



YEAR

/

2000

2001

2002

2003

2004

2005

2006

2007

2008



Foseco India Limited

An ISO9001 and ISO14001 Accredited Company

51st Annual Report

*Solutions Partner to the
Expert Foundryman*

Company information

Board of Directors

R A Savoor	Chairman
D G Hussey	Vice Chairman
S Mathur	Managing Director
D O Hughes	Director
D P Mehta	Director
P N Ghatalia	Director

R Balakrishnan Company Secretary

Audit Committee

P N Ghatalia
Independent Director and Chairman

R A Savoor
Independent Director

D P Mehta
Independent Director

D O Hughes
Director

R Balakrishnan
Secretary to the Committee

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

Shareholders / Investors Grievance Committee

D P Mehta Chairman

R A Savoor

S Mathur

D O Hughes

R Balakrishnan

Secretary to the Committee

Terms of Reference : The committee focuses primarily on strengthening investor relations and ensuring the rapid resolution of any shareholder or investor concern.

Nomination Committee

R A Savoor Chairman

P N Ghatalia

D O Hughes

R Balakrishnan

Secretary to the Committee

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

Remuneration Committee

R A Savoor Chairman

P N Ghatalia

D P Mehta

D G Hussey

S Mathur

D O Hughes

R Balakrishnan

Secretary to the Committee

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



Registered Office

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

Factories

- Sanaswadi, Pune
- Puducherry

Bankers

- Standard Chartered Bank
- ICICI Bank Ltd.
- IDBI Bank Ltd.

Auditors

- S R Batliboi & Associates

Solicitors

- Crawford Bayley & Co.
- Sandersons & Morgans

Registrars and Transfer Agents

Intime Spectrum Registry Ltd.
Block 202, 2nd Floor,
Akshay Complex,
Off Dhole Patil Road,
Near Ganesh Mandir,
Pune 411 001

Contents

Notice to the Shareholders	.....2
Certification by CEO & CFO	.....4
Report of the Directors	.....5
Management Discussion & Analysis	.....12
Corporate Governance Report	.....15
Nomination Committee Report	.....24
Remuneration Committee Report	.....24
Shareholders'/Investors' Grievance Committee Report	.....25
Audit Committee Report	.....26
Corporate Social Responsibility Policy	.....27
Code of Conduct and Ethics	.....28
Whistleblower Policy	.....30
Quality Policy	.....31
Safety, Health and Environment Policy	.....32
Strategic Risk Management Policy	.....33
Dissemination of information to the market	.....35
Compliance Certificate Under Companies Act, 1956	.....37
Compliance Report	.....43
The Foseco Team	.....45
Auditor's Report	.....55
Balance Sheet	.....58
Profit & Loss Account	.....59
Schedules to Balance Sheet & Profit & Loss Account	.....60
Cash Flow Statement	.....82
Attendance Slip and Proxy Form.....(Attached)	
Financial Highlights	.....inside back cover



Notice to the Shareholders

Notice is hereby given that the fifty first annual general meeting of Foseco India Limited will be held on 22 April 2008 at 1400 hours (IST) at the registered office of the company at Gat Nos. 922/923, Sanaswadi, Taluka Shirur, District Pune 412 208 to transact the following business:

Ordinary Business :

1. To receive and adopt the audited balance sheet of 31 December 2007 and the profit & loss account for the year ending on that date together with the reports of the directors and the auditor thereon.
2. To declare a final dividend on 63,86,459 equity shares for the year ending 31 December 2007.
3. To appoint a director in place of Mr. D P Mehta who retires by rotation and is eligible for re-appointment.
4. To appoint a statutory auditor 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 :

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

“ **RESOLVED** that pursuant to Sections 309(4) and 309(7) of the Companies Act, 1956 read with Article 141 of the Articles of Association of the company, the directors (other than the managing director, the whole-time directors, special directors and foreign Foseco-nominated directors) be paid with effect from 1 January 2009 in respect of each financial year of the Company (as defined under Section 2(17) of the Companies Act, 1956 for five financial years, a commission (to be divided among them in such manner as the board of directors may from time to time determine and in default of such determination, equally) of such amount as may be determined by the board of directors but not exceeding an amount equal to 1% of the net profits of the company computed in the manner prescribed in Section 198(1) of the Companies Act, 1956.”

