

**Vesuvius India Ltd.**  
Annual Report 2005

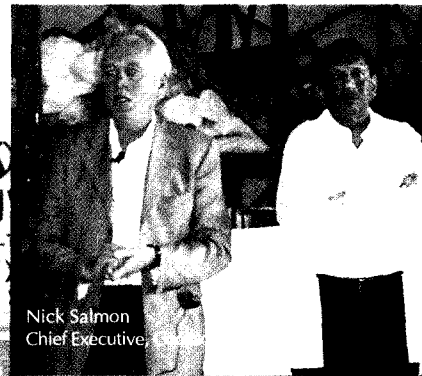
Report

Journal

**WE  
AND THE  
CUSTOMER  
LET US  
GROW TOGETHER**



## Foreign Visits



## Annual General Meeting



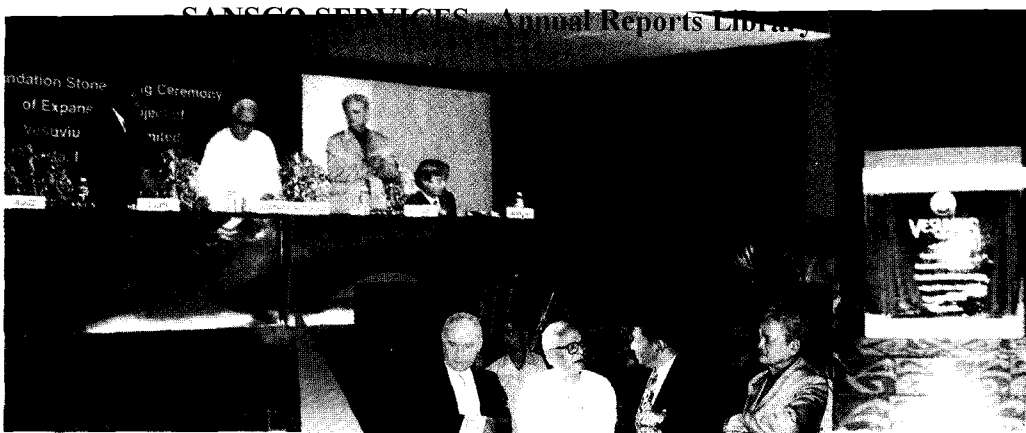
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## Social responsibility : local infrastructure improved



Cover : Photo of tree at Visakhapatnam Plant  
taken by T. Antony





Foundation Stone laid by Shri Buddhadeb Bhattacharya, Chief Minister of West Bengal

Signing of first Total Refractories Management contract with Usha Martin Industries Ltd



Signing of MOU with Bokaro Steel Plant



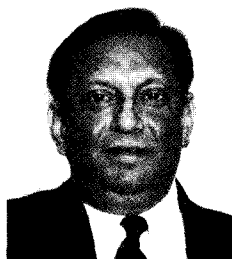
10th Anniversary Celebrations



## Board of Directors



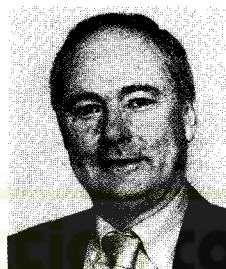
Dr. Saibal Kanti Gupta  
*Chairman*



Biswadip Gupta  
*Managing Director*



Jean-Pierre Malherbe



Dr. Luigi Giulio Gramizzi  
*(from 28.2.2006)*



Claude Dumazeau



Shekhar Datta



Nitendra Mohan Ghose



Sudipto Sarkar  
*(from 26.7.2005)*



Alan John Ridley  
*(upto 28.2.2006)*



## MANAGEMENT DIRECTORS

Dr. Saibal Kanti Gupta  
Chairman  
Jean-Pierre Malherbe  
Claude Dumazeau  
Dr. Luigi Giulio Gramizzi (from 28.2.2006)  
Alan John Ridley (upto 28.2.2006)  
Shekhar Datta  
Nitendra Mohan Ghose  
Sudipto Sarkar (from 26.7.2005)  
Biswadip Gupta  
Managing Director

