

Year 2012



Foseco India Limited

56th Annual Report

Solutions Partner to the Expert Foundryman

Company information

Board of Directors

Pradeep Mallick	Chairman
Sanjay Mathur	Managing Director
David Hughes	Director
Chris O'Shea	Director
Mukund M Chitale	Director
Christopher Nail	Director
R Umesh	Compliance Officer
Mahendra Dutia	Controller of Accounts and Company Secretary

Shareholders / Investors Grievance Committee

Pradeep Mallick	Chairman
Sanjay Mathur	
David Hughes	
Chris O'Shea	
Mukund M Chitale	
Christopher Nail	
R Umesh	Compliance Officer
Mahendra Dutia	Controller of Accounts and Company Secretary

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

Audit Committee

Mukund M Chitale	Chairman
Pradeep Mallick	
Chris O'Shea	
R Umesh	Compliance Officer
Mahendra Dutia	Controller of Accounts and Company Secretary

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

Nomination Committee

Mukund M Chitale	Chairman
Pradeep Mallick	
David Hughes	
R Umesh	Compliance Officer
Mahendra Dutia	Controller of Accounts and Company Secretary

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

Remuneration Committee

Pradeep Mallick	Chairman
Mukund M Chitale	
David Hughes	
Chris O'Shea	
Christopher Nail	
R Umesh	Compliance Officer
Mahendra Dutia	Controller of Accounts and Company Secretary

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

Registered Office

Gat No. 922 & 923,
Sanaswadi, Taluka Shirur,
District Pune 412 208

Factories

- Sanaswadi, Pune
- Puducherry

Auditors

- B S R and Co.

Bankers

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

Registrars and Transfer Agents

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

This annual report is presented in a cost effective form in view of current economic scenario. This is in line with our focus on lean management to maximise shareholder's value.

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Notice to the Shareholders

NOTICE IS HEREBY GIVEN THAT the FIFTY SIXTH Annual General Meeting of Foseco India Limited will be held on Monday, April 22, 2013 at 11.00 HRS (IST) at the Registered Office of the Company at Gat Nos. 922 & 923, Sanaswadi, Taluka Shirur, District Pune-412 208, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st December 2012 and the Statement of Profit & Loss for the year ended on that date together with the reports of the Directors and the Auditors thereon.
2. To declare a final dividend on 63,86,459 equity shares for the year ended on 31st December 2012.
3. To appoint a Director in place of Christopher Nail, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration and in this connection to consider and if thought fit, to pass, with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED that, pursuant to Section 224 of the Companies Act, 1956, B S R and Co., Chartered Accountants (ICAI firm registration no. 128510W), be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting at the remuneration and terms to be determined by the Board of Directors of the Company."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED that Christopher O' Shea who was appointed as a Nominee Director of the Company pursuant to Article 132 of the Articles of Association of the Company with effect from 21st January, 2013 by the Board of Directors, be and is hereby appointed as a permanent non-retiring nominee Director of the Company, not liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310, 311 and any other applicable provisions, if any, of the Companies Act, 1956, as amended or re-enacted from time to time, read in conjunction with Schedule XIII, consent of the Company be and is hereby accorded to the re-appointment of Sanjay Mathur, as Managing Director of the Company for a further period of 3 years effective from 1st April, 2013 to 31st March, 2016 on the following terms and conditions:

i) Re-appointment Date and Period

The re-appointment is effective from 1st April, 2013 for a period of 3 years ending on 31st March, 2016.

ii) Notice Period / Termination

The re-appointment is terminable by six months' notice by either party.

iii) Remuneration

a. Salary

Sanjay Mathur's basic salary will be Rs. 80,88,864/- per annum and personal allowance of Rs. 36,97,032/- per annum, paid in monthly arrears, appropriate tax will be deducted at source in accordance with Indian Tax Regulations.

b. Retirement Benefits

Sanjay Mathur will receive retirement benefits in accordance with the company's policy.

c. Performance Bonus

Sanjay Mathur will be eligible for performance linked bonus as per the rules of the Company applicable to the Managing Director and will be subject to tax deduction at source under the Indian tax regulations.

Wherein in any financial year the company has no profit or inadequate profits, the performance linked bonus shall be subject to the approval of the Central Government.

d. Car

Sanjay Mathur will be provided with the company's car in accordance with the company policy.

e. Other Benefits

Sanjay Mathur will be entitled to all other forms of benefit covered by the company policy.

iv) Connected Person - Insider Dealing

Under the terms of the company's Insider Dealing Code, Sanjay Mathur will be connected person and therefore his re-appointment is subject to him signing the code.

"RESOLVED FURTHER that the Board of Directors be and are hereby authorised and empowered to alter, vary or modify the above terms and conditions within the maximum remuneration approved to be payable to him, which includes basic salary, personal allowance and annual bonus of Rs. 2,00,00,000/- per annum, without any further approval of the Company in a General Meeting."

NOTES:

1. **PROXY: A member of a company entitled to attend and vote at the meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company.** Proxies, in order to be effective, must be received by the Company at the Registered Office not later than 48 hours before the start of the meeting. Members are requested to sign the attendance slip annexed to the proxy form and hand it over to the Company Secretary at the meeting.
2. **BOOK CLOSURE:** The register of members and share transfer books will remain closed from Saturday 23rd March, 2013 to Friday 29th March, 2013 (both days inclusive).
3. **DIVIDEND:** If dividend on ordinary shares as recommended by the Board of Directors, is approved at the meeting, payment of such dividend will be made on Friday, 17th May, 2013 to those members whose names appear on the register of members on 23rd March, 2013.
4. **NOTIFICATION BY MEMBERS:** Members holding shares in physical form are requested to notify any change of address or bank mandates to the Registrar & Transfer Agent and / or the Compliance Officer by Friday 22nd March, 2013 or to their respective depository participants if the shares are held in electronic form.
5. **TRANSFER TO INVESTORS EDUCATION and PROTECTION FUND (IEPF):** Pursuant to Section 205A of the Companies Act, 1956 read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rules 2001, all unclaimed / unpaid dividend up to 3rd interim dividend of 2005 has been transferred to the Investors Education and Protection Fund set up by the Central Government account and no claim can be admitted in respect of this Fund. Members are therefore requested to encash their dividend warrants immediately for subsequent years. Members are requested to write to the Company and/or Share Transfer Agents, if any dividend warrant is not encashed so that fresh / re-validated warrants could be issued by the Company.
6. **DEMATERIALIZATION OF SHARES:** Shares of the Company can be held and traded in electronic form. Securities and Exchange Board of India (SEBI) has stipulated compulsory delivery of the shares of the Company in dematerialised form only. In view of the numerous advantages offered by the depository system, members are requested to avail of the facility of dematerialisation of the Company's shares.
7. **ELECTRONIC CLEARING SERVICE (ECS):** SEBI, vide its circular no. DCC/FITTCIR-3/2001 dated 15th October 2001 had advised all companies to mandatorily use ECS facility, wherever available and in the absence of ECS facility, companies may use warrants for distributing dividends. SEBI vide its Circular No. D & CC/ FITTCIR-04/2001 dated 13th November 2001 advised all companies to mandatorily print bank account details furnished by the depositories on the dividend warrants.
8. **ISIN No.:** ISIN No. allotted by Bombay Stock Exchange to the Company is INE519A0101. This is required for trading of Company shares in electronic form.
9. **ANNUAL REPORT DISTRIBUTION:** In line with the Green Initiative of the Ministry of Corporate Affairs, SEBI vide its circular CIR/CFD/DIL/7/2011 dated 5th October 2011 in amendment to Clause 42 of Equity Listing Agreement advised that hard copy of full Annual Reports containing Balance Sheet, Statement of Profit and Loss, Directors' Report, Auditors' Report etc. be sent to only those shareholders who have not registered their email addresses. Shareholders who have registered their email addresses be sent soft copies of full Annual Reports containing Balance Sheet, Statement of Profit and Loss, and Directors' Report etc. However, the shareholder continues to retain the right to request the Company for a hard copy of the Annual Report.
10. **PROFILE OF CHRISTOPHER NAIL, DIRECTOR, RETIRING BY ROTATION :** Christopher Nail born on 16th May, 1953 was appointed as a Non-Executive Foseco Retiring Director at the meeting of the Board of Directors held on 20th January 2012. He graduated in Chemistry from The University of Bath in 1975 with a BSc. From 1975 to 1977, Christopher worked with Catalin Limited, a resin manufacturer based in London, as research chemist. In 1977 he worked with Foseco International Limited in their resin binder R & D department in Nechells, Birmingham. In 1980, Christopher Nail was transferred to Foseco Pty. Limited, in Padstow, NSW., Australia as Product Manager, Binders

and Coatings. In 1984 he was transferred to Foseco (FS) Limited at Tamworth, U.K. as Product Manager, Binders and Coatings. In 1988 Nail returned to Australia and progressively rose from Product Manager to Chief Executive Officer in 1998.

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

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

Presently, he does not hold directorship in any of the public companies in India. He is a member of the Shareholders'/ Investors' Grievance and Remuneration Committees of the Company.

Christopher does not hold any shares in the Company.

None of the Directors, except Christopher Nail is interested in this resolution.

11. **QUERIES TO COMPANY SECRETARY / REGISTRARS:** To ensure that shareholders' queries are answered in full, please forward any queries on or before 15th April 2013, to the Company Secretary (Phone No. +91 2137 668100, Email ID - mahendra.dutia@foseco.com) at the Company's Registered Office. Members can also send their queries to Link Intime India Pvt. Ltd., Registrars & Transfer Agents of the Company at Block 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Pune - 411 001 (Phone No. 020-2605 1629 / 2605 0084, Email: pune@linkintime.co.in)

Place: Pune
Date: February 4, 2013

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

EXPLANATORY STATEMENTS AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 5

In accordance with Article 132 of the Articles of Association of your Company, Foseco Overseas Limited has nominated Christopher O' Shea as a permanent non-retiring nominee director. The Board of your Company at its meeting held on 21st January, 2013 appointed Christopher O' Shea as a permanent non-retiring nominee director in place of Francois Wanecq.

Christopher O' Shea born on 23rd October, 1973 is a British National and serves as the Finance Director of Vesuvius plc. He joined Cookson plc. (Group Company of Vesuvius plc.) on 11 October 2012. Prior to joining Cookson, Christopher held a number of senior finance roles at BG Group, latterly serving as Chief Financial Officer for the group's businesses in Africa, the Middle East and Asia. From 1998 to 2005 Christopher worked in the UK, the US and Nigeria for Royal Dutch Shell in a variety of roles, including Chief Financial Officer for Shell's offshore exploration and production business in Nigeria. Christopher is a Chartered Accountant with an MBA from Duke University, and has also worked for Ernst & Young.

Presently, Christopher O' Shea does not hold directorship in any of the public companies in India. He is a member of the Audit, Shareholders' / Investors' Grievance and the Remuneration Committees of the Board of the Company.

He does not hold any shares in the Company.

The Company has received notice from a member under Section 257 of the Act along with a fee of Rs 500/-, in respect of Christopher O' Shea, proposing his appointment as a Director of the Company.

None of the Director, except Christopher O' Shea is interested in this resolution.

Item No. 6.

Sanjay Mathur was appointed as a Managing Director for a period of 3 years from 1st April, 2010 to 31st March, 2013.

The Board reviewed the performance of Sanjay Mathur and recommends appointing him for a further period of three years from 1st April, 2013 to 31st March, 2016.

Sanjay Mathur born on 5th November, 1964 is a Bachelor of Engineering (Chemical) from Punjab University, Chandigarh and has also done Advanced Management Programme from Melbourne Business School, Master of Marketing from Monash University, Australia and holds Diploma in Financial Management (Dip. FM) from ACCA, UK. Sanjay Mathur has undergone numerous leadership and management development training programmes during his career. He has a wide-ranging experience across various functions and has worked with J.K. Synthetics Ltd, Bharat Petroleum Corporation Ltd. and the Shell Group. He was the Supply Chain & Industrial Sales Manager and Acting General Manager of a Shell JV in the Middle East between 1998 and 2003. In 2003 Sanjay Mathur took over as Managing Director of Pennzoil-Quaker State India Limited, Mumbai after its acquisition by Shell in October 2002. Presently, he is in charge of Foundry Division of the Vesuvius Group for India and ASEAN Countries and is also a member of the Shareholders Investors' Grievance Committee of the Board.

Sanjay Mathur holds the office of Directorship with Foseco (Thailand) Limited, Foseco International Holding (Thailand) Limited, Foseco Philippines Inc. and P. T. Foseco Indonesia.

He does not hold any shares in the Company.

