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TRA	/		AC	/
AGM	/	/	SHI	/
YE	/	/		/

1996-97



REPORT JUNCTION

40th Annual Report and Accounts



Foseco India Limited

BURMAH CASTROL COMPANY





Products and Processes for a new age
in tune with the environment

Corporate information

Board of Directors

P.K.Choksey

(Chairman)

W.E.I.Galloway

(Vice Chairman)

J.M.Weeks

(Managing Director)

C.K.Srinivasan

(Director-Operations [Steel Mills])

F.A.A.Jasdanwalla

D.P.Mehta

R.Balakrishnan

Company Secretary &
Legal Services Manager

Auditors

Sharp & Tannan

Solicitors

Crawford Bayley & Co

Bankers

ANZ Grindlays Bank Ltd.

Syndicate Bank

The Hongkong & Shanghai Banking Corporation Limited

Registrars And Transfer Agents

MCS Limited
Sri Venkatesh Bhavan
Plot No. 27, Road No. 11,
MIDC Area, Andheri (E),
Mumbai 400 093

Corporate Office

Jolly Bhavan No.2
New Marine Lines,
Mumbai 400 020

Registered Office

Mumbai-Pune Road,
Chinchwad, Pune 411 019

Factories

Chinchwad, Pune

Jammu

Calcutta

Jamshedpur

Pondicherry

Regional Sales Offices

Pune ■ New Delhi ■ Calcutta

■ Chennai



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FOSECO

NOTICE IS HEREBY GIVEN that the Fortieth Annual General Meeting of FOSECO INDIA LIMITED will be held on Thursday 31st July 1997, at 1500 hrs (IST) at Pudumjee Hall, Mahratta Chamber of Commerce & Industries, Tilak Road, Pune 411 002 to transact the following business :

ORDINARY BUSINESS

1. To receive and adopt the audited Balance Sheet as at 31st March 1997 and the Profit & Loss Account for the year ended on that date, together with the Reports of the Directors and the Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr D P Mehta who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr C K Srinivasan who retires by rotation and is eligible for reappointment.
5. To appoint Auditors to hold office for the period from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolution:
"RESOLVED that the consent of the Company be and is hereby accorded in removing the ceiling of Rs 550 lacs approved by the Members at the Annual General Meeting held on 1.9.1982 in terms of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956."
7. To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolution:
"RESOLVED that the consent of the Company be and is hereby accorded to the modification of the Agreement dated 22nd January, 1994 and Supplemental Agreement entered into between the Company and Mr. C.K. Srinivasan, Wholetime Director and between the Company and Mr V S Narayanan, then Managing Director, on the new terms and conditions as set out in the modification to the Agreement to be made between the Company and Mr. C.K. Srinivasan, and between the Company and Mr. V. S. Narayanan, a draft of which initialled by the Chairman, for the purpose of identification, is placed before the meeting."
8. To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolution :
"RESOLVED that the consent of the Company be and is hereby accorded to the modification of the Agreement dated 18.7.96 entered into between the Company and Mr J M Weeks, Managing Director, on the new terms and conditions as set out in the Second Supplemental Agreement to be made between the Company and Mr J M Weeks, a draft of which initialled by the Chairman, for the purpose of identification, is placed before the meeting."

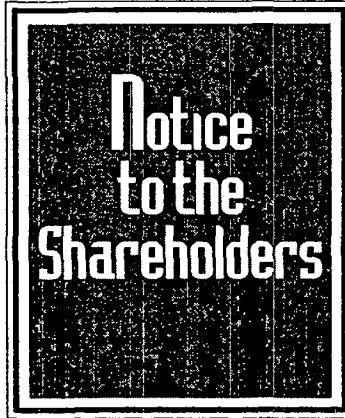
NOTES :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Items 6, 7 and 8 above are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The Register of Members and Share Transfer Books will remain closed from Tuesday, 8th July to Thursday, 31st July 1997 (both days inclusive).
4. The dividend declared at the Meeting will be made payable on or after 31st July 1997 to those Members whose names are on the Register of Members on 31st July 1997.
5. Members are requested to notify change of address, if any, to the Company so as to reach on or before 15th July, 1997.
6. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report to the Meeting.
7. Members are requested to affix their signature at the space provided on the attendance slip annexed to the proxy form and hand over the slip at the entrance to the place of the Meeting.

