sanjoy Dutta	52	Chief Financial Officer	7,996,971	B. Com (Hons), ACA	27	24.06.1998	ICI India Ltd, Financial Controller
Tanmay Kumar Ganguly	50	Managing Director	14,871,885	B. Com (Hons), ACA	26	03.05.2006	Radhakrishna Foodland Pvt Ltd, Chief Operating Officer
Subrata Roy	48	Chief Executive-Operation	7,256,155	BE (Mechanical)	26	06.09.1993	BHEL, Sr. Engineer

- Notes :**
1. Nature of Employment and duties : Contractual and in accordance with terms and conditions as per Company's rules.
 2. Remuneration received includes salary, allowances, leave encashed, Company's contribution to retiral funds etc. and monetary value of other perquisites computed on the basis of the Income Tax Act and Rules.
 3. No employee is a relative of any Director of the Company. Section 217(2A)(a)(iii) is not applicable to any employee.

For and on behalf of the Board of Directors



Biswadip Gupta
Chairman

Kolkata
February 25, 2014

Annual Certificate under clause 49(I)(D) of Listing Agreements with Stock Exchanges

DECLARATION

As required under Clause 49(I)(D) of the Listing Agreements with the Stock Exchanges, I hereby declare that all the Board members and senior management personnel of the Company have complied with the Code of Conduct of the Company for the year ended December 31, 2013.

Place : Kolkata
Date : February 25, 2014

Tanmay Ganguly
Managing Director

Annexure to the Report of the Directors

FOR THE YEAR ENDED ON DECEMBER 31, 2013

INFORMATION UNDER SECTION 217(1)(E) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT

A. Conservation of energy :

Though unit costs of electricity, furnace oil as well as LPG increased sharply during the year, manufacturing operations could save significant amounts of money through energy usage optimization programs. All manufacturing facilities have improved the specific energy consumption in major areas of manufacturing. Energy management continues to be a focus area in operations throughout the year.

Total energy consumption and energy consumption per unit of production as per Form A of the captioned Rules are given below :-

FORM A (See rule 2)

Form for disclosure of particulars with respect to conservation of energy

		Year ended 31.12.2013	Year ended 31.12.2012
A. Power and fuel consumption *			
1. <i>Electricity</i>			
a) Purchased			
i) Unit (KWH)		7190073	7268372
ii) Total Amount (Rs.)		55338469	49659955
iii) Rate/Unit (Rs.)		7.70	6.83
b) Own generation			
i) Through Diesel Generator			
1) Unit (KWH)		197515	173867
2) Units per litre of Diesel oil		2.27	2.07
3) Cost/unit (Rs per litre of Diesel oil)		53.07	45.27
ii) Through steam turbine/generator		N.A.	N.A.
2. <i>Coal (specify quality and where used)</i>		N.A.	N.A.
3. <i>Furnace Oil</i>			
i) Quantity (litre)		77085	77040
ii) Total Amount (Rs.)		4124643	3582165
iii) Average Rate (Rs./litre)		53.51	46.50
4. <i>Others/internal generation</i>			
Gas & LPG			
i) Quantity (Therms)		1625762	1725707
ii) Total cost (Rs.)		127060597	120062428
iii) Rate/unit		78.15	69.57
B. Consumption per unit of production #			
Product : Refractories	Standards (if any)	Year ended 31.12.2013	Year ended 31.12.2012
Electricity	—	14.11	14.09
Gas & LPG	—	3.19	3.65
Furnace Oil	—	2.08	2.18

* Represents total power & fuel consumption at the four factories of the Company

Represents average of the consumption per unit of production at each of the four factories of the Company

B. Technology absorption : Efforts made in technology absorption as per Form B of the captioned Rules are given below :-

FORM B (See rule 2)

Form for disclosure of particulars with respect to absorption

Research and Development : The Company does not have a Research and Development unit or any activity related to R&D in India. The Company does not incur any revenue or capital expenditure on R&D.

Technology absorption, adaptation and innovation :

1. Efforts in brief, made towards technology absorption, adaptation and innovation :

There has been a sustained transfer of new and relevant technologies from the Vesuvius Group into the Indian operations throughout the year, coupled with development of new products from the Advanced Refractories New Product Development (NPD) Center at Visakhapatnam. Significant new products released to the market from NPD were advanced alumina-silicate castables for blast furnace trough lining and stack gunning. A state-of-the-art manufacturing line for blast furnace tap hole clay was commissioned at Visakhapatnam during the year.

Water modeling and Computational Fluid Dynamics (CFD) laboratory at Kolkata was engaged in designing of tundish lining patterns and steel flow modifiers that resulted in significant cost savings for customers. CFD, coupled with physical water modeling, is used to simulate our customers' process flow patterns, including temperature, pressure and velocity distribution. The use of advanced simulation software for the casting and solidification process allows the prediction of final product quality.

2. Benefits derived as a result of the above efforts :

There have been import substitution and consistent quality of our products which conform to accepted international standards. These technology have also assisted in indigenising the components and raw material inputs and increased productivity. Customers have benefited immensely by improved performance, lower shutdown time and savings on energy.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information is furnished :

Technology Imported	Year of Import	Has the technology been fully absorbed? If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action
Liner Ladle Shroud, Liner Monoblock Stopper and Liner Sub-entry Nozzle	2009	Yes, fully absorbed and products being manufactured
Sub-entry nozzle with carbon-free liner	2009	Yes, fully absorbed and products being manufactured
Surgun	2009	Yes, fully integrated into commercial scale operation
Stopper with calibrated pipe	2010	Yes, manufactured for European markets.
Semi-terrace port Sub-entry Nozzle	2010	Yes, fully absorbed and products being manufactured
Pumpcast application technology	2010	Yes, fully commercialized

C. Foreign Exchange Earnings and Outgo :

The Company does not take any initiatives to increase exports or develop new export markets as these exports are mostly initiated by associate companies. The Foreign Exchange earnings of the Company was Rs. 6,268 lakhs and Foreign Exchange outgo was Rs. 21,371 lakhs (including dividend remittance).

Other disclosures required under the captioned rules are not applicable to the Company and hence are not commented upon.

Corporate Governance Report - 2013

I. Our Company's philosophy on Code of Governance

Our Company's philosophy is to add value to customers' businesses providing materials, equipment, processes and services that allow them to increase efficiency, quality and profitability of their operations while upholding the core values of Creativity, Co-operation, Reliability, Integrity, Embracing Diversity and compliance with laws. Our Company has complied with Vesuvius Group's Code of Conduct which serves as a guide to each employee on the standards and values, ethics and business principles which should govern their conduct and the Vesuvius Group's policy on internal control which require a review of all controls including financial, operational, compliance and risk management.

VESUVIUS MISSION STATEMENT

Vesuvius is a global provider of customized products, services and technologies that make demanding high temperature industrial applications possible.

Our mission is :-

- to develop innovative solutions that enable our customers to improve the performance of their manufacturing process
- to provide each employee a safe workplace where he or she is recognized, developed and properly rewarded
- to deliver our shareholders a return on their investment that allows the Company to grow and prosper

II. Board of Directors

The Board of Directors as on February 25, 2014 consists of five Directors namely Mr Biswadip Gupta, a non-executive independent Chairman, Mr Sudipto Sarkar, a non-executive independent Director, Mr Yves M.C.M.G. Nokerman and Mr Francois Clement Wanecq who are non-executive non-resident Directors representing the holding company and Mr Tanmay Kumar Ganguly, the Managing Director. The details of the composition and attendance of the Board and Committees thereof and the shares of the Company held by them have been given separately in this Report. None of the Directors are related to each other. No Director received any loans from the Company.

Dr Saibal Kanti Gupta, who was the non-executive independent Chairman of the

Company, had resigned effective from May 8, 2013 and Mr Shekhar Datta, a non-executive independent Director of the Company had resigned on April 25, 2013. Dr Claude Dumazeau who was a representative of the holding company had retired from the Group's employment effective January 31, 2014 and so had resigned as a Director of our Company and his resignation was accepted effective from February 25, 2014.

Mr Biswadip Gupta was unanimously appointed Chairman of the Board of Directors at the Board meeting held on July 27, 2013. He is also the Chairman of the Audit Committee effective July 27, 2013.

Mr Sudipto Sarkar will retire by rotation at the next Annual General Meeting and being eligible has offered himself for reappointment as a Director of the Company. The personal information about Mr Sudipto Sarkar is already mentioned in the Directors' Report and in the Notice convening the Annual General Meeting and therefore is not separately mentioned in this Report.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49(I)(C) of the Listing Agreement with the Stock Exchanges) across all companies in India of which he is a Director. All Directors have certified that the disqualifications mentioned under section 274(1)(g) of the Companies Act, 1956 do not apply to them.

The non-executive Directors are entitled to sitting fees for every meeting of the Board or Committee thereof attended by them. They are also entitled to commission not exceeding 1% of the net profits of the Company. The non-resident Directors have waived their commission on profits for the year and waived their sitting fees for all meetings attended by them during the year. The remuneration received by the non-executive Directors during the year has been given separately in this Report. The Managing Director does not receive sitting fees for attending the meetings of the Board or any Committee thereof and details of his remuneration have been given in Note 3 to Item III below.

Vesuvius plc, the ultimate holding company

Cookson Group plc, London, was the ultimate holding company for Vesuvius India Limited. Through a Scheme of Arrangement approved by the Court of Justice of England and Wales, UK, Vesuvius plc has replaced Cookson Group plc as the ultimate holding company effective from

December 19, 2012. The name of Cookson Group plc had been changed to Cookson Group Limited and again changed to Vesuvius Holdings Limited effective July 31, 2013.

Code of Conduct

The Code of Conduct laid down by Vesuvius plc, U.K, the ultimate holding company, is applicable to the Board of Directors and all employees of the Company and has been adopted by the Board of Directors. This Code of Conduct emphasizes the

Company's commitment to compliance with the highest standards of legal and ethical behaviour. The Code of Conduct is available on the website of the Company www.vesuviusindia.com under heading 'Investor Information'. All Directors and senior management have adhered to the Code of Conduct of the Company during the year and have signed declarations of compliance to the Code of Conduct. The declaration signed by Mr Tanmay Ganguly, Managing Director, is given separately in the Annual Report.

Directorships and shares of Vesuvius India Ltd. held by existing Directors as on December 31, 2013 are given below :

Name of Director	Companies in India		Companies abroad	No of Shares of Vesuvius India Ltd. held as on 31.12.2013
	No of Directorships held	No of Committees of which member *	No of Directorships held	
Mr Biswadip Gupta <i>Chairman</i>	10	4	—	78,749
Mr Tanmay Kumar Ganguly <i>Managing Director</i>	1	1	—	—
Dr Claude Dumazeau	1	—	5	—
Mr Yves M.C.M.G. Nokerman	1	1	29	—
Mr Sudipto Sarkar	6	7	—	—
Mr Francois Clement Wanecq	1	—	1	—

* Only Audit Committee and Share Transfer and Investor Grievance Committee considered as per clause 49(I)(C) of Listing Agreement with Stock Exchanges.

Audit Committee

The Audit Committee was constituted on October 24, 2000. Dr S K Gupta and Mr Shekhar Datta who were members of the Audit Committee had resigned from the Board and also the Audit Committee during the year. The Audit Committee now consists of three members namely Mr Biswadip Gupta, Chairman of the Audit Committee, Mr Sudipto Sarkar and Mr Yves M.C.M.G. Nokerman. Mr Gupta and Mr Sarkar are non-executive independent Directors.

The Managing Director and Chief Financial Officer are permanent invitees in all meetings. The Company Secretary is the Secretary of the Audit Committee. All Directors are financially literate and Mr Biswadip Gupta and Mr Yves Nokerman have accounting or related financial management expertise. The Statutory Auditors and Internal Auditors are invited to the meetings to discuss with the Directors the scope of audit,

their comments and recommendation on the accounts, records, risks, internal procedures and internal controls of the Company and to discuss the Internal Audit Reports. Minutes of the Audit Committee meetings are circulated to all Directors and discussed at the Board meetings.

