

Year 2012



# Foseco India Limited

## 56th Annual Report

Solutions Partner to the Expert Foundryman

# Company information

## Board of Directors

<b>Pradeep Mallick</b>	Chairman
<b>Sanjay Mathur</b>	Managing Director
<b>David Hughes</b>	Director
<b>Chris O'Shea</b>	Director
<b>Mukund M Chitale</b>	Director
<b>Christopher Nail</b>	Director
<b>R Umesh</b>	Compliance Officer
<b>Mahendra Dutia</b>	Controller of Accounts and Company Secretary

## Shareholders / Investors Grievance Committee

<b>Pradeep Mallick</b>	Chairman
<b>Sanjay Mathur</b>	
<b>David Hughes</b>	
<b>Chris O'Shea</b>	
<b>Mukund M Chitale</b>	
<b>Christopher Nail</b>	
<b>R Umesh</b>	Compliance Officer
<b>Mahendra Dutia</b>	Controller of Accounts and 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.

## Audit Committee

<b>Mukund M Chitale</b>	Chairman
<b>Pradeep Mallick</b>	
<b>Chris O'Shea</b>	
<b>R Umesh</b>	Compliance Officer
<b>Mahendra Dutia</b>	Controller of Accounts and 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.

## Nomination Committee

<b>Mukund M Chitale</b>	Chairman
<b>Pradeep Mallick</b>	
<b>David Hughes</b>	
<b>R Umesh</b>	Compliance Officer
<b>Mahendra Dutia</b>	Controller of Accounts and 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

<b>Pradeep Mallick</b>	Chairman
<b>Mukund M Chitale</b>	
<b>David Hughes</b>	
<b>Chris O'Shea</b>	
<b>Christopher Nail</b>	
<b>R Umesh</b>	Compliance Officer
<b>Mahendra Dutia</b>	Controller of Accounts and 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

## Auditors

- B S R and Co.

## Bankers

- Standard Chartered Bank
- ICICI Bank Ltd.
- IDBI Bank Ltd.
- HDFC Bank Ltd.
- State Bank of India
- Indian Overseas Bank
- UCO Bank

## 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

*This annual report is presented in a cost effective form in view of current economic scenario. This is in line with our focus on lean management to maximise shareholder's value.*

## Contents

Notice to the Shareholders	.....2
Certification by CEO & CFO	.....6
Report of the Directors	.....7
Management Discussion & Analysis	.....13
Corporate Governance Report	.....16
Nomination Committee Report	.....25
Remuneration Committee Report	.....25
Shareholders' and Investors' Grievance Committee Report	.....26
Audit Committee Report	.....27
Corporate Social Responsibility Policy	.....28
Code of Conduct and Ethics	.....29
Whistleblower Policy	.....31
Integrated Management System Policy	.....32
Strategic Risk Management Policy	.....33
Dissemination of Information to the Market	.....35
Auditors' Report	.....38
Balance Sheet	.....42
Statement of Profit and Loss	.....43
Notes to Financial Statements	.....44
Cash Flow Statement	.....67
Attendance Slip and Proxy Form	.....69
ECS Mandate Form	.....71
Financial Highlights	.... inside back cover

## Notice to the Shareholders

**NOTICE IS HEREBY GIVEN THAT** the FIFTY SIXTH Annual General Meeting of Foseco India Limited will be held on Monday, April 22, 2013 at 11.00 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 of the Company as at 31st December 2012 and the Statement of Profit & Loss 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 63,86,459 equity shares for the year ended on 31st December 2012.
3. To appoint a Director in place of Christopher Nail, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration and in this connection to consider and if thought fit, to pass, with or without modification, the following resolution 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 no. 128510W), be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting at the remuneration and terms to be determined by the Board of Directors of the Company."

### SPECIAL BUSINESS:

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

"RESOLVED that Christopher O' Shea who was appointed as a Nominee Director of the Company pursuant to Article 132 of the Articles of Association of the Company with effect from 21st January, 2013 by the Board of Directors, be and is hereby appointed as a permanent non-retiring nominee Director of the Company, not liable to retire by rotation."

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, 310, 311 and any 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, consent of the Company be and is hereby accorded to the re-appointment of Sanjay Mathur, as Managing Director of the Company for a further period of 3 years effective from 1st April, 2013 to 31st March, 2016 on the following terms and conditions:

#### i) Re-appointment Date and Period

The re-appointment is effective from 1st April, 2013 for a period of 3 years ending on 31st March, 2016.

#### ii) Notice Period / Termination

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

#### iii) Remuneration

##### a. Salary

Sanjay Mathur's basic salary will be Rs. 80,88,864/- per annum and personal allowance of Rs. 36,97,032/- per annum, paid in monthly arrears, appropriate tax will be deducted at source in accordance with Indian Tax Regulations.