By order of the Board of Directors

Mumbai
15th May, 1997

R Balakrishnan
Company Secretary &
Legal Services Manager



Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.

In respect of Item 6

Pursuant to Section 293(1)(d) of the Companies Act, 1956 and Article 79 of the Company's Articles of Association, the consent of the Company in General Meeting is required to be obtained by the Board of Directors of the Company ('the Board') to borrow monies for the purposes of the Company where the monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

At the Annual General Meeting held on 1.9.1982 the Company by a resolution passed under Section 293(1)(d) and Article 79 authorised the Board to borrow monies for the purposes of the Company upto a limit of Rs.550 lacs. During the last few years, the capital employed in the Company's business has increased substantially and in order to meet future needs, the Board considers that the ceiling of Rs 550 Lacs be removed.

The resolution set out in item 6 of the notice has to be considered accordingly and the Board commends the acceptance of this resolution.

None of the Directors are interested in the Resolution.

In respect of Item 7

Members are aware, the Board of Directors appointed Mr C K Srinivasan as a Wholetime Director and Mr V S Narayanan as Managing Director with effect from 22/1/1994 for a period of five years upon the terms and conditions set down in the Resolution passed by the Board of Directors in this behalf. Thereafter, a supplementary agreement was executed between the Company and Mr C K Srinivasan and between the Company and Mr V S Narayanan as approved by the Members specifying the remuneration within overall ceiling laid down under Sections 198 and 309 of the Companies Act, 1956. In respect of gratuity payable, the terms specified was that payment should not exceed half a month's salary for every completed year of service. Since the Company's Gratuity Scheme has been amended effective from 1st April, 1996, the Agreement of Mr C K Srinivasan and Mr V S Narayanan (who opted for early retirement with effect from 18/7/1996 from the Board) is sought to be modified as per the revised Gratuity Scheme.

No Director of the Company except Mr C. K. Srinivasan is concerned or interested in Resolution 7.

In respect of Item 8

The members are aware that the shareholders of the Company appointed Mr J. M. Weeks as the Managing Director with effect from 18.7.1996 for a period of three years upon the terms and conditions set out in the Resolution passed at the Annual General Meeting held on 18.7.96.

Your Board of Directors in the meeting of Board held on 15.5.97 have agreed, subject to the approval of the members, to revise the remuneration payable to Mr J. M. Weeks with effect from 1st April 1997 for the remaining term of his appointment, i.e. upto 17th July, 1999, the other terms and conditions of his appointment remaining unchanged, by making variation as under :

A. Salary : Rs 1,50,000/- per month subject to review by the Board of Directors but not exceeding Rs 2,50,000/- per month.

B. Commission : No Commission is payable.

No director of the Company except Mr. J. M. Weeks is concerned or interested in Resolution No. 8.

The Resolutions set out in items 7 & 8 and explanatory statement thereafter may be treated as a Memorandum of Understanding under Section 302 of the Companies Act, 1956.

Drafts of Supplemental Agreements referred to in items 7 & 8 will be available for inspection by the members of the Company at the Registered Office on any working day of the Company prior to the date of meeting between 9 am and 11 am and at the meeting.

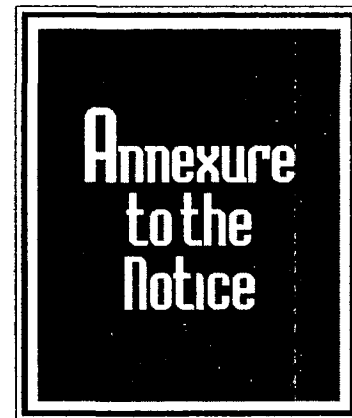
The Resolutions set out in items 6, 7 & 8 may be considered accordingly and the Board of Directors recommend the same for your approval.

By order of the Board of Directors

R Balakrishnan

Company Secretary &
Legal Services Manager

Mumbai
15th May, 1997



The Directors hereby submit their Fortieth Annual Report together with the audited Statement of Accounts for the year ended 31st March, 1997.