The terms of reference of the Audit Committee cover all the areas mentioned under Clause 49(II) of the Listing Agreement with the Stock Exchanges and section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors. The broad terms of reference of the Audit Committee are to review financial reporting process and all financial results, statements and disclosures and recommend the same to the Board, review the internal audit reports and internal control systems and procedures and discuss the same with the internal auditors, to meet the statutory auditors and discuss their findings, the scope of audit, post

Corporate Governance Report - 2013 (Contd.)

audit discussion, adequacy of internal audit functions, audit qualifications, if any, appointment/removal of auditors, changes in accounting policies, reviewing related party transactions, reviewing with the management the performance of the statutory and internal auditors and their remuneration, compliance with listing agreements and other legal requirements and the Company's financial and risk management policies, disaster recovery policies and compliance with statutory requirements.

The Internal Audit Department of Vesuvius Group conducts internal audit on a pan India basis.

Share Transfer and Investor Grievance Committee

The Share Transfer Committee was constituted on January 1, 1993 and renamed The Share Transfer and Investor Grievance Committee on

February 12, 2001 to specifically look into the redressal of investors' complaints. Dr S K Gupta and Mr Shekhar Datta who were members of the Share Transfer and Investor Grievance Committee had resigned from the Board and also this Committee during the year. This Committee now consists of three Directors namely Mr Biswadip Gupta, Mr Sudipto Sarkar and Mr Tanmay Kumar Ganguly. Mr Taposh Roy, Company Secretary, is the Secretary of this Committee and the Compliance Officer. Minutes of the Share Transfer and Investor Grievance Committee meetings are circulated to all Directors and discussed at the Board meetings.

Remuneration Committee

The Company does not have a Remuneration Committee. The remuneration of the Managing Director and those of the non-executive Directors are decided by the Board of Directors.

III. Meetings and Attendance of Directors

Attendance of Directors and Remuneration paid to them for attending meetings of the Board or Committee thereof held during the year ended December 31, 2013 :-

Name of Director	Attendance By Directors				Remuneration To Directors	
	Board Meetings	Audit Committee	Share Transfer and Investor Grievance Committee	Last AGM held on April 25, 2013	Directors sitting fees	Commission to Non-executive Directors
Total no of Meetings held during the year :	4	4	2	1	Rs	Rs
Chairman : Non-executive Independent Director Dr Saibal Kanti Gupta ^{Note 1}	2	2	1	1	75,000	250,000
Chairman : Non-executive Independent Director Mr Biswadip Gupta ^{Note 2}	4	4	2	1	150,000	612,500
Managing Director : Mr Tanmay Kumar Ganguly ^{Note 3}	4	N.A.	2	1	Nil	Nil
Non-executive non-resident Directors : ^{Note 4} Dr Claude Dumazeau	1	N.A.	N.A.	1	Nil	Nil
Mr Yves M.C.M.G. Nokerman	2	2	N.A.	1	Nil	Nil
Mr Francois Clement Wanecq	1	N.A.	N.A.	1	Nil	Nil
Other Non-executive Independent Directors :						
Mr Shekhar Datta ^{Note 5}	1	1	0	1	35,000	175,000
Mr Sudipto Sarkar ^{Note 6}	4	4	2	1	150,000	550,000

NOTE :

1. Dr S K Gupta, Chairman of the Board of Directors, was Chairman of the Audit Committee and member of Share Transfer and Investor Grievance Committee. He resigned from the Board and from these Committees on May 8, 2013
2. Mr Biswadip Gupta is a member of the Audit Committee and Share Transfer and Investor Grievance Committee. He was appointed Chairman of the Board of Directors and Chairman of the Audit Committee effective July 27, 2013

3. Mr Tanmay Kumar Ganguly, Managing Director, does not receive any sitting fees for attending meetings of Board of Directors or any Committee thereof. During the year ended December 31, 2013, he received total remuneration of Rs 14,871,885 consisting of salary Rs 3,607,260; contribution to Provident Fund and other funds Rs 1,262,546 and Other allowances and benefits Rs 10,002,079. His Contract for appointment is for a period of 5 years from April 18, 2012. His notice period is six months or such shorter notice as the Board of Directors may agree. There is no separate provision for payment of severance fees in the Contract. The Company does not have any Stock Option Scheme. Mr Ganguly is not a member of the Audit Committee but he attends all their meetings. Mr Ganguly is a member of the Share Transfer and Investor Grievance Committee.
4. The non-resident Directors have waived their commission on net profits for the year ended on December 31, 2013 and also waived their sitting fees for all meetings attended by them during the year ended on December 31, 2013. Dr Claude Dumazeau has resigned effective from February 25, 2014. Mr Yves M.C.M.G. Nokerman is a member of Audit Committee. Other non-resident Directors are not members of any Committee in India.
5. Mr Shekhar Datta was a member of the Audit Committee and Share Transfer and Investor Grievance Committee. He resigned from the Board and from these Committees on April 25, 2013
6. Mr Sudipto Sarkar is a member of the Audit Committee and Share Transfer and Investor Grievance Committee.
7. "NA" means that the Director is not a member of the respective Committee.
8. Four Board meetings were held during the year on 26.02.2013, 25.04.2013, 27.07.2013 and 09.11.2013
9. Four Audit Committee meetings were held during the year on 26.02.2013, 25.04.2013, 27.07.2013 and 09.11.2013
10. Two Share Transfer and Investor Grievance Committee meetings were held on 25.04.2013 and 31.12.2013.
11. The last Annual General Meeting was held on 25.04.2013.

IV. GENERAL SHAREHOLDER INFORMATION

A. Date, time & venue of the Annual General Meeting :

The 23rd Annual General Meeting of the Company will be held on Tuesday, April 29, 2014 at 10.30 a.m. at G D Birla Sabhaghar, 29, Ashutosh Chowdhury Avenue, Kolkata 700019.

The previous three Annual General Meetings were held on 19.04.2011 at 10.30 a.m. at G D Birla Sabhaghar, 29, Ashutosh Chowdhury Avenue, Kolkata 700019; on April 26, 2012 at 10.30 a.m. at Williamson Magor Hall, The Bengal Chamber of Commerce & Industry, Royal Exchange, 6 Netaji Subhas Road, Kolkata 700 001 and on 25.04.2013 at 10.30 a.m. at G D Birla Sabhaghar, 29, Ashutosh Chowdhury Avenue, Kolkata 700019. No resolution was required to be put through postal ballot last year. At the meeting held on April 26, 2012 a special resolution was passed authorizing the payment of commission under section 309(4) of the Companies Act, 1956 to the non-executive directors of the Company for the period of five years from April 1, 2012. No special resolutions were passed at the other previous Annual General Meetings.

At the ensuing 23rd Annual General Meeting to be held on April 29, 2014 no resolution is proposed to be passed by postal ballot or by special resolution.

B. Book Closure Period :

The Book Closure period is April 22, 2014 to April 29, 2014 (both days inclusive).

C. Financial Calendar for year 2014 :

Financial Year	: The next Financial year of the Company will end on December 31, 2014
Board meetings to be held in year 2014	: On 25.02.2014; 29.04.2014*; July 2014* and October 2014*
Annual General Meeting	: Annual General Meeting will be held on 29.04.2014. Annual General Meeting is normally held in April of each year
Publication of Quarterly Results	: 26.02.2014 (Audited Annual results); 30.4.2014*; July 2014* and October 2014*
Approval of Annual Results for year ending 31.12.2014 and publication in newspapers	: February 2015*
Notice to shareholders regarding unclaimed dividend shareholders	: January of each year and two months before transfer to Investors Education & Protection Fund to all concerned
Despatch of Annual Accounts	: March* of each year. Quarterly results are sent by email to those whose emails are registered with the Company
Book Closure dates for payment of dividend	: In April* each year ending with the date of the Annual General Meeting

* tentative

D. Dividend payment :

Dividend at the rate of Rs 4.75 per share of face value Rs 10/- each i.e 47.50%, has been recommended by the Board of Directors for the year ended on December 31, 2013 subject to the approval from the Shareholders at the ensuing Annual General Meeting. If dividend is declared at the Annual General Meeting, the dividend will be deposited with the Bank within May 5, 2014 and dividend warrants will be despatched on or after May 8, 2014.

Corporate Governance Report - 2013 (Contd.)

E. Listing on Stock Exchanges :

Annual Listing Fees have been paid and all requirements, including submission of quarterly reports and certificates, of the stock exchanges, where the shares of the Company are listed, were complied with. The shares of the Company are listed with the following stock exchanges :

- Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai 400 001 (Stock Code : 520113)
- National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No C/1, G Block,
Bandra-Kurla Complex
Bandra (E),
Mumbai 400 051 (Stock Code : VESUVIUS)

For Dematerialisation of Equity Shares of the Company of face value Rs 10/- each, the ISIN No. allotted to the Company is **INE 386A01015**.

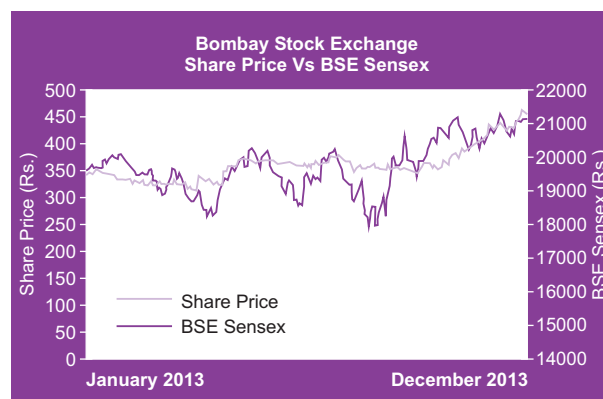
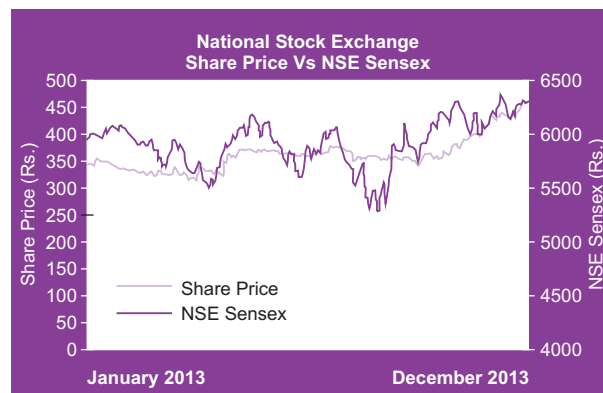
F. (i) National Stock Exchange - Market Price and Volume during the period January 1, 2013 to December 31, 2013 :

Month	High Rs	Low Rs	NSE Volume
January	355.65	333.85	82185
February	334.90	321.30	59867
March	339.05	312.00	44050
April	362.85	320.85	51298
May	372.95	357.00	84652
June	370.05	358.50	45571
July	379.35	357.30	47357
August	368.25	349.50	26181
September	360.00	341.80	38205
October	380.85	343.05	95054
November	436.45	373.00	218169
December	464.35	424.70	43752

(ii) Bombay Stock Exchange - Market Price and Volume during the period January 1, 2013 to December 31, 2013 :

Month	High Rs	Low Rs	BSE Volume
January	355.20	331.10	35791
February	337.25	321.00	25268
March	336.80	313.50	15251
April	362.40	321.75	19269
May	373.65	357.00	57177
June	370.00	358.45	130869
July	382.00	354.00	8318
August	366.85	347.05	7685
September	364.00	340.50	9836
October	380.65	345.60	8926
November	438.50	373.50	89413
December	463.80	426.25	28433

A Graph showing comparison of Share Prices Vs Sensex is given below :



G. Registrars & Share Transfer Agents :

The share management work, both physical and demat, is being handled by the Registrars and Share Transfer Agents of the Company whose name and address is given below :