##### b. Retirement Benefits

Sanjay Mathur will receive retirement benefits in accordance with the company's policy.

##### c. Performance Bonus

Sanjay Mathur will be eligible for performance linked bonus as per the rules of the Company applicable to the Managing Director and will be subject to tax deduction at source under the Indian tax regulations.

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

##### d. Car

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

**e. Other Benefits**

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

**iv) Connected Person - Insider Dealing**

Under the terms of the company's Insider Dealing Code, Sanjay Mathur will be connected person and therefore his re-appointment is subject to him signing the code.

"RESOLVED FURTHER that the Board of Directors be and are hereby authorised and empowered to alter, vary or modify the above terms and conditions within the maximum remuneration approved to be payable to him, which includes basic salary, personal allowance and annual bonus of Rs. 2,00,00,000/- per annum, without any further approval of the Company in a General Meeting."

**NOTES:**

1. **PROXY: A member of a company entitled to attend and vote at the meeting shall be entitled to appoint another person as his/her proxy to attend and vote instead of himself/herself 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 start of the meeting. Members are requested to sign the attendance slip annexed to the proxy form and hand it over to the Company Secretary at the meeting.
2. **BOOK CLOSURE:** The register of members and share transfer books will remain closed from Saturday 23rd March, 2013 to Friday 29th March, 2013 (both days inclusive).
3. **DIVIDEND:** If dividend on ordinary shares as recommended by the Board of Directors, is approved at the meeting, payment of such dividend will be made on Friday, 17th May, 2013 to those members whose names appear on the register of members on 23rd March, 2013.
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 the Compliance Officer by Friday 22nd March, 2013 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 3rd interim dividend of 2005 has been transferred to the Investors 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 years. Members are requested to write to the Company and/or Share Transfer Agents, if any dividend warrant is not encashed so that fresh / re-validated warrants could be issued by the Company.
6. **DEMATERIALISATION OF SHARES:** Shares of the Company can be held and traded in electronic form. Securities and Exchange Board of India (SEBI) has stipulated compulsory delivery of the shares of the Company in dematerialised form only. 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 15th October 2001 had advised all companies to mandatorily use ECS facility, wherever available and in the absence of ECS facility, companies may use warrants for distributing dividends. SEBI vide its Circular No. D & CC/ FITTCIR-04/2001 dated 13th November 2001 advised all companies to mandatorily print bank account details furnished by the depositories on the dividend warrants.
8. **ISIN No.:** ISIN No. allotted by Bombay Stock Exchange to the Company is INE519A0101. This is required for trading of Company shares in electronic form.
9. **ANNUAL REPORT DISTRIBUTION:** In line with the Green Initiative of the Ministry of Corporate Affairs, SEBI vide its circular CIR/CFD/DIL/7/2011 dated 5th October 2011 in amendment to Clause 42 of Equity Listing Agreement advised that hard copy of full Annual Reports containing Balance Sheet, Statement of Profit and Loss, Directors' Report, Auditors' Report etc. be sent to only those shareholders who have not registered their email addresses. Shareholders who have registered their email addresses be sent soft copies of full Annual Reports containing Balance Sheet, Statement of Profit and Loss, and Directors' Report etc. However, the shareholder continues to retain the right to request the Company for a hard copy of the Annual Report.
10. **PROFILE OF CHRISTOPHER NAIL, DIRECTOR, RETIRING BY ROTATION :** Christopher Nail born on 16th May, 1953 was appointed as a Non-Executive Foseco Retiring Director at the meeting of the Board of Directors held on 20th January 2012. He graduated in Chemistry from The University of Bath in 1975 with a BSc. From 1975 to 1977, Christopher worked with Catalin Limited, a resin manufacturer based in London, as research chemist. In 1977 he worked with Foseco International Limited in their resin binder R & D department in Nechells, Birmingham. In 1980, Christopher Nail was transferred to Foseco Pty. Limited, in Padstow, NSW., Australia as Product Manager, Binders

and Coatings. In 1984 he was transferred to Foseco (FS) Limited at Tamworth, U.K. as Product Manager, Binders and Coatings. In 1988 Nail returned to Australia and progressively rose from Product Manager to Chief Executive Officer in 1998.

In 2008, he relocated to Kobe, Japan to take on the position of President, Foseco Japan Limited. The position was soon to include Korea as Area Director North Asia. Christopher was the initial Chairman of BTSG (Binder Technology Steering Group) and has chaired global task forces from time to time. He is a member of the Australian Foundry Institute and a Past President of the Institute of Refractory Engineers, Australian Branch.

Currently Christopher is on the Boards of Foseco Japan Limited, Foseco Korea Limited, Foseco Pty Lt (Australia) and Vesuvius New Zealand Limited.