Rupees Lacs

2. FINANCIAL RESULTS :

	31-3-97	31-3-96
The Profit before tax	1293.43	1277.96
From which is to be deducted :		
Provision for taxation	543.00	517.13
	750.43	760.83
To/From which is to be added/(deducted) :		
Doubtful Debts Reserve	(36.05)	40.84
	714.38	801.67
Which the Directors recommend should be appropriated as follows :		
Proposed Dividend	314.75	301.07
Additional Tax on Proposed Dividend	31.48	-
General Reserve	368.15	500.60
	714.38	801.67

3. DIVIDEND

Your Directors recommend payment of Dividend at 57.5% on equity capital, for the year ended 31st March 1997, which, if approved by the Members at the forthcoming Annual General Meeting, will be paid out of the current year's profits.

The Finance Bill 1997 has *inter-alia*, proposed that no deduction shall be made in respect of any dividends declared, distributed or paid as the case may be on or after the 1st day of June, 1997. Further, it also proposed that such dividend shall be charged to additional income-tax at the rate of ten percent and the incidence of the said tax will be borne by the Company and cannot be passed on to the shareholders of the Company. Hence, the Tax on Dividend of Rs. 31.48 lacs has been charged to the Profit & Loss Account.

4. PERFORMANCE

The results for the year ended 31st March 1997 reflect a slight improvement over those of the preceding year. While the Company continues to enjoy a strong position in its core business sectors of foundries, steel plants and aluminium producers, weaker demand for products from these industries was noticed, particularly in the second half of the year. Sales increased by 8.8% over the previous year to Rs 8312.61 lacs. Sales to the foundry and aluminium sectors continued to grow but sales to the steel sector showed a slight decline reflecting the particularly difficult trading circumstances in this industry. Profit Before Tax increased by 1.2% to Rs 1293.43 lacs. Increased outlay on travel and communication and, particularly, interest charges depressed the operating margin.

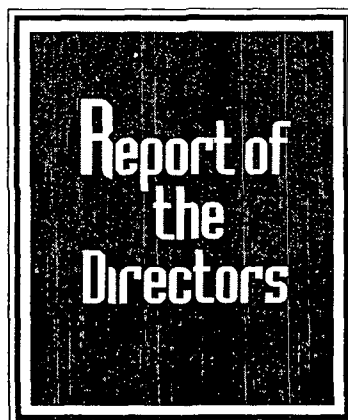
Although the prospects for short-term do not appear encouraging we expect conditions in the metallurgical industries to begin to improve later in this year. The drive by foundries, steel plants and aluminium producers to improve both product quality and operating efficiencies will provide us with further opportunities to extend our penetration into our core markets.

5. VOLUNTARY RETIREMENT SCHEME - 1996

The rapid changes taking place in the Country and the increasing competition in the market place had made it imperative for our Company to reassess and rationalise its business operations. In order to meet these objectives, the Company during the year formulated a Voluntary Retirement Scheme (VRS) for the employees of the Company. The total VRS payment of Rs.44.75 lacs is being amortised over a period of three years. One third of this amount (Rs.14.92 lacs) has been charged to the 1996-97 Profit & Loss Account.

6. RESEARCH & DEVELOPMENT AND PARTICULARS OF TECHNOLOGY ABSORPTION

The Company continues to place significant importance on research & development work. A sum of Rs. 241.73 lacs was spent on research & development during the year as against Rs.168.90 lacs in the previous year.



During the year 1996-97, the Company continued to place greater emphasis on research and development work, constant upgrading of existing product lines and development of new products to maintain its leading position in the metallurgical field. Significant achievements were made in respect of products to enhance performance and economics at the customers' end.

7. CONSERVATION OF ENERGY

The Company continued its efforts to improve upon production methods in order to conserve energy usage in the production processes. The oven which was installed as a part of the PSM at Pondicherry factory during the year is a major improvement on energy utilisation.

8. IMPORTS/EXPORTS & FOREIGN EXCHANGE EARNINGS AND OUTGO

A. IMPORTS

Imports of raw material during the year amounted to Rs. 576.77 lacs (previous year Rs. 329.85 lacs), Capital goods of Rs. 29.01 lacs (previous year Rs. 24.89 lacs) and components & spare parts Rs. 6.36 lacs (previous year Rs. 4.58 lacs).

