



SEC/SEBI/104

May 16, 2017

The Secretary
BSE Ltd
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001

Scrip code : 520113

The Manager, Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, 5th floor
Plot No C/1, Block "G",
Bandra-Kurla Complex, Bandra (E),
Mumbai 400 051
Scrip Code : VESUVIUS

Dear Sir

Regulation 34 of the SEBI-LODR, 2015

Pursuant to the provisions of regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we submit the Annual Report of the Company relating to the Financial Year ended on December 31, 2016 which has been approved and adopted at the Annual General Meeting held at Kolkata on Friday May 12, 2017. The Annual Report contains the following :

1. Notice dated February 27, 2017 convening the Annual General Meeting
2. Directors Report and Management Discussion and Analysis Report together with annexures including Business Responsibility Report
3. Certificate on Corporate Governance by Practicing Company Secretary
4. Secretarial Audit Report
5. Statutory Auditors Report
6. Audited Financial statements for the Financial year ended on December 31, 2016 and annexures thereto.

The Financial Year of the Company ends on 31st December of each year as approved by the Company Law Board.

Yours faithfully
Vesuvius India Limited

Taposh Roy
Company Secretary

Enclo :

A full-page photograph of a male worker in a white lab coat and white hard hat, wearing blue and white patterned gloves. He is operating a large industrial machine with a glass front, which contains a bright red liquid. The machine is part of a larger metal frame structure. The worker is holding a yellow cable or hose connected to the machine. The background shows an industrial setting with metal beams and a corrugated metal ceiling.

VESUVIUS

Investing in innovation

Vesuvius India Limited Annual Report 2016



“ Spirit of innovation is at the
core of all our activities ”

Francois Clement Wanecq
CEO of Vesuvius plc

C O N T E N T S

- ❖ Board of Directors - 2
- ❖ Notice - 4
- ❖ Explanatory Statement Pursuant to Section 102 of The Companies Act, 2013 - 10
- ❖ Report of the Directors and Management Discussion & Analysis Report - 12
- ❖ Corporate Governance Report - 22
- ❖ Auditor's Certificate on Corporate Governance Report - 33
- ❖ Secretarial Audit Report - 34
- ❖ Independent Auditors Report - 61
- ❖ Balance Sheet - 68
- ❖ Statement of Profit and Loss - 69
- ❖ Cash Flow Statement - 70
- ❖ Notes to Financial Statements - 72
- ❖ Five Years at a Glance - 101

Board of Directors



-
1. **Francois Clement Wanecq**
Non-Executive Director, CEO of Vesuvius plc

 2. **Biswadip Gupta**
Chairman of the Board, Independent, Non-Executive Director
Committee : Audit (Chairman), CSR (Chairman), Share Transfer (Chairman), Remuneration (Member)

 3. **Nayantara Palchoudhuri (Miss)**
Independent, Non-Executive Director
Committee Member : Audit, CSR Committee, Remuneration, Share Transfer

 4. **Tanmay Kumar Ganguly**
Non-Executive Director, President-Advanced Refractory of Vesuvius Group
Committee Member : Audit, CSR Committee, Remuneration, Share Transfer

 5. **Subrata Roy**
Managing Director
Committee Member : CSR Committee and Share Transfer

 6. **Sudipto Sarkar**
Independent, Non-Executive Director
Committee : Remuneration (Chairman) and Member of Audit Committee, CSR, Share Transfer

 7. **Patrick Georges Felix Andre**
Non-Executive Director, President-Flow Control of Vesuvius Group

Board of Directors

Biswadip Gupta, *Chairman*
 Subrata Roy, *Managing Director*
 Patrick Georges Felix Andre
 Tanmay Kumar Ganguly
 Nayantara Palchoudhuri (Miss)
 Sudipto Sarkar
 Francois Clement Wanecq

Board Committees

Audit Committee

Biswadip Gupta, *Chairman*
 Tanmay Kumar Ganguly
 Nayantara Palchoudhuri (Miss)
 Sudipto Sarkar

Corporate Social Responsibility Committee

Biswadip Gupta, *Chairman*
 Tanmay Kumar Ganguly
 Nayantara Palchoudhuri (Miss)
 Subrata Roy
 Sudipto Sarkar

Nomination and Remuneration Committee

Sudipto Sarkar, *Chairman*
 Biswadip Gupta
 Tanmay Kumar Ganguly
 Nayantara Palchoudhuri (Miss)

Share Transfer and Stakeholders Grievance & Relationship Committee

Biswadip Gupta, *Chairman*
 Tanmay Kumar Ganguly
 Nayantara Palchoudhuri (Miss)
 Subrata Roy
 Sudipto Sarkar

Key Managerial Personnel

Subrata Roy, *Managing Director*
 Sanjoy Dutta, *Chief Financial Officer*
 Taposh Roy, *Company Secretary*
 Email : Taposh.Roy@vesuvius.com

Auditors

Messrs B S R & Co. LLP
 Chartered Accountants
 Godrej Waterside,
 Unit No 603 & 604, 6th floor, Tower I
 Plot No 5, Block DP, Sector V
 Salt Lake, Kolkata 700 091
 (Firm's Registration no. 101248W/W-100022)



Secretarial Auditors

Anjan Kumar Roy & Co.
 DPS Business Centre, 9A, Sebak Baidya Street
 Kolkata 700 029

Bankers

Axis Bank Limited
 Hongkong Bank
 State Bank of India

Registrars & Share Transfer Agents

CB Management Services (P) Ltd
 P-22 Bondel Road, Kolkata 700 019
 CIN : U74140WB1994PTC062959
 SEBI Regn No : INR000003324
 Tel : (033) 4011 6700/ 6711/ 6718/ 6729
 Fax : (033) 40116739
 Email : rta@cbmsl.com, ranarc@cbmsl.co
 Website : www.cbmsl.com

Registered Office

P-104 Taratala Road
 Kolkata 700 088
 Tel : (033) 30410600
 Fax : (033) 2401 3976
 Email : vesuviusindia@vesuvius.com
 Website : www.vesuviusindia.com
CIN : L26933WB1991PLC052968
ISIN No : INE386A01015

Kolkata Factory :

P-104 Taratala Road
 Kolkata 700 088
 Tel : (033) 30410600
 Fax : (033) 2401 3976
 Email : Rana.Dey@vesuvius.com

Visakhapatnam Factories :

(a) First factory :

Plot No. 13, 14 & 15, Block "E"
 IDA Autonagar, Visakhapatnam 530 012
 Tel : (0891) 3011300; 3011337
 Fax : (0891) 2587511
 Email : Achintya.Chandra@vesuvius.com

(b) Second factory :

Survey No 90 & 98, Part, Block G,
 Industrial Park, Fakirtakya Village
 Autonagar, Visakhapatnam 530 049
 Tel : (0891) 3983715
 Fax : (0891) 3983708
 Email : Achintya.Chandra@vesuvius.com

Mehsana Factory :

212/B, G.I.D.C Estate
 Mehsana 384 002, Gujarat
 Tel : (02762) 252948 / 949
 Fax : (02762) 252909



VESUVIUS INDIA LIMITED

Registered Office : P-104 Taratala Road, Kolkata 700 088

CIN No.: L26933WB1991PLC052968

Phone : (033) 30410600 Fax : (033) 2401 3976

Email : vesuviusindia@vesuvius.com Web site : www.vesuviusindia.com

Notice of Annual General Meeting

To The Members of
Vesuvius India Limited
P-104 Taratala Road
Kolkata 700 088

Notice is hereby given that the twenty-sixth Annual General Meeting of the Members of Vesuvius India Limited will be held at G D Birla Sabhaghar, 29, Ashutosh Chowdhury Avenue, Kolkata 700019 on Friday, May 12, 2017 at 10.30 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of Vesuvius India Limited for the year ended on December 31, 2016, and the Reports of the Directors and Auditors thereon and to pass the following resolution as an **Ordinary Resolution** :

"RESOLVED that the Statement of Profit and Loss for the year ended on December 31, 2016, the Balance Sheet as on that date and annexures thereto, the Cash Flow Statement for the year ended on December 31, 2016, the Reports of Auditors and Directors thereon be and are hereby received and adopted."

2. To declare dividend for the year ended on December 31, 2016 and to pass the following resolution as an **Ordinary Resolution** :

"RESOLVED that pursuant to the recommendation of the Directors, dividend at the rate of Rs 6.50 per Equity Share of nominal value Rs 10/- each, out of the current profits of the Company for the year ended on December 31, 2016 on 2,02,96,080 (Two crores, two lakhs ninety six thousand and eighty) Equity Shares of the Company, be and is hereby declared and that the same be paid to those Members whose names appear on the Company's Register of Members and in the Register of Beneficial Owners maintained by the Depositories as on the Record Date which is May 5, 2017."

3. To reappoint Mr Subrata Roy as a Director of the Company, who retires by rotation and being eligible, offers himself for reappointment and to pass the following resolution as an **Ordinary Resolution** :

"RESOLVED that Mr Subrata Roy (DIN No. 07046994), who retires by rotation from the Board of Directors pursuant to the provisions of section 152 of the Companies Act, 2013 and under Article 101 of the Company's Articles of Association be and is hereby reappointed a Director of the Company."

4. To appoint Auditors of the Company and to fix their remuneration and, in this connection, to pass the following resolution as an **Ordinary Resolution** :

"RESOLVED that, pursuant to the provisions of Section 139 of the Companies Act, 2013, Messrs Price Waterhouse Chartered Accountants LLP, Chartered Accountants, of Plot No 56 & 57, Block-DN, Sector-V, Salt Lake, Kolkata 700091, West Bengal, (Firm's Registration no. 012754N/N500016) be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the thirty-first Annual General Meeting of the Company at a remuneration and on terms plus out-of-pocket expenses as may be determined by the Board of Directors of the Company and, if required, the said appointment be placed for ratification by the Members at each of the subsequent Annual General Meetings of the Members of the Company."

SPECIAL BUSINESS

5. To pass the following resolution as an **Ordinary Resolution** :

"RESOLVED that pursuant to the provisions of Section 197 of the Companies Act, 2013, or any re-enactments or modifications thereof (the "Act"), the Directors of the Company (other than the Managing Director) be and are hereby authorised to continue to receive a commission, to be divided between them in such manner as may be determined by the Board of Directors, which shall not exceed in the aggregate one per cent (1%)

of the net profits of the Company, computed in the manner prescribed under Section 198 of the Act, in respect of the profits for each of the five financial years of the Company commencing from April 1, 2017."

Explanatory Statement : Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business under Item No. 5 of the Notice is annexed and forms a part of this Notice.

Record Date : Notice is also given under section 91 of the Companies Act, 2013 read with regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI-LODR") that the **Record Date** will be **May 5, 2017** to determine those Members who will be entitled to receive dividend which will be declared at the Annual General Meeting.

Cut Off Date : Notice is also given that the **Cut Off Date** will be **May 5, 2017** to determine the Members entitled to undertake voting electronically on the business and all resolutions set forth in this Notice by remote e-Voting and also by voting at the meeting venue.

Notes to the Notice : The Notes appended to the Notice forms a part of the Notice to Members.

Route Map : A route map showing the way to the venue of the Annual General Meeting is attached to this Notice.

Proxy : 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 proxy need not be a Member of the Company. Proxies, in order to be effective, must be completely filled in with date, signature, properly stamped and the stamp properly cancelled and must be received by the Company at the registered office not later than 48 hours before the commencement of the meeting. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as proxy for any other person or shareholder. ***The Proxy-holder shall prove his identity at the time of attending the meeting. Proxies are requested to carry a photo-identification to the venue of the Annual General Meeting.***

By Order of the Board of Directors

Vesuvius India Limited

Taposh Roy
Company Secretary

Registered Office :
P-104 Taratala Road
Kolkata 700088
February 27, 2017

Notes forming part of the Notice to Members :

1. IMPORTANT DATES FOR MEMBERS

ANNUAL GENERAL MEETING : Annual General Meeting will be held on **Friday, May 12, 2017 at 10.30 a.m.** at G D Birla Sabhaghar, 29, Ashutosh Chowdhury Avenue, Kolkata 700019.

RECORD DATE : Record Date will be **May 5, 2017** to determine those Members who will be entitled to receive dividend which will be declared at the Annual General Meeting.

CUT OFF DATE : Cut Off Date will be **May 5, 2017** to determine the Members entitled to undertake voting electronically on the business and all resolutions set forth in this Notice by remote e-Voting and also by voting at the meeting venue.

REMOTE ELECTRONIC VOTING PERIOD will be from **9.00 a.m. on May 9, 2017 to 5.00 p.m. on May 11, 2017**, both days inclusive. Remote e-Voting will be blocked after 5.00 p.m. on May 11, 2017.

VOTING FACILITY will also be provided at the venue of the Annual General Meeting on May 12, 2017 to those Members who are eligible to vote but who have not cast their votes through remote e-Voting and who are present at the venue of the Annual General Meeting.

Notice of Annual General Meeting (Contd.)

2. **DIVIDEND** : Dividend to be declared at this meeting, will, subject to the provisions of section 126 of the Companies Act, 2013, be deposited with the Bank within May 17, 2017 and dividend will be paid within May 22, 2017 to those Members or to their mandates, whose names appear as on the Record Date of May 5, 2017 in the Register of Members maintained by the Company or in the Register of Beneficial Owners furnished by the National Securities Depository Ltd. and Central Depository Services (India) Ltd., for this purpose. Dividend Tax will be paid by the Company pursuant to section 115O of the Income Tax Act, 1961.
3. **BANK ACCOUNT DETAILS** : Regulation 12 and Schedule I of SEBI-LODR require all companies to use the facilities of electronic clearing services for payment of dividend. **In compliance with these regulations, payment of dividend will be made only by electronic mode directly into the bank account of Members and no dividend warrants or demand drafts will be issued without bank particulars.**
YOU ARE REQUESTED TO SUBMIT YOUR BANK DETAILS ALONG WITH AN ORIGINAL CANCELLED CHEQUE OR A XEROX COPY OF THE CHEQUE to our Registrars, M/s C B Management Services (P) Ltd. to enable them to update our records, in case you hold shares in physical form and to your Depository Participants in respect of shares held by you in dematerialised form.
4. **UNCLAIMED DIVIDEND** : Notices have been sent to all Shareholders concerned on January 31, 2017 informing them that their dividend remains unclaimed and the procedure to obtain payment of these unclaimed dividend. Details of dividend unclaimed by Members for the past years which have not yet been transferred to the Central Government have been uploaded on the Company's website **www.vesuviusindia.com**. Members are encouraged to view the lists and lodge their claim with our Registrars & Share Transfer Agents for dividend which have remained unclaimed.
5. **TRANSFER OF UNCLAIMED DIVIDEND TO IEPF** : Dividend for the year ended on December 31, 2009 which was declared at the Annual General Meeting held on June 3, 2010 and remaining unclaimed will be transferred to the Investor Education and Protection Fund of the Central Government in July 2017 pursuant to the provisions of sections 124 and 125 of the Companies Act, 2013. Members are requested to lodge their claims with the Registrars & Share Transfer Agents immediately. Reminder letters have been sent to the Shareholders concerned on February 14, 2017.
6. **TRANSFER OF SHARES TO IEPF** : Shares in respect of which dividend will be transferred to the Investor Education and Protection Fund ("IEPF") of the Central Government in July 2017 shall also be transferred to IEPF pursuant to Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("Rules") read with section 124 of the Companies Act, 2013. Advertisements have been published in newspapers and intimations have been sent to Shareholders concerned requesting them to encash their unclaimed dividends failing which the corresponding shares will be transferred to IEPF. The list of Shareholders and the corresponding shares are available on the Company's website.
7. **ISIN No** : The shares of the Company are tradable compulsorily in electronic form. **The ISIN number allotted is INE386A01015**. In view of the numerous advantages offered by the depository system, Members are requested to avail of the facility of dematerialization of the Company's shares.
8. **NOMINATION** : Pursuant to the provisions of section 72 of the Companies Act, 2013, Members are informed that they may nominate at any time, in the prescribed manner, a person to whom their shares in the Company shall vest in the event of their death. Nomination Form SH-13 is available on the website of the Company at **www.vesuviusindia.com** under the heading "Investor Information" and "Download Forms".
9. **WEBSITE** : The Company's website is **www.vesuviusindia.com**. Annual Reports of the Company, unclaimed dividend list, standard downloadable forms and other Shareholder Communication are made available on the Company's website.
10. **COMMUNICATION** : All Shareholder communication including Notices, Annual Reports, quarterly unaudited financial results, etc., will be sent to the email addresses of Members registered with the Company and the Depository Participants. The Notice of the Annual General Meeting is being sent by electronic mode to those Members whose email addresses are registered with the Company and the Depository Participants unless any Member has requested for a physical copy of the same. For Members who have not registered their email addresses, physical copies are being sent by the permitted mode. These documents will also be made available on the Company's website **www.vesuviusindia.com** and will be open for inspection

by the Members at the Registered Office of the Company between 11.00 a.m. and 4.00 pm on all working days upto the date of the Annual General Meeting.

11. **CORPORATE REPRESENTATION** : A Corporate Member shall be deemed to be personally present only if it is represented in accordance with Section 113 of the Companies Act, 2013 i.e. only if the Corporate Member sends a certified true copy of the resolution passed by the Board of Directors of the Company or a Power of Attorney authorizing the Representative to attend and vote at the meeting on behalf of the Corporate Member.
12. **REGISTRARS** : 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 (Phone No 033-40116700; Email : rta@cbmsl.com) for recording any change of address, bank mandate, NECS, registration of Email ID**, share transfers/transmission or nominations regarding shares held by them in physical form and for redressal of complaints or contact Mr Taposh Roy, Company Secretary, at the Registered Office or by email at Taposh.Roy@vesuvius.com.
13. **ITEM No. 3 : REAPPOINTMENT OF MR SUBRATA ROY AS DIRECTOR**

Mr Subrata Roy (DIN no. 07046994), was appointed Director and also the Managing Director of the Company for a period of five years effective from January 1, 2015 at the Extra-Ordinary General Meeting of the Company held on March 27, 2015 and he retires by rotation in terms of section 152(6) of the Companies Act, 2013 and in accordance with the Articles of Association of the Company at the forthcoming Annual General Meeting, and being eligible, has offered himself for reappointment as a Director. He is proposed to be reappointed a Director and will continue as the Managing Director.

Mr Subrata Roy, aged 51 years, is a Mechanical Engineer from Jadavpur University, Kolkata, and worked with Bharat Heavy Electricals Ltd. for five years prior to joining Vesuvius India in September, 1993. Over the last two decades, Mr Roy has had numerous roles within the Company. He assumed the responsibilities of Engineering Manager of the Kolkata Plant, Slidegates Product Line Manager for Asia Pacific, Business Manager-Slide Gates & Purge Plugs, then General Manager-Flow Control Sales and was the Chief Executive-Operations for two and half years immediately before being appointed as the Managing Director with effect from January 1, 2015. He was an integral part of the team which set up the Company's first factory at Kolkata and he had also supervised the construction of the Company's second factory at Visakhapatnam. Mr Roy brings with him rich experience and knowledge in engineering, manufacturing, technology and commercial activities through his extensive interactions in India and with the Vesuvius Group.

Mr Roy is Member of the Main Committee of The Bengal Chamber of Commerce & Industry and is not a Director of any other company in India or abroad. He is a member of the following Committees of the Company and in no other Committees in India :

Name of Company	Name of Committee	Nature of Membership
Vesuvius India Ltd	1. Share Transfer & Stakeholders Grievance Relationship Committee	Member
	2. Corporate Social Responsibility Committee	Member

Mr Roy does not hold any shares of the Company and is not related to any Director or Key Managerial Personnel of the Company.

No Promoter, Director, Key Managerial Personnel or their relatives, except Mr Subrata Roy, is concerned or interested in the resolution.

14. **ITEM No. 4 : APPOINTMENT OF AUDITORS**

Messrs BSR & Co LLP, Auditors of the Company, were appointed Auditors for two consecutive terms and pursuant to section 139 of the Companies Act, 2013, they are not eligible for re-appointment as Auditors at the ensuing Annual General Meeting. On the recommendation of the Audit Committee, the Board of Directors have selected and recommend Messrs Price Waterhouse Chartered Accountants LLP to be the Auditors of the Company for the next five years.

Notice of Annual General Meeting (Contd.)

15. INSTRUCTIONS FOR ELECTRONIC VOTING

In compliance with section 108 of the Companies Act, 2013 ("Act") read with Rule 20 of Companies (Management and Administration) Rules, 2014 as amended ("Rules") and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI-LODR") and all other applicable sections, rules and regulations, the Members holding shares either in physical form or in dematerialised form as on the **CUT OFF DATE** are provided with the facility for voting by electronic means and the business and all resolutions set forth in this Notice may be transacted through such voting electronically through the e-Voting services provided by **National Securities Depository Limited ("NSDL")** as more fully specified below :

- I. REMOTE ELECTRONIC VOTING :** Members holding shares either in physical form or in dematerialised form whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the **CUT OFF DATE which is May 5, 2017** will be entitled to electronically vote on the business and all resolutions set forth in this Notice during the **REMOTE E-VOTING PERIOD which is from 9.00 a.m. on MAY 9, 2017 upto 5.00 p.m. on MAY 11, 2017, both days inclusive.** Remote e-Voting shall not be allowed beyond 5.00 p.m. on May 11, 2017 and remote e-Voting facility will be blocked after 5.00 p.m. on May 11, 2017. Members who have cast their vote by remote e-Voting prior to the date of the Annual General Meeting may also attend the meeting but shall not be entitled to cast their vote again.

INSTRUCTIONS FOR REMOTE E-VOTING ARE AS UNDER :

A. In case a Member receives an e-mail from NSDL (for Members whose e-mail addresses are registered with the Company/ Depositories):

- i. Open the e-mail and also open PDF file namely "Vesuvius e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-Voting. Please note that the password is an initial password.
- ii. Open the internet browser and type the following URL: **<https://www.evoting.nsdl.com/>**
- iii. Click on **Shareholder - Login.**
- iv. If you are already registered with NSDL for e-Voting then you can use your existing user ID and password.
- v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
- vi. The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both.
- vii. Once the e-Voting home page opens, click on **e-Voting > Active Voting Cycles.**
- viii. Select **"EVEN"** (E-Voting Event Number) of **Vesuvius India Limited.** Now you are ready for e-Voting as Cast Vote page opens.
- ix. Cast your vote by selecting appropriate option and click on **"Submit"** and also **"Confirm"** when prompted.
- x. Upon confirmation, the message **"Vote cast successfully"** will be displayed.
- xi. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently or cast the vote again.
- xii. Mr Anjan Kumar Roy, Proprietor of Anjan Kumar Roy & Co, Practising Company Secretaries (Membership No. F5684 and C.P. No 4557) of DPS, Corporate Club, 9A Sebak Baidya Street, Kolkata 700029 Phone : 9830201949; (033) 24750112 Email : akroyco@yahoo.co.in and anjanroy_2003@yahoo.co.in) has been appointed as the Scrutinizer to scrutinise the e-Voting process in a fair and transparent manner and to give his report to the Chairman.
- xiii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/ Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail with a copy marked to **evoting@nsdl.co.in.**
- xiv. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) - for members and e-Voting user manual for members available at the downloads sections of **www.evoting.nsdl.com** or contact NSDL at the toll free Telephone no. 1800-222-990 or by email **evoting@nsdl.co.in.** You may also send your queries/ grievances relating to e-Voting to Mr. Rana Roy Choudhury, M/s. CB Management Services (P) Ltd. Tel. No. (033) 40116729, e-mail: **ranarc@cbmsl.co**

B. In case a Member receives physical copy of the Notice (for Members whose email addresses are not registered with the Company/Depositories) :

- i. Initial password is provided in the Form: EVEN (E-Voting Event Number), user ID and password.
- ii. Please follow all steps from Sl. No. (ii) to Sl. No. (xiv) above, in case you like to cast your vote through Remote e-Voting.

II. VOTING AT VENUE OF ANNUAL GENERAL MEETING ("AGM") : Members holding shares either in physical form or in dematerialised form whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the **CUT OFF DATE which is May 5, 2017** and who have not cast their votes electronically through remote e-Voting, will be entitled to vote on the business and all resolutions set forth in this Notice at the venue of the Annual General Meeting ("AGM"). Voting at the AGM venue will commence after the Chairman explains the procedure for Voting to be followed and formally announces the commencement of Voting at the AGM venue. Members will be informed of the procedure for Voting at the venue and will be assisted by representatives of the Registrars and Share Transfer Agents and supervised by the Scrutiniser. For Voting purposes ballot papers will be provided separately at the AGM venue only to the Member and where there are Joint holders, only to the first named Joint holder. Proxies will not be allowed to speak at the AGM. A proxy can vote only if the Member himself is not present at the meeting. Members who have cast their vote by remote e-Voting prior to the Annual General Meeting may attend the meeting but shall not be entitled to cast their vote again.

III. MANNER IN WHICH PERSONS WHO HAVE ACQUIRED SHARES AND BECOME MEMBERS OF THE COMPANY AFTER THE DESPATCH OF NOTICE MAY OBTAIN THE LOGIN ID AND PASSWORD TO ENABLE THEM TO CONDUCT REMOTE E-VOTING OR VOTING AT VENUE OF THE ANNUAL GENERAL MEETING

Persons who have acquired shares after the despatch of this Notice and become Members of the Company as on the Cut Off Date, may obtain the login ID and password by sending a request to NSDL by email at evoting@nsdl.co.in or to the Share Registrars by post or by email. However, Members already registered with NSDL for remote e-Voting can use their existing user ID and passwords for casting their votes electronically. If a Member has forgotten his password, he can reset his password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the toll free Telephone no. **1800-222-990**.

PLEASE NOTE THAT

- Login to NSDL's e-Voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot User Details/Password' option available on the website to reset the same.
- Your existing user ID and password with NSDL can be used by you exclusively for e-Voting on the resolutions placed by the companies in which you are the shareholder.
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.

16. Other Information :

- a) The voting rights of the Members shall be in proportion to their share of the paid-up equity share capital of the Company held by them as on the Cut Off Date.
- b) Only those who are Members of the Company as on the Cut Off date will be entitled to vote through remote e-Voting or voting at the venue of the meeting. A person who is not a Member of the Company as on the Cut Off Date but has received a copy of the Notice should treat the Notice for information only.
- c) **A proxy can vote only if the Member himself is not present at the meeting. The Proxy-holder shall prove his identity at the time of attending the meeting. Proxies are requested to carry a photo-identification to the AGM venue.**
- d) The Scrutiniser shall, within a period not exceeding three working days from the conclusion of the Annual General Meeting, make a report to the Chairman of the Company or in his absence to the Managing Director, of the votes cast in favour or against who shall then declare the results of e-Voting.
- e) This Notice convening the Annual General meeting is displayed in the website of the Company **www.vesuviusindia.com** and the website of NSDL, **www.nsdl.com**
- f) The results of the e-Voting declared along with Scrutiniser's Report will be available on the website of the Company, **www.vesuviusindia.com**, and the website of NSDL, **www.nsdl.com** within two days

Notice of Annual General Meeting (Contd.)

of receiving the Scrutiniser's Report and communication of the same to the Stock Exchanges and will also be displayed on the notice board at the registered office of the Company.

