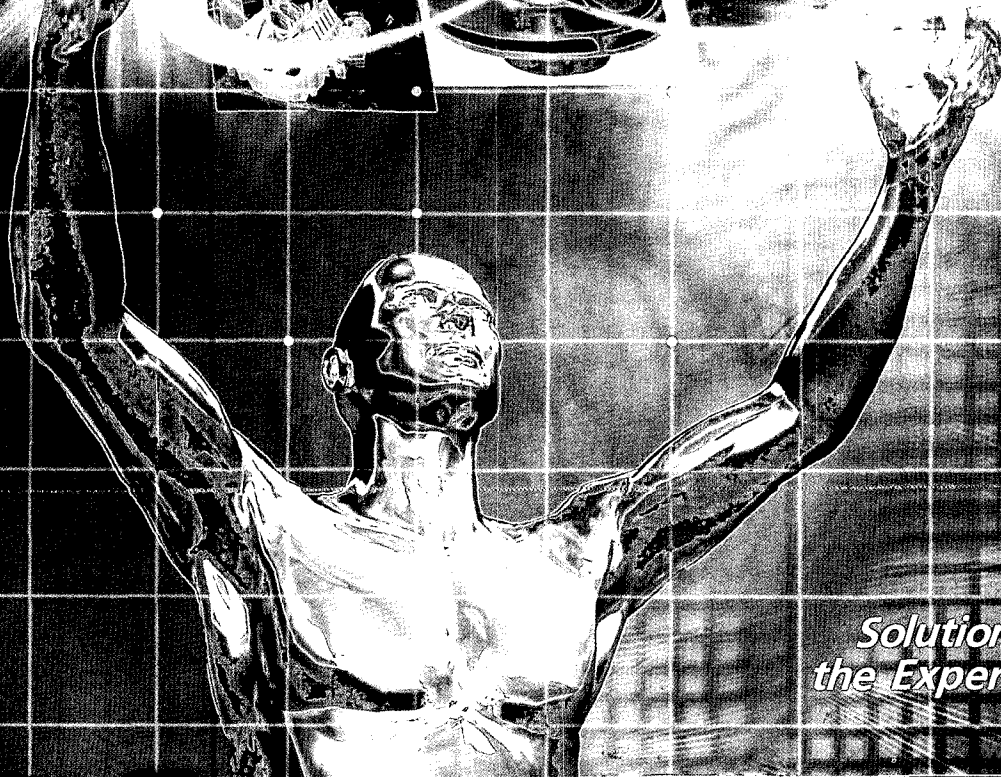




Foseco India Limited

AN ISO9001, ISO14001 and OHSAS 18001 Accredited Company

53rd Annual Report



*Solutions Partner to
the Expert Foundryman*

Company information

Board of Directors

R A Savoor	Chairman
S Mathur	Managing Director
D O Hughes	Director
Alan J Ridley	Director
M M Chitale	Director
R Umesh	Compliance Officer

Audit Committee

M M Chitale
Independent Director and Chairman

R A Savoor
Independent Director

D O Hughes
Director

R Umesh
Compliance Officer

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

R A Savoor Chairman

M M Chitale

S Mathur

D O Hughes

Alan J Ridley

R Umesh
Compliance Officer

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

M M Chitale

D O Hughes

Alan J Ridley

R Umesh
Compliance Officer

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

M M Chitale

S Mathur

D O Hughes

Alan J Ridley

R Umesh
Compliance Officer

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.
- HDFC Bank Ltd.

Auditors

- B S R and Co.

Solicitors

- Sandersons & Morgans

**Registrars and
Transfer Agents****Link Intime India Private Limited**

Block 202, 2nd Floor,
Akshay Complex,
Off Dhole Patil Road,
Near Ganesh Mandir,
Pune 411 001

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Notice to the Shareholders

NOTICE IS HEREBY GIVEN THAT the fifty third annual general meeting of Foseco India Limited will be held on Wednesday, 21st April 2010 at 1100 HRS (IST) at the registered office of the company at Gat Nos. 922 & 923, Sanaswadi, Taluka Shirur, District Pune 412 208 to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st December 2009 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 final dividend on 6,386,459 equity shares for the year ended on 31st December 2009.
3. To appoint B S R and Co, as Statutory Auditors 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.
4. To appoint a director in place of Mr. R. A. Savor who retires by rotation and is eligible for re-appointment.

Special Business :

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

"RESOLVED that Mr. Mukund M Chitale who was appointed as an additional director of the company by the Board of Directors with effect from 27th October 2009 pursuant to section 260 of the Companies Act, 1956 read with Article 137 of the Articles of Association of the company and who holds office up to the date of this forthcoming Annual General Meeting and in respect of whom the company has received a notice proposing his candidature for the office of director under section 257 of the Act, be and is hereby appointed as a director of the company, liable to retire by rotation."