CB Management Services (P) Limited
P-22 Bondel Road, Kolkata 700 019

Phone : (033) 40116700; 40116718;
40116720; 40116725 and 40116729

Fax : (033) 4011 6739 Email : rta@cbmsl.com

Web site : www.cbmsl.com

Contact persons Mr Shankar Ghosh and
Mr Chandrasekhar Deb

H. Shareholder Information :

a) Share Transfer System :

Share Transfer requests valid and complete in all respects are normally processed within 15 days. Power has been delegated to the Company Secretary and the Registrars & Share Transfer Agents for expediting share transfers. Valid requests for demat of shares are completed within 10 days. The Company's shares are compulsorily traded in the dematerialized form. The ISIN No. allotted to the Company is **INE 386A01015**.

b) Pledge of shares

No pledge has been created over the Equity Shares held by the Promoters as on December 31, 2013.

c) Details of share transfers during the year :

No of valid share transfer applications received	37
No of share transfer applications processed & registered	37
No of shares transferred	2751
No of pending share transfers as on 31.12.2013	NIL
No of shares dematerialised to NSDL	11287986
No of shares dematerialised to CDSL	3012
No of shares rematerialised	3
No of complaints remaining unresolved as on 01.01.2013	NIL
No of complaints received during the year	4
No of complaints resolved during the year	4
No of complaints unresolved as on 31.12.2013	NIL

d) Address for communication :

All communication regarding share transactions, change of address, bank mandates, nominations etc. should be addressed to the Registrars and Share Transfer Agents of the Company at the following address :

C B Management Services (P) Limited
Unit : Vesuvius India Limited
P-22 Bondel Road, Kolkata 700 019.
Phone : (033) 40116700; 40116718;
40116720; 40116725 and 40116729

Fax : (033) 4011 6739

Email : rta@cbmsl.com

Web site : www.cbmsl.com

Standard forms / letters can be downloaded from the Company's website **www.vesuviusindia.com**

Complaints, if any, may also be addressed to the Company Secretary at the Registered Office at P-104 Taratala Road, Kolkata 700 088 or sent by email at **Taposh.Roy@vesuvius.com**. Mr Taposh Roy, Company Secretary, is the designated Compliance Officer.

Shareholders are encouraged to correspond with the Registrars & Share Transfer Agents and the Company via email to speed up response, reduce paperwork and also to help us redress complaints faster. **Shareholders**

are requested to mention their folio nos., DP-ID and Client ID in case of demat shares, phone and mobile nos. and their Email ID so that we can contact them and redress their complaints immediately. However, for instructions like change of bank mandate, change of address, transfers & transmission of shares etc. letters duly signed by the Shareholders concerned should be sent otherwise such requests cannot be processed by the Registrars. **Email ID of Shareholders will have to be registered with the Company.** This can be done online at the website of the Registrars **www.cbmsl.com** or by sending a letter duly signed by the Shareholders.

e) Transfers during the year to the Investor Education and Protection Fund under section 205A of the Companies Act, 1956 :

During the year dividend amounting to Rs 322,302/- lying unclaimed in the ninth Dividend Account relating to the year ended December 31, 2005 which had been declared at the Annual General Meeting of the Company held on April 20, 2006, was transferred on May 31, 2013 to the Investor Education and Protection Fund of the Central Government after giving final reminder notices on February 14, 2013 to all concerned Shareholders.

f) Unclaimed Dividend :

Notices pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 regarding dividend lying unclaimed, have been sent to all shareholders concerned on January 31, 2014. Final notices dated February 12, 2014 has been sent to those Shareholders whose dividend relating to the year ended December 31, 2006 are still lying unclaimed as these dividends will be transferred to Investor Education and Protection Fund of the Central Government in May 2014.

g) ECS/NECS facility

Securities & Exchange Board of India has, by their circular no CIR/MRD/DP/10/2013 dated March 21, 2013, directed all companies to make payment to investors through approved electronic mode of payment and also directed that updated bank detail records of investors must be maintained by the Company. In view

Corporate Governance Report - 2013 (Contd.)

of this direction, dividend payments by the Company will be made in electronic mode directly into the bank account of Shareholders and no dividend warrants will be issued without bank particulars. **Shareholders are requested to submit their bank account details immediately to our Registrars.**

h) Unclaimed Shares

As on December 31, 2013 there were no shares of any shareholder lying unclaimed with the Company or lying in the suspense account. The disclosure required to be given under sub-clause (g) of Clause 5A are therefore not applicable.

I. Means of Communication :

Quarterly results were published in The Business Standard and the Bengali version thereof in Sanbad Pratidin the day after the Board Meeting where the results are approved. These financial results and shareholding pattern are electronically transmitted to the stock exchanges. The financial results and shareholding pattern are also uploaded on the Company's website **www.vesuviusindia.com**. Quarterly financial results are emailed to all Shareholders whose email is registered with the Company. The Vesuvius Group website **www.vesuvius.com** gives information about the Vesuvius Group worldwide.

The Company's website **www.vesuviusindia.com** makes online announcements of Board Meeting dates, results of the meetings, quarterly financial results, announcement of the date of Annual General Meeting and proposed dividend and other announcements. The website also provides lists of unclaimed dividend which have not yet been transferred to the Investor Education and Protection Fund of the Central Government and provides standard letters which can be downloaded.

The Company has implemented the "Green Initiative" as per Circular nos 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, Shareholder communication including notices and Annual Reports are being sent to the email addresses of Members available with the Company and the Depositories.

In compliance with Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue

Account of the Central Government) Rules, 1978 the Company sends intimation to all members concerned in January of each year by ordinary post that their dividend for past years have remained unclaimed. Reminder letters are also given to concerned Shareholders two months before the due date of transfer of unclaimed dividend to the Investor Education and Protection Fund of the Central Government. Annual Accounts are despatched to members at least 25 days before the date of Annual General Meeting.

J. Distribution of shareholding as on December 31, 2013 :

Shares held	Number of Shareholders	%	Number of Shares held	%
1 - 500	11,261	93.79	1,212,248	5.97
501 - 1000	342	2.85	267,467	1.32
1001 - 5000	310	2.58	688,089	3.39
5001 - 10000	44	0.37	320,480	1.58
10001 and above	49	0.41	17,807,796	87.74
Total	12,006	100.00	20,296,080	100.00

Shares held	Number of Shareholders	%	Number of Shares held	%
In Physical mode	3,311	27.58	467,520	2.30
Demat with NSDL	6,616	55.10	19,380,815	95.49
Demat with CDSL	2,079	17.32	447,745	2.21
Total	12,006	100.00	20,296,080	100.00

Dematerialisation of shares : ISIN No. INE 386A01015

K. Shareholding pattern as on December 31, 2013 :

Particulars	Number of Shares held	%
Vesuvius Group Limited, U.K.	11,277,650	55.57
Foreign Institutional Investors	2,180,812	10.75
Non Resident Indians	94,251	0.46
Indian Financial Institutions	200	0.00
Nationalised & other Banks and Mutual Funds	2,963,697	14.60
Bodies Corporate	850,264	4.19
Individuals & Others	2,922,286	14.40
Clearing member with NSDL	6,920	0.03
Total	20,296,080	100.00

L. Top 10 Shareholders by Folio/Demat A/c as on December 31, 2013 :

Sl No	Particulars	Number of Shares held	%
1.	Vesuvius Group Limited, U.K.	11,277,650	55.57
2.	HDFC Trustee Company Ltd -Mid Cap Opportunities Fund	1,111,500	5.48
3.	ACACIA Institutional Partners, LP	744,050	3.67
4.	ACACIA Partners, LP	733,400	3.61
5.	Reliance Capital Trustee Co. Ltd -Reliance Vision Fund	630,000	3.10
6.	HDFC Trustee Company Ltd -HDFC Long Term Advantage Fund	554,950	2.73
7.	UTI Master Value Fund	293,000	1.44
8.	ACACIA Conservation Fund, LP	240,745	1.19
9.	ACACIA Banyan Partners	231,505	1.14
10.	Reliance Capital Trustee Co Ltd - Reliance Tax Saver (ELSS) Fund	214,814	1.06
	Total	16,031,614	78.99

M. Disclosures :

- a) Details of transactions with any of the related parties as set out in Accounting Standard 18 on Related Party Disclosures notified by the Companies (Accounting Standards) Rules, 2006 have been reported in the Notes to the

financial statements. There is no transaction of a material nature with any of the related party, which was in conflict with the interests of the Company.

- b) There was no non-compliance, penalties or strictures imposed on the Company by any stock exchanges, SEBI, or any other statutory authority on any matters relating to capital market during the last three years.
- c) The Management Discussion and Analysis Report forms a part of the Directors' Report.
- d) The Company follows the Whistle Blower policy of the ultimate holding company and no personnel has been denied access to the Audit Committee.
- e) No presentations were made to institutional investors and analysts during the year.
- f) The Company does not have any subsidiary.
- g) There have been no public issues, rights issues or other public offerings during the past five years. The Company has not issued any GDRs/ADRs or any convertible instruments.
- h) Plant locations of the Company are given separately in the Annual Accounts of the Company and are also available on the Company's website www.vesuviusindia.com

Auditor's Certificate

REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Vesuvius India Limited

We have examined the compliance of conditions of Corporate Governance by Vesuvius India Limited ("the Company") for the year ended on 31 December 2013, as stipulated in Clause 49 of the Listing Agreements of the said Company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and 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 our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We 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.

Place : Kolkata
Date : 25 February, 2014

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W

Vikram Advani
Partner
Membership No. 091765

Independent Auditor's Report

TO THE MEMBERS OF VESUVIUS INDIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Vesuvius India Limited ("the Company"), which comprise the Balance Sheet as at 31 December 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 :

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the 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, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that :
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
- (e) on the basis of written representations received from the directors as on 31 December 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W

Vikram Advani
Partner
Membership No. 091765

Place : Kolkata
Date : 25 February 2014

Annexure to the Auditor's Report

REFERRED TO IN OUR REPORT OF EVEN DATE)

- (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 fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified. No material discrepancies were noticed on such verification carried out during the year.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. No material discrepancies were noticed on verification between the physical stocks and the book records.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Thus paragraphs 4 (iii) (b) to (d), (f), (g) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of the contract or arrangement referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs. 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time. For purchases of certain items of inventories and fixed assets that are for the Company's specialised requirements and similarly for sale of certain goods that are for specialised requirements of buyers for which suitable sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the products manufactured by the Company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

- (ix) (a) According to the information and explanations give to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues have 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, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues were in arrears as at 31 December 2013 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 Wealth tax which have not been deposited with the appropriate authorities on account of any dispute.