At the 55th Annual General Meeting held on 25th April 2012, maximum limit of remuneration package which includes basic salary, personal allowance and annual bonus payable to Sanjay Mathur was fixed at Rs. 2,00,00,000/- per annum. Authority of the shareholders be given to the Board to revise his salary from time to time up to the maximum limit as above. The Board of Directors recommends the reappointment of Sanjay Mathur and also to fix the remuneration package as laid down in special business item no. 6 of notice to the shareholders for passing subject to Central Government's permission, if any, required.

None of the Directors, except Sanjay Mathur is interested in this resolution.

Place: Pune
Date: February 4, 2013

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

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

21st January 2013

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

We hereby certify that for the financial year 2012 annual accounts we have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2012 which are fraudulent, illegal or violate the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:-
 - (a) there have been no significant changes in internal control during this year.
 - (b) there have been no significant changes in accounting policies during this year.
 - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

S Mathur
Managing Director

R Umesh
Chief Financial Officer

Report of the Directors

Your Directors are pleased to present the Company's 56th Annual Report and the audited accounts for the year ended 31 December 2012.

1. PERFORMANCE REVIEW

The year 2012 saw India getting adversely impacted by the weakening global economic scenario. The rate of GDP growth fell to nearly 5 per cent by the end of the year. The inflation remained persistently high and the exchange rate fluctuated sharply creating a highly challenging industrial scenario in the country. The IIP (Index of Industrial Production) contracted in six out of twelve months of the year. The foundry industry segment in which your Company operates faced challenges of high input and finance costs and tight liquidity. Southern India, having the largest clusters of foundries, suffered from acute power shortage for most part of the year, thereby causing loss of production at these units.

Your Directors would like to inform that your Company recorded good results in 2012 against the adverse economic and industrial scenario. It reported a record gross turnover of Rs. 27277.38 Lacs, Profit Before Tax of Rs. 3225.87 Lacs and Profit After Tax of Rs. 2181.50 Lacs.

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

2. DIVIDEND & APPROPRIATIONS

An amount of Rs 218.15 Lacs has been credited to General Reserves during the year.

Your Directors have recommended payment of a final dividend of 70% on paid-up equity share capital for the year ended 31 December 2012, which, if approved by the members, will be paid to the:

Equity shareholders whose names appear in the register of members on 23 March 2013 and

Beneficial owners whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

The Board had declared 10% first interim dividend in April 2012, 40% second interim dividend in July 2012 and 20% third interim dividend in October 2012 on the paid-up equity share capital of the Company and this has been paid to registered holders of equity shares. The total of the interim and proposed final dividends is 140% of paid-up equity share capital.

3. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Your Company continues to place significant importance on Research and Development as the primary means of continuously advancing its product technology. A sum of Rs. 76.87 Lacs was spent during the year towards Research & Development. Technology transfer into the Company from its overseas affiliates is by three main routes:

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

4. CONSERVATION OF ENERGY

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

5. INTEGRATED MANAGEMENT SYSTEM POLICY

The Company has adopted an integrated management system comprising of quality management system, environmental management system and occupational health & safety management system in accordance with ISO and OHSAS Standards in line with Rule 73-L (5)d of the Maharashtra Factories Rules 1963, made under the Maharashtra Factories Act, 1948.

6. IMPORTS / EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A. IMPORTS

Imports of raw materials during the year amounted to Rs.1947.11 Lacs (previous year Rs. 1,564.93 Lacs) and capital goods & spares of Rs.32.38 Lacs (previous year Rs. 113.31 Lacs).

B. EXPORTS

Exports were mainly to Middle East, ASEAN and China. Exports during the year increased to Rs. 1093.67 Lacs from Rs. 869.65 Lacs in the previous year.

C. EARNINGS AND OUTGO

Details are provided under Point 6.1 to 6.4 of Note 28 of "Notes to Financial Statement" for the year ended 31st December 2012.

7. EMPLOYEE RELATIONS

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

8. STATUTORY DISCLOSURES

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

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

A Cash Flow Statement for the year ended 31st December 2012 is attached to the Balance Sheet.

9. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a separate section titled Report on Corporate Governance has been included in this Annual Report. Your Directors are pleased to report that your Company is fully compliant as on 31st December 2012 with the SEBI Guidelines on Corporate Governance.

10. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act 1956, your Directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed with no material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable, prudent and in the best interest of the Company's business so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the same period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis.

11. DIRECTORS

In accordance with Article 132 of the Articles of Association of your Company, Foseco Overseas Limited is entitled to nominate directors who shall be permanent non-retiring Director on the Board of your Company, such that the total number of Directors shall not exceed one-third of the total number of Directors on the Board of Directors. Foseco Overseas Limited can also replace its director in place of the existing director.

Your company has received a letter dated 16 January 2013 from Foseco Overseas Limited expressing its intention to replace their existing permanent non-retiring nominee director, Francois Wanecq with Christopher O' Shea. In accordance therewith the Board of your Company at its meeting held on 21st January, 2013 appointed Chris O' Shea as a permanent non-retiring nominee director in place of Francois Wanecq. Your Board wishes to place on record their appreciation of the valuable contribution made by Francois Wanecq in furthering the objective of your company.

Christopher O' Shea is a British National and serves as a Finance Director of Vesuvius plc. He joined Cookson plc. (Group Company of Vesuvius plc.) on 11 October 2012. Prior to joining Cookson, Christopher held a number of senior finance roles at BG Group, latterly serving as Chief Financial Officer for the group's businesses in Africa, the Middle East and Asia. From 1998 to 2005 Christopher worked in the UK, the US and Nigeria for Royal Dutch Shell in a variety of roles, including Chief Financial Officer for Shell's offshore exploration and production business in Nigeria. Christopher is a Chartered Accountant with an MBA from Duke University, and has also worked for Ernst & Young.

Your Board is glad to welcome Christopher O' Shea on the Board of the Company and looks forward to gain from the wide ranging experience he brings with him.

Resolution seeking approval of the members for the appointment of Christopher O' Shea as a permanent non-retiring Director have been incorporated in the Notice of the forthcoming AGM.

12. RE-APPOINTMENT AND REMUNERATION OF THE MANAGING DIRECTOR

Sanjay Mathur was re-appointed as Managing Director for a period of three years from 1 April 2010 to 31 March 2013 in the Shareholders Meeting held on 21 April 2010.

Your Board recommends the re-appointment of Sanjay Mathur for a further period of three years from 1 April 2013 to 31 March 2016 and fix his remuneration. A resolution in this regard have been incorporated in the Notice of the forthcoming AGM .

13. AUDITORS

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

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

14. COST AUDITORS

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

The Cost Auditor has issued a certificate for the year 2012 stating that the Company has maintained the required cost accounting records as per the Cost Accounting Records (Chemical Industries) Rules 2004 and the Company is in compliance therewith.

15. INTERNAL CONTROL SYSTEMS

The Company's internal control systems are audited by P.G.Bhagwat & Co., Chartered Accountants. The Internal Auditors independently evaluates the adequacy of internal controls and review major transactions. The Internal Auditors report directly to the Audit Committee to ensure complete independence.

16. AUDITORS' REPORT

The observations of the Statutory Auditors in its report, read with the relevant notes to the financial statement in Note no.28 are self-explanatory and do not require further explanation.

17. ACKNOWLEDGMENTS

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

Place: Pune

Date: 21 January 2013

On behalf of the Board of Directors

Pradeep Mallick

Chairman

Annexure to the Report of the Directors

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

FORM - A

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

(A) Power and Fuel Consumption :

Particulars	31 December 2012	31 December 2011
1. Electricity		
(a) Purchased		
Units	26,54,878	25,40,616
Total Amount (Rs. Lacs)	164.69	135.55
Rate / Unit (Rs.)	6.20	5.34
(b) Own Generation		
i) Through Diesel Generator		
Units	3,77,164	2,84,412
Units per litre of Diesel Oil	3.61	3.70
Cost / Unit (Rs.)	12.32	11.40
ii) Through Steam Turbine / Generator		
Units	NOT APPLICABLE	NOT APPLICABLE
Units per litre of Fuel Oil / Gas		
Cost / Unit (Rs.)		
2. Coal		
Quantity (Tonnes)	NOT APPLICABLE	NOT APPLICABLE
Total Cost		
Average Rate		
3. Furnace Oil		
Quantity (KL)	NOT APPLICABLE	NOT APPLICABLE
Total Amount (Rs. Lacs)		
Average Rate (Rs. / KL)		
4. Others/Internal Generation		
LPG		
Quantity (Kgs)	4,41,640	4,21,756
Total Cost (Rs. Lacs)	275.95	220.07
Rate/Unit (Rs./Kg)	62.48	52.18

(B) Consumption per unit of production

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

FORM - B

Form for Disclosure of Particulars With Respect to Absorption

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company	:	Metallurgical Chemicals
2. Benefits derived as a result of the R & D	:	Customers continue to benefit from the Company's range of products designed to improve quality, productivity, efficiency and the environment.
3. Future plan of action	:	R & D initiatives continue to focus on improving customers' quality and productivity levels whilst contributing to an overall improvement in environmental conditions.
4. Expenditure on R & D		
(a) Capital	:	Rs. 9.74 Lacs (previous year Rs. 8.72 Lacs)
(b) Revenue	:	Rs. 67.13 Lacs (previous year Rs. 54.02 Lacs)
(c) Total	:	Rs. 76.87 Lacs (previous year Rs. 62.74 Lacs)
(d) Total R & D expenditure as a percentage of total turnover	:	0.28% (previous year 0.25%)

Technology Absorption, Adaptation and Innovation

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

FORM - C

FOREIGN EXCHANGE EARNINGS AND OUTGO

i. Foreign Exchange Earnings	Rs. 1,440.43 Lacs (previous year Rs. 1,336.19 Lacs)
ii. Foreign Exchange Outgo	Rs. 3,529.24 Lacs (previous year Rs. 3,170.14 Lacs)

Grishma Khandwala
Company Secretary

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

CERTIFICATE

I have examined the compliance of conditions of Corporate Governance by Foseco India Limited for the year ended 31st December, 2012 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

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

Pune
21st January, 2013

GRISHMA KHANDWALA
Company Secretary

Management Discussion and Analysis

Foseco has been associated with the metals industry for over 75 years and is acknowledged as a world leader in the supply of consumable products for use in the foundry industry with major facilities in Germany, USA, UK, Brazil, China, India, South Korea and Japan. The Company was founded by Eric Weiss in 1932 and is an established supplier to the Foundry Industry, from where the name **FO**undry **S**ervice **CO**mpany was derived.

In April 2008, Foseco was acquired by Cookson Group plc., with interests in metals, electronics and ceramics. On 19 December 2012, the Cookson Group plc. was demerged resulting in formation of Cookson Group Limited, Vesuvius plc. and Alent plc. Vesuvius plc. and Alent plc. are listed on the London Stock Exchange. Foseco India Limited is part of the Vesuvius plc., which includes Engineered Ceramics (Flow Control, Advanced Refractories and Foundry Technologies) and Precious Metals Processing Divisions of Cookson. There has been no change in the shareholding pattern for Foseco India Limited with respect to the immediate holding / parent companies viz., Foseco Overseas Limited, Foseco U K Limited & Cookson Group Limited.

Foundries form the heart of a manufacturing based economy and typically produce castings that go into automotive, construction, heavy machinery, general engineering and mining sectors. There are approximately 4700 foundries in India out of which 80% are Small Scale Units & 10% each are Medium and Large Scale units. The large foundries are modern & globally competitive and approximately 500 units have international quality accreditations. The foundries in India have the advantage of a large domestic market as well as the international opportunities. Many leading tier 1 & 2 suppliers to automobile manufacturers have entered the Asian markets for sourcing of castings. Indian foundries have also established their footprints in Europe, USA, Japan, Middle East and other parts of Asia. The high expectations of, especially the international OEMs, with respect to quality and type of castings are driving change in the casting manufacturing processes and facilities. Further, the growing awareness and tightening legislations have led many large foundries to put in place systems to control the impact of their operations on the environment. The Indian foundries, however, need to continuously innovate to consolidate their position and remain an attractive destination for sourcing of high quality castings.

The process for manufacture of castings in each foundry has unique characteristics. Customers need to be offered specific customised solutions. Foseco India Limited is acknowledged as the only company in the country that possesses the capability of offering the widest range of customised solutions to the foundry industry. It offers unique solutions in the areas related to melting, methoding, mould and core which help in producing castings with high integrity, consistent quality, improved surface finish, internal soundness and dimensional accuracy. These solutions also

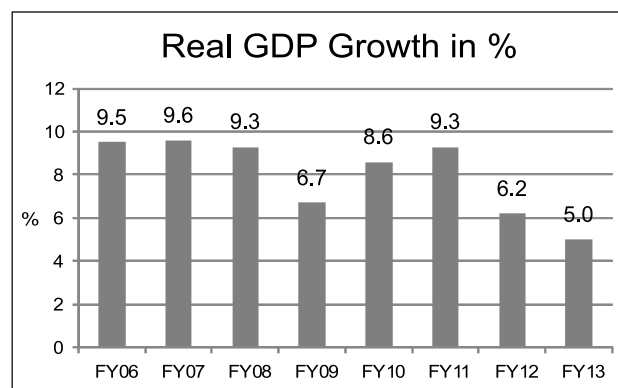
benefit the customer in conserving natural resources e.g. through recycling of the sand, savings in energy etc.

