



Good Quality is Good Business

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Quality Policy

The cover of this Annual Report emphasises our focus and commitment to provide latest technology and products to our customers and to operate all work and business activities to ensure that the quality of our products and services meets the requirements of our customers.

Our new Quality Policy is a reflection of our commitment.

Quality Policy

Quality 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 will be pro-active in preventing customer issues, and will continuously improve our quality management systems and performance.

Organization and Responsibilities

We regard quality matters as a mainstream management responsibility. Executives and line managers are directly responsible for quality matters in activities under their control. Management is accountable for quality performance against objectives.

Each and every employee is responsible and accountable for quality matters in activities under their control.

Suppliers are directly responsible for ensuring that the quality of their products and services consistently meet our requirements. Suppliers are accountable for their quality performance against objectives.

We expect everyone to participate positively in the task of improving the quality of our products and services.

Our Beliefs

- Good Quality is Good Business.
- All employees have a responsibility to ensure that whatever we deliver is right.
- All Quality issues are preventable.

Our Aims

- No out-of-specifications products shipped.
- **No Repeat Customer Issues**
- No poor quality passed to the next step in our processes.

Our Commitments

- We will welcome quality concerns raised by our Customers, Employees and Suppliers as opportunities for improvement and pro-actively tackle them.
- We will raise quality issues at all levels and openly address them.
- We will build quality into our products and processes.
- We will abide by simple and non-negotiable standards.
- We will provide training to all employees to ensure that they understand their responsibilities and are able to act accordingly.
- We will work pro-actively with our Suppliers to develop our mutual capabilities.
- Every business facility will have an appointed Quality Manager.

This policy has been approved by the Vesuvius Executive Committee and will be displayed and implemented at all facilities.

14 September 2010



François Wanecq
President & CEO



Patrick Bikard
VP Manufacturing, Engineering,
QHSE & Purchasing



VESUVIUS

BOARD OF DIRECTORS



Dr SAIBAL KANTI GUPTA
Chairman



TANMAY KUMAR GANGULY
Managing Director



FRANCOIS CLEMENT WANECQ



Dr CLAUDE DUMAZEAU



SHEKHAR DATTA



BISWADIP GUPTA



YVES M.C.M.G. NOKERMAN



SUDIPTO SARKAR

BOARD OF DIRECTORS

Dr Saibal Kanti Gupta

Chairman

Tanmay Kumar Ganguly

Managing Director

Shekhar Datta

Dr Claude Dumazeau

Biswadip Gupta

Yves M.C.M.G. Nokerman

Sudipto Sarkar

Francois Clement Wanecq

BOARD COMMITTEES

Audit Committee

Dr Saibal Kanti Gupta

Chairman

Shekhar Datta

Biswadip Gupta

Yves M.C.M.G. Nokerman

Sudipto Sarkar

Share Transfer & Investor Grievance Committee

Dr Saibal Kanti Gupta

Shekhar Datta

Tanmay Kumar Ganguly

Biswadip Gupta

Sudipto Sarkar

COMPANY SECRETARY

Taposh Roy

Email : Taposh.Roy@vesuvius.com

EXECUTIVE COUNCIL

Tanmay Kumar Ganguly

Managing Director

Sudarshan Das

Chief Executive - Sales

Sanjoy Dutta

Chief Financial Officer

Subrata Roy

Chief Executive - Operations

AUDITORS

Messrs B S R & Co.

Chartered Accountants

Building No. 10, 8th floor, Tower-B,

DLF Cyber City, Phase-II,

Gurgaon 122 002, Haryana

(Firm Registration No. 101248W)



BANKERS

Axis Bank Limited

Hongkong Bank

State Bank of India

United Bank of India

REGISTRARS & SHARE TRANSFER AGENTS

CB Management Services (P) Ltd

P-22 Bondel Road, Kolkata 700 019

Tel : (033) 4011 6700/ 6711/ 6718/ 6723

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

Website : www.cbmsl.com

REGISTERED OFFICE

P-104 Taratala Road

Kolkata 700 088

Tel : (033) 30410600; 2401 2842/ 3898/ 0215

Fax : (033) 2401 3976/ 1235

Email : vesuviusindia@vesuvius.com

Website : www.vesuviusindia.com

Kolkata Factory :

P-104 Taratala Road, Kolkata 700 088

Tel : (033) 30410600; 2401 2842/ 3898/ 0215

Fax : (033) 2401 1235

Email : Saibal.Bandyopadhyay@vesuvius.com

Visakhapatnam Factories :

(a) First factory :

Plot No. 13, 14 & 15, Block "E"

IDA Autonagar, Visakhapatnam 530 012

Tel : (0891) 3011300; 3011337

Fax : (0891) 2587511

Email : Tumma.Antony@vesuvius.com

(b) Second factory :

Survey No. 90 & 98, Part, Block G,

Industrial Park, Fakirtakya Village

Autonagar, Visakhapatnam 530 046

Tel : (0891) 2749120; 2755419; 2755408

Fax : (0891) 2587511

Email : Tumma.Antony@vesuvius.com

Mehsana Factory :

212/B, G.I.D.C. Estate

Mehsana 384 002, Gujarat

Tel : (02762) 252948/ 949

Fax : (02762) 252909

Email : Chakrapani.Devburman@vesuvius.com



Message from Chairman

Dear Shareholders

During this year Sales has increased by over Rs 100 crores, Rs 38 crores have been invested in fixed assets and Capital Work-in-Progress and about 15 acres of land is being acquired in Visakhapatnam for setting up the fifth plant of your Company. Improvements in the Mehsana plant and Kolkata plant have increased installed capacity by about 48%. The Kolkata plant expansion for doubling its capacity is nearing completion. Large investments have been made in asset creation for future value addition while continuing to maintain its "Debt free" status.

Share prices had reached an all-time high.

Vesuvius India retained its leadership in the Indian refractory industry and continues its aggressive growth path, which, I am confident will provide improved prospects in the coming years.

The Vesuvius Group continues to support your Company with latest technical and technological developments and export opportunities and it is with their support that the Kolkata plant expansion and venture with the new plant at Visakhapatnam has been possible.

I thank you for your continued support to your Company.

With my best wishes to all of you.

Dr S K Gupta

Message from President & CEO, Vesuvius Group

Dear Shareholders

In 2011, western economies went through troubled times due to the crisis of the sovereign debt. The financial markets were deeply affected all along the second half of the year. In the same time the Chinese steel industry slowed down. This depressed climate weighed on many other markets and India suffered also at the end of the year with a reduction of its growth rate.

In this context less favourable than expected, Vesuvius India delivered a good performance with a progression of its sales and profit. This confirms the strength of its people and technology.

Vesuvius is committed to speed up the development of Vesuvius India and to support its expansion.

A new plant for Viso products was commissioned in Kolkata during the year. A piece of land was acquired in Visakapathnam. It will host an extension of the monolithics manufacturing capacity together with the building of a R&D center. These investments will give Vesuvius India the means to satisfy the growing needs of its customers and to take advantage of the future development of the Indian industry.

With my best wishes to all of you.



François Wanecq



Notice of Annual General Meeting

Notice is hereby given that the twenty-first Annual General Meeting of the Members of Vesuvius India Limited will be held at Williamson Magor Hall, The Bengal Chamber of Commerce & Industry, Royal Exchange, 6 Netaji Subhas Road, Kolkata 700 001 on Thursday, April 26, 2012 at 10.30 a.m. to transact the following business :

1. To receive and adopt the Audited Accounts for the year ended on December 31, 2011, and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr Sudipto Sarkar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr Biswadip Gupta, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and to fix their remuneration and, in this connection to pass, with or without modification, the following resolution which will be passed as an Ordinary Resolution :

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

SPECIAL BUSINESS

6. To consider and if thought fit to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Section 309(4) read with Section 309(7) of the Companies Act, 1956 or any re-enactments thereof, the Directors of the Company (other than the Managing Director) be and are hereby authorised to continue to receive a commission, to be divided between them in such manner as may be determined by the Board of Directors, which shall not exceed in the aggregate one per cent (1%) of the net profits of the Company, computed in the manner prescribed under Section 198(1) of the Companies Act, 1956 or any re-enactments thereof, in respect of the profits for each of the five financial years of the Company commencing from April 1, 2012.”

7. To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution of which due notice in writing under Section 257 of the Companies Act, 1956, has been received by the Company from a member:

“RESOLVED that Mr Tanmay Kumar Ganguly be and is hereby reappointed a Director of the Company with effect from April 18, 2012 who shall not be liable to retire by rotation.”

“RESOLVED FURTHER that, pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other provisions of the Companies Act, 1956 including any statutory modification or re-enactment thereof and subject to the approval of the Central Government, if applicable, consent be and is hereby given to the appointment of Mr Tanmay Kumar Ganguly as Managing Director of the Company for a period of five years effective from April 18, 2012 to April 17, 2017 on a remuneration as set out in the draft Agreement, duly initialled by the Chairman for identification, to be entered into between the Company of the one part and Mr Ganguly of the other part.

“RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to modify, determine and/or revise the remuneration and perquisites of Mr Ganguly including his salary, allowances, commission, bonus, perquisites and benefits within the overall ceilings laid down in the aforesaid draft Agreement and the Companies Act, 1956 including any statutory modification or re-enactment thereof.”

By Order of the Board of Directors
Vesuvius India Ltd.

Registered Office :

P-104 Taratala Road
Kolkata 700 088
February 29, 2012

Taposh Roy
Company Secretary

Enclo : Explanatory Statement pursuant to section 173 of the Companies Act, 1956 is annexed

Notes :

1. **PROXY** : A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of self and such proxies need not be a member of the Company. Proxies, in order to be effective, must be received by the Company at the Registered Office not later than 48 hours before the Meeting.
2. **BOOK CLOSURE** : The Register of Members of the Company will remain closed from April 19, 2012 to April 26, 2012, both days inclusive.
3. **DIVIDEND** : The dividend to be declared at this meeting, will, subject to the provisions of Section 206A of the Companies Act, 1956, be deposited with the Bank within April 30, 2012 and dividend warrants will be despatched on or after May 7, 2012 to those members whose names appear on the Register of Members on April 26, 2012 or to their mandatees. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by the National Securities Depositories Ltd. and Central Depository Services (India) Ltd., for this purpose. Payment of dividend will be rounded off pursuant to the provisions of Section 288B of the Income Tax Act, 1961 and Rule 23 of the Companies (Central Government's) General Rules & Forms, 1956. Dividend Tax will be paid by the Company pursuant to section 115O of the Income Tax Act, 1961.
4. **UNCLAIMED DIVIDEND** : Notices pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 have been sent to all members concerned on January 30, 2012.
5. **TRANSFER TO IEPF** : Dividend for the year ended on December 31, 2004 which was declared at the Annual General Meeting held on April 12, 2005 and remaining unclaimed will be transferred to the Investor Education and Protection Fund of the Central Government in May 2012 pursuant to the provisions of section 205A of the Companies Act, 1956. Thereafter no claim shall lie on these dividend from the Members. Members are requested to lodge their claims with the Registrars & Share Transfer Agents immediately. Reminder letters have been sent to the shareholders concerned on February 15, 2012.
6. **ISIN No** : The shares of the Company are tradable compulsorily in electronic form. The **ISIN number allotted is INE386A01015**. In view of the numerous advantages offered by the depository system, Members are requested to avail of the facility of dematerialization of the Company's shares.
7. **NOMINATION** : Pursuant to the provisions of section 109A and 109B of the Companies Act, 1956, Members are informed that they may nominate at any time, in the prescribed manner, a person to whom their shares in the Company shall vest in the event of their death. Nomination Form 2B is available on the website of the Company at www.vesuviusindia.com under the heading "Investor Information" and "Download Forms".
8. **WEBSITE** : The Company's website is **www.vesuviusindia.com** Annual Reports of the Company and other Shareholder Communication and standard downloadable forms are made available on the Company's website.

Notice of Annual General Meeting (Contd.)

9. **COMMUNICATION** : The Company has implemented the “Green Initiative” as per Circular nos 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, all Shareholder communication including notices and Annual Reports will be sent to the email addresses of Members available with the Company and the Depositories. The documents/notices will also be made available on the Company’s website www.vesuviusindia.com and will be available for inspection by the Members at the Registered Office of the Company between 10.30 a.m. and 12.30 pm on all working days.
10. **REGISTRARS** : Members are requested to contact **M/s C B Management Services (P) Ltd, Registrars and Share Transfer Agents of the Company at P-22, Bondel Road, Kolkata 700 019 (Phone No 033-40116700; Email : rta@cbmsl.com)** for recording any change of address, bank mandate, NECS, share transfers/transmission or nominations regarding shares held by them in physical form and for redressal of complaints or contact the Company Secretary at the Registered Office or by email at Taposh.Roy@vesuvius.com.
11. **REAPPOINTMENT OF DIRECTORS** : Pursuant to Clause 49 of the Listing Agreements with the stock exchanges, it is informed that Mr Sudipto Sarkar and Mr Biswadip Gupta retire by rotation in accordance with the Articles of Association of the Company at the forthcoming Annual General Meeting, and being eligible, have offered themselves for reappointment. The particulars of the Directors are given below:

Item No. 3 :

Mr Sudipto Sarkar, a renowned Barrister, aged about 63 years, is a Director of the Company since July 26, 2005. He holds B.Sc. (Maths-Hons) from Presidency College, Kolkata; BA (Law Tripos) from Jesus College, Cambridge, UK; LL.M, (International Law) from Jesus College, Cambridge, UK; M.A. (Law) from Jesus College, Cambridge, UK. He is also Barrister, Gray’s Inn, London. He is presently practising as a Senior Advocate. He also has several publications to his credit on Evidence, Law of Civil Procedures and Specific Relief Act. He is the collaborating editor of Ramaiya’s Guide to the Companies Act and contributor to several volumes of International Law Reports (Cambridge). He has also instituted the Sarkar Law lectures in Kolkata, where senior English Judges such as Lord Slynn of Hadley, Lord Nicholls of Birkenhead and Lord Justice Robin Auld have lectured.

He was formerly Chairman of the Board of Directors of Clarion Advertising Services Ltd, now known as Bates India Ltd and President of The Bengal Club, Calcutta 1998-99 and Director of Bombay Stock Exchange Limited. He is presently a Director of JSW Steel Ltd, Eveready Industries Ltd, EIH Associated Hotels Ltd, B & A Limited, B & A Packaging India Ltd, DESCON Limited, Island Hotel Maharaj Ltd and McNally Bharat Engineering Co Ltd. He is a member of the following Committees:

Name of Company	Name of Committee	Nature of Membership
EIH Associated Hotels Ltd	1. Audit Committee	Member
	2. Investors Grievances Committee	Member
Eveready Industries Ltd	Audit Committee	Member
Indian Institute of Corporate Affairs	(constituted by Ministry of Corporate Affairs, New Delhi)	Panel of Experts
JSW Steel Ltd	Audit Committee	Member
McNally Bharat Engineering Company Ltd	Shareholders & Investors Grievances Committee	Member
Vesuvius India Ltd	1. Audit Committee	Member
	2. Share Transfer & Investor Grievance Committee	Member

Mr Sarkar’s nature of experience is in Law and Corporate Affairs. He does not hold any shares in the Company.

Item No. 4 :

Mr Biswadip Gupta, aged about 61 years, is a BE(Metallurgy) and MBA and has about 39 years experience in the steel and refractory industry. He has received extensive training worldwide in the refractory making industry during his 20 years association with the Vesuvius Group, UK before being associated with Vesuvius India. Since 1979 he was the Consultant Director, Indian Operations of Vesuvius Corporation SA, Switzerland. Mr Gupta had joined the Company as a Director in 1991 and was the Managing Director from 1992 upto April 17, 2007 and thereafter continued as a non-executive Director. He had been instrumental in setting up of the Indian operations. Mr Gupta was the recipient of the Chief Executive's Award for outstanding performance in 1993 and again in 2003 from the Vesuvius Group during his tenure as Managing Director of the Company.

Mr Gupta was formerly President, Bengal Chamber of Commerce and Industry, Deputy Chairman of the Indian Refractory Makers Association and Chairman of CII (Eastern Region). He is presently Jt. Managing Director & CEO of JSW Bengal Steel Ltd and Director of Barbil Beneficiation Company Ltd, DESCON Ltd, Dishergarh Infrastructure Development Pvt Ltd, Gourangdih Coal Limited, JSW Energy (Bengal) Ltd, NICCO Engineering Services Ltd, Nicco Ventures Limited and Member Managing Committee of Bengal Club Ltd. He is a member of the following Committees:

Name of Company	Name of Committee	Nature of Membership
JSW Bengal Steel Ltd	Audit Committee	Member
Nicco Engineering Services Ltd	Audit Committee	Member
Vesuvius India Ltd	1. Audit Committee	Member
	2. Share Transfer & Investor Grievance Committee	Member

Mr Gupta's nature of experience is in Steel and Refractory business, Corporate Affairs and Finance. He holds 78,749 shares of the Company.

Annexure to the Notice convening the Twenty-first Annual General Meeting to be held on Thursday, April 26, 2012

As the business specified in item nos 6 and 7 of the Notice dated February 29, 2012 to which this statement is annexed are items of special business to be transacted at the twenty-first Annual General Meeting of the Company, the following Explanatory Statement is set out in compliance with the provisions of Section 173 of the Companies Act, 1956.

ITEM No. 6

By a special resolution passed at the 16th Annual General Meeting held on April 17, 2007 the Directors of the Company, other than the Managing Director, were authorised to receive commission not exceeding in aggregate 1% of the net profits of the Company computed in the manner prescribed under section 198(1) of the Companies Act, 1956, ("the Act") for a period of five years from April 1, 2007 to March 31, 2012. It is considered desirable that the Directors do continue to receive commission not exceeding 1% of the net profits of the Company.

