



Solutions Partner to the
Expert Foundryman

Company Information

Board of Directors

Pradeep Mallick	Chairman
Sanjay Mathur	CEO & Managing Director
David Hughes	Director
Chris O'Shea	Director
Ajit Shah	Director
Christopher Nail	Director
R Umesh	CFO & Compliance Officer
Mahendra Dutia	Controller of Accounts and Company Secretary

Shareholders and Investors Grievance Committee

Pradeep Mallick	Chairman
Sanjay Mathur	
David Hughes	
Chris O'Shea	
Ajit Shah	
Christopher Nail	
R Umesh	CFO & Compliance Officer
Mahendra Dutia	Controller of Accounts and Company Secretary

Terms of Reference : The terms of reference fully conform to Clause 49 of the Listing Agreement.

Audit Committee

Ajit Shah	Chairman
Pradeep Mallick	
Chris O'Shea	
R Umesh	CFO & Compliance Officer
Mahendra Dutia	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

Ajit Shah	Chairman
Pradeep Mallick	
David Hughes	
R Umesh	CFO & Compliance Officer
Mahendra Dutia	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

Pradeep Mallick	Chairman
Ajit Shah	
David Hughes	
Chris O'Shea	
Christopher Nail	

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.

Contents

Registered Office

Gat Nos. 922 & 923,
Sanaswadi, Taluka Shirur,
District Pune 412 208
Tel.: (02137) 668100
Fax: (02137) 668360
Website : www.fosecoindia.com

Factories

- Sanaswadi, Pune
- Puducherry

Statutory 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
Tel.: 020 2616 0084
Fax : 020 2616 3503
Website : pune@linkintime.co.in

Notice to the Shareholders	.....2
Certification by CEO & CFO	.....5
Declaration pursuant to clause 49 I (D) of the listing agreement	.....6
Directors' Report	.....7
Management Discussion & Analysis	.....12
Corporate Governance Report	.....17
Corporate Social Responsibility Policy	.....27
Code of Conduct and Ethics	.....28
Whistleblower Policy	.....30
Integrated Management System Policy	.....31
Strategic Risk Management Policy	.....32
Dissemination of Information to the Market	.....33
Independent Auditors' Report	.....36
Balance Sheet	.....40
Statement of Profit and Loss	.....41
Notes to Financial Statements	.....42
Cash Flow Statement	.....66
Attendance Slip and Proxy Form	.....69
ECS Mandate Form	.....71
Nomination Form	.....73
Financial Highlights	.... inside back cover

Notice to the Shareholders

NOTICE IS HEREBY GIVEN THAT the FIFTY SEVENTH Annual General Meeting of **Foseco India Limited** will be held on Tuesday, April 22, 2014 at 1200 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 2013, the Statement of Profit & Loss and the Cash Flow Statement for the year ended on that date, including any explanatory note annexed to, or forming part of, the aforementioned documents, 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 2013.
3. To appoint a Director in place of Pradeep Mallick, 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 Annual General 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 Ajit Shah who was appointed as an Additional Director of the Company with effect from 17th October, 2013 by the Board of Directors 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 as such up to the date of this Annual General Meeting and in respect of whom the Company has received a notice proposing his candidature under Section 257 of the Companies Act, 1956, 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 with or without modification, the following resolution as an **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 1st January 2014 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 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 at the gate.
2. The proxy form should be signed by the appointer or his/her attorney duly authorised in writing or, if the appointer is a body corporate, the proxy form should be signed by an officer of the Company under his/her official seal or an attorney duly authorised by him/her.
3. The Register of Members and Share Transfer Books will remain closed from Saturday, 12th April 2014 to Tuesday, 22nd April 2014 (both days inclusive).
4. Payment of dividend, if approved at the Annual General Meeting, will be made on or before 21st May, 2014.
5. Members holding shares in physical form are requested to intimate any change in address, name, bank details, mandates in respect of National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), nominations, e-mail address, contact numbers, etc., to the Company's Registrar & Transfer Agents, Link Intime India Pvt. Ltd., at Block 202, 2nd Floor, Akshay Complex, Off Dhole Patil Road, Pune - 411 001 (Phone No. 020-2616 0084, Fax : 020-2616 3503 Email: pune@linkintime.co.in) for providing efficient and better services.

Members holding shares in dematerialised form are requested to intimate such changes to their respective depository participants.