## MANAGEMENT COMMITTEE

### Audit Committee

Dr. Saibal Kanti Gupta  
Chairman  
Shekhar Datta  
Nitendra Mohan Ghose  
Dr. Luigi Giulio Gramizzi (from 28.2.2006)  
Alan John Ridley (upto 28.2.2006)  
Sudipto Sarkar (from 26.7.2005)

### Share Transfer &

### Investor Grievance Committee

Dr. Saibal Kanti Gupta  
Shekhar Datta  
Nitendra Mohan Ghose  
Biswadip Gupta  
Sudipto Sarkar (from 26.7.2005)

## MANAGEMENT STAFF

Taposh Dominic Roy  
Email : Taposh.Roy@in.vesuvius.com

## MANAGEMENT PERSONNEL

Biswadip Gupta  
Managing Director  
Tarun Kanti Basu  
General Manager - Sales  
Susanta Kumar Bandyopadhyay  
General Manager - HRD  
Bappaditya Chakraborty  
General Manager - Projects  
Sanjoy Dutta  
Controller  
Narayan Chandra Mukherjee  
Consultant - Director

## AUDITORS

### Lovelock & Lewes

Plot No. Y-14, Block-EP, Sector -V  
Salt Lake Electronic Complex  
Bidhan Nagar  
Kolkata 700 091

## BANKERS

Hongkong Bank  
State Bank of India  
United Bank of India

## MANAGEMENT & SHARE TRANSFER AGENTS

### CB Management Services (P) Ltd

P-22 Bondel Road  
Kolkata 700 019  
Tel : (033) 2280 6692-94/ 2486/ 2937  
Fax : (033) 2287 0263  
Email : cbmsl1@cal2.vsnl.net.in

## REGISTERED OFFICE

P-104 Taratolla Road  
Kolkata 700 088  
Tel : (033) 2401 2842/ 3898/ 0215  
Fax : (033) 2401 3976/ 1235  
Email : vesuviusindia@in.vesuvius.com

### Kolkata Factory :

P-104 Taratolla Road  
Kolkata 700 088  
Tel : (033) 2401 2842/ 3898/ 0215  
Fax : (033) 2401 1235  
Email : Saibal.Bandyopadhyay@in.vesuvius.com

### Visakhapatnam Factory :

Plot No. 13, 14 & 15, Block "E"  
IDA Autonagar  
Visakhapatnam 530 012  
Tel : (0891) 2749120; 2755419; 2755408  
Fax : (0891) 2587511  
Email : Tumma.Antony@in.vesuvius.com

### Mehsana Factory :

212/B, G.I.D.C. Estate  
Mehsana 384 002, Gujarat  
Tel : (02762) 252948 / 949  
Fax : (02762) 252909  
Email : Subrata.Talukdar@in.vesuvius.com



Notice

**Notice** is hereby given that the Fifteenth Annual General Meeting of the Company will be held at G D Birla Sabhaghar, 29, Ashutosh Chowdhury Avenue, Kolkata 700019 on Thursday, April 20, 2006 at 10:30 a.m. to transact the following business:

1. To receive and adopt the Audited Accounts for the year ended on December 31, 2005, and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr Shekhar Datta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr Claude Dumazeau, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company 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, Messrs Lovelock & Lewes, Chartered Accountants, be and are hereby re-appointed Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration and on terms plus out-of-pocket expenses as may be determined by the Board of Directors of the Company."