Notes :

1. 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.
2. The register of members and share transfer books will remain closed from 01 April to 10 April 2008 (both days inclusive).
3. The dividend declared at the meeting will be payable on or after 02 May 2008 to those members whose names are on the register of members on 01 April 2008.
4. Members holding shares in physical form are requested to notify any change of address or bank mandates to the Registrar & Transfer Agent and / or the Company Secretary by 11 April 2008 or to their respective depository participants if the shares are held in electronic form.
5. Pursuant to Section 205A of the Companies Act, 1956 read with the Investors' Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, all unclaimed /unpaid dividend up to the financial year ended 31 March 1999 has been transferred to the Investor Education and Protection Fund set up by the Central Government account and no claim can be admitted in respect of this Fund. Members are therefore requested to encash their dividend warrants immediately for subsequent financial years. Members are requested to write to the Company and / or Share Transfer Agents, if any dividend warrant is due and pending to be paid so that fresh / revalidated warrants could be issued by the Company.
6. As a measure of economy copies of the annual report will not be distributed at the annual general meeting.
7. Members are requested to sign the attendance slip annexed to the proxy form and to hand over the slip at the entrance to the meeting.
8. To ensure that shareholders' queries are answered in full, please forward any queries to the Company Secretary at the registered office no later than one week before the meeting.





9. Profile of Mr. D P Mehta, the director retiring by rotation:

Mr. D P Mehta, aged 74 years, holds a B.A. from Pune University and LLM from Harvard University. He has been a partner in Little & Co., a leading firm of Mumbai solicitors, from 1962. Mr. Mehta has been on the board of directors of Foseco India Ltd. since 1976 and is member of the Board of Governors of the Indo-French Chamber of Commerce & Industry. He holds 400 qualification shares in Foseco India Ltd. jointly with the holding company. Other than this, Mr. Mehta does not hold any shares in his personal capacity.

Mr. D P Mehta is a director and committee member in the following companies:

Company	Designation
Bloomberg Data Services (India) Limited	Director
Bloomberg Television Production Services India Private Limited	Director
Clancey Precision Components Private Limited	Alternate Director
DME Company (India) Private Limited	Alternate Director
Emerson Electric Co. (India) Private Limited	Director
Emerson Network Power (India) Private Limited	Alternate Director
Emerson Climate Technologies (India) Limited	Director
Flowserve India Controls Private Limited	Alternate Director
GKN Driveline (India) Limited	Director
Global Dolphin Drilling Company Private Limited	Alternate Director
Goa Carbon Limited	Director
Grolier International Private Limited	Director
Indo-French Chamber of Commerce & Industry	Member, Board of Governors
Insilco Limited	Director
JT International (India) Private Limited	Alternate Director
Little & Co.	Partner
Tata BP Solar India Limited	Alternate Director and member of Audit Committee

None of the directors except Mr. D P Mehta is interested in the resolution.

By Order of the Board of Directors

R Balakrishnan
Company Secretary &
Legal Services Manager

Place : Pune
Date : 23 January 2008

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

Item No. 5.

Members may recall that at the 47th Annual General Meeting of the company held on 24 June 2004, consent was given to the company to pay commission not exceeding one percent of the net profits computed in the manner laid down in Sections 349 and 350 of the Companies Act, 1956 to the directors of the company other than the managing director, whole-time director and special directors and foreign Foseco-nominated directors for the period of 5 years from 01 January 2004 to 31 December 2008.

Having regard to their contribution and the expertise and knowledge they bring to the company, it is recommended that this payment of commission be extended for a period of five years from 01 January 2009.

As per the provisions of Section 309(4)(b) read with Section 309(7), a special resolution is required for authorising such payment.

No director other than the Indian non-whole-time directors is in any way concerned or interested in the said resolution.