- g) The resolutions, if passed by a requisite majority, shall be deemed to be passed on the date of the Annual General Meeting.
- h) The landmark and route map to the venue of the Annual General Meeting is attached and forms a part of this Notice.
- i) Entry to the venue of the Annual General Meeting ("AGM") will be regulated by Attendance Slips. Members who have received Attendance Slips by electronic mode are requested to print the Attendance Slip. To attend the AGM, duly filled and signed Attendance Slips should be submitted at the registration counters at the AGM venue.
- j) Documents pertaining to all the items of business to be transacted at the Annual General Meeting are open for inspection at the Registered Office of the Company during 11.00 a.m. to 4.00 p.m. on all working days upto and including the date of the Annual General Meeting.

Members are requested to bring their copies of the Annual Report and Attendance Slip to the Meeting. Please note that duplicate Attendance Slips will not be issued.

Registered Office :

P-104 Taratala Road
Kolkata 700088
February 27, 2017

By Order of the Board of Directors

Vesuvius India Limited

Taposh Roy
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND FORMING A PART OF THIS NOTICE

ITEM No. 5

At the 21st Annual General Meeting held on April 26, 2012 the Directors of the Company, other than the Managing Director, were authorised to receive commission pursuant to the provisions of section 309 of the Companies Act, 1956 not exceeding in aggregate 1% (one percent) of the net profits of the Company computed in the manner prescribed under section 198(1) of the Companies Act, 1956, for a period of five years from April 1, 2012 to March 31, 2017. It is considered desirable that the Directors do continue to receive commission not exceeding 1% of the net profits of the Company.

This resolution seeks to obtain renewal of authority for payment of the commission to non-executive Directors pursuant to the provisions of Section 197 of the Companies Act, 2013.

Non-executive Directors who have been nominated by the holding company, have waived their entitlement to commission for the past five years including for the year ended December 31, 2016. Independent Directors have received such commission in the past five years which in aggregate was much lower than 1% (one percent) of the net profits of the Company computed for each year.

All Directors of the Company, other than Mr Subrata Roy, Managing Director, are interested in this resolution to the extent of the remuneration that may be received by them. No Promoter, Key Managerial Personnel or their relatives is concerned or interested in the resolution.

The Board of Directors recommends that this resolution be passed.

By Order of the Board of Directors

Vesuvius India Limited

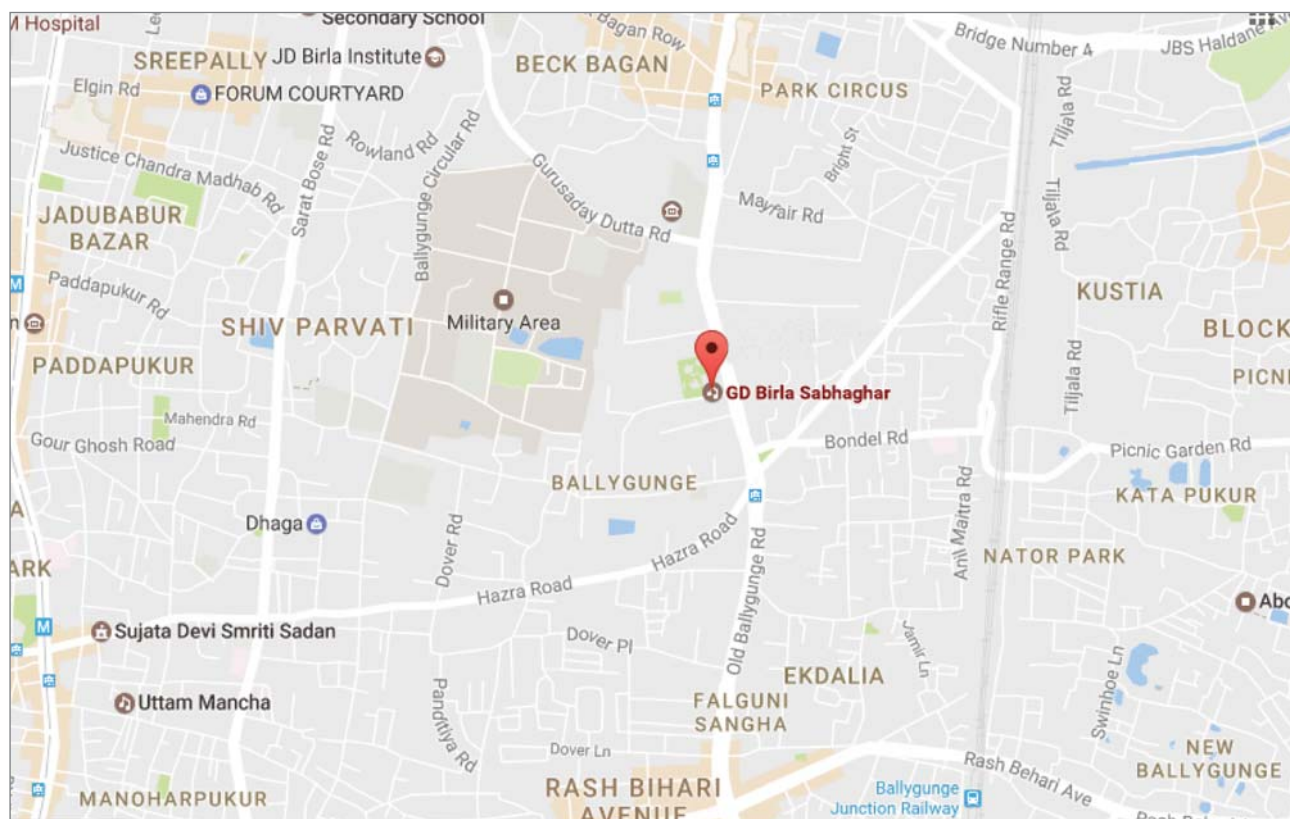
Taposh Roy
Company Secretary

Registered Office :

P-104 Taratala Road
Kolkata 700088
February 27, 2017

ROUTE MAP

To venue of Annual General Meeting
at G D Birla Sabhaghar,
29, Ashutosh Choudhury Avenue, Kolkata 700019



Report of The Directors and Management Discussion & Analysis Report

FOR THE YEAR ENDED ON DECEMBER 31, 2016

The Directors have pleasure in submitting their Annual Report together with the Audited Financial Statements for the year ended on December 31, 2016.

The Year in Retrospect

	(Rs Lakhs)	
	Year ended 31.12.2016	Year ended 31.12.2015
Financial Results:		
Sale of Goods (excluding Excise Duty)	79,106	67,117
Sale of Services	2,809	2,729
Other Income	236	126
Total Revenue from operations	82,151	69,972
Other Income	1,299	1,021
Total Revenue	83,450	70,993
Profit before Depreciation, Interest & Tax (PBDIT)	16,078	13,559
Depreciation & Amortisation	2,745	2,322
Interest	-	-
Profit before Tax	13,333	11,237
Provision for Income Tax	4,622	3,878
Profit for the year after Tax	8,711	7,359
Proposed Dividend and Taxes :		
Proposed Dividend @ Rs 6.50 per Equity share	1,319	1,268
Tax on Dividend	269	258
Total Dividend and Taxes	1,588	1,526
Transfer to General Reserves :	871	736
Basic & Diluted Earnings Per Share :	Rs 42.92	Rs 36.26

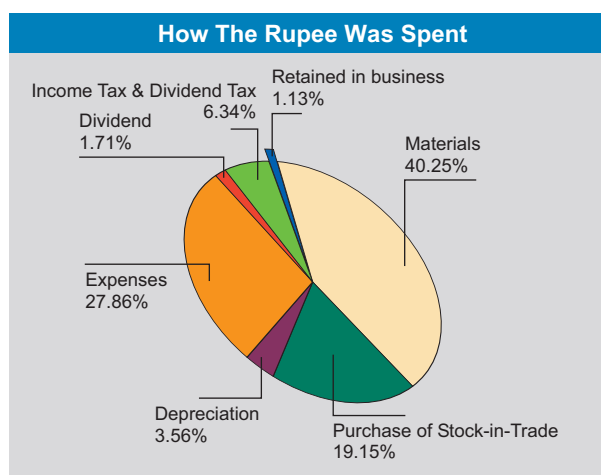
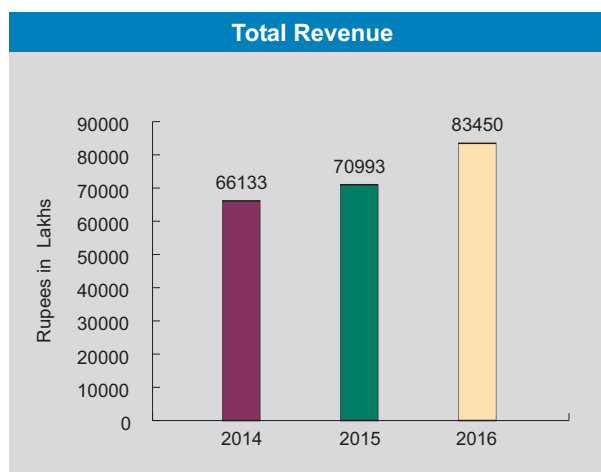
Financial Year of the Company

The Company Law Board by an Order dated January 7, 2016 has permitted the Company to have the Financial Year to end on 31st December of each year.

Operating & Financial Performance, Internal Control

India's steel production grew by a good 6.8% from 89.6 million tons in 2015 to 95.6 million tons during 2016. This matches with the 6.5% to 7% growth forecast by the World Steel Association. The Company has benefited from the domestic growth in production as well as from exports.

The portfolio re-jig and operational efficiencies built



over the years paid off during the year in a difficult market situation. Competition activities have increased as they hold on to their market share with aggressive pricing.

This year the Company's total revenue crossed the Rs 800 crores mark. Total revenue from operations increased by more than 17% over the previous year driven by both domestic and export growth. Net sales increased by about 18% and both PBT and PAT increased by more than 18% over the previous year.

There is no change in the nature of the business of the Company. The Company has no subsidiaries or

associated companies therefore disclosures in this regard are not provided in this Report. There were no significant and material orders passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future.

All four factories had been working efficiently during the year. Safety measures and processes have been installed and improved upon at all plants and work sites. Insurance claim for damages caused by cyclone Hudhud in October 2014 at Visakhapatnam were fully settled during the year and losses, net of insurance, were minimal.

The Company has in place an established internal control system designed to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and statutory compliances. A new software has been installed to keep track of all compliances and to enable management to take preemptive action to ensure and record compliances on a pan India basis. Code on Internal Control which require that the Directors review the effectiveness of internal controls and compliance controls, financial and operational risks, risk assessment and management systems and related party transactions, have been complied with. Self-certification exercises are also conducted by which senior management certify effectiveness of the internal control system, their adherence to Code of Conduct and Company's policies for which they are responsible, financial or commercial transactions, if any, where they have personal interest or potential conflict of interest. Internal Audit has been conducted on a pan India basis.

Company's Policies on Health & Safety, Quality, Corporate Social Responsibility, Remuneration, Speak Up and Incident Reporting (Whistle Blowing), Related Party Transactions, Materiality and Dealing with Related Party transactions, Insider trading, Risk Management, Prevention of Sexual Harassment, Dividend Distribution Policy also the Code of Conduct applicable to Directors and Employees of the Company have been complied with. These Policies and the Code of Conduct are available on the Company's website www.vesuviusindia.com

Dividend

The Board of Directors are pleased to recommend a dividend of Rs 6.50 per Equity Share of nominal value of Rs 10/- each. The dividend together with

dividend tax will entail a cash outflow of Rs 1,588 lakhs (previous year Rs 1,526 lakhs). If this is approved at the forthcoming Annual General Meeting, dividend will be deposited with the bank within May 17, 2017 and dividend will be paid within May 22, 2017.

Group Activities

Vesuvius plc, the ultimate holding company, is listed on the London Stock Exchange and is a global leader in metal flow engineering, principally serving steel and foundry industries. Vesuvius develops innovative and customised solutions to be used in extremely demanding industrial environments, which enable customers to improve their manufacturing processes, enhance product quality and reduce energy consumption. Vesuvius has a worldwide presence and serves customers through a network of low-cost manufacturing plants located close to their own facilities, who are supported by Vesuvius global technology centres. Vesuvius' core competitive strengths are market and technology leadership, strong customer relationships, well established presence in developing markets and global reach.

Vesuvius has a proud heritage of bringing innovation to the markets. The developments in VISO Isostatic pressing technology and in slide gate systems were key enablers for continuous casting process now deployed throughout the whole world of the steel industry. Maintaining this technology leadership is central objective of Vesuvius strategy and the spirit of innovation is at the core of all our activities.

Vesuvius Group Limited, U.K., the immediate holding company, holds about 56% of the share capital of the Company. Mr Francois Wanecq, the Chief Executive of Vesuvius plc, the ultimate holding company, is a Director of our Company. Mr Patrick Georges Felix Andre, President-Flow Control and Mr Tanmay Ganguly, President-Advanced Refractory of the Vesuvius Group worldwide are also Directors of the Company. The Vesuvius Group has commenced its activities to establish a Research & Development Centre in India. The Vesuvius Group has a sincere commitment to and has been extremely supportive of their Indian operations and continues to provide constant support in terms of technology, systems, manufacturing etc.

ISO Certification

The Company's factories at Kolkata, Mehsana and Visakhapatnam and two of its sites at Surat in Gujarat

Report of The Directors (Contd.)

and Dolvi in Maharashtra have been certified ISO 9001:2008 for Quality Management Systems Standards.

Segmentwise performance

The Company is primarily a manufacturer and trader of refractory and is managed organizationally as a single unit. Accordingly, the Company is a single business segment company. Geographical (secondary) segment has been identified as domestic sales and exports. Details of segment reporting are available in the Annual Accounts.

Industry Structure & Developments, Opportunities & Threats, Outlook, Risks & Concerns

India's crude steel production grew by a good 6.8% from 89.6 million tons in 2015 to 95.6 million tons in 2016. The economy has not yet delivered on its promises in terms of serious demand from infrastructural growth.

Steel and foundry industry comprises the biggest group of our customers. Hence anything that affects the steel and foundry industry will have its one off effect on our business.

There is a continuous process for identifying, evaluating and managing significant risks faced through a risk management process designed to identify the key risks facing each business. The role of insurance and other measures used in managing risks is also reviewed. The Audit Committee has continued its monitoring role. Risks would include demand volatility, adverse foreign exchange fluctuations, ability to source critical raw materials, protection of leading technologies, product liability & loss of business reputation and adverse regulatory developments. During the year a risk analysis and assessment was conducted and no major risks were noticed.

Board of Directors

Mr Christopher David Abbott, who was a nominee of the holding company, had resigned from the Vesuvius Group's employment and so had resigned as a Director of the Company and his resignation was accepted effective from May 4, 2016. The Board of Directors record their appreciation of the services rendered by Mr Abbott during his term as a Director of the Company.

Mr Patrick Georges Felix Andre, President-Flow Control of the Vesuvius Group, has been appointed

as a Director of the Company effective from August 8, 2016 in the casual vacancy caused by the resignation of Mr Christopher Abbott. Mr Andre, a French National, is an Engineer and presently operates from Ghlin, Belgium. He has over 30 years experience with international organisations like Saint-Gobain in Philadelphia (USA), the French Ministry of International Trade and Industry, Eramet (International Mining and Metals Group) and Lhoist Group. Mr Andre joined Vesuvius in February 2016 and has been appointed a Director of the Company effective from August 8, 2016. He is not a Director of any other company in India but is a Director of the following Group companies incorporated abroad, namely, Vesuvius Belgium NV, Vesuvius Ceska Republica a.s. and Vesuvius Italy. He is not a member of any Committee in India and does not hold any shares of the Company. The Board of Directors are of the opinion that the presence of both Mr Patrick Andre and Mr Tanmay Ganguly, being two senior personnel of the Vesuvius Group, would bring great value and provide immense support to the Board of Directors and to the Company.

Mr Subrata Roy, Managing Director of the Company, is due to retire by rotation at the ensuing Annual General Meeting. Mr Roy has confirmed and declared that he is qualified to act as a Director of the Company and being eligible has offered himself for reappointment as a Director of the Company. The Board of Directors are also of the opinion that Mr Roy fulfils all the conditions specified in the Companies Act, 2013 making him eligible to be appointed as Director. Upon his reappointment as Director, he will continue as Managing Director of the Company for the remaining period of his term. His reappointment will be subject to retirement by rotation. Mr Subrata Roy, aged 51 years, is a Mechanical Engineer from Jadavpur University, Kolkata, and worked with Bharat Heavy Electricals Ltd. for five years prior to joining Vesuvius India in September, 1993 and was appointed as the Managing Director with effect from January 1, 2015. He was an integral part of the team which set up the Company's first factory at Kolkata and he had also supervised the construction of the Company's second factory at Visakhapatnam. Mr Roy brings with him rich experience and knowledge in engineering, manufacturing, technology and commercial activities through his extensive interactions in India and with the Vesuvius Group. Mr Roy is Member of the Main Committee of The Bengal Chamber of Commerce & Industry and is not a Director of any other company

in India or abroad. He is a member of the Share Transfer and Stakeholders Grievance & Relationship Committee and Corporate Social Responsibility Committee of the Company. He does not hold any shares of the Company and is not related to any Director or Key Managerial Personnel of the Company.

Mr Biswadip Gupta, Mr Sudipto Sarkar and Miss Nayantara Palchoudhuri, Independent Directors of the Company, have had a separate meeting on November 8, 2016 to conduct an evaluation of the performance of Independent Directors and Board as a whole and assess the quality, quantity and timeliness of flow of information from the Company management to the Directors. Mr Sudipto Sarkar and Miss Nayantara Palchoudhuri met separately to evaluate and review the performance of the Chairman. The Board also conducted a similar evaluation exercise. The results were satisfying, showing developments in the Board's dynamics, effectiveness and efficiency, and reinforcing the quality of the support provided by the Independent Directors and the Board as a whole. The Board is well supported and diversified and presents an open forum for debate and considered decision making. The evaluation also highlighted the unanimity of purpose of the Board on its key objectives of strategy, succession, talent development and risk.

The Independent Directors have confirmed and declared that they are not disqualified to act as an

independent director in compliance with the provisions of section 149 of the Companies Act, 2013 and the Board is also of the opinion that the Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Directors.

All Directors, Key Managerial Personnel and senior management of the Company have confirmed compliance with the Code of Conduct applicable to the Directors and employees of the Company and the declaration in this regard made by the Managing Director is attached as **Annexure VIII** which forms a part of this Report of the Directors. The Code of Conduct is available on the Company's website **www.vesuviusindia.com**. All Directors have confirmed compliance with provisions of section 164 of the Companies Act, 2013.

The details of number and dates of meetings held by the Board and its Committees, attendance of Directors and remuneration paid to them is given separately in the attached Corporate Governance Report (**Annexure I**) which forms a part of this Report of the Directors.

Directors' Responsibility Statement

The Board of Directors acknowledges the responsibility for ensuring compliance with the provisions of section 134(3)(c) read with section 134(5) of the Companies Act, 2013, and provisions of SEBI-LODR and in the

Francois Clement Wanecq lighting the lamp to inaugurate Vesuvius' 100 year celebrations at Kolkata factory



Report of The Directors (Contd.)

preparation of the annual accounts for the year ended on December 31, 2016 and state that :

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent 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 that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act 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;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) there is a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Key Managerial Personnel

The following three persons have been appointed as Key Managerial Personnel of the Company in compliance with the provisions of section 203 of the Companies Act, 2013:

- a) Mr Subrata Roy, Managing Director
- b) Mr Taposh Roy, Company Secretary
- c) Mr Sanjoy Dutta, Chief Financial Officer

Remuneration and other details of the Key Managerial Personnel for the year ended December 31, 2016 are mentioned in the Extract to the Annual Return in Form MGT-9 which is attached as **Annexure IV** and forms a part of this Report of the Directors.

Corporate Governance

The Company has in place the SEBI regulations

pertaining to Corporate Governance. During the year under consideration the Company had a seven member Board of Directors consisting of three non-executive independent directors, three non-executive directors representing the holding company and the Managing Director.

The non-executive Directors representing the holding company have waived their commission on profits for the year and have not received any sitting fees for attending the meetings of the Directors. The Managing Director does not receive sitting fees for attending the meetings of the Board or any Committee thereof nor any commission on profits. The sitting fees paid to the directors are within the limits prescribed under the Companies Act, 2013 and Rules thereon.

The Corporate Governance Report for the year ended on December 31, 2016, giving the details as required under Regulation 34(3) read with Clause C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI-LODR") is given separately as **Annexure I** and forms part of this Report of the Directors. The Corporate Governance Certificate for the year ended on December 31, 2016 issued by Mr Anjan Kumar Roy of M/s Anjan Kumar Roy & Co, Practicing Company Secretaries, Secretarial Auditor of the Company, is also attached as **Annexure II** and forms a part of this Report of the Directors.

The Company has in place an Insider Trading Code for compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. Mr Taposh Roy, Company Secretary, is the Compliance Officer responsible for compliance with the Insider Trading procedures. Details of securities transaction by insiders are placed before the Board of Directors of the Company and also notified to the Stock Exchanges.

Mr Subrata Roy, Managing Director and Mr Sanjoy Dutta, Chief Financial Officer, have given their certificate under Regulation 17(8) read with Part B of Schedule II of SEBI-LODR regarding the annual financial statements for the year ended on December 31, 2016 to the Board of Directors. The Managing Director has given his certificate under Regulation 34(3) read with Part D of Schedule V of SEBI-LODR regarding compliance with the Code of Conduct of the Company for the year ended December 31, 2016, which is attached as **Annexure VIII** and forms a part of this Report of the Directors.

Audit Committee

The Audit Committee was constituted on October 24, 2000. The Committee as on December 31, 2016 comprises Mr Biswadip Gupta as Chairman and Mr Tanmay Ganguly, Miss Nayantara Palchoudhuri and Mr Sudipto Sarkar as Members. The Company Secretary is the Secretary of the Committee. The Managing Director and Chief Financial Officer are permanent invitees to the meeting. The details of all related party transactions are placed periodically before the Audit Committee. During the year there were no instances where the Board had not accepted the recommendations of the Audit Committee. The Company has in place a vigil mechanism details of which are available on the Company's website www.vesuviusindia.com. All persons have been given direct access to the Chairman of the Audit Committee to lodge their grievances. No personnel has been denied access to the Audit Committee to lodge their grievances.

The Audit Committee has also been delegated the responsibility for monitoring and reviewing risk management assessment and minimization procedures, implementing and monitoring the risk management plan and identifying, reviewing and mitigating all elements of risks which the Company may be exposed to.

The details of terms of reference of the Audit Committee, number and dates of meetings held, attendance of the Directors and remuneration paid to them during the year ended on December 31,

2016 are given separately in the attached Corporate Governance Report.

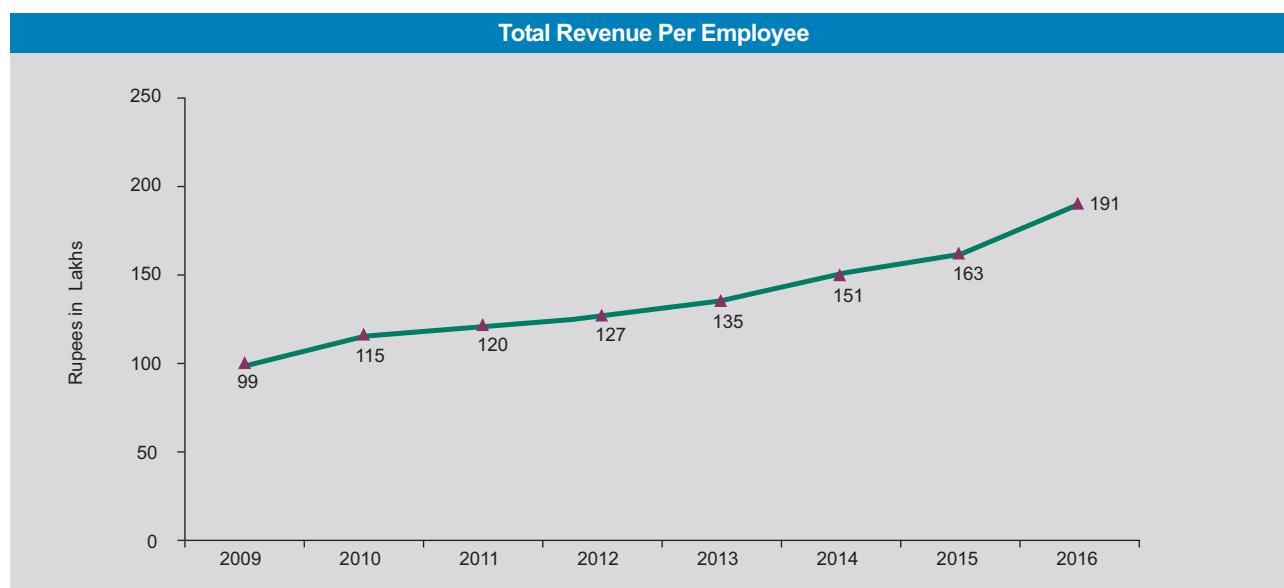
Corporate Social Responsibility Committee

A Corporate Social Responsibility Committee was constituted on April 29, 2014. The Committee as on December 31, 2016 comprises Mr Biswadip Gupta as Chairman and Mr Tanmay Ganguly, Miss Nayantara Palchoudhuri, Mr Subrata Roy and Mr Sudipto Sarkar as Members. Mr Arunava Maitra, Chief HR Officer, is the Secretary of the Committee.

The Corporate Social Responsibility Policy is available on the Company's website www.vesuviusindia.com

The terms of reference of the Corporate Social Responsibility Committee, number and dates of meetings held, attendance of the Directors and remuneration paid to them during the year ended December 31, 2016 are given separately in the attached Corporate Governance Report.

The Annual Report on Corporate Social Responsibility is attached as **Annexure VII**. The Company believes that CSR projects should be sustainable and with the long term purpose of improving the quality of living for the less privileged and for increasing social assets. The funds should be carefully spent on CSR so that they result in the ultimate objectives meted out in the Company's CSR Policy. Meetings have been held with agencies having all India presence to provide CSR support jointly with the employees of the Company to CSR projects not only where the Company's factories are based but also around steel



Report of The Directors (Contd.)

plants and other locations where the Company operates. Company had spent about Rs 12 lakhs during the year and expects that in the next year more CSR activities will be approved and undertaken.

Nomination and Remuneration Committee

A Nomination and Remuneration Committee was constituted on April 29, 2014 and the members as on December 31, 2016 are Mr Sudipto Sarkar as Chairman and Mr Biswadip Gupta, Mr Tanmay Ganguly and Miss Nayantara Palchoudhuri as Members. The Company Secretary is the Secretary of this Committee.

The Company's Remuneration Policy prepared in accordance with section 178 of the Companies Act, 2013 is available on the Company's website www.vesuviusindia.com. The details of terms of reference of the Nomination and Remuneration Committee, number and dates of meetings held, attendance of the Directors and remuneration paid to them during the year ended on December 31, 2016 are given separately in the attached Corporate Governance Report.