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

"RESOLVED that pursuant to Section 198, 269, 309, 310, 311 and any other applicable provisions read with Schedule XIII of the Companies Act, 1956, (including any amendment or modification or reenactment thereof) the consent of the company be and is hereby accorded to the re-appointment of Mr. Sanjay Mathur, as Managing Director of the company for a further period of three years effective 01st April 2010 to 31st March, 2013 on the following terms and conditions.

Terms and Conditions for re-appointment of Mr. Sanjay Mathur as Managing Director

i. Re-appointment Date and Period

The re-appointment date is effective 01st April 2010 for a period of three year's ending 31st March 2013.

ii. Notice Period / Termination

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

iii. Remuneration

a. Salary

Mr. Sanjay Mathur's basic salary will be Rs. 4,704,924 per annum and personal allowance of Rs. 2,150,400 per annum, paid monthly in arrears, appropriate tax will be deducted at source in accordance with Indian tax regulations.

Mr. Sanjay Mathur's salary review date will be 1st January annually hereafter.

b. Retirals

Mr. Sanjay Mathur will receive retrial benefits in accordance with the company policy.

c. Performance Bonus

Mr. Sanjay Mathur will be eligible to participate in the company's management team Performance Bonus Scheme. The maximum potential payout is 50% of the gross annual basic salary. Performance Bonus earning will also be subject to Indian tax regulations.

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

d. Car

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



e. Other Benefits

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

iv. Connected Person – Insider Dealing

Under the terms of company's Insider Dealing Code, Mr. Sanjay Mathur will be a Connected Person and therefore Mr. Sanjay Mathur's re-appointed is subject to him signing the Insider Dealing Code.

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 07 April to 16 April 2010 (both days inclusive).
3. The dividend declared at the meeting will be payable on or after 15 May 2010 to those members whose names are on the register of members on 7 April 2010.
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 Compliance Officer by 17 April 2010 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 2002 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 of the meeting.
8. To ensure that shareholders' queries are answered in full, please forward any queries to the Compliance Officer at the registered office on or before 14th April 2010.
9. Profile of Mr. R. A. Savoor, the director retiring by rotation:
Mr. R. A. Savoor joined the board of Foseco India Limited as an additional director on 24 July 2002 and was appointed as a director by members in their meeting held on 13 May 2003. Mr. R. A. Savoor holds a B.Sc. (Chemistry) from Ruia College and completed a 3 years course in Chemical Technology from the University Department of Chemical Technology at Mumbai. In July 1968, Mr. R. A. Savoor started his career with Castrol India Ltd. as a management trainee, and after undertaking a number of roles, retired on 24 April 2002 as Chief Executive Officer, a position he held for 12 years. Under his leadership, Castrol India Ltd. grew to become the number two lubricants company in India and the second largest Castrol Company worldwide. Mr. R. A. Savoor holds 200 qualification shares jointly with Foseco Ltd. and 1000 shares in his personal capacity.

Mr. R. A. Savoor is a director and committee member in the following companies:

Company	Designation
Automotive Stampings and Assemblies Ltd.	Director
Coromandal International Ltd.	Director
Divgi Warner Private Ltd.	Director
EID Parry Ltd.	Director
F.I.L. Management Pvt. Ltd.	Director
Thomas Cook India Ltd.	Director

None of the directors, except Mr. R. A. Savoor, is interested in the resolution.

By Order of the Board of Directors

Place : Pune
Date : 20 January 2010

Sanjay Mathur
Managing Director



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

Item No. 5.

Mr. Mukund M Chitale was appointed as an Additional Director at the meeting of the Board of Directors held on 27 October 2009. By virtue of section 260 of the Companies Act, 1956 read with Article 137 of the Articles of Association of the Company, he shall hold office only up to the date of this Annual General Meeting of the Company.

Mr. Mukund M Chitale is a practicing chartered accountant since 1973 as partner of Mukund M Chitale & Co. Mr. Chitale was the President of Institute of Chartered Accountants of India during 1997-98. He was also a member of Company Law Advisory Committee of Central Government in 1992 and 1993 apart from memberships in various Committees. Currently he holds the following positions in various organisations:

Chairman of Principal PNB Asset Management Company Private Limited
Chairman of The Ethics Committee of The Stock Exchange, Mumbai
Governing Council Member of Banking Codes and Standards Board of India
Member of the Group for Amalgamation of Urban Co-operative Banks
Member of Board of Supervision of NABARD

Mr. Chitale also holds directorship in the following Companies,

ASREC (India) Limited
Essel Propack Limited
ITZ Cash Card Limited
Larsen & Tourbo Limited
ONGC Petro Additions Limited
ONGC Mangalore Petrochemicals Limited
Ram Ratna Wires Limited
Shreeram Transport Finance Co. Limited

None of the directors, except Mr. Mukund M Chitale, is interested in the resolution mentioned in item No. 5.