Presently, he does not hold directorship in any of the public companies in India. He is a member of the Shareholders'/ Investors' Grievance and Remuneration Committees of the Company.

Christopher does not hold any shares in the Company.

None of the Directors, except Christopher Nail is interested in this resolution.

11. **QUERIES TO COMPANY SECRETARY / REGISTRARS:** To ensure that shareholders' queries are answered in full, please forward any queries on or before 15th April 2013, to the Company Secretary (Phone No. +91 2137 668100, Email ID - mahendra.dutia@foseco.com) at the Company's Registered Office. Members can also send their queries to Link Intime India Pvt. Ltd., Registrars & Transfer Agents 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)

Place: Pune  
Date: February 4, 2013

By Order of the Board of Directors  
**Mahendra Kumar Dutia**  
Controller of Accounts &  
Company Secretary

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

##### **Item No. 5**

In accordance with Article 132 of the Articles of Association of your Company, Foseco Overseas Limited has nominated Christopher O' Shea as a permanent non-retiring nominee director. The Board of your Company at its meeting held on 21st January, 2013 appointed Christopher O' Shea as a permanent non-retiring nominee director in place of Francois Wanecq.

Christopher O' Shea born on 23rd October, 1973 is a British National and serves as the Finance Director of Vesuvius plc. He joined Cookson plc. (Group Company of Vesuvius plc.) on 11 October 2012. Prior to joining Cookson, Christopher held a number of senior finance roles at BG Group, latterly serving as Chief Financial Officer for the group's businesses in Africa, the Middle East and Asia. From 1998 to 2005 Christopher worked in the UK, the US and Nigeria for Royal Dutch Shell in a variety of roles, including Chief Financial Officer for Shell's offshore exploration and production business in Nigeria. Christopher is a Chartered Accountant with an MBA from Duke University, and has also worked for Ernst & Young.

Presently, Christopher O' Shea does not hold directorship in any of the public companies in India. He is a member of the Audit, Shareholders' / Investors' Grievance and the Remuneration Committees of the Board of the Company.

He does not hold any shares in the Company.

The Company has received notice from a member under Section 257 of the Act along with a fee of Rs 500/-, in respect of Christopher O' Shea, proposing his appointment as a Director of the Company.

None of the Director, except Christopher O' Shea is interested in this resolution.

**Item No. 6.**

Sanjay Mathur was appointed as a Managing Director for a period of 3 years from 1st April, 2010 to 31st March, 2013.

The Board reviewed the performance of Sanjay Mathur and recommends appointing him for a further period of three years from 1st April, 2013 to 31st March, 2016.

Sanjay Mathur born on 5th November, 1964 is a Bachelor of Engineering (Chemical) from Punjab University, Chandigarh and has also done Advanced Management Programme from Melbourne Business School, Master of Marketing from Monash University, Australia and holds Diploma in Financial Management (Dip. FM) from ACCA, UK. Sanjay Mathur has undergone numerous leadership and management development training programmes during his career. He has a wide-ranging experience across various functions and has worked with J.K. Synthetics Ltd, Bharat Petroleum Corporation Ltd. and the Shell Group. He was the Supply Chain & Industrial Sales Manager and Acting General Manager of a Shell JV in the Middle East between 1998 and 2003. In 2003 Sanjay Mathur took over as Managing Director of Pennzoil-Quaker State India Limited, Mumbai after its acquisition by Shell in October 2002. Presently, he is in charge of Foundry Division of the Vesuvius Group for India and ASEAN Countries and is also a member of the Shareholders Investors' Grievance Committee of the Board.

Sanjay Mathur holds the office of Directorship with Foseco (Thailand) Limited, Foseco International Holding (Thailand) Limited, Foseco Philippines Inc. and P. T. Foseco Indonesia.

He does not hold any shares in the Company.

At the 55th Annual General Meeting held on 25th April 2012, maximum limit of remuneration package which includes basic salary, personal allowance and annual bonus payable to Sanjay Mathur was fixed at Rs. 2,00,00,000/- per annum. Authority of the shareholders be given to the Board to revise his salary from time to time up to the maximum limit as above. The Board of Directors recommends the reappointment of Sanjay Mathur and also to fix the remuneration package as laid down in special business item no. 6 of notice to the shareholders for passing subject to Central Government's permission, if any, required.

None of the Directors, except Sanjay Mathur is interested in this resolution.

Place: Pune  
Date: February 4, 2013

By Order of the Board of Directors  
**Mahendra Kumar Dutia**  
Controller of Accounts &  
Company Secretary

**The Board of Directors  
Foseco India Limited  
Sanaswadi,  
Pune - 412 208**

21<sup>st</sup> January 2013

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

We hereby certify that for the financial year 2012 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 2012 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 56th Annual Report and the audited accounts for the year ended 31 December 2012.