Share Transfer and Stakeholders Grievance & Relationship Committee

The Share Transfer Committee was constituted on January 1, 1993 and was renamed The Share Transfer and Investor Grievance Committee on February 12, 2001. To comply with the requirements of the Companies Act, 2013 the name of the Committee was changed to Share Transfer and Stakeholders Grievance & Relationship Committee effective from April 29, 2014. The Members of the Committee as on December 31, 2016 are Mr Biswadip Gupta as Chairman, Mr Tanmay Ganguly, Miss Nayantara Palchoudhuri, Mr Subrata Roy and Mr Sudipto Sarkar as Members. The Committee has delegated the responsibility for share transfers and other routine share maintenance work to the Company Secretary and to M/s C B Management Services (P) Ltd, the Registrars and Share Transfer Agents of the Company. All valid requests for dematerialisation and rematerialisation of shares, transfer or transmission of shares and other share maintenance matters are completed within 15 days of receipt of valid and complete documents. Minutes of the Committee meetings are circulated to all Directors and discussed at the Board meetings. The Committee also reports to the Board on matters relating to the shareholding

pattern, shareholding of major shareholders, insider trading compliances, movement of share prices, redressal of complaints, reports on SCORES of SEBI and all compliances under the Companies Act, 2013 and SEBI-LODR. Details of the number and dates of meetings of this Committee which were held during the year ended on December 31, 2016, attendance of the Directors and remuneration paid to them are given separately in the attached Corporate Governance Report.

The shares of the Company are listed on the Bombay and National Stock Exchange. The Company's shares are compulsorily traded in the dematerialized form. The ISIN number allotted is **INE 386A01015**. The details of shareholding pattern, distribution of shareholding and share prices are mentioned separately in the attached Corporate Governance Report. Only 1.95% of share capital are held in physical mode by 2929 Shareholders as on December 31, 2016.

An application for delisting of the shares of the Company from BSE Limited had been made in May 2016 but delisting has not been completed as BSE Limited has asked for a delisting fee which they are not entitled to charge. The matter is pending with BSE Limited.

Investor Education and Protection Fund

A sum of Rs 232,174/- being the dividend lying unclaimed for seven consecutive years out of the twelfth dividend declared by the Company for the year ended December 31, 2008 at the Annual General Meeting held on April 28, 2009 was transferred to the Investor Education and Protection Fund of the Central Government in June 2016, after giving several notices and reminders to the concerned shareholders.

Dividend which remains unclaimed out of the thirteenth dividend declared by the Company for the year ended on December 31, 2009 at the Annual General Meeting held on June 3, 2010 will be transferred to the Investor Education and Protection Fund ("IEPF") of the Central Government by July, 2017 pursuant to the provisions of section 124 and 125 of the Companies Act, 2013. Thereafter no claim shall lie on the Company for these unclaimed dividend. Shareholders will have to make their claims with the IEPF Authority following the appropriate rules in this regard. Individual notices have already been sent to the shareholders concerned on February 14, 2017.

Equity Shares corresponding to the dividend

unclaimed for seven consecutive years will also be transferred to IEPF, SUSPENSE ACCOUNT. Individual notices and advertisements have been made in this regard and is also available on the website of the Company.

Notices dated January 31, 2017 have also been sent to all members concerned reminding them to encash their unclaimed dividend.

List of Shareholders whose dividend remain unclaimed till date of AGM held on 04.05.2016 have been uploaded in the website of the Company www.vesuviusindia.com under heading "Investor Information" => "Dividend History & Unpaid Dividend". Shareholders are requested to check their unpaid dividend from this list and contact the Registrars and Share Transfer Agents to encash these unpaid dividends.

Auditors

Messrs BSR & Co LLP, Auditors of the Company, have submitted their Independent Auditors Report on the financial statements of the Company for the year ended on December 31, 2016 and they have made no qualification, reservation or adverse remark or disclaimer in their Report.

Messrs BSR & Co LLP, Auditors of the Company, were appointed Auditors for two consecutive terms and pursuant to section 139 of the Companies Act 2013 they are not eligible for re-appointment as Auditors at the ensuing Annual General Meeting. On the recommendation of the Audit Committee, the Board of Directors have selected and recommend Messrs Price Waterhouse Chartered Accountants

LLP, Chartered Accountants, to be the Auditors of the Company for the next five years.

Secretarial Audit

A Secretarial Audit was conducted by the Secretarial Auditor, Mr Anjan Kumar Roy of M/s Anjan Kumar Roy & Co. Practicing Company Secretaries, in accordance with the provisions of section 204 of the Companies Act, 2013. The Secretarial Auditor's Report is attached as **Annexure III** and forms a part of this Report of the Directors. There are no qualifications or observations or remarks made by the Secretarial Auditor in his Report.

Fixed Deposits

The Company has not accepted any deposits from the public, and as such, there are no outstanding



*Celebrating
Vesuvius'
100 years of
Innovation at
Kolkata
Factory*



Report of The Directors (Contd.)

deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

Loans, guarantees and investments

It is the Company's policy not to give loans, directly or indirectly, to any person (other than to employees under contractual obligations) or to other body corporates or give any guarantee or provide any security in connection with a loan to any other body corporate or person. The Company also does not make any investment in securities of any other body corporate. The company has not taken or given any loan or advances in the nature of loan to its holding company. The Company has no investments.

Provisions of section 186 of the Companies Act, 2013 are not applicable to loans to employees.

Information pursuant to section 134(3) of the Companies Act, 2013

Vesuvius plc is the ultimate holding company of the Company and therefore all subsidiaries of Vesuvius plc are treated as related parties of the Company. Transactions have been held during the year with some of the related parties, details of which are mentioned in the Annual Report in accordance with the Accounting Standards 18 on Related Party Disclosures notified by the Companies (Accounting Standards) Rules, 2006. All these transactions are in the ordinary course of business and are at arm's length and hence the restrictive provisions of section 188(1) are not attracted to these transactions. In compliance with the provisions of Regulation 34(3) read with Schedule V of SEBI-LODR read with section 134(3)(h) it is confirmed that no loans or advances in the nature of loans have been received or paid to the holding company or any associate company or any Director or to any firms or companies in which a director is interested and no investments have been made in the shares of the parent/ holding companies or any of its subsidiaries. The prescribed Form AOC-2 is therefore not applicable to the Company.

There were no material changes and commitments affecting the financial position of the Company occurring between December 31, 2016 and the date of this Report of the Directors.

The prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under section 134(3)(m) read with Rule 8(3) of the Companies (Accounts)

Rules, 2014 is attached as **Annexure V** and forms a part of this Report of the Directors.

The prescribed particulars of Employees required under section 134(3)(q) read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as **Annexure VI** and forms a part of this Report of the Directors.

Prevention of Sexual Harassment

In compliance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 the Company had constituted a Prevention of Sexual Harassment Committee with three employees and a reputed NGO representative and Miss Nayantara Palchoudhuri, Director, as an Adviser to the Committee. The Prevention of Sexual Harassment Policy is available on the Company's website www.vesuviusindia.com. All employees, especially women employees, were made aware of the Policy and the manner in which complaints could be lodged. The Committee submitted their second Annual Report which has been received and approved by the Board.

The following is reported pursuant to section 22 of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 :

- a. Number of complaints of sexual harassment received in the year : Nil
- b. Number of complaints disposed off during the year : Nil
- c. Number of cases pending for more than ninety days : Nil
- d. Number of workshops or awareness programme against sexual harassment carried out : Two
- e. Nature of action taken by the employer or District Officer: Not Applicable

Business Responsibility Report

The Company was ranked 482 by National Stock Exchange out of 500 top listed companies in India based on the market capitalisation as on March 31, 2016. Accordingly, in compliance with regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report for the year 2016 is attached as **Annexure IX** and forms a part of the Directors Report.

Policies Approved by the Board

During the year the following policies were approved by the Board and copies of these policies are attached as per Annexure referred to below :

Policy	Date of Board meeting where approved	Whether uploaded on Company's website	Annexure Number
Dividend Distribution Policy	November 8, 2016	YES	X
Speak Up and Incident Reporting (Whistle Blowing) Policy	November 8, 2016	YES	XI

Annexures forming a part of this Report of the Directors

The Annexures referred to in this Report and other information which are required to be disclosed are annexed herewith and form a part of this Report of the Directors :

Annexure	Particulars
I	Corporate Governance Report
II	Certificate from Practicing Company Secretary on Corporate Governance Report
III	Secretarial Audit Report
IV	Extract of the Annual Return in Form MGT-9
V	Prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo
VI	Particulars of Employees
VII	Annual Report on Corporate Social Responsibility
VIII	Managing Director's Certificate under regulation 34(3) read with Part D of Schedule V of SEBI-LODR on compliance of Code of Conduct
IX	Business Responsibility Report
X	Dividend Distribution Policy
XI	Speak Up and Incident Reporting (Whistle Blowing) Policy



Human Resources Management & Health, Safety and Environment

People are considered to be one of most valuable resources and the Company recognizes that working environment motivate employees to be productive and innovative. The Company adopts an open and honest approach to employee communications, supported by regular updates from senior management on business, operations and financial performance of the Company. An employee intranet which distributes company news and events, as well as local initiatives for employee engagement on a site-by-site basis.

The Company had 437 employees as on December 31, 2016. The continuous leadership and technical training courses in India and abroad give employees the opportunity to improve their skills, maximize personal potential and develop careers within the Company and the Group while adhering to Vesuvius values.

All management staff of the Company have undergone training on Anti-Bribery and Anti-Corruption Policy of the Company.

Appreciation

Your Directors record their sincere appreciation of the dedication and commitment of all employees in achieving and sustaining excellence in all areas of the business. Your Directors thank the Shareholders, customers, suppliers and bankers and other stakeholders for their continuous support to the Company.

For and on behalf of the
Board of Directors

Biswadip Gupta
CHAIRMAN

Kolkata
February 27, 2017

◀ Annual General Meeting

Annexure - I : Corporate Governance Report - 2016

This Corporate Governance Report relating to the year ended on December 31, 2016 has been issued in compliance with the requirements of Regulation 34(3) read with Clause C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and forms a part of the Report of the Directors to the Members of the Company.

1. OUR COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Our Company's philosophy is to add value to customers' businesses providing materials, equipment, processes and services that allow them to increase efficiency, quality and profitability of their operations while upholding the core values of Creativity, Co-operation, Reliability, Integrity, Embracing Diversity and compliance with laws. Our Company has complied with Vesuvius Code of Conduct which serves as a guide to each Director and employee on the standards and values, ethics and business principles which should govern their conduct and the Vesuvius policy on internal controls which require a review of all controls including financial, operational, compliance and risk management.

VESUVIUS MISSION STATEMENT

Vesuvius is a global leader in molten metal flow engineering, principally serving the steel and foundry industries with products, services and technologies that make demanding high temperature industrial applications possible.

Our mission is :

- to develop innovative solutions that enable our customers to improve the performance of their manufacturing process
- to provide each employee a safe workplace where he or she is recognized, developed and properly rewarded
- to deliver our shareholders a return on their investment that allows the Company to grow and prosper

2. BOARD OF DIRECTORS

2.1. Composition and Category of Directors

The Board of Directors as on December 31, 2016 consists of seven Directors of which there

are six Non-executive Directors and the Managing Director as follows :

Name of Director	Category of Director	Particulars
Mr Biswadip Gupta (DIN : 00048258)	Chairman, Non-Executive Independent Director	Appointed an Independent Director for 5 years effective from May 7, 2015
Mr Patrick Georges Felix Andre (DIN : 07619754)	Non-Executive Director	Nominee of the holding company. Appointed Director effective from August 8, 2016 in the casual vacancy caused by the resignation of Mr Christopher David Abbott
Mr Tanmay Kumar Ganguly (DIN : 01272338)	Non-Executive Director	Nominee of the holding company.
Miss Nayantara Palchoudhuri (DIN : 00581440)	Non-Executive Independent Director	Appointed an Independent Director for 5 years effective from March 27, 2015
Mr Subrata Roy (DIN : 07046994)	Managing Director	Appointed Managing Director for 5 years effective from January 1, 2015
Mr Sudipto Sarkar (DIN : 00048279)	Non-Executive Independent Director	Appointed Independent Director for 5 years effective from April 29, 2014
Mr Francois Clement Wanecq (DIN : 01272269)	Non-Executive Director	Nominee of the holding company. Not liable to retire by rotation.

None of the Directors are related to each other or to any Key Managerial Personnel of the Company

2.2. Details of the Directors

Mr Christopher David Abbott, who was a nominee of the holding company, had resigned from the Vesuvius Group's employment and so had resigned as a Director of the Company and his resignation was accepted effective from May 4, 2016.

Mr Patrick Georges Felix Andre (DIN : 07619754), President-Flow Control of the Vesuvius Group, had been appointed a Director of the Company effective from August 8, 2016 in the casual vacancy caused by the resignation of Mr Christopher David Abbott. He is not a Director of any other company in India nor is a member of any Committee in India and does not hold any shares of the Company. His particulars and other details are mentioned in the Directors Report and therefore are not mentioned separately in this Report.

In compliance with the provisions of section

152 and other applicable provisions of the Companies Act, 2013, Mr Subrata Roy will retire by rotation at the ensuing Annual General Meeting and it is proposed to re-appoint him as a Director of the Company. The personal information about Mr Roy is mentioned in the Directors Report and in the Notice convening the Annual General Meeting and therefore is not mentioned separately in this Report. Upon his re-appointment, Mr Roy will continue to remain the Managing Director of the Company.

All Directors have certified that the disqualifications mentioned under sections 164, 167 and 169 of the Companies Act, 2013 do not apply to them. Independent Directors have affirmed compliance with the Code of Conduct of the Company and the Code for Independent Directors mentioned in Schedule IV of the Companies Act, 2013. The Independent Directors have given declaration that they meet the criteria of independence referred to in section 149(6) of the Companies Act, 2013 and that they are not disqualified to act as such independent director.

2.3. Code of Conduct

The Code of Conduct laid down by Vesuvius plc, U.K, the ultimate holding company, which has been adopted by the Board of Directors, is applicable to the Directors and all employees of the Company. This Code of Conduct emphasizes the Company's commitment to compliance with the highest standards of legal and ethical behaviour. The Code of Conduct is available on the website of the Company **www.vesuviusindia.com** under heading 'Investor Information'. All Directors, Key Managerial Personnel and senior management have adhered to the Code of Conduct of the Company during the year and have signed declarations and given affirmation of compliance to the Code of Conduct. The declaration signed by Mr Subrata Roy, Managing Director, is given separately in the Annual Report.

2.4. Shareholding of Directors and Key Managerial Personnel

As on December 31, 2016 following shares of the Company were held by Directors

and Key Managerial Personnel of the Company :

Name	Designation	No of shares held as on 31.12.2016
Mr Biswadip Gupta	Chairman	38,749
Mr Sanjoy Dutta	Chief Financial Officer	6,500
Mr Taposh Roy	Company Secretary	1

No other Director or Key Managerial Personnel holds any shares in the Company.

2.5. Familiarisation program imparted to Independent Directors

Mr Biswadip Gupta and Mr Sudipto Sarkar, Independent Directors, are already familiar with the nature of the industry, business model and other aspects of the Company since they have been directors of the Company for a long period of time during which they had visited the factories at Kolkata and Visakhapatnam, had discussions and meetings with senior executives of the Company, were constantly updated with information about the company and the industry both national and international. Mr Biswadip Gupta had visited the Visakhapatnam Plants during the year and had familiarized himself once again with the new structures and equipment installed after the Hudhud cyclone damage, the improved procedures and compliances being followed and had numerous meetings and interactions with the employees. Miss Nayantara Palchoudhuri had undergone a familiarization program on February 23, 2015 and subsequently at Kolkata factory after the Board meetings held at that venue during the year. She is also the Advisor to the Committee of employees constituted for the Prevention of Sexual Harassment to Women at workplace and through these meetings have interacted with the employees of the Company.

2.6. Board Meetings, Annual General Meeting and Attendance

During the financial year ended December 31, 2016, four Board meetings were held on February 26, 2016, May 4, 2016, August 8, 2016 and November 8, 2016. The Annual General Meeting was held on May 4, 2016.

The Attendance of the Directors at the Board meetings and the Annual General Meeting and

Annexure - I : Corporate Governance Report - 2016 (Contd.)

remuneration paid to them for attending the Board meetings during the year is given below :

Name of Director	No. of Board Meetings			Fees Paid Rs	Attendance at AGM held on 04.05.2016
	Held	Eligible to attend	Attended		
Mr Biswadip Gupta	4	4	4	160,000	Yes
Mr Christopher Abott	4	2	1	Nil	No
Mr Patrick Andre	4	1	1	Nil	NA
Mr Tanmay Ganguly	4	4	2	Nil	No
Miss N Palchoudhuri	4	4	4	160,000	Yes
Mr Subrata Roy	4	4	4	Nil	Yes
Mr Sudipto Sarkar	4	4	3	120,000	No
Mr Francois Wanecq	4	4	2	Nil	Yes

Mr Biswadip Gupta, Chairman of the Audit Committee, was present at the Annual General Meeting held on May 4, 2016. Mr Sudipto Sarkar, Chairman of the Nomination and Remuneration Committee could not attend the Annual General Meeting as he had been engaged in a responsibility of national importance. The Chief Financial Officer, who is a permanent invitee to the meetings of the Board of Directors, and the Company Secretary, who is the Secretary of the Board of Directors, have attended all meetings of the Board of Directors. Mr Christopher David Abbott resigned effective May 4, 2016 (the date of the AGM and the second Board Meeting) and hence did not attend the Annual General Meeting and Board and Committee meetings held on that day. Mr Patrick Georges Felix Andre was appointed a Director of the Company on August 8, 2016 and he was entitled to attend his first Board meeting on November 8, 2016, which he attended.

2.7. Directorships and Committee membership

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees as specified in Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 across all companies in India of which they are a Director.

Independent Directors do not serve in more than 7 listed companies. None of the Independent Directors are wholetime directors in any listed Company so the limitations mentioned in Regulation 25 of SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015 are not applicable. Directorships and membership of Committees held by Directors as on December 31, 2016 are given below :

Name of Director	Companies in India			Companies abroad
	No. of Directorships held	No. of Committees of which Chairman *	No. of Committees of which Member only*	No. of Directorships held
Mr Biswadip Gupta	13	2	2	Nil
Mr Patrick Georges Felix Andre	1	Nil	Nil	4
Mr Tanmay Kumar Ganguly	1	Nil	2	Nil
Miss Nayantara Palchoudhuri	9	Nil	4	Nil
Mr Subrata Roy	2	Nil	1	Nil
Mr Sudipto Sarkar	5	Nil	5	Nil
Mr Francois Clement Wanecq	1	Nil	Nil	1

* Only Audit Committee and Stakeholders Relationship Committee are considered as per Regulation 26(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These include Directorship and Committee Membership of Vesuvius India Limited.

2.8. Board Committees

The Board of Directors have constituted the following Committees :

- Audit Committee
- Nomination and Remuneration Committee
- Share Transfer and Stakeholders Grievance & Relationship Committee
- Corporate Social Responsibility Committee

The responsibility of risk management, adherence to risk management plan and procedures and risk related matters have been delegated to the Audit Committee and hence there is no separate Risk Management Committee.

The composition, terms of reference, attendance and other details of these Committees are mentioned later in this Report.

3. AUDIT COMMITTEE

3.1. Constitution and Composition : The Audit Committee was constituted on October 24, 2000. The Audit Committee as on December 31, 2016 consists of four members namely Mr Biswadip Gupta, Chairman of the Audit Committee, Mr Tanmay Ganguly, Miss Nayantara Palchoudhuri and Mr Sudipto Sarkar. Mr Christopher Abbott who was a Member of this Committee resigned from Board and hence ceased to be a Member of this Committee effective from May 4, 2016.

The Managing Director and Chief Financial Officer are permanent invitees in all meetings of the Audit Committee. The Company Secretary is the Secretary of the Audit Committee. All Directors are financially literate and Mr Biswadip Gupta and Mr Tanmay Ganguly have accounting or related financial management expertise. The Statutory Auditors and Internal Auditors are invited to the meetings to discuss with the Directors the scope of audit, their comments and recommendation on the accounts, records, risks, internal procedures and internal controls of the Company and to discuss the Internal Audit Reports. Minutes of the Audit Committee meetings are circulated to all Directors and discussed at the Board meetings.

3.2. Terms of Reference : The terms of reference of the Audit Committee cover all the areas mentioned under section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board has also included in the terms of reference of the Audit Committee the monitoring, implementing and review of risk management plan as required under Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and therefore a separate Risk Management Committee has not been constituted. The broad terms of reference of the Audit Committee therefore include review of financial reporting process and all financial results, statements and disclosures and recommend the same to the Board, review the internal audit reports and discuss the same with the internal auditors, review internal control systems and procedures, evaluation of internal financial controls and risk management systems and their effectiveness, to meet the statutory auditors and discuss their findings, their scope of audit, post audit discussion, auditor's independence, adequacy of internal audit functions, audit qualifications, if any, appointment/removal and remuneration of auditors, changes in accounting policies and practices, reviewing approval and disclosure of all related party transactions, reviewing with the management the performance of the statutory and internal auditors and their remuneration, compliance with listing agreements, listing regulations, company law and other legal requirements and the Company's financial and risk management plan and policies and its implementation, disaster recovery policies and compliance with statutory requirements.

3.3. Internal Audit : The Internal Audit Department of Vesuvius Group conducts internal audit on a pan India basis.

3.4. Attendance : During the financial year ended December 31, 2016, four meetings of the Audit Committee were held on February 26, 2016, May 4, 2016, August 8, 2016 and November 8, 2016. The Attendance of the Directors at these Audit Committee meetings and remuneration paid to them is given below :

Name of Director	No. of Meetings			Fees Paid Rs.
	Held	Eligible to attend	Attended	
Mr Biswadip Gupta, Chairman	4	4	4	1,20,000
Mr Christopher David Abbott	4	1	Nil	Nil
Mr Tanmay Kumar Ganguly	4	4	2	Nil
Miss Nayantara Palchoudhuri	4	4	4	1,20,000
Mr Sudipto Sarkar	4	4	3	90,000

Mr Subrata Roy, Managing Director, Mr Sanjoy Dutta, Chief Financial Officer and Mr Taposh Roy, Company Secretary had attended all these meetings. Mr Christopher David Abbott resigned effective from May 4, 2016 and was not entitled to attend the Committee meeting held on that day.

4. NOMINATION AND REMUNERATION COMMITTEE

4.1. Constitution and Composition : The Nomination and Remuneration Committee was constituted on April 29, 2014 in compliance with the provisions of section 178 of the Companies Act, 2013 and the earlier Clause 49(IV) of the revised Listing Agreement with Stock Exchanges (now Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr Sudipto Sarkar is the Chairman of the Committee and other members are Mr Biswadip Gupta, Mr Tanmay Ganguly and Miss Nayantara Palchoudhuri.

4.2. Terms of Reference : The terms of reference of the Nomination and Remuneration Committee cover all the areas mentioned under section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The broad terms of reference of the Nomination and Remuneration Committee therefore include recommending a policy relating to remuneration and employment terms of wholtime directors and senior management personnel, adherence to and review of the remuneration/employment policy as approved by the Board of Directors, formulating the criteria and identify persons who may be appointed as directors or senior management of the Company, preliminary

Annexure - I : Corporate Governance Report - 2016 (Contd.)

evaluation of every Director's performance, Board diversity, compliance of the Code for Independent Directors referred to in Schedule IV of the Companies Act, 2013, compliance with the Company's Code of Conduct by Directors and employees of the Company, reporting non-compliances to the Board of Directors, recommending draft of the report required under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 which will form part of the Directors Report to Shareholders and any other matters which the Board of Directors may direct from time to time.

4.3. Attendance : During the financial year ended December 31, 2016, two meetings of the Nomination and Remuneration Committee were held on February 26, 2016 and August 8, 2016. The Attendance of the Directors at these Committee meetings and remuneration paid to

Name of Director	No. of Meetings			Fees Paid Rs.
	Held	Eligible to attend	Attended	
Mr Sudipto Sarkar, Chairman	2	2	2	40,000
Mr Christopher Abbott	2	1	Nil	Nil
Mr Biswadip Gupta	2	2	2	40,000
Mr Tanmay Ganguly	2	2	1	Nil
Miss Nayantara Palchoudhuri	2	2	2	40,000

Mr Subrata Roy, Managing Director and Mr Taposh Roy, Company Secretary had attended all these meetings. Mr Christopher David Abbott resigned effective from May 4, 2016 and was not entitled to attend the Committee meeting held on that day.

4.4 Performance Evaluation of Directors

A performance evaluation of each Independent Director of the Company and of the Board was done on November 8, 2016. The attendance, participation and contributions of each Independent Director not only during the proceedings of meetings of the Directors but also beyond meeting hours were appreciated. The knowledge, experience and advice shared by the Independent Directors from time to time have ensured governance and good conduct, adherence to laws, mitigating risks and growth. The evaluation highlighted the unanimity of purpose of the Board on its key objectives of strategy, succession, talent development and risk. The evaluation concluded that the Board continues to promote open debate and is well supported in terms of information flow and unanimity on its key objectives and that, in terms of good governance, was functioning effectively,

setting Vesuvius' strategic directions and acting as custodians of shareholder value for the long term.

4.5. Remuneration Policy : The Remuneration Policy of the Company and the Terms and Conditions of appointment of Independent Directors are available on the website of the Company www.vesuviusindia.com under heading "Investor information".

5. REMUNERATION TO DIRECTORS

5.1. The Non-executive Directors are entitled to sitting fees for every meeting of the Board or Committee thereof attended by them. They are also entitled to commission not exceeding 1% of the net profits of the Company. Directors nominated by the holding company are not entitled to sitting fees and they have waived their commission on net profits for the year. The Managing Director does not receive sitting fees for attending the meetings of the Board or any Committee thereof nor does he receive any commission on net profits. None of the Directors had any pecuniary relationship or transaction with the Company during the year.

5.2. Total Remuneration paid to Non-executive Directors for attending meetings of the Board and Committees during the year ended December 31, 2016 is given below :

Name of Director	Period	Sitting Fees Rs.	Commission Rs	Total Rs
Mr Biswadip Gupta	Full year	3,80,000	9,00,000	12,80,000
Mr Christopher Abbott	Upto 4.5.2016	Nil	Nil	Nil
Mr Patrick Andre	Wef 8.8.2016	Nil	Nil	Nil
Mr Tanmay Ganguly	Full year	Nil	Nil	Nil
Miss Nayantara Palchoudhuri	Full year	3,80,000	7,00,000	10,80,000
Mr Sudipto Sarkar	Full year	3,00,000	6,75,000	9,75,000
Mr Francois Clement Wanecq	Full year	Nil	Nil	Nil

5.3. Total Remuneration paid to Mr Subrata Roy, Managing Director, for the year ended December 31, 2016 is given below :

Particulars	Amount Paid Rs
Salary and Allowances	88,98,000
Leave encashment	3,65,671
Performance Incentive	28,24,226
Perquisites and other payments	5,73,046
Contribution to Retirement Funds	12,10,128
Total for year ended 31.12.2016	1,38,71,071

Mr Subrata Roy's contract for appointment is for a period of 5 years from January 1, 2015. His notice period is six months or such shorter notice as the Board of Directors may agree. There is no separate provision for payment of severance fees in the Contract. The Company does not have any Stock Option Scheme.

- 5.4. The Company has obtained a Directors and Officers Liability Insurance Policy covering all Directors and Officers of the Company in respect of any legal action that might be initiated against any Director or Officer of the Company.

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As required under sections 135 of the Companies Act, 2013, a Corporate Social Responsibility Committee was constituted on April 29, 2014. The members of this Committee as on December 31, 2016 are Mr Biswadip Gupta as Chairman and Mr Tanmay Ganguly, Miss Nayantara Palchoudhuri, Mr Subrata Roy and Mr Sudipto Sarkar as Members.

The terms of reference of this Committee is to comply with the requirements of section 135 of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 and all other relevant compliances.