Foseco's focus is on adding economic value to its customers through improved process capability, casting yield, resource utilisation, efficiency and development of new business opportunities. Consequently, Foseco India Limited has established a successful "partnership" model with its customers, founded on its four core areas of strength:

- **Product Technology** : wide range of products renewed through continual innovation and preferably best-in-class.
- **Applications Expertise**: the applications skills required to ensure that the products deliver maximum performance.
- **Foundry Process Knowledge**: intimate knowledge of foundry technology, customers need and processes.
- **Process Control Capability**: a range of hardware and software to optimise product performance and consistency in use.

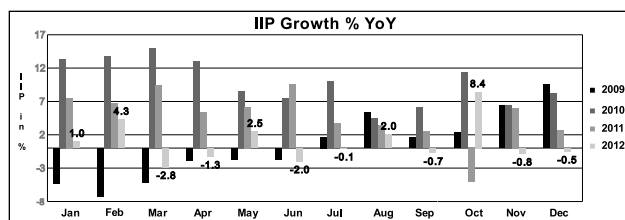
The Market

In the year 2012, the advanced economies of the world expanded by a mere 1.1 per cent and global exports slowed down as a result of Europe's sovereign debt crisis. Growth momentum also dropped in various emerging market economies, notably Brazil, China and India. India's GDP growth rate fell to nearly 5 per cent by the end of the year, partly due to these external factors but also on account of weak business confidence resulting from slow approvals for new projects, sluggish structural economic reforms and interest rate hikes aimed to rein in inflation. Inflation remained high during the year softening to about 7.1 per cent around the end, against the backdrop of rising current account deficit and rupee depreciation.



Source – Press Information Bureau, CSO, Govt. of India

The Industrial sector output in India briefly slipped into negative territory during the year.



Source: mospi.nic.in

In the earlier years, the Indian foundry industry has grown due to increasing share of local manufacturing in the GDP and strong demand from the international markets. As per "Modern Casting" estimate the casting production in India was 9.99 million tons in the year 2011-12. However, from the second half of 2012, the demand for castings has been slowing down due to the global economic downturn, reduction in automotive production, drop in capital investments and inflationary pressures from increase in interest and fuel costs. Additionally, the increase in input costs on account of iron ore and power supply and scarcity of skilled manpower had an adverse impact on the profitability of the Indian foundries.

Operations

Foseco has two manufacturing plants in India, one located at Sanaswadi near Pune, and other in Puducherry. The Company offers products which range from resins, coatings, feeding systems, ferrous and non-ferrous metal treatment to greensand additives. With a pivotal strength of 225 employees, Foseco treads the path of best-in-class manufacturing practices. Each cell team owns end-to-end responsibility for the entire manufacturing process from purchase of raw materials to manufacturing with safe practices and quality assurance to final distribution. This workflow ensures that the entire cell team is responsible for safety, quality, production cost and customer service.

Operational excellence tools are progressively used to reinforce the customer service levels and reduce non-value adding processes and activities making the system more flexible and efficient. Since 2011, Foseco India Limited has undertaken "**Lean**" as the primary model for its manufacturing operations. Since then, several activities have been undertaken, for example, training of all employees on lean tools, loss intelligence, process standardisation, 5S and visual management.

The Company continues its journey of providing safe and quality products to its customers and to be one of the best industrial enterprises in HSE standards. In 2012, the shop floor employees completed over 600 Kaizens to improve efficiency and safety in the operations. In 2013, Foseco has taken up the objective of reducing the carbon footprint from its operations.

Information Technology

Information technology tools are extensively used to improve its efficiency and process speed. The entire operations of the Company are systematically handled with the help of J. D. Edwards ERP software through its three modules - financial, manufacturing and distribution. This has helped the Company to enhance its service levels, effect productivity improvements and improve internal processes. The Java based, Customer Relationship Management (CRM) software, supports the customer service cell to respond to customer queries in a timely and informed manner. The capability of CRM has been boosted through successful adoption of the Cognos Powerplay business intelligence software, which provides considerable support to swift and informed managerial decision-making. Several user friendly databases are also put in place to conduct and control the day to day operations and communicate policies and procedures to the staff.

Taking into account the extensive software usages, the Company is well abreast with its IT security solutions. A highly fortified Virtual Private Network (VPN) with in-built intrusion detection systems takes care of the IT security needs of the Company. To maintain high level of security standards, the Company ensures periodical IT audit. The IT processes of the Company are also accredited to the ISO9001: 2008 standard.

Human Resources

Foseco's business model lays a special emphasis on the people, who continue to be its greatest single strength. The past successes of the Company and good performance in the year 2012 are entirely attributable to the remarkable commitment, dedication and hard work of the employees. Performance management systems are in place to ensure that everyone is focused on key objectives and key performance indications. There is a strong linkage between pay and performance and every employee has a personal Balanced Scorecard linked to the Company scorecard and strategy map.

The Company has adopted the Vesuvius Group core values and all employees are educated, trained and encouraged to use these values as the basis upon which decisions are made and policies and practices defined.

Integrated Management System Policy

Foseco strives to maintain the highest standards of Health, Safety and Environment practices. The Company has a clear HSE monitoring process for each of its operation. The Vesuvius Turbo S programme, focussed on taking the safety culture to the next level, was launched in 2012. The Company also runs a "Behavioural Based Safety" programme to reinforce safe practices amongst its employees and contractors. Other initiatives include programmes to identify safety improvement opportunities, safety audits by all employees and monthly HSE team

meetings. An integrated quality, health, safety and environment management system accredited to ISO 9001:2008, ISO 14001:2004 and OHSAS 18001-2007 is in place and was re-certified in 2012.

Financial Performance

The Company's financial results in 2012 are impacted by the adverse external factors. In the challenging scenario faced by the company, a series of highly innovative, proactive and effective steps were taken for review and implementation of the core strategy of solution partnering. The Balanced Scorecard of the Company was reviewed extensively and the strategy map revised to make it more focussed and aligned to current market realities and objectives. The initiatives to build the enterprise sales, in the light of liquidity problems and profitability challenges of the customers, were focussed on developing solutions for reducing waste and energy consumption and improving quality of the finished castings produced by our customers. Internally a major drive to reduce costs and expenses helped in protecting margins and keeping the operating expenses under control despite high inflation. The Solutions Partnering strategy, Balanced Scorecard approach and the hard work of your Company's employees helped in delivering the financial results despite unfavourable market conditions.

Abridged Profit and Loss Account (Rs. In Lacs)

Particulars	2012	2011
Net Sales (including other income)	24841	23457
Operating Expenses	21104	19268
EBITDA	3737	4189
Depreciation	465	429
EBIT	3272	3760
Finance Charges	46	17
EBT	3226	3743
Tax	1044	1215
PAT	2182	2528

The Company generated cash of Rs. 2003 Lacs from its operating activities.

Key Financial Ratios

Particulars	2012	2011
EBIT/Net Sales	13.17%	16.03%
PAT/Net Sales	8.78%	10.78%
ROCE	33.01%	42.37%
RONW	24.38%	32.38%
Debt/Equity	0.11	0.15

Outlook

Foseco India Limited stands by its philosophy to deliver the "greatest value" to its customers. It is fully geared and well positioned to service the rapidly changing requirements of the Indian foundry industry. The Company will continue to pursue growth based on its unique strategy of Solutions Partnering, large portfolio of 400 products and a highly skilled workforce. Several initiatives have been put in place to improve its performance in 2013 and beyond. However, the unfolding economic and industrial scenario in India and globally may influence the level of growth that can be realised.

Internal Control Systems and Their Adequacy

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

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

Cautionary Statement

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

Corporate Governance Report

1. FOSECO'S PHILOSOPHY

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

I. Nature and Role of the Board of Directors

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

II. Foseco's Vision

The Company's vision is to become:

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

III. Business Strategy

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

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

IV. Foseco Values

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

- Creativity
- Cooperation
- Reliability
- Integrity
- Embracing Diversity

V. Integrity of Financial Reporting

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

VI. Disclosure of Information to Investors

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

VII. Insider Dealing Policy

The Company's shares are presently listed on the Bombay and National Stock Exchanges in accordance with the relevant Listing Agreements. The delisting formalities of the Company's shares from the Pune Stock Exchanges have been completed during the year under review. With the

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

VIII. Investor Services

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

IX. Performance Management

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

2. BOARD OF DIRECTORS

I. Composition and Category of Directors

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

Composition of the Board of Directors

Category	No. of Directors	Percentage of Total Number of Directors
Promoter - Non-Executive Director*	3	50%
Whole-time Director	1	16.67%
Non-executive independent Directors	2	33.33%
Total	6	100%

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

The background of each Director is summarized below:

(a) DAVID HUGHES, non-executive Director

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

(b) SANJAY MATHUR, Managing Director

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

(c) MUKUND M CHITALE, non-executive Independent Director

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

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

(d) FRANCOIS WANECQ, non-executive Director

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

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

Francois Wanecq is the President & CEO of the Vesuvius Group plc. He is a member of the Shareholders' Investors' Grievance and Remuneration Committees.

(e) PRADEEP MALLICK, non-executive Chairman and Independent Director

Pradeep Mallick was appointed as Additional Non-Executive Independent Director at the meeting of the Board of Directors held on 21st October 2011 and Non-Executive Chairman on 20th January 2012. He is a graduate Electrical Engineer (B.Tech) from IIT Madras and has received a Diploma in Business Management from U.K. He is a 'Chartered Engineer', Fellow of the Institution of Engineering & Technology (FIET), London. From 1967 to 1988, Pradeep Mallick worked with Crompton Greaves, Tata Exports, EMC and GENELEC in the field of Power Distribution & Power Transmission, primarily managing large turnkey projects in India, Gulf, West Asia and North Africa. In 1988, he helped to establish the Finnish Company, Wartsila, in India as a greenfield project and led the Company as its Managing Director for 15 years till 2003. He currently serves on the Boards of several Companies as a Professional Independent Non-Executive Director. Besides, he is a Strategic Adviser cum Sounding Board to CEOs and an Executive Coach/Mentor to Corporate Executives, focusing on Leadership Development.

Pradeep Mallick is the Chairman of the Shareholders'/Investors' Grievance and Remuneration Committees and a member of the Audit and Nomination Committees.

(f) CHRISTOPHER NAIL, non-executive Director

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

Christopher Nail is a member of the Shareholders'/ Investors' Grievance and Remuneration Committees.

II. Board Meetings & Attendance of Directors

A total of four Board meetings were held during the year 2012 on the following dates: 20th January, 25th April, 18th July and 23rd October.

Name of Director	Number of meetings held during his tenure	Number of meetings attended	% of total meetings attended	AGM attendance
Mukund M Chitale	4	4	100	Yes
David Hughes	4	3	75	No
Francois Wanecq	4	0	0	No
Sanjay Mathur	4	4	100	Yes
Pradeep Mallick*	4	4	100	Yes
Christopher Nail	4	4	100	Yes

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

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

III. Board and Committee Memberships

As mandated by Clause 49, none of the Directors is a member of more than ten (10) Board level

Committees and not acting as Chairman of more than five (5) Committees in which he is a member. The table below gives the details of Directorships, Committee Memberships and Chairmanships on 31st December 2012. Directorships exclude Alternate Directorships, Directorship of private limited companies and foreign companies wherever applicable. Committees include only Audit and Shareholders' / Investors' Grievance Committees.

Name of Director	Number of Directorships in other Public Companies	Number of Committee Positions held in all Public Companies	Number of Committee Chairmanships held in all Public Companies
Mukund M Chitale	9	10	5
David Hughes	None	None	None
Francois Wanecq	1	None	None
Pradeep Mallick	7	9	1
Christopher Nail	None	None	None
Sanjay Mathur	None	1	None

IV. Code of Conduct & Ethics

The Company's Code of Conduct & Ethics, enclosed in this Annual Report, provides guidelines to be followed by Directors and all employees to ensure the highest standards of professional conduct. Members of the Board and senior management have affirmed compliance with the Code of Conduct & Ethics for the year 2012 on behalf of themselves and to the extent that they are aware, on behalf of all employees reporting to them.

V. Directors Seeking Reappointment

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

VI. Disclosure of Directors' Interests in Transactions With the Company

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

3. AUDIT COMMITTEE

I. Terms of Reference

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

II. Composition

The Audit Committee comprises 3 directors, 2 non-executive Independent Directors - Mukund M Chitale, Pradeep Mallick and a non-executive non-independent Director - David Hughes.