This special resolution seeks to obtain renewal of authority for payment of the commission to non-executive Directors pursuant to the provisions of Section 309(4) read with Section 309(7) of the Act.

The non-resident Directors have waived their entitlement to commission for the past five years including for the year ended December 31, 2011.

The Board recommends that the resolution be passed.

Notice of Annual General Meeting (Contd.)

All Directors of the Company, other than Mr Tanmay Ganguly, Managing Director, are interested in this resolution to the extent of the remuneration that may be received by them.

ITEM No. 7

At the Board Meeting held on February 29, 2012 the Board of Directors decided to reappoint Mr Tanmay Kumar Ganguly as Managing Director of the Company for a period of five years effective from April 18, 2012 to April 17, 2017, subject to the approval of the Members at the ensuing Annual General Meeting, on terms of appointment and remuneration as set out in the draft Agreement to be executed between the Company and Mr Ganguly. He shall not retire by rotation.

Mr Ganguly joined the Company on May 3, 2006 as the Chief Operating Officer and thereafter was appointed Managing Director of the Company for a period of 5 years from April 18, 2007 at the Annual General meeting held on April 17, 2007. He had previously worked in the Company as Controller. He is 48 years of age, a Bachelor of Commerce graduate and a Chartered Accountant and has over 25 years experience in chemicals, refractory and FMCG industry. He started his career with Union Carbide India Ltd and has worked in ICI (India) Ltd, Hindustan Lever Limited, Pillsbury India as Chief Financial Officer, as Finance Director-Asia Pacific Region of General Mills (Pillsbury) then returned to India as President and CEO of General Mills India and immediately before joining our Company was working in Radhakrishna Foodland Pvt Ltd as Chief Operating Officer. He is not a Director of any other company in India. He is a member of the Share Transfer & Investor Grievance Committee. He holds 67,471 shares of the Company.

The terms and remuneration payable to Mr Tanmay Kumar Ganguly, subject to the limit prescribed in section 198(1) and section 309 read with Schedule XIII of the Companies Act, 1956, as per the aforesaid draft Agreement are as follows -

Items	Remuneration
Period of employment	From April 18, 2012 to April 17, 2017
Basic Salary	Rs. 274,950 per month or such sum not exceeding Rs 1,200,000 per month as may be determined by the Board.
House Rent Allowance, Management Bonus, incentive, perquisites, benefits, reimbursements, entitlements and other allowances	As per Rules of the Company applicable to Managing/Wholetime Directors
Retiral Funds	Provident Fund, Gratuity and Superannuation as per Rules of the Company

Contribution to Provident Fund, Gratuity Fund and Superannuation Fund and encashment of leave at the end of the tenure will not be considered or included for the computation of ceiling on remuneration, perquisites and benefits.

The total remuneration payable to Mr Ganguly will be within the overall limits prescribed in section 198(1) and section 309 read with Schedule XIII of the Companies Act, 1956, as amended from time to time. However, if during the currency of his tenure, the Company has no profits or its profits are inadequate in any financial year, Mr Ganguly shall be entitled, subject to the approval of the Central Government, to the same remuneration by way of basic salary, house rent and other allowances, bonus, incentive, perquisites and benefits as may be approved by the Board from time to time and within the overall limits specified above. The appointment may be terminated by either party giving to the other six months notice in writing or such shorter period as may be decided by the Board.

The draft Agreement sets out the mutual rights and obligations of the Company and Mr Ganguly. A copy of the draft Agreement, duly initialed by the Chairman for identification, will be available for inspection of Members at the Registered Office of the Company between 10.30 a.m. and 12.30 p.m. on all working days upto April 26, 2012 i.e. upto the date of the Annual General Meeting and will also be available at the Annual General Meeting.

This may be treated as an abstract of the remuneration of Mr Tanmay Kumar Ganguly pursuant to Section 302 of the Companies Act, 1956.

The Board recommends that the resolutions be passed.

No Director, other than Mr Tanmay Kumar Ganguly, is concerned or interested in the resolution.

By Order of the Board of Directors
Vesuvius India Ltd.

Registered Office :

P-104 Taratala Road
Kolkata 700 088
February 29, 2012

Taposh Roy
Company Secretary

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

Vesuvius Diary

Vesuvius Group

Vesuvius Group is world leader in supply of consumable high performance specialty ceramic refractories and provides a full range of products and services to control, regulate and protect the flow control of steel in the continuous casting process and those that enable customer's plants to withstand the effects of extreme temperatures or erosive chemical attacks. The Vesuvius Group has 57 major manufacturing locations with over 11500 employees worldwide and renders customised solutions based on specific needs and aspirations of customers worldwide. Vesuvius Group which was earlier referred to as the "Ceramics Division" of the Cookson Group, plc, UK, the ultimate holding company, is now renamed the "Engineered Ceramics Division".

The Vesuvius Group has recently acquired SERT and AVEVIS, two companies involved in control and regulation technologies serving both Steel and Foundry industries. The combined forces of SERT, AVEVIS and Vesuvius will be able to develop an enhanced offering to Steel and Foundry customers all over the world.

Business activities

With the support of Vesuvius Group, many initiatives to provide value added services to customers were completed during the year and received much appreciation. Innovations in sub-entry nozzles for thin slab casters using physical modeling and Computational Fluid Dynamics (CFD) techniques resulted in delivering a suitable design to meet customer requirements. This new design has not only enabled casting at higher speed and throughput but also stabilized sub-entry nozzle performance steadily with continuous increase in life since introduction at a customer's plant.

The new generation GTC2085 tundish slide gate system with integrated tube changer facility was introduced during the commissioning of the 6th caster at a public sector steel plant. With the expertise of the customer's



▲ GTC 2085 in operation

operating team and technology strength of Vesuvius, the system has witnessed significant growth in tundish sequence lengths.

Indigenously developed "DUMAG" (Drying Unit for Magnavibe) was a success and led to larger market share in slab casters.

Partnering with customers in their expansion plans and providing them with latest technology from the Vesuvius Group has always been our forte. Not only were the works completed within schedule time, the customers have benefited from lower investment costs and higher process efficiency. Customers have appreciated their association with Vesuvius.



Continuous liaison with customer's technical and process teams and senior management team through customer meets at our sites or vendor meets at customer's plant have improved their understanding



▲ Mr Naveen Jindal, Chairman and Managing Director of Jindal Steel & Power Limited meets Mr Shamik Bhattacharjee, Regional Manager – Central & North, at their Vendor meet at Raigarh

of our products and services and also enabled us to provide latest technology to our customers. Customer's senior management have appreciated the proactive gesture of Vesuvius and our eagerness to bring more improvements in the customers processes, while continuing to work for a cleaner and safer industry.

The second edition of our Technical newsletter named VESUNET was published in July 2011 and was again appreciated by our key customers. Customers have shown interest in the new product development and process improvements discussed in the newsletter.

Ladle model with animated robot at METEC ▼



International Exhibition

Vesuvius Group participated in METEC Trade Fair held at Dusseldorf, Germany. This is a major international trade fair supporting the Steel Industry. Visitors from all over the world participated in this trade fair. Customers from the Indian Steel industry have visited the stalls where they got updated information on latest technology and products available worldwide.

Vesuvius Group participated with the objective of promoting their technological expertise, showcase their vast depository of refractory solutions and innovative applications of existing products and to establish the overall professional approach towards providing "Solutions Through Technology". Vesuvius India representatives also participated in the Trade Fair. Eminent personalities and Industrialists from the Steel Industry visited our stall. The main attraction was a ladle model fully animated with robot. After the Trade Fair, customers are continuously showing interest in our products and new initiatives.

▼ Mr Sajjan Jindal, Chairman & Managing Director of JSW Steel Limited meets Mr Chris Abbott, President Steel Flow Control of Vesuvius Group at METEC. Mr UK Shashi Kumar, General Manager Flow Control looks on



Vesuvius Diary (Contd.)

Inauguration of new Office Block at Visakhapatnam

Dr S K Gupta, Chairman, inaugurated the new Office Block at the second factory at Visakhapatnam on November 3, 2011.



▲ Inauguration of new Office Block at Visakhapatnam ▼

Dividend

The Board of Directors have recommended dividend of Rs. 4.25 per share of face value Rs 10/- i.e. 42.50%. The dividend together with dividend tax will entail a cash outflow of Rs. 100 million (previous year Rs. 95 million). The Board of Directors have recorded their sincere thanks to the Shareholders and other stakeholders for their continuous support to the Company.

AGM in Progress ▼



Health and Safety

Safety Week was observed at all factories in March 2011 reminding all to have safer work practices. Employees and their family participated in Safety Poster and Slogan competitions and prizes were awarded.



▲ Dr Claude Dumazeau awarding prizes for Safety Poster & Slogan Competition ▼

A Safety March was conducted at customer's premises as reminder to follow safer work practices.



◀ Safety March

The Southern and Western Regions of India received the HSE Performance Award from the Vesuvius Group during the year. The awards were handed over by Mr Chris Abbott, President Steel Flow Control of Vesuvius Group to Mr Anupkumar Barad for Southern Region and Mr Thomas Mathew for Western Region.



◀ Southern Region



▶ Western Region

Vesuvius India Website

Vesuvius India now has their own website **www.vesuviusindia.com**. In this website, information about the Company, its financial information e.g. annual accounts and published quarterly results as well as shareholder information and draft of standard letters for shareholders are available. Detailed information of the products offered by Vesuvius Group continue to be available at the Group's website **www.vesuvius.com**. Shareholders are encouraged to visit these websites.

Training and Achievements

A lot of emphasis is placed on training and self development. In-house training programs were held during the year which included Practical Problem Solving, Blast Furnace process, VISO products and trouble shooting, Self Development, Iron & Steel making, Selling and Negotiating Skills etc.



▲ Self Development Training

Best Technician awards were given in recognition of improvements in work skills as well as following safety procedures.

The Vesuvius Group has started a "Columbus" program where engineering graduates from various countries will be selected, trained internationally and ultimately will be an international resource for



▲ Best Technician Award at Surat

Vesuvius Diary (Contd.)

trouble shooting at all Vesuvius Group plants worldwide. The first batch of three fresh Indian engineering graduates were selected under this Columbus program and after training in India have been sent to China for intensive training.



▲ Training on Iron & Steel making at Toranagallu and Practical Problem Solving Training at Kolkata

Best Technician Award at Toranagallu and at Jamshedpur ▼



Corporate Social Responsibility

The Company believes that good CSR practices spread goodwill, thereby boosting the Company's reputation and facilitating a stable social environment, conducive to investment and trade. Our CSR activities mainly focus on supporting the underprivileged through education and health improving facilities thereby bringing a positive difference in their lives. Several CSR activities were conducted during the year.

Scholarship awards were given to children of contractual employees at the Kolkata and Visakhapatnam plants.

Sports activities were sponsored at a local school at Visakhapatnam and prizes were distributed to the winners.

Recipients of Scholarship Awards and Recognition at Kolkata ▼



Recipients of Scholarship Awards and Recognition at Visakhapatnam ▲



▲ *Distribution of Sports Prizes
at Visakhapatnam*

Hygiene kits and utensils for mid-day meal were distributed among children in a school located near the Kolkata plant.

A tour of the Kolkata zoo was also organized for about 60 children of the local school and an NGO helped to add some fun activities for the children at the zoo. It was a first time experience for these children.

Employees had participated at Blood Donation camps and local cricket tournaments.



▲ *Distribution of Hygiene Kits
at Kolkata*



▲ *Distribution of utensils for mid-day meals
at Kolkata*

Report of The Directors and Management Discussion & Analysis Report

FOR THE YEAR ENDED ON DECEMBER 31, 2011

The Directors have pleasure in submitting their Annual Report together with the Audited Statements of Account for the year ended on December 31, 2011.

The Year in Retrospect

Financial Results

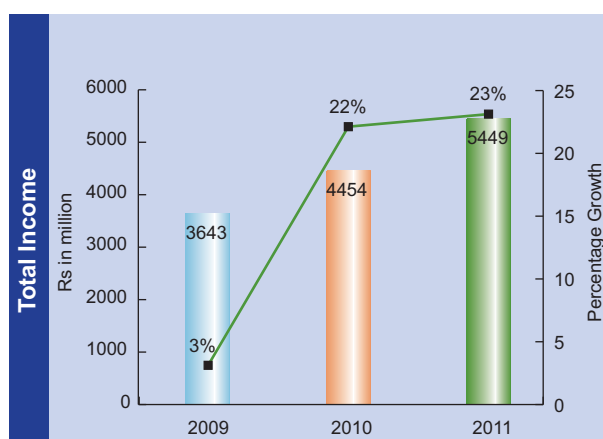
(Rs. '000)

	Year ended 31.12.2011	Year ended 31.12.2010
Sale of Goods (excluding Excise Duty)	5,123,542	4,203,211
Sale of Services	279,025	197,947
Other Income	46,538	53,255
Total Income	<u>5,449,105</u>	<u>4,454,413</u>
Profit before Depreciation, Interest & Tax (PBDIT) & Exceptional Item	979,569	866,414
Exceptional Item – income	-	10,917
Depreciation	146,656	129,113
Interest	6,080	204
Profit before Tax	826,833	748,014
Provision for Income Tax	274,579	259,510
Profit after Tax	552,254	488,504
Balance as per last Balance Sheet brought forward	1,867,582	1,522,596
Available for appropriation	<u>2,419,836</u>	<u>2,011,100</u>
Appropriations made :		
Proposed Dividend @ Rs 4.25 per share i.e. 42.50 %	86,258	81,184
Dividend Tax	13,680	13,484
Transfer to General Reserves	55,225	48,850
	<u>155,163</u>	<u>143,518</u>
Profit & Loss Account Balance	2,264,673	1,867,582
	<u>2,419,836</u>	<u>2,011,100</u>
Basic & Diluted Earnings Per Share	Rs 27.21	Rs 24.07

Operating & Financial Performance, Internal Control

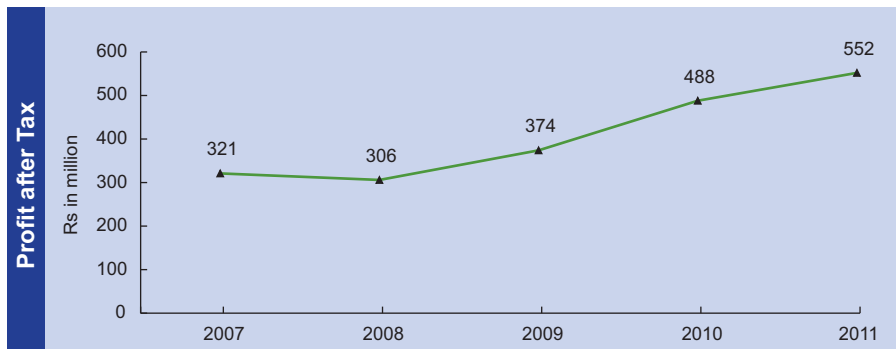
Your Company has had another very steady performance in 2011 generating enough cash to pay for the increased activities and substantial expenditure on capacity expansion. "Debt Free" status has been maintained with enough cash balance to support further spending on new assets to sustain growth in coming years.

This year gross sales and services increased by over Rs 1 billion. Annual results show a revenue growth of around 23% driven by strong domestic growth at around 22% and export growth at over 30% over last year, in spite of the slowdown in domestic steel production. The strong growth in domestic revenue was achieved due to improvement



in market share and penetration into new product and market segments.

The operating profit (PBDIT) at Rs 979 million for the year is higher by 13% over last year and profit after tax (PAT) at Rs 552 million is also higher by over 13%.



Increase in raw material prices and other input costs like energy, the sudden devaluation of Rupee vis-a-vis major currencies like USD, GBP and Euro during later part of the year and withdrawal of DEPB export benefits have placed a burden on the margins for the year.

The Company continued to invest in technological developments and capacity expansion.

The Computational Fluid Dynamics (CFD) Laboratory was set up in May 2011 and consequently a new Water Modelling unit will also be commissioned at the Kolkata plant by March 2012. Water modelling is mainly aimed at simulating flow conditions to that of liquid steel in actual continuous casting environment. Design of the shapes of our products specially sub-entry nozzles for Thin Slab Casters are critical in determining productivity and operational efficiency. The primary shape is determined using water modeling and CFD techniques since most of the operational factors are greatly influenced by flow patterns.

The Company always engages with customers to develop for them improved processes at lower costs. In one such endeavour, the Company designed, manufactured and installed reinforced precast dampers for a customer's non-recovery type coke ovens keeping in mind the service conditions of thermal shock resistance, no cracks and longer service life. The life of the new installed dampers have increased from 6 months to over 12 months, installation charges were much lower, this resulted in import substitution and also better process performance which resulted in huge savings for the customer.

In a similar way, new generation GTC2085 tundish

slidegate system with integrated tube changer facility was introduced during commissioning of the caster of a customer. The new system has witnessed significant growth in tundish sequence lengths.

Customer has benefited not only from maximum sequence length but also from operational efficiencies like reduced alumina build up and oxidation of refractory, replacing nozzles without interrupting the casting process etc.