Corporate Social Responsibility Policy is available on the Company's website www.vesuviusindia.com

The Committee met only twice during the year on February 26, 2016 and November 8, 2016. The CSR Report is attached separately to the Directors Report.

The attendance of the Directors at the meetings of this Committee and remuneration paid to them is given below :

Name of Director	No of Meetings		Fees Paid Rs
	Held	Attended	
Mr Biswadip Gupta, Chairman	2	2	30,000
Mr Tanmay Kumar Ganguly	2	2	Nil
Miss Nayantara Palchoudhuri	2	2	30,000
Mr Subrata Roy	2	2	Nil
Mr Sudipto Sarkar	2	2	30,000

7. SHARE TRANSFER AND STAKEHOLDERS GRIEVANCE & RELATIONSHIP COMMITTEE

- 7.1. **Constitution and Composition :** The Share Transfer Committee was constituted on January 1, 1993 and renamed Share Transfer and Stakeholders Grievance & Relationship Committee on April 29, 2014 to comply with the Companies Act, 2013 and Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on December 31, 2016, this Committee consisted of five Directors namely Mr Biswadip Gupta, Chairman of the Committee, Mr Tanmay Ganguly, Miss Nayantara Palchoudhuri, Mr Subrata Roy and Mr Sudipto Sarkar. Minutes of the Share Transfer and Stakeholders Grievance & Relationship Committee meetings are circulated to all Directors and discussed at the Board meetings.

- 7.2. **Compliance Officer :** Mr Taposh Roy, Company Secretary, is the Secretary of this Committee and the Compliance Officer and his contact details are given below :

Mr Taposh Roy, Company Secretary
Vesuvius India Limited
P-104 Taratala Road, Kolkata 700 088
West Bengal, India
Phone : (033) 3041 0600 ; 3041 0611
Fax : (033) 2401 3976
Email : Taposh.Roy@vesuvius.com

- 7.3. **Attendance :** During the financial year ended December 31, 2016, three meetings of the Committee were held on May 4, 2016, November 8, 2016 and December 30, 2016. The Attendance of the Directors at these Committee meetings and remuneration paid to them is given below :

Name of Director	No. of Meetings			Fees Paid Rs.
	Held	Eligible to attend	Attended	
Mr Biswadip Gupta, Chairman	3	3	3	30,000
Mr Tanmay Kumar Ganguly	3	3	2	Nil
Miss Nayantara Palchoudhuri	3	3	3	30,000
Mr Subrata Roy	3	3	3	Nil
Mr Sudipto Sarkar	3	3	2	20,000

Annexure - I : Corporate Governance Report - 2016 (Contd.)

7.4. Pledge of shares : No pledge has been created over the Equity Shares held by the Promoters as on December 31, 2016.

7.5. Details of Complaints from Shareholders :

No. of complaints remaining unresolved as on 01.01.2016 :	Nil
No. of complaints received during the year :	3
No. of complaints resolved during the year :	3
No. of complaints unresolved as on 31.12.2016 :	Nil

7.6. Details of share transfers and dematerialized during the year :

No. of valid share transfer applications received :	30
No. of share transfer applications processed & registered :	30
No. of shares transferred :	2,580
No. of pending share transfers as on 31.12.2016 :	Nil
No. of shares dematerialised to NSDL :	19,437
No. of shares dematerialised to CDSL :	16,139
No. of shares rematerialised :	Nil

8. GENERAL BODY MEETINGS

8.1. Particulars of last three Annual General Meetings are given below :

AGM No	Relating to Financial Year ended on	Venue of AGM	Date of AGM	Time of AGM
23rd	31.12.2013	G D Birla Sabhaghar, 29 Ashutosh Chowdhury Avenue, Kolkata 700 019	29.04.2014	10.30 a.m.
24th	31.12.2014	Williamson Magor Hall, The Bengal Chamber of Commerce & Industry, 6 Netaji Subhas Road, Kolkata 700 001	07.05.2015	10.30 a.m.
25th	31.12.2015	G D Birla Sabhaghar, 29 Ashutosh Chowdhury Avenue, Kolkata 700 019	04.05.2016	10.30 a.m.

8.2. Special resolutions :

- 8.2.1. No special resolutions were passed in any of the previous three Annual General Meetings.
- 8.2.2. At the ensuing 26th Annual General Meeting to be held on May 12, 2017 no resolution is proposed to be passed by special resolution.

8.3. Postal Ballot : No resolutions were passed by Postal Ballot in any of the previous three Annual General meetings.

9. MEANS OF COMMUNICATION

9.1. Quarterly results are published in the Business Standard and the Bengali version thereof in Sanbad Pratidin the day after the Board Meeting where the results are approved. These financial results and quarterly shareholding pattern are electronically transmitted to the stock exchanges and are also uploaded on the Company's website **www.vesuviusindia.com**. Quarterly financial results are emailed to all Members whose email is registered with the Company or the Depository Participants.

9.2. Shareholder communication including Notices and Annual Reports are being sent to the email addresses of Members available with the Company and the Depositories. Annual Accounts are sent to Members at least 25 days before the date of Annual General Meeting.

9.3. The Company's website **www.vesuviusindia.com** makes online announcements of Board Meeting dates, results of the meetings, quarterly financial results, announcement of the date of Annual General Meeting and proposed dividend, changes in Directors and other announcements. The website also provides quarterly shareholding pattern, lists of unclaimed dividend which have not yet been transferred to the Investor Education and Protection Fund of the Central Government and provides standard letters which can be downloaded by shareholders. Copies of Notices and Annual Reports sent to Shareholders are also available on the website. The Vesuvius Group website **www.vesuvius.com** gives information about the Vesuvius Group worldwide and the products offered by Vesuvius.

9.4. In compliance with Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 the Company sends intimation to all members concerned in January of each year by ordinary post informing them that their

dividend for past years have remained unclaimed. Reminder letters are also given to concerned Shareholders two months before the due date of transfer of unclaimed dividend to the Investor Education and Protection Fund of the Central Government.

9.5. Address for communication :

All communication regarding share transactions, change of address, bank mandates, nominations etc. should be addressed to the Registrars and Share Transfer Agents of the Company at the following address :

C B Management Services (P) Limited

Unit : Vesuvius India Limited

P-22 Bondel Road, Kolkata 700 019.

Phone : (033) 40116700; 40116718; 40116729

Fax : (033) 4011 6739

Email : rta@cbmsl.com, ranarc@cbmsl.co

Web site : www.cbmsl.com

Standard forms/letters can be downloaded from the Company's website **www.vesuviusindia.com**

Complaints, if any, may also be addressed to the Company Secretary at the Registered Office at P-104 Taratala Road, Kolkata 700 088 or sent by email at **Taposh.Roy@vesuvius.com**.

Shareholders are encouraged to correspond with the Registrars & Share Transfer Agents and the Company via email to speed up response, reduce paperwork and also to help us redress complaints faster. **Shareholders are requested to mention their Folio nos. (DP-ID and Client ID in case of demat shares), phone or mobile number and their Email ID** so that we can contact them and redress their complaints immediately. However, for instructions like change of bank mandate, change of address, transfers & transmission of shares etc. letters duly signed by the Shareholders concerned should be sent otherwise such requests cannot be processed by the Registrars. **Email ID of Shareholders will have to be registered with the Company or with Depositories to enable the Company or the Registrars to communicate electronically.** Registration of Email ID can be done online at the website of the Registrars **www.cbmsl.com** or by sending them a letter duly signed by the Shareholders.

10. GENERAL SHAREHOLDER INFORMATION

10.1. Date, time & venue of the Annual General Meeting :

The 26th Annual General Meeting of the Company will be held on Friday, May 12, 2017 at 10.30 a.m. at G D Birla Sabhaghar, 29 Ashutosh Chowdhury Avenue, Kolkata 700019.

10.2. Financial Year :

10.2.1. The Financial Year of the Company ended on December 31, 2016.

10.2.2. In terms of section 2(41) of the Companies Act, 2013, the Company Law Board, Kolkata Bench, by order dated January 7, 2016 has permitted the Company to retain 1st January to 31st December of each year as the Financial year of the Company.

10.3. Record Date and Cut Off Date:

10.3.1. **Record Date** is May 5, 2017 for determining those who will be entitled to receive dividend to be declared at the ensuing Annual General Meeting.

10.3.2. **Cut Off Date is May 5, 2017** for determining those who will be entitled to vote electronically on the resolutions mentioned in the Notice convening the Annual General Meeting by remote e-Voting and also vote at the meeting venue.

10.4. Electronic Voting

10.4.1. Pursuant to section 108 and other applicable provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and other applicable requirements, voting at the 26th Annual General Meeting will be made through electronic voting. The electronic voting ("E-Voting") period will be **from 9.00 a.m. on May 9, 2017 to 5.00 p.m. on May 11, 2017**, both days inclusive.

10.4.2. No special resolution is proposed to be conducted through postal ballot or electronic voting.

10.4.3. **Scrutiniser for electronic voting :** Mr Anjan Kumar Roy, Proprietor of Anjan Kumar Roy & Co, Practicing Company Secretaries (Membership No. F5684 and C.P. No 4557) of DPS, Corporate Club, 9A Sebak Baidya Street, Kolkata 700029 Phone : 9830201949; (033) 24750112 Email : akroyco@yahoo.co.in and anjanroy_2003@yahoo.co.in) been appointed as the Scrutiniser to scrutinise the electronic voting process and the voting at the venue of

Annexure - I : Corporate Governance Report - 2016 (Contd.)

the Annual General Meeting in a fair and transparent manner and to give his report to the Chairman.

10.5. Dividend payment date :

Dividend at the rate of Rs 6.50 per share of nominal value Rs 10/- each has been recommended by the Board of Directors for the year ended on December 31, 2016, subject to the approval from the Members at the ensuing Annual General Meeting. If dividend is declared at the Annual General Meeting, the dividend will be deposited with the Bank within May 17, 2017 and payment of dividend will be made within May 22, 2017.

10.6 Listing on Stock Exchanges :

The shares of the Company are listed with the following stock exchanges :

- BSE Limited
(Stock Code : 520113)
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001
- National Stock Exchange of India Limited
(Stock Code : VESUVIUS)
Exchange Plaza, 5th Floor
Plot No C/1, G Block, Bandra-Kurla Complex
Bandra (E), Mumbai 400 051

For Dematerialisation of Equity Shares of the Company of face value Rs 10/- each, the ISIN No. allotted to the Company is **INE 386A01015**.

Annual Listing Fees have been paid and all requirements of the stock exchanges where the shares of the Company are listed, including submission of quarterly reports and certificates, were complied with.

10.7 Market Price Data :

- National Stock Exchange** - Market Price and Volume during the period January 1, 2016 to December 31, 2016 :

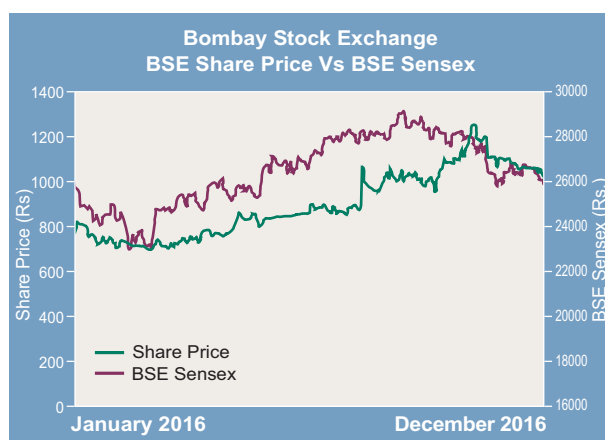
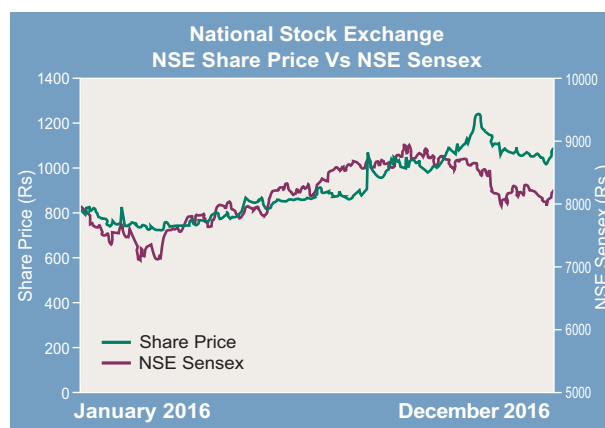
Month	High Rs.	Low Rs.	NSE Volume
January	808.60	720.30	45919
February	799.65	695.05	40941
March	740.90	701.20	61678
April	780.50	728.80	39182
May	847.70	762.40	7251
June	890.40	831.65	37877
July	893.75	848.80	24545
August	1066.05	862.45	376124
September	1048.90	975.80	226490
October	1193.80	1018.55	53732
November	1249.40	1058.15	152618
December	1097.25	1012.05	293533

- Bombay Stock Exchange** - Market Price and Volume during the period January 1, 2016 to December 31, 2016:

Month	High Rs.	Low Rs.	NSE Volume
January	810.25	710.50	20752
February	729.75	690.75	13909
March	746.50	698.50	78947
April	775.25	725.00	5321
May	847.75	764.75	32615
June	888.05	827.95	7251
July	889.40	850.00	10057
August	1056.65	869.80	162249
September	1039.00	974.40	117328
October	1190.05	1006.40	19565
November	1246.00	1063.00	72012
December	1093.45	1010.60	4590

10.8 Performance Graphs :

A Graph showing comparison of Share Prices Vs Sensex is given below :



10.9. Registrars & Share Transfer Agents :

The share management work, both physical and demat, is being handled by the Registrars

and Share Transfer Agents of the Company whose name and address is given below :

CB Management Services (P) Limited
P-22 Bondel Road, Kolkata 700 019
Phone : (033) 40116700; 40116718; 40116729
Fax : (033) 4011 6739
Email : rta@cbmsl.com, ranarc@cbmsl.co
Web site : www.cbmsl.com
Contact person : Mr Rana Roy Choudhury

10.10 Share Transfer System :

Share Transfer requests valid and complete in all respects are normally processed within 15 days. Power has been delegated to the Company Secretary and the Registrars & Share Transfer Agents for expediting share transfers. Valid requests for demat of shares are completed within 10 days. The Company's shares are compulsorily traded in the dematerialized form. The ISIN No. allotted to the Company is **INE 386A01015**.

10.11. Distribution of shareholding as on December 31, 2016 :

Shares held	Number of Shareholders	%	Number of Shares held	%
1 - 500	11,436	94.31	1,082,163	5.33
501 - 1000	304	2.51	235,586	1.16
1001 - 5000	285	2.35	642,822	3.17
5001 - 10000	35	0.29	256,466	1.26
10001 and above	65	0.54	18,079,043	89.08
Total	12,125	100.00	20,296,080	100.00

Shares held	Number of Shareholders	%	Number of Shares held	%
In Physical mode	2,929	24.16	395,878	1.95
Demat with NSDL	6,850	56.49	19,383,776	95.51
Demat with CDSL	2,346	19.35	516,426	2.54
Total	12,125	100.00	20,296,080	100.00

10.12 Shareholding pattern as on December 31, 2016 :

Particulars	Number of Shares held	%
Vesuvius Group Limited, U.K.	11,277,650	55.57
Foreign Institutional Investors	85,876	0.42
Non Resident Indians	132,707	0.65
Foreign Portfolio Investor	1,544,465	7.61
Indian Financial Institutions	2,048	0.01
Nationalised & other Banks and Mutual Funds	3,665,835	18.06
Bodies Corporate	1,121,540	5.53
Individuals & Others	2,464,342	12.14
Clearing member with Depositories	1,617	0.01
Total	20,296,080	100.00

10.13 Top ten Shareholders :

Particulars	Number of Shares held	%
Vesuvius Group Limited, U.K.	11,277,650	55.57
HDFC Trustee Company Ltd		
-A/c HDFC Mid-Cap Opportunities Fund	1,111,500	5.48
Reliance Capital Trustee Co Ltd		
- A/c Reliance Tax Saver Fund (ELSS)	791,955	3.90
ACACIA Institutional Partners, LP	468,000	2.30
Catamaran Management Services Pvt Ltd	450,729	2.22
HDFC Trustee Company Ltd		
-A/c HDFC Long Term Advantage Fund	420,000	2.07
UTI-Mid Cap Fund	278,915	1.37
ACACIA Partners, LP	263,908	1.30
ACACIA Conservation Fund LP	240,745	1.19
ACACIA Banyan Partners	231,505	1.14
Total	15,534,907	76.54

10.14. Transfers during the year to the Investor Education and Protection Fund under section 205A of the Companies Act, 1956 :

During the year dividend amounting to Rs 232,174/- lying unclaimed in the twelfth Dividend Account relating to the year ended December 31, 2008 which had been declared at the Annual General Meeting of the Company held on April 28, 2009, was transferred in June, 2016 to the Investor Education and Protection Fund ("IEPF") of the Central Government after giving final reminder notices on February 12, 2016 to all concerned Shareholders.

10.15 Unclaimed Dividend transfer to IEPF :

Notices pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 regarding dividend lying unclaimed, have been sent to all shareholders concerned on January 31, 2017. Final notices dated February 14, 2017 have been sent to those Shareholders whose dividend relating to the year ended December 31, 2009 are still lying unclaimed as these dividends will be transferred to Investor Education and Protection Fund of the Central Government in July 2017.

10.16 Transfer to IEPF of shares relating to dividend which have remained unclaimed for seven years and are being transferred to IEPF :

Shares in respect of which dividend will be transferred to the Investor Education and Protection Fund ("IEPF") of the Central Government in July 2017 shall also be transferred to IEPF pursuant to Rule 6 of Investor Education and Protection Fund

Annexure - I : Corporate Governance Report - 2016 (Contd.)

Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("Rules") read with section 124 of the Companies Act, 2013. Intimations have been sent to Shareholders concerned requesting them to encash their unclaimed dividends failing which the corresponding shares will be transferred to IEPF. The list of Shareholders and the corresponding shares are available on the Company's website www.vesuviusindia.com.

10.17 Unclaimed Shares

As on December 31, 2016 there were no shares of any shareholder lying unclaimed with the Company or lying in the suspense account. The disclosure required to be given under Regulation 34(3) read with Clause F of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are therefore not applicable.

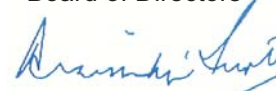
11. DISCLOSURES

- 11.1** Details of transactions with related parties have been reported in the Notes to Accounts. These disclosures are also made for the purpose of Regulation 10(1)(a) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. All the transactions with related parties are at arm's length basis and there are no materially significant related party transactions which may have potential conflict with the interests of the Company at large. The Related Party Policy is available on the Company's website www.vesuviusindia.com
- 11.2.** There were no instances of non-compliance by the Company or any penalties or strictures imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- 11.3.** The Company has established a vigil mechanism system and has in place a revised Whistle Blower Policy namely "Speak Up and Incident reporting (Whistle Blowing) Policy", a copy of which is attached to the Directors Report and is also available on the Company's website

www.vesuviusindia.com. Adequate safeguards have been provided against victimization of persons who use the vigil mechanism. All persons have been given direct access to the Chairman of the Audit Committee to lodge their grievances. No personnel has been denied access to the Audit Committee to lodge their grievances.

- 11.4.** Mandatory requirements and non-mandatory requirements have been appropriately complied with except that the Company does not bear the expenses of the Chairman's Office and does not send the half-yearly financial performance to each household of shareholders who have not registered their Email ID with the Company or the Depository Participants.
- 11.5.** Management Discussion and Analysis Report forms a part of the Directors' Report.
- 11.6.** No presentations were made to institutional investors and analysts during the year.
- 11.7.** The Company does not have any subsidiary therefore corresponding disclosures have not been made.
- 11.8.** There have been no public issues, rights issues or other public offerings during the past five years. The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments. Hence corresponding disclosures have not been made.
- 11.9.** Plant locations of the Company are given separately in the Annual Accounts of the Company and are also available on the Company's website www.vesuviusindia.com
- 11.10.** Other items which are not applicable to the Company have not been separately commented upon.

For and on behalf of the
Board of Directors



Biswadip Gupta
CHAIRMAN

Kolkata
February 27, 2017

Annexure - II : Certificate on Corporate Governance

ANJAN KUMAR ROY & CO.

COMPANY SECRETARIES

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Vesuvius India Limited
P-104, Taratala Road,
Kolkata - 700 088

- A. We have conducted an audit of compliance of corporate governance norms and procedures by the Company being **M/s. Vesuvius India Limited**, having its registered office at P-104, Taratala Road, Kolkata - 700 088 (hereinafter called the Company) during the Financial Year ended 31st December, 2016, and provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, read with other applicable provisions of law during the aforesaid period.
- B. That our audit is an independent audit of compliance of corporate governance norms and procedures as mentioned above by M/s. Vesuvius India Limited. That compliance of corporate governance norms and procedures is the responsibility of the Company. That our audit is neither an opinion on financial statements of the Company nor on future viability of the Company or on effective management of the Company.
- C. In our opinion and to the best of our understanding, based on the records, documents, books and other information furnished to us during the aforesaid audit by the Company, its officers and agents, we confirm that the Company has complied with the corporate governance norms and procedures, as referred above and to the extent applicable to the Company, during the aforesaid period under scrutiny.

For, **ANJAN KUMAR ROY & CO.**
Company Secretaries

ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557

Place : Kolkata
Date : 27/02/2017

Annexure - III : Secretarial Audit Report

ANJAN KUMAR ROY & CO.

COMPANY SECRETARIES

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST December, 2016

**[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of
the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,
The Members,
Vesuvius India Limited
P-104, Taratala Road,
Kolkata - 700 088

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Vesuvius India Limited** (hereinafter called the Company) for and during the financial year ended 31st December, 2016. Secretarial Audit was conducted on test check basis, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.
2. Based on our verification of the **M/s. Vesuvius India Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st December, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
3. We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Vesuvius India Limited** for and during the financial year ended on 31st December, 2016 according to the provisions of :
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **N/A**;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and - **N/A**;
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - **N/A**;
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.
- (vi) and other laws specifically applicable to the Company being:-
- I. Hazardous Wastes (Management and Handling) Rules, 2008 and
 - II. Public Liability Insurance Act, 1991.

We have checked the compliance under these specific laws on random sample basis.

4. We have also examined compliance with the applicable clauses of the following:
 - (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
 - (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited (BSE) & National Stock Exchange of India Limited (NSE).
5. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
6. We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
7. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance.
8. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
9. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines, such as laws related to taxation, local laws applicable to the area of operation of business and other laws generally applicable to company.
10. This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

For, **ANJAN KUMAR ROY & CO.**
Company Secretaries

ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557

Place : Kolkata
Date : 27/02/2017

Annexure - III : Secretarial Audit Report *(Contd.)*

ANJAN KUMAR ROY & CO.

COMPANY SECRETARIES

‘Annexure A’

**(To the Secretarial Audit Report of M/s. Vesuvius India Limited
for the financial year ended 31/12/2016)**

To,
The Members,
Vesuvius India Limited
P-104, Taratala Road,
Kolkata - 700 088

Our Secretarial Audit Report for the financial year ended 31/12/2016 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulation and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For, **ANJAN KUMAR ROY & CO.**
Company Secretaries

ANJAN KUMAR ROY
Proprietor
FCS No. 5684
CP. No. 4557

Place : Kolkata
Date : 27/02/2017

Annexure - IV : Form No. MGT - 9

Extract of Annual Return

as on the financial year ended on December 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

- i) CIN No : L26933WB1991PLC052968
 ii) Registration Date : 6th September, 1991
 iii) Name of the Company : VESUVIUS INDIA LIMITED
 iv) Category / Sub-Category of the Company :
 v) Address of Registered Office : P-104 Taratala Road, Kolkata 700 088, West Bengal, INDIA
 and contact details : Phone : +91 33 30410600, Fax : +91 33 2401 3976
 Email : vesuviusindia@vesuvius.com, Website : www.vesuviusindia.com
 vi) Whether Listed company : YES. Listed on Bombay & National Stock Exchange
 vii) Name, Address and contact details : M/s C B Management Services (P) Limited
 of Registrar and Transfer Agent : P-22 Bondel Road, Kolkata 700 019, West Bengal, INDIA
 Phone : +91 33 40116700/ 6711/ 6718/ 6723 Fax : +91 33 40116739
 Email : rta@cbmsl.com Website : www.cbmsl.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All business activities contribution 10% or more of the total turnover of the company shall be stated :

Sl. No	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Manufacture & sale of refractory	2391	96.85 %
2	Services		3.15 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SL.No.	Name and address of the Company	CIN/GLN	Holding / Subsidiary/ Associate	% of shares held	Applicable section
1	Vesuvius Group Limited 165 Fleet Street London EC4A 2AE, UK	NA	Holding company	55.57	section 2(87)(ii)
2	Vesuvius Financial 1 Limited (formerly, Cookson Financial Limited) 165 Fleet Street London EC4A 2AE, UK	NA	Holding company	Nil	section 2(87)(ii)
3	Vesuvius Holdings Limited (formerly, Cookson Group plc) 165 Fleet Street London EC4A 2AE, UK	NA	Holding company	Nil	section 2(87)(ii)
4	Vesuvius plc 165 Fleet Street London EC4A 2AE, UK	NA	Holding company	Nil	section 2(87)(ii)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No of shares held at the beginning of the year				No of shares held at the end of the year				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual /HUF									
b) Central Government									
c) State Governments									
d) Bodies corporate									
e) Banks /Financial Institutions									
f) Any Other									
Sub-total (A) (1) :	0	0	0	0	0	0	0	0	0

Annexure - IV : Form No. MGT - 9

Extract of Annual Return (Contd.)

