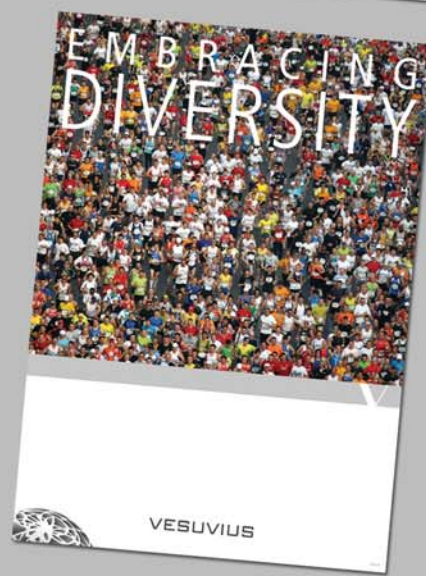
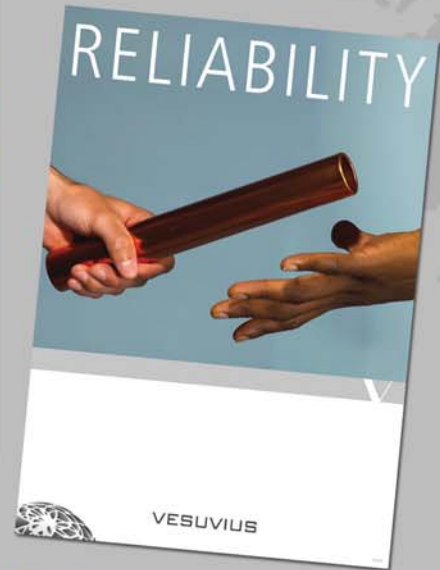
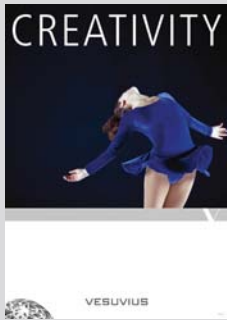




Our values



Creativity

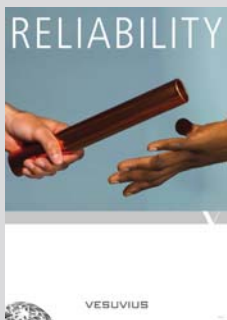
Our commitment to technology and quality is the basis for our competitive advantage: our creativity is what allows us to develop innovative solutions that generate value through performance enhancements and continuous improvements.



Cooperation

Encouraging internal and external cooperation is an effective tool which enables us to create unique solutions with our partners.

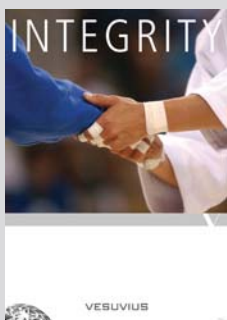
Each Vesuvius employee is committed to the success of its community of colleagues and customers.



Reliability

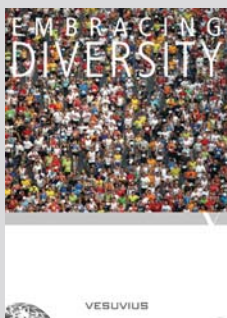
Our solutions involve us in critical aspects of our customers' manufacturing processes.

Our commitment to consistently deliver quality products and services gives them the level of confidence they require.



Integrity

At the heart of our promise lies the trustworthiness of all Vesuvius employees in their acts and words. Integrity, honesty and transparency are essential in all our relationships.



Embracing diversity

Vesuvius is a global company built upon a true respect for local customs and experience. We recognize and embrace the potential for creativity that comes from the coexistence of so many different cultures.