#### SPECIAL BUSINESS

6. To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution of which due notice in writing under Section 257 of the Companies Act, 1956, has been received by the Company from a member :

**"RESOLVED** that Mr Sudipto Sarkar be and is hereby appointed a Director of the Company."

#### Registered Office :

P-104 Taratolla Road  
Kolkata 700 088  
February 28, 2006

By Order of the Board of Directors

**Taposh Roy**  
Company Secretary

#### Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of self and such proxies 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.
2. The Register of Members of the Company will remain closed from **April 12, 2006 to April 20, 2006**, both days inclusive.
3. The dividend to be declared at this meeting, will, subject to the provisions of Section 206A of the Companies Act, 1956, be deposited with the Bank within April 25, 2006 and dividend warrants will be despatched on or after April 26, 2006 to those members whose names appear on the Register of Members on April 20, 2006 or to their mandatees. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by the National Securities Depositories Ltd. and Central Depository Services (India) Ltd., for this purpose.
4. Payment of dividend will be rounded off pursuant to the provisions of Section 288B of the Income Tax Act, 1961 and Rule 23 of the Companies (Central Government's) General Rules & Forms, 1956. Dividend Tax will be paid by the Company pursuant to section 115O of the Income Tax Act, 1961.
5. Members are requested to contact **M/s C B Management Services (P) Ltd, Registrars and Share Transfer Agents of the Company at P-22, Bondel Road, Kolkata 700 019** for recording any change of address, bank mandate, ECS or nominations and for redressal of complaints or contact the Company Secretary at the Registered Office or by email at Taposh.Roy@in.vesuvius.com.
6. Notices pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 have been sent to all members concerned in January 2006.
7. Dividend for the year ended March 31, 1999 which was declared at the AGM held on August 25, 1999 and remaining unclaimed will be transferred to the Investor Education and Protection Fund of the Central Government on October 3, 2006 pursuant to the provisions of section 205A of the Companies Act, 1956. Thereafter no claim shall lie on these dividend from the members. Members are requested to lodge their claims with the Registrars & Share Transfer Agents immediately. Reminder letters have been sent to the shareholders concerned.





8. Pursuant to Clause 49 of the Listing Agreements with the stock exchanges, it is informed that Mr Shekhar Datta and Mr Claude Dumazeau retire by rotation in accordance with the Articles of Association of the Company at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

**Item No. 3 :** Mr Datta is a Mechanical Engineer (London) and Fellow of All India Management Association. He is the past President of Confederation of India Industry (CII), Bombay Chamber of Commerce & Industry and Indo-Italian Chamber of Commerce & Industry. He was the Managing Director & President of Greaves Limited (formerly Greaves Cotton & Co Limited), Mumbai. At present Mr Datta is a Director & Chairman of Piaggio Vehicles Private Limited and Lombardini (India) Private Limited and a Director of Bharat Heavy Electricals Ltd (BHEL) and Wockhardt Limited. Mr Datta is well conversant with the engineering industry as well as the refractory and crucibles industry. He holds 3153 shares in the Company.

**Item No. 4 :** Mr Dumazeau who holds a Ph.D. in Material Science from France, is the Vice President Technology of the parent company with over 24 years experience in Vesuvius Group in areas of marketing, sourcing and Research & Development. He is presently the head of R&D for Vesuvius worldwide He is also a Director of Vesuvius Group SA, Vesuvius France SA, Vesuvius Belgium N.V. and Cookson France. Mr Dumazeau is a Director of the Company since December 1994. He does not hold any shares in the Company.

**Members are requested to bring their copies of the Annual Report and Admission Slip to the Meeting.**

## **ANNEXURE TO THE NOTICE CONVENING THE FIFTEENTH ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY, APRIL 20, 2006**

As the business specified in item no 6 of the Notice dated February 28, 2006 to which this statement is annexed is an item of special business to be transacted at the fifteenth Annual General Meeting of the Company, the following Explanatory Statement is set out in compliance with the provisions of Section 173 of the Companies Act, 1956.