Category of Shareholders	No of shares held at the beginning of the year				No of shares held at the end of the year				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals									
b) Other- Individuals									
c) Bodies Corporates	11277650	0	11277650	55.57	11277650	0	11277650	55.57	0.00
d) Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2) :	11277650	0	11277650	55.57	11277650	0	11277650	55.57	0.00
Total Shareholding of Promoter (A)									
(A) = (A)(1) + (A)(2)	11277650	0	11277650	55.57	11277650	0	11277650	55.57	0.00
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	3071628	800	3072428	15.14	3663569	800	3664369	18.05	2.92
b) Banks / Financial Institutions	3553	600	4153	0.02	1066	600	1666	0.01	-0.01
c) Central Government(s)			0	0.00			0	0.00	0.00
d) State Government(s)			0	0.00			0	0.00	0.00
e) Venture Capital Funds			0	0.00			0	0.00	0.00
f) Insurance Companies			0	0.00	1848	0	1848	0.01	0.01
g) Foreign Institutional Investors (FII)	303969	0	303969	1.50	85876	0	85876	0.42	-1.07
h) Foreign Venture Capital Funds			0	0.00			0	0.00	0.00
i) Others (Specify)			0	0.00			0	0.00	0.00
Foreign Portfolio Investors	2120570	0	2120570	10.45	1544465	0	1544465	7.61	-2.84
Overseas Corporate Body (OCB)		80	80	0.00	0	80	80	0.00	0.00
Sub-total (B) (1) :	5499720	1480	5501200	27.10	5296824	1480	5298304	26.11	-1.00
2) Non-Institutions									
a) Bodies Corporates									
i) Indian	834116	61196	895312	4.41	1060344	61196	1121540	5.53	1.11
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs 1 lakh	1592858	328778	1921636	9.47	1711704	333202	2044906	10.08	0.61
ii) Individual shareholders holding nominal share capital in excess of Rs 1 Lakh	536289	20000	556289	2.74	418956	0	418956	2.06	-0.68
c) Others (specify)									
1. NRI	105097	20000	125097	0.62	132707	0	132707	0.65	0.04
2. Clearing Member	18696	0	18696	0.09	1617	0	1617	0.01	-0.08
3. Trust	200	0	200	0.00	400	0	400	0.00	0.00
Sub-total (B) (2) :	3087256	429974	3517230	17.33	3325728	394398	3720126	18.33	1.00
Total Public Shareholding (B)	8586976	431454	9018430	44.43	8622552	395878	9018430	44.43	0.00
(B) = (B)(1) + (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C)	19864626	431454	20296080	100.00	19900202	395878	20296080	100.00	0.00

(ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No of Shares	% of total shares of Company	% of shares Pledged/encumbered to total shares	No of Shares	% of total shares of Company	% of shares Pledged/encumbered to total shares	
1	Vesuvius Group Limited	11277650	55.57	Nil	11277650	55.57	Nil	Nil
	TOTAL	11277650	55.57	Nil	11277650	55.57	Nil	Nil

(iii) Change in Promoter's Shareholding (please specify if there is no change)

SL. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
	At the beginning of the year	11277650	55.57	11277650	55.57
	Date wise increase/decrease in Promoters Share holding during the year specifying reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc) :	No Change in Shareholding during the Year			
	At the end of the year	11277650	55.57	11277650	55.57

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

SL. No	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	HDFC Trustee Company Ltd - A/c HDFC MID-CAP Opportunities Fund				
	a) At the Beginning of the Year	1111500	5.48		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			1111500	5.48
2	ACACIA Institutional Partners, LP				
	a) At the Beginning of the Year	744050	3.67		
	b) Changes during the Year				
	Date	Reason	No of Shares	% Change	
	12.08.2016	Sell	150177	20.18	593873
	02.09.2016	Sell	5332	0.90	588541
	09.09.2016	Sell	1499	0.25	587042
	23.09.2016	Sell	1289	0.22	585753
	30.09.2016	Sell	117753	20.10	468000
	c) At the end of the year			468000	2.31
3	ACACIA Partners, LP				
	a) At the Beginning of the Year	733400	3.61		
	b) Changes during the Year				
	Date	Reason	No of Shares	% Change	
	02.09.2016	Sell	6668	0.91	726732
	09.09.2016	Sell	1874	0.26	724858
	23.09.2016	Sell	1611	0.22	723247
	30.09.2016	Sell	147247	20.36	576000
	11.11.2016	Sell	26092	4.53	549908
	25.11.2016	Sell	28000	5.09	521908
	09.12.2016	Sell	258000	49.43	263908
	c) At the end of the year			263908	1.30
4	ACACIA Conservation Fund LP				
	a) At the Beginning of the Year	240745	1.19		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			240745	1.19
5	ACACIA Banyan Partners				
	a) At the Beginning of the Year	231505	1.14		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			231505	1.14
6	Grandeur Peak Emerging Markets Opportunities				
	a) At the Beginning of the Year	171200	0.84		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year	REMOVED FROM TOP 10 LIST ON 11.11.2016			

Annexure - IV : Form No. MGT - 9

Extract of Annual Return (Contd.)

SL. No	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
7	HDFC Trustee Company Ltd - HDFC Long Term Advantage Fund				
	a) At the Beginning of the Year	498950	2.46		
	b) Changes during the Year				
	Date Reason No of Shares % Change				
	11.11.2016 Sell 78950 15.82			420000 2.07	
	c) At the end of the year			420000 2.07	
8	UTI-MID CAP Fund				
	a) At the Beginning of the Year	278915	1.37		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			278915 1.37	
9	Reliance Capital Trustee Co Ltd - A/c Reliance Tax Saver Fund				
	a) At the Beginning of the Year	722801	3.56		
	b) Changes during the Year				
	Date Reason No of Shares % Change				
	13.05.2016 Buy 12759 1.71			760659 3.75	
	20.05.2016 Buy 2378 0.31			763037 3.76	
	27.05.2016 Buy 5149 0.67			768186 3.78	
	03.06.2016 Buy 11474 1.49			779660 3.84	
	17.06.2016 Buy 471 0.06			780131 3.84	
	30.06.2016 Buy 638 0.08			780769 3.85	
	16.09.2016 Buy 2231 0.29			783000 3.86	
	11.11.2016 Buy 1800 0.23			784800 3.87	
	18.11.2016 Buy 1800 0.23			786600 3.88	
	25.11.2016 Buy 3338 0.42			789938 3.89	
	02.12.2016 Buy 1800 0.23			791738 3.90	
	30.12.2016 Buy 217 0.03			791955 3.90	
	c) At the end of the year			791955 3.90	
10.	Catamaran Management Services Pvt Ltd				
	a) At the Beginning of the Year	254773	1.36		
	b) Changes during the Year				
	Date Reason No of Shares % Change				
	22.01.2016 Buy 10000 3.62			286078 1.41	
	12.02.2016 Buy 3296 1.15			289374 1.43	
	10.02.2016 Buy 3978 1.37			293352 1.45	
	04.03.2016 Buy 69047 23.54			362399 1.79	
	18.03.2016 Buy 2200 0.61			364599 1.80	
	11.11.2016 Buy 60130 16.49			424729 2.09	
	18.11.2016 Buy 26000 6.12			450729 2.22	
	c) At the end of the year			450729 2.22	
11.	HDFC Small & Midcap Fund				
	a) At the Beginning of the Year (Not in Top 10 list)	61270	0.30		
	b) Changes during the Year				
	Date Reason No of Shares % Change				
	11.11.2016 Buy 87150 142.24			148420 0.73	
	Came into Top 10 list on 11.11.2016 and Removed from List on 09.12.2016				
12.	Reliance Capital Trustee Co Ltd - A/c Reliance Capital Builders Fund-SR C				
	a) At the Beginning of the Year (Not in Top 10 list)	95158	0.47		
	b) Changes during the Year				
	Date Reason No of Shares % Change				
	18.03.2016 Sell 29500 31.00			65658 0.32	
	30.09.2016 Buy 35000 53.31			100658 0.50	
	25.11.2016 Buy 28000 27.82			128658 0.63	
	09.12.2016 Buy 95083 73.90			223741 1.10	
	c) At the end of the year			223741 1.10	

(v) Shareholding of Directors and Key Managerial Personnel

SL. No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	Mr Biswadip Gupta, Director & Chairman				
	a) At the Beginning of the Year	38749	0.191		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			38749	0.191
2	Mr Sanjoy Dutta, Chief Financial Officer				
	a) At the Beginning of the Year	3200	0.016		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			3200	0.016
3	Mrs Monika Dutta				
	Wife of Mr Sanjoy Dutta, Chief Financial Officer				
	a) At the Beginning of the Year	3300	0.016		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			3300	0.016
4	Mr Taposh Roy, Company Secretary				
	a) At the Beginning of the Year	1	0.000		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			1	0.000

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
----------------------------------	-----------------	----------	--------------------

Indebtedness at the beginning of the Financial Year i.e. on 01.01.2016

i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i + ii + iii)	Nil	Nil	Nil	Nil

Change in Indebtedness during the Financial Year

Addition	Nil	Nil	Nil	Nil
Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil

Indebtedness at the end of the Financial Year i.e. as on 31.12.2016

i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i + ii + iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Wholtime Directors and/or Manager :

Sl No	Particulars of Remuneration	Name of the Managing Director Mr Subrata Roy Rs	Total Amount Rs
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	12087897	12087897
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	573046	573046
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission - As a % of Profit	Nil	Nil
	- Others, specify	Nil	Nil
5	Others, please specify	Nil	Nil
	TOTAL (A)	12660943	12660943
	Ceiling as per the Act		67612931

Annexure - IV : Form No. MGT - 9

Extract of Annual Return (Contd.)

B. Remuneration to other Directors (in Rupees) :

Sl No	Particulars of Remuneration	Names of the Directors			Total Amount
		Biswadip Gupta	Sudipto Sarkar	Nayantara Palchoudhuri	
Independent Directors					
	Fee for attending Board/ Committee meetings	380000	300000	380000	1060000
	Commission	900000	675000	700000	2275000
	Others, please specify	0	0	0	0
	Total (1)	1280000	975000	1080000	3335000

SI No	Particulars of Remuneration	Names of the Directors				Total Amount
		Christopher Abbott	Patrick Andre	Tanmay Ganguly	Francois Wanecq	
Other Non-Executive Directors						
	Fee for attending Board/ Committee meetings	0	0	0	0	0
	Commission	0	0	0	0	0
	Others, please specify	0	0	0	0	0
	Total (2)	0	0	0	0	0
	TOTAL (B) = (1 + 2)	0	1280000	975000	1080000	3335000
	Total Managerial Remuneration					3335000
	Overall Ceiling as per the Act					13522586

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (in Rupees) :

Sl No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	Chief Financial Officer	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NA	4589587	7891841	12481428
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	NA	213271	544506	757777
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	NA	0	0	0
2	Stock Option	NA	0	0	0
3	Sweat Equity	NA	0	0	0
4	Commission - As a % of Profit	NA	0	0	0
	- Others, specify	NA	0	0	0
5	Others, please specify	NA	0	0	0
	TOTAL (A)	NA	4802858	8436347	13239205

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding Fees imposed	Authority RD/NCLT COURT	Appeals made if any (give details)
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

Annexure - V : Prescribed Particulars on Conservation of Energy, Technology Absorption and Foreign Exchange

Earnings and Outgo under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of Companies (Accounts) Rules, 2014

A. Conservation of energy :

- (i) the steps taken or impact on conservation of energy:
Energy usage optimization programs continue at all the manufacturing units. These have resulted in savings in cost as well as reduction in energy consumption. All manufacturing facilities have improved the specific energy consumption in major areas of manufacturing. Energy management continues to be a focus area in operations throughout the year.
- (ii) the steps taken by the company for utilising alternate sources of energy:
Lower cost fuels and energy sources which improve specific energy consumption are alternatively used in the manufacturing process. CFL lighting, turbo ventilators and other such low energy consumption items are used.
- (iii) the capital investment on energy conservation equipment:
Rs 36 lakhs has been incurred on energy saving equipment during the year.

B. Technology absorption :

- (i) *the efforts made towards technology absorption;*
Latest technologies like Tundish Gas Diffusers, X-MAT, Automatic powder feeder-(PDM) etc. have been used in continuous casting process to enhance the steel cleanliness. "XMAT - Multiple measurement using Mould Audit Tool" is used to capture online the Sub Meniscus velocity, temperature and meniscus level inside the mould and analyse with respect to the different casting parameters and conditions. The knowledge about the current flow conditions that contribute to sudden or undetected changes of flow pattern can be decisive in improving the process stability and product quality. Tundish Gas Diffuser-(TGD) is used to homogenize the temperature inside the tundish in addition to floating up NMI's both from the ladle and those generated inside the Tundish. Steel makers who are producing quality grade steel like Automotive grades are actively pushing towards TGD to improve their current level of cleanliness. Extensive modelling has been done for each customers to provide the optimal position of TGD inside the Tundish. The New Generation of Vesuvius Powder Distribution Mechanism PDM300 is a portable feeding unit that ensures a constant and automatic distribution of casting powder on either side of the SEN for an optimal quality of the final product. Installation of latest generation 6 axis CNC has reduced SEN product processing time by 2 days as machine eliminates all manual activities associated with SEN machine.
- (ii) *the benefits derived like product improvement, cost reduction, product development or import substitution :*
There have been import substitution and consistent quality of our products which conform to accepted international standards. These technology have also assisted in indigenising the components and raw material inputs and increased productivity. One of visible benefits observed by the usage of TGD is the reduction in clogging especially for clogging prone steel grades.
- (iii) *In case of imported technology (imported during the last three years reckoned from the beginning of the financial year), following information is furnished :*

Details of Technology Imported	Year of Import	Whether the technology been fully absorbed? If not fully absorbed, areas where absorption has not taken place and reasons thereof
Stopper with calibrated pipe	2010	Yes, fully commercialised
Semi-terrace port Sub-entry Nozzle	2010	Yes, fully commercialised
Pumpcast application technology	2010	Yes, fully commercialised
Device for Monitoring of breakthrough in blast furnace	2015	Yes, fully commercialised

- (iv) the expenditure incurred on Research and Development : The Company does not have a Research and Development unit or any activity related to R&D in India. The Company does not incur any revenue or capital expenditure on R&D. All R&D support are received from the Vesuvius Group.

C. Foreign exchange earnings and Outgo :

Foreign Exchange earned in terms of actual inflows during the : Rs 8645 lakhs
 Foreign Exchange during the year in terms of actual outflows : Rs 27630 lakhs
 (including dividend remittance)

Annexure - VI : Particulars of Employees

FOR THE YEAR ENDED ON DECEMBER 31, 2016

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3)(q) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) & 5(3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Name	Age	No of shares held	Designation	Remuneration (Rs.)	Qualification	Experience (years)	Date of commencement of employment	Previous Employment & position held
Top ten employees in terms of remuneration employed during the year and employees in receipt of remuneration aggregating Rs. 1,02,00,000/- per annum or more								
Saibal Bandyopadhyay	46	Nil	Chief Operations Officer	66,89,459	M.Tech (Polymer Science)	21	12.12.1995	First employment
P K Banerjee	58	Nil	Head-Blast Furnace Stack Advanced Refractories	44,08,553	BE (Mechanical)	34	19.02.1999	K.S.R. International (I) Ltd, Manager Services
Sudarshan Das	51	3500	Group Product Manager-VISO Product Line	87,95,348	BE (Metallurgy)	27	09.04.2007	Pyrotek Inc, Canada, Sales Manager [India & Other Asia]
Arijit Dutta	44	Nil	Financial Controller-Advanced Refractories	44,25,267	ACA	17	19.06.2006	Tata Chemicals Ltd, Manager Accounts
Sanjoy Dutta	55	6500	Chief Financial Officer	99,95,551	B.Com (Hons), ACA	30	24.06.1998	ICI India Ltd, Financial Controller
U K Shashi Kumar	46	800	Chief-Flow Control Sales	61,13,144	B.Tech (Metallurgy)	24	06.09.1994	Murugappa Morgan Thermal Ceramics Ltd, Sales Officer
Arunava Maitra	47	Nil	Chief-HR	57,31,157	MBM	21	23.05.1998	Titagarh Paper Mills, Personnel Executive
Bikash Nandi	48	Nil	Chief-Advanced Refractory Sales	82,14,595	B.Tech (Ceramic Engg)	25	01.07.2000	Carborundum Universal Ltd, Assistant Manager
Subrata Roy	51	Nil	Managing Director	1,38,71,071	BE (Mechanical)	29	06.09.1993	BHEL, Sr Engineer
Taposh Roy	55	1	Company Secretary	56,29,359	B.Com (Hons), ACA, FCS	31	01.02.2001	BOC India Ltd, Company Secretary

- Notes:**
1. Nature of Employment and duties : Contractual and in accordance with terms and conditions as per Company's rules.
 2. Remuneration received includes salary, allowances, leave encashed, Company's contribution to retirement funds etc. and monetary value of other perquisites computed on the basis of the Income Tax Act and Rules.
 3. No employee is a relative of any Director or Key Managerial Personnel of the Company. Rule 5(2)(iii) of the captioned Rules is not applicable to any employee.

**PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3)(q) OF THE COMPANIES ACT, 2013
READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL
PERSONNEL) RULES, 2014**

Requirements of Rule 5(1)	Details
(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Mr Biswadip Gupta - 90% Mr C D Abbott - NA Mr. Patrick Andre - NA Mr T Ganguly - NA Miss N Palchoudhuri - 76% Mr Subrata Roy - 977% Mr Sudipto Sarkar - 69% Mr F Wanecq - NA
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Mr Biswadip Gupta - 2% Mr C D Abbott - NA Mr. Patrick Andre - NA Mr T Ganguly - NA Miss N Palchoudhuri - 30% Mr Subrata Roy - (-) 5% Mr S Sarkar - (-) 8% Mr F Wanecq - NA Mr S Dutta, CFO - (-) 15% Mr T Roy, CS - (-) 8%
(iii) the percentage increase in the median remuneration of employees in the financial year;	10.8 %
(iv) the number of permanent employees on the rolls of company;	437 employees as on 31.12.2016
(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average Salary increase of non-managerial persons is 11 % Average increase of managerial persons is 8.50 % There are no exceptional circumstances in increase in managerial remuneration. Management personnel have availed of leave encashment during the year
(xii) affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration paid during the year ended December 31, 2016 is as per the Remuneration Policy of the Company

Annexure - VII : Annual Report on Corporate Social Responsibility

FOR THE YEAR ENDED ON DECEMBER 31, 2016

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs : The Corporate Social Responsibility ("CSR") Policy of the Company is available on the Company's website www.vesuviusindia.com
The Policy entails CSR spending on :
 1. Education and Skill Development
 2. Health Care
 3. Poverty eradication
 4. Hunger eradication
 5. Women and Child Welfare
 6. Conservation and Environment
2. The Composition of the CSR Committee : **Chairman** : Mr Biswadip Gupta
Members : Mr Tanmay Ganguly, Miss Nayantara Palchoudhuri, Mr Subrata Roy and Mr Sudipto Sarkar
3. Average net profit of the Company for last three financial years : Rs 10,041 lakhs
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : Rs 201 Lakhs
5. Details of CSR spent during the financial year :
 - (a) Total amount spent for the financial year : Rs 1,160,898
 - (b) Amount unspent, if any : Rs 189 lakhs
 - (c) Manner in which the amount spent during the financial year is detailed below :

Sl No.		1	2	Total
1	CSR project or activity identified	Education & skill development for differently abled children	Contribution to Prime Minister's National Relief Fund	
2	Sector in which the Project is covered	Education & Skill Development	Contribution	
3	Projects or programs (1) Local area or other	Local		
	(2) Specify the State and district where projects or programs was undertaken	Kolkata, West Bengal	Government Programs	
4	Amount outlay (budget) project or programs wise	Rs 11,54,898	Rs 6,000	Rs 11,60,898
5	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Rs 1,154,898 Rs Nil	Rs 6,000 Rs Nil	Rs 1,160,898 Rs Nil
6	Cumulative expenditure upto the reporting period	Rs 1,154,898	Rs 6,000	Rs 1,160,898
7	Amount spent: Direct or through implementing agency	Indian Institute of Cerebral Palsy	Prime Minister's National Relief Fund	

Annexure - VII : Annual Report on Corporate Social Responsibility (Contd.)

6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report. : The Company believes that CSR projects should be sustainable and with the long term purpose of improving the quality of living for the less privileged and for increasing social assets. Meetings have been held with agencies having all India presence to provide CSR support jointly with the employees of the Company to projects not only where the Company's factories are based but also around steel plants and other locations where the Company operates. The Company has so far selected The Institute of Cerebral Palsy, Taratala Road, Kolkata, as one of the beneficiaries for CSR projects for their educational and skill development support to their pre-primary class children.
7. **Responsibility Statement :** The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Subrata Roy
MANAGING DIRECTOR

Biswadip Gupta
CHAIRMAN, CSR COMMITTEE

Arunava Maitra
SECRETARY, CSR COMMITTEE

Place : Kolkata
Date : February 27, 2017

Annexure - VIII : Managing Director's Certificate

ANNUAL CERTIFICATE UNDER REGULATION 34(3) READ WITH PART D OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

DECLARATION

As required under Regulation 34(3) read with Part D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, I hereby declare that all Members of the Board of Directors of the Company and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the year ended December 31, 2016.

Place : Kolkata
Date : February 14, 2017

Subrata Roy
Managing Director

Annexure - IX : Business Responsibility Reporting - 2016

This Business Responsibility Report relating to the year ended on December 31, 2016 has been issued in compliance with the requirements of Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and forms a part of the Report of the Directors to the Members of the Company.

SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	:	L26933WB1991PLC052968
2.	Name of the Company	:	Vesuvius India Limited
3.	Registered Office Address	:	P-104 Taratala Road Kolkata 700088, West Bengal, INDIA
4.	Website		
	(a) The Vesuvius Group	:	www.vesuvius.com
	(b) Vesuvius India Limited	:	www.vesuviusindia.com
5.	Email ID	:	vesuviusindia@vesuvius.com
6.	Financial Year reported	:	December 31, 2016
7.	Sectors that the Company is engaged in (Industry activity code-wise)	:	Refractory products
8.	List three key products/services that the Company manufactures. Provides (as in Balance Sheet)	:	Refractories consisting mainly of : a) Shaped Refractories like shrouds, stoppers, slide gate plates, nozzles, crucibles b) Unshaped Refractories like castables, pre-cast products, taphole clay Refractory application and solutions services
9.	Total number of locations where business activity is undertaken by the Company		
	(a) Number of International locations	:	NIL
	(b) Number of National locations	:	Four factories of which one in Kolkata, two in Visakhapatnam and one in Mehsana
10.	Markets served by the Company -Local/ State/National/International	:	The Company supplies refractories and also provides maintenance services at the factories of major steel plants in India and at Kazakhstan. Exports of products are made to USA, UK, Brazil, UAE, South Africa, Russia, China and to Europe and South East Asia.

SECTION B : FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital	:	Rs 20,29,60,800
2.	Total Turnover	:	Rs 83,450 lakhs
3.	Total Profit after tax	:	Rs 8,711 lakhs
4.	Total Spending on Corporate Social Responsibility as a percentage of profit after Tax	:	0.133%
5.	List of activities in which expenditure in (4) above has been incurred :		
	(a) Education by contributing to Indian Institute of Cerebral Palsy		
	(b) Prime Minister's National Relief Fund		

SECTION C : OTHER DETAILS

1.	Does the Company have any subsidiary company?	:	No
2.	Do the subsidiary companies participate in the Business Responsibility initiatives?	:	Not Applicable
3.	Do any other entities that the Company does business with, participate in the Business Responsibility initiatives of the Company?	:	No

SECTION D : BUSINESS RESPONSIBILITY (" BR") INFORMATION

1.	Details of the Director responsible for BR	:	Mr Subrata Roy, Managing Director DIN No: 07046994 Email ID: vesuviusindia@vesuvius.com Phone : +91 33 30410600
2.	Principle-wise (as per NVGs) BR Policy		
	(a) Details of Compliances	:	The Company does not have in place a Business Responsibility Policy as yet.
	(b) Explain why there is no Policy	:	Vesuvius plc, our ultimate holding company, has a Responsibility Reporting in their Annual Report which covers all companies including Vesuvius India. In India, it will take us some more time to understand and collate international BR practices, stakeholder's appetite for further information and nature thereof, evaluating the impact and manner of such reporting etc. Since the BR Policy is not mandatory, the Company has not formulated such policy as yet.
3.	Governance related to BR		
	(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess BR performance of the Company	:	At each quarterly Board meetings, the Managing Director's presentation includes business responsibility reporting
	(b) Does the company publish a BR or Sustainability Report ?	:	Vesuvius plc our ultimate holding Company, in their Annual Report has a separate section on Business Responsibility

SECTION E : PRINCIPLE-WISE PERFORMANCE

Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability		
1.	Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs/Others?	The Company's Policies on ethics, code of conduct, anti bribery etc applies to the Company, its Directors and employees and also to all vendors, consultants and contractual personnel who represent or work on behalf of the Company.
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management ? If so, provide details thereof, in about 50 words or so.	No complaints were received during the year
Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle		
1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities (a), (b), (c)	a) Improved efficiency while reducing refractory consumption per ton of steel b) Technology ensuring reduced energy consumption c) Reducing carbon dioxide emissions by steel plants
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):	
	(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?	Consumption of electricity per unit of production has reduced by 13% for Refractories (Shaped) and by 11% for Refractories (Unshaped) over the previous year. Similarly, LPG consumption per unit of production has reduced by 6%.
	(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	

Annexure - IX : Business Responsibility Reporting - 2016 (Contd.)

3.	Does the company have procedures in place for sustainable sourcing (including transportation)?	Long term sustainable contracts made with large vendors for material supply. MSME vendors are provided with technical and commercial support to continue timely and sustainable supplies	
	(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	All inputs have sustainable contracts, agreements or arrangements in place	
4.	Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?	Yes	
	(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	In-time supply ensured material at vendor's and our shop floor is minimal thereby reducing their working capital requirements. Technical and commercial support and training is provided to enable small vendors to supply high quality products in time. Support for acquiring costly machinery are made with assured and sustainable orders on these small vendors	
5.	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	Wood and metal products are recycled. Scrapped, broken or partly used refractory products are also recycled to the extent permitted by Quality Control team.	
Principle 3 : Businesses should promote the wellbeing of all employees			
1.	Please indicate the Total number of employees.	437	
2.	Please indicate the Total number of employees hired on temporary/ contractual/ casual basis	1403	
3.	Please indicate the Number of permanent women employees	4	
4.	Please indicate the Number of permanent employees with disabilities	Nil	
5.	Do you have an employee association that is recognized by management.	No	
6.	What percentage of your permanent employees is members of this recognized employee association?	Not Applicable	
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	The Company does not have any child labour, forced labour or involuntary labour. The Company has in place a Prevention of Sexual Harassment Policy. No complaints were received during the year.	
No.	Category	No of complaints filed during the financial year	No of complaints pending as on the end of the financial year
1.	Child labour/ forced labour/ involuntary labour	Not Applicable No such labour	
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	Not Applicable Employment Policy prevents any discrimination	

8.	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? (a) Permanent Employees (b) Permanent Women Employees (c) Casual/ Temporary/Contractual Employees (d) Employees with Disabilities	All employees have to undergo safety training on Ethics, Code of Conduct and Anti-bribery & Anti corruption. Technicians and personnel engaged in Marketing & Technology, New Product Development and water modelling are given training in India and abroad for skill upgradation
Principle 4 : Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised		
1.	Has the company mapped its internal and external stakeholders? Yes/No	Yes
2.	Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.	There are none
3.	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.	There is a constant engagement, audit and physical verifications of documents of all vendors and other stakeholders to ensure that they have a sustainable business, generate sufficient profits, pay remuneration and social security benefits to their employees, follow all safety and ethical processes and supply products consistent in quality and specifications.
Principle 5 : Businesses should respect and promote human rights		
1.	Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?	The Remuneration Policy ensures that human rights are respected and adhered to by all stakeholders
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No complaints received during the year
Principle 6 : Businesses should respect, protect and make efforts to restore the environment		
1.	Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/NGOs/others.	This covers all companies within Vesuvius Group as well as large and small vendors, customers and transporters
2.	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N, If yes, please give hyperlink for webpage etc.	Vesuvius plc, the ultimate holding company, has strategies in place involving the Indian operations
3.	Does the company identify and assess potential environmental risks? Y/N	Risks include loss of major unit due to acts of God or Government action which include pollution concerns
4.	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report if filed?	Air and water effluent are treated before discharge for which special plants have been installed at the factories
5.	Has the company undertaken any other initiative on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes, there are constant improvements to reduce specific energy consumption, use of low cost fuel, etc.

Annexure - IX : Business Responsibility Reporting - 2016 (Contd.)