6. **TRANSFER OF UNCLAIMED/UNPAID DIVIDENDS 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 2006 has been transferred to the Investors Education and Protection Fund set up by the Central Government. No claim shall lie against the IEPF or the Company for the amounts so transferred. Members are therefore requested to encash their dividend warrants immediately for subsequent years to prevent possible loss of dividend. Members should refer to the **"Corporate Governance Report"** for information in connection with the unclaimed / unpaid dividend. Members are requested to write to the Company and/or Share Transfer Agents, if any dividend warrants are not encashed so that fresh / re-validated warrants could be issued by the Company.
7. In line with the Green Initiative of the Ministry of Corporate Affairs, hard copy of the Annual Report containing Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Directors' Report, and Auditors' Report etc. will be sent to those shareholders who have not registered their e-mail addresses. Shareholders who have registered their e-mail addresses will be sent the soft copies. However, a shareholder continues to retain the right to request the Company for a hard copy of the Annual Report.
8. To ensure that shareholders' queries are answered in full, shareholders are requested to write to the Company at an early date at the e-mail ID - mahendra.dutia@foseco.com.
9. A Statement as required by Section 102 of the Companies Act, 2013 is annexed to this Notice.

Registered Office :
Gat Nos. 922 & 923, Sanaswadi,
Taluka Shirur, District Pune 412 208

Date: January 21, 2014

By Order of the Board of Directors

Mahendra Kumar Dutia
Controller of Accounts &
Company Secretary

STATEMENTS AS REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

In accordance with Article 137 of the Articles of Association of your Company, Ajit Shah was appointed as a Non-Executive Independent Director on the Board of Directors of Foseco India Limited on 17th October, 2013. In terms of Section 260 of the Companies Act, 1956, Ajit Shah holds office as an Additional Director upto the date of the ensuing Annual General Meeting and being eligible, offers himself for appointment as Director. The Company has received notice from a Member under Section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/-, in respect of Ajit Shah, proposing his appointment as a Director of the Company.

Ajit Shah aged 67 years is an eminent Chartered Accountant in practice since 1971. He is a Senior Partner at M. A. Parikh & Co., a firm of Chartered Accountants at Mumbai. His credentials are :

- i) Specialisation in the field of audits and assurances, domestic and international transfer pricing, valuation and consultancy in the field of finance and taxation;
- ii) Associated as consultant with well-known multinational groups like Merck, Germany, WPP Group, UK, American President Lines, Singapore, Mitsui OKS Lines, Japan and certain Tata Group companies;
- iii) Serves on the Board of Mount Everest Minerals Water Limited (a Tata Group company) as a Director and also as the Chairman of the Audit Committee of the Board of the Company.

Ajit Shah is the Chairman of the Audit Committee and the Nomination Committee of the Board of the Directors of the Company and also a Member of the Shareholders' and Investors' Grievance Committee and the Remuneration Committee of the Board of the Company.

He does not hold any shares in the Company. He is not related to any Directors of the Company

None of the Directors, Manager or any other key managerial personnel or any of their relatives, except Ajit Shah, in his capacity of being a Director, is concerned or interested, whether financially or otherwise, in this Resolution.

Item No. 6.

Members may recall that at the 51st Annual General Meeting of the Company held on 22nd April, 2008, 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 Directors and Special Directors and foreign Foseco-nominated Directors for the period of 5 years from 1st January 2009 to 31st December 2013. It is recommended that the payment of commission to the Directors be extended for a period of five years from 1st January 2014 in relation with their contribution, expertise and knowledge they bring to the Company.

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

None of the Directors, Manager or any other key managerial personnel or any of their relatives, other than the Indian non-whole-time Directors in their capacity of being the Director(s), is / are concerned or interested, whether financially or otherwise in passing this Resolution as it pertains to the payment of commission to them .

Registered Office :

Gat Nos. 922 & 923, Sanaswadi,
Taluka Shirur, District Pune 412 208

By Order of the Board of Directors

Mahendra Kumar Dutia

Controller of Accounts &
Company Secretary

Date: January 21, 2014

Details of Director(s) seeking re-appointment at the Annual General Meeting

Particulars	Pradeep Mallick
Date of Birth	20 th November, 1942
Date of Appointment	21 st October, 2011
Qualifications	<ul style="list-style-type: none"> • Graduate in Electrical Engineer, B.Tech from IIT Madras • Chartered Engineer of the Fellow of the Institution of Engineering & Technology (FIET), London • Diploma in Business Management from UK.
Expertise in specific functional areas	<ul style="list-style-type: none"> • Worked extensively in the field of Power Distribution & Power Transmission, managing large turnkey projects in India, Gulf, West Asia and North Africa. • A Strategic Adviser cum Sounding Board to CEOs and an Executive Coach / Mentor to Corporate Executives, focusing on Leadership Development.
Directorship held in other public companies (excluding Foseco India Limited, Foreign companies and Section 25 companies, Private Limited Companies and Companies where he/she is an Alternate Director)	<ul style="list-style-type: none"> • Automotive Stampings and Assemblies Limited • Gujarat Pipavav Port Limited • Blue Star Limited • ESAB India Limited
Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Shareholders' and Investors' Grievance Committee)	<p>Audit Committee</p> <ul style="list-style-type: none"> • Automotive Stampings and Assemblies Limited • Gujarat Pipavav Port Limited • Blue Star Limited • ESAB India Limited <p>Shareholders' and Investors' Grievance Committee Nil</p>
Number of Shares held in the Company	Nil
Relationship with any Director(s) of the Company	No