### **ITEM No. 6**

The Board of Directors at their meeting held on July 26, 2005 appointed Mr Sudipto Sarkar as a Director under Article 103 of the Articles of Association of the Company with effect from July 26, 2005. Under the provisions of the said Article, an Additional Director holds office only until the next Annual General Meeting of the Company. Accordingly, Mr Sarkar vacates office at this meeting and it is proposed to re-appoint him. A notice along with appropriate fees has been received from a member proposing the name of Mr Sudipto Sarkar as a Director of the Company.

Mr. Sudipto Sarkar, aged 59 years, holds B.Sc. (Maths-Hons) from Presidency College, Kolkata, BA (Law Tripos) from Jesus College, Cambridge, UK, LL.M, (International Law) from Jesus College, Cambridge, UK, M.A. (Law) from Jesus College, Cambridge, UK. He is also Barrister, Gray's Inn, London. He is presently practicing as a senior advocate in the Calcutta High Court and has wide experience in Commercial Law particularly Company, Intellectual Property and Shipping Laws. He also has several publications to his credit on Evidence, law of Civil Procedures and Specific Relief Act. He is the collaborating editor of Ramaiya's Guide to the Companies Act and contributor to several volumes of International Law Reports (Cambridge). He has also instituted the Sarkar Law lectures in Kolkata, where senior English Judges such as Lord Slynn of Hadley, Lord Nicholls of Birkenhead and Lord Justice Robin Auld have lectured.

He was formerly Chairman of the Board of Directors of Clarion Advertising Services Ltd, now known as Bates India Ltd and President of The Bengal Club, Calcutta 1998-99. He is presently a Director of JSW Steels Ltd (formerly, Jindal Vijaynagar Steel Limited). Mr Sarkar does not hold any shares in the Company.

The Board recommends that the resolution be passed.

None of the Directors of the Company, other than Mr Sudipto Sarkar, is concerned or interested in the resolution.

**Registered Office :**  
P-104 Taratolla Road  
Kolkata 700 088  
February 28, 2006

By Order of the Board of Directors

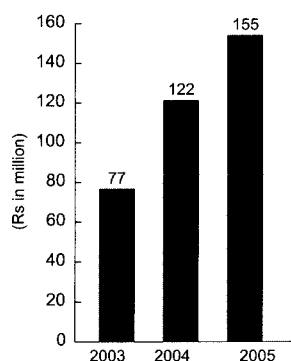
**Taposh Roy**  
Company Secretary

# Report of the Directors

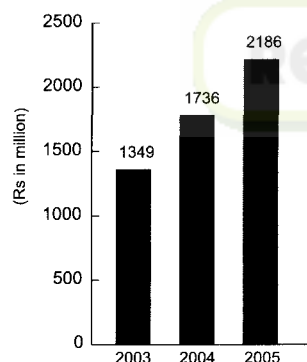
**FOR THE YEAR ENDED ON DECEMBER 31, 2005**

The Directors have pleasure in submitting their Annual Report together with the Audited Statements of Account for the year ended on December 31, 2005.

## Economic Value Added



## Sales



## The Year in Retrospect

### Financial Results

	Year ended 31.12.2005	Year ended 31.12.2004
Sales (excluding Excise Duty)	2,186	1,736
Other Income	30	38
Total Income	2,216	1,774
Profit before depreciation	492	425
Depreciation	54	38
Profit after depreciation	438	387
Provision for Income Tax	152	145
Profit after Tax	286	242
Balance as per last Balance Sheet brought forward	564	443
Available for appropriation	850	685
Appropriations made :		
Dividend		
Proposed final dividend	71	66
Interim dividend (Special Anniversary Dividend)	—	20
Dividend Tax	11	11
Transfer to General Reserves	28	24
	110	121
Profit & Loss Account Balance	740	564
	850	685