6.	Are the Emissions/ Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes, we have special treatment plants in our factories
7.	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year	Nil
Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner		
1.	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with	Yes, Indian Refractory Makers Association; The Bengal Chamber of Commerce & Industry; Confederation of Indian Industry (CII); Gujarat Chamber of Commerce and Chemical and Allied Export Promotion Council of India (CAPEXIL)
2.	Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic, Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Yes. Representations are made to local bodies and State Government for improvement in local infrastructure, support to local schools through CSR initiatives, awareness of refractory products; its innovations new methods/systems through seminars
Principle 8 : Businesses should support inclusive growth and equitable development		
1.	Does the company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.	The Company has a CSR Policy
2.	Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/government structures/ any other organization?	So far through contributions to institutions and NGOs and chambers of commerce
3.	Have you done any impact assessment of your initiative?	No
4.	What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.	Rs 929,559 on medical and hospitalisation, expenses and mother and child care programs
5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Programs are done directly by employees of the Company or jointly with NGOs and other self- help groups
Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner		
1.	What percentage of customer complaints/ consumer cases are pending as on the end financial year.	Nil complaints/consumer cases
2.	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information) work	Technical literature and specifications are submitted to our customers, since our products require higher technology and operate in temperatures higher than 1000°C
3.	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.	No
4.	Did your company carry out any consumer survey/ consumer satisfaction trends?	Yes. The suggestions for improvement recommended by customers have been implemented. Steps are taken to engage regularly with customers to give them a better understanding of our products and capabilities

Annexure - X : Dividend Distribution Policy

1. PURPOSE OF THIS POLICY

- 1.1 Vesuvius India Limited ("Vesuvius" or the "Company") aims to deliver long-term dividend growth, provided that this is supported by underlying earnings, cash flows, capital expenditure requirements and the prevailing market outlook.
- 1.2 The purpose of this Policy is to document the Company's Dividend Distribution Policy in compliance with Company law and SEBI requirements.
- 1.3 This Policy applies to Dividends declared or recommended by the Board of Directors of the Company.
- 1.4 Vesuvius aims to reward Shareholders through payment of dividends while retaining earnings to meet its liquidity, sustainable growth and expansion plans.

2. DEFINITIONS

- 2.1 The definition of terms mentioned in this Policy will be the definitions mentioned in the corresponding statute in context to which it is used, as may be amended from time to time, and the interpretation mentioned under the provisions of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the General Clauses Act, 1897, will prevail.

3. FINANCIAL PARAMETERS AND INTERNAL & EXTERNAL FACTORS TO BE CONSIDERED

- 3.1 The Company endeavours to maintain an annual growth in dividend unless circumstances otherwise provide. The aim of the Company is to maintain uninterrupted sustainable dividend payments.
- 3.2 The Company intends to use its retained earnings judiciously.
- 3.3 Future cash flow requirements including for routine capital expenditure, working capital needs, expansion or acquisition plans would be considered before determining dividend payments.
- 3.4 Other financial considerations would include availability of adequate profits, net free cash generation, tax and liability payments, employee dues and retirement accruals/provisions, loan repayments, transfer to reserves and other appropriations, new statutory impositions etc.

- 3.5 Consideration will also be given to circumstances of uncertainty relating to or arising from weakening of economic or business conditions, production volumes of major customers, adverse foreign exchange impact, price and availability of imported raw materials, opportunities for mergers and acquisitions, adverse statutory restrictions, obligations or impositions etc.

4. FREQUENCY OF PAYMENT OF DIVIDEND

- 4.1 The Board of Directors will ordinarily recommend a Final Dividend once a year for declaration by the Members at the ensuing Annual General Meeting of the Company.
- 4.2 On the occasion of a Special event the Board of Directors may declare an Interim Dividend.
- 4.3 The Board of Directors may declare an Interim Dividend other than on the occurrence of any special event.

5. PARAMETERS FOR DIFFERENT CLASSES OF SHARES

- 5.1 The Company has issued only one class of Equity shares and therefore this Policy is applicable to the issued Equity Shares of the Company.
- 5.2 If the Company issues any other kind of shares or classes of shares, this Policy may be amended to provide for dividend distributions applicable to these different kinds or classes of shares.

6. CIRCUMSTANCES WHICH MAY AFFECT THE DECLARATION OR PAYMENT OF DIVIDEND

- 6.1 The Company may either not pay any dividend or may reduce its dividend rate where the company in its absolute discretion resolves to be prudent to support the working capital or other financing needs of the business, including commitments towards capital expenditure. This may include circumstances in which the Company has made losses or inadequate profits during the year.
- 6.2 The Company may either not pay any dividend or may reduce its dividend rate in circumstances where uncertain or weakening economic and business conditions are foreseen or any statutory restrictions/obligations are imposed or likely to be imposed which may affect the Company or its major customers.

Annexure - X : Dividend Distribution Policy (Contd.)

7. UTILISATION OF RETAINED EARNINGS

- 7.1 The Company may retain balances in Reserves and Surplus to leverage its finances to meet growth opportunities.
- 7.2 The Board of Directors intends to declare any dividend out of current year profits or retained earnings and not from its free reserves.
- 7.3 Retained earnings would, inter alia, be utilised in accordance with and subject to the provisions of the Companies Act, 2013 and rules thereunder, the provisions of SEBI regulations and other statutory directions towards the following in such manner and for such amount as the Board of Directors may determine:
- a) Transfer to General Reserve and other reserves;
 - b) Payment of Dividends;

- c) Payment of taxes on Dividends;
- d) Contributions towards Corporate Social Responsibility expenditure;
- e) Other purposes as permitted under the Companies Act, 2013, the rules thereunder and the Accounting Standards.

8. GENERAL

- 8.1 This Policy may be subject to review and amendments to align with changes in Company law or SEBI guidelines and also in respect of any major changes in the financial circumstances of the Company.
- 8.2 This Policy details the Company's intentions in respect of dividends. It does not restrict the Board from determining an alternative dividend strategy or Policy in future, should the Board deem such an alternative dividend strategy or Policy to be in the best interests of the Company.

Annexure - XI : Speak up and Incident Reporting (Whistle Blowing) Policy

Contents	Policy
	Local Freephone Speak up phone numbers
	Procedure
	Reporting Process flow chart

This Documentation must not be amended without the approval of the office of the Company Secretary of Vesuvius India Limited



WHY?	Vesuvius maintains high ethical standards globally through compliance with all applicable laws, the Vesuvius Code of Conduct and the Vesuvius Policies and Procedures.
WHO?	All Vesuvius employees, those representing Vesuvius and those acting on its behalf are required to comply with the law, the Code of Conduct and the Policies including raising any concerns or suspicions that they have in relation to breaches of the Code or the Policies or the law wherever they are in the world.
WHAT?	If you have a concern or a suspicion you should report it as soon as practicable through one of the reporting channels
HOW?	IN PERSON: Reports can be made to your line manager, or alternatively to any member of senior management who you feel comfortable talking to (including the Chairman of the Audit Committee, the Managing Director or Company Secretary). All reports made in-person will be treated as confidential. BY PHONE OR ONLINE: Call our 24-hour confidential Employee Concern Helpline on the number publicised in your office or make a report online at www.expolink.co.uk/vesuvius. Reports will be treated sensitively and confidentially and, if absolutely essential, callers can remain anonymous.
What happens next?	All reports will be treated seriously and in confidence and will be processed internally at the appropriate level. Those who report will be kept informed, as is reasonable in the circumstances, about how the report is dealt with and the outcome. Whichever channel is used to report a concern; no employee will ever be penalised or disadvantaged for reporting a concern in good faith. Information received will be dealt with sensitively and confidentially and retaliation against those who speak up will not be tolerated.
Questions	Please contact a member the Company Secretary/ Legal Department with any questions

Annexure - XI : Speak up and Incident Reporting (Whistle Blowing) Policy *(Contd.)*

Employee Concern Helpline (whistle blowing) Local Freephone numbers

PIN code: 83788

www.expolink.co.uk/vesuvius

Country : Local Free Phone Number

INDIA : 000800 440 1102

Employee is stationed in following Countries can phone at the numbers as per list below :

Country	Free phone number		Country	Free phone number
Argentina	0800 666 0077		Mexico	01800 123 0179
Australia	1 800 230731		Netherlands	0800 024 9798
Belgium	0800 80384		New Zealand	0800 449172
Brazil	0800 891 9677		Philippines	1 800 1441 0214
Canada	1 8777 475 307		Poland	00800 441 1617
Chile	123 0020 8419		Portugal	800844715
China - Telecom	10800 440 0163		Romania	0800 894784
China - Unicom	10800 744 0163		Russia	810 800 2258 1044
China - Local (chargeable)	4001 204952		South Africa	0800 991 230
Czech Republic	800 14 2301		South Korea	00308 44 0118
Egypt	0800 00 00111		Spain	900 811498
Finland	0800 914 544		Sweden	0207 96145
France	0800 918215		Switzerland	0800 56 1580
Germany	0800 180 4007		Taiwan	00801 44 4292
Hong Kong	800908258		Thailand	001800 441 0657
			Turkey	00800 448 826266
Indonesia	00180 344 1476		United Kingdom	0800 097 0026
Italy	800 920034		United Arab Emirates	8000 441 4669
Japan	00531 44 0046		USA	1 866 516 3413
Malaysia	1 800 81 2300		Vietnam	12032419

Speak Up and Incident Reporting (Whistle Blowing) Procedure

Scope

This document is issued to all senior management, all applicable HR Managers and all members of the Legal Department in the Vesuvius Group and sets out the procedure for dealing with reports made under the Vesuvius Global Speak up and Incident Reporting (Whistle Blowing) Policy.

Managing Director/ Country Managers and local HR (where applicable) are responsible for ensuring that the Speak Up and Incident Reporting (Whistle Blowing) Policy posters are easily accessible to all employees on noticeboards throughout offices and factory spaces.

1. Reports made in person

- 1.1 If a report is made to a line manager, this report should automatically be passed to senior management. It is your responsibility to ensure that all line managers are aware and comply with this procedure.
- 1.2 If an employee makes a report to or raises a concern with you, as a senior manager, about a suspected or known breach of a relevant law, the Code of Conduct or a Policy you should:
 - (a) Make a note either at the time or as soon as practicable thereafter (it will help you when making your report to HR later if you have made a note whilst the conversation is still fresh in your mind);
 - (b) Question the employee gently and appropriately in order to ensure that you fully understand the concern raised and the information or suspicions that the employee has (if you have any doubt about what is appropriate you should seek guidance from HR before questioning anyone);
 - (c) Convey to the employee that:
 - (i) You will ensure that the report is dealt with in an appropriate manner;
 - (ii) The information and/or suspicions raised will be treated sensitively and confidentially;
 - (iii) They will be informed, as and when appropriate, what the outcome of their report is; and
 - (iv) Vesuvius is grateful to them and appreciates what it takes to report valid concerns.
- 1.3 If the report comes to you via a line manager, make a note of the report and consider whether you have sufficient information to proceed or whether you need to arrange a meeting with the employee and their line manager to take the report directly from them.
- 1.4 Following your meeting with the employee you will need to decide what action to take and you should apply the following guidance to your decision making process:
 - (a) All reports, no matter how trivial, should be recorded and records held in HR's central repository;
 - (b) If an employee reports a suspicion or knowledge of:
 - (i) A breach of a relevant law;
 - (ii) Allegation of bribery and corruption; or
 - (iii) A conflict of interestby a Vesuvius entity, a Vesuvius employee or a third party closely associated or in a business relationship with Vesuvius, you must submit the report to the Company Secretary of Vesuvius India Limited (Email : Taposh.Roy@vesuvius.com), or to the Chairman of the Audit Committee (Email:gupta.dip@gmail.com) or General Counsel Steel & Foundry (Email : Patrice.dehemptinne@vesuvius.com) or the Group General Counsel (Email : Henry.Knowles@vesuvius.com)

Annexure - XI : Speak up and Incident Reporting (Whistle Blowing) Policy *(Contd.)*

- (c) If an employee reports a suspicion of:
- (i) A breach of the Code of Conduct; or
 - (ii) A breach of policy
- which is not a conflict of interest, a breach of a relevant law or an allegation of bribery you must decide whether the allegation, if true, represents a serious issue for Vesuvius. If you are in doubt you should discuss the matter with your immediate line manager or with a member of the Legal Department.
- (d) If you believe the breach is minor, requires no disciplinary action and you consider that you have adequate authority and training to deal with it, you should make a report to HR noting:
- (i) The individuals implicated;
 - (ii) The allegations made;
 - (iii) The person making the allegations;
 - (iv) The evidence put forward;
 - (v) Any further investigation carried out;
 - (vi) The outcome and steps taken; and
 - (vii) That you consider the matter closed
- HR can then keep this report on file.
- (e) If you believe the breach is major or requires some form of disciplinary action, you should make a report to HR noting:
- (i) The information obtained from the employee;
 - (ii) The time, date and circumstances in which the report was made; and
 - (iii) Any other background which you consider relevant
- HR will then manage further investigation and action required.

Whichever route you take for reporting, HR will ensure that the employee who made the report is kept informed as appropriate.

2. Reports made to the helpline/online

These are processed by an external provider and the reports will be made directly into the legal department.

3. Legal Department

The legal department will follow the process in the Investigation Protocol for dealing with reports and concerns made, which are directed to them.

The legal department will instruct the HR department to provide information on how the matter is dealt with, as appropriate, to the employee who raised the concern or made the report which they are dealing with.

The legal department will maintain a record of reports dealt with, however, the central repository for non-legally privileged material will be held by HR and the legal department will provide HR with appropriate reports for their records.

4. HR

A member of the HR team in each jurisdiction will be assigned the responsibility for managing reports made and concerns raised via the Speak up and Incident Reporting (Whistle Blowing) Policy.

HR will review reports relating to minor issues submitted by senior managers. Unless HR disagrees with the way in which the senior manager has dealt with the matter the individual within HR will sign and date the report to show it has been reviewed and file it appropriately. HR will communicate the outcome of the original report to the employee who made it, as appropriate.

Where HR disagrees with the manner in which the report has been dealt with, the individual within HR shall inform the senior manager that the report will be made subject to HR's own local procedures for investigation and/or discipline and the reason for the decision.

HR shall follow its own local procedures for investigation and/or discipline in all cases where senior managers have referred serious issues and where HR disagrees with the manner in which the senior manager has dealt with what has been designated a "minor issue". In both cases HR will keep the employee who made the original report informed as appropriate.

Where HR knows or suspects that the report referred to it as either a minor or a major issue raises legal issues (of whatever nature) or questions of conflict of interest, the local HR individual responsible shall refer the matter to the legal department. If in any doubt as to whether a report raises a legal question, references should be to the legal department for clarification, even if the report is then referred back to HR after review.

Where reports are dealt with by the legal department, the legal department will communicate with the relevant HR individual responsible for dealing with reports in that jurisdiction in order to ensure that the original employee who made the report is kept informed of developments as appropriate and that any other communication with employees and former employees, necessary as part of the investigation, is appropriately managed.

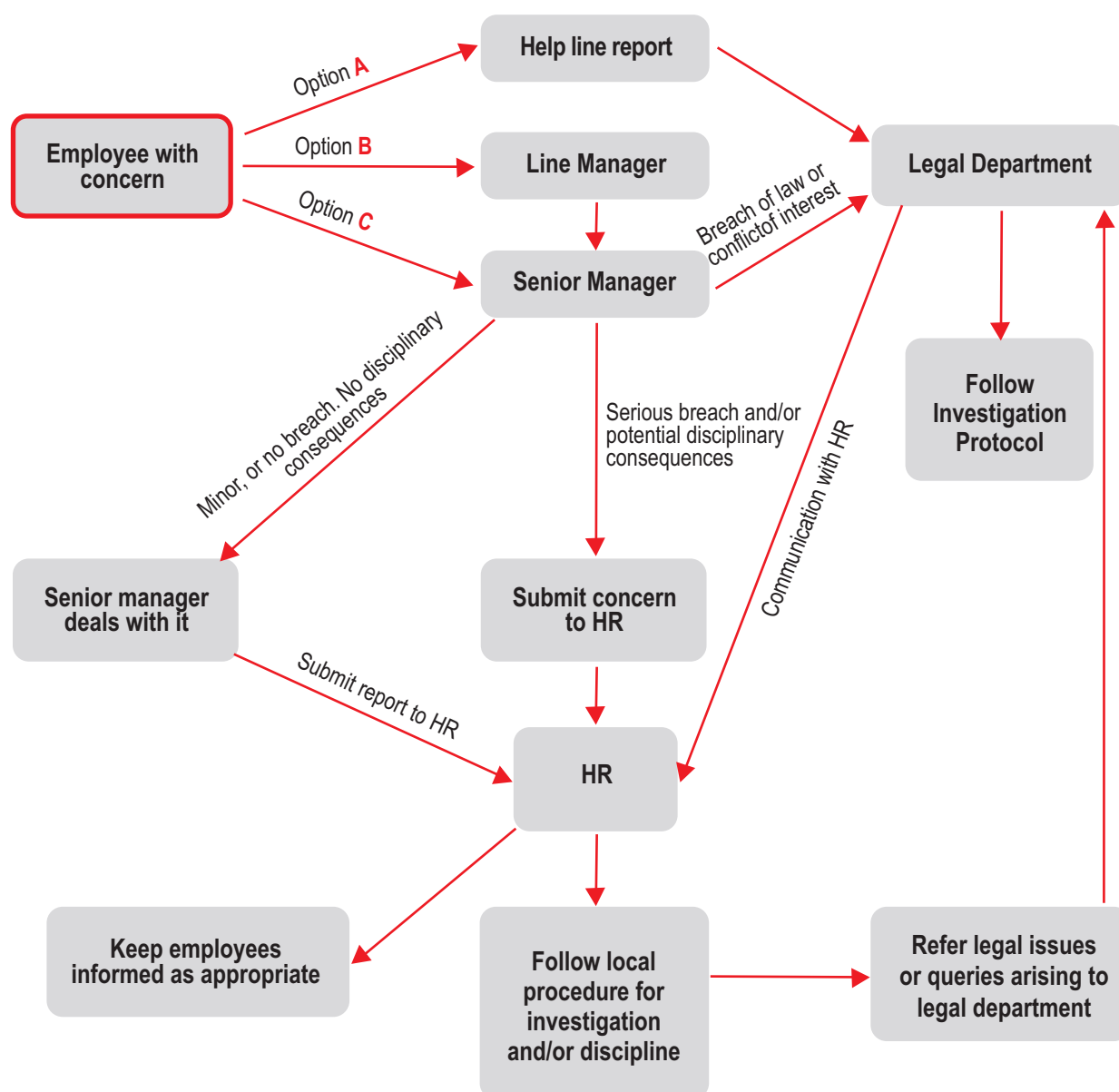
5. Audit

HR's files relating to Speak Up and Incidents (Whistle Blowing) Reports will be audited to check compliance with the policy and procedure by Internal Audit.

All questions and comments on this procedure should be submitted to Melissa Roden, Compliance Officer, Vesuvius plc, +44 20 7822 0018 (Melissa.Roden@vesuvius.com) or Taposh Roy, Company Secretary, Vesuvius India Limited +91 33 30410611 (Taposh.Roy@vesuvius.com).

Annexure - XI : Speak up and Incident Reporting (Whistle Blowing) Policy *(Contd.)*

VESUVIUS SPEAK UP AND INCIDENT REPORTING (WHISTLE BLOWING) PROCESS FLOW CHART



Independent Auditors' Report

TO THE MEMBERS OF VESUVIUS INDIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Vesuvius India Limited ("the Company"), which comprise the Balance Sheet as at 31 December 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2016, and its profit and its cash flows for the year ended on that date.

Independent Auditors' Report *(Contd.)*

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31 December 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in the "Annexure B"; and
 - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - refer note 26 (a) to the financial statements;
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - (iii) There were no delays in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayanta Mukhopadhyay
Partner

Membership No. 055757

Place : Kolkata
Date : February 27, 2017

Annexure A to the Independent Auditors' Report

(REFERRED TO IN OUR REPORT OF EVEN DATE)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by the management and no material discrepancies were noticed on such verification carried out during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. No material discrepancies were noticed on physical verification between the physical stocks and the books records.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, provisions of paragraph 3 (iii) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans, investments, guarantees and security during the year that would attract provisions of Section 185 and 186 of the Act. Accordingly, provisions of paragraph 3 (iv) of the Order are not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the directives issues by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, provisions of paragraph 3 (v) of the Order are not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has prescribed for the maintenance of cost records under sub-section (1) of Section 148 of the Act, provided the overall turnover from all its specified products manufactured by the Company has exceeded the prescribed limit during the immediately preceding year. However, the turnover of such products, as applicable, in the immediately financial year were below the prescribed limit as mentioned under Section 148(1) of the Act. Accordingly, provisions of paragraph 3 (vi) of the Order are not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Value added tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues have been regularly deposited during the year by the Company with appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Value added tax, Service tax, Customs duty, Excise duty, Cess and other statutory dues were in arrears as at 31 December 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, the following dues of Income-tax, Sales-tax, Value added tax, Service tax, Customs duty, Excise duty and Entry tax have not been deposited with the appropriate authorities on account of disputes:

Annexure A to the Independent Auditors' Report (Contd.)

Name of the statute	Nature of the dues	Amount (Rs in lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowances arising in income tax proceedings (Net of deposit of Rs. 24,232 lakhs)	1,724	Assessment years 1997-98 to 2014-15	Hon'ble High Court of Calcutta, Income Tax Appellate Tribunal, Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Disallowance of Cenvat Credit	322	2006 to 2015	Additional Commissioner, Assistant Commissioner, Commissioner (Appeals), Central Excise and Service Tax Appellate Tribunal, Hon'ble Supreme Court of India
Central Excise Act, 1944	Non-payment of Excise Duty on Service charges and Machine hire charges	108	2000	Central Excise and Service Tax Appellate Tribunal,
Central Excise Act, 1944	Penalty for delayed payment of differential excise duty for supply of goods under Advance Intermediate licence.	20	June 1999 to April 2000	Central Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Classification of High Alumina Cement	31	2005 to 2011	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Non / short payment of service tax	12	2006-2008	Central Excise and Service Tax Appellate Tribunal
Central Sales Tax Act, 1956	Non-submission of declaration form. (Net of deposit of Rs. 112 lakhs)	2,104	2002-03, 2005-06, 2008-09, to 2011-12, 2013-14	Commissioner (Appeals), Sales Tax Appellate Tribunal, Hon'ble High Court of Calcutta
State Sales Tax Act, 2003	Disallowance of Input credit (Net of deposit of Rs. 101 lakhs)	186	2005-06, 2006-07 2010-11, 2011-12 2013-14	Commissioner (Appeals), Hon'ble Supreme Court of India
The West Bengal Tax on entry of Goods into Local Areas Act, 2012	Entry Tax	381	June 2013 to December 2016	Hon'ble High Court of Calcutta

- (viii) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding dues to any financial institution, bank, government or debenture holders during the year. Accordingly, provision of paragraph 3(viii) of the Order are not applicable to the Company.
- (ix) According to the information and explanations given to us, the Company did not raised any moneys by way of initial public offer or further public offer (including debt instruments) and has not obtained any term loans during the year. Accordingly, provisions of paragraph 3(ix) of the Order are not applicable to the Company.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provision of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, provisions of paragraph 3(xii) of the Order are not applicable to the Company.

- (xiii) According to the information and explanations given to us and based on our examination of records of the Company, transactions with the related parties are in compliance with Section 177 and Section 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of paragraph 3(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him as per Section 192 of the Act. Accordingly, provisions of paragraph 3(xv) of the Order are not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of paragraph 3(xvi) of the Order are not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayanta Mukhopadhyay
Partner

Membership No. 055757

Place : Kolkata
Date : February 27, 2017

Annexure B to the Independent Auditors' Report

(REFERRED TO IN OUR REPORT OF EVEN DATE)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Vesuvius India Limited ("the Company") as of 31 December 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 December 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Kolkata
Date : February 27, 2017

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Jayanta Mukhopadhyay
Partner

Membership No. 055757

Balance Sheet

AS AT DECEMBER 31, 2016

(Amount in Rupees Lakhs)

	Note No.	As at December 31, 2016		As at December 31, 2015	
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	3	2,030		2,030	
(b) Reserves and surplus	4	54,791	56,821	47,668	49,698
(2) Non-current liabilities					
(a) Deferred tax liabilities (net)	5	—		121	
(b) Long-term provisions	6	1,184	1,184	780	901
(3) Current liabilities					
(a) Trade payables					
- total outstanding dues of micro enterprises and small enterprises	7	77		134	
- total outstanding dues of creditors other than micro enterprises and small enterprises	7	11,970		10,158	
(b) Other current liabilities	8	1,988		1,583	
(c) Short-term provisions	6	2,518	16,553	1,930	13,805
TOTAL			74,558		64,404
II. ASSETS					
(1) Non-current assets					
(a) Fixed Assets					
(i) Tangible fixed assets	9 (a)	12,426		13,078	
(ii) Intangible fixed assets	9 (b)	11		3	
(iii) Capital work-in-progress	10	1,588		1,424	
		14,025		14,505	
(b) Deferred tax assets (net)	5	397		—	
(c) Long-term loans and advances	11	2,049	16,471	1,364	15,869
(2) Current assets					
(a) Inventories	12	9,435		7,262	
(b) Trade receivables	13	27,110		22,660	
(c) Cash and bank balances	14	19,889		17,338	
(d) Short-term loans and advances	15	1,515		1,062	
(e) Other current assets	16	138	58,087	213	48,535
TOTAL			74,558		64,404
Significant Accounting Policies	2				
Notes to Financial Statements	1 to 42				

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Jayanta Mukhopadhyay

Partner

Membership No. 055757

Place : Kolkata

Date : February 27, 2017

For and on behalf of the Board of Directors of

Vesuvius India Limited

CIN: L26933WB1991PLC052968

Subrata Roy

MANAGING DIRECTOR

DIN : 07046994

Taposh Roy

COMPANY SECRETARY

Place : Kolkata

Date : February 27, 2017

Biswadip Gupta

CHAIRMAN

DIN : 00048258

Sanjoy Dutta

CHIEF FINANCIAL OFFICER

Statement of Profit and Loss

FOR THE YEAR ENDED DECEMBER 31, 2016

(Amount in Rupees Lakhs)

	Note No.	For the year ended December 31, 2016	For the year ended December 31, 2015
I. Revenue from operations			
(a) Sale of products (gross)	17	86,453	73,766
Less : Excise duty		7,347	6,649
Sale of products (net)		79,106	67,117
(b) Sale of services		2,809	2,729
(c) Other operating revenues		236	126
Total Revenue from operations		82,151	69,972
II. Other Income	18	1,299	1,021
III. Total Revenue (I + II)		83,450	70,993
IV. Expenses			
(a) Cost of materials consumed	19	31,071	26,095
(b) Purchase of stock-in-trade	20	14,785	13,118
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(995)	(489)
(d) Employee benefits expense	22	5,629	4,646
(e) Depreciation and amortisation expense	23	2,745	2,322
(f) Other expenses	24	16,870	14,054
Total expenses		70,105	59,746
V. Profit before Corporate social responsibility expense and tax (III-IV)		13,345	11,247
VI. Corporate social responsibility expense	40	12	10
VII. Profit before tax (V-VI)		13,333	11,237
VIII. Tax expense			
(i) Current tax		5,140	4,172
(ii) Deferred tax credit		(518)	(294)
IX. Profit for the year (VII-VIII)		8,711	7,359
X. Earnings per equity share	25		
[nominal value of shares Rs 10 (previous year Rs 10)]			
Basic (in Rs)		42.92	36.26
Diluted (in Rs)		42.92	36.26

Significant Accounting Policies 2

Notes to Financial Statements 1 to 42

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Jayanta Mukhopadhyay

Partner

Membership No. 055757

Place : Kolkata

Date : February 27, 2017

For and on behalf of the Board of Directors of

Vesuvius India Limited

CIN: L26933WB1991PLC052968

Subrata Roy

MANAGING DIRECTOR

DIN : 07046994

Taposh Roy

COMPANY SECRETARY

Place : Kolkata

Date : February 27, 2017

Biswadip Gupta

CHAIRMAN

DIN : 00048258

Sanjoy Dutta

CHIEF FINANCIAL OFFICER

Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2016

(Amount in Rupees Lakhs)

Particulars	For the year ended December 31, 2016	For the year ended December 31, 2015
Cash Flows from Operating Activities		
Net Profit Before Tax	13,333	11,237
Adjustments for :		
Depreciation and amortisation expenses	2,745	2,322
Provision for doubtful trade receivables/advances	73	92
Provision for doubtful trade receivables written back	(69)	(14)
Bad debts	3	12
Loss/(gain) on sale/disposal/discard of fixed assets (net)	45	(4)
Unrealised loss/(gain) foreign exchange differences (net)	(25)	33
Interest income on fixed deposits	(1,148)	(946)
Operating profit before working capital changes	14,957	12,732
Adjustments for (increase)/decrease in operating assets :		
Trade receivables	(4,428)	(4,132)
Inventories	(2,173)	(91)
Short-term loans and advances	(453)	(141)
Long-term loans and advances	(119)	(11)
Other current assets	47	23
Adjustments for increase/(decrease) in operating liabilities :		
Trade payables	1,750	1,311
Other current liabilities	273	21
Short-term provisions	3	(15)
Long-term provisions	405	(261)
Cash generated from Operations	10,262	9,436
Income taxes paid	(5,243)	(4,040)
Net cash provided by operating activities (A)	5,019	5,396
Cash flows from investing activities		
Purchase of fixed assets	(2,128)	(1,854)
Proceeds from sale of fixed assets	16	6
Interest received	1,176	943
Redemption/(Purchase) of Fixed deposits (with maturity more than three months)	3,000	(1,200)
Net cash provided/(used) by investing activities (B)	2,064	(2,105)
Cash flows from financing activities		
Dividends paid	(1,274)	(1,217)
Dividend tax paid	(258)	(243)
Net cash used in financing activities (C)	(1,532)	(1,460)
Net increase in cash and cash equivalents (A+B+C)	5,551	1,831
Cash and cash equivalents at the beginning of the year (refer note 1 below)	11,338	9,507
Cash and cash equivalents at the end of the year (refer note 1 below)	16,889	11,338

(Amount in Rupees Lakhs)

Notes to Cash Flow Statement

	As at December 31, 2016	As at December 31, 2015
1. Components of cash and cash equivalents:		
Cash on hand	1	1
Balance with scheduled banks:		
- On Current accounts	1,856	799
- On Deposit accounts (deposits having original maturity of 3 months or less)	15,000	10,500
Other bank balances		
- On unpaid dividend accounts	32	38
- Bank deposits due to mature after 3 months of original maturity but within 12 months of the reporting date	3,000	6,000
Cash and bank balances as per note 14	19,889	17,338
Less : Fixed Deposits not considered as cash and cash equivalent:		
- Fixed Deposits [with maturity more than three months (refer note 14)]	3,000	6,000
	16,889	11,338

- Unpaid dividend accounts are not available for use by the Company.
- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard on Cash Flow Statement (AS 3) specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
- Previous year's figures have been regrouped and/or rearranged wherever considered necessary to conform to current year's presentation.