Item No. 6.

Mr. Sanjay Mathur was appointed as Managing Director for a period of three years from 1st April 2007 and his term of office shall expire on 31st March 2010.

Mr. Sanjay Mathur, a Bachelor of Engineering (Chemical), has done Advanced Management Programme from Melbourne Business School and Master of Marketing from Monish University, Australia. He has worked with J. K. Synthetics, Bharat Petroleum Corporation Ltd. and the Royal Dutch Shell Group of Companies for a period 21 years, prior to his appointment. He occupied positions in sales, marketing and supply chain in India and Middle East. He was Supply Chain and Industrial Sales Manager and General Manager of a Shell J.V. in Yemen. In 2003, he took over as Managing Director of the Pennzoil-Quaker State India Limited, a subsidiary of Shell. Mr. Sanjay Mathur is member of the Shareholders' / Investors' Grievance Committee and Remuneration Committee.

None of the directors, except Mr. Sanjay Mathur, is interested in the resolution mentioned in item No. 6.

**By Order of the Board of
Directors**

Place : Pune
Date : 20 January 2010

Sanjay Mathur
Managing Director



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

20 January 2010

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

We hereby certify that for the financial year 2009 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 2009 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.

Sanjay Mathur
Managing Director

R Umesh
Chief Financial Officer



Report of the Directors

Your directors are pleased to present the Company's 53rd Annual Report and the audited accounts for the year ended 31 December 2009.

1. PERFORMANCE REVIEW

The year under review, was very challenging. The downturn, which started in end 2008, became more severe. The automotive, valves & heavy engineering sectors suffered, thereby adversely affecting the Company's performance. However, the Company recorded a good performance and posted a Profit Before Tax of Rs.18.90 crores, Profit After Tax of Rs.12.50 crores on a gross annual turnover of Rs. 133.80 crores,

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

2. DIVIDEND & APPROPRIATIONS

An amount of Rs 1.25 crores has been credited to General Reserves.

Your directors have recommended payment of a final dividend of 70% on equity capital for the year ended 31 December 2009, 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 7 April 2010, and
- 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 10% each on the equity capital of the company in July and October 2009 respectively which has been paid to registered holders of equity shares. The total of the interim and proposed final dividends is 90%.

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. 47.28 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 traveling overseas to meet Foundry Division 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 Foundry Division.

4. CONSERVATION OF ENERGY

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

5. HEALTH, SAFETY AND THE ENVIRONMENT

The company's health, safety and environmental policy ensures a firm commitment to health, safety 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, Rule made under the Maharashtra Factories Act, 1948.



The policy requires the company to maintain a safe and healthy working environment and to work towards minimising the environmental impact of all process and practices including the control of dust, airborne emissions, process residues and the prevention of pollution. Both the locations of the Company - Sanaswadi, Pune and Puducherry, are accredited to the international ISO14001:2004, environmental management ISO9001:2008, quality standards and OHSAS 18001:2007.

6. IMPORTS / EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A. IMPORTS

Imports of raw materials during the year amounted to Rs. 1,279.13 Lacs (previous year Rs. 1,588.46 Lacs) and capital goods of Rs. 34.28 Lacs (previous year Rs. 0.70 Lacs)

B. EXPORTS

Exports were mainly to the Middle East, ASEAN and China. Exports during the year dropped to Rs. 287.73 Lacs from Rs. 476.20 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.

D. EARNINGS AND OUTGO

Members are requested to refer to notes 12.3, 12.4, 12.5 and 12.7 of Schedule 19 forming part of the Profit & Loss Account for the year ended 31 December 2009.

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 a good performance.

8. STATUTORY DISCLOSURES

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

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

A Cash Flow Statement for the year 2009 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.

10. SECRETARIAL COMPLIANCE CERTIFICATE

During the year the Company appointed a practicing 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 compliance with the Companies Act, 1956, Stock Exchange and SEBI regulations except Clause 40A of the listing agreement which specifies minimum public holding of 25% in the total issued and subscribed capital of the Company. The Company is taking steps to become fully compliant with the provisions at the earliest. The Company continued to make efforts to identify and appoint qualified Company Secretary as required by the Companies Act, 1956. 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 practicing 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 Section 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 compliance with the requirements under the above laws and the Compliance Report issued by the practicing company secretary dated 19th January 2010 is annexed to this report.

12. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) 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;
- b) 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 2009 and of the profit of the Company for the same period;
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors have prepared the annual accounts on a going concern basis.

13. DIRECTORS

The directors express deep regret to inform about the sad demise of Mr. P N Ghatalia, independent director and Audit Committee Chairman, on 13 Aug 2009. The Board places on record its appreciation for the valuable contribution of Mr. Ghatalia in the Company's growth during his tenure.