

Cookson 

ANNUAL REPORT 1996-1997

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VESUVIUS
INDIA LIMITED



DIRECTORS

Jahar Sengupta
Chairman

Jean Pierre Malherbe

Claude Dumazeau

Gordon John Mackie

Pradip Kumar Khaitan

Nitendra Mohan Ghose

Jacob Francis Alapatt
Nominee of IDBI

Biswadip Gupta
Managing Director

COMPANY SECRETARY

Zahra Basrai

EXECUTIVE COMMITTEE

Biswadip Gupta
Tanmay Ganguly
Tarun Kanti Basu
Bappaditya Chakraborty
John McIsaac
Susanta Kumar Bandyopadhyay
William Patterson

AUDITORS

Lovelock & Lewes

SOLICITORS

Khaitan & Co.

BANKERS

Standard Chartered Bank
State Bank of India
United Bank of India

REGISTERED OFFICE

P-104, Taratolla Road
Calcutta - 700 088
Tel : 478 0234/0237/0215, 468 2842
Fax : 478 0235

**REGISTRARS & SHARE
TRANSFER AGENTS**

Choksey Bhargava & Associates Ltd.
P-22, Bondel Road
Calcutta- 700 019
Tel : 240 0971/4528/4753
Fax : 247 0263





NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the Company will be held at G D Birla Sabhaghar, 29, Ashutosh Chowdhury Avenue, Calcutta - 700 019 on August 12, 1997 at 10:30 a.m. to transact the following business :

1. To receive and adopt the Audited Accounts for the financial year ended on March 31, 1997, together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Claude Dumazeau, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P. K. Khaitan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 309 and Schedule XIII to the Companies Act, 1956, and other applicable provisions, if any, as amended from time to time and subject to the limits mentioned therein, and subject to the approval of the shareholders at the Annual General Meeting of the Company, consent be and is hereby accorded to the re-appointment of Mr. Biswadip Gupta as Managing Director of the Company for a further period of five years from February 1, 1997, on the terms and conditions as set out in the draft Agreement placed at this Meeting for identification, initialled by the Chairman, with liberty to the Board to alter, vary and modify the said remuneration and perquisites, in such manner as may be agreed to between the Board of Directors and Mr. Biswadip Gupta and in accordance with and subject to the limits prescribed in Schedule XIII to the Companies Act, 1956, or any amendment or statutory modification thereto."

By Order of the Board of Directors

Calcutta
June 10, 1997

ZAHRA BASRAI
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 himself. A proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not later than 48 hours before the Meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under item 5, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from August 1, 1997 to August 12, 1997, both days inclusive.
4. Members are requested to notify any change in their address immediately to Choksey Bhargava & Associates Limited, Registrars and Share Transfer Agents of the Company at P-22, Bondel Road, Calcutta - 700 019.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

RESOLUTION NO. 5

At its meeting held on February 11, 1997, the Board of Directors of the Company decided to re-appoint Mr. Biswadip Gupta, Managing Director, for a further period of five years with effect from February 1, 1997, since his term of appointment as Managing Director of the Company in terms of the Agreement dated December 1, 1993, expired on January 31, 1997.

As Managing Director of the Company, Mr. Biswadip Gupta will continue to be entrusted with substantial powers of management and have control of and be responsible for the general conduct of the management of the Company subject to the superintendence, directions and control of the Board of Directors of the Company.

The terms and conditions applicable to Mr. Biswadip Gupta are as follows :

- | | | | |
|-----|--|---|--|
| I | Salary | : | Rs. 38,275/- per month or such other sum not exceeding Rs. 75,000/- per month as may be determined by the Board from time to time. |
| II | Commission | : | Such amount as may be approved by the Board for each year subject to a maximum commission of 1% of the net profits of the Company. |
| III | Management Bonus Programme | : | A one-time payment of such sum as may be approved by the Board from time to time. |
| IV | Perquisites | : | |
| | a) Housing | : | The expenditure by the Company on hiring furnished accommodation will be subject to the following ceiling :-
i) Sixty per cent of the salary.
ii) In case the accommodation is owned by the Company ten per cent of the salary shall be deducted by the Company.
iii) In case no accommodation is provided by the Company, he will be entitled to house rent allowance subject to the ceiling laid down in Housing (i). |
| | b) Medical Expenses | : | Reimbursement of medical expenses for self and family. |
| | c) Leave Travel Concession | : | For self and family in accordance with the rules of the Company. |
| | d) Club Fees | : | Reimbursement of membership fees of two clubs. |
| | e) Personal Accident Insurance | | |
| | f) Telephone at residence and provision of car | | |

The word 'family' means spouse, dependent children and dependent parents.

The remuneration mentioned above including the value of the perquisites will be subject to the overall ceilings laid down under Sections 198, 309 and Schedule XIII of the Companies Act, 1956, as amended from time to time and subject to the limits mentioned therein.

Mr. Biswadip Gupta will also be entitled to the following benefits but these will not be included in the computation of the ceiling on remuneration as mentioned above :

- (i) Contribution to Provident fund and Superannuation fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, and
- (ii) Gratuity, payable as per the rules of the Company.
- (iii) Encashment of leave at the end of tenure, as per the rules of the Company.

REMUNERATION PAYABLE IN THE EVENT OF NO PROFITS OR INADEQUATE PROFITS IN A FINANCIAL YEAR

In the event that the Company, in any financial year, has no profits or its profits are inadequate, the remuneration payable to Mr. Biswadip Gupta by way of salary, commission and perquisites and any other allowances shall not exceed the ceiling limit of Rs. 10,50,000/- per annum or Rs. 87,500/- per month.