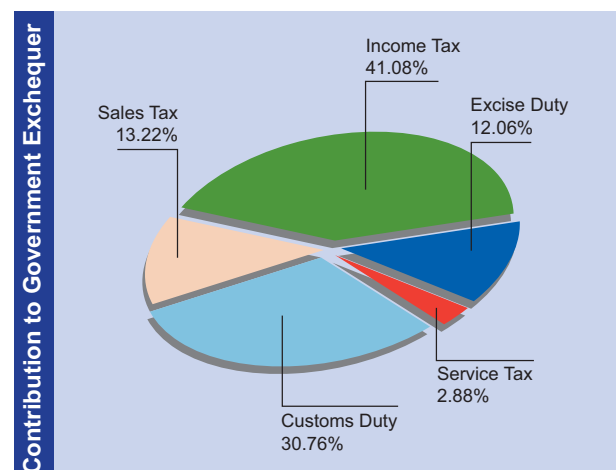
The new pressing complex at the Kolkata plant had been commissioned in July 2011 and installation of the kilns have

been completed in January 2012 and are stabilizing to the desired levels. The other equipments will be installed and commissioned by March 2012 and we expect Kolkata plant expansion to be completed by April 2012.

At Visakhapatnam, near our existing factories, full payment for acquiring 15 acres of land on freehold basis from Andhra Pradesh Industrial Infrastructure Corporation Ltd has been made for setting up the fifth plant of the Company.

All four factories had been working at near full capacity during the year. In-plant rejection for all manufactured items have reduced due to improved processes. The new process to deal with customer complaints on products and services has been successful and has lead to speed and quality of problem resolution.

The Company has in place an established internal control system designed to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and



Report of The Directors (Contd.)

statutory compliances. Internal Audit on pan India basis was conducted by M/s Deloitte Haskins & Sells, Chartered Accountants. In addition Cookson Group internal audit function carried out several audits during the year.

The Company has complied with the provision of the Code on Internal Control which require that the Directors review the effectiveness of internal controls including financial, operational and compliance control and risk management systems. Self certification exercises are also conducted by which senior management certify effectiveness of the internal control system for which they are responsible together with the Company's policies.

Dividend

The Board of Directors are pleased to recommend dividend of Rs 4.25 per share i.e. 42.50 % on Equity Shares of Rs 10/- each. The dividend together with dividend tax will entail a cash outflow of Rs 100 million (previous year Rs 95 million). If this is approved at the forthcoming Annual General Meeting, dividend will be deposited with the bank within April 30, 2012 and dividend warrants will be despatched on or after May 7, 2012 to those who are members of the Company as on April 26, 2012. In respect of shares held electronically, dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories.

ISO Certification

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

single unit. Accordingly, the Company is a single business segment company. Geographical (secondary) segment has been identified as domestic sales and exports.

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

The year 2011 was a relatively difficult year for the Indian economy. GDP growth came down to below 7% level, inflation continued to remain high and bank interest rates were increased. These led to domestic steel industry suffering lower volumes, reduced margins and many of their new projects were either put off or delayed. Steel production in India has marginally increased over the previous year and steel prices have been under pressure. Most domestic steel makers were under margin pressure due to rise in input cost, availability and prices of raw materials, foreign exchange fluctuation and inflationary pressures.

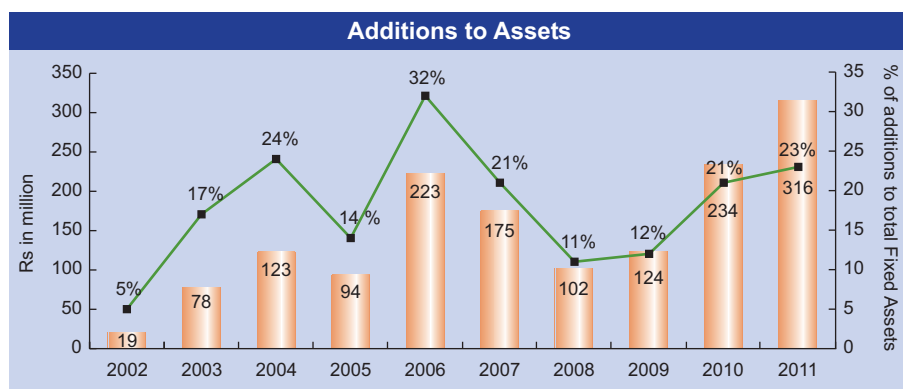
Your Company trades in refractory based solutions and steel industry comprises the biggest group of its customers. Hence anything that affects the steel industry will have its one off effect on our business. India is set to emerge as the second largest producer and consumer of steel in the next few years and refractory being an essential requirement in steel industry will see increased demand. With this in mind, your Company is completing the expansion of its Kolkata plant to double its capacity to meet the increased demand of the steel industry and is also planning another plant at Visakhapatnam.

All business operations have risks and threats attached to them most of which may be outside the control of the Company. Apart from the concerns over raw material prices and availability, fluctuations in exchange rates, inflationary pressures, adverse political or regulatory developments, aggressive competition and chances of a reduction in customer output leading to lower demands are some perceived threats.

Segmentwise performance

The Company is primarily a manufacturer and trader of refractory and is managed organizationally as a

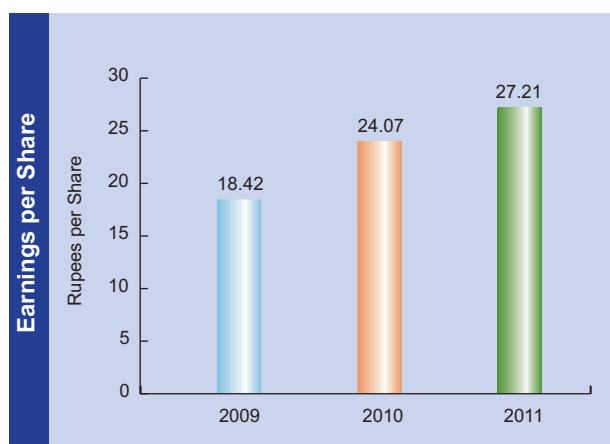
During the year a risk analysis and assessment was conducted in line with the Group requirements and no major risks were noticed.



Directors

Mr Sudipto Sarkar and Mr Biswadip Gupta retire by rotation in accordance with the Articles of Association of the Company at the forthcoming Annual General Meeting, and being eligible, offer themselves for reappointment.

Mr Sudipto Sarkar, a renowned Barrister, aged about 63 years, is a Director of the Company since July 26, 2005. He holds B.Sc. (Maths-Hons) from



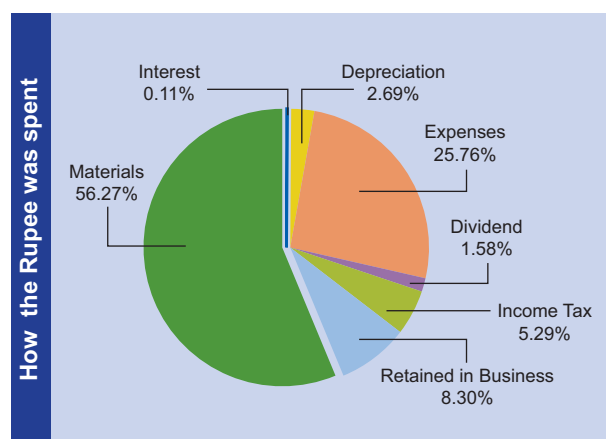
Presidency College, Kolkata; BA (Law Tripas) from Jesus College, Cambridge, UK; LL.M, (International Law) from Jesus College, Cambridge, UK; M.A. (Law) from Jesus College, Cambridge, UK. He is also Barrister, Gray's Inn, London. He is presently practising as a Senior Advocate. He also has several publications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

He was formerly Chairman of the Board of Directors of Clarion Advertising Services Ltd, now known as Bates India Ltd and President of The Bengal Club, Calcutta 1998-99 and Director of Bombay Stock Exchange Limited. He is presently a Director of JSW Steels Ltd, Eveready Industries Ltd, EIH Associated Hotels Ltd, B & A Limited, B & A Packaging India Ltd, DESCON Limited, Island Hotel Maharaj Ltd and Mcnally Bharat Engineering Co Ltd. Mr Sarkar's nature of experience is in Law and Corporate Affairs. He does not hold any shares in the Company.

Mr Biswadip Gupta, aged about 61 years, is a BE(Metallurgy) and MBA and has about 39 years experience in the steel and refractory industry. He has received extensive training worldwide in the refractory making industry during his 20 years association with the Vesuvius Group, UK before being associated with Vesuvius India. Since 1979 he was the Consultant Director, Indian Operations of Vesuvius Corporation SA, Switzerland. Mr Gupta had joined the Company as a Director in 1991 and was the Managing Director from 1992 upto April 17, 2007 and thereafter continued as a non-executive Director. He had been instrumental in setting up of the Indian operations. Mr Gupta was the recipient of the Chief Executive's Award for outstanding performance in 1993 and again in 2003 from the Vesuvius Group during his tenure as Managing Director of the Company.

Mr Gupta was formerly President, Bengal Chamber of Commerce and Industry, Deputy Chairman of the Indian Refractory Makers Association and Chairman of CII (Eastern Region). He is presently Jt. Managing Director & CEO of JSW Bengal Steel Ltd and Director of Barbil Beneficiation Company Ltd, DESCON Ltd, Dishergarh Infrastructure Development Pvt Ltd, Gourangdih Coal Limited, JSW Energy (Bengal) Ltd, NICCO Engineering Services Ltd, Nicco Ventures Limited and Member Managing Committee of Bengal Club Ltd. Mr Gupta's nature of experience is in Steel and Refractory business, Corporate Affairs and Finance. He holds 78,749 shares of the Company.

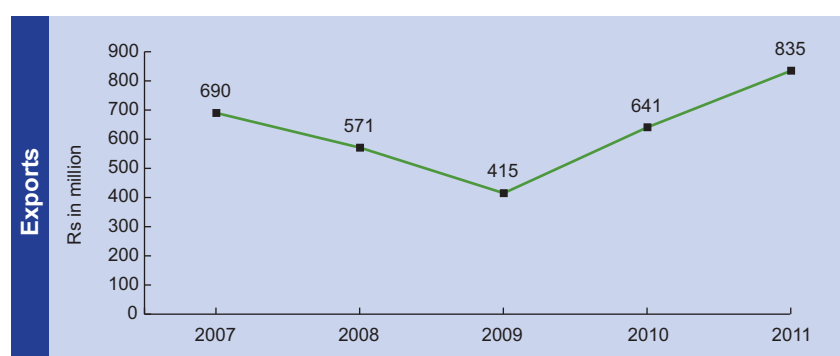
At the Annual General Meeting held on April 17, 2007 Mr Tanmay Kumar Ganguly was appointed Managing Director of the Company for a period of five years commencing from April 18, 2007. His term ends on April 17, 2012. The Board of Directors at their meeting held on February 29, 2012 decided to reappoint



Report of The Directors (Contd.)

Mr Ganguly as a Managing Director of the Company for a further period of five years effective from April 18, 2012 to April 17, 2017, subject to the approval of the Members at the ensuing Annual General Meeting, on terms of appointment and remuneration as set out in a draft Agreement to be executed between the Company and Mr Ganguly. Mr Ganguly is 48 years of age, a Bachelor of Commerce graduate and a Chartered Accountant and has about 24 years experience in chemicals, refractory and FMCG industry. He started his career with Union Carbide India Ltd and has worked in ICI (India) Ltd, Hindustan Lever Limited, Pillsbury India as Chief Financial Officer, as Finance Director-Asia Pacific Region of General Mills (Pillsbury) then returned to India as President and CEO of General Mills India and immediately before joining our Company was working in Radhakrishna Foodland Pvt Ltd as Chief Operating Officer. He had previously worked in the Company as Controller. He is not a Director of any other company in India. He holds 67,471 shares of the Company.

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



Listing and ISIN No

The shares of the Company are listed on the Bombay and National Stock Exchange.

The Company's shares are compulsorily traded in the dematerialized form. The ISIN number allotted is **INE 386A01015**. The details of shareholding pattern, distribution of shareholding and share prices

are mentioned separately in the Corporate Governance Report.

Group Activities

The Vesuvius Group, which holds about 56 % of the share capital of the Company, is a world leader in the design, engineering, manufacture and delivery of refractory products, systems and services for high-technology industrial applications. The Group continues to focus on safety, technology, investing into growing markets including in India. With the Group's support the Kolkata Plant expansion was undertaken and a new plant at Visakhapatnam has been envisaged. The Group has a sincere commitment to and has been extremely supportive of their Indian operations and continues to provide constant support in terms of technology, systems, manufacturing etc.

Corporate Governance

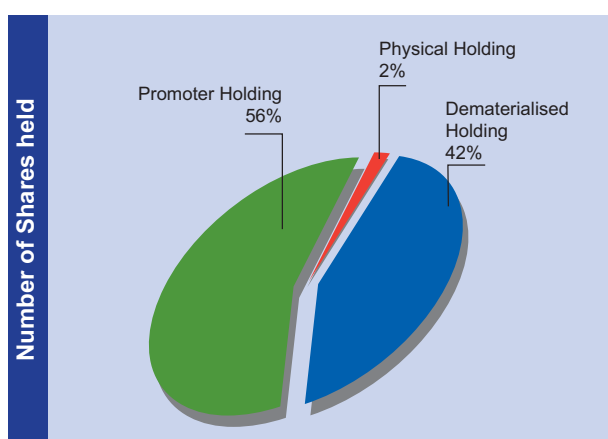
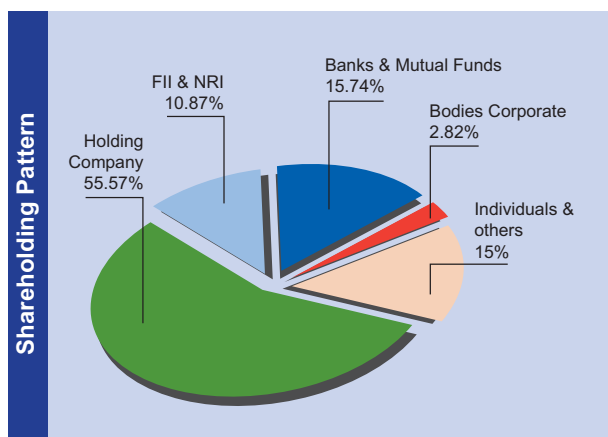
The Company has already put in place the SEBI guidelines pertaining to Corporate Governance. The eight member Board of Directors consist of four non-executive independent directors, three non-executive non-resident directors representing the parent company and the Managing Director. The non-resident Directors have waived their commission on profits for the year and have not received any sitting fees for attending the meetings of the Directors. The Managing Director does not receive sitting fees for attending the meetings of the Board or any Committee thereof. The sitting fees paid to the directors are within the limits prescribed under the Companies Act, 1956.

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

The Corporate Governance Report giving the details as required under clause 49 of the listing agreement with the stock exchanges is given separately and forms part of the Directors Report to Shareholders. The Corporate Governance Certificate for the year ended on December 31, 2011 issued by the Statutory Auditors is also attached.

Mr Tanmay Ganguly, Managing Director and Mr Sanjoy Dutta, Chief Financial Officer have given

their certificate under clause 49(V) of the listing agreement with stock exchanges for compliance with the Code of Conduct of the Company regarding the annual accounts for the year ended on December 31, 2011 which is attached and forms a part of our Report to Shareholders.



Investor Education and Protection Fund

In compliance with the provisions of section 205A of the Companies Act, 1956, a sum of Rs. 135,066/- being the dividend lying unclaimed out of the 10th Anniversary Special Dividend declared by the Board of Directors on February 17, 2004 and a sum of Rs 351,303/- being the dividend lying unclaimed out of the seventh dividend declared by the Company for the year ended on December 31, 2003 at the Annual General Meeting held on April 20, 2004 was transferred to the Investor Education and Protection Fund of the Central Government in March, 2011 and May, 2011 respectively, after giving several notices and reminders to the concerned shareholders.

The dividend which remains unclaimed out of the eighth dividend declared by the Company for the

year ended on December 31, 2004 at the Annual General Meeting held on April 12, 2005 will be transferred to the Investor Education and Protection Fund of the Central Government in May, 2012 pursuant to the provisions of section 205A of the Companies Act, 1956. Thereafter no claim shall lie on these dividend from the shareholders. Individual notices have already been sent to the shareholders concerned on February 12, 2012.

Notices pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 have been sent to all members concerned on January 30, 2012 reminding them to encash their unclaimed dividend.

Auditors

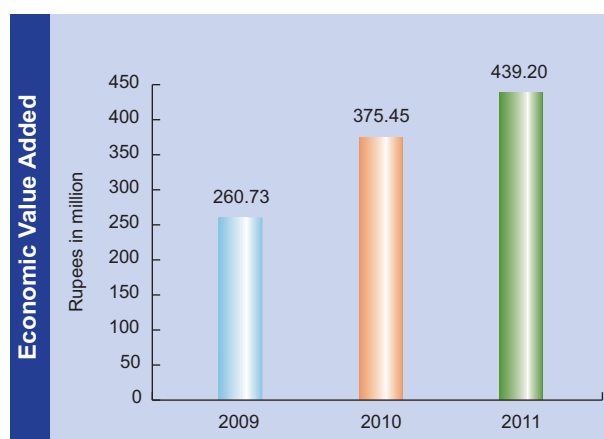
M/s B S R & Co., Chartered Accountants, who were appointed Auditors of the Company at the Annual General Meeting held on April 19, 2011, hold office till the conclusion of the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment.