### 1. PERFORMANCE REVIEW

The year 2012 saw India getting adversely impacted by the weakening global economic scenario. The rate of GDP growth fell to nearly 5 per cent by the end of the year. The inflation remained persistently high and the exchange rate fluctuated sharply creating a highly challenging industrial scenario in the country. The IIP (Index of Industrial Production) contracted in six out of twelve months of the year. The foundry industry segment in which your Company operates faced challenges of high input and finance costs and tight liquidity. Southern India, having the largest clusters of foundries, suffered from acute power shortage for most part of the year, thereby causing loss of production at these units.

Your Directors would like to inform that your Company recorded good results in 2012 against the adverse economic and industrial scenario. It reported a record gross turnover of Rs. 27277.38 Lacs, Profit Before Tax of Rs. 3225.87 Lacs and Profit After Tax of Rs. 2181.50 Lacs.

The Management Discussion and Analysis Report annexed provide a more detailed review of the operating performance.

### 2. DIVIDEND & APPROPRIATIONS

An amount of Rs 218.15 Lacs has been credited to General Reserves during the year.

Your Directors have recommended payment of a final dividend of 70% on paid-up equity share capital for the year ended 31 December 2012, which, if approved by the members, will be paid to the:

Equity shareholders whose names appear in the register of members on 23 March 2013 and

Beneficial owners whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

The Board had declared 10% first interim dividend in April 2012, 40% second interim dividend in July 2012 and 20% third interim dividend in October 2012 on the paid-up equity share capital of the Company and this has been paid to registered holders of equity shares. The total of the interim and proposed final dividends is 140% of paid-up equity share capital.

### 3. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

Your Company continues to place significant importance on Research and Development as the primary means of continuously advancing its product technology. A sum of Rs. 76.87 Lacs was spent during the year towards Research & Development. 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. INTEGRATED MANAGEMENT SYSTEM POLICY

The Company has adopted an integrated management system comprising of quality management system, environmental management system and occupational health & safety management system in accordance with ISO and OHSAS Standards in line with Rule 73-L (5)d of the Maharashtra Factories Rules 1963, made under the Maharashtra Factories Act, 1948.

### 6. IMPORTS / EXPORTS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

#### A. IMPORTS

Imports of raw materials during the year amounted to Rs.1947.11 Lacs (previous year Rs. 1,564.93 Lacs) and capital goods & spares of Rs.32.38 Lacs (previous year Rs. 113.31 Lacs).

#### B. EXPORTS

Exports were mainly to Middle East, ASEAN and China. Exports during the year increased to Rs. 1093.67 Lacs from Rs. 869.65 Lacs in the previous year.

### **C. EARNINGS AND OUTGO**

Details are provided under Point 6.1 to 6.4 of Note 28 of "Notes to Financial Statement" for the year ended 31st December 2012.

### **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 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 Company Secretary 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 ended 31st December 2012 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 31st December 2012 with the SEBI Guidelines on Corporate Governance.

### **10. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act 1956, your Directors confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed with no material departures;
- b) they 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 at the end of the financial year and of the profit of the Company for the same period;
- c) they 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;
- d) they have prepared the annual accounts on a going concern basis.

### **11. DIRECTORS**

In accordance with Article 132 of the Articles of Association of your Company, Foseco Overseas Limited is entitled to nominate directors who shall be permanent non-retiring Director on the Board of your Company, such that the total number of Directors shall not exceed one-third of the total number of Directors on the Board of Directors. Foseco Overseas Limited can also replace its director in place of the existing director.

Your company has received a letter dated 16 January 2013 from Foseco Overseas Limited expressing its intention to replace their existing permanent non-retiring nominee director, Francois Wanecq with Christopher O' Shea. In accordance therewith the Board of your Company at its meeting held on 21st January, 2013 appointed Chris O' Shea as a permanent non-retiring nominee director in place of Francois Wanecq. Your Board wishes to place on record their appreciation of the valuable contribution made by Francois Wanecq in furthering the objective of your company.

Christopher O' Shea is a British National and serves as a Finance Director of Vesuvius plc. He joined Cookson plc. (Group Company of Vesuvius plc.) on 11 October 2012. Prior to joining Cookson, Christopher held a number of senior finance roles at BG Group, latterly serving as Chief Financial Officer for the group's businesses in Africa, the Middle East and Asia. From 1998 to 2005 Christopher worked in the UK, the US and Nigeria for Royal Dutch Shell in a variety of roles, including Chief Financial Officer for Shell's offshore exploration and production business in Nigeria. Christopher is a Chartered Accountant with an MBA from Duke University, and has also worked for Ernst & Young.

Your Board is glad to welcome Christopher O' Shea on the Board of the Company and looks forward to gain from the wide ranging experience he brings with him.