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BOARD OF DIRECTORS



Dr SAIBAL KANTI GUPTA
Chairman



TANMAY KUMAR GANGULY
Managing Director



FRANCOIS CLEMENT WANECQ



Dr CLAUDE DUMAZEAU



SHEKHAR DATTA



BISWADIP GUPTA



YVES M.C.M.G. NOKERMAN



SUDIPTO SARKAR

BOARD OF DIRECTORS

Dr Saibal Kanti Gupta

Chairman

Tanmay Kumar Ganguly

Managing Director

Shekhar Datta

Dr Claude Dumazeau

Biswadip Gupta

Yves M.C.M.G. Nokerman

Sudipto Sarkar

Francois Clement Wanecq

BOARD COMMITTEES

Audit Committee

Dr Saibal Kanti Gupta

Chairman

Shekhar Datta

Biswadip Gupta

Yves M.C.M.G. Nokerman

Sudipto Sarkar

Share Transfer & Investor Grievance Committee

Dr Saibal Kanti Gupta

Shekhar Datta

Tanmay Kumar Ganguly

Biswadip Gupta

Sudipto Sarkar

COMPANY SECRETARY

Taposh Roy

Email : Taposh.Roy@vesuvius.com

EXECUTIVE COUNCIL

Tanmay Kumar Ganguly

Managing Director

Sudarshan Das

Chief Executive-Sales

Sanjoy Dutta

Chief Financial Officer

Subrata Roy

Chief Executive-Operations

AUDITORS

Messrs B S R & Co.

Chartered Accountants

Building No 10, 8th floor, Tower-B,

DLF Cyber City, Phase-II,

Gurgaon 122 002, Haryana

(Firm Registration no 101248W)



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

Tel : (033) 4011 6700 / 6711 / 6718 / 6723

Fax : (033) 40116739, Email : rta@cbmsl.com

Website : www.cbmsl.com

REGISTERED OFFICE

P-104 Taratala Road

Kolkata 700 088

Tel : (033) 30410600; 2401 2842/ 3898/ 0215

Fax : (033) 2401 3976/ 1235

Email : vesuviusindia@vesuvius.com

Website : www.vesuviusindia.com

Kolkata Factory :

P-104 Taratala Road, Kolkata 700 088

Tel : (033) 30410600; 2401 2842 / 3898 / 0215

Fax : (033) 2401 1235

Email : Saibal.Bandyopadhyay@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 : Tumma.Antony@vesuvius.com

(b) Second factory :

Survey No 90 & 98, Part, Block G,

Industrial Park, Fakirtakya Village

Autonagar, Visakhapatnam 530 046

Tel : (0891) 2749120; 2755419; 2755408

Fax : (0891) 2587511

Email : Tumma.Antony@vesuvius.com

Mehsana Factory :

212/B, G.I.D.C Estate

Mehsana 384 002, Gujarat

Tel : (02762) 252948 / 949

Fax : (02762) 252909

Email : Chakrapani.Devburman@vesuvius.com

Notice of Annual General Meeting

Notice is hereby given that the twenty-second 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 Thursday, April 25, 2013 at 10.30 a.m. to transact the following business :

1. To receive and adopt the Audited Accounts for the year ended on December 31, 2012, and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr Saibal Kanti Gupta, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr Yves M.C.M.G. Nokerman, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and to fix their remuneration and, in this connection to pass, with or without modification, the following resolution which will be passed as an Ordinary Resolution :

"RESOLVED that, pursuant to Section 224 of the Companies Act, 1956, Messrs B S R & Co., Chartered Accountants, of Building No 10, 8th floor, Tower-B, DLF Cyber City, Phase-II, Gurgaon 122 002, Haryana (Firm's Registration no 101248W) be and are hereby appointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration and on terms plus out-of-pocket expenses as may be determined by the Board of Directors of the Company."

By Order of the Board of Directors
Vesuvius India Ltd.

Registered Office :
P-104 Taratala Road
Kolkata 700 088
February 26, 2013

Taposh Roy
Company Secretary

Notes :