Fixed Deposits

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

Information pursuant to section 217 of the Companies Act, 1956

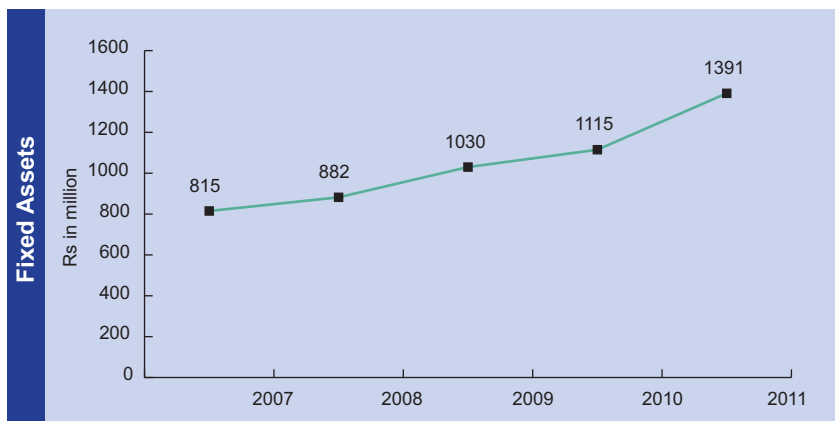
The prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under section 217(1)(e) and Particulars of Employees required under section 217(2A) of the Companies Act, 1956 read with the Rules made thereunder are given in the Annexure to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



Report of The Directors (Contd.)

Directors' Responsibility Statement

The Board of Directors acknowledges the responsibility for ensuring compliance with the provisions of section 217(2AA) of the Companies Act, 1956 in the preparation of the annual accounts for the year ended on December 31, 2011 and state that:



- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts on a going concern basis.

Corporate Social Responsibility

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

guidelines and statements issued by stakeholder representatives and other regulatory bodies.

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

Particular emphasis is focused on the following areas:

❖ **Code of Conduct** : requiring all employees to comply with the highest standards of legal and ethical behaviour.

❖ **Health, Safety & Environment** : protecting the health and safety of our employees, contractors, customers and the general public and reducing energy consumption and waste in our operations.

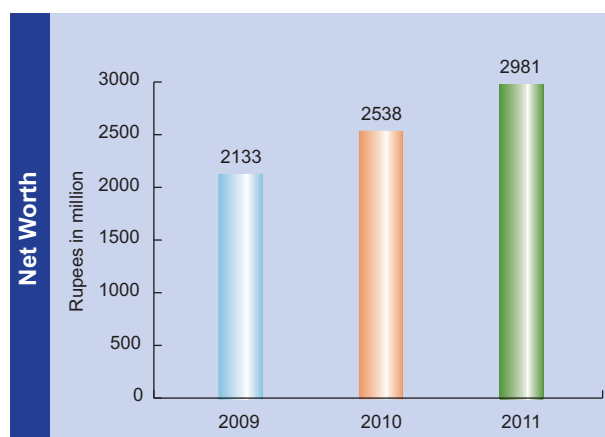
❖ **Products and services** : developing innovative products and services which promote sustainability in our customers' production processes

and products.

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

Human Resources Management & Health, Safety and Environment

People are considered to be one of most valuable resources by the Company and recognizes that working environment motivate employees to be productive and innovative. The continuous leadership and technical training courses give employees the opportunity to improve their skills, maximize personal potential and develop careers within the Company and the Group while adhering to Vesuvius values.



Health and safety of all employees and associates the Company works with remains of paramount importance. Much work has gone into making operations safer by implementation of standards for vehicle and machine safety, ergonomics initiatives, wearing protective equipments, regular safety audits etc. Also managing environment impact is a matter of priority and therefore continuous care for the environment, responsible disposal of wastes and development of local co-operatives are engaged into.

Appreciation

Your Directors record their sincere appreciation of the dedication and commitment of all employees in

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

For and on behalf of the
Board of Directors



Dr Saibal Kanti Gupta
CHAIRMAN

Kolkata
February 29, 2012



Annexure to the Report of the Directors

FOR THE YEAR ENDED ON DECEMBER 31, 2011

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

Name	Age	Designation/ Nature of Duties	Gross Remuneration (Rs.)	Qualification	Experience (years)	Date of commencement of employment	Previous Employment & position held
Employed during the year and in receipt of remuneration aggregating Rs. 6,000,000/- per annum or more							
Sanjoy Dutta	50	Chief Financial Officer	6,369,797	B. Com (Hons), ACA	25	24.06.1998	ICI India Ltd, Financial Controller
Tanmay Kumar Ganguly	48	Managing Director	14,139,462	B. Com (Hons), ACA	24	03.05.2006	Radhakrishna Foodland Pvt Ltd, Chief Operating Officer

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

For and on behalf of the Board of Directors



Dr Saibal Kanti Gupta
CHAIRMAN

Kolkata
February 29, 2012

Annexure to the Report of the Directors

FOR THE YEAR ENDED ON DECEMBER 31, 2011

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

A. Conservation of energy :

Energy costs have surged during the year due to rise in fuel as well as electricity prices. Total energy expenditure have increased mainly due to higher prices and energy consumption for increased production and expansion of capacities at all our manufacturing plants. Energy management continued to be a focus area in operations throughout the year. Efficient use of existing plant/equipment and installation of latest energy-efficient technologies for the expanded production facilities have improved the specific energy consumption in all major areas of manufacturing.

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

FORM A (See rule 2)

Form for disclosure of particulars with respect to conservation of energy

	Year ended 31.12.2011	Year ended 31.12.2010
A. Power and fuel consumption*		
1. <i>Electricity</i>		
a) Purchased		
i) Unit (KWH)	7425868	7138896
ii) Total Amount (Rs.)	41836749	37305879
iii) Rate/Unit (Rs.)	5.63	5.23
b) Own generation		
i) Through Diesel Generator		
1) Unit (KWH)	99186	163114
2) Unit per litre of Diesel oil	2.16	2.46
3) Cost/unit (Rs. per litre of Diesel oil)	42.96	37.69
ii) Through steam turbine/generator	N.A.	N.A.
2. <i>Coal (specify quality and where used)</i>	N.A.	N.A.
3. <i>Furnace Oil</i>		
i) Quantity (litre)	37929	57367
ii) Total Amount (Rs.)	1672802	2186307
iii) Average Rate (Rs./litre)	44.10	38.11
4. <i>Others/internal generation</i>		
Gas & LPG		
i) Quantity (Therms)	2053896	1392754
ii) Total cost (Rs.)	110355768	80007902
iii) Rate/unit	53.73	57.45
B. Consumption per unit of production #	Standards	Year ended
<i>Product</i> : Refractories	(if any)	31.12.2011
Electricity	–	14.84
Gas & LPG	–	4.12
Furnace Oil	–	1.82

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

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

Annexure to the Report of the Directors (Contd.)

FOR THE YEAR ENDED ON DECEMBER 31, 2011

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

FORM B (See rule 2)

Form for disclosure of particulars with respect to absorption

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

Technology absorption, adaptation and innovation :

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

There has been a sustained transfer of new and relevant technologies from the Vesuvius Group into the Indian operations throughout the year, both in case of shaped and unshaped refractories.

Water modeling and steel flow simulations using Computational Fluid Dynamics (CFD) techniques were used in delivering suitable designs that have the capability to sustain higher casting speeds. This new design has not only enabled casting at higher speed and throughput but also stabilized sub-entry nozzle performance steadily with continuous increase in life.

A large number of new products and formulations for the unshaped refractory business came from the Visakhapatnam New Product Development (NPD) Centre, aided by the Group's development laboratories in the USA & UK. Apart from product development, the NPD Centre is also working on replacement of imported raw materials in recipes transferred from overseas laboratories with local raw materials.

Another success with product and technology development was manufacturing of critical precast shapes for coke oven dampers. The Company designed, manufactured and installed reinforced precast dampers for a customer's non-recovery type coke ovens keeping in mind the service conditions of thermal shock resistance, no cracks and longer service life. The life of the new installed dampers have increased, installation charges were much lower, this resulted in import substitution and also better process performance which resulted in huge savings for the customer.

Indigenously developed "DUMAG" (Drying Unit for Magnavibe) was a success and led to larger market share in slab casters.

In the Liner Monoblock Stopper technology, the Kolkata plant is the world's leading manufacturing base for such products for Vesuvius Group, exporting to European customers. Monoblock stoppers with calibrated pipes for controlled argon shielding of the casting channel, a technology new to India, was received well by customers.

Apart from products, application technologies such as Pumpcast for installation in the troughs and runners, use of shutter vibration system for casting of thin section lining, etc., which were introduced into the Indian market have received much appreciation from customers.

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

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

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

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

C. Foreign Exchange Earnings and Outgo :

The Company does not take any initiatives to increase exports or develop new export markets as these exports are mostly initiated by associate companies. The Foreign Exchange earnings of the Company was Rs. 844 million and Foreign Exchange outgo was Rs. 1579 million (including dividend remittance).

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

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

DECLARATION

As required under Clause 49(I)(D) of the Listing Agreements with the Stock Exchanges, I hereby declare that all the Board members and senior management personnel of the Company have complied with the Code of Conduct of the Company for the year ended December 31, 2011.

Place : Kolkata
Date : February 14, 2012

Tanmay Ganguly
Managing Director

Corporate Governance Report - 2011

I. Our Company's philosophy on Code of Governance

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

VESUVIUS MISSION STATEMENT

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

Our mission is : -

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

II. Board of Directors

The eight member Board of Directors consist of a non-executive independent Chairman, three non-executive independent Directors, three non-executive non-resident Directors representing the holding company and the Managing Director. The details of the composition and attendance of the Board and Committees thereof and the shares of the Company held by them have been given separately in this Report. None of the Directors are related to each other.

Mr Sudipto Sarkar and Mr Biswadip Gupta will retire by rotation at the next Annual General Meeting and being eligible have offered themselves for reappointment as Directors. The personal information about directors being reappointed is already mentioned in the Directors' Report and in the Notice convening the Annual General Meeting and therefore is not separately mentioned in this Report.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause

49(I)(C) of the Listing Agreement with the Stock Exchanges) across all companies in India of which he is a Director. All Directors have certified that the disqualifications mentioned under section 274(1)(g) of the Companies Act, 1956 do not apply to them.

The non-executive Directors are entitled to sitting fees for every meeting of the Board or Committee thereof attended by them. They are also entitled to commission not exceeding 1% of the net profits of the Company. The non-resident Directors have waived their commission on profits for the year and waived their sitting fees for all meetings attended by them during the year. The remuneration received by the non-executive Directors during the year has been given separately in this Report. The Managing Director does not receive sitting fees for attending the meetings of the Board or any Committee thereof and details of his remuneration have been given in Schedule (14)(3) to the Annual Accounts.

At the Annual General Meeting held on April 17, 2007, Mr Tanmay Kumar Ganguly was appointed Managing Director of the Company for a period of five years from April 18, 2007. His term as Managing Director ends on April 17, 2012. The Board of Directors at their meeting held on February 29, 2012 re-appointed Mr Ganguly as Managing Director of the Company for a further period of five years from April 18, 2012 subject to the approval of the Shareholders at the ensuing Annual General Meeting. A resolution proposing his appointment is included in the Notice convening the Annual General Meeting to be held on April 26, 2012.

Mr Tanmay Kumar Ganguly is 48 years of age, a Bachelor of Commerce graduate and a Chartered Accountant and has about 24 years experience in chemicals, refractory and FMCG industry. He started his career with Union Carbide India Ltd and has worked in ICI (India) Ltd, Hindustan Lever Limited, Pillsbury India as Chief Financial Officer (CFO), as Finance Director-Asia Pacific Region of General Mills (Pillsbury) then returned to India as President and CEO of General Mills India and immediately before joining our Company was working in Radhakrishna Foodland Pvt Ltd as Chief Operating Officer (COO). He had previously worked in the Company as Controller. He is not a Director of any other company in India. He holds 67471 shares in the Company and is a member of the Share Transfer and Investor Grievance Committee of the Board.

Code of Conduct

The Code of Conduct laid down by Cookson Group plc, U.K, the ultimate holding company, is

applicable to the Board of Directors and all employees of the Company. This Code of Conduct emphasizes the Company's commitment to compliance with the highest standards of legal and ethical behaviour. The Code of Conduct is posted on the website of ultimate holding company: www.cooksongroup.co.uk and is also available in the website of the Company

www.vesuviusindia.com under heading 'Investor Information'. All Directors and senior management have adhered to the Code of Conduct of the Company during the year and have signed declarations of compliance to the Code of Conduct. The declaration signed by Mr Tanmay Ganguly, Managing Director, is given separately in the Annual Report.

Directorships held by existing Directors and shares of Vesuvius India Ltd. held by them as on December 31, 2011 are given below :

Name of Director	Companies in India		Companies abroad	No. of Shares of Vesuvius India Ltd. held as on 31.12.2011
	No. of Directorships held	No. of Committees of which Member *	No. of Directorships held	
Dr Saibal Kanti Gupta <i>Chairman</i>	7	9	—	—
Mr Shekhar Datta	3	4	—	—
Dr Claude Dumazeau	1	—	5	—
Mr Tanmay Kumar Ganguly <i>Managing Director</i>	1	1	—	67,471
Mr Biswadip Gupta	10	4	—	78,749
Mr Yves M.C.M.G. Nokerman	1	1	33	—
Mr Sudipto Sarkar	9	7	—	—
Mr François Clement Wanecq	2	1	11	—

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

Audit Committee

The Audit Committee was constituted on October 24, 2000. The Audit Committee consists of five non-executive Directors of which four are independent Directors.

The four independent Directors and members of Audit Committee during the year were Dr S K Gupta, Mr Shekhar Datta, Mr Biswadip Gupta and Mr Sudipto Sarkar. The fifth member of the Audit Committee is Mr Yves Nokerman.

Dr S K Gupta, Chairman of the Board of Directors and an independent non-executive Director, is the Chairman of the Audit Committee. The Managing Director and Chief Financial Officer are permanent invitees in all meetings. The Company Secretary is the Secretary of the Audit Committee. All Directors are financially literate and Dr S K Gupta, Mr Shekhar Datta, Mr Biswadip Gupta and Mr Yves Nokerman have accounting or related financial management expertise. The Statutory Auditors and Internal Auditors are invited to the meetings to discuss with the Directors the scope of audit, their comments and recommendation on the accounts, records, risks, internal procedures

and internal controls of the Company and to discuss the Internal Audit Reports. Minutes of the Audit Committee meetings are circulated to all Directors and discussed at the Board meetings.

The terms of reference of the Audit Committee cover all the areas mentioned under Clause 49(II) of the Listing Agreement with the Stock Exchanges and section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors. The broad terms of reference of the Audit Committee are to review financial reporting process and all financial results, statements and disclosures and recommend the same to the Board, review the internal audit reports and internal control systems and procedures and discuss the same with the internal auditors, to meet the statutory auditors and discuss their findings, the scope of audit, post audit discussion, adequacy of internal audit functions, audit qualifications, if any, appointment/removal of auditors, changes in accounting policies, reviewing related party transactions, reviewing with the management the performance of the statutory and internal auditors and their remuneration,

Corporate Governance Report - 2011 (Contd.)

compliance with listing agreements and other legal requirements and the Company's financial and risk management policies, disaster recovery policies and compliance with statutory requirements.

M/s Deloitte Haskins & Sells, Chartered Accountants, are the Internal Auditors of the Company. They conduct internal audit on a pan India basis and report directly to the Audit Committee of the Board.

Share Transfer and Investor Grievance Committee

The Share Transfer Committee was constituted on January 1, 1993 and renamed The Share Transfer and Investor Grievance Committee on February 12, 2001 to specifically look into the redressal of investors' complaints. This Committee

consists of five Directors of which four are non-executive independent Directors. A non-executive independent member director Chairs the meetings of this Committee. Four non-executive independent Directors of this Committee are Dr S K Gupta, Mr Shekhar Datta, Mr Biswadip Gupta and Mr Sudipto Sarkar. The fifth member of this Committee is Mr Tanmay Kumar Ganguly, Managing Director. Mr Taposh Roy, Company Secretary, is the Secretary of this Committee and the Compliance Officer. Minutes of the Share Transfer & Investor Grievance Committee meetings are circulated to all Directors and discussed at the Board meetings.

Remuneration Committee

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

III. Meetings and Attendance of Directors

Attendance of Directors and Remuneration paid to them for attending meetings of the Board or Committee thereof held during the year ended December 31, 2011 :

Name of Director	Attendance By Directors				Remuneration to Directors	
	Board Meetings	Audit Committee	Share Transfer & Investor Grievance Committee	Last AGM held on April 19, 2011	Directors sitting fees	Commission to Non-executive Directors
Total number of Meetings held during the year:	4	4	2	1	Rs.	Rs.
Chairman : Dr Saibal Kanti Gupta #@*	4	4	1	1	125,000	500,000
Managing Director : Mr Tanmay Kumar Ganguly @ Note 1	4	4	2	1	Nil	Nil
Non-executive non-resident Directors : Dr Claude Dumazeau Note 3	1	N.A.	N.A.	1	Nil	Nil
Mr Yves M.C.M.G. Nokerman # Note 3	2	2	N.A.	1	Nil	Nil
Mr Francois Clement Wanecq Note 3	1	N.A.	N.A.	1	Nil	Nil
Other non-executive Directors : Mr Shekhar Datta #@*	4	4	2	1	130,000	350,000
Mr Biswadip Gupta #@* Note 2	4	4	2	1	130,000	350,000
Mr Sudipto Sarkar #@*	4	4	2	1	130,000	350,000

Member of Audit Committee @ Member of Share Transfer and Investor Grievance Committee * Independent Director

NOTE :

- Mr Tanmay Kumar Ganguly, Managing Director, does not receive any sitting fees for attending meetings of Board of Directors or any Committee thereof. Details of his remuneration as Managing Director have been given in Schedule (14)(3) to the Annual Accounts. His Contract for appointment is for a period of 5 years from April 18, 2007. His notice period is six months or such shorter notice as the Board of Directors may agree. There is no separate provision for payment of severance fees in the Contract. The Company does not have any Stock Option Scheme. Mr Ganguly is not a member of the Audit Committee but he attends all their meetings.
- Mr Biswadip Gupta, who was the Managing Director of the Company upto April 17, 2007 will be treated as an Independent Director effective from January 1, 2011 in terms of Clause 49(I)(A)(iii) of the Listing Agreement with the Stock Exchanges.
- The non-resident Directors have waived their commission on net profits for the year ended on December 31, 2011 and also waived their sitting fees for all meetings attended by them during the year ended on December 31, 2011.
- "NA" means that the Director is not a member of the respective Committee.
- Four Board meetings were held during the year on 25.02.2011, 19.04.2011, 11.08.2011 and 03.11.2011
- Four Audit Committee meetings were held during the year on 25.02.2011, 19.04.2011, 11.08.2011 and 03.11.2011
- Share Transfer & Investor Grievance Committee meetings were held on 19.04.2011 and 31.12.2011.
- The last Annual General Meeting was held on 19.04.2011.