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

III. Audit Committee Meetings and Attendance of Directors

A total of four Audit Committee Meeting were held during the year 2012 on 20th January, 25th April, 18th July and 23rd October.

Name of Director meetings during	Number of meetings held during his tenure	Number of meetings attended	% of total held
Mukund M Chitale	4	4	100
David Hughes	4	3	75
Pradeep Mallick	4	4	100

4. REMUNERATION COMMITTEE

I. Terms of Reference

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

II. Composition

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

III. Remuneration Committee Meetings and Attendance of Directors

The Committee met thrice during the year on 20th January, 25th April & 18th July.

Name of Director	Number of meetings held during his tenure	Number of meetings attended	% of total meetings attended
Mukund M Chitale	3	3	100
Pradeep Mallick	3	3	100
David Hughes	3	2	66.67
François Wanecq	3	0	0
Christopher Nail	3	3	100

IV. Remuneration Policy

(a) Whole-time Directors and Management Team

The remuneration paid / payable to the Managing Director is in accordance with the limits fixed by the Board and approved by the shareholders. Senior managerial personnel's remuneration is fixed by the Board. The total remuneration, comprises fixed component consisting of salary and perquisites in accordance with Company policy and a performance bonus linked to Company performance.

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

During the financial year ended 31st December 2012, the Company has paid the following remuneration to the Managing Director:

Salary and bonus	Rs. 111.41 lacs
Total perquisites	Rs. 19.11 lacs
Total	Rs. 130.51 lacs

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

(b) Non-executive Independent Directors

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

This is the only remuneration paid to Non Executive Directors and is summarized below:

Director	Sitting Fees (Rs.)	Commission Payable (Rs.)
M M Chitale	1,20,000	7,00,000
Pradeep Mallick	1,20,000	7,00,000

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

The Committee focuses primarily on strengthening investor relations and ensuring quick resolution of any shareholder or investor grievances.

II. Composition

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

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

A total of four Committee meetings were held during the year 2012 on the following dates: 20th January, 25th April, 18th July and 23rd October.

Name of Director	Number of meetings held during his tenure	Number of meetings attended	% of total meetings attended
Mukund M Chitale	4	4	100
David Hughes	4	3	75
Francois Wanecq	4	0	0
Sanjay Mathur	4	4	100
Pradeep Mallick	4	4	100
Christopher Nail	4	4	100

IV. Compliance Officer

R. Umesh, Chief Financial Officer is the Compliance Officer as per the Listing Agreement.

V. Analysis of Complaints

Nature of Complaints	Opening Balance	Complaint Received During the Year	Received From		Closing Balance
			Share Transfer Agents or Direct	SEBI / BSE / NSE	
Non-receipt of dividend warrant	Nil	12	10	02	Nil
Non-receipt of Share Certificate	Nil	Nil	Nil	Nil	Nil
Non-furnishing of annual report & demat information	Nil	05	03	02	Nil
Total	Nil	17	13	04	Nil

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

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

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

II. Composition

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

III. Attendance

The Committee met once during the year on 20th January, 2012 and was attended by all the three members.

7. GENERAL BODY MEETINGS

I. Meeting Details

Financial Year	Location	Date	Number of Shareholders Attending	% of Shareholders Attending**	Resolutions Passed
2012	Foseco India Ltd. Registered Office	25-Apr-12	14	50% Proxy present for 75% shares	Ordinary-3
2011	Foseco India Ltd. registered office	21-Apr-11	19	50% Proxy present for 75% shares	Ordinary -2
2010	Foseco India Ltd. registered office	21-Apr-10	13	33% Proxy present for 66.46% shares	Ordinary - 2

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

II. Resolutions

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

III. Postal Ballot

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

8. DISCLOSURES

I. Related Party Transactions

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

II. Compliance With Regulations

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

III. Accounting Standards

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

IV. Secretarial Standards

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

V. Risk Management

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

VI. CEO / CFO Certificate

Sanjay Mathur, Managing Director & CEO and R Umesh, CFO of the Company have furnished the requisite certificate to the Board of Directors under Clause 49 V of the Listing Agreement.

9. COMMUNICATION APPROACH

The Company's financial results have been published in Business Standard in English and Loksatta in Marathi and on the Company's website www.fosecointia.com.

10. GENERAL SHAREHOLDER INFORMATION

I. 56th Annual General Meeting

The 56th Annual General meeting will be held on Monday, 22nd April, 2013 at the Registered Office of the Company at 11.00 hours (IST).

II. Financial Reporting Calendar

Financial Reporting 2013	From	To	Probable Date(s)
1st Quarter	January	March	22nd April 2013
2nd Quarter	April	June	18th July 2013
3rd Quarter	July	September	17th October 2013
4th Quarter	October	December	Jan 2014
Annual General Meeting	January	December	April 2014

III. Book Closure

The date of book closure is from 23rd March 2013 to 29th March 2013.

IV. Dividend Payment

Interim dividend payments were made during 2012 on the following dates:

1. First interim 21st May, 2012
2. Second interim 14th August, 2012
3. Third interim 20th November, 2012
4. The final dividend Subject to shareholders' approval, will be paid on 17th May, 2013

V. Stock Exchange Listing

Stock Exchange	Stock Code	Listing Fees Paid Upto	ISIN
Bombay Stock Exchange	500150	31.03.2013	INE519A01011
National Stock Exchange	FOSECOIND	31.03.2013	

During the year under review, shares of the company were delisted from the Pune Stock exchange.

VI. Share Price

The Company's high and low prices recorded on the Bombay Stock Exchange and the National Stock Exchange during the year 2012 were:

Month	Stock Exchange					
	The Stock Exchange, Mumbai (BSE)			National Stock Exchange (NSE)		
	Share Price		Sensex	Share Price		Nifty
	High (Rs.)	Low (Rs.)	(Close)	High (Rs.)	Low (Rs.)	(close)
Jan.12	590.00	502.00	17,193.55	586.25	530.05	5,199.25
Feb.12	660.00	562.55	17,752.68	658.00	557.00	5,385.20
Mar.12	752.00	645.55	17,404.20	769.60	631.00	5,295.55
Apr.12	791.00	642.20	17,318.81	860.00	690.50	5,248.15
May.12	777.00	627.00	16,218.53	770.00	630.10	4,924.25
Jun.12	668.00	615.00	17,429.98	667.80	609.95	5,278.90
Jul.12	659.90	601.00	17,236.18	659.00	600.10	5,229.00
Aug.12	631.00	592.00	17,429.56	630.00	575.10	5,258.50
Sep.12	622.00	594.15	18,762.74	650.00	591.00	5,703.30
Oct.12	660.00	585.00	18,505.38	674.90	580.00	5,619.70
Nov.12	609.00	570.00	19,339.90	606.00	571.10	5,879.85
Dec.12	610.00	534.00	19,426.71	615.00	531.70	5,905.10

VII.Registrar & Transfer Agent

Agent	Address	Contacts	Meeting Frequency
Link Intime India Private Ltd.	Akshay Complex, block 202, 2nd Floor, off Dhule Patil Road, Near Ganesh Mandir, Pune 411 001.	Tel.: +91-(020) 26050084 +91-(020)-26051629 Fax :+91-(020)-26053503 Email: pune@linkintime.co.in	Each fortnight

VIII.Share Transfer System

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

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

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

As on 31st December 2012 there were no valid requests pending for transfer of shares.

IX. Shareholding Distribution

The shareholding distribution at 31st December 2012 is tabulated below:

Shareholding of Nominal Value Rs.	Number of Share-holders	% of Total	Number of Shares	% of Total
Up to 5,000	6072	99.63	676818	10.60
5,001 to 10,000	08	0.13	57286	0.90
10,001 to 20,000	03	0.05	33911	0.53
20,001 to 30,000	04	0.07	97974	1.53
30,001 to 40,000	00	0.00	0	0.00
40,001 to 50,000	00	0.00	0	0.00
50,001 to 1,00,000	00	0.00	0	0.00
1,00,001 & above	04	0.07	5520470	86.44
Total	6091	100	6386459	100.00

The nature of shareholding is summarized below :

Category	Number of Shareholders	Number of Shares	%
Foreign collaborators/ nominees (different folios)	10 *	4789845	75.00
Foreign companies	2	734829	11.51
NRIs	57	19339	0.390
Banks, Indian mutual funds, insurance companies	4	1400	0.02
Bodies corporate	180	110846	1.7356
Indian public	5838	730200	11.43
TOTAL	6091	6386459	100.00

* Includes five individuals jointly holding shares as nominee.

X. Dematerialisation of Shares and Liquidity

Shares of the Company can be held and traded in electronic form. SEBI has stipulated the shares of the Company for compulsory delivery in dematerialised form only by all investors from 28th August 2000. The Promoters hold 75% of the share capital of the company.

Approximately 99.95% of the shares of the promoters group have been dematerialised and only 0.05% of the shares are held in physical form. Shares of the Company are actively traded on the Stock Exchange, Mumbai and the National Stock Exchange of India Ltd.

XI. Outstanding GDRs / ADRs / Warrants / Convertible Instruments

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

XII. Equity Shares lying in Unclaimed Suspense Account.

The Company is taking all steps to comply with the requirement of Clause 5A of the Listing Agreement. The clause provides the manner of dealing with the shares issued to the shareholders pursuant to the public issue or any other issue, and which remains unclaimed with the Company.

The voting rights on the shares outstanding in the suspense account as on 31st December 2012 shall remain frozen till the rightful owner of such shares claims the shares.

XIII. Plant Locations

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

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

For change of address and bank mandates:

- Shares in dematerialised form contact the Share-holder's depository participant.
- Shares in physical form contact the share transfer agents Link Intime India Pvt. Ltd., Akshay Complex, Block 202, 2nd floor Off Dhole Patil Road, Near Ganesh Mandir, Pune-411001. Contact nos. - Tel.: +91-(020) 26050084, 26051629, Fax : +91-(020)-26053503, Email: pune@linkintime.co.in

For all matters relating to investor relations contact:

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

XV. Unclaimed Dividends

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

Year	Date of Declaration	Due Date for Transfer
2005 - Final	25-Apr-2006	24-May-2013
2006 - 1st interim	25-Apr-2006	24-May-2013
2006 - 2nd interim	18-Jul-2006	16-Aug-2013
2006 - 3rd interim	17-Oct-2006	15-Nov-2013
2006 - Final	26-Apr-2007	25-May-2014
2007 - 1st interim	26-Apr-2007	25-May-2014
2007 - 2nd interim	17-Jul-2007	15-Aug-2014
2007 - 3rd interim	22-Oct-2007	20-Nov-2014
2007 - Final	22-Apr-2008	22-May-2015
2008 - 1st interim	22-Apr-2008	22-May-2015
2008 - 2nd interim	17-Jul-2008	16-Aug-2015
2008 - 3rd interim	16-Oct-2008	15-Nov-2015
2008 Final	22-Apr-2009	21-May-2016
2009 1st Interim	24-Jul-2009	22-Aug-2016
2009 2nd Interim	27-Oct-2009	25-Nov-2016
2009 Final	21-Apr-2010	20-May-2017
2010 - 1st interim	21-Apr-2010	20-May-2017
2010 - 2nd interim	23-Jul-2010	21-Aug-2017
2010 - 3rd interim	21-Oct-2010	19-Nov-2017
2010 - Final	21-Apr-2011	20-May-2018
2011 - 1st interim	21-Apr-2011	20-May-2018
2011 - 2nd interim	22-Jul-2011	20-Aug-2018
2011 - 3rd interim	21-Oct-2011	19-Nov-2018
2011 - Final	25-Apr-2012	25-May-2019
2012 - 1st interim	25-Apr-2012	25-May-2019
2012 - 2nd interim	18-Jul-2012	17-Aug-2019
2012 - 3rd interim	23-Oct-2012	22-Nov-2019

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

XVI. Nomination

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

XVII. Electronic Clearing Service (ECS)

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

11. ADOPTION OF NON-MANDATORY REQUIREMENTS

I. Maintenance of the Chairman's Office

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

II. Remuneration Committee

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

III. Shareholder Rights

The quarterly and half yearly results are not being sent to the personal address of shareholders as the quarterly performance and financial results of the Company are published in the press and the results are posted on the website of Company www.fosecointia.com.

IV. Audit Qualifications

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

V. Board Performance

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

VI. Training of Board Members

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

VII. Tenure of Independent Directors

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

VIII. Whistleblower Policy

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

IX. Dividend Policy

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

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

X. Lead Independent Director

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

12. PRACTISING COMPANY SECRETARY'S CORPORATE GOVERNANCE CERTIFICATE

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

Nomination Committee Report - 2012

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

The Committee met once during the year to recommend the appointment of Mr. Christopher Nail for the position of Additional Director.

Sanaswadi, Pune
21 January 2013

Mukund M Chitale
Chairman,
Nomination Committee

Remuneration Committee Report - 2012

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

The Committee met thrice during the year.