1. **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 RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE MEETING.**
2. **BOOK CLOSURE :** The Register of Members of the Company will remain closed from **April 18, 2013 to April 25, 2013**, both days inclusive.
3. **DIVIDEND :** Dividend to be declared at this meeting, will, subject to the provisions of Section 206A of the Companies Act, 1956, be deposited with the Bank within April 30, 2013 and dividend warrants will be despatched on or after May 3, 2013 to those members whose names appear on the Register of Members on April 25, 2013 or to their mandatees. In respect of shares held in electronic form, dividend will be payable on the basis of beneficial ownership as per details furnished by the National Securities Depositories Ltd. and Central Depository Services (India) Ltd., for this purpose. Payment of dividend will be rounded off pursuant to the provisions of Section 288B of the Income Tax Act, 1961 and Rule 23 of the Companies (Central Government's) General Rules & Forms, 1956. Dividend Tax will be paid by the Company pursuant to section 115O of the Income Tax Act, 1961.
4. **UNCLAIMED DIVIDEND :** Notices pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 have been sent to all members concerned on January 31, 2013. 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 for dividend which have remained unclaimed with our Registrars & Share Transfer Agents.
5. **TRANSFER TO IEPF :** Dividend for the year ended on December 31, 2005 which was declared at the Annual General Meeting held on April 20, 2006 and remaining unclaimed will be transferred to the Investor Education and Protection Fund of the Central Government in May 2013 pursuant to the provisions of section 205A of the Companies Act, 1956. Thereafter no claim shall lie on these dividend from the Members. Members are requested to lodge their claims with the Registrars & Share Transfer Agents immediately. Reminder letters have been sent to the shareholders concerned on February 14, 2013.

6. **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.
7. **NOMINATION** : Pursuant to the provisions of section 109A and 109B of the Companies Act, 1956, 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 2B is available on the website of the Company at **www.vesuviusindia.com** under the heading "Investor Information" and "Download Forms".
8. **WEBSITE** : The Company's website is **www.vesuviusindia.com**. Annual Reports of the Company, unclaimed dividend list and other Shareholder Communication and standard downloadable forms are made available on the Company's website.
9. **COMMUNICATION** : The Company has implemented the "Green Initiative" as per Circular nos 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, all Shareholder communication including notices and Annual Reports will be sent to the email addresses of Members available with the Company and the Depositories. The documents/notices will also be made available on the Company's website **www.vesuviusindia.com** and will be available for inspection by the Members at the Registered Office of the Company between 10.30 a.m. and 12.30 pm on all working days.
10. **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, share transfers/transmission or nominations regarding shares held by them in physical form and for redressal of complaints or contact the Company Secretary at the Registered Office or by email at Taposh.Roy@vesuvius.com.
11. **REAPPOINTMENT OF DIRECTORS** : Pursuant to Clause 49 of the Listing Agreements with the stock exchanges, it is informed that Dr Saibal Kanti Gupta and Mr Yves M.C.M.G. Nokerman retire by rotation in accordance with the Articles of Association of the Company at the forthcoming Annual General Meeting, and being eligible, have offered themselves for reappointment. The particulars of the Directors are given below :

Item No. 3 :

Dr S K Gupta, Chairman of the Company, is a metallurgical engineer with Ph.D. and D.Sc. in ferrous process metallurgy and has about 53 years experience. He has been Professor of IIT Bombay, Founder Director of SAIL's R&D Centre, Chief Executive of MECON and SAIL's Rourkela Steel Plant and the Executive Vice Chairman of Jindal Vijayanagar Steel Ltd (now known as JSW Steel Ltd). He is presently Chairman of BMM Ispat Ltd and a Director of JSW Steel Ltd, Jindal Saw Ltd, Jindal South West Holdings Limited, Sobha Developers Ltd. and Surana Industries Ltd. For his outstanding contributions to metallurgical enterprises in general and steel fraternity in particular, Government of India had conferred upon him the title "National Metallurgist". He is a Director of the Company since October 1999. Dr Gupta is well conversant with the iron and steel industry. He does not hold any shares in the Company. He is not related to any other Director of the Company. Dr Gupta is a member of the following Committees :

- (1) **JSW Steel Ltd** - (a) **As Chairman** - Remuneration Committee, Risk Management Committee and Business Responsibility Committee and (b) **As Member** - Audit Committee, Investor Grievances Committee, Share Allotment Committee and Project Review Committee;
- (2) **Jindal South West Holdings Ltd** – **As Member** - Audit Committee, Investor Grievances Committee and Remuneration Committee;
- (3) **Sobha Developers Ltd** – **As Member** - Audit Committee and Investor Grievance Committee;
- (4) **Surana Industries Ltd** – (a) **As Chairman** - Remuneration Committee and (b) **As Member** - Share Transfer & Investor Grievance and
- (5) **Vesuvius India Ltd** – (a) **As Chairman** – Audit Committee and (b) **As Member** - Share Transfer & Investor Grievance Committee