IV. GENERAL SHAREHOLDER INFORMATION

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

The 21st Annual General Meeting of the Company will be held on Thursday, April 26, 2012 at 10.30 a.m. at Williamson Magor Hall, The Bengal Chamber of Commerce & Industry, Royal Exchange, 6 Netaji Subhas Road, Kolkata 700 001.

The previous three Annual General Meetings were held on 28.04.2009 at 10.30 a.m., on 3.06.2010 at 10.30 a.m. and on 19.04.2011 at 10.30 a.m. all at G D Birla Sabhaghar, 29, Ashutosh Chowdhury Avenue, Kolkata 700019. No resolution was required to be put through postal ballot last year. No special resolutions were passed at the previous three Annual General Meetings.

At the ensuing 21st Annual General Meeting to be held on April 26, 2012 no resolution is proposed to be passed by postal ballot but a special resolution has been proposed for approval of payment of commission to non-executive directors of the Company.

B. Book Closure Period :

The Book Closure period is April 19, 2012 to April 26, 2012 (both days inclusive).

C. Financial Calendar for year 2011 :

Financial Year	:	The next Financial year of the Company will end on December 31, 2012
Board meetings to be held in year 2012	:	On 29.02.2012; 26.04.2012*; July 2012* and October 2012*
Annual General Meeting	:	AGM will be held on 26.04.2012. AGM is normally held in April of each year
Publication of Quarterly Results	:	01.03.2012 (Audited Annual results); 27.04.2012*; July 2012* and October 2012*
Approval of Annual Results for year ending 31.12.2012 and publication in newspapers	:	February 2013*
Notice to shareholders regarding unclaimed dividend	:	January of each year and two months before transfer to Investors Education & Protection Fund to all concerned shareholders
Despatch of Annual Accounts	:	March* of each year
Book Closure dates for payment of dividend	:	In April* each year ending with the date of the Annual General Meeting

* tentative

D. Dividend payment :

Dividend at the rate of Rs 4.25 per share of face value Rs 10/- each i.e 42.50%, has been recommended by the Board of Directors for the year ended on December 31, 2011 subject to the approval from the Shareholders at the ensuing Annual General Meeting. If dividend is declared at the Annual General Meeting, the dividend will be deposited with the Bank within April 30, 2012 and dividend warrants will be despatched on or after May 7, 2012.

E. Listing on Stock Exchanges :

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

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

Delisting from Calcutta Stock Exchange :

The Company is delisted from the official list of The Calcutta Stock Exchange Limited from December 2009.

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

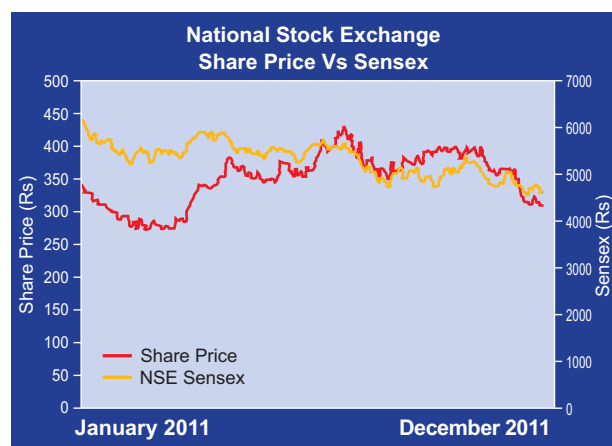
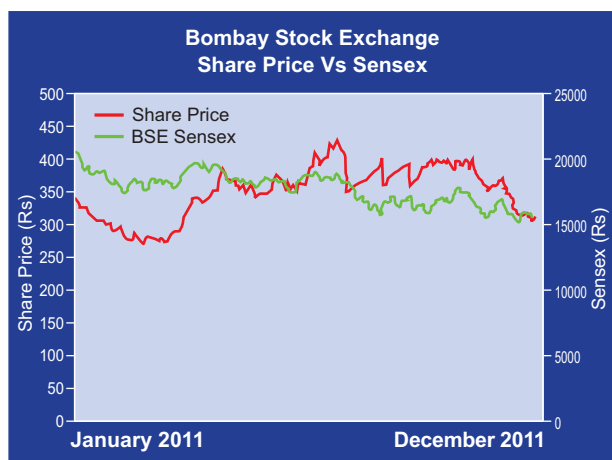
F. Market Price (NSE) and Volume (NSE+BSE) during the period January 1, 2011 to December 31, 2011 :

Month	High Rs.	Low Rs.	NSE+BSE Volume*
January	341.30	298.00	80752
February	295.15	273.95	129757
March	326.15	273.00	281213
April	383.30	332.60	207892
May	380.90	344.70	46904
June	376.40	345.25	167977
July	429.35	373.30	133074
August	403.80	351.35	64747
September	393.10	362.10	186425
October	400.00	380.80	673331
November	399.80	355.90	279290
December	366.10	309.80	84210

* Total number of shares transacted on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) during the month

Corporate Governance Report 2011 (Contd.)

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



G. Registrars & Share Transfer Agents :

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

CB Management Services (P) Limited

P-22 Bondel Road, Kolkata 700 019

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

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

Contact persons : Mr Shankar Ghosh and Mr Chandrasekhar Deb

H. Shareholder Information :

a) Share Transfer System :

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

b) Pledge of shares

No pledge has been created over the Equity Shares held by the Promoters as on December 31, 2011.

c) Details of share transfers during the year :

No. of valid share transfer applications received	47
No. of share transfer applications processed & registered	47
No. of shares transferred	5026
No. of pending share transfers as on 31.12.2011	Nil
No. of shares dematted to NSDL	26,469
No. of shares dematted to CDSL	5,442
No. of shares rematted	Nil
No. of complaints remaining unresolved as on 01.01.2011	Nil
No. of complaints received during the year	5
No. of complaints resolved during the year	5
No. of complaints unresolved as on 31.12.2011	Nil

d) Address for communication :

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

CB Management Services (P) Limited

Unit : Vesuvius India Limited

P-22 Bondel Road, Kolkata 700 019

Phone : (033) 40116700; 40116718;

40116720; 40116725 and 40116729

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

Web site : www.cbmsl.com

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

Shareholders are encouraged to correspond with the Registrars & Share Transfer Agents and the Company via email to speed up response, reduce paperwork and also to help us redress complaints faster. **Shareholders are requested to mention their folio nos., DP-ID and Client ID in case of demat shares, phone and mobile nos. and their Email ID so that we can contact them and redress their complaints immediately.** However, for

instructions like change of bank mandate, change of address, transfers & transmission of shares etc. letters duly signed by the shareholders concerned should be sent otherwise such requests cannot be processed by the Registrars.

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

Individual final reminder notices had been sent on February 12, 2011 to concerned shareholders whose 10th Anniversary Special Dividend declared by the Board of Directors on February 17, 2004, for which the Record Date was March 5, 2004, remained unclaimed. These unclaimed dividends amounting to Rs 135,066/- were transferred to the Investor Education and Protection Fund of the Central Government on March 8, 2011.

During the year dividend amounting to Rs 351,303/- lying unclaimed in the seventh Dividend Account relating to the year ended December 31, 2003 which had been declared at the Annual General Meeting of the Company held on April 20, 2004, was transferred on May 27, 2011 to the Investor Education and Protection Fund of the Central Government after giving final reminder notices on February 12, 2011 to all concerned shareholders.

f) Unclaimed Dividend:

Notices pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 regarding dividend lying unclaimed, have been sent to all shareholders concerned on January 30, 2012.

g) ECS/NECS facility

The Company uses National Electronic Clearing Service (NECS) which has replaced "Electronic Clearing Service" (ECS) for remitting dividend to shareholders wherever available. The advantages of NECS over ECS include faster credit of remittance to the beneficiary's account, coverage of more bank branches and ease of operations. NECS operates on the new and unique bank account number allotted by banks post implementation of Core Banking Solutions (CBS). Members are requested to provide their

new account number allotted to them by their respective banks after implementation of CBS to the Company in case shares are held physically and to the Depository Participants in respect of shares held by them in dematerialised form.

h) Unclaimed Shares

In compliance with the amended Clause 5A of the Listing Agreement, notices had been issued to the three shareholders whose share certificates for 240 shares remained unclaimed. All these shareholders have responded to the notices issued to them and the share certificates for the unclaimed shares have been returned to them. As on December 31, 2011 there were no shares of any shareholder lying unclaimed with the Company or lying in the suspense account. The disclosure required to be given under sub-clause (g) of Clause 5A are therefore not applicable.

I. Means of Communication:

Quarterly results were published in The Economic Times and the Bengali version thereof in Sanbad Pratidin the day after the Board Meeting where the results are approved. These financial results and shareholding pattern are electronically transmitted to the stock exchanges. The financial results and shareholding pattern are also uploaded on the Company's website www.vesuviusindia.com. The Vesuvius Group website www.vesuvius.com gives information about the Vesuvius Group worldwide.

In compliance with Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 the Company sends intimation to all members concerned in January of each year by ordinary post that their dividend for past years have remained unclaimed. Reminder letters are also given to concerned shareholders two months before the due date of transfer of unclaimed dividend to the Investor Education and Protection Fund of the Central Government. Annual Accounts are despatched to members at least 25 days before the date of Annual General Meeting. The quarterly results are not sent to each household of the shareholders.

Corporate Governance Report 2011 (Contd.)

J. Distribution of shareholding as on December 31, 2011:

Shares held	Number of Shareholders	%	Number of Shares held	%
1 - 500	11,575	94.31	1,243,394	6.13
501 - 1000	321	2.61	254,973	1.26
1001 - 5000	294	2.40	639,834	3.15
5001 - 10000	35	0.28	256,460	1.26
10001 and above	49	0.40	17,901,419	88.20
Total	12,274	100.00	20,296,080	100.00

Shares held	Number of Shareholders	%	Number of Shares held	%
In Physical mode	3,509	28.59	11,770,592	57.99
Demat with NSDL	6,751	55.00	8,026,526	39.55
Demat with CDSL	2,014	16.41	498,962	2.46
Total	12,274	100.00	20,296,080	100.00

Dematerialisation of shares : ISIN No. INE 386A01015

K. Shareholding pattern as on December 31, 2011:

Particulars	Number of Shares held	%
Vesuvius Group Limited, U.K.	11,277,650	55.57
Foreign Institutional Investors	2,063,987	10.17
Non Resident Indians	141,865	0.70
Indian Financial Institutions	200	0.00
Nationalised Banks & Mutual Funds	3,195,387	15.74
Other Bodies Corporate	573,198	2.82
Individuals & Others	3,037,959	14.97
Clearing member with NSDL	5,834	0.03
Total	20,296,080	100.00

L. Top 10 Shareholders by Folio/Demat A/c as on December 31, 2011 :

SL No.	Particulars	Number of Shares held	%
1.	Vesuvius Group Limited, U.K.	11,277,650	55.57
2.	HDFC Trustee Company Ltd – Mid Cap Opportunities Fund	1,011,500	4.98
3.	ACACIA Partners, LP	1,005,000	4.95
4.	Reliance Capital Trustee Co. Ltd – Reliance Natural Resources Fund	821,286	4.05
5.	ACACIA Institutional Partners, LP	673,350	3.32
6.	HDFC Trustee Company Ltd – HDFC Long Term Equity Advantage Fund	554,950	2.73
7.	UTI Master Value Fund	415,658	2.05
8.	ACACIA Conservative Fund, LP	240,745	1.19
9.	Sudhir Enterprises Private Ltd	144,000	0.71
10.	HDFC Trustee Company Ltd - HDFC Children's Gift Fund -1	120,000	0.59
	Total	16,264,139	80.14

M. Disclosures :

- Details of transactions with any of the related parties as specified in Accounting Standard 18 have been reported in the Notes to the Accounts. There is no transaction of a material nature with any of the related party, which was in conflict with the interests of the Company.
- There was no non-compliance, penalties or strictures imposed on the Company by any stock exchanges, SEBI, or any other statutory authority on any matters relating to capital market during the last three years. The Company has been voluntarily delisted from the Calcutta Stock Exchange from December 2009.
- The Management Discussion and Analysis Report forms a part of the Directors' Report.
- The Company follows the Whistle Blower policy of Cookson Group plc, U.K., the ultimate holding company and no personnel has been denied access to the Audit Committee.
- No presentations were made to institutional investors and analysts during the year.
- The Company does not have any subsidiary.
- There have been no public issues, rights issues or other public offerings during the past five years. The Company has not issued any GDRs/ADRs or any convertible instruments.
- Plant locations of the Company are given separately in the Annual Accounts of the Company and are also available on the Company's website www.vesuviusindia.com

Auditors' Certificate

REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Vesuvius India Limited

We have examined the compliance of conditions of Corporate Governance by Vesuvius India Limited ('the Company') for the year ended on 31 December 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

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

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

Vikram Advani
Partner

Membership Number No. 091765

Place : Kolkata
Date : 29 February 2012

Balance Sheet

AS AT DECEMBER 31, 2011

(Amount in Rupees thousands)

	Schedule No.	As at December 31, 2011	As at December 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	202,961	202,961
Reserves and Surplus	2	2,778,033	2,325,717
		2,980,994	2,528,678
Deferred Taxation		63,606	57,961
(Refer Note 10 in Schedule 14)			
TOTAL		3,044,600	2,586,639
APPLICATION OF FUNDS			
Fixed Assets			
	3		
Gross Block		2,074,850	1,814,882
Less : Depreciation		988,291	895,126
Net Block		1,086,559	919,756
Capital Work-in-Progress		304,342	195,667
		1,390,901	1,115,423
Current Assets, Loans and Advances			
Inventories	4	484,351	379,184
Sundry Debtors	5	1,491,506	1,155,165
Cash and Bank Balances	6	544,759	561,086
Other Current Assets	7	597	1,005
Loans and Advances	8	1,996,541	1,638,505
		4,517,754	3,734,945
Less : Current Liabilities and Provisions			
Current Liabilities	9	987,666	677,448
Provisions	10	1,876,389	1,586,281
		2,864,055	2,263,729
Net Current Assets		1,653,699	1,471,216
TOTAL		3,044,600	2,586,639

Significant Accounting Policies and Notes on Accounts

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

As per our report attached of even date

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

Vikram Advani
Partner
Membership No.: 091765

Place : Kolkata
Date : February 29, 2012

Tanmay Ganguly
MANAGING DIRECTOR

Taposh Roy
COMPANY SECRETARY

Place : Kolkata
Date : February 29, 2012

Dr Saibal Kanti Gupta
CHAIRMAN

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Profit and Loss Account

FOR THE YEAR ENDED DECEMBER 31, 2011

(Amount in Rupees thousands)

	Schedule No.	For the year ended December 31, 2011	For the year ended December 31, 2010
INCOME			
Sale of Goods (Gross)		5,526,539	4,535,755
Less: Excise Duty		402,997	332,544
Net Sales		5,123,542	4,203,211
Sale of Services		279,025	197,947
Other Income	11	46,538	53,255
		<u>5,449,105</u>	<u>4,454,413</u>
EXPENDITURE			
Materials	12	3,065,924	2,419,680
Expenses	13	1,403,612	1,168,319
Depreciation	3	146,656	129,113
Interest		6,080	204
		<u>4,622,272</u>	<u>3,717,316</u>
PROFIT BEFORE TAX & EXCEPTIONAL ITEM		826,833	737,097
Exceptional Item (Refer Note 15 on Schedule 14)		—	10,917
PROFIT BEFORE TAX		826,833	748,014
Provision for Taxation			
– Current Tax		268,934	249,321
– Deferred Tax Charge		5,645	10,189
(Refer Note 10 on Schedule 14)		<u>274,579</u>	<u>259,510</u>
PROFIT AFTER TAX		552,254	488,504
Balance brought forward		1,867,582	1,522,596
Available for appropriation		2,419,836	2,011,100
Transfer to General Reserve		55,225	48,850
Proposed Dividend		86,258	81,184
Tax on Dividend		13,680	13,484
BALANCE CARRIED FORWARD TO BALANCE SHEET		<u>2,264,673</u>	<u>1,867,582</u>
Basic & Diluted Earnings per Share (Refer Note 11 on Schedule 14)		27.21	24.07

Significant Accounting Policies and Notes on Accounts

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The Schedules referred to above form an integral part of the Profit and Loss Account.
As per our report attached of even date

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

Vikram Advani
Partner
Membership No.: 091765

Place : Kolkata
Date : February 29, 2012

Tanmay Ganguly
MANAGING DIRECTOR

Taposh Roy
COMPANY SECRETARY

Place : Kolkata
Date : February 29, 2012

Dr Saibal Kanti Gupta
CHAIRMAN

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Schedules to the Accounts

(Amount in Rupees thousands)

	As at December 31, 2011	As at December 31, 2010
1. SHARE CAPITAL		
Authorised		
25,000,000 (Previous Year 25,000,000)		
Equity Shares of Rs. 10/- each	<u>250,000</u>	<u>250,000</u>
Issued		
20,300,000 (Previous Year 20,300,000)		
Equity Shares of Rs. 10/- each	<u>203,000</u>	<u>203,000</u>
Of the above :		
3,920 (Previous Year 3,920)		
Equity Shares are held in abeyance.		
Subscribed and Paid up		
20,296,080 (Previous Year 20,296,080)		
Equity Shares of Rs. 10/- each	<u>202,961</u>	<u>202,961</u>
Of the above :		
11,277,650 (Previous Year 11,277,650)		
Equity Shares are held by the Vesuvius Group Limited, U.K., the holding company, which is a subsidiary of Cookson Group plc, the ultimate holding company.		
2. RESERVES AND SURPLUS		
Capital Reserve*	1,836	1,836
Securities Premium	169,514	169,514
General Reserve		
At the commencement of the year	286,785	237,935
Add: Transfer from Profit & Loss Account	<u>55,225</u>	<u>48,850</u>
	342,010	286,785
Profit and Loss Account	<u>2,264,673</u>	<u>1,867,582</u>
	2,778,033	2,325,717

* Represents Grants received during the previous year against reimbursement of stamp duty and cost of freehold land at Visakhapatnam.