By Order of the Board of Directors

R Balakrishnan
Company Secretary &
Legal Services Manager

Place : Pune
Date : 23 January 2008

**The Board of Directors
Foseco India Limited
Sanaswadi, Pune**

23 January 2008

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We hereby certify that for the financial year 2007 annual accounts we have reviewed the financial statements and the cash flow statement and that to the best of our knowledge and belief:-

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2007 which are fraudulent, illegal or violate the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that:-
 - (a) there have been no significant changes in internal control during this year.
 - (b) there have been no significant changes in accounting policies during this year.
 - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having a significant role in the Company's internal control system.

S Mathur
Managing Director

R Umesh
Chief Financial Officer





Report of the Directors

Your directors are pleased to present the company's 51st Annual Report and the audited accounts for the year ended 31 December 2007.

1. PERFORMANCE REVIEW

Following a record performance in 2006, the company achieved a new record in 2007 with gross turnover increasing 22 % to Rs. 174.62 crores. Profit before tax is Rs. 31.69 crores whilst net profit after tax is Rs. 19.97 crores. To support planned growth in the business, capital investment of Rs. 11 crores is planned in capacity expansion, of which Rs. 4.5 crores was spent in 2007 with the balance to be invested during 2008.

Members are requested to refer to the Management Discussion and Analysis Report annexed to this report for a more detailed review of operating performance.

2. DIVIDEND & APPROPRIATIONS

An amount of Rs. 19.97 lacs has been credited to General Reserves.

Your directors have recommended a final dividend payment of 70% on equity capital for the year ended 31 December 2007, which, if approved by the members at the forthcoming annual general meeting, will be paid out of the current year's profit to:

- those equity shareholders whose names appear in the register of members on 11 April 2008, and
- to those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

The directors have declared interim dividends of 20%, 50% and 30% on the equity capital of the company in April, July and October 2007 respectively which has been paid to registered holders of equity shares. The total of the interim and proposed final dividends is 170%.

3. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

The company continues to place significant importance on research and development as the primary means of continuously advancing its product technology. A sum of Rs.34.09 lacs was spent during the year. Technology transfer into the company from its overseas affiliates is by three main routes:

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

4. CONSERVATION OF ENERGY

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

5. SAFETY, HEALTH AND THE ENVIRONMENT

The company's safety, health and environmental policy ensures a firm commitment to safety, health and environmental management by making it an integral part of the company's business strategy, in line with Rule 73-L (5) d of the Maharashtra Factories Rules, 1963, made under the Maharashtra Factories Act, 1948.

The policy requires the company to maintain a safe and healthy working environment and to work towards minimizing the environmental impact of all process and practices including the control of dust, airborne emissions, process residues and the prevention of pollution. Both locations of the company - Sanaswadi, Pune and Puducherry - are accredited to the international ISO14001 environmental management and ISO9001 quality standards.

6. IMPORTS / EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO**A. IMPORTS**

Imports of raw materials during the year amounted to Rs. 1811.52 lacs (previous year Rs. 1655.67 lacs) and capital goods of Rs. 86.86 lacs (previous year Rs. 34.75 lacs).

B. EXPORTS

Exports were mainly to the Middle-East, ASEAN and China. Exports during the year were marginally lower at Rs. 527.14 lacs from Rs. 552.8 lacs in the previous year.

C. EXPORT PLANS

The company continues to act as a regional manufacturing base for affiliate companies in Asia and the Middle-East with exports expected to continue to grow.

D. EARNINGS AND OUTGO

Members are requested to refer to notes 15.3, 15.4, 15.5 and 15.7 of Schedule 17 forming part of the Profit & Loss Account for the year ended 31 December 2007.

7. EMPLOYEE RELATIONS

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

8. STATUTORY DISCLOSURES

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

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

A Cash Flow statement for the year 2007 is attached to the balance sheet.

9. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with stock exchanges, a separate section titled Report on Corporate Governance has been included in this annual report. Your directors are pleased to report that your company is fully compliant as on 31 December 2007 with the SEBI Guidelines on Corporate Governance.

10. SECRETARIAL COMPLIANCE CERTIFICATE

During the year the company appointed a practising company secretary to conduct an audit of secretarial compliance under section 383A of the Companies Act, 1956. Though not a mandatory requirement, in its pursuit of achieving the highest standards of corporate governance, the company believes such an audit to be of benefit.