According to the information and explanations given to us, the following dues of Income tax, Excise duty, Custom Duty, Service tax, Sales tax and Entry tax have not been deposited with the appropriate authorities on account of disputes :

Name of the statute	Nature of the dues	Amount (Rs in Lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowances arising In income tax proceedings (Net of deposit of Rs 10, 312 lakhs)	359	Assessment years 1997-98 to 2010-11	Hon'ble High Court of Calcutta, Income Tax Appellate Tribunal, Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Disallowance of Cenvat Credit	141	2006 to 2012	Additional Commissioner, Commissioner, Hon'ble High Court of Calcutta
Central Excise Act, 1944	For non payment of Excise Duty on Service Charges and Machine hire charges	142	2000`	Central Excise and Service Tax Appellate Tribunal, Additional Commissioner
Central Excise Act, 1944	Penalty for delayed payment of differential excise duty for Supply of goods under Advance Intermediate licence	20	June 1999 to April 2000	Central Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Classification of High Alumina Cement	31	2005 to 2011	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994	For Non / short Payment of payment of Service tax	19	2006-2008, 2008-09, 2009-10	Central Excise and Service Tax Appellate Tribunal, Additional Commissioner of service tax
Central Sales Tax Act	Due to non-submission of Declaration form (Net of Deposit of Rs. 106 lakhs)	130	2002-03, 2003-04, 2005-06, 2008-09, 2009-10	Assistant Commissioner, Commissioner (Appeals), Sales Tax Appellate Tribunal, Hon'ble High Court of Calcutta
State Sales Tax Act	Disallowance of Input credit (Net of deposit of Rs. 99 lakhs)	376	2005-06, 2006-07, 2007-08, 2008-09, 2009-10	Commissioner (Appeals), Sales Tax Appellate Tribunal, Supreme Court
The West Bengal Tax on entry of Goods into Local Areas Act, 2012	Entry Tax	66	June 2013 to December 2013	Hon'ble High Court of Calcutta

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has neither taken any loan from financial institution or bank nor has it issued any debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or nidhi/mutual benefit fund/society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that funds raised on short term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during year the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit for this year.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W

Vikram Advani
Partner
Membership No. 091765

Place : Kolkata
Date : 25 February 2014

Vesuvius India Limited

Balance Sheet

AS AT DECEMBER 31, 2013

(Amount in Rupees Lakhs)

	Note No.	As at December 31, 2013		As at December 31, 2012	
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	3	2,030		2,030	
(b) Reserves and surplus	4	37,684	39,714	32,295	34,325
(2) Non-current liabilities					
(a) Deferred tax liabilities (net)	5	890		759	
(b) Long-term provisions	6	802	1,692	680	1,439
(3) Current liabilities					
(a) Trade payables	7	7,512		7,593	
(b) Other current liabilities	8	1,371		1,296	
(c) Short-term provisions	6	1,470	10,353	1,378	10,267
TOTAL			51,759		46,031
II. ASSETS					
(1) Non-current assets					
(a) Fixed Assets					
(i) Tangible assets	9	13,326		11,700	
(ii) Intangible assets	10	33		43	
(iii) Capital work-in-progress	9	537		2,209	
		13,896		13,952	
(b) Long-term loans and advances	11	2,451		1,601	
(c) Other non-current assets	12	—	16,347	82	15,635
(2) Current assets					
(a) Inventories	13	5,880		5,131	
(b) Trade receivables	14	17,888		16,607	
(c) Cash and bank balances	15	10,627		7,212	
(d) Short-term loans and advances	16	968		1,390	
(e) Other current assets	17	49	35,412	56	30,396
TOTAL			51,759		46,031

Significant Accounting Policies 2

Notes to Financial Statements 1 to 42

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W

Vikram Advani
Partner
Membership No. 091765

Place : Kolkata
Date : February 25, 2014

For and on behalf of the Board of Directors of
Vesuvius India Limited

Tanmay Ganguly
MANAGING DIRECTOR

Biswadip Gupta
CHAIRMAN

Taposh Roy
COMPANY SECRETARY

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Place : Kolkata
Date : February 25, 2014

Vesuvius India Limited

Statement of Profit and Loss

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amount in Rupees Lakhs)

	Note No.	For the year ended December 31, 2013	For the year ended December 31, 2012
I. Revenue from operations	18		
(a) Sale of products (gross)		63,167	58,531
Less: Excise duty		5,675	4,978
Sale of products (net)		57,492	53,553
(b) Sale of services		2,627	2,681
(c) Other operating revenues		56	145
Total revenue from operations		60,175	56,379
II. Other Income	19	572	207
III. Total Revenue (I+II)		60,747	56,586
IV. Expenses			
(a) Cost of materials consumed	20	24,637	22,556
(b) Purchase of stock-in-trade	21	9,576	8,793
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	(1,043)	323
(d) Employee benefits expense	23	3,782	3,387
(e) Finance costs	24	7	6
(f) Depreciation and amortisation expense	25	1,756	1,635
(g) Other expenses	26	12,138	11,623
Total expenses		50,853	48,323
V. Profit before tax (III-IV)		9,894	8,263
VI. Tax expense			
(i) Current tax		3,246	2,564
(ii) Deferred tax		131	123
Profit for the year (V-VI)		6,517	5,576
VIII. Earnings per equity share	27		
[nominal value of share Rs. 10 (previous year Rs. 10)]			
Basic (in Rs.)		32.10	27.48
Diluted (in Rs.)		32.10	27.48

Significant Accounting Policies 2

Notes to Financial Statements 1 to 42

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm Registration No. 101248W

Vikram Advani

Partner

Membership No. 091765

Place : Kolkata

Date : February 25, 2014

For and on behalf of the Board of Directors of
Vesuvius India Limited

Tanmay Ganguly
MANAGING DIRECTOR

Biswadipta Gupta
CHAIRMAN

Taposh Roy
COMPANY SECRETARY

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Place : Kolkata

Date : February 25, 2014

Vesuvius India Limited

Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2013

(Amount in Rupees Lakhs)

Particulars	For the year ended December 31, 2013	For the year ended December 31, 2012
Cash flows from operating activities		
Net profit before tax	9,894	8,263
Adjustments for:		
Depreciation and amortisation expenses	1,756	1,635
Provision for doubtful debts	19	37
Provision for doubtful debt written back/adjusted	(33)	(52)
Bad debts expenses	6	—
Loss on sale/disposal of fixed assets (net)	87	13
Unrealised foreign exchange differences (net)	(17)	27
Finance costs	7	6
Interest income	(518)	(163)
Operating profit before working capital changes	11,201	9,766
Adjustments for (increase)/decrease in operating assets:		
Trade Receivables	(1,302)	(1,675)
Inventories	(749)	(287)
Short-term loans and advances	422	151
Long-term loans and advances	17	136
Other current assets	43	266
Other non-current assets	91	(105)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	(43)	(942)
Other current liabilities	136	256
Short-term provisions	—	3
Long-term provisions	122	60
Cash generated from operations	9,938	7,629
Income taxes paid	(3,543)	(2,613)
Net cash provided/(used) by operating activities (A)	6,395	5,016
Cash flows from investing activities		
Purchase of fixed assets	(2,415)	(2,375)
Proceeds from sale of fixed assets	18	14
Interest received	482	156
(Purchase)/ Redemption of Fixed deposits (with maturity more than three months)	(3,363)	201
Net cash provided/(used) by investing Activities (B)	(5,278)	(2,004)
Cash flows from financing activities		
Finance costs paid	(7)	(6)
Dividends paid	(910)	(863)
Dividend tax paid	(148)	(140)
Net cash provided/(used) in financing activities (C)	(1,065)	(1,009)
Net increase /(decrease) in cash and cash equivalents (A+B+C)	52	2,003
Cash and cash equivalents at the beginning of the year (refer note 1 below)	7,175	5,172
Cash and cash equivalents at the end of the year (refer note 1 below)	7,227	7,175

(Amount in Rupees Lakhs)

Notes to Cash Flow Statement

	As at December 31, 2013	As at December 31, 2012
1. Components of cash and cash equivalents:		
Cash on hand	2	1
Balances with scheduled banks:		
– On current accounts	590	1,542
– On deposit accounts (deposits having original maturity of 3 months or less)	6,600	5,600
– On unpaid dividend accounts	35	32
– Bank deposits due to mature after 3 months of original maturity but within 12 months of the reporting date	3,400	37
Cash and bank balances as per note 15	10,627	7,212
Less: Fixed Deposits not considered as Cash and cash equivalent		
– Fixed Deposits [with maturity more than three months (refer note 15)]	3,400	37
	7,227	7,175

- Unpaid dividend accounts are not available for use by the Company.
- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard on Cash Flow Statement (AS 3) notified by Companies (Accounting Standards) Rules, 2006.
- Previous year's figures have been regrouped and/or rearranged wherever considered necessary to conform to current year's presentation.

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W

Vikram Advani

Partner

Membership No. 091765

Place : Kolkata

Date : February 25, 2014

For and on behalf of the Board of Directors of
Vesuvius India Limited

Tanmay Ganguly
MANAGING DIRECTOR

Biswadip Gupta
CHAIRMAN

Taposh Roy
COMPANY SECRETARY

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Place : Kolkata

Date : February 25, 2014

Notes to Financial Statements

For the Year Ended December 31, 2013

1. Company overview

Vesuvius India Limited is a public company domiciled and headquartered in India. It is incorporated under the Companies Act, 1956 and its shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is primarily engaged in the manufacturing and trading of refractory goods. The Company also provides services in relation to refractory goods. The Company has operations in India and caters to both domestic and international markets.

2. Significant accounting policies

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

2.1 Basis of preparation of financial statements

These 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 issued by the Central Government, the relevant provisions of the Companies Act, 1956 and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest lakhs.

2.2 Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Current and non-current classification

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

2.3.1 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.

2.3.2 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 realisation in cash or cash equivalents.

2.4 Fixed assets and depreciation

2.4.1 Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation, amortization and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use, any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

Depreciation is provided on the straight-line method over the estimated useful life of each asset as determined by the management. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation on Tooling and certain items of plant and machinery at customers' site have been provided at the following rates which are higher than the corresponding rates prescribed in Schedule XIV:

- a) Tooling, and
- b) Certain items of plant and machinery at customers' site,

are depreciated over a period of three years.

Plant and equipments and furniture & fixtures, costing individually Rs 5,000 or less, are depreciated fully in the year of purchase. If the aggregate of such items of plant and equipments constitutes more than 10 percent of the total actual cost of plant and equipment, the depreciation rates applicable to such items are applied.

Spares capitalized are being depreciated over the useful lives of plant and machinery with which such spares can be used.

Immoveable assets constructed on leasehold land are being depreciated over their useful lives that are higher than period of leases. Based on extension granted to other companies, who possess leasehold land under similar circumstances, the management believes that, in case of the Company, the existing period of leases will be extended beyond the useful lives of immoveable assets constructed thereon.

Depreciation is provided on a pro-rata basis i.e. from the date on which asset is ready for use.

Leasehold lands are being amortised over the period of respective leases. Freehold land is not depreciated.

Depreciation and amortization for the year is recognised in the Statement of Profit and Loss.

The useful lives are reviewed by the management at each financial year-end and revised, if appropriate. In case of a revision, the unamortized depreciable amount is charged over the revised remaining useful life.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2013

Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

2.4.2 Intangible fixed assets

Acquired intangible assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

The amortisation rate for Computer Software is 33%.

Amortisation method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal.

Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

2.5 Impairment

Fixed assets (tangible and intangible) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in the Statement of Profit or Loss.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. The impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the Statement of Profit and Loss.

2.6 Borrowing costs

Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.7 Operating leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Statement of Profit and Loss over the lease term.

2.8 Inventories

Inventories which comprise raw materials, work-in-progress, finished goods (including traded goods), stock-in-trade and stores and spares are carried at the lower of cost and net realisable value.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost, weighted average cost method is used. In the case of manufactured inventories and work in progress, fixed production overheads are allocated on the basis of normal capacity of production facilities.

Raw materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

Excise duty liability is included in the valuation of closing inventory of finished goods.

2.9 Employee benefits

2.9.1 Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries, wages and bonus. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Cost of non-accumulating compensated absences is recognised when absences occur. Costs of other short term employee benefits are recognised on accrual basis in accordance with the terms of employment contract and other relevant compensation policies followed by the Company.

2.9.2 Post employment benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

The Company has a defined contribution employee retirement scheme in the form of pension. The Trustees of the scheme have entrusted the administration of the related fund to the Life Insurance Corporation of India (LICI). Contributions are deposited with the LICI and charged off on a monthly basis.

(b) Defined benefit plans

The Company's gratuity benefit schemes are defined benefit plans. The Trustees of the scheme have entrusted the administration of the related fund to the Life Insurance Corporation of India (LICI) and SBI Life Insurance Company Limited (SBI Life). The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under each of the two plans is performed annually by a qualified actuary using the projected unit credit method. Contributions are deposited with the LICI and the SBI Life based on intimations received by the Company.