3. FIXED ASSETS

(Amount in Rupees thousands)

Nature of Assets	GROSS BLOCK			Cost as at December 31, 2011	DEPRECIATION			NET BLOCK		
	Cost as at January 1, 2011	Additions	Withdrawals		As at January 1, 2011	For the year	Withdrawals	As at December 31, 2011	As at December 31, 2011	As at December 31, 2010
TANGIBLE										
Freehold Land	27,434	—	—	27,434	—	—	—	27,434	27,434	
Leasehold Land	63,957	—	—	63,957	28,556	3,267	—	31,823	32,134	35,401
Buildings*	377,983	43,799	—	421,782	75,534	12,711	—	88,245	333,537	302,449
Plant and Machinery	993,774	219,012	34,317	1,178,469	563,818	91,479	33,303	621,994	556,475	429,956
Toolings	193,357	37,486	—	230,843	147,347	29,015	—	176,362	54,481	46,010
Electrical Installations	48,345	5,975	—	54,320	15,881	2,395	—	18,276	36,044	32,464
Furniture and Fittings	22,669	1,427	172	23,924	8,581	1,326	149	9,758	14,166	14,088
Office Equipments including Computers	78,187	7,505	20,378	65,314	48,216	5,747	19,482	34,481	30,833	29,971
Motor Vehicles	1,680	—	1,444	236	696	64	557	203	33	984
Sub Total - A	1,807,386	315,204	56,311	2,066,279	888,629	146,004	53,491	981,142	1,085,137	918,757
INTANGIBLE										
Computer Softwares	7,496	1,075	—	8,571	6,497	652	—	7,149	1,422	999
Sub Total - B	7,496	1,075	—	8,571	6,497	652	—	7,149	1,422	999
Total (A+B)	1,814,882	316,279	56,311	2,074,850	895,126	146,656	53,491	988,291	1,086,559	919,756
Previous Year	1,609,773	234,423	29,314	1,814,882	786,600	129,113	20,587	895,126	919,756	—
Capital Work in Progress [Including capital goods in transit of Rs 822 (Previous Year Rs 81)]										
									304,342	195,667
									1,390,901	1,115,423

* Building includes **Rs 293,867** (Previous Year Rs. 268,665) and **Rs 19,795** (Previous Year Rs 19,795) situated at leasehold lands at Kolkata and Mehsana respectively.

Schedules to the Accounts (Contd.)

(Amount in Rupees thousands)

	As at December 31, 2011	As at December 31, 2010
4. INVENTORIES		
(Valued at lower of Cost and Net Realisable Value)		
Raw Materials [including in transit Rs. 68,426 (Previous Year Rs. 17,346)]	253,324	187,820
Work-in-Progress	90,384	67,301
Finished Goods [including in transit Rs. 22,793 (Previous Year Rs. 15,167)]	109,782	100,776
Stores and Spare Parts	30,861	23,287
	484,351	379,184
5. SUNDRY DEBTORS *		
Unsecured		
Debts outstanding for more than six months		
Considered good	88,505	80,140
Considered doubtful	15,976	16,118
	104,481	96,258
Less: Provision for doubtful debts	15,976	16,118
	88,505	80,140
Other Debts - Considered good [including retention debtors Rs. 42,993 (Previous Year Rs. 24,672)]	1,403,001	1,075,025
	1,491,506	1,155,165
* Debts outstanding from bodies corporate under the same management as defined under Section 370(1B) of the Companies Act, 1956 are detailed in Note 14 on Schedule 14		
6. CASH AND BANK BALANCES		
Cash in hand	130	66
Balances with Scheduled Banks		
On Current accounts	124,241	79,363
On Deposit accounts	417,512	478,822
On Unclaimed dividend accounts	2,876	2,835
	544,759	561,086

(Amount in Rupees thousands)

	As at December 31, 2011	As at December 31, 2010
7. OTHER CURRENT ASSETS		
Interest accrued but not due on fixed deposits	<u>597</u>	<u>1,005</u>
8. LOANS AND ADVANCES		
(Unsecured and considered good)		
Advances recoverable in cash or kind or for value to be received*	240,208	163,668
Balances with Customs and Port Trust	5,011	5,011
Deposits with Others	10,937	8,973
Advance Income Tax including advance fringe benefit tax	1,740,385	1,460,853
	<u>1,996,541</u>	<u>1,638,505</u>
* Includes:		
i) Capital advance Rs. 3,660 (Previous Year Rs. 25,380)		
ii) Balance with excise authorities Rs. 57,186 (Previous year Rs. 25,170) and VAT input tax credit Rs. 5,587 (Previous year Rs. 3,035)		
9. CURRENT LIABILITIES		
Acceptances	37,439	5,729
Sundry Creditors		
– Micro and Small Enterprises (Refer Note 5 on Schedule 14)	24,230	18,050
– Others [#]	838,057	574,598
Other liabilities	85,064	76,236
Unclaimed Dividend*	2,876	2,835
	<u>987,666</u>	<u>677,448</u>
[#] Includes Advance received from customers Rs. 5,038 (Previous Year Rs. 4,711)		
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on December 31, 2011.		
10. PROVISIONS		
Proposed Dividend	86,258	81,184
Tax on Proposed Dividend	13,993	13,484
Provision for Income Tax and fringe benefits tax	1,712,687	1,443,753
Provision for Retirement Benefits	63,451	47,860
	<u>1,876,389</u>	<u>1,586,281</u>

Schedules to the Accounts (Contd.)

(Amount in Rupees thousands)

	For the year ended December 31, 2011	For the year ended December 31, 2010
11. OTHER INCOME		
Interest - Gross [Tax deducted at source Rs 923 (Previous Year Rs 1,011)]	12,515	16,453
Export Benefits	25,495	27,463
Miscellaneous Income (Refer Note below)	8,528	9,339
	<u>46,538</u>	<u>53,255</u>
Note: Miscellaneous Income includes provision for doubtful debts no longer required written back Rs 2,392 (Previous year Rs 3,017)		
12. MATERIALS		
(a) Raw Materials Consumed		
Opening Stock	187,820	146,860
Purchases	2,279,596	1,815,807
	<u>2,467,416</u>	<u>1,962,667</u>
Less: Closing Stock	253,324	187,820
	<u>2,214,092</u>	<u>1,774,847</u>
(b) Purchase of Finished Goods	882,768	689,631
(c) (Increase) in Finished Goods and Work-in-Progress		
Opening Stock :		
Finished Goods	100,776	61,746
Work-in-Progress	67,301	57,769
	<u>168,077</u>	<u>119,515</u>
Closing Stock :		
Finished Goods	109,782	100,776
Work-in-Progress	90,384	67,301
	<u>200,166</u>	<u>168,077</u>
	(32,089)	(48,562)
(d) Excise Duty on Increase in Finished Goods	1,153	3,764
	<u>3,065,924</u>	<u>2,419,680</u>

(Amount in Rupees thousands)

	For the Year ended December 31, 2011		For the Year ended December 31, 2010	
13. EXPENSES				
Salary, Wages & Bonus		229,620		209,904
Directors' Commission [Refer Note 3 in Schedule 14]		1,550		1,575
Contribution to Provident and Other Funds		40,437		33,391
Workmen & Staff Welfare		37,588		25,248
Consumption of Stores and Spare Parts*		30,728		29,223
Site Expenses		220,393		179,903
Power & Fuel		157,675		123,968
Rent		16,566		11,230
Repairs				
– Machinery	70,930		63,874	
– Buildings	10,178		6,297	
– Others	14,902	96,010	13,409	83,580
Insurance		3,558		3,765
Freight		245,320		211,699
Rates & Taxes		18,062		14,872
Legal & Professional fees		21,629		14,353
Royalty		90,836		57,652
Management Fees		29,475		27,771
Loss on Foreign Exchange Fluctuation [Net of Foreign Exchange gain of Rs. 45,404 (Previous Year Rs. 23,976)]		4,064		4,488
Loss on Sale/Discard of Fixed Assets [Net of profit on sale of assets of Rs. 287 (Previous Year Rs. 300)]		2,062		7,275
Travelling & Conveyance		100,481		80,150
Advertisement and Sales Promotion		7,811		5,849
Postage, Telephone, etc.		10,499		10,657
Printing and Stationery		3,939		3,577
Bank Charges		6,610		8,448
Commission to Sales Agent		6,034		4,460
Payment to Auditors**				
– Audit Fees	1,225		1,055	
– Limited Review	360		320	
– Other	615		525	
– Reimbursement of Expenses	298	2,498	190	2,090
Bad Debts	6,658		3,628	
Less : Adjusted with the provision	6,658	—	3,628	—
Provision for Doubtful Debts		8,908		4,900
Doubtful advances written off	—		3,056	
Less : Adjusted with the provision	—	—	3,056	—
Miscellaneous		11,259		8,291
		1,403,612		1,168,319

* Excludes stores and spare parts consumed and included under heads Repairs-Machinery **Rs 23,090** (Previous Year Rs 23,289) and Site Expenses **Rs 12,745** (Previous Year Rs 20,226).

** Includes Limited Review Fees and Reimbursement of Expenses amounting to **Rs Nil** (Previous Year Rs 80) and **Rs Nil** (Previous Year Rs 139) respectively relates to erstwhile Auditors.

Schedules to the Accounts (Contd.)

(Amount in Rupees thousands)

14. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting following generally accepted accounting principles in India (GAAP) and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956, to the extent applicable.

ii) Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

iii) Fixed Assets

a) Cost

Fixed assets are stated at cost of acquisition (net of CENVAT) less accumulated depreciation/amortisation. Cost of acquisition includes taxes, duties, freight and other costs that are directly attributable to bringing assets to their working condition for their intended use. Spares that can be used only with particular items of plant and machinery and such usage is expected to be irregular are capitalised.

b) Depreciation/Amortisation

Tangible Assets

Depreciation is provided under the straight line method over useful lives of fixed assets, as estimated by management. Useful lives so estimated are in line with the useful lives derived from depreciation rates prescribed in Schedule XIV to the Companies Act, 1956, except for:

- Toolings and certain items of plant and machinery at customers' site are depreciated over a period of three years.
- Leasehold lands are being amortised over the period of leases.
- Spares capitalized are being depreciated over the useful lives of plant and machinery with which such spares can be used.

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

Assets individually costing Rs.5,000 or less are fully depreciated in the year of acquisition.

Intangible Assets

Computer software are being amortised over their useful lives of 3 years as estimated by management.

c) Impairment of fixed assets

The carrying amounts of fixed assets and capital work in progress are reviewed at each balance sheet date in accordance with Accounting Standard 28 on 'Impairment of Assets' to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amounts are estimated at each reporting date. An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit of which it is a part exceeds the corresponding recoverable amount. Impairment losses are recognised in the profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

(Amount in Rupees thousands)

iv) Inventories

Raw materials and stores and spare parts are carried at cost. Cost includes purchase price, duties and taxes (other than those subsequently recoverable by the enterprise from the taxing authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Work-in-progress and manufactured finished goods are valued at the lower of cost and net realisable value. The comparison of cost and net realisable value is made on an item by item basis. Cost of work-in-progress and manufactured finished goods comprises direct material and labour expenses and an appropriate portion of production overheads incurred in bringing the inventory to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of the production facilities.

Traded finished goods are valued at the lower of cost of procurement and net realisable value.

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

v) Foreign Currency Transactions

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

vi) Taxation

Income tax expense comprises current tax, fringe benefit tax for the relevant period (i.e. amount of taxes for the year determined in accordance with the Income-tax Act, 1961) 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 assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

vii) Revenue

Sale of Goods

Revenue from sale of goods (excluding sales tax and value added tax) is recognised when significant risks and rewards of ownership in the goods is transferred to customers and it is not unreasonable to expect ultimate collection of the sale consideration that has been recognised as revenue.

Sale of Services

Revenue from sale of services (excluding service tax) is recognised on completion of service in accordance with terms of the agreement.

viii) Other Income

Export incentives are recognised on accrual basis against goods exported.

ix) Government Grant

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

Schedules to the Accounts (Contd.)

(Amount in Rupees thousands)

x) Employee Benefits

The Company's obligations towards various employee benefits have been recognised as follows:

I) Short term benefits

Cost of accumulating compensated absences that are expected to be availed within a period of 12 months from the year end are recognised when the employees render the service that increases their entitlement to future compensated absences. Cost is computed based on past trends and is not discounted.

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

II) Post Employment Benefits

a) Provident Fund

Monthly contributions to Provident Funds which are defined contribution schemes are charged to Profit and Loss Account and deposited with the Provident Fund authorities on a monthly basis.

b) Pension

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

c) Gratuity

The Company has a defined benefit employee retirement scheme in the form of gratuity. The Trustees of the scheme have entrusted the administration of the related fund to the Life Insurance Corporation of India (LIC) upto September 30, 2010 and there after both to the LIC and SBI Life Insurance Company Limited (SBI Life). Charge for the year is determined on the basis of actuarial valuation made as at the balance sheet date on projected unit credit method of the Company's year-end obligation in this regard and the value of year-end assets of the scheme. Actuarial gains and losses for the year are recognised in the profit and loss account as income or expense. Contributions were deposited with the LIC upto September 30, 2010 and there after deposited with the SBI Life based on intimations received by the Company.

III) Other Long Term Benefits

Cost of long term benefit by way of accumulating compensated absences that are expected to be availed after a period of 12 months from the period-end are recognised when the employees render the service that increases their entitlement to future compensated absences. Such costs are recognised based on actuarial valuation of related obligation on the reporting date. Actuarial gains and losses for the period are recognised in the Profit and Loss Account as income or expense.

xi) Earnings per share

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

(Amount in Rupees thousands)

xii) Provisions and contingent liabilities

A provision is recognised in the financial statements where there exists a present obligation as a result of a past event, the amount of which is reliably estimated, and it is probable that an outflow of resources will be necessary to settle the obligation. Contingent liability is a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company and / or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be necessary to settle the obligation, or the amount of the obligation cannot be reliably estimated.

NOTES ON ACCOUNTS

2. Capital Commitment and Contingencies

- (i) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for

As at December 31, 2011	As at December 31, 2010
15,380	68,517

- (ii) Claims against the Company (including excise duty, income tax, customs duty, etc.) not acknowledged as debts:

Description	Estimated Financial Impact		Uncertainties
	As at December 31 2011	As at December 31 2010	
a) Sales Tax	18,672	79,104	Demand raised by appropriate authorities in relation to sales tax assessment and non submission of statutory forms
b) Income Tax matters			Refer note below
c) Other Income Tax matters	100,569	97,813	Demands received from appropriate authorities in relation to Income Tax assessments.
d) Excise Duty, Custom Duty and Service Tax matters	20,231	52,854	Demands received from appropriate authorities in relation to Excise Duty, Customs Duty and Service Tax matters.

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

- (iii) A counter claim has been filed against the Company before the Hon'ble High Court at Calcutta by a customer for claims aggregating Rs. 74,921 (Previous Year 74,921) regarding certain disputes relating to goods supplied by the Company in prior years.

Schedules to the Accounts (Contd.)