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

21st January 2014

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

We hereby certify that for the financial year ended 31st December, 2013 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 financial year 2013 which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting 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, if any, 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 the year.
 - (b) there have been no significant changes in accounting policies during the 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

DECLARATION PURSUANT TO CLAUSE 49 I (D) OF THE LISTING AGREEMENT

As required under Clause 49 I (D)(ii) of the Listing Agreement with the Stock Exchanges, this is to confirm that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company in respect of the financial year ended 31st December, 2013.

For Foseco India Limited

Place : Pune
Date : January 21, 2014

Sanjay Mathur
Managing Director

Directors' Report

Your Directors are pleased to present the Company's 57th Annual Report and the audited accounts for the year ended 31 December 2013.

1. PERFORMANCE REVIEW

The year 2013 saw India getting adversely impacted by the weakening global economy. The rate of GDP growth fell to sub 5 per cent by the end of the year, the lowest in a decade. 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 cumulatively 0.1% for the April - December 2013 period signalling that the slowdown of the economy was well entrenched. The foundry industry segment in which your Company operates faced challenges of excess capacity, high input costs due adverse exchange rates and exorbitant power and fuel costs. Higher interest cost crippled the liquidity in the Foundry Industry apart from affecting the sales growth. 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.

During the year under review, your Company achieved a lower gross turnover of Rs. 25022.06 Lacs against Rs. 27277.38 Lacs achieved in the previous financial year. Profit Before Tax fell to Rs. 2713.53 Lacs (previous year: Rs. 3225.87 Lacs) and Profit After Tax dropped to Rs. 1782.05 Lacs (previous year: Rs. 2181.50 Lacs).

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

2. DIVIDEND & APPROPRIATIONS

An amount of Rs. 178.21 Lacs (previous year: Rs. 218.15 Lacs) has been credited to General Reserves during the year.

For the year ended 31st December, 2013, your Directors have recommended payment of a final dividend of 155% on paid-up equity share capital (i.e., Rs. 15.50 per share), which includes a special one-time dividend of 125% on paid-up equity share capital (i.e., Rs. 12.50 per share), which, if approved by the Members, will be paid to the:

Equity Shareholders whose names appear in the Register of Members on 22nd April, 2014 and

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

The Board had declared 15% first interim dividend in April 2013, 30% second interim dividend in August 2013 and 45% third interim dividend in October 2013 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 245% (inclusive of special one-time dividend of 125%) 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.88.86 Lacs (previous year 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 travelling 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 overseas affiliates of the Foundry Division.

4. CONSERVATION OF ENERGY

Continued efforts were made 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 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, 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.1787.21 Lacs (previous year: Rs. 1947.11 Lacs) and capital goods & spares of Rs. 35.72 Lacs (previous year: Rs. 32.38 Lacs).

B. EXPORTS

Exports were mainly to Middle East, ASEAN and China. Exports during the year decreased marginally to Rs.1045.54 Lacs from Rs. 1093.67 Lacs in the previous year.

C. EARNINGS AND OUTGO

Details are provided under Point 5.1 to 5.3 of Note 28 of "Notes to Financial Statements" for the year ended 31st December 2013.

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 (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 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 2013 is attached to the Balance Sheet.

9. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the 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 2013 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

Ajit Shah was appointed as an Additional Director on the Board of the Company with effect from 17th October, 2013. As an Additional Director, Ajit Shah holds office upto the date of the ensuing Annual General Meeting and being eligible, offers himself for appointment as Director. The Company has received notice from a Member under Section 257 of the Companies Act, 1956 along with a deposit of Rs. 500/-, in respect of Ajit Shah, proposing his appointment as a Director of the Company.

Pradeep Mallick retires by rotation as Director at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

A brief resume and other detail of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting as required under Clause 49(IV)(G) of the Listing Agreement are provided in the Notice of the Annual General Meeting and forms part of this Annual Report.

During the year under review, Mukund Chitale resigned from the Board of the Company. Your Directors wishes to place on record their appreciation of the valuable contribution made by him during his tenure.