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2013

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of Profit and Loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of Profit and Loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

(c) Compensated Absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

2.10 Revenue recognition

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. In view of the nature of services rendered, revenue from sale of services (excluding service tax) is recognised on completion of service in accordance with terms of the agreement. The amount recognised as revenue is exclusive of sales tax / value added taxes (VAT) and service tax, and is net of returns, trade discounts and quantity discounts.

Export incentives in the form of Duty Free Import Authorisation (DFIA) and Status Holders Incentive Scrip (SHIC) are recognised on accrual basis against goods exported.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

2.11 Foreign exchange transactions

Foreign exchange transactions are recorded at monthly rates that closely approximate the actual rates during that month.

Year-end monetary assets and liabilities denominated in foreign currencies are translated at the year-end foreign exchange rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

A foreign currency monetary item is classified as long-term if it has original maturity of one year or more.

2.12 Government Grant

Grants from the government are recognized when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant relates to a depreciable asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset. Grants related to non depreciable assets are credited to Capital Reserve.

2.13 Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Contingencies

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

2.14 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.

2.15 Income Taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period 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). Income-tax expense is recognised in the statement of profit and loss except that tax expense related to items recognised directly in reserves is also recognized in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws 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 assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as 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.

2.16 Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

2.17 Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year, except where the results would be anti dilutive.

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2013

(Amount in Rupees Lakhs)

	As at December 31, 2013	As at December 31, 2012
3. Share Capital		
Authorised		
25,000,000 (previous year 25,000,000) Equity Shares of Rs.10/- each	<u>2,500</u>	<u>2,500</u>
Issued		
20,300,000 (previous year 20,300,000) Equity Shares of Rs. 10/- each	<u>2,030</u>	<u>2,030</u>
Of the above :		
3,920 (previous year 3,920) Equity Shares of Rs 10/- each are held in abeyance (Refer note below)		
Subscribed and fully paid up		
20,296,080 (previous year 20,296,080) Equity Shares of Rs. 10/- each	<u>2,030</u>	<u>2,030</u>

Note: Shares held in abeyance :

In compliance with the provisions of Section 206A of the Companies Act, 1956, offer of Rights Shares of 3,920 Equity Shares out of the Rights Issue made in the year 1997 have been held in abeyance.

(Amount in Rupees Lakhs)

Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at December 31, 2013		As at December 31, 2012	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the year	20,296,080	2,030	20,296,080	2,030
Shares issued during the year	—	—	—	—
At the end of the year	<u>20,296,080</u>	<u>2,030</u>	<u>20,296,080</u>	<u>2,030</u>

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares with par value of Rs 10/- per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

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

Shares held by holding company

	As at December 31, 2013		As at December 31, 2012	
	Number	Amount	Number	Amount
Equity shares of Rs. 10/- each fully paid up held by Immediate holding company - Vesuvius Group Limited, United Kingdom (U.K.) *#	<u>11,277,650</u>	<u>1,128</u>	<u>11,277,650</u>	<u>1,128</u>

* Subsidiary of Vesuvius plc, U.K. - the ultimate holding Company.

The companies, namely Vesuvius plc U.K., Vesuvius Holdings Limited (formerly, Cookson Group plc) and Cookson Financial Limited, all incorporated in the United Kingdom, do not hold any shares of Vesuvius India Limited directly but are holding company of Vesuvius India Limited through a chain of subsidiary holdings.

Particulars of shareholders holding more than 5% shares of a class of shares

	As at December 31, 2013		As at December 31, 2012	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of Rs. 10/- each fully paid-up held by:				
- Vesuvius Group Limited, U.K., Immediate holding company	11,277,650	55.57	11,277,650	55.57
- HDFC Trustee Company Limited - HDFC Mid Cap Opportunities Fund	1,111,500	5.48	1,111,500	5.48

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2013

(Amount in Rupees Lakhs)

	As at December 31, 2013	As at December 31, 2012
4. Reserves and Surplus		
Capital Reserve *		
At the commencement and at the end of the year	<u>18</u>	<u>18</u>
Securities Premium account		
At the commencement and at the end of the year	<u>1,695</u>	<u>1,695</u>
General Reserve		
At the commencement of the year	3,978	3,420
Add: Amount transferred from surplus	<u>652</u>	<u>558</u>
	<u>4,630</u>	<u>3,978</u>
Surplus (Balance in Statement of Profit and Loss)		
At the commencement of the year	26,604	22,647
Add: Profit for the year	<u>6,517</u>	<u>5,576</u>
	<u>33,121</u>	<u>28,223</u>
Less: Appropriation		
Proposed equity dividend (Amount Rs. 4.75 per share (previous year Rs. 4.50 per share)	964	913
Tax on proposed equity dividend	164	148
Transferred to General Reserve	<u>652</u>	<u>558</u>
	<u>31,341</u>	<u>26,604</u>
	<u>37,684</u>	<u>32,295</u>
* Represents Grants received during the prior years against reimbursement of stamp duty and cost of freehold land at Vishakhapatnam.		
5. Deferred tax liabilities (net)		
Deferred tax liabilities		
Difference between written down value of depreciable assets as per books of account and written down value as per Income Tax Act	<u>1,226</u>	<u>1,035</u>
Deferred tax assets		
Expenditure allowable on payments basis	302	224
Provision for doubtful trade receivables	33	47
Miscellaneous expenditure to the extent not written off	—	4
Voluntary retirement expenses	<u>1</u>	<u>1</u>
	<u>336</u>	<u>276</u>
	<u>890</u>	<u>759</u>

(Amount in Rupees Lakhs)

6. Provisions

	Long-term		Short-term	
	As at 31.12.2013	As at 31.12.2012	As at 31.12.2013	As at 31.12.2012
Provision for employee benefits				
Gratuity (refer note 37)	321	264	—	—
Compensated absences	481	416	18	18
	<u>802</u>	<u>680</u>	<u>18</u>	<u>18</u>
Other provision				
Provision for tax [net of advance income tax and fringe benefit tax of Rs. 8,021 (previous year Rs. 7,148)]	—	—	324	299
Proposed dividend	—	—	964	913
Tax on proposed dividend	—	—	164	148
	<u>—</u>	<u>—</u>	<u>1,452</u>	<u>1,360</u>
	<u>802</u>	<u>680</u>	<u>1,470</u>	<u>1,378</u>

7. Trade payables

Trade payables

As at 31.12. 2013	As at 31.12. 2012
7,512	7,593
<u>7,512</u>	<u>7,593</u>

For dues to Micro Small and Medium Enterprise, refer note 34

8. Other current liabilities

Advance from customers

Amount payable for capital goods

Unpaid dividend *

Other payables #

As at 31.12. 2013	As at 31.12. 2012
126	42
51	116
35	32
1,159	1,106
<u>1,371</u>	<u>1,296</u>

* This represents dividend unclaimed by shareholders. There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on December 31, 2013.

Other payables comprises of :

Statutory liabilities :

Excise Duty and Service tax payable

Sales tax, Value added tax and Entry tax

Tax deducted at source payable

Provident Fund payable and ESI payable

As at 31.12. 2013	As at 31.12. 2012
206	374
219	268
101	79
30	27
<u>556</u>	<u>748</u>
603	358
<u>1,159</u>	<u>1,106</u>

Liability for other expenses

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2013

(Amount in Rupees Lakhs)

9. Tangible fixed assets

	Freehold land	Leasehold land	Buildings*	Plant and Equipments	Toolings	Furniture and Fixtures	Vehicles	Office Equipment including computers	Electrical installations	Total
Gross Block										
Balance as at January 1, 2012	274	640	4,218	11,785	2,308	239	3	653	543	20,663
Additions	—	—	470	1,509	392	35	—	85	9	2,500
Disposals	—	—	5	359	—	30	—	24	—	418
Balance as at December 31, 2012	274	640	4,683	12,935	2,700	244	3	714	552	22,745
Balance as at January 1, 2013	274	640	4,683	12,935	2,700	244	3	714	552	22,745
Additions	—	—	179	2,659	533	5	—	87	6	3,469
Disposals	—	—	—	435	—	—	—	36	2	473
Balance as at December 31, 2013	274	640	4,862	15,159	3,233	249	3	765	556	25,741
Depreciation										
Balance as at January 1, 2012	—	319	882	6,220	1,763	98	2	344	183	9,811
Depreciation for the year	—	33	144	1,011	339	15	—	57	26	1,625
Accumulated depreciation on disposals	—	—	2	337	—	30	—	22	—	391
Balance as at December 31, 2012	—	352	1,024	6,894	2,102	83	2	379	209	11,045
Balance as at January 1, 2013	—	352	1,024	6,894	2,102	83	2	379	209	11,045
Depreciation for the year	—	33	153	1,046	401	14	—	66	25	1,738
Accumulated depreciation on disposals	—	—	—	331	—	—	—	36	1	368
Balance as at December 31, 2013	—	385	1,177	7,609	2,503	97	2	409	233	12,415
Net block										
As at December 31, 2012	274	288	3,659	6,041	598	161	1	335	343	11,700
As at December 31, 2013	274	255	3,685	7,550	730	152	1	356	323	13,326

*Buildings includes gross block of **Rs 3,249** (previous year Rs 3,249) and **Rs 198** (previous year Rs 198) situated at leasehold lands at Kolkata and Mehsana respectively.

(Amount in Rupees Lakhs)

9. Capital work-in-progress	Amount
Balance as at January 1, 2012	3,043
Additions	1,313
Assets capitalised during the year	(2,147)
Balance as at December 31, 2012	<u>2,209</u>
Balance as at January 1, 2013	2,209
Additions	2,238
Assets capitalised during the year	(2,942)
Transferred to long term capital advance (Refer note 11)	(968)
Balance as at December 31, 2013	<u>537</u>

10. Intangible fixed assets

Gross Block- Computer Software	Amount
Balance as at January 1, 2012	86
Additions	39
Disposals	—
Balance as at December 31, 2012	<u>125</u>
Balance as at January 1, 2013	125
Additions	8
Disposals	—
Balance as at December 31, 2013	<u>133</u>
Depreciation - Computer Software	Amount
Balance as at January 1, 2012	72
Amortisation for the year	10
Accumulated amortisation on disposals	—
Balance as at December 31, 2012	<u>82</u>
Balance as at January 1, 2013	82
Amortisation for the year	18
Accumulated amortisation on disposals	—
Balance as at December 31, 2013	<u>100</u>
Net Block	
As at December 31, 2012	43
As at December 31, 2013	33

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2013

(Amount in Rupees Lakhs)

11. Long-term loans and advances

	Non current portion		Current portion	
	As at 31.12.2013	As at 31.12.2012	As at 31.12.2013	As at 31.12.2012
To parties other than related parties				
Capital advances # (Unsecured, considered good)	988	442	—	—
	<u>988</u>	<u>442</u>	<u>—</u>	<u>—</u>
Security deposits (Unsecured, considered good)	180	163	—	—
	<u>180</u>	<u>163</u>	<u>—</u>	<u>—</u>
Other loans and advances (Unsecured, considered good)				
To employees	107	113	24	23
Prepaid expenses	20	28	139	129
Deposits against demand in disputes	211	232	—	—
Advance income tax and fringe benefit tax [net of provision for income tax and advance fringe benefit tax of Rs. 14,592 (previous year Rs. 12,244)]	945	623	—	—
	<u>1,283</u>	<u>996</u>	<u>163</u>	<u>152</u>
	<u>2,451</u>	<u>1,601</u>	<u>163*</u>	<u>152*</u>

Includes **Rs. 968** (previous year Rs. Nil) transferred from Capital work-in-progress, refer note 9.