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Jayanta Mukhopadhyay

Partner

Membership No. 055757

Place : Kolkata

Date : February 27, 2017

For and on behalf of the Board of Directors of

Vesuvius India Limited

CIN: L26933WB1991PLC052968

Subrata Roy

MANAGING DIRECTOR

DIN : 07046994

Taposh Roy

COMPANY SECRETARY

Place : Kolkata

Date : February 27, 2017

Biswadip Gupta

CHAIRMAN

DIN : 00048258

Sanjoy Dutta

CHIEF FINANCIAL OFFICER

Notes to Financial Statements

For the Year Ended December 31, 2016

1. Company overview

Vesuvius India Limited ("the Company") is a public company domiciled and headquartered in India. It is incorporated under the Companies Act, 1956 and its shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is primarily engaged in the manufacturing and trading of refractory goods. The Company also provides services in relation to refractory goods. The Company has operations in India and caters to both domestic and international markets.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013, ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Companies Act, 2013. The financial statements are presented in Indian rupees rounded off to the nearest lakhs.

2.2 Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Current and non-current classification

All assets and liabilities are classified into current and non-current.

2.3.1 Assets

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within 12 months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

2.3.2 Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within 12 months after the reporting date; or

- d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle as twelve months. This is based on the nature of products, services and the time between the acquisition of assets or inventories for production, processing and their realisation in cash or cash equivalents.

2.4 Fixed assets and depreciation

2.4.1 Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation, amortisation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

Depreciation on fixed assets are provided on straight line method over the useful lives of assets in the manner specified in Part C of Schedule II of the Companies Act, 2013.

The useful life of asset as prescribed in Part C of Schedule II of the Companies Act, 2013 are considered as the minimum useful life. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is more than that envisaged in the aforesaid schedule, depreciation is provided at a lower rate based on the management's estimate of the useful life/remaining useful life.

Pursuant to this policy:

- (a) Toolings are depreciated over a period of three years;
- (b) Tundish Mechanisms installed at customers' site are depreciated using unit-of-production method; and
- (c) Certain items of plant and machinery at customers' site other than (b) above, are depreciated over a period of three years.

Plant and equipments and furniture and fixtures, costing individually Rs 5,000 or less, are depreciated fully in the year of purchase. If the aggregate of such items of plant and equipments constitutes more than 10 percent of the total actual cost of plant and equipments, the depreciation rates applicable to such items are applied.

Spares capitalised are being depreciated over the useful lives of plant and machinery with which such spares can be used.

Immoveable assets constructed on leasehold land are being depreciated over their useful lives that are higher than period of leases. Based on extension granted to land possession of other companies under

Notes to Financial Statements *(Contd.)*

For the Year Ended December 31, 2015

similar circumstances, management believes that, in case of the company, the existing period of leases will be extended beyond the useful lives of immoveable assets constructed thereon.

Freehold land is not depreciated. Cost of acquisition of leasehold rights is amortised on a straight line basis over the period of respective lease except land acquired on perpetual lease.

Depreciation and amortisation for the year is recognised in the Statement of Profit and Loss.

The useful lives are reviewed by the management at each financial year-end and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the revised remaining useful life.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

Losses arising from retirement or gains or losses arising from discard/disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

2.4.2 Intangible fixed assets

Acquired intangible assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

The amortisation rate for Computer Software is 33%.

Amortisation method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal.

Losses arising from retirement and gains or losses arising from discard/disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

2.5 Impairment

Fixed assets (tangible and intangible) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in the Statement of Profit and Loss.

If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. For assets, the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the Statement of Profit and Loss.

2.6 Operating leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Statement of Profit and Loss over the lease term.

2.7 Inventories

Inventories which comprises of raw materials, work-in-progress, finished goods, stock-in-trade and stores and spares are carried at the lower of cost and net realisable value.

Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In determining the cost, weighted average cost method is used. In the case of finished goods and work-in-progress, fixed production overheads are allocated on the basis of normal capacity of production facilities.

Raw materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

Excise duty liability is included in the valuation of closing inventory of finished goods.

2.8 Employee benefits

2.8.1 Short-term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries, wages and bonus. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Cost of non-accumulating compensated absences is recognised when absences occur. Costs of other short term employee benefits includes compensated leave balance which are en-cashable within one year period, are recognised on accrual basis in accordance with the terms of employment contract and other relevant compensation policies followed by the Company.

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2016

2.8.2 Post employment benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

The Company has a defined contribution employee retirement scheme in the form of pension. The Trustees of the scheme have entrusted the administration of the related fund to the Life Insurance Corporation of India (LIC). Contributions are deposited with the LIC and charged off on a monthly basis.

(b) Defined benefit plans

The Company's gratuity benefit schemes are defined benefit plans. The Trustees of the scheme has entrusted the administration of the related fund to the Life Insurance Corporation of India (LIC) and SBI Life Insurance Company Limited (SBI Life). The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under each of the two plans is performed annually by a qualified actuary using the projected unit credit method. Contributions are deposited with the LIC and the SBI Life based on intimations received by the Company.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of Profit and Loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of Profit and Loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

(c) Compensated Absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

2.9 Revenue recognition

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. Revenue from sale of services (excluding service tax) is recognised on completion of service in accordance with terms of the agreement. The amount recognised as revenue is exclusive of sales tax / value added taxes (VAT) and service tax, and is net of returns, trade discounts and quantity discounts.

Export incentives in the form of Duty drawback scheme and Status Holders Incentive Scrip (SHIC) are recognised on accrual basis against goods exported.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

2.10 Foreign exchange transactions

Foreign exchange transactions are recorded at monthly rates that closely approximate the actual rates during that month.

Year-end monetary assets and liabilities denominated in foreign currencies are translated at the year-end foreign exchange rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

A foreign currency monetary item is classified as long-term if it has original maturity of one year or more.

2.11 Government Grant

Grants from the government are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant relates to a depreciable asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset. Grants related to non depreciable assets are credited to Capital Reserve.

2.12 Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Contingencies

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred, and the amount can be estimated reliably.

2.13 Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

2.14 Income tax

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). Income-tax expense is recognised in the

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2016

Statement of Profit and Loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

2.15 Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year, except where the results would be anti-dilutive.

(Amount in Rupees Lakhs)

	As at December 31, 2016	As at December 31, 2015
3. SHARE CAPITAL		
Authorised		
25,000,000 (Previous Year 25,000,000)		
Equity Shares of Rs 10/- each	<u>2,500</u>	<u>2,500</u>
Issued		
20,300,000 (Previous Year 20,300,000)		
Equity Shares of Rs 10/- each	<u>2,030</u>	<u>2,030</u>
Of the above :		
3,920 (Previous Year 3,920) Equity Shares of Rs 10 each are held in abeyance (Refer note below)		
Subscribed and fully Paid up		
20,296,080 (Previous Year 20,296,080)		
Equity Shares of Rs 10/- each	<u>2,030</u>	<u>2,030</u>

Note - Shares held in abeyance :

In compliance with the provisions of Section 126 of the Companies Act, 2013, offer of Rights Shares of 3,920 Equity Shares out of the Rights Issue made in the year 1997 have been held in abeyance.

(Amount in Rupees Lakhs)

Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at December 31, 2016		As at December 31, 2015	
	Number	Amount	Number	Amount
Equity shares				
At the commencement of the year	20,296,080	2,030	20,296,080	2,030
Shares issued during the year	—	—	—	—
At the end of the year	<u>20,296,080</u>	<u>2,030</u>	<u>20,296,080</u>	<u>2,030</u>

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares with par value of Rs. 10/- per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder, are in proportion to its share of the paid-up equity capital of the Company.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Shares held by holding company

	As at December 31, 2016		As at December 31, 2015	
	Number	Amount	Number	Amount
Equity shares of Rs 10 each fully paid up held by immediate holding company - Vesuvius Group Limited, United Kingdom (U.K.) *#	<u>11,277,650</u>	<u>1,128</u>	<u>11,277,650</u>	<u>1,128</u>

* Subsidiary of Vesuvius plc. U.K., - ultimate holding company.

The companies, namely Vesuvius plc U.K., Vesuvius Holding Limited (formerly, Cookson Group plc) and Vesuvius Financial Limited (formerly, Cookson Financial Limited), all incorporated in the United Kingdom, do not hold any shares of Vesuvius India Limited directly but are holding company of Vesuvius India Limited through a chain of subsidiary holdings.

Particulars of shareholders holding more than 5% shares of a class of shares

	As at December 31, 2016		As at December 31, 2015	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of Rs 10 each fully paid-up held by :				
- Vesuvius Group Limited, U.K., immediate holding company	11,277,650	55.57	11,277,650	55.57
- HDFC Trustee Company Limited (A/c HDFC Mid Cap Opportunities Fund)	1,111,500	5.48	1,111,500	5.48

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2016

(Amount in Rupees Lakhs)

4. Reserves and surplus

Capital Reserve *

At the commencement and
at the end of the year

18

18

Securities Premium account

At the commencement and
at the end of the year

1,695

1,695

General Reserve

At the commencement of the year
Add : Amount transferred from surplus

5,958

5,222

871

736

6,829

5,958

Surplus (Balance in Statement of Profit and Loss)

At the commencement of the year
Less : Depreciation adjustment (refer note 39)
Add : Profit for the year

39,997

34,968

—

68

8,711

7,359

48,708

42,259

Less : Appropriation

Proposed dividend on equity shares
[Amount **Rs. 6.50** per share
(Previous year Rs. 6.25 per share)]

1,319

1,268

Income tax on proposed

269

258

dividend on equity shares

Transferred to General Reserve

871

736

46,249

39,997

54,791

47,668

* Represents Grants received in prior years
against reimbursement of stamp duty and
cost of freehold land at Vishakhapatnam.

5. Deferred tax (assets)/liabilities (net)

Deferred tax liabilities

Difference between written down value of
depreciable assets as per books of account
and written down value as per Income Tax Act

288

572

Deferred tax assets

Expenditure allowable on payments basis
Provision for doubtful trade receivables, advances, etc.
Voluntary retirement expenses

625

378

60

72

—

1

685

451

Deferred tax (assets)/liabilities (net)

(397)

121

(Amount in Rupees Lakhs)

6. Provisions

	Long Term		Short Term	
	As at 31.12.2016	As at 31.12.2015	As at 31.12.2016	As at 31.12.2015
Provision for employee benefits				
Gratuity (refer note 35)	1,025	671	—	—
Compensated absences (refer note 35)	159	109	8	6
	<u>1,184</u>	<u>780</u>	<u>8</u>	<u>6</u>
Other provisions				
Provision for income tax	—	—	922	398
[Net of advance income tax and fringe benefit tax of Rs 12,183 (previous year Rs 11,261)]				
Proposed dividend on equity shares	—	—	1,319	1,268
Tax on proposed dividend on equity shares	—	—	269	258
	<u>—</u>	<u>—</u>	<u>2,510</u>	<u>1,924</u>
	<u>1,184</u>	<u>780</u>	<u>2,518</u>	<u>1,930</u>

7. Trade payables

- total outstanding dues of micro enterprises and small enterprises (refer note 32)	77	134
- total outstanding dues of creditors other than micro enterprises and small enterprises	11,970	10,158
	<u>12,047</u>	<u>10,292</u>

8. Other current liabilities

Advance from customers	8	78
Amount payable for capital goods	231	94
Unpaid dividend *	32	38
Other payables #	1,717	1,373
	<u>1,988</u>	<u>1,583</u>

* This represents dividend unclaimed by shareholders. There is no amount due and outstanding to be credited to Investor Education and Protection Fund as on December 31, 2016.

Other payables comprises of :

Statutory liabilities :

Excise Duty and Service tax payable	284	289
Sales tax, Value added tax and Entry tax payable	481	329
Tax deducted at source payable	134	100
Provident Fund and Employee State Insurance payable	40	35
	<u>939</u>	<u>753</u>

Liability for other expenses

	778	620
	<u>1,717</u>	<u>1,373</u>

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2016

9 (a). Tangible Fixed Assets

(Amount in Rupees Lakhs)

Particulars	Freehold land	Leasehold land	Buildings*	Plant and Equipments	Toolings	Furniture and Fixtures	Vehicles	Office Equipment including computers	Electrical Installations	Total
Gross Block										
Balance as at January 1, 2015	274	640	4,983	15,967	3,873	249	3	774	557	27,320
Additions	—	—	195	1,529	491	3	—	20	41	2,279
Discard/disposals	—	—	—	51	—	—	—	101	—	152
Balance as at December 31, 2015	274	640	5,178	17,445	4,364	252	3	693	598	29,447
Balance as at January 1, 2016	274	640	5,178	17,445	4,364	252	3	693	598	29,447
Additions	—	—	—	1,313	738	—	—	71	28	2,150
Discard/disposals	—	—	72	60	—	6	—	17	6	161
Balance as at December 31, 2016	274	640	5,106	18,698	5,102	246	3	747	620	31,436
Depreciation										
Balance as at January 1, 2015	—	418	1,334	8,645	2,984	111	2	360	252	14,106
Depreciation for the year	—	33	164	1,346	539	39	—	128	61	2,310
Accumulated depreciation on discard/disposals	—	—	—	50	—	—	—	100	—	150
Depreciation adjusted with opening Surplus (refer to note 39)	—	—	—	1	—	6	—	90	6	103
Balance as at December 31, 2015	—	451	1,498	9,942	3,523	156	2	478	319	16,369
Balance as at January 1, 2016	—	451	1,498	9,942	3,523	156	2	478	319	16,369
Depreciation for the year	—	33	167	1,747	597	37	—	93	67	2,741
Accumulated depreciation on discard/disposals	—	—	19	53	—	6	—	16	6	100
Balance as at December 31, 2016	—	484	1,646	11,636	4,120	187	2	555	380	19,010
Net block										
As at December 31, 2015	274	189	3,680	7,503	841	96	1	215	279	13,078
As at December 31, 2016	274	156	3,460	7,062	982	59	1	192	240	12,426

* Buildings includes gross block of **Rs 3,249** (previous year Rs 3,249) and **Rs 198** (previous year Rs 198) situated at leasehold lands at Kolkata and Mehsana respectively.

(Amount in Rupees Lakhs)

9 (b). Intangible fixed assets

Gross Block - Computer Software	Total
Balance as at January 1, 2015	133
Additions	—
Balance as at December 31, 2015	133
Balance as at January 1, 2016	133
Additions	12
Balance as at December 31, 2016	145

Amortisation - Computer Software	Total
Balance as at January 1, 2015	118
Amortisation for the year	12
Balance as at December 31, 2015	130
Balance as at January 1, 2016	130
Amortisation for the year	4
Balance as at December 31, 2016	134

Net Block	
As at December 31, 2015	3
As at December 31, 2016	11

10. Capital work-in-progress

	Total
Balance as at January 1, 2015	1,954
Additions	1,264
Assets capitalised during the year	(1,794)
Balance as at December 31, 2015	1,424
Balance as at January 1, 2016	1,424
Additions	1,587
Assets capitalised during the year	(1,423)
Balance as at December 31, 2016	1,588

11. Long-term loans and advances

(Unsecured, considered good)

	Non-current portion		Current portion *	
	As at 31.12.2016	As at 31.12.2015	As at 31.12.2016	As at 31.12.2015
To parties other than related parties				
Capital advances	69	131	—	—
	69	131	—	—
Security deposits	226	184	—	44
	226	184	—	44
Other loans and advances				
To employees	87	79	26	27
Prepaid expenses	75	17	294	237
Deposits against demand in disputes	235	223	—	—
Advance income tax and fringe benefit tax [net of provision for income tax and advance fringe benefit tax of Rs 22,660 (previous year Rs 21,553)]	1,357	730	—	—
	1,754	1,049	320	264
	2,049	1,364	320	308

* Amount disclosed under 'Short-term loans and advances' (refer note 15)

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2016

(Amount in Rupees Lakhs)

	As at December 31, 2016	As at December 31, 2015
12. Inventories		
<i>(Valued at the lower of cost and net realisable value)</i>		
Raw Materials [including goods in transit Rs 1,665 (previous year Rs 1,217)]	4,878	3,729
Work-in-progress	1,120	836
Finished goods [including goods in transit Rs 95 (previous year Rs 63)]	1,785	1,304
Stock-in-trade [including goods in transit Rs 670 (previous year Rs 691)]	1,122	892
Stores and spares [including goods in transit Rs 36 (previous year Rs Nil)]	530	501
	9,435	7,262

13. Trade receivables

Receivables outstanding for a period exceeding six months from the date they became due for payment

Unsecured, considered good	354	484
Doubtful	79	125
	433	609
Less : Provision for doubtful trade receivables	79	125
	354	484
Other receivables		
Unsecured, considered good	26,756	22,176
Doubtful	46	36
	26,802	22,212
Less : Provision for doubtful trade receivables	46	36
	26,756	22,176
	27,110	22,660

(Amount in Rupees Lakhs)

14. Cash and bank balances

Cash and cash equivalents

– Cash on hand	1	1
– Balances with banks		
On current accounts	1,856	799
On deposit accounts	15,000	10,500
(with original maturity of 3 months or less)		

Other bank balances

– On Unpaid dividend account *	32	38
– Bank deposits due to mature after 3 months of original maturity but within 12 months of the reporting date	3,000	6,000

Details of bank balances/deposits

Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	16,856	11,299
--	--------	--------

Bank deposits due to mature after 3 months of original maturity but within 12 months of the reporting date included under 'Other bank balances'	3,000	6,000
---	-------	-------

Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets'	–	–
---	---	---

* Not available for use by the Company.

15. Short-term loans and advances

(Unsecured, considered good)

To parties other than related parties

Current portion of long-term loans and advances (refer note 11)	320	308
Advance for supply of goods and services	281	303
Less: Provision for doubtful advances	47	47
Advance to employees	234	256
Claims and refunds receivable	49	49
Balances with statutory / government authorities	–	11
	912	438
	1,515	1,062

16. Other current assets

(Unsecured, considered good)

Interest accrued but not due on fixed deposits	55	83
Export benefits receivable	68	28
Insurance claim receivable	15	102
	138	213

As at
December 31, 2015

As at
December 31, 2016

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2016

(Amount in Rupees Lakhs)

	For the year ended December 31, 2016	For the year ended December 31, 2015
17. Revenue from operations		
Sales of products		
Finished goods (Manufactured goods)	61,353	51,682
Stock-in-trade (For trading)	25,100	22,084
Sale of products (gross)	86,453	73,766
Less : Excise duty	7,347	6,649
Sale of products (net)	79,106	67,117
 Sale of services	 2,809	 2,729
 Other operating revenue		
Exports benefits	169	74
Scrap sales	67	52
	236	126
 Break-up of revenue from sale of products		
Finished goods (Manufactured goods)		
Refractories (Shaped)	32,101	25,200
Refractories (Unshaped)	29,252	26,482
	61,353	51,682
 Stock-in-trade (For trading)		
Refractories (Shaped)	12,538	11,391
Refractories (Unshaped)	12,562	10,693
	25,100	22,084
 Sales of products (gross)	86,453	73,766
 Break-up of revenue from services rendered		
Repairs and maintenance services	2,809	2,729
 18. Other Income		
Interest income on fixed deposits	1,148	946
Interest income on others	18	28
Profit on sale of fixed assets [Net of loss on sale of fixed assets of Rs. Nil (Previous year Rs. 1)]	—	4
Other non-operating income *	133	43
	1,299	1,021

* Includes provision for doubtful trade receivable no longer required written back **Rs. 69** (previous year Rs. 14)

(Amount in Rupees Lakhs)

19. Cost of materials consumed

	For the year ended December 31, 2016	For the year ended December 31, 2015
Inventory of raw materials at the beginning of the year	3,729	4,147
Purchases	32,220	25,677
	<u>35,949</u>	<u>29,824</u>
Less: Inventory of raw materials at the end of the year	4,878	3,729
	<u>31,071</u>	<u>26,095</u>

Break-up of cost of raw materials consumed

Alumina	6,204	5,313
Bauxite	3,527	2,728
Aluminous Cement	1,301	1,111
Graphite	1,984	1,684
Imported Mix	560	448
Mulcoa	609	733
Resin	781	584
Silicon Carbide	5,059	4,001
Slide gate plates	547	492
Zirconia	2,441	2,066
Others*	8,058	6,935
	<u>31,071</u>	<u>26,095</u>

Break-up of inventory of raw materials

Alumina	565	428
Bauxite	605	464
Aluminous Cement	262	190
Graphite	295	98
Imported Mix	243	175
Mulcoa	116	103
Resin	31	16
Silicon Carbide	509	346
Slide gate plates	309	325
Zirconia	584	451
Others*	1,359	1,133
	<u>4,878</u>	<u>3,729</u>

* Consists of various items each of whose value is less than 10% of total value of raw materials

20. Purchase of stock-in-trade

Purchase of stock-in-trade :		
Refractories (Shaped)	6,916	5,049
Refractories (Unshaped)	7,869	8,069
	<u>14,785</u>	<u>13,118</u>

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2016

21. Changes in inventory of finished goods, work-in-progress and stock-in-trade

(Amount in Rupees Lakhs)

	For the year ended December 31, 2016			For the year ended December 31, 2015		
	Opening Inventory	Closing Inventory	(Increase) / Decrease in Inventory	Opening Inventory	Closing Inventory	(Increase) / Decrease in Inventory
Finished goods (Manufactured goods)						
Refractories (Shaped)	1,069	1,519	(450)	798	1,069	(271)
Refractories (Unshaped)	235	266	(31)	155	235	(80)
	<u>1,304</u>	<u>1,785</u>	<u>(481)</u>	<u>953</u>	<u>1,304</u>	<u>(351)</u>
Stock-in-trade (For trading)						
Refractories (Shaped)	834	1,101	(267)	701	834	(133)
Refractories (Unshaped)	58	21	37	40	58	(18)
	<u>892</u>	<u>1,122</u>	<u>(230)</u>	<u>741</u>	<u>892</u>	<u>(151)</u>
Work-in-progress						
Refractories (Shaped)	495	674	(179)	496	495	1
Refractories (Unshaped)	341	446	(105)	353	341	12
	<u>836</u>	<u>1,120</u>	<u>(284)</u>	<u>849</u>	<u>836</u>	<u>13</u>
Total	<u>3,032</u>	<u>4,027</u>	<u>(995)</u>	<u>2,543</u>	<u>3,032</u>	<u>(489)</u>

Notes to Financial Statements *(Contd.)*

For the Year Ended December 31, 2016

(Amount in Rupees Lakhs)

	For the year ended December 31, 2016	For the year ended December 31, 2015
22. Employee benefits expense		
Salaries, wages and bonus	3,931	3,296
Contribution to provident and other funds (refer note 35)	820	620
Compensated absences (refer note 35)	103	33
Staff welfare expenses	775	697
	<u>5,629</u>	<u>4,646</u>
23. Depreciation and amortisation expense		
Depreciation on tangible fixed assets [refer note 9(a)]	2,741	2,310
Amortisation of intangible fixed assets [refer note 9(b)]	4	12
	<u>2,745</u>	<u>2,322</u>

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2016

(Amount in Rupees Lakhs)

24. Other expenses

	For the year ended December 31, 2016		For the year ended December 31, 2015	
Consumption of stores and spares*	541		459	
Excise duty on increase in inventory of finished goods	61		62	
Power and fuel	1,642		1,651	
Freight	4,083		3,340	
Site expenses	4,051		3,101	
Rent (refer note 41)	278		280	
Repairs to :				
Buildings	109		121	
Machinery	1,030		895	
Others	162	1,301	148	1,164
Insurance	164		132	
Rates and taxes	337		275	
Travelling and conveyance expenses	1,298		1,199	
Legal and professional fees	304		162	
Payment to auditors (refer note below)	40		36	
Commission	123		136	
Directors' commission	23		21	
Advertisement and sales promotion	84		45	
Bank charges	64		52	
Communication cost	146		120	
Printing and stationery	52		47	
Royalty, Trademark and License fees	1,454		1,064	
Management fees	336		323	
Loss on foreign exchange fluctuations [Net of foreign exchange gain of Rs. 75 (previous year Rs. 199)]	85		93	
Provision for doubtful trade receivables/advances	73		92	
Bad debts	43		55	
Less : Adjusted with provisions for doubtful trade receivables	40	3	43	12
Loss on sale / discard of fixed assets [Net of profit on sale of fixed assets of of Rs. 16 (previous year Rs. Nil)]	45		—	
Miscellaneous expenses **	282		188	
	16,870		14,054	

Note : Payment to auditors

As auditor :				
Statutory audit	18		18	
Limited review of quarterly results	7		5	
In other capacity :				
Group reporting	8		8	
Audit of tax accounts	4		3	
Reimbursement of expenses	3		2	
	40		36	

* Excludes stores and spares consumed and included under the heads Repairs - Machinery **Rs. 408** (previous year Rs. 304) and Site expenses **Rs. 442** (previous year Rs. 322)

** Include fees paid to cost auditor **Rs. Nil** (previous year Rs. 2)

(Amount in Rupees Lakhs)

25. Earnings per share (EPS)

Basic and diluted earning per share

The calculation of basic diluted earnings per share for the year ended December 31, 2016 is based on the profit attributable to equity shareholders of **Rs 8,711** (previous year Rs 7,359), and weighted average number of equity shares outstanding of **20,296,080** (previous year 20,296,080).