Sanaswadi, Pune
21 January 2013

Pradeep Mallick
Chairman,
Remuneration Committee

Shareholders' and Investors' Grievance Committee Report - 2012

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

During the year the Committee received 17 (13 from RTA & 4 from SEBI) complaints, all of which were resolved promptly. At the close of the financial year there were no open complaints. The analysis of complaints received and resolved are summarised in the Corporate Governance report.

Sanaswadi, Pune
21 January 2013

Pradeep Mallick
Chairman,
Shareholders' and Investors' Grievance Committee

Audit Committee Report - 2012

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

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

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

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

The Committee during the year-end reviewed the following:

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

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

Sanaswadi, Pune
21 January 2013

Mukund M Chitale
Chairman,
Audit Committee

Corporate Social Responsibility Policy

Introduction

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

Customers

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

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

Shareholders

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

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

Company Assets and Financial Integrity

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

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

Employees

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

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

In return for this commitment we require employees to:

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

Integrated Management System Policy

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

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

Suppliers and Business Associates

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

Competitors

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

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

The Wider Community

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

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

Compliance

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

Code of Conduct and Ethics

Introduction

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

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

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

Conflict of Interests

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

Examples of possible conflict of interests includes;

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

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

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

Honest & Ethical Conduct

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

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

Confidentiality

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

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

An exception to this is when disclosure is legally mandated.

Corporate Opportunities

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

Directors and employees are prohibited from;

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

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

Protection & Proper Use of Company Assets

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

Equal Opportunities Employer

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

Health, Safety & Environment

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

Company Policies & Values

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

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

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

- Creativity
- Cooperation
- Reliability
- Integrity
- Embracing Diversity

Compliance With The Code

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

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

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

Whistleblower Policy

Introduction

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

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

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

Scope of Policy

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

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

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

Safeguards

Protection

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

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

Confidentiality

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

Anonymous Allegations

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

Untrue/Malicious/Vexatious Allegations

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

Procedure for Making a Disclosure

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

Contact should be made by phone, email or in writing and should include as much detail and evidence as possible. Upon receipt of the disclosure the matter will be investigated immediately to ascertain all the facts and a recommendation will be made to the Board. The recommendation will include a revision of Company policies and procedures to reduce the risk of re-occurrence.

Protection Against Retaliation

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

Reporting

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

Contacts

The relevant contacts are :

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

Integrated Management System Policy

Foseco specialises in improving its foundry customer's business performance by improving their cast product quality and operational efficiency. We achieve this through solution partnering approach which combines our product technology, application expertise and foundry process knowledge with our customer's expertise. We have adopted an integrated management system comprising of quality management system, environmental management system and occupational health & safety management system in accordance with ISO and OHSAS Standards.

Quality, Health, Safety and Environment policy

We will operate all work and business activities to ensure that

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

Organization and Responsibilities

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

Our Beliefs

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

Our Aims

- No poor quality material is passed to the next step in our processes and no out-of-specification product is shipped.
- **No repeat customer issues.**
- No accidents and no harm to people.

- Reduction in waste at source and during production.
- Minimise consumption of energy, water and other resources.
- Minimise release of substances which could adversely affect humans or the environment.

Our Commitments: We will

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

Strategic Risk Management Policy

Business Purpose

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

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

Strategic Objectives

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

Benefits

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

Resources

Vesuvius plc., through its Finance, Human Resources, Marketing, Operational, Technical, Intellectual Property, Insurance and Risk Management personnel provide functions and services to the Group. The Foundry Division possesses significant risk management safeguards embedded in its existing management processes.

Combined Code

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

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

Management of Risk Process: Frameworks and Techniques

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

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

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

Risk Appetite

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

Responsibilities and Ownership

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

Escalation and Reporting

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

Documentation

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

Auditing

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

Dissemination of Information to the Market

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

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

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

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

UNAUTHORISED COMMUNICATIONS ARE PROHIBITED.

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

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

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

Further, the Company must take reasonable care to ensure that the disclosure of inside information to the

public is synchronised as closely as possible in all jurisdictions in which its securities are traded.

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

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

5. Insider Lists: The Company must ensure that it and persons acting on its behalf (for example, banks, accountants and lawyers) or on its account, draw up and maintain a list of those persons working for them, whether under a contract of employment or otherwise who have access to inside information relating, directly or indirectly, to the Company, whether on a regular or occasional basis. The Company must also ensure that those on the insider list acknowledge the legal and regulatory duties entailed and are aware of the sanctions for misusing or improperly circulating the Company's inside information. Insider lists must be kept for at least five years from the date on which they are drawn up or updated, whichever is the latest.

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

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

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

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

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

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

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

Financial Statements 2012

Auditors' Report to the Members of Foseco India Limited

B S R and Co

Chartered Accountants

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

Tel. : +91(20) 3058 5764
+91(20) 3058 5765
Fax : +91(20) 3058 5775

We have audited the attached Balance Sheet of Foseco India Limited ('the Company') as at 31 December 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, 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 dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the Directors of the Company as on 31 December 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 December 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For B S R and Co.

Chartered Accountants

Firm Registration No : 128510W

Vijay Mathur

Partner

Membership No: 046476

Pune
21 January 2013

Annexure to the Auditors' Report - 31 December 2012

With reference to the Annexure referred to in paragraph 1 of the Auditors' Report to the Members of Foseco India Limited ('the Company') on the financial statements for the year ended 31 December 2012, we report that:

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

Annexure to the Auditors' Report - 31 December 2012 (continued)

- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products (resins) and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Wealth Tax and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Wealth Tax and other material statutory dues were in arrears as at 31 December 2012 for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of the Dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	12,935,584	1998-1999	High Court - Mumbai
Income Tax Act, 1961	Income Tax	22,448,641**	2005-2006	Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	24,992,945**	2007-2008	Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	29,444,771**	2008-2009	Commissioner of Income Tax
Central Excise Act, 1944	Excise Duty	768,651	November 1994 to March 1995	CESTAT Chennai

**Taxes paid under protest Rs. 64,480,060.

- (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) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding debentures or dues to financial institutions during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

Annexure to the Auditors' Report - 31 December 2012 (continued)

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

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

Vijay Mathur
Partner
Membership No: 046476

Pune
21 January 2013

Balance Sheet as at 31st December 2012

	Note No.	2012 Rs. Lacs	2011 Rs. Lacs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	638.65	638.65
Reserves and Surplus	2	8,310.66	7,168.38
		8,949.31	7,807.03
Non Current Liabilities			
Long Term Borrowings	3	803.90	962.30
Other Long Term Liabilities	4	34.74	52.14
Long Term Provisions	5	154.69	193.79
		993.33	1,208.23
Current Liabilities			
Trade Payables	6	3,126.90	3,180.14
Other Current Liabilities	7	403.50	457.66
Short Term Provisions	8	620.92	599.48
		4,151.32	4,237.28
	TOTAL	14,093.96	13,252.54
ASSETS			
Non Current Assets			
Fixed Assets	9		
- Tangible Assets		3,119.95	2,614.59
- Intangible Assets		7.63	2.43
- Capital Work-in-Progress		-	199.75
Non Current Investments	10	8.18	8.18
Deferred Tax Assets (Net)	11	79.95	48.31
Long Term Loans and Advances	12	1,149.74	728.31
		4,365.45	3,601.57
Current Assets			
Inventories	13	921.97	908.68
Trade Receivables	14	6,662.50	6,351.13
Cash and Cash Equivalents	15	1,922.11	1,831.48
Short Term Loans and Advances	16	214.87	550.24
Other Current Assets	17	7.06	9.44
		9,728.51	9,650.97
	TOTAL	14,093.96	13,252.54
Significant Accounting Policies	27		
Notes to Financial Statements	28		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

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

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

Pradeep Mallick
Chairman

Sanjay Mathur
Managing Director

Mukund M Chitale
Director

Vijay Mathur
Partner
Membership No. 046476

Christopher Nail
Director

David Hughes
Director

R Umesh
Chief Financial Officer

Mahendra Dutia
Controller of Accounts and Company Secretary

Place : Pune

Date : 21st January, 2013

Statement of Profit and Loss for the year ended 31st December 2012

	Note No.	2012 Rs. Lacs	2011 Rs. Lacs
Revenue from Operations	18		
Sale of Products		27,277.38	25,253.42
Less : Excise Duty		2,735.86	2,254.05
		<u>24,541.52</u>	<u>22,999.37</u>
Sale of Services		0.95	1.00
Other Operating Revenues		132.09	290.13
Total Revenue from Operations		<u>24,674.56</u>	<u>23,290.50</u>
Other Income	19	166.62	166.88
Total Revenue		<u>24,841.18</u>	<u>23,457.38</u>
Expenses:			
Cost of Materials Consumed	20	14,263.06	12,976.04
Purchases of Stock-in-Trade	21	722.13	484.54
Changes in Inventories of Finished Goods and Stock-in-Trade	22	(78.20)	70.75
Employee Benefits Expense	23	2,121.85	1,929.80
Finance Cost	24	46.45	16.72
Depreciation and Amortisation Expense	9	465.22	429.49
Other Expenses	25	4,074.80	3,807.26
Total Expenses		<u>21,615.31</u>	<u>19,714.60</u>
Profit Before Tax		<u>3,225.87</u>	<u>3,742.78</u>
Tax Expense:			
- Current Tax		1,076.00	1,266.19
- Deferred Tax		(31.63)	(51.66)
Total Tax Expense		<u>1,044.37</u>	<u>1,214.53</u>
Profit for the Year		<u>2,181.50</u>	<u>2,528.25</u>
Earnings Per Equity Share:			
- Basic and Diluted		34.16	39.59
Number of equity shares of Rs. 10/- each (refer Note 27 point 1.13)		63,86,459	63,86,459
Significant Accounting Policies	27		
Notes to Financial Statements	28		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

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

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

Pradeep Mallick
Chairman

Sanjay Mathur
Managing Director

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Director

Vijay Mathur
Partner
Membership No. 046476

Christopher Nail
Director

David Hughes
Director

R Umesh
Chief Financial Officer

Mahendra Dutia
Controller of Accounts and Company Secretary

Place : Pune

Date : 21st January, 2013

Notes to Financial Statements

	2012 Rs. Lacs	2011 Rs. Lacs
Note 1 : Share Capital		
Authorised 7,500,000 (Previous Year 7,500,000) equity shares of Rs. 10 each	750.00	750.00
Issued, Subscribed and Fully Paid Up 6,386,459 (Previous Year 6,386,459) equity shares of Rs.10 each fully paid up	638.65	638.65
Total	638.65	638.65
A Details of shareholder's holding more than 5% of shares in the company	Value (Rupees) Number of Shares Percentage	Value (Rupees) Number of Shares Percentage
1 Promoter Group representing 4,789,845 (Previous Year 4,789,845) shares, cumulatively representing 75% of the total paid up capital are held by;		
a) Cookson Group Plc, United Kingdom - Ultimate Parent Company	54,40,660 5,44,066 8.52%	54,40,660 5,44,066 8.52%
b) Foseco Overseas Limited, United Kingdom - Immediate Holding Company	3,70,28,190 37,02,819 57.98%	3,70,28,190 37,02,819 57.98%
c) Foseco (UK) Limited, United Kingdom - Subsidiary of Ultimate Parent Company	54,29,600 5,42,960 8.50%	54,29,600 5,42,960 8.50%
2 Public Shareholding		
a) Karibu Limited, United Kingdom	73,32,260 7,33,226 11.48%	73,32,260 7,33,226 11.48%

B Terms / Rights attached to Equity Shares

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

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

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

Notes to Financial Statements (continued)

	2012 Rs. Lacs	2011 Rs. Lacs
Note 2 : Reserves and Surplus		
Securities Premium Account		
Balance as per last Balance Sheet	1,912.60	1,912.60
General Reserve		
Balance as per last Balance Sheet	2,069.03	1,816.20
Add : Amount transferred from Statement of Profit and Loss	218.15	252.83
Closing Balance	2,287.18	2,069.03
Surplus in the Statement of Profit and Loss		
Balance brought forward from previous year	3,186.75	2,247.47
Profit for the year	2,181.50	2,528.25
Profit available for Appropriation	5,368.25	4,775.72
Less Appropriations:		
Interim Dividend	447.05	702.51
Tax on Interim Dividend	72.56	114.02
Proposed Final Dividend	447.05	447.05
Tax on Proposed Final Dividend	72.56	72.56
Transfer to General Reserve	218.15	252.83
	1,257.37	1,588.97
Net Surplus in the Statement of Profit and Loss	4,110.88	3,186.75
Total	8,310.66	7,168.38
NON CURRENT LIABILITIES		
Note 3 : Long Term Borrowings		
Unsecured		
Deferred Payment Liability - Sales Tax Deferral Loan (refer note below)	803.90	962.30
Total	803.90	962.30
Note		
The Sales Tax Deferral Loan of the Company is repayable in 5 equal annual instalments which commenced from April, 2011		
Note 4 : Other Long Term Liabilities		
Trade Payables	14.47	20.50
Others		
- Payable to Employees	3.52	14.89
- Earnest Money Received Against Leasehold Land (refer note 1 below)	16.75	16.75
Total	34.74	52.14