B. EXPORTS

Exports were mainly to Middle East, Far East, Sri Lanka, Bangladesh, Singapore & Taiwan. Exports increased substantially during the year to Rs. 157.79 lacs as against Rs. 101.07 lacs in the previous year.

C. EXPORT PLANS

The Company has plans to continue to increase the exports in the years to come. In order to achieve this, efforts are being made to promote direct export to other Fosco operating countries as per their requirements. Possibility of exporting raw material from India to other Fosco operating countries is also being explored.

D. EARNINGS AND OUTGO

Members are requested to refer to notes 3, 4, 5 and 6 of Schedule M forming part of the Profit & Loss Account for the year ended 31st March 1997.

9. FIXED DEPOSITS

Fixed Deposits from Public/Employees accepted by the Company stood at Rs. 81.13 lacs as on 31st March, 1997. Fifty five depositors have not claimed repayment of their deposits amounting to Rs. 3.17 lacs on the due dates as at the end of the year.

10. STAFF AND LABOUR

Industrial relations at all factories during the year were generally satisfactory.

The Board wishes to express its appreciation of the sincere and devoted efforts of the Management and all levels of staff during the year.

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, and under Section 217(1)(e) of the said Act read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure to this Report.

11. DIRECTORS

The members are aware that Mr. V. S. Narayanan retired as Managing Director at the conclusion of the Annual General Meeting held on 18th July, 1996. Your Directors wish to place on record their sincere appreciation of his valuable services particularly his contribution to the growth of the Company, during his tenure as a Managing Director.

In accordance with the provisions of the Articles of Association of the Company and of the Companies Act, 1956, Mr. C. K. Srinivasan and Mr. D. P. Mehta, Directors retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

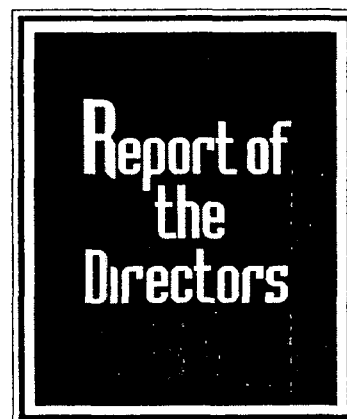
12. AUDITORS

The Auditors, M/s Sharp & Tannan, Mumbai have signified their willingness to continue in office and a resolution will be submitted to fix their remuneration for the current year.

On behalf of the Board of Directors

Mumbai
15th May, 1997

P K Choksey
Chairman



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

FORM - A

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

1996-97 1995-96

(A) Power and Fuel Consumption

1. Electricity

(a) Purchased

Units	21,96,126	25,24,854
Total Amount	Rs. 68.25 lacs	Rs.69.00 lacs
Rate/Unit	Rs. 3.11	Rs. 2.73

(b) Own Generation

i) Through Diesel Generator

Units	3,99,953	3,79,958
Units per litre of Diesel		
Oil	2.59	2.37
Cost/Unit	Rs. 2.94	Rs. 3.06

The above information is based on actuals/estimates made by the Company's engineers.

ii) Through Steam Turbine/

Generator Units

Units per litre of Fuel)	
Oil/Gas)	NOT APPLICABLE
Cost/Unit)	

2. Coal

Quantity (Tonnes))	
Total Cost)	NOT APPLICABLE
Average Rate)	

3. Furnace Oil

Quantity (Kl)	1,057	1,398
Total Amount	Rs.86.54 lacs	Rs.95.30 lacs
Average Rate (Rs./Kl)	Rs.8,188	Rs.6,818

4. Others/Internal Generation

LPG

Quantity (Kgs)	64,755	53,476
Total Cost	Rs.10.66 lacs	Rs.7.35 lacs
Rate/Unit (Rs./Kg)	16.47	13.75
Consumption per unit of production		

Standard 1996-97 1995-96

Products: Foundry Chemicals/Fluxes and Profax

Electricity (Units/Tonne)	-	*	*
Furnace Oil (Kl/Tonne)	-	*	*
Coal	-	-	-
Others	-	-	-

* In view of the heterogeneous product mix, the consumption per unit of production has not been indicated for the various products/units.