(Amount in Rupees thousands)

3. (I) Directors' Remuneration

	For the year ended December 31, 2011	For the year ended December 31, 2010
Managing Director:		
Salary	2,999	2,484
Contribution to Provident Fund and other funds*	810	671
Other Allowances & Benefits [#]	8,233	10,947
Total	12,042	14,102
Non-Executive Directors :		
Sitting fees	515	543
Commission	1,550	1,575
Total	2,065	2,118
Grand Total	14,107	16,220

(II) Calculation of Net Profit and Directors' Remuneration

	For the year ended December 31, 2011	For the year ended December 31, 2010
Profit before tax as per the Profit & Loss Account	826,833	748,014
Add :		
Director's Remuneration	14,107	16,220
Depreciation as per Accounts	146,656	129,113
	987,596	893,347
Less :		
Depreciation under Section 350 of the Companies Act, 1956	146,656	129,113
Net profit for the year under Section 349 of the Companies Act, 1956	840,940	764,234
Commission to Directors :		
Non-Executive Directors - 1% of Net Profit: restricted to	1,550	1,575
	1,550	1,575

* Does not include liability for gratuity and leave encashment which are provided on actuarial basis for the Company as a whole

Includes Performance Incentive of **Rs 1,714** payable during 2012 (Previous year Rs 5,157 payable during 2011)

(Amount in Rupees thousands)

4. Additional Information pursuant to the provisions of paragraphs 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956:

	Units	For the year ended December 31, 2011		For the year ended December 31, 2010	
		Quantity	Amount	Quantity	Amount
a) The Company manufactures and trades in Refractories and the relevant particulars thereof are as under :					
i) Licensed Capacity					
There is no licensed capacity					
ii) Installed Capacity					
(as certified by the management)					
Refractories (Shaped)	Pieces	778,400	—	526,000	—
Refractories (Unshaped)	Tons	100,500	—	96,500	—
iii) Opening Stock of Finished Goods					
Refractories (Shaped)	Pieces	16,535	45,650	16,173	24,502
Refractories (Unshaped)	Tons	606	15,005	301	8,336
Other Goods - trading	Various*	—	40,121	—	28,908
			<u>100,776</u>		<u>61,746</u>
iv) Actual Production					
Refractories (Shaped)	Pieces	553,253	—	517,569	—
Refractories (Unshaped)**	Tons	48,528	—	41,055	—
v) Purchases					
Other Goods - trading@	Various*		882,768		689,631
vi) Closing Stock of Finished Goods					
Refractories (Shaped)	Pieces	18,164	60,608	16,535	45,650
Refractories (Unshaped)	Tons	306	13,542	606	15,005
Other Goods - trading	Various*	—	35,632	—	40,121
			<u>109,782</u>		<u>100,776</u>
vii) Sale of Goods					
Refractories (Shaped)	Pieces	551,624	2,385,169	517,207	2,175,575
Refractories (Unshaped)	Tons	40,854	1,887,059	34,826	1,441,799
Other Goods - trading	Various*	—	1,254,311	—	918,381
			<u>5,526,539</u>		<u>4,535,755</u>

* Comprising of a large number of items having different measurement units.

** Including own consumption of **7,974 tons** (Previous year 5,924 tons)

@ Does not include any individual item whose value is more than 10% of the total value of purchases during the year.

b) Details of Raw Materials Consumed[#]

Alumina	Kgs	8,231,716	365,362	7,317,680	313,079
Silicon Carbide	Kgs	3,715,010	314,082	3,306,877	223,838
Bauxite	Kgs	12,612,891	313,983	10,819,535	248,866
Graphite	Kgs	1,928,599	132,146	1,759,830	81,372
Zirconia	Kgs	516,000	130,575	504,000	97,628
Cement	Kgs	3,060,895	111,503	3,074,046	100,355
Resin	Kgs	564,500	73,469	543,496	66,107
Mulcoa	Kgs	3,502,141	70,238	3,209,145	64,041
Slide gate plates	Pieces	32,274	53,142	41,823	55,449
Imported Mix	Kgs	219,971	36,234	329,928	46,920
Others ^{##}			613,358		477,192
			<u>2,214,092</u>		<u>1,774,847</u>

Relates to the Company's main products and the principal raw materials.

Consists of items whose value is less than 10% of the total value of the raw materials consumed during the year.

Schedules to the Accounts (Contd.)

(Amount in Rupees thousands)

	For the year ended December 31, 2011		For the year ended December 31, 2010	
	Amount	%	Amount	%
c) Value of Imported and Indigenous Raw Materials, Stores and Spares consumed				
Raw Materials				
Imported	1,108,850	50.08	961,213	54.16
Indigenous	1,105,242	49.92	813,634	45.84
	<u>2,214,092</u>	<u>100.00</u>	<u>1,774,847</u>	<u>100.00</u>
Stores and Spares				
Imported	11,266	16.93	16,436	22.60
Indigenous	55,297	83.07	56,302	77.40
	<u>66,563</u>	<u>100.00</u>	<u>72,738</u>	<u>100.00</u>
d) CIF Value of Imports				
Raw Materials	1,113,819		860,215	
Stores and Spares	15,571		15,461	
Other goods - Trading	119,170		72,710	
Capital Goods	39,352		63,776	
Toolings	25,897		25,920	
	<u>1,313,809</u>		<u>1,038,082</u>	
e) Expenditure in Foreign Currency (On accrual basis)				
Travelling	9,040		9,093	
Royalty	90,836		57,652	
Freight	88,845		69,308	
Technical Service Charges	877		991	
Management Fees	29,475		27,771	
Product Development Fees	1,246		904	
	<u>220,319</u>		<u>165,719</u>	
f) Earnings in Foreign Exchange (On accrual basis)				
F.O.B. value of Exports	314,017		235,449	
F.O.B. value of Deemed Exports	499,947		389,684	
Others (Reimbursement of expenses)	30,442		16,090	
	<u>844,406</u>		<u>641,223</u>	
g) Dividend remitted in Foreign Currency				
Dividend	45,111		42,291	
Number of Non-Resident Shareholders	1		1	
Number of Shares held by them	11,277,650		11,277,650	
Year to which the Dividends were related	2010		2009	

(Amount in Rupees thousands)

5. The Company has received information from vendors regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" (the Act) and accordingly disclosure relating to details of dues under the Act is given below:

Details of dues to Micro, Small and Medium Enterprises as per the Act	As at December 31 2011	As at December 31 2010
the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year*	24,230	7,363
the amount of interest paid by the buyer in terms of section 16, of the Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year*	Nil	Nil
the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.*	Nil	Nil
the amount of interest accrued and remaining unpaid at the end of each accounting year*; and	Nil	Nil
the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Act*.	Nil	Nil

* Interest paid / payable by the Company on the aforesaid principal amount has been waived by the concerned suppliers.

6. Segment Reporting

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

	For the year ended December 31, 2011	For the year ended December 31, 2010
Sales Revenue by Geographical Market*		
India	4,567,856	3,759,935
Outside India		
Direct Exports	327,258	250,783
Deemed Exports	507,453	390,440
	<u>5,402,567</u>	<u>4,401,158</u>
* Net of excise duty		
	As at December 31, 2011	As at December 31, 2010
Carrying Amount of Segment Assets		
India (includes fixed assets located in India)	5,622,968	4,715,846
Outside India		
Direct Exports	102,222	42,792
Deemed Exports	183,465	91,730
	<u>5,908,655</u>	<u>4,850,368</u>
	For the year ended December 31, 2011	For the year ended December 31, 2010
Purchase of Tangible & Intangible Fixed Assets		
India	424,954	223,017
Outside India	—	—
	<u>424,954</u>	<u>223,017</u>

Schedules to the Accounts *(Contd.)*

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

A) List of Related parties and relationship

i) Enterprises having control over the Company

Cookson Group plc., United Kingdom, ultimate Holding Company
Cookson Financial Limited, United Kingdom, Holding Company of Vesuvius Group Limited, U.K.
Vesuvius Group Limited, United Kingdom - Holding Company

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

Vesuvius Group S. A.
Vesuvius Deutschland GmbH
Vesuvius South Africa (Pty) Limited
Vesuvius UK Limited
Vesuvius Crucible Company
Vesuvius USA
Vesuvius Italia SPA
Vesuvius Advanced Ceramics (Suzhou) Co. Ltd.
Wuhan Wugang Vesuvius Advanced Ceramics Co. Ltd.
Advent Processing Engineering Inc.
Vesuvius Mexico S.A. de C.V.
Vesuvius Becker & Piscantor Grobalmeroder Schmelztiegelwerke GmbH
Vesuvius Malaysia SDN BHD
Vesuvius Corporation S. A.
Vesuvius France S. A.
Vesuvius Poland Sp., z.o.o. (Formerly Vesuvius Skawina Materialy Ogniotrwale Sp., z.o.o.)
Vesuvius USA Corporation FCAD
Vesuvius Ceska Republica, a.s
Cookson Plibrico Pty Limited
Yingkou Bayuquan Refractories Co., Ltd.
Vesuvius UK Limited, Korea Branch
Vesuvius Zyarock Ceramics (Suzhou) Co. Ltd.
Vesuvius (Thailand) Co., Ltd
Vesuvius Corporation S. A. Taiwan Branch
Vesuvius Foundry Products (Suzhou) Co. Ltd.
Foseco (Thailand) Limited
Foseco India Limited
Vesuvius TK Refrakter Sanayi Ve Ticaret AS
Vesuvius Mid-East Limited
Vesuvius Belgium N.V.
Vesuvius Refratarios Ltda
PT. Foseco Indonesia
Foseco Pty Limited
Vesuvius Research, Pittsburgh
Foseco Industrial e Commercial Ltda
Foseco Döküm Sanayi ve Ticaret Limited
Foseco International Ltd. (Middle East Office)
Vesuvius Iberica Refratarios S.A.
Vesuvius Slavia, a.s.
Vesuvius Canada Inc
Foseco International Limited

iii) Names of Principal Group Companies / fellow subsidiaries

(with which the Company neither have any transactions nor outstanding balances)

Cookson Overseas Limited
Cookson India Private Limited

iv) Key Management Personnel

Mr Tanmay Kumar Ganguly – Managing Director

(Amount in Rupees thousands)

B) (a) Related parties with whom there have been transactions during the year

Name of the party	Nature of relationship	Sales of goods and services	Purchase of goods and services	Dividend paid/ payable	Other (Income)/ expenses	Managing Director's Remuneration	Receivable/ (Payable) at the year end
Vesuvius Group Limited	Holding Company	-	-	45,111	-	-	-
Vesuvius Group S. A.	Fellow subsidiary	-	53,467	-	51,568	-	(19,672)
Vesuvius Deutschland GmbH	Fellow subsidiary	100,476	6,163	-	-	-	39,277
Vesuvius South Africa (Pty) Limited	Fellow subsidiary	23,410	-	-	-	-	6,167
Vesuvius UK Limited	Fellow subsidiary	2,396	33,795	-	692	-	(10,353)
Vesuvius Crucible Company	Fellow subsidiary	-	-	-	63,145	-	(16,146)
Vesuvius USA	Fellow subsidiary	15,243	32,885	-	686	-	(7,309)
Vesuvius Advanced Ceramics (Suzhou) Co. Ltd.	Fellow subsidiary	1,071	9,133	-	-	-	(1,677)
Wuhan Wugang Vesuvius Advanced Ceramics Co. Ltd.	Fellow subsidiary	-	184,684	-	-	-	(50,711)
Advent Processing Engineering Inc.	Fellow subsidiary	-	-	-	319	-	-
Vesuvius Mexico S. A. de C. V.	Fellow subsidiary	-	30,913	-	-	-	(8,992)
Vesuvius Malaysia SDN BHD	Fellow subsidiary	9,614	1,185	-	-	-	1,640
Vesuvius Corporation S. A.	Fellow subsidiary	67,743	-	-	-	-	10,401
Vesuvius (Thailand) Co., Ltd	Fellow subsidiary	13,433	-	-	-	-	1,019
Vesuvius Belgium N.V.	Fellow subsidiary	7,105	34,468	-	-	-	(6,335)
Vesuvius Poland Sp., z.o.o	Fellow subsidiary	-	30,895	-	-	-	(7,703)
(Formerly Vesuvius Skawina Materialy Ogniotrwale Sp.,z.o.o)							
Vesuvius TK Refrakter Sanayi Ve Ticaret AS	Fellow subsidiary	18,774	-	-	-	-	2,550
Fosco International Ltd. (Middle East Office)	Fellow subsidiary	4,649	-	-	-	-	-
Fosco India Limited	Fellow subsidiary	-	-	-	200	-	-
Fosco Industrial e Commercial Ltda	Fellow subsidiary	7,423	-	-	419	-	(447)
Fosco (Thailand) Limited	Fellow subsidiary	2,313	-	-	-	-	567
Fosco Döküm Sanayi ve Ticaret Limited	Fellow subsidiary	11,172	-	-	-	-	-
Fosco Pty Limited	Fellow subsidiary	3,069	-	-	-	-	406
PT. Fosco Indonesia	Fellow subsidiary	4,034	-	-	-	-	2,074
Tanmay Kumar Ganguly	Key Management Personnel	-	-	218	-	12,042	(1,714)
Others		18,013	18,921	-	(1,839)	-	(5,646)
Total		309,938	436,509	45,329	115,190	12,042	(72,604)

(b) Related parties with whom there have been transactions during the previous year

Name of the party	Nature of relationship	Sales of goods and services	Purchase of goods and services	Dividend paid/ payable	Other (Income)/ expenses	Managing Director's Remuneration	Receivable/ (Payable) at the year end
Vesuvius Group Limited	Holding Company	-	-	42,291	-	-	-
Vesuvius Group S. A.	Fellow subsidiary	-	42,274	-	52,896	-	(10,845)
Vesuvius Deutschland GmbH	Fellow subsidiary	78,014	1,108	-	-	-	21,311
Vesuvius South Africa (Pty) Limited	Fellow subsidiary	20,125	-	-	-	-	3,190
Vesuvius UK Limited	Fellow subsidiary	801	59,249	-	697	-	(4,265)
Vesuvius Crucible Company	Fellow subsidiary	-	39	-	34,716	-	(7,608)
Vesuvius USA	Fellow subsidiary	13,602	23,469	-	487	-	(4,022)
Vesuvius Advanced Ceramics (Suzhou) Co. Ltd.	Fellow subsidiary	31,080	7,379	-	-	-	(3,195)
Wuhan Wugang Vesuvius Advanced Ceramics Co. Ltd.	Fellow subsidiary	-	153,962	-	-	-	(31,034)
Advent Processing Engineering Inc.	Fellow subsidiary	-	784	-	-	-	(485)
Vesuvius Mexico S. A. de C. V.	Fellow subsidiary	-	27,135	-	-	-	(12,121)
Vesuvius Malaysia SDN BHD	Fellow subsidiary	9,036	5,701	-	(16)	-	2,952
Vesuvius Corporation S. A.	Fellow subsidiary	9,269	-	-	-	-	86
Vesuvius (Thailand) Co. Ltd	Fellow subsidiary	16,594	-	-	(93)	-	91
Vesuvius [VEAR] S. A.	Fellow subsidiary	3,256	-	-	-	-	-
Vesuvius Belgium N.V.	Fellow subsidiary	6,173	16,045	-	-	-	(315)
Vesuvius Poland Sp., z.o.o	Fellow subsidiary	-	15,937	-	-	-	(5,148)
(Formerly Vesuvius Skawina Materialy Ogniotrwale Sp.,z.o.o)							
Fosco International Ltd. (Middle East Office)	Fellow subsidiary	15,207	-	-	-	-	2,711
Fosco India Limited	Fellow subsidiary	3,679	865	-	200	-	431
Fosco Industrial e Commercial Ltda	Fellow subsidiary	10,376	-	-	-	-	1,517
Fosco (Thailand) Limited	Fellow subsidiary	4,596	-	-	-	-	307
Fosco Döküm Sanayi ve Ticaret Limited	Fellow subsidiary	13,795	-	-	-	-	-
Fosco Pty Limited	Fellow subsidiary	2,750	-	-	-	-	670
PT. Fosco Indonesia	Fellow subsidiary	3,009	-	-	-	-	1,152
Tanmay Kumar Ganguly	Key Management Personnel	-	-	204	-	14,102	(5,157)
Others		6,075	5,021	-	(1,777)	-	23
Total		247,437	358,968	42,495	87,110	14,102	(49,754)

Schedules to the Accounts (Contd.)