## Vesuvius Diary

This year witnessed visits by senior level personnel from the Vesuvius Group. Mr Gian Carlo Cozzani, CEO of Vesuvius Group and Dr Luigi Gramizzi, Executive Vice President, attended the Annual General Meeting held on April 12, 2005 and also participated in the 10th Anniversary celebrations at Kolkata Plant. Later, Mr Francois Wanecq who took over as CEO of Vesuvius Group after Mr Cozzani's retirement along with Dr Gramizzi visited the Kolkata and Mehsana Plants, followed by Mr Mike Butterworth, CFO of the Cookson Group plc, the ultimate holding company. Mr Chris Abbott, Vice President-Manufacturing of the Vesuvius Group has been a regular visitor to assess and finalise the plans for the expansions in Indian operations. Supporting him in this venture were Messrs Eric Dozzier, Sean Keane, Yvan Cys and others. The Vesuvius Group has been extremely supportive of the Indian operations as they view future quantum business growth from India and China.

Land adjacent to the Kolkata Plant was taken on lease for the purpose of expansion of the Kolkata operations. Shri Buddhadeb Bhattacharya, Hon'ble Chief Minister of West Bengal, laid the foundation stone in a ceremony on November 8, 2005 in the presence of Dr Luigi Gramizzi.



The Company in collaboration with the Bengal Chamber of Commerce & Industry, has arranged to improve the local infrastructure, increase business opportunities, reduce local estate disputes and create a bonding between the industries and their employees in the Taratolla area where the Kolkata Plant is situated.

### ISO Certification

The Quality Management Systems of the Kolkata and Visakhapatnam plants have been approved by Lloyds Register Quality Assurance to follow IS/ISO 9001:2000 standards. The Mehsana plant has been granted ISO 9001:2000 certification by LRQA during the year. The process of obtaining ISO 14001 certification for these plants has commenced and Final Audit for the Kolkata Plant will be completed in early 2006.

### Operating Results

The first major turnkey order for refractory supply to sponge iron industry received this year has paved the way for entry into the sponge iron business. The Blast Furnace partial relining, a unique repair of its kind, which commenced in 2003 with the first job done at IISCO, Burnpur, has since been successfully implemented at Viveshwaraya Iron & Steel, Kudremukh Iron & Steel and Jindal Steel & Power resulting in reduced shutdown time, faster repairs and reduced costs for customers. Monolithics, the growth driver, has increased its volume of business with introduction of pre-shaped products business for which capacity had been expanded at the Visakhapatnam Plant. The expansions at the three plants are in full swing and the Visakhapatnam and Mehsana plants will achieve increase in installed capacity in the first quarter of 2006.

Business from trading opportunities to seed the Indian market have given good returns. The LD Converter lined with imported bricks at JSW Steels Ltd (formerly, Jindal Vijaynagar Steel Ltd) has achieved a life of over 10,000 heats, the highest life achieved on any converter lining in India.

The first Total Refractories Management contract has been signed during the year with Usha Martin Industries, Jamshedpur. The success of this venture will pave the way for more TRM contracts with customers.

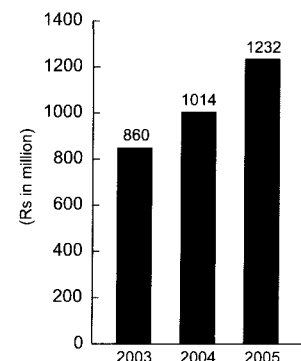
The Company has achieved total income of Rs 2,216 million for the current year, i.e an increase by 25 %, an increase in Operating Profit by 16 % and PAT by 18 %.

The Company continues to retain its debt-free status and maintained its annual cash flows despite capital expenditure incurred for expansions at the Plants.

