



Foseco India Limited

AN ISO9001, ISO14001 and OHSAS 18001 Accredited Company

54th 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

Francois Wanecq

Director

M M Chitale

Director

R Umesh

Compliance Officer

Aditya Jakhotia

Company Secretary

Audit Committee

M M Chitale

Independent Director and Chairman

R A Savoor

Independent Director

D O Hughes

Director

R Umesh

Compliance Officer

Aditya Jakhotia

Company Secretary

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

Shareholders / Investors Grievance Committee

R A Savoor

 Chairman

M M Chitale

D O Hughes

Francois Wanecq

S Mathur

R Umesh

Compliance Officer

Aditya Jakhotia

Company Secretary

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

Francois Wanecq

R Umesh

Compliance Officer

Aditya Jakhotia

Company Secretary

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

Remuneration Committee

R A Savoor

 Chairman

M M Chitale

D O Hughes

Francois Wanecq

R Umesh

Compliance Officer

Aditya Jakhotia

Company Secretary

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

Registered Office

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

Factories

- Sanaswadi, Pune
- Puducherry

Bankers

- Standard Chartered Bank
- ICICI Bank Ltd.
- IDBI 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 FOURTH Annual General Meeting of Foseco India Limited will be held on Thursday, 21st April 2011 at 1200 HRS (IST) at the registered office of the Company at Gat Nos. 922 & 923, Sanaswadi, Taluka Shirur, District Pune 412208 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st December 2010 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 equity shares for the year ended on 31st December 2010.
3. To appoint Statutory Auditors 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, B S R and Co, Chartered Accountants (ICAI Firm registration number : 128510W), who retire as the Auditors at the conclusion of this Annual General meeting and being eligible have consented to act as the Auditors, be and is hereby re-appointed as the Auditor of the Company to hold office till the conclusion of the next Annual General Meeting. It is further resolved that Mr. Sanjay Mathur, Managing Director be and is hereby authorised to fix their remuneration."

4. To appoint a Director in place of Mr. Mukund M Chitale, 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, subject to the approval of the members, Mr. Francois Wanecq who was appointed as an Additional Director of the Company by the Board of Directors with effect from 21st April 2010 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 from a member 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, not liable to retire by rotation."

"RESOLVED FURTHER that the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

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

"RESOLVED that, pursuant to the provisions of Section 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, as amended or re-enacted from time to time, read in conjunction with Schedule XIII, the maximum performance linked bonus payable to Mr. Sanjay Mathur, Managing Director of the Company is hereby increased to 60% from 50%. **RESOLVED FURTHER** that the Board of Directors be and are hereby authorised to approve the remuneration package of Mr. Sanjay Mathur, which includes basic salary, personal allowance and annual bonus, subject to a maximum limit of Rs. 15,000,000/-."

NOTES:

1. **PROXY:** A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company at the Registered Office not later than 48 hours before the Meeting. 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.
2. **BOOK CLOSURE:** The register of members and share transfer books will remain closed from Friday, 25th March 2011 to Monday, 4th April 2011 (both days inclusive).
3. **DIVIDEND:** If dividend on Ordinary Shares as recommended by the Board of Directors is passed at the meeting, payment of such dividend will be made on Thursday, 19th May 2011 to those members whose names are on the register of members on Friday 25th March 2011. In respect of ordinary shares held in electronic form, the dividend will be payable to the beneficial owner of shares as at the end of business hours on Thursday, 24th March 2011, as per the details furnished by the Depositories for this purpose.
4. **NOTIFICATION BY MEMBERS:** Members holding shares in physical form are requested to notify any change of address or bank mandates to the Registrar & Transfer Agent and / or Compliance Officer by Tuesday, 5th April 2011 or to their respective depository participants if the shares are held in electronic form.