Note:

1 The amount of Rs. 16.75 Lacs has been received with respect to the agreement for leasehold land at Chinchwad

Notes to Financial Statements (continued)

	2012 Rs. Lacs	2011 Rs. Lacs
Note 5 : Long Term Provisions		
Provision for Employee Benefits		
- Compensated Absences	119.87	130.58
- Gratuity	34.82	63.21
Total	154.69	193.79

CURRENT LIABILITIES

Note 6 : Trade Payables

Trade Payables		
- Others (refer note below for details of dues to Micro and Small Enterprises)	3,126.90	3,180.14
Total	3,126.90	3,180.14

Note

The Company has circulated letters to all its suppliers requesting them to confirm whether they are covered under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED'). Certain suppliers have provided the necessary confirmation along with the evidence of being Micro or Small enterprises

Dues payable to Micro and Small Enterprises as at	2012	2011
Principal Amount	60.41	7.54
Interest due on delayed payments	1.61	0.19

Note 7 : Other Current Liabilities

Current Maturity of Long Term Borrowings		
Deferred Payment Liability - Sales Tax Deferral Loan	158.41	102.65
Dues to Directors	14.00	20.05
Other Liabilities		
- Payable to Employees	110.80	143.87
- Excise Duty Payable	-	16.05
- TDS Payable	45.20	45.20
- PF/ESI Payable	1.56	1.41
- Others	3.61	9.86
Deposits from Customers (Unsecured and payable on demand)	14.25	14.25
Advances from Customers	0.22	36.98
	-	-
Unclaimed Dividends (refer note 1 below)	55.45	67.34
Total	403.50	457.66

Note:

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

Notes to Financial Statements (continued)

	2012 Rs. Lacs	2011 Rs. Lacs
Note 8 : Short Term Provisions		
Proposed Final Dividend	447.05	447.05
Tax on Proposed Final Dividend	72.56	72.56
Provision of Employee Benefits		
- Compensated Absences	90.78	68.18
- Gratuity	10.53	11.69
Total	620.92	599.48

Note 9 : FIXED ASSETS

Rs. Lacs

Category/ Group of Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
TANGIBLE ASSETS	Opening Balance 01 Jan. 2012	Additions	Deductions	Closing Balance 31 Dec. 2012	Opening Balance 01 Jan. 2012	Charge for the year	Deductions during the year	Closing Balance 31 Dec. 2012	Closing Balance 31 Dec.2012	Closing Balance 31 Dec.2011
Freehold Land	151.92	-	-	151.92	-	-	-	-	151.92	151.92
Leasehold Land	3.95	-	-	3.95	0.99	0.04	-	1.03	2.92	2.96
Factory Buildings	878.42	112.10	6.45	984.07	211.77	33.57	1.59	243.75	740.32	666.65
Buildings Others	457.93	51.49	-	509.42	149.30	17.02	-	166.32	343.10	308.63
Plant and Machinery	3,315.94	733.49	70.03	3,979.40	1,977.06	356.90	62.65	2,271.31	1,708.09	1,338.88
Laboratory and Office Equipments	160.88	31.16	1.98	190.06	86.51	22.29	1.89	106.91	83.15	74.37
Furniture and Fittings	231.29	5.32	0.67	235.94	198.57	7.79	0.57	205.79	30.15	32.72
Motor Vehicles	107.26	46.85	50.84	103.27	68.80	24.49	50.32	42.97	60.30	38.46
Total	5,707.59	980.41	129.97	6,158.03	2,693.00	462.10	117.02	3,038.08	3,119.95	2,614.59
Previous Year	4,876.44	477.48	46.33	5,307.59	2,307.01	428.20	42.21	2,693.00	2,614.59	

Included in the above additions, the capital expenditure towards Research & Development Activities is Rs. 9.74 Lacs (Previous Year Rs. 7.27 Lacs)

Category/ Group of Asset	GROSS BLOCK				AMORTISATION				NET BLOCK	
INTANGIBLE ASSETS	Opening Balance 01 Jan. 2012	Additions	Deductions	Closing Balance 31 Dec. 2012	Opening Balance 01 Jan. 2012	Charge for the year	Deductions during the year	Closing Balance 31 Dec. 2012	Closing Balance 31 Dec.2012	Closing Balance 31 Dec.2011
Computer Software	192.83	8.32	4.26	196.89	190.40	3.12	4.26	189.26	7.63	2.43
Total	192.83	8.32	4.26	196.89	190.40	3.12	4.26	189.26	7.63	2.43
Previous Year	190.81	2.02	-	192.83	189.11	1.29	-	190.40	2.43	

Notes to Financial Statements (continued)

	2012 Rs. Lacs	2011 Rs. Lacs
NON CURRENT ASSETS		
Note 10 : Non Current Investments		
Non-trade Investments (at cost)		
Government and Trust Securities (unquoted)		
Indira Vikas Patra (pledged with electricity board, Puducherry)	8.18	8.18
Comprising of 7 Nos. (previous year 6 Nos.)		
Total	8.18	8.18
Note 11 : Deferred Tax Asset		
Deferred Tax Liability		
Depreciation	(90.87)	(98.46)
	(90.87)	(98.46)
Deferred Tax Assets		
Depreciation on Assets Written Off	15.54	11.35
Expenditure debited to the Statement of Profit and Loss in the current period but allowed for the tax purpose in subsequent assessment years	136.30	124.23
Provision for doubtful debts	18.98	11.19
	170.82	146.77
Deferred Tax Asset Net	79.95	48.31
Note 12 : Long Term Loans and Advances		
Unsecured and Considered Good		
- Capital Advances	-	5.56
- Security Deposits	21.48	20.35
Other Loans and Advances		
- Deposits with Income Tax Authorities #	644.80	313.00
- Advance Income Tax (Net of Provisions)	475.78	375.06
- Employee Loans	7.68	14.34
Total	1,149.74	728.31
# Amounts paid to Income Tax Authorities under protest, pending appeal		
Note 13 : Inventories		
(Valued at Lower of Cost and NRV)		
Raw Materials (refer note below)	509.33	574.24
Finished Goods (refer note below) #	404.62	327.44
Stock - in - Trade	8.02	7.00
Total	921.97	908.68
Note :		
Raw Material in Bond	-	29.88
Raw Material in Transit	33.77	82.70
Finished Goods in Transit	2.61	43.13

Includes provision for excise duty of Rs. 67.15 Lacs (Previous Year Rs. 27.35 Lacs)

Notes to Financial Statements (continued)

	2012 Rs. Lacs	2011 Rs. Lacs
Note 14 : Trade Receivables		
Unsecured :		
Debts Outstanding for a Period Exceeding Six Months from Due Date		
- Considered Good	70.20	53.36
- Considered Doubtful	33.07	33.89
	103.27	87.25
Less Provision for Doubtful Debts	33.07	33.89
	70.20	53.36
Other Debts		
- Considered Good	6,592.30	6,297.77
- Considered Doubtful	24.80	-
	6,617.10	6,297.77
Less Provision for Doubtful Debts	24.80	-
	6,592.30	6,297.77
Total	6,662.50	6,351.13
Note 15 : Cash and Cash Equivalents		
Cash on Hand	1.91	2.04
Cheques on Hand	247.00	247.86
Balances with Banks		
- On current accounts	867.75	714.24
- On deposit accounts (with original maturity of three months or less)	750.00	800.00
- Unclaimed Dividend Accounts #	55.45	67.34
Total	1,922.11	1,831.48
# These are restricted bank balances for payment of Unpaid Dividend		
Note 16 : Short Term Loans and Advances		
Others		
(Unsecured Considered Good)		
Advances Recoverable in Cash or in Kind or for Value to be Received		
- Advance for supply of goods and services	53.08	420.85
- Prepaid Expenses	42.92	34.97
- Current maturities of long term loans to employees	11.70	14.01
- Employee Travel Advances	2.43	2.37
Balances with Excise and Customs Authorities		
- Excise Duty	1.35	-
- Service Tax	16.90	9.14
Sales Tax (VAT and CST)	43.02	28.00
Related Party		
- Dues for Reimbursements	43.47	40.90
Total	214.87	550.24

Notes to Financial Statements (continued)

	2012 Rs. Lacs	2011 Rs. Lacs
Note 17 : Other Current Assets		
Accrued Interest on Fixed Deposits	7.06	9.44
Total	7.06	9.44
REVENUE		
Note 18 : Revenue from Operations		
Sale of Products (refer below note - I)	27,277.38	25,253.42
Less : Excise Duty	2,735.86	2,254.05
	24,541.52	22,999.37
Sale of Services	0.95	1.00
Other Operating Revenues (refer details below note - II)	132.09	290.13
Turnover	24,674.56	23,290.50
Note - I		
Sale of stock- in - trade included in Turnover	1,093.22	824.69
Note - II		
Details for Other Operating Revenues		
Commission Income	117.03	274.05
Sale of Scrap	12.29	10.88
Sale of Deteriorated Raw Material and Packing Material	1.84	4.11
Other Miscellaneous Income	0.92	1.08
	132.08	290.12
Note 19 : Other Income		
From Other Sources		
Interest Income		
- On Bank Deposits	50.30	77.45
- From Customers and Others	0.97	5.33
Excess Provisions of Earlier Years Written Back		
- Others	49.99	35.04
- Doubtful Debts		
Profit on Sale of Fixed Assets (Net)	4.92	0.75
Others		
- Other Service Cost Reimbursed	7.27	10.67
- Management and Service Fees	19.57	16.76
- Insurance Claim Received	3.94	-
- Other Miscellaneous Income	29.66	20.88
Total	166.62	166.88

Notes to Financial Statements (continued)

	2012 Rs. Lacs	2011 Rs. Lacs
EXPENDITURE		
Note 20 : Cost of Material Consumed		
Raw Material Consumed		
- Opening Stock	574.24	714.66
- Purchases	14,198.15	12,835.62
	14,772.39	13,550.28
Less : Closing Stock	509.33	574.24
Total	14,263.06	12,976.04
Note 21 : Purchase of Stock-in-Trade		
Purchases of Traded Goods	722.13	484.54
Total	722.13	484.54
Note 22 : Changes in Inventories of Finished Goods and Stock-in-Trade		
(Increase) / Decrease in Finished Goods Manufactured		
Opening Stock	327.44	397.01
Less : Closing Stock	404.62	327.44
	(77.18)	69.57
(Increase) / Decrease in Stock-in-Trade		
Opening Stock	7.00	8.18
Less : Closing Stock	8.02	7.00
	(1.02)	1.18
Total	(78.20)	70.75
Note 23 : Employee Benefits Expense		
Salaries, Wages and Bonus	1,686.77	1,526.80
Contributions to Provident and Other Funds	296.38	287.13
Staff Welfare Expense	138.70	115.87
Total	2,121.85	1,929.80

Notes to Financial Statements (continued)

	2012 Rs. Lacs	2011 Rs. Lacs
Note 24 : Finance Cost		
Interest		
- on temporary overdrafts	46.45	16.72
Total	46.45	16.72
Note 25 : Other Expenses		
Consumption of Stores and Spares	74.23	67.19
Power and Fuel	506.29	408.72
Repairs and Maintenance - Plant and Machinery	180.13	182.80
Repairs and Maintenance - Buildings	37.24	45.41
Repairs and Maintenance - Others	16.83	28.38
Processing Charges	32.55	34.90
Freight and Forwarding Expenses	444.60	467.49
Rates and Taxes	20.22	29.33
Insurance	55.29	38.81
Advertising	64.33	44.85
Commission on Sales	-	2.94
Travelling and Conveyance	528.75	488.02
Telephone Charges	35.12	32.78
Professional Charges	239.68	270.13
Directors' Sitting Fees	2.40	2.40
Auditor's Remuneration (refer details below)	35.82	30.88
Foreign Exchange Fluctuation Loss (Net)	35.14	19.40
Provision for Doubtful Debts	23.98	6.95
Bad Debts	5.77	1.00
Bank Charges	15.58	8.24
Software Maintenance Charges	74.04	60.12
Royalty (including R&D Cess thereon)	1,129.49	1,113.37
Consultancy Service Fees	307.51	264.92
Commission to Resident Non Whole Time Directors	14.00	15.38
Miscellaneous Expenses	195.81	142.85
Total	4,074.80	3,807.26
Above expenses includes, expenditure on Research & Development Activities as, certified by the Management of the Company	67.13	54.02
Details of Auditor's Remuneration		
i As an auditor:		
Audit Fees	14.25	12.45
- Tax Audit Fees	7.50	6.50
- Fees for Limited Review	9.75	8.25
- Other Services	3.19	2.20
- Reimbursement of Expenses	1.13	1.48
Total Auditors Remuneration	35.82	30.88

Notes to Financial Statements (continued)

Note 26 : Company Background

Nature of Operation

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

Note 27 : Significant Accounting Policies

1.1 Basis for preparation of financial statements

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

This is the first year of application of the revised Schedule VI to the Companies Act, 1956 for the preparation of the financial statements of the company. The revised Schedule VI introduces some significant conceptual changes as well as new disclosures. These include classification of all assets and liabilities into current and non-current. The previous year figures have also undergone a major reclassification to comply with the requirements of the revised Schedule VI.