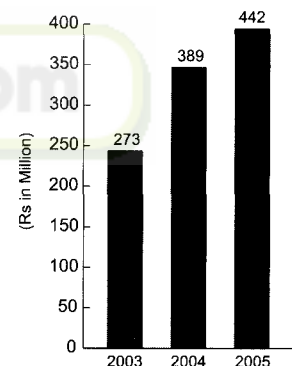
### Key indicators

	Growth %	31.12.2005	31.12.2004	31.12.2003	31.12.2002	31.12.2001
EPS (Rs.)	18%	14.11	11.95	10.28	8.18	6.77
Operating Profit (Rs. Million)	16%	497	427	308	272	229
EVA (Rs. Million)	27%	155	122	77	63	54
Net Fixed Assets (Rs. Million)	28%	659	514	454	380	382
Reserves & Surplus (Rs. Million)	25%	1,040	835	694	561	522

Net Worth



Profit Before Interest & Tax

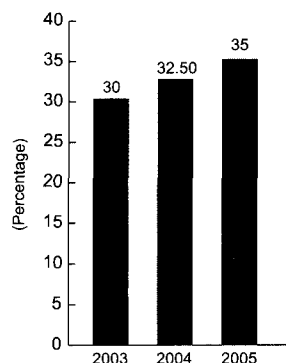


## Report of the Directors (Contd.)

### Dividend

For the year under review, the Board of Directors are pleased to recommend dividend of Rs. 3.50 per share i.e. 35%. If this is approved at the forthcoming Annual General Meeting, the dividend will be deposited with the bank within April 25, 2006 and dividend warrants will be despatched on or after April 26, 2006 to those who are members of the Company as on April 20, 2006. In respect of shares held electronically, dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories.

**Dividend Rate**



### Directors

Mr Sudipto Sarkar, a renowned barrister, had been appointed by the Board as an Additional Director at the Board meeting held on July 26, 2005. He is aged 59 years, holds B.Sc. (Maths-Hons) from Presidency College, Kolkata, BA (Law Tripos) from Jesus College, Cambridge, UK, LL.M, (International Law) from Jesus College, Cambridge, UK, M.A. (Law) from Jesus College, Cambridge, UK. He is also Barrister, Gray's Inn, London and is presently practicing as a senior advocate in the Calcutta High Court and has wide experience in Commercial Law particularly Company, Intellectual Property and Shipping Laws. He is a Director of JSW Steels Ltd (formerly, Jindal Vijaynagar Steel Limited). He does not hold any shares in the Company. He vacates office at the forthcoming Annual General Meeting under Article 103 of the Articles of Association of the Company and it is proposed to re-appoint him as Director.

Mr Shekhar Datta and Mr Claude Dumazeau retire by rotation in accordance with the Articles of Association of the Company at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment.

Mr Shekhar Datta is a Mechanical Engineer (London) and Fellow of All India Management Association. He is the past President of Confederation of Indian Industry (CII), Bombay Chamber of Commerce & Industry and Indo-Italian Chamber of Commerce & Industry. He was the Managing Director & President of Greaves Limited (formerly Greaves Cotton & Co Limited), Mumbai. At present Mr Datta is a Director & Chairman of Piaggio Vehicles Private Limited and Lombardini (India) Private Limited and a Director of Bharat Heavy Electricals Ltd (BHEL)

and Wockhardt Limited. Mr Datta is well conversant with the engineering industry as well as the refractory and crucibles industry. He holds 3153 shares in the Company.

Mr Claude Dumazeau who holds a Ph.D. in Material Science from France, is the Vice President Technology of the parent company with over 24 years experience in Vesuvius Group in areas of marketing, sourcing and Research & Development. He is presently the head of R&D for Vesuvius worldwide. Mr Dumazeau is a Director of the Company since December 1994. He does not hold any other directorships in India but is a Director of Vesuvius Group SA, Vesuvius France SA, Vesuvius Belgium N.V. and Cookson France. He does not hold any shares in the Company.

Mr Alan John Ridley has resigned from the Board on February 28, 2006. The Board records its appreciation of the services rendered by Mr Ridley as a member of the Board since 1997 and also as a member of the Audit Committee.

Dr Luigi Giulio Gramizzi has been appointed a Director of the Company with effect from February 28, 2006 in the casual vacancy caused by the resignation of Mr Alan Ridley. Dr Gramizzi is Executive

**Earnings per Share**