* Amount disclosed under 'Short-term loans and advances' (refer note 16)

12. Other non-current assets

(Unsecured, considered good unless
otherwise stated)

Long-term trade receivables not yet due
for payment (refer note 14)

	As at December 31, 2013	As at December 31, 2012
Unsecured, considered good	—	82
Doubtful	—	9
	<u>—</u>	<u>91</u>
Less : Provision for doubtful receivables	—	9
	<u>—</u>	<u>82</u>

(Amount in Rupees Lakhs)

	As at December 31, 2013	As at December 31, 2012
13. Inventories		
<i>(Valued at the lower of cost and net realisable value)</i>		
Raw Materials [including goods in transit Rs. 460 (previous year Rs. 910)]	2,780	3,095
Work-in-progress	972	705
Finished goods [including goods in transit Rs. 12 (previous year Rs. 28)]	1,301	646
Stock-in-trade [including goods in transit Rs. 218 (previous year Rs. 79)]	449	328
Stores and spares	378	357
	5,880	5,131

	Non current portion		Current portion	
	As at 31.12.2013	As at 31.12.2012	As at 31.12.2013	As at 31.12.2012
14. Trade receivables				
Receivables outstanding for a period exceeding six months from the date they became due for payment				
Unsecured, considered good	—	82	250	35
Doubtful	—	9	—	123
	—	91	250	158
Less: Provision for doubtful receivables	—	9	—	123
(A)	—	82	250	35
Other receivables				
Unsecured, considered good	—	—	17,638	16,572
Doubtful	—	—	98	12
	—	—	17,736	16,584
Less: Provision for doubtful receivables	—	—	98	12
(B)	—	—	17,638	16,572
(A+B)	— *	82 *	17,888	16,607

* Amount disclosed under "Other non-current assets" (refer note 12) and not yet due for payment.

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2013

(Amount in Rupees Lakhs)

	As at December 31, 2013	As at December 31, 2012
15. Cash and bank balances*		
Cash and cash equivalents		
– Cash on hand	2	1
– Balances with banks		
On current accounts	590	1,542
On deposit accounts (with original maturity of 3 months or less)	6,600	5,600
Other bank balances		
– On Unpaid dividend account **	35	32
– Bank deposits due to mature after 3 months of original maturity but within 12 months of the reporting date	3,400	37
	<u>10,627</u>	<u>7,212</u>
Details of bank balances/deposits		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	6,600	5,600
Bank deposits due to mature after 3 months of original maturity but within 12 months of the reporting date	3,400	37
Bank deposits due to mature after 12 months of the reporting date	–	–
	<u>10,000</u>	<u>5,637</u>

* The classification of Cash and bank balances has been made in accordance with the "Guidance Note on the Revised Schedule VI to the Companies Act, 1956" issued by "The Institute of Chartered Accountants of India", and to comply with the requirement of Accounting Standard on Cash Flow Statement (AS 3) notified by the Companies (Accounting Standards) Rules, 2006.

** The funds are not available for use by the Company.

16. Short-term loans and advances

(Unsecured, considered good)

To parties other than related parties

Current portion of long term loans and advances (refer note 11)	163	152
Advances for supply of goods and services *	282	368
Advances to employees	33	33
Claims and refunds receivable	–	109
Balances with statutory / government authorities	490	728
	<u>968</u>	<u>1,390</u>

* Represents advance recoverable in cash or kind or for value to be received

17. Other current assets

(Unsecured, considered good)

Interest accrued but not due on fixed deposits	49	13
Export benefit receivable	–	43
	<u>49</u>	<u>56</u>

(Amount in Rupees Lakhs)

	For the year ended December 31, 2013	For the year ended December 31, 2012
18. Revenue from operations		
Sale of products		
Finished goods (Manufactured goods)	47,196	46,191
Stock-in-trade (acquired for trading)	15,971	12,340
Sale of products (gross)	63,167	58,531
Less : Excise duty	5,675	4,978
Sale of products (net)	57,492	53,553
Sale of services	2,627	2,681
Other operating revenue		
Export benefits	—	73
Scrap sales	56	72
	56	145
Break-up of revenue from sale of products (gross)		
Finished goods (Manufactured goods)		
Refractories (Shaped)	26,552	27,119
Refractories (Unshaped)	20,644	19,072
	47,196	46,191
Stock-in-trade (acquired for trading)		
Refractories (Shaped)	6,920	4,108
Refractories (Unshaped)	9,051	8,232
	15,971	12,340
Sale of products (gross)	63,167	58,531
Break-up of revenue from services rendered		
Repairs and maintenance services	2,627	2,681
19. Other income		
Interest income on fixed deposits	518	163
Other non-operating income *	54	44
	572	207

* Includes provision for doubtful debts no longer required written back **Rs. 33** (previous year Rs. 33)

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2013

(Amount in Rupees Lakhs)

	For the year ended December 31, 2013	For the year ended December 31, 2012
20. Cost of materials consumed		
Inventory of raw materials at the beginning of the year	3,095	2,533
Purchases	24,322	23,118
	<u>27,417</u>	<u>25,651</u>
Less: Inventory of raw materials at the end of the year	2,780	3,095
	<u>24,637</u>	<u>22,556</u>
Break-up of cost of raw materials consumed		
Alumina	3,829	3,827
Bauxite	2,795	3,099
Aluminous Cement	1,243	987
Graphite	1,623	1,406
Imported Mix	503	438
Mulcoa	990	832
Resin	876	567
Silicon Carbide	3,488	3,636
Slide gate plates	715	605
Zirconia	2,196	2,066
Others*	6,379	5,093
	<u>24,637</u>	<u>22,556</u>
Break-up of inventory of raw materials		
Alumina	203	195
Bauxite	255	310
Aluminous Cement	143	144
Graphite	135	56
Imported Mix	111	124
Mulcoa	129	33
Resin	44	17
Silicon Carbide	169	155
Slide gate plates	529	221
Zirconia	125	62
Others *	937	1,778
	<u>2,780</u>	<u>3,095</u>
* Consists of various items each of whose value is less than 10% of total value of raw materials		
21. Purchase of stock-in-trade		
Purchase of stock-in-trade :		
Refractories (Shaped)	3,242	3,082
Refractories (Unshaped)	6,334	5,711
	<u>9,576</u>	<u>8,793</u>

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2013

22. Changes in inventory of finished goods, work-in progress and stock in trade (Amount in Rupees Lakhs)

	For the year ended December 31, 2013			For the year ended December 31, 2012		
	Opening Inventory	Closing Inventory	(Increase) / Decrease in inventory	Opening Inventory	Closing Inventory	(Increase)/ Decrease in inventory
Finished goods (Manufactured goods)						
Refractories (Shaped)	523	1,028	(505)	606	523	83
Refractories (Unshaped)	123	273	(150)	136	123	13
	<u>646</u>	<u>1,301</u>	<u>(655)</u>	<u>742</u>	<u>646</u>	<u>96</u>
Stock-in-trade (acquired for trading)						
Refractories (Shaped)	328	417	(89)	356	328	28
Refractories (Unshaped)	—	32	(32)	—	—	—
	<u>328</u>	<u>449</u>	<u>(121)</u>	<u>356</u>	<u>328</u>	<u>28</u>
Work-in-progress						
Refractories (Shaped)	517	732	(215)	524	517	7
Refractories (Unshaped)	188	240	(52)	380	188	192
	<u>705</u>	<u>972</u>	<u>(267)</u>	<u>904</u>	<u>705</u>	<u>199</u>
Total	<u>1,679</u>	<u>2,722</u>	<u>(1,043)</u>	<u>2,002</u>	<u>1,679</u>	<u>323</u>

Notes to Financial Statements *(Contd.)*

For the Year Ended December 31, 2013

(Amount in Rupees Lakhs)

	For the year ended December 31, 2013	For the year ended December 31, 2012
23. Employee benefits expense		
Salaries, wages and bonus	2,793	2,472
Contribution to provident and other funds	409	401
Compensated absences	106	95
Staff welfare expenses	474	419
	<u>3,782</u>	<u>3,387</u>
24. Finance cost		
Interest expenses on other borrowing	<u>7</u>	<u>6</u>
25. Depreciation and amortisation expense		
Depreciation on tangible fixed assets (refer note 9)	1,738	1,625
Amortisation of intangible fixed assets (refer note 10)	18	10
	<u>1,756</u>	<u>1,635</u>

(Amount in Rupees Lakhs)

	For the year ended December 31, 2013	For the year ended December 31, 2012
26. Other expenses		
Consumption of stores and spares *	391	346
Excise duty on increase/(decrease) in inventory of finished goods	78	(4)
Power and fuel	1,908	1,773
Freight	2,586	2,572
Site expenses	2,639	2,326
Rent (refer note 41)	198	162
Repairs to		
Buildings	98	110
Machinery	636	675
Others	164	138
Insurance	76	57
Rates and taxes	217	215
Travelling and conveyance expenses	1,039	1,063
Legal and professional fees	149	236
Payment to auditors (refer note below)	30	25
Commission	36	69
Directors' commission	16	23
Advertisement and sales promotion	64	26
Bank charges	60	60
Communication cost	116	111
Printing and stationery	34	32
Royalty, Trademark license fees	903	957
Management fees	356	311
Loss on foreign exchange fluctuations [Net of foreign exchange gain of Rs. 187 (previous year Rs. 147)]	101	173
Provision for doubtful debts	19	37
Bad debts	38	19
Less : adjusted with provisions	32	19
Loss on sale / discard of fixed assets [Net of profit on sale of fixed assets of Rs. 3 (previous year Rs. 2)]	87	13
Miscellaneous expenses **	131	117
	12,138	11,623
Note : Payment to auditors		
As auditor		
Statutory audit	15	12
Limited review of quarterly results	4	4
In other capacity		
Group reporting	5	4
Audit of tax accounts	2	1
Corporate governance certification fees	1	1
Reimbursement of expenses	3	3
	30	25

* Excludes stores and spares consumed and included under the heads Repairs - Machinery **Rs. 171** (previous year Rs. 224) and Site expenses **Rs. 282** (previous year Rs. 203)

** Includes fees paid to cost auditor **Rs. 2** (previous year Rs. Nil)

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2013

(Amount in Rupees Lakhs)

27. Earnings per share (EPS)

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share for the year ended December 31, 2013 is based on the profit attributable to equity shareholders of **Rs. 6,517** (previous year: Rs. 5,576), and weighted average number of equity shares outstanding of **20,296,080** (previous year 20,296,080).

	For the year ended December 31, 2013	For the year ended December 31, 2012
Earnings		
Profit after tax	6,517	5,576
Net profit attributable to equity shareholders for calculation of basic and diluted EPS	6,517	5,576
Shares		
Weighted average number of equity shares outstanding during the year for calculation of basic and diluted EPS (in nos.)	20,296,080	20,296,080
Nominal value of Equity Share (in Rs.)	10	10

28. Contingent liabilities and commitments

(to the extent not provided for)

(a) Contingent liabilities:

(i) Claims against the Company not acknowledged as debts:

Sl No.	Description	Estimated financial impact		Uncertainties
		As at 31.12.2013	As at 31.12.2012	
a.	Sales Tax/ Value Added Tax	712	67	Demand received from appropriate authorities in relation to Sales tax/VAT assessment and non submission of statutory forms
b.	Income Tax matters			Refer note below
c.	Other Income Tax matters	362	1,085	Demands received from appropriate authorities in relation to Income Tax including transfer pricing assessments.
d.	Excise Duty, Custom Duty and Service Tax matters	353	205	Demands received from appropriate authorities in relation to Excise Duty, Custom Duty and Service Tax matters

Note : Cost of tooling purchased during the earlier years were fully expensed for the purpose of ascertaining income tax liability for that years. Vide order dated December 16, 2003, the Income Tax Appellate Tribunal (ITAT) directed the department to allow expenses based on quantity consumed. The Company has disputed such decision on the contention that the entire purchase is issued to the production process and hence should be treated as consumption. Relevant order from authorities giving effect of ITAT order is yet to be received. The Company has made an application to the Hon'ble High Court at Calcutta seeking further clarifications of the ITAT order. The Company has again claimed full deduction in respect of tooling received during the year for determining the taxable income for the assessment year 2009-2010 and thereafter. Contingent liability with respect to tooling is included in para (c) above, "Other Income Tax matters".