1.2 Use of Estimates

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

1.3 Fixed assets and depreciation

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

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

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

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

Notes to Financial Statements (continued)

Note 27 : Significant Accounting Policies (continued)

1.4 Finance Leases

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

1.5 Intangible Assets and Amortization

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

1.6 Impairment of Assets

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

1.7 Investments

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

1.8 Inventories

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

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

1.9 Revenue Recognition

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

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

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

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

1.10 Foreign Exchange Transactions

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

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

Notes to Financial Statements (continued)

Note 27 : Significant Accounting Policies (continued)

1.11 Employee Benefits

a) Short-term employee benefits

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

b) Post-employment benefits (defined benefit plans)

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

c) Post-employment benefits (defined contribution plans)

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

d) Long-term employee benefits

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

1.12 Taxation

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

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

1.13 Earnings Per Share

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

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

1.14 Provisions and Contingencies

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

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

Notes to Financial Statements (continued)

Note 28 : Disclosure Notes

1. Disclosure of Related Parties / Related Party Transactions

a. Name of Related Party Where Control Exists

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

b. Names of Related Parties with whom transactions were carried out for the Financial Year ended 31 December 2012.

i. Fellow Subsidiaries of Holding Company

- 1) Foseco International Limited, United Kingdom
- 2) Foseco (Thailand) Limited
- 3) Foseco Foundry (China) Company Limited
- 4) Foseco Korea Limited
- 5) Foseco Golden Gate Company Limited, Taiwan
- 6) Foseco Industrial e-Commercial Ltda., Brazil
- 7) Foseco Japan Limited
- 8) Foseco (FS) Limited, United Kingdom
- 9) Foseco Nederland BV.
- 10) Foseco Pty Limited, Australia
- 11) PT Foseco Indonesia
- 12) Vesuvius Poland Sp.z.o.o
- 13) Vesuvius UK Limited , United Kingdom
- 14) Vesuvius USA
- 15) Vesuvius GmbH, Germany
- 16) Vesuvius Malaysia Sdn. Bhd.
- 17) Vesuvius Group SA, Belgium
- 18) Vesuvius Emirates (FZE), Dubai
- 19) Vesuvius India Limited
- 20) Cookson India Private Limited
- 21) Cookson Group plc., United Kingdom

ii. Key Management Personnel

Sanjay Mathur, Managing Director

c. Names of Related Parties with whom the Company neither had any Transactions nor had any outstanding Balances for the Financial Year ended 31 December 2012

- 1) Cookson Overseas Limited, United Kingdom
- 2) Cookson Financial Limited, United Kingdom
- 3) Vesuvius Group Limited, United Kingdom

Notes to Financial Statements (continued)

Note 28 : Disclosure Notes (continued)

d. Disclosure of Related Party Transactions

For the financial year ended 31 December 2012 : (Amount in Rs. Lacs)					
Nature of Transaction	Nature of Relationship				
	Immediate Holding Company	Ultimate Parent Company & Subsidiaries	Fellow Subsidiaries	Key Management Personnel	Total
Purchases	-	-	804.52	-	804.52
Purchase of Fixed Assets	-	-	30.63	-	30.63
Sales	-	-	1,092.94	-	1,092.94
Salaries and Perquisites	-	-	-	132.60	132.60
Dividend*	518.40	152.18	-	-	670.58
Royalty	-	-	1,074.17	-	1,074.17
Consultancy Service Fees	-	-	307.51	-	307.51
Services Rendered **	-	-	255.90	-	255.90
Services Received **	-	-	147.17	-	147.17
Total	518.40	152.18	3,712.84	132.60	4,516.02

* The above figure represents interim dividend paid during the year and final dividend for the previous year ended 31 December 2011

** Including reimbursement of expenses

Related party transactions above 10% of the total transactional value	Amount Rs. Lacs
Purchase - Foseco (FS) Limited, United Kingdom	121.06
Purchase - Vesuvius GmbH, Germany	454.64
Purchase - Vesuvius Poland Sp.z.o.o	152.26
Purchase of Fixed Asset - Vesuvius GmbH, Germany	16.49
Purchase of Fixed Asset - Foseco International Limited, United Kingdom	7.05
Purchase of Fixed Asset - Foseco (FS) Limited, United Kingdom	7.10
Sale - PT Foseco Indonesia	121.25
Sale - Vesuvius Malaysia Sdn. Bhd.	156.77
Sale - Vesuvius Emirates (FZE), Dubai	700.67
Dividend - Cookson Group plc., United Kingdom	76.17
Dividend - Foseco (UK) Limited, United Kingdom	76.01
Royalty - Foseco International Limited, United Kingdom	1,074.17
Consultancy Service Fees - Vesuvius Group SA, Belgium	307.51
Services Rendered - Vesuvius Group SA, Belgium	41.71
Services Rendered - Foseco International Limited, United Kingdom	122.44
Services Rendered - Cookson Group Plc, United Kingdom	28.98
Services Received - Vesuvius Group SA, Belgium	37.37
Services Received - Foseco Pty Limited, Australia	99.76

Notes to Financial Statements (continued)

Note 28 : Disclosure Notes (continued)

For the financial year ended 31 December 2011 :					(Amount in Rs. Lacs)
Nature of Transaction	Nature of Relationship				
	Immediate Holding Company	Ultimate Parent Company & Subsidiaries	Fellow Subsidiaries	Key Management Personnel	Total
Purchases	-	-	879.02	-	879.02
Purchase of Fixed Asset	-	-	14.57	-	14.57
Sales	-	-	854.57	-	854.57
Salaries and Perquisites	-	-	-	123.18	123.18
Dividend*	666.51	195.66	-	-	862.17
Royalty	-	-	1,058.84	-	1,058.84
Consultancy Service Fees	-	-	264.92	-	264.92
Services Rendered **	-	-	190.20	-	190.20
Services Received **	-	-	118.06	-	118.06
Total	666.51	195.66	3,380.18	123.18	4,365.53

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

** Including reimbursement of expenses

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

2 Related Party Receivable and Payable

Amount Due From and To Related Parties

(Amount in Rs. Lacs)

Nature of Transaction	2012	2011
Receivable	209.33	257.62
Payable	314.74	378.67

Notes to Financial Statements (continued)

Note 28 : Disclosure Notes (continued)

Related parties whose balance exceeds 10% of the total receivable balance (Amount in Rs. Lacs)

Name of the Company	2012	2011
Vesuvius Malaysia Sdn Bhd	-	29.56
Vesuvius Emriates (FZE), Dubai	92.79	140.42

Related parties whose balance exceeds 10% of the total payable balance (Amount in Rs. Lacs)

Name of the Company	2012	2011
Vesuvius GmbH, Germany	71.58	48.95
Foseco International Limited, United Kingdom	215.73	220.02
Vesuvius Group SA, Belgium	-	60.02

3 Contingent Liabilities (Amount in Rs. Lacs)

Sr.No.	Particulars	2012	2011
i.	Counter Guarantees given to Banks in respect of Guarantee given by them	26.21	40.88
ii.	Central Excise Demands in respect of which the Company is in Appeal	7.69	7.69
iii.	Income Tax Demands in respect of which the Company is in Appeal*	898.22	897.92

* The Company has paid an amount of Rs. 644.80 Lacs (previous year Rs. 313 Lacs) towards various tax demands raised by the authorities and are contesting their claim at Appellate Authorities.

4 Commitments: (Amount in Rs. Lacs)

Sr.No.	Particulars	2012	2011
i.	Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for (net of advance payments)	--	6.99

5 Freight Recovery (Amount in Rs. Lacs)

Particulars	2012	2011
Amount included in Sales	247.07	220.10

6 Supplementary Statutory Information

6.1 Earnings in Foreign Currency (Amount in Rs. Lacs)

Particulars	2012	2011
F. O. B. Value of Exports	1,093.67	869.65
Commission and Reimbursements	346.76	466.54
Total	1,440.43	1,336.19

Notes to Financial Statements (continued)

Note 28 : Disclosure Notes (continued)

6.2 Expenditure in Foreign Currency

(Amount in Rs. Lacs)

Particulars	2012	2011
Travelling	2.57	4.80
Royalty (excluding Cess)	1,074.17	1,058.84
Consultancy Service Fees	307.51	264.92
Services Received (reimbursements)	165.50	163.34
Total	1,549.75	1,491.90

6.3 Value of Imports [on CIF Basis]

(Amount in Rs. Lacs)

Particulars	2012	2011
Raw Materials	1,947.11	1,564.93
Capital Goods and Spares	32.38	113.31
Total	1,979.49	1,678.24

6.4 Dividend Remitted During the Year to Non-resident Shareholders

(Amount in Rs. Lacs)

Particulars	2012	2011
Number of shareholders (of which two hold 600 Shares jointly, third shareholder as the nominee)	6	6
Number of shares held (including 800 shares Held by three residents jointly with the non-resident shareholder as the nominee)	5,523,071	5,523,071
A. Final Dividend		
(i) Amount remitted (net of tax)	386.61	386.61
(ii) Year to which dividend related	2011	2010
B. Interim Dividend		
(i) Amount remitted (net of tax)	386.61	607.54
(ii) Year to which dividend related	2012	2011

Notes to Financial Statements (continued)

Note 28 : Disclosure Notes (continued)

6.5 Un-hedged Foreign Currency Exposure

Currency	2012			2011		
	Amount in Foreign Currency	Exchange Rate	Amount in Rs. Lacs	Amount in Foreign Currency	Exchange Rate	Amount in Indian Rs. Lacs
Accounts Receivables						
USD	2,88,371	55.82	160.97	4,37,231	54.18	236.89
EUR	42,437	73.72	31.28	1,19,535	70.15	83.85
AUD	-	58.13	-	43,170	54.94	23.72
GBP	17,301	89.88	15.55	25,974	83.51	21.69
Accounts Payables						
USD	6,276	55.82	3.50	2,72,899	54.18	147.86
EUR	1,58,621	73.72	116.94	3,44,372	70.15	241.58
AUD	8,598	58.13	5.00	14,659	54.94	8.05
GBP	14,878	89.88	13.37	49,286	83.51	41.16
JPY	4,42,367	0.6504	2.88	3,05,879	0.70	2.14

6.6 Employee Benefit Plans

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

Notes to Financial Statements (continued)

Note 28 : Disclosure Notes (continued)

i) Defined Benefits Plan

(Amount in Rs. Lacs)

	Table set out the status of Gratuity Plan as required under AS 15 (Revised 2005)	2012	2011
(a)	Reconciliation of opening and closing balances of the Present Value of the Defined Benefit Obligations:		
	Defined Benefit Obligation at beginning of the year	526.38	406.14
	Current Service Cost	46.63	41.66
	Interest Cost	43.02	35.98
	Benefits Paid	(42.92)	(15.38)
	Actuarial Loss	67.67	57.98
	Present Value of Defined Benefit Obligation at the end of the year	640.78	526.38
(b)	Reconciliation of the opening and closing balances of the Fair Value of Plan Assets:		
	Fair value of plan assets at beginning of the year	451.48	367.62
	Expected return on Plan Assets	41.88	34.81
	Employer Contributions	101.35	47.96
	Benefits Paid	(42.92)	(15.38)
	Actuarial Gain (Loss)	(43.65)	16.47
	Fair Value of Plan Assets at the end of the year	595.44	451.48
(c)	Reconciliation of the Present Value of the Defined Benefit Obligation and the Fair Value of Plan Assets / Liability to the assets recognised in the Balance Sheet:		
	Present Value of the Defined Benefit Obligation at the end of the year	640.78	526.38
	Fair Value of Plan Assets at the end of the year	(595.44)	(451.48)
	Plan Liability recognised in the Balance Sheet	45.34	74.90
(d)	The Total Expense Recognised in the Statement of Profit and Loss:		
	Current Service Cost	46.63	41.66
	Interest Cost	43.02	35.98
	Expected Return on Plan Assets	(41.88)	(34.81)
	Actuarial Loss	24.02	41.51
	Past Service Cost	-	-
	Net Gratuity Cost	71.79	84.34
(e)	Actual Return on Plan Assets:		
	Actual Return on Plan Assets	85.53	51.28