	For the year ended December 31, 2016	For the year ended December 31, 2015
Earnings		
Profit after tax	8,711	7,359
Net profit attributable to equity shareholders for calculation of basic and diluted EPS	8,711	7,359
Shares		
Weighted average number of equity shares outstanding during the year for calculation of basic and diluted EPS (in nos.)	2,02,96,080	2,02,96,080
Basic and Diluted Earnings per share (in Rs)	42.92	36.26
Nominal value of equity share (in Rs)	10	10

26. Contingent liabilities and commitments

(to the extent not provided for)

(a) Contingent liabilities :

(i) Claims against the Company not acknowledged as debts :

Sl. No.	Description	Estimated financial impact		Uncertainties
		As at 31.12. 2016	As at 31.12.2015	
a.	Sales Tax/Value Added Tax	2,503	2,431	Demand received from appropriate authorities in relation to Sales tax/ VAT assessment and non submission of statutory forms.
b.	Other Income Tax matters	1,512	1,027	Demands received from appropriate authorities in relation to Income Tax including transfer pricing assessments. Also refer note below.
c.	Excise Duty, Customs Duty and Service Tax matters	493	427	Demands received from appropriate authorities in relation to Excise Duty, Custom Duty and Service Tax matters.
d.	Entry tax	63	--	Interest payable on entry tax liability.

Note :

The Company has claimed deduction for cost of Tooling purchased during the relevant assessment years for the purpose of ascertaining income tax liability for the period till assessment year 2013-2014.

The Income tax department had disallowed the Company's claim for deduction and had allowed deduction on the basis of actual toolings consumed. The Income Tax Appellate Tribunal (ITAT) vide its order dated December 16, 2003 had directed the department to allow expenses based on actual quantity consumed. The Company had disputed such decision on the contention that the entire purchase is issued to the production process and hence should be treated as consumption and had made an application to the Hon'ble High Court at Calcutta seeking further clarifications of the ITAT order. The relevant orders from the income tax departments giving effect of ITAT order is yet to be received by the Company.

During the year ended 31 December 2014, the Company, for the purpose of income tax computation, had claimed deduction for depreciation on tooling on the basis of rates given in the Income Tax Act, 1961 from the Assessment Year 2007-08 onwards. Accordingly, adjustment for income tax liability aggregating to Rs. 364 lakhs, arising on account of the aforesaid change in the method of deduction claimed, had been accounted for in the books of account in the year ended 31 December 2014.

The amount of interest/penalty, if any, that could be demanded by the Income tax department on account of the aforesaid adjustment cannot be currently ascertained and hence no provision has been made in the books of account for the same.

(ii) A counter claim has been filed against the Company before the Hon'ble High Court at Calcutta by a customer for claims aggregating **Rs 749** (previous year Rs 749) regarding certain disputes relating to goods supplied by the Company in prior years.

	As at December 31, 2016	As at December 31, 2015
(b) Commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	455	320

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2016

(Amount in Rupees Lakhs)

	For the year ended December 31, 2016		For the year ended December 31, 2015	
	Amount	% of total consumption	Amount	% of total consumption
27. Details of imported and indigenous raw materials, stores and spares consumed during the year				
Raw materials				
Imported	19,212	62	15,557	60
Indigenous	11,859	38	10,538	40
	<u>31,071</u>	<u>100</u>	<u>26,095</u>	<u>100</u>
Stores and spares				
Imported	185	13	174	16
Indigenous	1,206	87	911	84
	<u>1,391</u>	<u>100</u>	<u>1,085</u>	<u>100</u>
28. Value of imports on CIF basis				
Raw Materials	21,283		16,814	
Stores and Spares	201		159	
Stock-in-trade (acquired for trading)	1,440		1,842	
Capital Goods	999		407	
Toolings	432		277	
	<u>24,355</u>		<u>19,499</u>	
29. Expenditure in foreign currency				
Travelling expenses	43		129	
Royalty, Trademark and License fees	1,454		1,064	
Freight	661		519	
Management fees	336		323	
Reimbursement of expenses	76		59	
	<u>2,570</u>		<u>2,094</u>	
30. Earnings in foreign currency				
F.O.B. value of Exports	8,361		2,586	
F.O.B. value of Deemed Exports	7,350		6,298	
Commission Income	16		—	
Reimbursement of expenses	268		114	
	<u>15,995</u>		<u>8,998</u>	
31. Dividend remitted in foreign currency				
Years to which dividend relates	2015		2014	
Amount remitted during the year	705		677	
Number of non-resident shareholders	1		1	
Number of shares on which dividend was due	11,277,650		11,277,650	

(Amount in Rupees Lakhs)

	As at December 31, 2016	As at December 31, 2015
32. Dues to Micro, Small and Medium Enterprises		
(a) The amounts remaining unpaid to Micro, Small suppliers as at the end of each accounting year		
– Principal	77	134
– Interest	Nil	Nil
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	Nil	Nil
(c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	Nil	Nil
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	Nil	Nil

33. Segment Reporting

- i) Segments have been identified in line with the Accounting Standard 17 - Segment Reporting, taking into account the nature of products and services, the different risks and returns, the organisational structure and the internal financial reporting system. The Company is engaged in the business of manufacturing, trading and sale of refractories. It has manufacturing location in India only. Based on the dominant source and nature of risk and returns of the Company, its internal organisation and management structure and its system of internal financial reporting, business segment has been identified as the primary segment. The Company has only one business segment.
- ii) **Secondary Segment** – In accordance with Accounting Standard - 17, geographical segments have been considered as secondary reportable segment.

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2016

(Amount in Rupees Lakhs)

Sales by market: The following table shows the distribution of the Company's sales and service income by geographical market, regardless of where the goods were produced:

	For the year ended December 31, 2016	For the year ended December 31, 2015
Sales revenue by geographical market (Net of excise duty)		
India	66,035	60,895
Outside India		
– direct exports	8,530	2,653
– deemed exports	7,350	6,298
	<u>81,915</u>	<u>69,846</u>

Assets and additions to tangible and intangible fixed assets by geographical area : The following table shows the carrying amount of segment assets and capital expenditure during the year by geographical area in which the assets are located :

	Carrying amount of segment assets		Capital expenditure during the year	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
India	68,016	61,777	2,326	1,748
(includes fixed assets located in India)				
Outside India	6,542	2,627	–	–
	<u>74,558</u>	<u>64,404</u>	<u>2,326</u>	<u>1,748</u>

Accounting policy : Segment information is prepared in conformity with the accounting policy adopted for preparing and presenting the financial statements of the Company as a whole.

34. Related Party Disclosures as per Accounting Standard 18

A) List of Related parties and relationship

i) Enterprises having control over the Company with which no transactions have taken place during the year:

Vesuvius plc, United Kingdom - Ultimate holding company - holding company of Vesuvius Holdings Limited, United Kingdom

Vesuvius Financial Limited, United Kingdom (formerly known as Cookson Financial Limited) - holding company of Vesuvius Group Limited, United Kingdom.

ii) Enterprises having control over the Company with which transaction has taken place during the year and previous year :

Vesuvius Holdings Limited, United Kingdom (formerly known as Cookson Group plc) - holding company of Vesuvius Financial Limited, United Kingdom

Vesuvius Group Limited, United Kingdom, Immediate holding Company

iii) Fellow Subsidiaries (with whom transactions have taken place during the year and previous year):

Name of the related parties

Avemis SAS, France

Foseco (Thailand) Limited, Thailand

Foseco India Limited, India

Foseco Industrial E Commercial Ltda, Brazil

Foseco Korea Limited, South Korea

Foseco Philippines Inc, Philippines

Foseco Pty Limited, Australia

PT. Foseco Indonesia, Indonesia

Sert-Metal SAS, France

Vesuvius (Thailand) Co. Ltd, Thailand

Vesuvius Advanced Ceramics (China) Co. Ltd., China

Vesuvius Belgium N.V., Belgium

Vesuvius Corporation S. A. (Taiwan Branch) Switzerland

Vesuvius Corporation S. A., Switzerland

Vesuvius Crucible Company, USA

Vesuvius China Holdings Co. Limited, Hongkong

Vesuvius Emirates FZE, United Arab Emirates

Vesuvius Foundry Products (Suzhou) Co. Ltd., China

Vesuvius France S.A., France

Vesuvius GmbH, Germany

Vesuvius Group S. A., Belgium

Vesuvius Iberica Refractorios S.A., Spain

Vesuvius Istanbul Sanayi ve Ticaret AS, Turkey

Vesuvius Italia S.P.A., Italy

Vesuvius Malaysia SDN. BHD, Malaysia

Vesuvius Mexico S.A. de C.V., Mexico

Vesuvius Poland Spolka z.o.o, Poland

Vesuvius Ras Al Khaimah FZ-LLC, United Arab Emirates

Vesuvius Slavia, A.S., Czech Republic

Vesuvius South Africa (Pty) Limited, South Africa

Vesuvius UK Limited, United Kingdom

Vesuvius USA Corporation, USA

Wugang Vesuvius Advanced Ceramics (Wuhan) Co. Ltd., China

Yingkou Bayuquan Refractories Co. Ltd., China

Vesuvius Refratarios Ltda, Brasil

SIDERMES S. P. A. Italy

iv) Names of Principal Group Companies / fellow subsidiaries

(with which the Company neither have any transactions nor outstanding balances at current or previous year end)

Vesuvius Overseas Limited, United Kingdom (formerly, Cookson Overseas Limited, United Kingdom)

v) Key Management Personnel

Mr. Subrata Roy - Managing Director

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2016

(Amount in Rupees Lakhs)

B. Related party transactions for the year ended December 31, 2016

Name of the entity	Sale of goods/ Services/ Fixed assets	Purchase of goods/ Fixed assets	Dividend paid/ payable	Other (Income)/ expenses	Managing Director's Remuneration	Receivable/ (Payable) at the year end
Holding Company:						
Vesuvius Holdings Limited, United Kingdom	—	—	—	(1)	—	—
Immediate Holding Company:						
Vesuvius Group Limited, United Kingdom	—	—	705	—	—	—
Fellow Subsidiaries:						
Avemis SAS, France	—	58	—	—	—	—
Fosco (Thailand) Limited, Thailand	124	—	—	—	—	30
Fosco India Limited, India	—	1	—	51	—	(12)
Fosco Industrial E Commercial Ltda, Brazil	30	—	—	—	—	—
Fosco Korea Limited, South Korea	—	—	—	—	—	—
Fosco Philippines Inc. Philippines	4	—	—	—	—	1
Fosco Pty Limited, Australia	—	—	—	—	—	—
PT. Fosco Indonesia, Indonesia	59	—	—	—	—	10
Sert-Metal SAS, France	—	159	—	(1)	—	(37)
Vesuvius (Thailand) Co. Ltd, Thailand	512	—	—	—	—	160
Vesuvius Advanced Ceramics (China) Co. Ltd., China	—	48	—	—	—	—
Vesuvius Belgium N.V. Belgium	—	333	—	(5)	—	(128)
Vesuvius Corporation S. A. (Taiwan Branch), Switzerland	12	—	—	—	—	4
Vesuvius Corporation S. A. Switzerland	35	—	—	—	—	—
Vesuvius Crucible Company, USA	—	190	—	1,070	—	(274)
Vesuvius Emirates FZE, United Arab Emirates	109	—	—	—	—	128
Vesuvius Foundry Products (Suzhou) Co. Ltd., China	12	25	—	—	—	—
Vesuvius France S.A., France	—	47	—	—	—	(30)
Vesuvius GmbH, Germany	2,168	3	—	(22)	—	183
Vesuvius Group S. A., Belgium	—	395	—	776	—	(325)
Vesuvius Iberica Refractorios S.A., Spain	—	—	—	—	—	—
Vesuvius Istanbul Sanayi ve Ticaret AS, Turkey	84	21	—	—	—	1
Vesuvius Italia S.P.A., Italy	176	25	—	—	—	72
Vesuvius Malaysia SDN. BHD, Malaysia	1,167	67	—	(17)	—	65
Vesuvius Mexico S.A. de C.V., Mexico	—	96	—	—	—	—
Vesuvius Poland Spolka z.o.o, Poland	15	704	—	—	—	(77)
Vesuvius Ras Al Khaimah FZ-LLC, United Arab Emirates	66	—	—	—	—	64
Vesuvius Slavia, A.S., Czech Republic	97	84	—	—	—	54
Vesuvius South Africa (Pty) Limited, South Africa	221	—	—	—	—	52
Vesuvius UK Limited, United Kingdom	26	462	—	1	—	(83)
Vesuvius USA Corporation, USA	873	1,025	—	(56)	—	(265)
Wugang Vesuvius Advanced Ceramics (Wuhan) Co. Ltd., China	—	3,688	—	(1)	—	(978)
Yingkou Bayuquan Refractories Co. Ltd., China	—	65	—	—	—	—
Vesuvius Refractories Ltd., Brasil	3	—	—	—	—	—
SIDERMES S. P. A., Italy	—	—	—	—	—	—
Vesuvius China Holdings Co. Limited, Hongkong	—	—	—	(16)	—	—
Key Management Personnel						
Subrata Roy	—	—	—	—	139	—

C. Related party transactions for the year ended December 31, 2015

Name of the entity	Sale of goods/ Services/ Fixed assets	Purchase of goods/ Fixed assets	Dividend paid/ payable	Other (Income)/ expenses	Managing Director's Remuneration	Receivable/ (Payable) at the year end
Holding Company						
Vesuvius Group Limited, United Kingdom	—	—	677	—	—	—
Fellow subsidiaries						
Avemis SAS, France	—	17	—	—	—	—
Fosco (Thailand) Limited, Thailand	102	—	—	—	—	25
Fosco India Limited, India	—	—	—	26	—	(5)
Fosco Industrial E Commercial Ltda, Brazil	14	—	—	—	—	—
Fosco Pty Limited, Australia	1	—	—	—	—	1
PT. Fosco Indonesia, Indonesia	51	—	—	—	—	19
Sert-Metal SAS, France	—	73	—	—	—	(1)
Vesuvius (Thailand) Co. Ltd, Thailand	236	—	—	2	—	39
Vesuvius Advanced Ceramics (China) Co. Ltd., China	—	3	—	—	—	—
Vesuvius Belgium N.V. Belgium	15	232	—	—	—	(51)
Vesuvius Corporation S. A., Switzerland	240	—	—	1	—	5
Vesuvius Crucible Company, USA	—	63	—	777	—	(204)
Vesuvius Emirates FZE, United Arab Emirates	94	—	—	—	—	16
Vesuvius Foundry Products (Suzhou) Co. Ltd., China	15	69	—	—	—	(15)
Vesuvius France S.A., France	1	21	—	—	—	(2)
Vesuvius GmbH, Germany	579	2	—	—	—	85
Vesuvius Group S. A., Belgium	—	423	—	648	—	(237)
Vesuvius Iberica Refractorios S.A., Spain	—	1	—	—	—	—
Vesuvius Istanbul Sanayi ve Ticaret AS, Turkey	136	—	—	—	—	30
Vesuvius Italia S.P.A., Italy	2	1	—	—	—	(1)
Vesuvius Malaysia SDN. BHD, Malaysia	346	75	—	(1)	—	18
Vesuvius Mexico S.A. de C.V., Mexico	—	807	—	—	—	(225)
Vesuvius Poland Spolka z.o.o, Poland	—	302	—	—	—	(89)
Vesuvius Ras Al Khaimah FZ-LLC, United Arab Emirates	5	—	—	(1)	—	—
Vesuvius Slavia, A.S., Czech Republic	—	153	—	—	—	(52)
Vesuvius South Africa (Pty) Limited, South Africa	224	—	—	—	—	12
Vesuvius UK Limited, United Kingdom	18	317	—	(15)	—	(50)
Vesuvius USA Corporation, USA	432	599	—	(11)	—	(50)
Wugang Vesuvius Advanced Ceramics (Wuhan) Co. Ltd., China	—	3,379	—	—	—	—
Yingkou Bayuquan Refractories Co. Ltd., China	—	33	—	—	—	—
Key Management Personnel						
Subrata Roy	—	—	—	—	146	—

(Amount in Rupees Lakhs)

35. Employee Benefits : Post employment benefit plans

Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident and Pension Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident and Pension Fund for the year aggregated to **Rs. 389** (Previous Year Rs. 335).

Defined benefit plans

The Company operates two long term post-employment benefit plans that provide gratuity and compensated absences. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service at the time of retirement/exit. Other long term benefit entitles an employee to utilise the accrued compensated absences in the future service period or to encash the accrued compensated absences standing to their credit as per Company's on the date of their retirement/exit. Gratuity scheme is funded by the plan assets.

i) Net Assets/(Liabilities) recognised in Balance Sheet

The following table summarises the position of assets and obligations relating to the two plans.

	Gratuity		Compensated absences	
	Funded		Unfunded	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Fair value of plan assets	817	710	–	–
Present value of obligations	1,842	1,381	167	115
Liability recognised in Balance Sheet	(1,025)	(671)	(167)	(115)

ii) Classification into current / non-current

The liability in respect of each of the two plans comprises of the following non-current and current portions :

	Non-Current		Current	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Gratuity	1,025	671	–	–
Compensated absences	159	109	8	6
	1,184	780	8	6

	Gratuity		Compensated absences	
	Funded		Unfunded	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
iii) Composition of Plan Assets :				
Insurer managed funds	817	710	–	–
iv) Major category of Plan Assets as a % of the Total Plan Assets as at year end				
Invested with Life Insurance Corporation of India	8%	18%	–	–
Invested with SBI Life Insurance Company Limited	92%	82%	–	–
v) Movement in present values of defined benefit obligations:				
Defined benefit obligation at beginning of the year	1,381	1,124	115	603
Current service cost	110	98	18	18
Interest cost	108	88	10	7
Settlement Cost	–	–	–	(61)
Actuarial (gain) / loss	273	150	26	5
Benefits paid	(30)	(79)	(2)	(457)
Defined benefit obligation at end of the year (A)	1,842	1,381	167	115

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2016

(Amount in Rupees Lakhs)

	Gratuity		Compensated absences	
	Funded		Unfunded	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
vi) Movement in fair value of Plan Assets :				
Fair value of Plan Assets, beginning of the year	710	665	—	—
Expected return on Plan Asset	62	56	—	—
Actual Company contribution	76	71	—	457
Benefits paid	(30)	(79)	—	(457)
Actuarial gain / (loss)	(1)	(3)	—	—
Fair value of Plan Assets at the end of the year (B)	817	710	—	—
Surplus / (Deficit) (A) - (B)	(1,025)	(671)	(167)	(115)
vii) Expenses recognised in Statement of Profit and Loss				
Current service costs	110	98	18	18
Interest costs	108	88	10	7
Settlement Cost	—	—	—	(61)
Expected return on Plan Assets	(62)	(56)	—	—
Actuarial (gain) / loss recognised in the year	274	153	26	5
Expense recognised in the Statement of Profit and Loss	430	283	54	(31)
viii) Actual return on Plan Assets :				
Expected return on Plan Assets	62	56	—	—
Actuarial gain / (loss) on Plan Assets	(1)	(3)	—	—
	61	53	—	—
ix) Principal actuarial assumptions :				
The following are the principal actuarial assumptions at the reporting dates :				
Discount rate as at 31 December	6.75%	7.90%	6.75%	7.90%
Expected rate of return on Plan Assets	8.50%	8.50%	—	—
Future salary increases	8.00%	8.00%	8.00%	8.00%

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Discount rate is based on the prevailing market yield of Indian Government securities as at the year end for the estimated term of the obligation.

Assumption regarding future mortality are based on published statistics and mortality tables. The calculation of the defined benefit obligation is sensitive to the mortality assumptions.

x) Basis used to determine the Expected Rate of return on Plan Assets :

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

xi) Five year information :

Amount for current and previous four years are as follows :

	December 31 2016	December 31 2015	December 31 2014	December 31 2013	December 31 2012
Gratuity					
Defined benefit obligation as at year end	1,842	1,381	1,124	892	721
Fair value of Plan Assets	817	710	665	571	457
Surplus / (deficit) in the plan	(1,025)	(671)	(459)	(321)	(264)
Experience adjustments arising on Obligation [(gain)/loss]	62	121	56	12	41
Experience adjustments arising on Plan Assets [(gain)/loss]	1	3	(23)	(25)	—
Actuarial (gain)/loss due to change on assumptions	211	29	48	39	8
Other long term benefits					
Defined benefit obligation as at year end	167	115	603	499	434
Fair value of Plan Assets	—	—	—	—	—
Surplus / (deficit) in the plan	(167)	(115)	(603)	(499)	(434)
Experience adjustments arising on Obligation [(gain)/loss]	4	3	25	10	25
Experience adjustments arising on Plan Assets [(gain)/loss]	NA	NA	NA	NA	NA
Actuarial (gain)/loss due to change on assumptions	22	3	25	20	5

* NA = Not applicable.

(Amount in Rupees Lakhs)

36. Unhedged foreign currency exposures

Foreign currency exposures on account of trade receivables / trade payables not hedged by derivative instruments are as follows :

	As at December 31, 2016		As at December 31, 2015	
	(In original currency)	(in Rupees)	(In original currency)	(in Rupees)
Trade Receivables				
USD	81	5,486	36	2,365
EURO	15	1,056	4	262
Trade payables				
USD	53	3,613	51	3,400
EURO	11	783	7	511
GBP	1	94	1	56

37. Provision for taxation has been recognised with reference to profit for the year ended December 31, 2016 in accordance with the provision of the Income Tax Act, 1961 and rules framed there under. The ultimate tax liability for the Assessment Year 2017-2018 will be determined on the basis of total taxable income for the year ending on March 31, 2017.
38. The management is of the opinion that its international transactions are at arm's length under the provisions of Section 92-92F of the Income Tax Act, 1961.
39. According to Schedule II of the Companies Act, 2013, the management based on an internal evaluation had reassessed the remaining estimated useful life of fixed assets, with effect from January 1, 2015. Accordingly, the useful life of certain assets required a change from the previous estimates. As a consequence of this change, the depreciation charge during the previous year ended December 31, 2015 was higher by Rs. 183. Further, based on transitional provision as provided in note 7 (b) of Schedule II of the Companies Act, 2013, depreciation charge of Rs 68 (net of deferred tax Rs 35) had been adusted with opening Surplus (Balance in Statement of Profit and Loss) as at January 1, 2015 appearing in note "Reserve and Surplus".
40. **Corporate social responsibility expenses ("CSR") :**

As per Section 135 of the Companies Act, 2013, a CSR committee had been formed by the Company. The funds are utilised on the activities which are specified in Schedule VII of the Act. The utilisation is done by way of contribution towards various activities.

- (a) Average net profit as prescribed under section 135 of the Companies Act, 2013 : Rs. 202 (previous year Rs. 181 Lakhs)

(Amount in Rupees Lakhs)

(b) Amount spent during the year on :

Sl. No.	Particulars	Amount (in cash)	Amount (yet to be paid in cash)	Total
1.	Construction/acquisition of any assets	—	—	—
2.	On purpose other than (1) above			
	- Education and skill development	12	—	12
	- Health Care	—	—	—
	TOTAL	12	—	12

Total expenditure incurred by the Company on CSR activities during the previous year ended December 31, 2015 was Rs. 10.

(c) No contribution has been made to any related party as per Accounting Standard (AS) 18, Related Party Disclosures.

41. The Company has taken various premises under operating lease which are cancelable during the life of the contract at the option of both the parties. Minimum lease payment charged during the year to the Statement of Profit and Loss aggregated to **Rs. 278** (previous year Rs. 280).
42. Previous year's figures have been regrouped and/or rearranged wherever considered necessary to conform to current year's presentation.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No. 101248W/W-100022

Jayanta Mukhopadhyay

Partner

Membership No. 055757

Place : Kolkata

Date : February 27, 2017

For and on behalf of the Board of Directors of

Vesuvius India Limited

CIN: L26933WB1991PLC052968

Subrata Roy

MANAGING DIRECTOR

DIN : 07046994

Taposh Roy

COMPANY SECRETARY

Place : Kolkata

Date : February 27, 2017

Biswadip Gupta

CHAIRMAN

DIN : 00048258

Sanjoy Dutta

CHIEF FINANCIAL OFFICER

Five Years at a Glance

(Amount in Rupees Lakhs)

	For the years ended on				
	31.12.16	31.12.2015	31.12.2014	31.12.2013	31.12.2012
STATEMENT OF PROFIT & LOSS					
Sales	82,151	69,972	65,223	60,119	56,234
Other Income	1,299	1,021	910	628	352
Total Revenue	83,450	70,993	66,133	60,747	56,586
Expenditure	67,372	57,434	55,228	50,853	48,323
PBIDT	16,078	13,559	10,905	11,657	9,904
Depreciation & Amortisation	2,745	2,322	1,912	1,756	1,635
Finance Cost	0	0	0	7	6
PBT	13,333	11,237	8,993	9,894	8,263
PAT	8,711	7,359	5,917	6,517	5,576
BALANCE SHEET					
Assets Employed					
Fixed Assets	14,025	14,505	15,183	13,896	13,952
Working Capital:					
Current Assets	58,087	48,535	41,317	35,412	32,079
Less : Current Liabilities	16,553	13,805	12,389	10,353	10,947
Working Capital Employed	41,534	34,730	28,928	25,059	21,132
Long Term loans & advances	2,446	1,364	1,313	2,451 (included above)	
Total Assets Employed	58,005	50,599	45,424	41,406	35,084
Financed By :					
Shareholders' Funds					
Share Capital	2,030	2,030	2,030	2,030	2,030
Reserves & Surplus	54,791	47,668	41,903	37,684	32,295
Total of Shareholders' Funds	56,821	49,698	43,933	39,714	34,325
Non-Current Liabilities	1,184	901	1,491	1,692	759
Total Funds Employed	58,005	50,599	45,424	41,406	35,084
OTHER INFORMATION					
Dividend (Rs Lakhs)	1,319	1,268	1,421	964	913
Rate of Dividend (%)	65.00%	62.50%	70.00%	47.50%	45.00%
Number of Shareholders (nos)	12,125	11,907	11,647	12,006	12,762
Number of Employees (nos)	437	435	438	448	446
Earnings per share (EPS) (Rs)	42.92	36.26	29.15	32.10	27.48
Return on Capital Employed (ROCE) (%)	15.33	14.77	13.03	15.76	15.91
Economic Value Added (EVA) (Rs Lakhs)	7580	6228	4786	5387	4446