Item No. 4 :

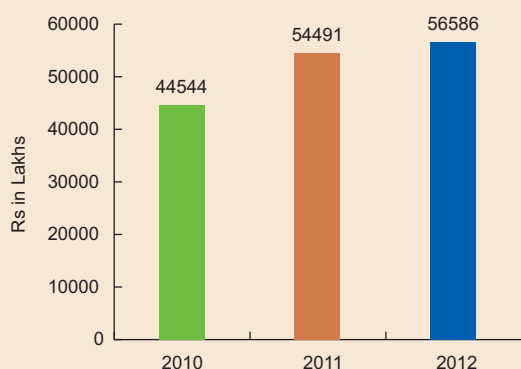
Mr Yves M.C.M.G. Nokerman is the Vice President Finance & IT of Vesuvius Group and is based in Brussels, Belgium. He joined the Board of Directors on July 29, 2008. He is not a director of any other company in India. But is a director on 32 companies abroad belonging to the Group. He is well conversant with the refractory industry having over 27 years of experience. He does not hold any shares in the Company. He is not related to any other Director of the Company. Mr Nokerman is a member of the Audit Committee only.

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

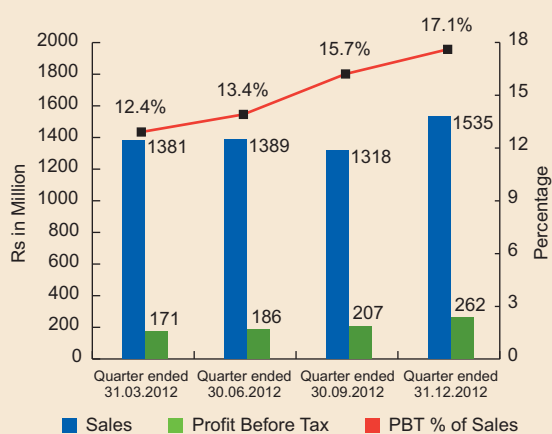
Report of The Directors and Management Discussion & Analysis Report

FOR THE YEAR ENDED ON
DECEMBER 31, 2012

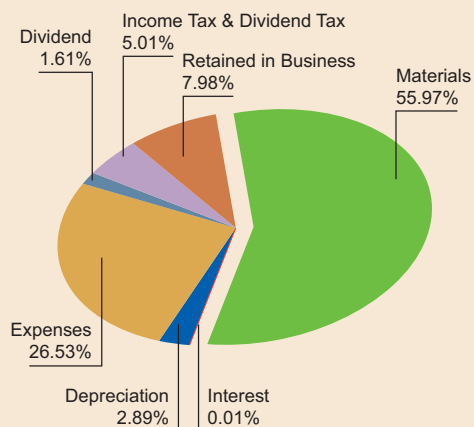
Total Revenue



Quarterly Trends



How the rupee was spent



The Directors have pleasure in submitting their Annual Report together with the Audited Statements of Account for the year ended on December 31, 2012.

The Year in Retrospect

Financial Results	(Rs Lakhs)	
	Year ended 31.12.2012	Year ended 31.12.2011
Sale of Goods (excluding Excise Duty)	53,553	51,236
Sale of Services	2,681	2,790
Other Income	352	465
Total Revenue	56,586	54,491
Profit before Depreciation, Interest & Tax (PBDIT)	9,904	9,796
Depreciation & Amortisation	1,635	1,467
Interest	6	61
Profit before Tax	8,263	8,268
Provision for Income Tax	2,687	2,746
Profit after Tax	5,576	5,522
Balance as per last Balance Sheet brought forward	22,647	18,677
Available for appropriation	28,223	24,199
Appropriations made :		
Proposed Dividend @ Rs 4.50 per share i.e. 45 %	913	863
Dividend Tax	148	137
Transfer to General Reserves	558	552
	1,619	1,552
Balance in Statement of Profit & Loss	26,604	22,647
	28,223	24,199
Basic & Diluted Earnings Per Share	Rs 27.48	Rs 27.21

Operating & Financial Performance, Internal Control

It continued to be a difficult period for the Indian economy reflected by lower GDP, inflationary trends and lower industrial production. The steel industry, which comprises the biggest group of the Company's customers, also faced a similar difficult period. Poor availability of iron ore and other raw materials resulted in reduced production and major expansion projects have been delayed. These have had a negative impact on our business.