5. **TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND (IEPF):** Pursuant to Section 205A of the Companies Act, 1956 read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rules 2001, all unclaimed / unpaid dividend up to period ended 31 March 2003 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 en-cash their dividend warrants immediately for subsequent years. Members are requested to write to the Company and / or to the Share Transfer Agents, if any dividend warrant is due and pending to be paid so that fresh / re-validated warrants could be issued by the Company.
6. **DEMATERIALIZATION OF SHARES :** Shares of the Company can be held and traded in electronic form. Securities and Exchange Board of India (SEBI) has stipulated the shares of the Company for compulsory delivery in dematerialized form only by all investors from August 2000. In view of the numerous advantages offered by the depository system, members are requested to avail of the facility of dematerialisation of the Company's shares.
7. **ELECTRONIC CLEARING SERVICE (ECS):** SEBI, vide its circular no. DCC/FITTCIR-3/2001 dated October 15, 2001 had advised that all companies should mandatorily use ECS facility, wherever available. In the absence of ECS facility, companies may use warrants for distributing dividends and vide its Circular No. DCC/ FITTCIR-04 2001 dated November 13, 2001 SEBI had advised to mandatorily print bank account details furnished by the depositories on the dividend warrants.
8. **ISIN No.:** ISIN No. as allotted by Bombay Stock Exchange to the Company is – INE519A0101. This is required for trading Company shares in electronic form.
9. **ANNUAL REPORT DISTRIBUTION:** As a measure of economy, copies of the annual report will not be distributed at the annual general meeting.
10. **QUERRIES TO COMPANY SECRETARY / REGISTRARS:** To ensure that shareholders' queries are answered in full, please forward any queries to the Company Secretary (Email ID - aditya.jakhotia@foseco.com) at the registered office on or before 14th April 2011. Members can also contact Link Intime India Pvt. Ltd., Registrars & Transfer Agent of the Company at Block 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Pune 411 001 (Phone No. 020 2605 1629 / 2605 0084, Email: pune@linkintime.co.in)
11. **Profile of Mr. Mukund M Chitale, the Director retiring by rotation:** 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.

He is a practicing Chartered Accountant since 1973, as partner of Mukund M Chitale & Co.; he was the President of the Institute of Chartered Accountants of India during 1997-98. He was also a member of Company Law Advisory Committee of Central Government in 1992 and 1993. Currently he holds Directorship in the following Companies:

Larsen & Tourbo Ltd.
ASREC (India) Ltd.
Ram Ratna Wires Ltd.
Shriram Transport Finance Co. Ltd.
ITZ Cash Card Ltd.
ONGC Petro Additions Ltd.
ONGC Mangalore Petrochemicals Ltd.
Essel Propack Ltd.
L & T General Insurance Company Ltd.

None of the Directors, except Mr. Mukund M Chitale, is interested in this resolution

By Order of the Board of Directors

Aditya Jakhotia
Controller of Accounts
and Company Secretary

Place : Pune
Date : 20 January 2011

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

Item No. 5.

Mr. Francois Wanecq was appointed as an Additional Director at the meeting of the Board of Directors held on 21st April 2010. 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. Francois Wanecq holds a Bachelors Degree in Engineering from Ecole des Mines, Paris. He started his career in 1978 with French Ministry for Industry, and till 1985 was Head of Research and Production Department at Oil and Gas Directorate. Between 1985 to 1995 he held the responsibility as Managing Director of Saint Gobain. In 1995 he joined Arjo Wiggins Appleton plc. as Chief Executive Officer and was a Member of the Board during 1999-2001. He was also the Chairman of the Management Board of Arjo Wiggins SAS during 2001-2004. From 2005 onwards till date Francois Wanecq is the President & CEO of the Vesuvius Group WW HQ. Currently he holds the following positions in various organisations:

Centro Sviluppo Materiali S.p.a.	Director
Vesuvius Advanced Ceramics (Suzhou) Co. Ltd., China	Director
Vesuvius Group S.A., Belgium	Director
Vesuvius Italia S.p.a., Italy	Director
Vesuvius China Holdings Co. Ltd., China	Director
Vesuvius Foundry Products (Suzhou) Co. Ltd., China	Director
Vesuvius Poland Sp., Z.o.o., Poland	Director/Management Board/Officer
Vesuvius Ceska Republika a.s., Czech Republic	Board Member
East Moon Investment (HK Holding) Company Limited, China	Director
Vesuvius VGT-Dyko GmbH, Germany	Director
Vesuvius India Limited, India	Director
Cookson Group Plc., U.K.	Executive Director

None of the Directors, except Mr. Francois Wanecq, is interested in the resolution mentioned in item No. 5.

Item No. 6.

At the 53rd Annual General Meeting held on 21st April 2010, Mr. Sanjay Mathur was re-appointed as the Managing Director of the company for a period of three years from 1st April 2010 to 31st March 2013. His annual remuneration was fixed at a basic salary of Rs. 4,704,924/-, personal allowance of Rs. 2,150,400/- and a maximum performance linked bonus at 50% of his annual basic salary alongwith retiral, benefits and other perquisites.

The Board of Directors, at its meeting on 20th January 2011, reviewed the maximum performance linked bonus payable to Mr. Sanjay Mathur, and recommended an increase to 60% from 50%. In view of this amendment, the Board of Directors would require to be authorised to approve Mr. Sanjay Mathurs' remuneration package, which includes basic salary, personal allowance and annual bonus only, subject to a maximum of Rs. 15,000,000/-.

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

Aditya Jakhota
Controller of Accounts
and Company Secretary

Place : Pune
Date : 20 January 2011

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

20 January 2011

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

We hereby certify that for the financial year 2010 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 2010 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 54th Annual Report and the audited accounts for the year ended 31 December 2010.

1. PERFORMANCE REVIEW

The Indian economy recovered in the year (2010) under review. The foundry segment in which your Company operates also recorded good increase in production levels in the second half of 2010 after the severe downturn which started in end 2008. The Directors are pleased to inform you that your Company delivered a magnificent performance and crossed the milestone of Rs. 200 crores for the first time in its history. The company recorded a gross turnover of Rs. 202.19 crores, Profit Before Tax of Rs. 28.98 crores and Profit After Tax of Rs. 19.30 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 1.93 crores has been credited to General Reserves.

Your Directors have recommend payment of a final dividend of 70% on equity capital for the year ended 31 December 2010, 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 **25 March, 2011**, and
- those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

The Directors have declared 10% first interim dividend in April 2010, 40% second interim dividend in July 2010 and 50% third interim dividend in October 2010 respectively on the equity capital of the Company, 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. 57.50 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 by technology experts from various parts of the Foundry Division.

4. CONSERVATION OF ENERGY

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

5. 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, Rules 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 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. 1,919.37 Lacs (previous year Rs. 1,279.13 Lacs) and capital goods of Rs. 43.12 Lacs (previous year Rs. 34.28 Lacs)

B. EXPORTS

Exports were mainly to the Middle East, ASEAN and China. Exports during the year increased to Rs. 576.75 from Rs. 287.73 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 2010.

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 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, and under Section 217(1)(e) of the said Act read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, forms part of this report. However, as per provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the 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 2010 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 2010 with the SEBI Guidelines on Corporate Governance.

10. SECRETARIAL COMPLIANCE

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. The 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. Company had taken necessary steps in order to meet compliance under Clause 40A of the listing agreement, which specifies minimum public holding of 25% in the total issued and subscribed capital of the company.

Also as required by the Companies Act, 1956, from October 2010 Company had appointed Mr. Aditya Jakhota, as a qualified Company Secretary.

11. COMPLIANCE - 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 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 Practising Company Secretary dated 20th January 2011.

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 2010 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

Mr. Francois Wanecq was appointed as Additional Director on the Board with effect from 21 April 2010 and assumed office as Member of SIGC, Nomination & Remuneration Committee from the said date.

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