(ii) A counter claim has been filed against the Company before the Hon'ble High Court at Calcutta by a customer for claims aggregating **Rs. 749** (Previous year Rs.749) regarding certain disputes relating to goods supplied by the Company in prior years.

	As at December 31, 2013	As at December 31, 2012
(b) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	209	458

(Amount in Rupees Lakhs)

	For the year ended December 31, 2013		For the year ended December 31, 2012	
	Amount	% of total consumption	Amount	% of total consumption
29. Details of imported and indigenous raw materials, stores and spares consumed during the year				
Raw materials				
Imported	16,972	68.89	13,140	58.25
Indigenous	7,665	31.11	9,416	41.75
	24,637	100.00	22,556	100.00
Stores and spares				
Imported	197	23.33	162	20.95
Indigenous	647	76.67	611	79.05
	844	100.00	773	100.00
30. Value of imports on CIF basis				
Raw Materials	16,157		13,337	
Stores and Spares	196		150	
Stock-in-trade (acquired for trading)	1,434		1,029	
Capital Goods	846		262	
Toolings	410		283	
	19,043		15,061	
31. Expenditure in foreign currency				
Travelling expenses	130		126	
Royalty, Trademark license fees	903		957	
Freight	344		962	
Management fees	356		311	
Product Development fees	—		11	
Commission	3		18	
Reimbursement of expenses	85		48	
	1,821		2,433	
32. Earnings in foreign currency				
F.O.B. value of Exports	2,899		2,186	
F.O.B. value of Deemed Exports	3,146		5,503	
Reimbursement of expenses	223		190	
	6,268		7,879	
33 Dividend remitted in foreign currency				
Years to which dividends relates	December 31, 2012		December 31, 2011	
Amount remitted during the year (Rs. in lakhs)	507		479	
Number of non-resident shareholders	1		1	
Number of shares on which dividend was due	11,277,650		11,277,650	

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2013

(Amount in Rupees Lakhs)

	As at December 31, 2013	As at December 31, 2012
34. Dues to Micro, Small and Medium Enterprises		
The amounts remaining unpaid to Micro, Small and Medium Enterprises as at the end of the year		
– Principal	77	173
– Interest *	Nil	Nil
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	Nil	Nil
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	Nil	Nil
* Interest paid/payable by the Company on the aforesaid principal amount has been waived by the concerned suppliers.		

35. Segment Reporting

- i) Segments have been identified in line with the Accounting Standard on Segment Reporting (AS 17) notified by Companies (Accounting Standard) Rules, 2006 taking into account the nature of products and services, the different risks and returns, the organisational structure and the internal financial reporting system. The Company is engaged in the business of manufacturing, trading and sale of refractories. It has manufacturing location in India only. Based on the dominant source and nature of risk and returns of the Company, its internal organisation and management structure and its system of internal financial reporting, business segment has been identified as the primary segment. The Company has only one business segment.
- ii) **Secondary Segment** - In accordance with AS - 17, geographical segments have been considered as secondary reportable segment.

(Amount in Rupees Lakhs)

Sales by market: The following table shows the distribution of the Company's sales and service income by geographical market, regardless of where the goods were produced:

	For the year ended December 31, 2013	For the year ended December 31, 2012
Sales revenue by geographical market (Net of excise duty)		
India	53,971	48,452
Outside India		
– direct exports	3,002	2,279
– deemed exports	3,146	5,503
	<u>60,119</u>	<u>56,234</u>

Assets and additions to tangible and intangible fixed assets by geographical area: The following table shows the carrying amount of segment assets and capital expenditure during the year by geographical area in which the assets are located:

	Carrying amount of segment assets		Capital expenditure during the year	
	As at 31.12.2013	As at 31.12.2012	As at 31.12.2013	As at 31.12.2012
India (includes fixed assets located in India)	50,259	41,833	1,804	2,328
Outside India	1,500	4,198	–	–
	<u>51,759</u>	<u>46,031</u>	<u>1,804</u>	<u>2,328</u>

Accounting policy: Segment information is prepared in conformity with the accounting policy adopted for preparing and presenting the financial statements of the Company as a whole.

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2013

(Amount in Rupees Lakhs)

36. Information in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures notified by the Companies (Accounting Standards) Rules, 2006

A) List of Related parties and relationship

i) Enterprises having control over the Company with which no transactions have taken place during the year:

Vesuvius plc, United Kingdom -Ultimate holding company from December 19, 2012 - holding company of Vesuvius Holdings Limited, United Kingdom

Vesuvius Holdings Limited, United Kingdom- ultimate holding company upto December 19, 2012 (formerly known as Cookson Group plc) - holding company of Cookson Financial Limited, United Kingdom

Cookson Financial Limited, United Kingdom -holding company of Vesuvius Group Limited, United Kingdom

ii) Enterprises having control over the Company with which transaction has taken place during the year and previous year:

Vesuvius Group Limited, United Kingdom - Immediate holding Company

iii) Fellow Subsidiaries (with whom transactions have taken place during the year and previous year):

Name of the related parties

Vesuvius Group S. A.

Vesuvius Deutschland GmbH

Vesuvius South Africa (Pty) Limited

Vesuvius UK Limited

Vesuvius Crucible Company

Vesuvius USA Corporation

Vesuvius Advanced Ceramics (Suzhou) Co. Ltd.

Wuhan Wugang Vesuvius Advanced Ceramics Co. Ltd.

Vesuvius Mexico S.A. de C.V.

Vesuvius Malaysia SDN BHD

Vesuvius Corporation S. A.

Vesuvius Poland Sp.,z.o.o

Vesuvius (Thailand) Co. Ltd

Foseco (Thailand) Limited

Foseco India Limited

Vesuvius TK Refrakter Sanayi Ve Ticaret AS

Vesuvius Belgium N.V.

PT. Foseco Indonesia

Foseco Pty Limited

Foseco Industrial e Commercial Ltda

Vesuvius Slavia , a. s.

Vesuvius Emirates FZE

Vesuvius Istanbul Refrakter, Turkey

Vesuvius Corporation S. A. Taiwan Branch

Vesuvius Italia SPA

Vesuvius France S. A.

Vesuvius Zyarock Ceramics (Suzhou) Co. Ltd.

Vesuvius Foundry Products (Suzhou) Co. Ltd.

Vesuvius Iberica Refractarios S.A.

iv) Names of Principal Group Companies / fellow subsidiaries

(with which the Company neither have any transactions nor outstanding balances at current or previous year end)

Cookson Overseas Limited, United Kingdom

Cookson India Private Limited (upto December 19, 2012)

v) Key Management Personnel

Mr. Tanmay Kumar Ganguly - Managing Director

(Amount in Rupees Lakhs)

B. Related party transactions for the year ended December 31, 2013

	Nature of relationship	Sale of goods	Purchase of goods	Dividend paid/ payable	Other (Income)/ expenses	Managing Director's Remuneration	Receivable/ (Payable) at the year end
Vesuvius Group Limited, U.K.	Holding Company	–	–	507	–	–	–
Vesuvius Group S.A.	Fellow Subsidiary	3	754	–	599	–	(441)
Vesuvius Deutschland GmbH	Fellow Subsidiary	456	28	–	–	–	73
Vesuvius South Africa (Pty) Limited	Fellow Subsidiary	551	–	–	–	–	151
Vesuvius UK Limited	Fellow subsidiary	13	381	–	6	–	(113)
Vesuvius Crucible Company	Fellow subsidiary	–	–	–	641	–	(137)
Vesuvius USA Corporation	Fellow Subsidiary	344	462	–	1	–	(58)
Vesuvius Advanced Ceramics (Suzhou) Co. Ltd.	Fellow Subsidiary	–	127	–	–	–	–
Wuhan Wugang Vesuvius Advanced Ceramics Co. Ltd.	Fellow Subsidiary	–	1,542	–	–	–	(282)
Vesuvius Mexico S.A. de C.V.	Fellow subsidiary	–	417	–	–	–	(142)
Vesuvius Malaysia SDN BHD	Fellow Subsidiary	205	55	–	–	–	24
Vesuvius Corporation S. A.	Fellow Subsidiary	312	–	–	–	–	14
Vesuvius (Thailand) Co., Ltd	Fellow Subsidiary	477	–	–	–	–	102
Vesuvius Belgium N.V.	Fellow Subsidiary	–	262	–	–	–	(36)
Vesuvius Poland Sp., z.o.o (Formerly Vesuvius Skawina Materialy Ogniotrwale Sp., z.o.o)	Fellow subsidiary	–	385	–	–	–	(139)
Fosco India Limited	Fellow Subsidiary	–	–	–	12	–	–
Fosco Industrial e Commercial Ltda	Fellow Subsidiary	13	–	–	3	–	10
Fosco (Thailand) Limited	Fellow Subsidiary	53	–	–	–	–	19
Fosco Pty Limited	Fellow Subsidiary	15	–	–	–	–	–
PT. Fosco Indonesia	Fellow Subsidiary	57	–	–	–	–	16
Vesuvius Slavia , a. s.	Fellow Subsidiary	–	11	–	–	–	(8)
Vesuvius Corporation S. A. Taiwan Branch	Fellow Subsidiary	14	–	–	–	–	3
Vesuvius France S. A.	Fellow Subsidiary	–	38	–	–	–	(8)
Vesuvius Italia SPA	Fellow Subsidiary	–	117	–	–	–	(41)
Vesuvius Zyarock Ceramics (Suzhou) Co. Ltd.	Fellow Subsidiary	–	–	–	(23)	–	6
Vesuvius Emirates FZE	Fellow Subsidiary	14	–	–	–	–	(2)
Vesuvius Istanbul Refrakter, Turkey	Fellow Subsidiary	147	–	–	–	–	39
Vesuvius Foundry Products (Suzhou) Co. Ltd. China	Fellow Subsidiary	13	123	–	–	–	(27)
Vesuvius Iberica Refractorios S.A.	Fellow Subsidiary	–	1	–	–	–	(1)
Tanmay Kumar Ganguly	Key Management Personnel	–	–	3	–	149	–
Total		2,687	4,703	510	1,239	149	(978)

C. Related party transactions for the year ended December 31, 2012

	Nature of relationship	Sale of goods	Purchase of goods	Dividend paid/ payable	Other (Income)/ expenses	Managing Director's Remuneration	Receivable/ (Payable) at the year end
Vesuvius Group Limited, U.K.	Holding Company	–	–	479	–	–	–
Vesuvius Group S.A.	Fellow Subsidiary	–	222	–	557	–	(158)
Vesuvius Deutschland GmbH	Fellow Subsidiary	611	46	–	–	–	157
Vesuvius South Africa (Pty) Limited	Fellow Subsidiary	311	–	–	–	–	23
Vesuvius UK Limited	Fellow subsidiary	12	286	–	1	–	(76)
Vesuvius Crucible Company	Fellow subsidiary	–	–	–	683	–	(156)
Vesuvius USA Corporation	Fellow Subsidiary	271	426	–	11	–	(64)
Vesuvius Advanced Ceramics (Suzhou) Co. Ltd.	Fellow Subsidiary	18	123	–	–	–	(12)
Wuhan Wugang Vesuvius Advanced Ceramics Co. Ltd.	Fellow Subsidiary	–	1,500	–	–	–	(219)
Vesuvius Mexico S.A. de C.V.	Fellow subsidiary	–	427	–	–	–	(41)
Vesuvius Malaysia SDN BHD	Fellow Subsidiary	162	68	–	–	–	30
Vesuvius Corporation S. A.	Fellow Subsidiary	311	–	–	–	–	–
Vesuvius (Thailand) Co., Ltd	Fellow Subsidiary	177	–	–	–	–	88
Vesuvius Belgium N.V.	Fellow Subsidiary	–	348	–	–	–	(69)
Vesuvius Poland Sp., z.o.o (Formerly Vesuvius Skawina Materialy Ogniotrwale Sp., z.o.o)	Fellow subsidiary	–	414	–	–	–	(24)
Vesuvius TK Refrakter Sansyi Ve Ticaret AS	Fellow subsidiary	156	–	–	–	–	35
Fosco India Limited	Fellow Subsidiary	–	1	–	12	–	(17)
Fosco Industrial e Commercial Ltda	Fellow Subsidiary	–	–	–	16	–	(4)
Fosco (Thailand) Limited	Fellow Subsidiary	66	1	–	–	–	16
Fosco Pty Limited	Fellow Subsidiary	23	–	–	–	–	4
PT. Fosco Indonesia	Fellow Subsidiary	49	–	–	–	–	6
Tanmay Kumar Ganguly	Key Management Personnel	–	–	3	–	138	–
Others		15	162	–	(20)	–	(15)
Total		2,182	4,024	482	1,260	138	(496)

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2013

(Amount in Rupees Lakhs)

37 Employee benefits: Post employment benefit plans

Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident and Pension Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident and Pension Fund for the year aggregated to **Rs. 282** (Previous year: Rs. 260)

Defined benefit plans

The Company operates two post-employment defined benefit plans that provide gratuity and other long term benefits. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service at the time of retirement/exit. Other long term benefits entitles the retired/exit employees to encash the accumulated leave standing to their credit on the date of their retirement. Gratuity scheme is funded by the plan assets.

i) Net Assets/(Liabilities) recognised in Balance Sheet

The following table summarises the position of assets and obligations relating to the two plans.