(Amount in Rupees thousands)

8. Employee Benefits

The details of employee benefits for the year on account of gratuity which is in the nature of funded defined benefit plan and leave (other long term benefit) and post retirement medical scheme which are in the nature of unfunded defined benefit plan are as follows:

	Gratuity Funded		Other long term benefits Unfunded		Post Retirement Medical Benefits Unfunded	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010	31.12.2011	31.12.2010
(i) Net Asset/(liability) recognised in Balance Sheet						
Present value of defined obligation at year end	57,483	40,821	35,144	27,512	-	-
Fair value of Plan Assets at year end	29,176	20,391	-	-	-	-
Status [Surplus/(Deficit)]	(28,307)	(20,430)	(35,144)	(27,512)	-	-
Unrecognised past service costs	-	-	-	-	-	-
Net Assets/(liability) recognised in the balance sheet	(28,307)	(20,430)	(35,144)	(27,512)	-	-
(ii) Components of employer expense						
Current service costs	4,502	3,671	2,893	2,507	-	-
Interest costs	3,336	2,023	2,234	1,422	-	-
Expected return on plan assets	(1,908)	(1,378)	-	-	-	-
Actuarial (gain)/loss recognised in the year	11,071	9,742	4,345	6,638	-	-
Expense recognised in the statement of profit and loss account*	17,001	14,058	9,472	10,567	-	-
* The Gratuity expenses have been recognised in "Contribution to Provident & Other Funds" and other long term benefits has been recognised in "Salary, Wages & Bonus" in Schedule 13 to the Profit and Loss Account						
(iii) Change in defined benefit obligations:						
Obligation at beginning of the year	40,821	28,520	27,512	20,701	-	10,917**
Current service cost	4,502	3,671	2,893	2,507	-	-
Interest cost	3,336	2,023	2,234	1,422	-	-
Actuarial (gain)/loss	11,026	9,698	4,345	6,634	-	-
Benefits paid	(2,202)	(3,091)	(1,840)	(3,752)	-	-
Curtailments	-	-	-	-	-	(10,917)**
Obligation at end of the year (A)	57,483	40,821	35,144	27,512	-	-
(iv) Change in plan assets:						
Fair value of plan assets, beginning of the year	20,391	16,514	-	-	-	-
Expected return on plan assets	1,908	1,378	-	-	-	-
Actual Company contribution	9,124	5,634	1,840	3,752	-	-
Benefits paid	(2,202)	(3,091)	(1,840)	(3,752)	-	-
Actuarial gain/(loss)	(45)	(44)	-	-	-	-
Fair value of plan assets at the end of the year (B)	29,176	20,391	-	-	-	-
Surplus / (Deficit) (A) - (B)	(28,307)	(20,430)	(35,144)	(27,512)	-	-
(v) Actual return on plan assets:	1,863	1,334	-	-	-	-
(vi) Category of assets as at December 31, 2011:						
Insurer managed funds	29,176	20,391	-	-	-	-
(vii) Assumptions:						
Discount rate	8.50%	8.40%	8.50%	8.40%	-	-
Expected rate of salary increase	7.50%	6.50%	7.50%	6.50%	-	-
Expected rate of return on plan assets	8.00%	8.00%	-	-	-	-

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

** Refer Note 15 in Schedule 14

(viii) Major category of Plan Assets as a % of the Total Plan assets as at December 31, 2011:

Invested with Life Insurance Corporation of India	49%	73%	-	-	-	-
Invested with SBI Life Insurance Company Limited	51%	27%	-	-	-	-

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

The expected rate of return on plan assets is based on the current portfolio of assets, investment strategy and market scenario. In order to protect capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

(Amount in Rupees thousands)

(x) **Net Assets / (Liability) recognised in Balance Sheet**

Particulars	Gratuity				Other long term benefits			
	December, 31 2011	December, 31 2010	December, 31 2009	December, 31 2008	December, 31 2011	December, 31 2010	December, 31 2009	December, 31 2008
Present Value of defined benefit obligation	57,483	40,821	28,520	20,237	35,144	27,512	20,701	13,768
Fair Value of Plan Assets	29,176	20,391	16,514	13,048	–	–	–	–
Surplus / (Deficit)	(28,307)	(20,430)	(12,006)	(7,189)	(35,144)	(27,512)	(20,701)	(13,768)
Experience gain/(loss) adjustment on plan liabilities	(5,899)	(6,821)	(4,830)	(639)	(1,008)	(4,689)	(6,177)	(2,640)
Experience gain/(loss) adjustment on plan assets	(45)	(44)	(753)	271	–	–	–	–

9. Foreign Currency exposure not hedged

The Company has not hedged the following foreign currency exposure as at December 31, 2011:

	USD Equivalent Rupees		Euro Equivalent Rupees		GBP Equivalent Rupees	
Debtors <i>(Amount in thousands)</i>	3,877 [219]	205,755 [9,771]	947 [543]	65,116 [32,326]	1 [5]	100 [315]
Creditors <i>(Amount in thousands)</i>	4,569 [483]	242,474 [21,527]	821 [304]	56,492 [18,118]	142 [66]	11,720 [4,580]

Previous year's figures are in the bracket

10. Deferred Tax Liability

The major components of the Deferred tax assets/(liabilities) based on the tax effect on the timing differences as at December 31, 2011 are as under:

	As at December 31, 2011	As at December 31, 2010
Deferred Tax Liability :		
Difference between written down value of depreciable assets as per books and written down value as per Income Tax Act.	(93,520)	(81,950)
Deferred Tax Asset :		
Miscellaneous expenditure to the extent not written off	548	748
Expenditure allowable on payments basis	23,956	17,361
Provision for doubtful debts, advances, etc	5,183	5,354
Others*	227	526
	29,914	23,989
Net Deferred Tax Liability	(63,606)	(57,961)

* Represents voluntary retirement expenses unamortised for tax purpose.

11. Earnings per Share (EPS) (Basic & Diluted)

	For the year ended December 31, 2011	For the year ended December 31, 2010
Profit after tax- profit attributable to Equity Shareholders (Rupees thousands)	552,254	488,504
Weighted Average No. of Equity Shares (Nos.)	20,296,080	20,296,080
Nominal Value of Equity Shares (Rs)	10.00	10.00
Basic & Diluted Earning per Equity Share (Rs)	27.21	24.07

Schedules to the Accounts (Contd.)

(Amount in Rupees thousands)

12. Provision for taxation has been recognised with reference to profit for the year ended December 31, 2011 in accordance with the provision of the Income Tax Act, 1961 and rules framed thereunder. The ultimate tax liability for the Assessment Year 2012-2013 will be determined on the basis of total taxable income for the year ending on March 31, 2012.
13. The management is of the opinion that its international transactions are at arm's length under the provisions of Section 92-92F of the Income Tax Act, 1961.
14. **Debts outstanding from bodies corporate under the same management**
Details of amounts due from bodies corporate under the same management as defined in Section 370(1B) of the Companies Act, 1956, as referred to in Schedule 5 are given below:

Name of Parties	As at December 31, 2011	As at December 31, 2010
Vesuvius Corporation S. A.	10,401	86
Vesuvius France S. A.	—	3
Vesuvius Deutschland GmbH	42,425	22,284
Vesuvius Malaysia SDN BHD	1,645	3,055
Vesuvius Advanced Ceramics (Suzhou) Co. Ltd.	—	1,285
Vesuvius Group S. A.	7,885	3,406
Vesuvius UK Limited	748	315
Vesuvius Zyarock Ceramics (Suzhou) Co. Ltd.	423	371
Vesuvius (Thailand) Co., Ltd.	1,019	91
Vesuvius South Africa (Pty) Limited	6,167	3,190
Vesuvius Belgium N.V.	1,265	1,321
Vesuvius Poland Sp.,z.o.o	—	95
(Formerly Vesuvius Skawina Materialy Ogniotrwale Sp.,z.o.o.)		
Vesuvius TK Refrakter Sanayi Ve Ticaret AS	2,550	359
Vesuvius USA	2,060	64
Vesuvius Corporation S.A. Taiwan Branch	808	341
Vesuvius Foundry Products (Suzhou) Co., Ltd.	629	50
Vesuvius Refractory Ltda	1,927	—
Foseco (Thailand) Limited	567	307
Foseco India Limited	—	611
Foseco Industrial e Commercial Ltda	—	1,517
Foseco International Ltd. (Middle East Office)	—	2,711
Foseco Pty Limited	406	670
PT. Foseco Indonesia	2,074	1,152
	82,999	43,284

15. The Company had a post retirement medical benefit scheme (PRMS) for certain categories of employees with an insurance company. Insurance Regulatory Development Authority had directed the Company that no new members would be added to this scheme for whom payment of insurance premium has not been due. As a result, the Company had, in the previous year written back amount provided there against in earlier years aggregating to Rs. 10,917.
16. Previous year's figures have been regrouped and/or rearranged wherever considered necessary to confirm to current year's presentation.

Signatures to Schedules 1 to 14

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

Vikram Advani
Partner
Membership No.: 091765

Place : Kolkata
Date : February 29, 2012

Tanmay Ganguly
MANAGING DIRECTOR

Taposh Roy
COMPANY SECRETARY

Place : Kolkata
Date : February 29, 2012

Dr Saibal Kanti Gupta
CHAIRMAN

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2011

(Amount in Rupees thousands)

Particulars	For the year ended December 31, 2011	For the year ended December 31, 2010
Cash Flow from Operating Activities		
Profit Before Tax	826,833	748,014
Adjustments for :		
Depreciation	146,656	129,113
Provision for doubtful debts	8,908	4,900
Liability/provision (Debtors) no longer required written back including post retirement medical scheme Rs Nil (Previous Year Rs 10,917)	(9,050)	(17,562)
Loss on sale/discard of fixed assets	2,062	7,275
Loss/(Gain) on exchange - unrealised (net)	(4,190)	1,235
Interest (net)	(6,434)	(16,249)
Operating profit before working capital changes	964,785	856,726
Adjustments for:		
(Increase)/Decrease in Trade and Other Receivables	(425,737)	(249,100)
(Increase)/Decrease in Inventories	(105,167)	(86,123)
(Increase)/Decrease in Trade and Other Payables	297,880	68,741
Cash generated from Operations	731,761	590,244
Direct Taxes paid	(279,532)	(283,003)
Net Cash flow from Operating Activities (A)	452,229	307,241
Cash flow from Investing Activities		
Purchase of fixed assets	(381,844)	(223,016)
Proceeds from sale of fixed assets	758	1,452
Interest received	12,923	15,448
Government Grants Received	-	1,836
Fixed deposits (with maturity more than three months)	(23,690)	(3,822)
Net Cash used in Investing Activities (B)	(391,853)	(208,102)
Cash flows from Financing Activities		
Interest paid	(6,080)	(204)
Dividends paid	(81,143)	(75,926)
Dividend tax paid	(13,170)	(12,935)
Net cash used in Financing Activities (C)	(100,393)	(89,065)
Net increase in cash and cash equivalents (A+B+C)	(40,017)	10,074
Opening cash and cash equivalents (Opening Balance, Refer Schedule - 6)	557,264	547,190
Closing cash and cash equivalents (Closing Balance)	517,247	557,264
	As at December 31, 2011	As at December 31, 2010
Components of cash and cash equivalents:		
Cash in hand	130	66
Balance with scheduled banks:		
On Current accounts	124,241	79,363
On Deposit accounts	417,512	478,822
On Unclaimed dividend accounts*	2,876	2,835
Cash and Bank Balances as per Schedule 6	544,759	561,086
Less: Fixed Deposits not considered as cash and cash equivalents:		
- Fixed Deposits made during the previous year	3,822	-
- Fixed Deposits made during the year	23,690	3,822
Cash and cash equivalent in Cash Flow Statement	517,247	557,264

* Bank balances includes unclaimed dividend accounts of **Rs. 2,876** (Previous Year Rs. 2,835) are not available for use by the Company.

Notes :

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard on Cash Flow Statement (AS 3) notified by Companies (Accounting Standards) Rules, 2006 (as amended).
- Previous year's figures have been rearranged and/or regrouped wherever necessary.

As per our report attached of even date

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

Tanmay Ganguly
MANAGING DIRECTOR

Dr Saibal Kanti Gupta
CHAIRMAN

Vikram Advani
Partner
Membership No.: 091765

Taposh Roy
COMPANY SECRETARY

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Place : Kolkata
Date : February 29, 2012

Place : Kolkata
Date : February 29, 2012

Balance Sheet Abstract

AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	21 – 52968	State Code	21
Balance Sheet Date	31.12.2011	CIN Number :	L26933WB1991PLC052968

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

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

Total Liabilities:	3,044,600	Total Assets:	3,044,600
Sources of Funds:			
Paid up Capital	202,961	Reserves and Surplus	2,778,033
Secured Loans	Nil	Unsecured Loans	Nil
		Deferred Taxation	63,606
Application of Funds:			
Net Fixed Assets	1,390,901	Investments	Nil
Net Current Assets	1,653,699	Miscellaneous Expenditure	Nil
Accumulated Losses	Nil		

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

Turnover (including other Income)	5,449,105	Total Expenditure	4,622,272
Profit Before Tax	826,833	Profit After Tax	552,254
Earning per Share in Rs.	27.21	Final Dividend Rate	42.50%

V. Generic names of the Principal Products/Services of Company

Item Code No. (ITC Code)	69.03
Product Description : Industrial Ceramics for Continuous Casting & Pouring of Molten Metals Slide Gate Plates & Nozzles	
Item Code No. (ITC Code)	38.16 and 69.03
Product Description : Refractory Ceramics for Industrial use	
Item Code No. (ITC Code)	69.03
Product Description : Carbon & Graphite Products	

Tanmay Ganguly
MANAGING DIRECTOR

Dr Saibal Kanti Gupta
CHAIRMAN

Place : Kolkata
Date : February 29, 2012

Taposh Roy
COMPANY SECRETARY

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Auditors' Report

TO THE MEMBERS OF VESUVIUS INDIA LIMITED

1. We have audited the attached Balance Sheet of Vesuvius India Limited ('the Company') as at 31 December 2011, the Profit and Loss Account and the Cash Flow Statement of the Company 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.
2. 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.
3. 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.
4. Further to our comments in the Annexure referred to 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 it appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from directors as on 31 December 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 December 2011 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956;
 - (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 the affairs of the Company as at 31 December 2011;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

Vikram Advani
Partner

Membership Number No. 091765

Place : Kolkata
Date : 29 February 2012

Annexure to the Auditors' Report

(REFERRED TO IN OUR REPORT OF EVEN DATE)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, certain fixed assets were physically verified. No material discrepancies were noticed on such verification carried out during the year.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of 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 lakh with any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time except for purchases of certain items of inventories and fixed assets that are for the Company's specialised requirements and similarly for sale of certain goods for specialised requirements of buyers for which suitable sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the Company has an internal audit system commensurate with size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act 1956 for any of the products manufactured/services rendered by the Company.
- (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, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, and other material statutory dues have generally been regularly deposited during the year by the Company with appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, and other material statutory dues were in arrears as at 31 December 2011, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Wealth tax which have not been deposited with the appropriate authorities on account of any dispute.

According to the information and explanations given to us, dues of Income tax, Sales tax, Service tax, Excise duty and Custom Duty which have not been deposited on account of any dispute are listed below:

Name of the statute	Nature of the dues	Amount (Rs '000)	Period	Forum where dispute is pending
Income Tax Act, 1961	Disallowances arising in income tax proceedings (Net of deposit of Rs. 905,819 thousands)	66,064	Assessment years 1997-98 to 2008-09	Hon'ble High Court of Calcutta, Income Tax Appellate Tribunal, Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Disallowance of Cenvat Credit	608	Nov 2000, 2007-2008	Commissioner (Appeals)
Central Excise Act, 1944	For non payment of Excise Duty on Service Charges and Machine hire charges	14,149	2000	Central Excise and Service Tax Appellate Tribunal, Additional Commissioner
Central Excise Act, 1944	Penalty for delayed payment of differential excise duty for supply of goods under Advance Intermediate licence.	1,949	June 1999 to April 2000	Central Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Classification of High Alumina Cement	1,555	2005-06 till date	Commissioner of Customs
Service Tax	For Non / short payment of payment of service tax	1,971	2006-2007, 2007-08, 2008-09, 2009-10, 2010-2011	Commissioner (Appeals), Additional Commissioner of Service Tax, Deputy Commissioner
Central Sales Tax	Due to non-submission of declaration form. (Net of deposit of Rs. 8,299 thousand)	6,021	2007-08, 2008-09, 2009-10, 2010-2011	Sales Tax Appellate Tribunal, Commissioner (Appeals), Assistant Commissioner
State Sales Tax	Disallowance of Input credit	4,352	2005-06, 2006-07, 2007-08, 2008-09	Commissioner (Appeals)

- (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 or to any financial institution. The Company did not have any outstanding debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or 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 the funds raised on short-term basis and repaid during the year 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 **BSR & Co.**
Chartered Accountants
Firm's Registration No. 101248W
Vikram Advani
Partner
Membership Number No. 091765

Place : Kolkata
Date : 29 February 2012

Five Years at a Glance

(Amount in Rupees thousands)

	For the years ended on				
	31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
PROFIT & LOSS ACCOUNT					
Sales	5,402,567	4,401,158	3,614,942	3,525,508	3,194,297
Other Income	46,538	53,255	28,042	32,588	36,786
Total Income	5,449,105	4,454,413	3,642,984	3,558,096	3,231,083
Expenditure	4,622,272	3,717,316	3,083,437	3,081,126	2,728,790
PBIDT	979,569	877,331	686,470	579,363	604,253
Depreciation	146,656	129,113	126,697	86,643	82,870
Interest	6,080	204	226	15,750	19,090
PBT	826,833	748,014	559,547	476,970	502,293
PAT	552,254	488,504	373,782	306,424	320,777
BALANCE SHEET					
Assets Employed					
Fixed Assets	1,390,901	1,115,423	1,030,246	882,397	814,784
Working Capital:					
Current Assets	4,517,754	3,734,945	1,925,259	1,724,800	1,580,607
Less : Current Liabilities	2,864,055	2,263,729	774,727	706,748	736,285
Working Capital Employed	1,653,699	1,471,216	1,150,532	1,018,052	844,322
Miscellaneous expenditure to the extent not written off	—	—	—	—	409
Total Assets Employed	3,044,600	2,586,639	2,180,778	1,900,449	1,659,515
Financed By :					
Own Funds :					
Share Capital	202,961	202,961	202,961	202,961	202,961
Reserves & Surplus	2,778,033	2,325,717	1,930,045	1,645,308	1,386,375
Total of Own Funds	2,980,994	2,528,678	2,133,006	1,848,269	1,589,336
Loan Funds & Deferred Tax					
Borrowings	—	—	—	—	—
Deferred Taxation	63,606	57,961	47,772	52,180	70,179
Total Funds Employed	3,044,600	2,586,639	2,180,778	1,900,449	1,659,515
OTHER INFORMATION					
Dividend (Rs.'000)	86,258	81,184	76,110	40,592	76,110
Rate of Dividend	42.50%	40.00%	37.50%	20%	37.50%
No. of Shareholders	12,274	12,564	13,752	13,823	12,992
No. of Employees	452	387	369	372	327
Earnings per share (EPS) (Rs.)	27.21	24.07	18.42	15.10	15.80
Return on Capital Employed (ROCE) (%)	18.34	18.89	17.15	16.95	20.48
Economic Value Added (EVA) (Rs. million)	439.20	375.45	260.73	231.10	179.46