Notes to Financial Statements (continued)

Note 28 : Disclosure Notes (continued)

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

	2012	2011
(f) Principal Assumption used as at the Balance Sheet date:		
Discount rate	8.52%	9.03%
Rate of Increase in Compensation Levels	9% (1st year) & 7.5% p.a. thereafter	12% (1st year) & 8.50% p.a. thereafter
Expected rate of return on plan assets	8.00%	8.00%
Employee Turnover	14.00%	15.00%

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

ii) Defined Contribution Plan:-

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

(Amount in Rs. Lacs)

Particulars	2012	2011
Provident Fund	108.05	98.77
Superannuation Scheme	118.31	103.93
Total	226.36	202.70

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

7.1 Details of Raw Materials

7.1.1 Consumption of Raw Materials during the year

(Amount in Rs. Lacs)

Sr. No.	Particulars	2012	2011
i.	Liquid Phenol	1,333.58	1,432.24
ii.	Others	12,929.48	11,543.80
	Total	14,263.06	12,976.04

Notes to Financial Statements (continued)

Note 28 : Disclosure Notes (continued)

7.1 Details of Raw Materials (continued)

7.1.2 Consumption of Raw Materials by source

Class of Goods	Percentage to Total Consumption		(Amount in Rs. Lacs)	
	2012	2011	2012	2011
Imported	12.69	11.99	1,809.77	1,555.31
Indigenous	87.31	88.01	12,453.29	11,420.73
Total	100.00	100.00	14,263.06	12,976.04

7.1.3 Purchase of Raw Materials during the year

(Amount in Rs. Lacs)

Sr. No.	Particulars	2012	2011
i.	Liquid Phenol	1,377.44	1,428.03
ii.	Others	12,820.71	11,407.59
	Total	14,198.15	12,835.62

7.1.4 Closing Stock of Raw Materials as at

(Amount in Rs. Lacs)

Sr. No.	Particulars	2012	2011
i.	Liquid Phenol	44.33	0.46
ii.	Others	465.00	573.78
	Total	509.33	574.24

7.2 Details of Traded Goods

7.2.1 Purchase of Traded Goods during the year

(Amount in Rs. Lacs)

Sr. No.	Particulars	2012	2011
i.	Metallurgical Chemicals	722.13	484.54
	Total	722.13	484.54

7.2.2 Sale of Traded Goods during the year

(Amount in Rs. Lacs)

Sr. No.	Particulars	2012	2011
i.	Metallurgical Chemicals	1,093.22	824.69
	Total	1,093.22	824.69

7.2.3 Closing Stock of Traded Goods as at

(Amount in Rs. Lacs)

Sr. No.	Particulars	2012	2011
i.	Metallurgical Chemicals	8.02	7.00
	Total	8.02	7.00

Notes to Financial Statements (continued)

Note 28 : Disclosure Notes (continued)

7.3 Details of Finished Goods

7.3.1 Sale of Finished Goods during the year

(Amount in Rs. Lacs)

Sr. No.	Particulars	2012	2011
i.	Metallurgical Chemicals	26,184.16	24,428.73
	Total	26,184.16	24,428.73

7.3.2 Closing Stock of Finished Goods as at

(Amount in Rs. Lacs)

Sr. No.	Particulars	2012	2011
i.	Metallurgical Chemicals	404.62	327.44
	Total	404.62	327.44

8 Segmental Reporting

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

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

(Amount in Rs. Lacs)

Segment	Segment Revenues		Segment Assets	
	2012	2011	2012	2011
India	23,447.84	22,129.71	6,494.32	6,040.79
Rest of the World	1,093.67	869.65	168.18	310.34
Total	24,541.51	22,999.36	6,662.50	6,351.13

Notes to Financial Statements (continued)

Note 28 : Disclosure Notes (continued)

9 Provision for Tax

The Company's Management is of the opinion that its international transactions with associated enterprises are at 'arm's length' and that the Company is in compliance with the transfer pricing legislation. Further, the Company is in the process of updating its documentation in respect of international transactions with Associated Enterprises as required under section 92E of the Income Tax Act, 1961. The Company's Management believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and the provision for tax as at and for the year ended 31 December 2012.

10 Prior Period Comparative

Certain comparative figures have been regrouped / re-classified to conform to the requirements of the Revised Schedule VI of the Companies Act, 1956.

As per our report of even date attached

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

Vijay Mathur
Partner
Membership No. 046476

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

Pradeep Mallick
Chairman

Sanjay Mathur
Managing Director

Mukund M Chitale
Director

Christopher Nail
Director

David Hughes
Director

R Umesh
Chief Financial Officer

Mahendra Dutia
Controller of Accounts and Company Secretary

Place : Pune

Date : 21st January, 2013

Cash Flow Statement for the year ended 31st December 2012

Particulars	2012 Rs. Lacs	2011 Rs. Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	3,225.87	3,742.78
Adjustments for :		
Depreciation / Amortisation	465.22	429.49
Unrealised Foreign Exchange (gain) / loss [Net]	17.75	16.85
Interest Income	(51.27)	(82.78)
Finance Cost (excluding bank charges)	46.45	16.72
Loss on Sale of Fixed Assets (Net)	(4.92)	(0.75)
Operating profit before working capital changes	3,699.10	4,122.31
Adjustments for :		
(Increase) in Trade Receivables	(304.79)	(1,153.36)
(Increase) / Decrease in Inventories	(13.29)	211.17
Decrease / (Increase) in Loans and Advances		
(excluding advance taxes and“ deposits with Income Tax Authorities)	340.88	(702.64)
Decrease in Current Liabilities	(193.00)	(58.91)
(Decrease) / Increase in Provisions (excluding provision for tax and proposed dividend)	(17.65)	71.79
Cash generated from operations	3,511.25	2,490.36
Direct Taxes Paid	(1,508.52)	(1,289.40)
Net cash from operating activities	2,002.73	1,200.96
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including net movement in Capital Work-in-Progress)	(783.41)	(683.10)
Sale of Fixed Assets	17.86	4.85
Interest Received	53.66	89.69
Net cash used in investing activities	(711.89)	(588.56)

Particulars	2012 Rs. Lacs	2011 Rs. Lacs
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Unsecured Loan	(102.65)	(37.76)
Interest Expense Paid	(46.45)	(16.72)
Dividend paid (including tax on distributed dividends)	(1,051.11)	(1,443.86)
Net cash used in financing activities	(1,200.21)	(1,498.34)
Net Cash Inflow / (Outflow) -		
Net increase / (decrease) in cash and cash equivalents - (A+B+C)	90.63	(885.94)
Cash and cash equivalents at the beginning of the year	1,831.48	2,717.42
Cash and cash equivalents at the end of the year	1,922.11	1,831.48
Cash and Cash Equivalents	2012 Rs. Lacs	2011 Rs. Lacs
Cash on Hand	1.91	2.04
Cheques on Hand	247.00	247.86
Balances with Banks		
- On current accounts	867.75	714.24
- On deposit accounts (with original maturity of three months or less)	750.00	800.00
- Unclaimed Dividend Accounts #	55.45	67.34
	1,922.11	1,831.48

These are restricted bank balances for payment of Unpaid Dividend

As per our report of even date attached

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

Vijay Mathur
Partner
Membership No. 046476

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

Pradeep Mallick
Chairman

Sanjay Mathur
Managing Director

Mukund M Chitale
Director

Christopher Nail
Director

David Hughes
Director

R Umesh
Chief Financial Officer

Mahendra Dutia
Controller of Accounts and Company Secretary

Place : Pune

Date : 21st January, 2013



Foseco India Limited

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

Attendance Slip & Proxy Form

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

Name & Address of the shareholder

L.F. No.:

I hereby record my presence at the 56th Annual General Meeting of the Company held at the Registered Office of Foseco India Limited, Gat Nos. 922 & 923, Sanaswadi, Taluka Shirur, District Pune 412 208.

Signature of the Shareholder or Proxy

Proxy Form

I/We _____

of _____ being a member/

members of Foseco India Limited hereby appoint _____

_____ of _____

or failing him _____ of _____

_____ as my/our proxy to vote for me/us
on my/our behalf at the 56th Annual General Meeting of the Company to be held on Monday,
22nd April, 2013, at 11.00 hrs. (IST) and at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2013.

Affix a
One
Rupee
Revenue
Stamp

Signature of the Shareholder (s)

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



To,
Link Intime India Pvt. Ltd.,
Unit : Foseco India Limited,
Block 202, 2nd Floor,
Akshay Complex,
Off Dhole Patil Road,
Pune - 411 001
Email: pune@linkintime.co.in

Dear Sir,

Sub: Electronic Clearing Service (ECS) Mandate Form / Registration of my e-mail ID

I wish to participate in the Electronic Clearing Services and give below the details of my bank account to which you may electronically credit the payment due to me against the reference folio number :

1. Name of the First Holder (in Block Letters) : _____
2. Regd. Folio No. (For Shares held in physical form) : _____
3. DP ID & Client ID (For Shares held in electronic form) : _____
4. Name of the Bank : _____
5. Branch Name : _____
6. Bank Address : _____
7. Account Number (As appearing on your Cheque Book) : _____
8. Account Type: (SB / Current / Cash Credit) : _____
9. 9 Digit Code Number of the Bank & Branch
appearing on the MICR Cheque issued by the Bank.
(Please attach photocopy for the accuracy of the MICR Code Number). : _____

Please attach a cancelled cheque or photocopy of the cheque issued by the Bank for verification of the above details. Without this attachment, ECS registration will not be effected.

I hereby declare that the particulars given above are correct and complete. I undertake to inform of any subsequent changes in the above particulars. If the ECS payment transaction is delayed or not effected at all for reasons of incomplete or incorrectness of information supplied as above or any error made by the bank, I would not hold the Company or the RTA responsible. In case of ECS facility not being available for any reason, the payment instrument may be sent to me at the address registered with the company. This instruction will hold good for payment of dividend for subsequent years also unless revoked by me/us in writing.

Signature of the first shareholder

Name : _____

Address : _____

Please also register / update my e-mail ID _____ against my above folio for receiving the Annual Report in electronic form. It may also be treated as valid for servicing of other documents including those covered under Section 219 of the Companies Act, 1956 (the Act) read with Section 53 of the Act and Clause 32 of the Listing Agreement executed with the stock exchanges.

Signature of the first shareholder

Financial highlights

	(Rupees in Lacs)				
	2008	2009	2010	2011	2012
Operating Results					
Sales & Other Income (Net of Duties)	15,041.06	12,855.13	19,008.58	23,457.38	24,841.18
Total Expenses	12,222.74	10,587.43	15,708.51	19,268.39	21,103.64
EBITDA	2,818.32	2,267.70	3,300.07	4,188.99	3,737.54
Interest	42.44	17.91	33.96	16.72	46.45
Depreciation	319.11	352.99	367.71	429.49	465.22
Profit before Taxation and Extraordinary Item	2,456.77	1,896.80	2,898.40	3,742.78	3,225.87
Extraordinary Items	-	-	-	-	-
Tax Expense	893.13	646.30	968.62	1,214.53	1,044.37
Profit after Taxation	1,563.64	1,250.50	1,929.78	2,528.25	2,181.50
Sources and Application of Funds					
Share Capital	638.65	638.65	638.65	638.65	638.65
Reserves	4,734.72	5,835.78	5,976.27	7,168.38	8,310.66
Shareholders Funds	5,373.37	6,474.43	6,614.92	7,807.03	8,949.31
Deferred Tax Laibility (Net)	24.00	13.73	3.35	-	-
Loan Funds / Non Current Liabilities	1,111.85	1,105.00	1,102.71	1,208.23	993.33
Current Liabilities	-	-	-	4,237.28	4,151.32
Total Sources	6,509.22	7,593.16	7,720.98	13,252.54	14,093.96
Net Fixed Assets	2,822.45	2,643.47	2,572.83	2,816.77	3,127.58
Investments	8.18	8.18	8.18	8.18	8.18
Deferred Tax Assets (Net)	-	-	-	48.31	79.95
Long Term Loans and Advances	-	-	-	728.31	1,149.74
Net Current Assets	3,678.59	4,941.51	5,139.97	9,650.97	9,728.51
Total Application	6,509.22	7,593.16	7,720.98	13,252.54	14,093.96

Debt Equity Ratio	0.21	0.17	0.17	0.15	0.11
Earning per Share (Rs.)	24.48	19.58	30.22	39.59	34.16
Dividend per Share (Rs.)	9.50	9.00	17.00	18.00	14.00

Our Vision

Our Vision is to become;

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

Our Values

- Creativity
- Cooperation
- Reliability
- Integrity
- Embracing Diversity

Our Business Strategy

To improve our customer's business performance;

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



FOSECO

Foseco India Limited

Gat No. 922 & 923, Sanaswadi, Taluka Shirur,
District Pune 412 208