	Gratuity		Other long term benefits (Compensated absences)	
	Funded	Unfunded	Funded	Unfunded
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Fair value of plan assets	571	457	–	–
Present value of obligations	892	721	499	434
Liability recognised in Balance Sheet	(321)	(264)	(499)	(434)

ii) Classification into current / non-current

The liability in respect of each of the two plans comprises of the following non-current and current portions:

	Non-Current		Current	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Gratuity	321	264	–	–
Other long term benefits (Compensated absences)	481	416	18	18
	802	680	18	18

	Gratuity		Other long term benefits (Compensated absences)	
	Funded	Unfunded	Funded	Unfunded
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
iii) Composition of Plan Assets :				
Insurer managed funds	571	457	–	–
iv) Major category of Plan Assets as a % of the Total Plan Assets as at year end				
Invested with Life Insurance Corporation of India	27%	32%	–	–
Invested with SBI Life Insurance Company Limited	73%	68%	–	–
v) Movement in present values of defined benefit obligations:				
Defined benefit obligation at beginning of the year	721	575	434	351
Current service cost	72	63	36	37
Interest cost	60	48	35	29
Settlement Cost	–	–	5	–
Actuarial (gain) / loss	51	49	30	30
Benefits paid	(12)	(14)	(41)	(13)
Curtailments	–	–	–	–
Defined benefit obligation at end of the year (A)	892	721	499	434

(Amount in Rupees Lakhs)

	Gratuity		Other long term benefits (Compensated absences)	
	Funded		Unfunded	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
vi) Movement in fair value of Plan Assets:				
Fair value of Plan Assets, beginning of the year	457	291	—	—
Expected return on Plan Assets	39	29	—	—
Actual Company contribution	62	151	41	13
Benefits paid	(12)	(14)	(41)	(13)
Actuarial gain / (loss)	25	—	—	—
Fair value of Plan Assets at the end of the year (B)	571	457	—	—
Surplus / (Deficit) (A) - (B)	(321)	(264)	(499)	(434)
vii) Expense recognised in Statement of Profit and Loss				
Current service costs	72	63	36	37
Interest costs	60	48	35	29
Settlement Cost	—	—	5	—
Expected return on Plan Assets	(39)	(29)	—	—
Actuarial (gain) / loss recognised in the year	26	49	30	30
Expense recognised in the Statement of Profit and Loss	119	131	106	96
viii) Actual return on Plan Assets:				
Expected return on Plan Assets	39	29	—	—
Actuarial gain / (loss) on Plan Assets	25	—	—	—
	64	29	—	—
ix) Principal actuarial assumptions:				
The following are the principal actuarial assumptions at the reporting dates:				
Discount rate as at 31 December	8.50%	8.40%	8.50%	8.40%
Expected rate of return on Plan Assets	8.00%	8.00%	—	—
Future salary increases	8.00%	7.50%	8.00%	7.50%

The estimates of future salary increases considered in actuarial valuation takes into account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Discount rate is based on the prevailing market yield of Indian Government securities as at the year end for the estimated term of the obligation.

Assumptions regarding future mortality are based on published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.

x) Basis used to determine the Expected Rate of return on Plan Assets:

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

xi) Five year information

Amount for current and previous four years are as follows:

	December 31, 2013	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009
Gratuity					
Defined benefit obligation	892	721	575	408	285
Fair value of Plan Assets	571	457	291	204	165
Surplus / (deficit) in the plan	(321)	(264)	(284)	(204)	(120)
Experience adjustments arising on Plan Liabilities	(12)	(41)	(59)	(68)	(48)
Experience adjustments arising on Plan Assets	25	—	—	—	—
Other long term benefits					
Defined benefit obligation	499	434	351	275	207
Fair value of Plan Assets	—	—	—	—	—
Surplus / (deficit) in the plan	(499)	(434)	(351)	(275)	(207)
Experience adjustments arising on Plan Liabilities	(10)	(25)	(10)	(47)	(62)
Experience adjustments arising on Plan Assets *	NA	NA	NA	NA	NA

* NA = Not applicable

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2013

(Amount in Rupees Lakhs)

	December 31, 2013 Amount in lakhs		December 31, 2012 Amount in lakhs	
	(In original currency)	(In Rupees)	(In original currency)	(In Rupees)
38. Unhedged foreign currency exposures				
Foreign currency exposures on account of trade receivables / trade payables not hedged by derivative instruments are as follows:				
Trade Receivables				
USD	20.30	1,255	33.34	1,834
EURO	2.89	245	3.41	248
Trade Payables				
USD	34.56	2,136	41.35	2,274
EURO	9.43	801	4.66	338
GBP	1.24	127	0.83	74

39. Provision for taxation has been recognised with reference to profit for the year ended December 31, 2013 in accordance with the provision of the Income Tax Act, 1961 and rules framed there under. The ultimate tax liability for the Assessment Year 2014-2015 will be determined on the basis of total taxable income for the year ending on March 31, 2014.
40. The management is of the opinion that its international transactions are at arm's length under the provision of Section 92-92F of the Income Tax Act, 1961.
41. The Company has taken various premises under operating lease which are cancelable during the life of the contract at the option of both the parties. Minimum lease payment charged during the year to the Statement of Profit and Loss aggregated to **Rs. 198** (previous year Rs. 162).
42. Previous year's figures have been regrouped and/or rearranged wherever considered necessary to conform to current year's presentation.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No. 101248W

Vikram Advani
Partner
Membership No. 091765

Place : Kolkata
Date : February 25, 2014

For and on behalf of the Board of Directors of
Vesuvius India Limited

Tanmay Ganguly
MANAGING DIRECTOR

Taposh Roy
COMPANY SECRETARY

Place : Kolkata
Date : February 25, 2014

Biswadip Gupta
CHAIRMAN

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Five Years at a Glance

(Amount in Rupees Lakhs)

STATEMENT OF PROFIT & LOSS	For the Years ended on				
	31.12.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Sales	60,119	56,234	54,026	44,011	36,149
Other Income	628	352	465	533	280
Total Revenue	60,747	56,586	54,491	44,544	36,429
Expenditure	50,853	48,323	46,223	37,173	30,834
PBIDT	11,657	9,904	9,796	8,773	6,864
Depreciation & Amortisation	1,756	1,635	1,467	1,291	1,267
Finance cost	7	6	61	2	2
PBT	9,894	8,263	8,268	7,480	5,595
PAT	6,517	5,576	5,522	4,885	3,738
BALANCE SHEET					
Assets Employed :-					
Fixed Assets	13,896	13,952	13,909	11,154	10,302
Working Capital :					
Current Assets	37,863	32,079	45,178	37,349	19,252
Less : Current & non-current Liabilities	10,353	10,947	28,641	22,637	7,747
Working Capital Employed	27,510	21,132	16,537	14,712	11,505
Total Assets Employed	41,406	35,084	30,446	25,866	21,807
Financed By :-					
Shareholders' Funds :					
Share Capital	2,030	2,030	2,030	2,030	2,030
Reserves & Surplus	37,684	32,295	27,780	23,257	19,300
Total of Shareholders' Funds	39,714	34,325	29,810	25,287	21,330
Deferred Taxation	1,692	759	636	579	477
Total Funds Employed	41,406	35,084	30,446	25,866	21,807
OTHER INFORMATION					
Dividend (Rs lakhs)	964	913	863	812	761
Rate of Dividend (%)	47.50%	45.00%	42.50%	40.00%	37.50%
Number of Shareholders (nos)	12,006	12,762	12,274	12,564	13,752
Number of Employees (nos)	448	446	452	387	369
Earnings per share (EPS) (Rs)	32.10	27.48	27.21	24.07	18.42
Return on Capital Employed (ROCE) (%)	15.76	15.91	18.34	18.89	17.15
Economic Value Added (EVA)(Rs lakhs)	5387	4446	4392	3755	2,607

NOTES

[illegible]



VESUVIUS INDIA LIMITED

Registered Office : P-104 Taratala Road, Kolkata - 700 088

Phone : (033) 30410600 • **Fax :** (033) 24013976 ; 24011235

Email : vesuviusindia@vesuvius.com • **website :** www.vesuviusindia.com

Dear Shareholder,

Date : February 25, 2014

Sub : Email communication with Shareholders

Communications, including the Annual Report, notices of meetings and quarterly unaudited financial results, may be received by Shareholders in electronic form instead of by post. This has a number of advantages, including :

- Speedier and spontaneous delivery of shareholder communications;
- Savings on environmental resources thereby complying with the "Green Initiative" of the Ministry of Corporate Affairs, Government of India.
- Significant cost savings for the Company on the delivery of documents

To avail of these benefits the Shareholders need to register their Email-ID with the Company.

Registration Process

Online registration :

Shareholders can register through the online service provided by our Registrars, M/s C B Management Services (P) Ltd, at <http://www.cbmsl.com/green.php> The registration process requires the input of the name of the Shareholder, the folio number or in case where shares have been dematted the DP ID and Client ID, mobile number and email ID.

Postal registration :

Please fill in the attached form given below and send it to our Registrars by post.

The Annual Report of your Company for Financial Year ended December 31, 2013, unclaimed dividend list, standard downloadable forms and other Shareholder communications are also available on the Company's website: www.vesuviusindia.com

Please note that the Company will continue to service documents/notices through post to the Shareholders who do not opt to receive the documents/notices by email.

Yours faithfully,

Vesuvius India Limited

Taposh Roy

Company Secretary

Encl : Form for registration of Email ID

E-MAIL REGISTRATION FORM

(Form for registration of Email-ID for receiving documents /notice by electronic mode)

To
C B Management Services (P) Ltd
UNIT : VESUVIUS INDIA LIMITED
P-22 Bondel Road, Kolkata 700 019

Dear Sir

Email Registration

I am the Sole/First shareholder of Vesuvius India Limited and I hereby agree to receive all communication and documents from Vesuvius India Limited through Email. Please register my Email ID for sending all communication to me and my joint holders through Email.

Folio No / DP ID & Client ID : _____

Name of Sole/First Registered Shareholder : _____

Registered Address : _____

_____ Pincode : _____

Contact Numbers : Mobile : _____ Landline : _____

Email ID to be registered
(please write in BLOCK LETTERS) : _____

Date : _____ Signature : _____

Note :

- On registration all documents/notices will be sent to the Email ID of the registered folio of the shareholder.
- Shareholders are requested to keep the Registrars informed as and when there is any change in the Email address.
- Shareholders may opt to receive communication by post anytime after submitting a suitable letter to the Registrars in this regard.