This year total revenue increased by over Rs 2,058 lakhs driven by domestic growth in spite of the slowdown in domestic steel production while exports had marginally reduced.

Increase in raw material prices, energy & transportation and adverse foreign exchange fluctuation have placed a burden on the margins for the year. Margin decline was most severe at the beginning of the year. Focussed action on cost, internal efficiencies and price optimisation helped restore profitability by year end.

The Kolkata plant expansion was completed in April 2012 and the plant is ready to cater to the proposed increased demand of customers. Freehold land at Visakhapatnam has been purchased and possession obtained for setting up the fifth plant of the Company. An international standard Research & Development Centre is also proposed at this location.

The Company always engages with customers to enable them to be aware of the systems and processes internally followed by the Company. In one such interaction, Mr A P Choudhry, Chairman and Managing Director of Rashtriya Ispat Nigam Limited visited their Blast Furnace -III at Visakhapatnam and interacted with the Vesuvius team working at that site. He was delighted with the processes being followed and appreciated that all team members strictly adhered to the Health and Safety norms.

The LD3 CSP caster-1 at Tata Steel was commissioned successfully in February 2012. Vesuvius provided the entire tundish refractory and application for this caster. The entire refractory job for the new 1.2 million tons per annum pellet ("MTPA") plant of BMM Ispat which was commissioned during the year was provided by the Company. Similar turnkey refractory supply and installation was done at Essar Steel's 6 MTPA iron ore pelletisation furnace in Paradip. The largest boiler gunning repair work was done for JSW Energy at Barmer during the year.

All four factories had been working at near full efficiency during the year. In-plant rejection for all manufactured items have been further reduced due

to improved processes. Safety measures and processes have been installed at all plants and work sites.

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. Internal Audit has been conducted on a pan India basis.

The Company has complied with the provision of the Code on Internal Control which require that the Directors review the effectiveness of internal controls including financial, operational and compliance control and risk management systems. Self certification exercises are also conducted by which senior management certify effectiveness of the internal control system for which they are responsible together with the Company's policies.

Dividend

The Board of Directors are pleased to recommend dividend of Rs 4.50 per share i.e. 45% on Equity Shares of Rs 10/- each. The dividend together with dividend tax will entail a cash outflow of Rs 1,061 lakhs (previous year Rs 1,000 lakhs). If this is approved at the forthcoming Annual General Meeting, dividend will be deposited with the bank within April 30, 2013 and dividend warrants will be despatched on or after May 3, 2013 to those who are members of the Company as on April 25, 2013. In respect of shares held electronically, dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories.

ISO Certification

The Company's factories at Kolkata, Mehsana and Visakhapatnam and two of its sites at Surat in Gujarat and Dolvi in Maharashtra have been certified ISO 9001:2008 for Quality Management Systems Standards.



Mr. A. P. Choudhry, CMD of RINL with Vesuvius Team

Report of The Directors (Contd.)



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.

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

It continues to be a difficult period for the Indian economy. GDP has become lower at around 5% while inflation remains high. Foreign exchange fluctuation have also added to the concerns and estimates had to be revised. The steel industry, which is the major customer of the Company, which have been impacted with shortage of iron ore and other raw material have reduced volumes and have delayed their expansion plans.

Competition activities have increased causing pressure on margins. International refractory companies are now strategically entering Indian and South Asian markets.

Other industries like Aluminium, Cement, Power etc where the Company also operates, have also been facing similar slow down due to reduced demand.