The appointment may be terminated by either party giving to the other six months' notice in writing. However, the appointment may be terminated by less than six months' notice by mutual agreement between the parties.

The draft of the Agreement between the Company and Mr. Biswadip Gupta is available for inspection by the members at the Registered Office of the Company on any working day between 10:30 a.m. and 12:30 p.m., except Saturday, and will also be available at the meeting.

None of the Directors except Mr. Biswadip Gupta is interested in this resolution.

By Order of the Board of Directors

Calcutta
June 10, 1997

ZAHRA BASRAI
COMPANY SECRETARY

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REPORT OF THE DIRECTORS

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 1997

The Directors submit their Annual Report together with the Audited Statements of Account for the financial year ended on March 31, 1997.

1. Corporate Results

For the year ended March 31, 1997

(Rs. in '000)

Sales	405,014
Other Income	10,712
Profit/(Loss) before depreciation	75,576
Depreciation	19,586
Profit/(Loss) after depreciation	55,990
Income Tax provision under Minimum Alternate Tax	4,703
Profit after Tax	51,287
Loss brought forward	(50,927)
Balance carried forward	360

The Directors do not think it appropriate to declare a dividend for the financial year ended on March 31, 1997.

2. Capital Expenditure

The total capital expenditure incurred during the period amounted to Rs. 134.70 lakhs.

3. Rights Issue

At the fifth Annual General meeting of the Company held on August 6, 1996, the shareholders had approved the issue and offer of Equity shares for cash at a premium upto an aggregate amount of Rs. 30,00,00,000.

The Company made an offer of 58,00,000 Equity shares of face value Rs. 10/- each for cash at a premium of Rs. 30/- per share aggregating Rs. 23,20,00,000 on Rights basis to the existing Equity shareholders of the Company in the ratio of two Equity shares for every five Equity shares held. The issue opened on December 16, 1996 and closed on January 13, 1997. The allotment of shares was made on February 11, 1997, on a basis finalised in consultation with the Calcutta Stock Exchange. The shares were subsequently listed at the Calcutta and the Mumbai Stock Exchanges. The proceeds from the Rights Issue have reduced the borrowings and consequently the interest burden will be significantly lower in future.

4. Manufacture of Slide Gate Plates and Nozzles

The Company is actively pursuing extension of the product range complementary to the main business of the Company. Manufacture of Slide Gate Plates and Nozzles is a step in this direction. The Company is fully supported by the Vesuvius group who are also world leaders in these specialised products.

i) Industrial Licence

With the liberalisation of the Industrial Policy, no licence is required under the provisions of the Industries (Development and Regulation) Act, 1951 for the manufacture of a new article. However, the Company filed the Industrial Entrepreneurs' Memorandum with the Entrepreneur Assistance Unit, Department of Industrial Development, Secretariat for Industrial Approvals, Ministry of Industry, for the manufacture of Slide Gate Plates and Nozzles, which was duly acknowledged.

ii) Plant and Equipment

Firm orders have been placed for the plant and equipment and these will be in place by December, 1997.

iii) Construction

The construction of the extension block is under way.

REPORT OF THE DIRECTORS (Contd.)**5. Performance of the Company**

	Projections in the Letter of Offer for the financial year ended on March 31, 1997 Rs. in lakhs	Actual result for the financial year ended on March 31, 1997 Rs. in lakhs
Production in tons	2075	2063
Capacity utilisation	45%	45%
Net Sales (including Slide Gates)	4378.00	4050.00
PBIDT	1204.00	1221.36
Interest	457.10	465.60
Depreciation	257.40	195.86
PBT	469.50	559.90
Provision for tax	31.50	47.03
PAT	438.00	512.87
Paid up Capital	2030.00	2029.56

6. Future Prospects

The Company's main strength is its superior product range, since it has the latest and proven technology from the majority shareholders, Vesuvius Group Ltd., who are world leaders in this specialised field. A growth in the demand for specialised refractories is expected due to the growing adoption of the continuous casting process by steel producers, both primary and secondary. Thus there will be an increase in the volume of orders from the Company's current customers as their concast steel production grows.

7. Directors

Mr. Claude Dumazeau and Mr. P. K. Khaitan 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.

8. Auditors

M/s Lovelock and Lewes, Chartered Accountants, hold office till the conclusion of the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

9. Fixed Deposits

The Company has not accepted any deposits from the public, and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 1975.

10. Human Resource Development

Industrial relations were cordial throughout the year and the Directors extend their appreciation to the employees of the Company at all levels for their commitment and dedication towards the achievement of the goals of the Company.

11. Particulars of Employees

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in the Annexure which forms a part of this Report.

12. Conservation of Energy

Particulars in respect of Conservation of Energy as required under Section 217(1)(e) of the Companies Act, 1956, are given in the Annexure which forms a part of this Report.

13. Research and Development/Technology Absorption

Particulars in respect of Research and Development/Technology Absorption as required under Section 217(1)(e) of the Companies Act, 1956, are given in the Annexure which forms a part of this Report.

14. Foreign Exchange Earnings and Outflow**Rs. in '000****a. Foreign Exchange Earnings**

Commission

962

b. Foreign Exchange Outflow

i) Salary

3,384

ii) Travelling expenses

136

iii) Royalty

10,242

iv) Bank interest

2,875

v) Import of capital goods

3,332

vi) Import of raw materials, semi-finished goods, stores and spare parts

119,329

vii) Others

711

Import content per ton of the Company's finished products henceforth will decrease.

For and on behalf of the Board of Directors

Calcutta

June 10, 1997

JAHAR SENGUPTA
CHAIRMAN