The scope of the audit was to review compliance under the following :

1. Companies Act, 1956.
2. Listing Agreement executed with the Stock Exchanges.
3. Corporate governance requirements of Clause 49 of the Listing Agreement.





Your directors are pleased to inform you that the audit confirmed that the company is in full compliance with the Companies Act, 1956, Stock Exchange and SEBI regulations and the secretarial compliance certificate issued after the audit is annexed to this report.

11. COMPLIANCE CERTIFICATE - OTHER MATTERS

The board of directors also requested the practising company secretary to conduct an audit of compliance with the legislation listed below as part of its drive towards the highest standards of corporate governance.

1. Disclosure requirements of the Listing Agreements with Stock Exchanges.
2. Dividend transfer / payments / remittance to non-resident shareholders with RBI permission.
3. Transfer of unpaid dividend to the Investor Education and Protection Fund.
4. SEBI (Prohibition of Insider Trading) Regulations, 1992.
5. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
6. SEBI (RTI and STA) Regulations, 1993.
7. Foreign Exchange Management Act, 1999.
8. Disclosures under Sections 299 and 274 (1)(g) by directors under the Companies Act, 1956.
9. Issue of certificates of shares / transmission thereof as per requirements of the Companies Act, 1956.
10. Necessary approvals of directors / shareholders and other authorities as per requirement of the Companies Act, 1956.

Your directors are pleased to confirm that the company is in total compliance with the requirements under the above laws and the Compliance Report issued by the practising company secretary dated 03 January 2008 is annexed to this report.

12. DIRECTORS' RESPONSIBILITY STATEMENT

Whilst preparing the annual accounts the company has adhered to the following practices:

- (i) the annual accounts are prepared under the historical cost convention and on an accrual basis and are in compliance with the accounting standards referred to in Section 211 (3C) and other requirements of the Companies Act, 1956;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable, prudent and in the best interest of the company's business so as to give a true and fair view of the state of affairs of the company as at 31 December 2007 and of the profit of the company for the same period;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts on a going concern basis.

13. DIRECTORS

In accordance with the provisions of the Articles of Association of the company and of the Companies Act, 1956, independent director Mr. D P Mehta retires by rotation at the forthcoming annual general meeting and being eligible, offers himself for re-appointment.

Information on the details of directors seeking appointment / re-appointment as required under Clause 49 of the Listing Agreement has been given under the Notice to Shareholders.

14. AUDITORS

The statutory auditor of the company, S R Batliboi & Associates, a firm of chartered accountants, holds office until the conclusion of the forthcoming annual general meeting and is eligible for re-appointment. The company has received notification from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

Accordingly a resolution is being submitted to the members for the re-appointment of S R Batliboi & Associates and to fix their remuneration for the current year.

15. COST AUDITORS

Dhananjay V Joshi & Associates, a firm of cost accountants was appointed as cost auditor for last year to audit the cost records maintained by the company in respect of its resin products pursuant to the notification issued by the Central Government bringing the above products under the purview of Cost Accounting Records (Chemical Industries) Rules, 2004.

The cost auditor has issued a certificate for the year 2007 stating that the company has maintained the required cost accounting records as per the Cost Accounting Records (Chemical Industries) Rules, 2004 and the company is in compliance.

16. INTERNAL CONTROL SYSTEMS

The company's internal control systems are audited by Natu & Pathak, a firm of chartered accountants. The internal auditor independently evaluates the adequacy of internal controls and reviews major transactions. The internal auditor reports directly to the Audit Committee to ensure complete independence.

17. AUDITOR'S REPORT

The observations of the statutory auditor in its report, read with the relevant notes to accounts in Schedule 17 are self-explanatory and do not require further explanation.

18. ACKNOWLEDGMENT

Your directors would like to express their grateful appreciation for the support and cooperation of all Foseco's stakeholders. In particular, the directors wish to place on record their deep sense of appreciation for the commitment and enthusiasm of all employees and the support of the company's customers and suppliers.

On behalf of the Board of Directors

Place : Pune

Dated : 23 January 2008

R A Savoor

Chairman