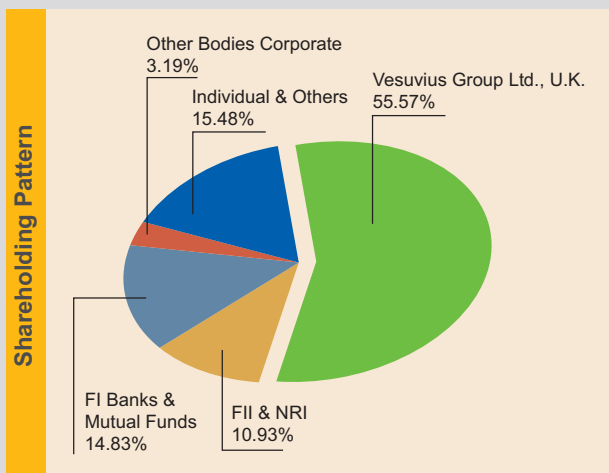
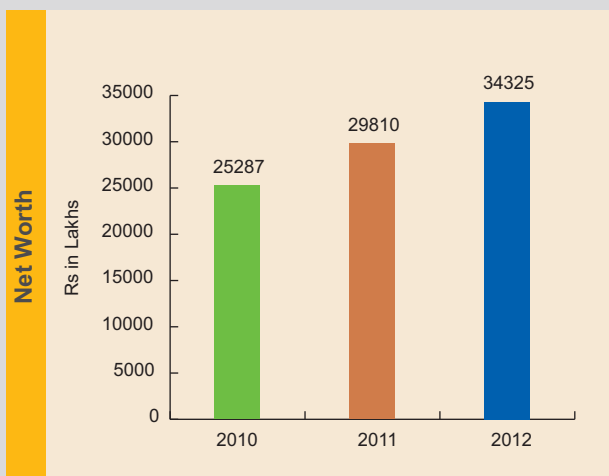
Your Company trades in refractory based solutions and steel industry comprises the biggest group of its customers. Hence anything that affects the steel industry will have its one off effect on our business. India is set to emerge as the second largest producer and consumer of steel in the next few years and refractory being an essential requirement in steel industry will see increased demand. The Kolkata plant expansion was completed in April 2012 and is ready to meet any increased demands of the customer.

All business operations have risks and threats attached to them most of which may be outside the control of the Company. Apart from the concerns over raw material prices and availability, fluctuations in exchange rates, inflationary pressures, adverse political or regulatory developments, aggressive competition and chances of a reduction in customer output leading to lower demands are some perceived threats.

During the year a risk analysis and assessment was conducted in line with the Group requirements and no major risks were noticed.

Directors

Dr S K Gupta and Mr Yves M.C.M.G. Nokerman retire by rotation in accordance with the Articles of Association of the Company at the forthcoming Annual



General Meeting, and being eligible, offer themselves for reappointment.

Dr S K Gupta, Chairman of the Company, is a metallurgical engineer with Ph.D. and D.Sc. in ferrous process metallurgy and has about 53 years experience. He has been Professor of IIT Bombay, Founder Director of SAIL's R&D Centre, Chief Executive of MECON and SAIL's Rourkela Steel Plant and the Executive Vice Chairman of Jindal Vijayanagar Steel Ltd (now known as JSW Steel Ltd). He is presently Chairman of BMM Ispat Ltd and a Director of JSW Steel Ltd, Jindal Saw Ltd, Jindal South West Holdings Limited, Sobha Developers Ltd. and Surana Industries Ltd. For his outstanding contributions to metallurgical enterprises in general and steel fraternity in particular, Government of India had conferred upon him the title "National Metallurgist". He is a Director of the Company since October 1999. Dr Gupta is well conversant with the iron and steel industry. He does not hold any shares in the Company. He is not related to any other Director of the Company.

Dr Gupta is a member of the following Committees :

(1) JSW Steel Ltd.

(a) **As Chairman** - Remuneration Committee, Risk Management Committee and Business Responsibility Committee and

(b) **As Member** - Audit Committee, Investor Grievances Committee, Share Allotment Committee and Project Review Committee;

(2) Jindal South West Holdings Ltd – As Member-
Audit Committee, Investor Grievances Committee and Remuneration Committee;

(3) Sobha Developers Ltd – As Member - Audit Committee and Investor Grievance Committee;

(4) Surana Industries Ltd – (a) As Chairman -

Remuneration Committee and (b) **As Member** - Share Transfer & Investor Grievance and

(5) Vesuvius India Ltd – (a) As Chairman –Audit Committee and (b) **As Member** - Share Transfer & Investor Grievance Committee

Mr Yves M.C.M.G. Nokerman is the Vice President Finance & IT of Vesuvius Group and is based in Brussels, Belgium. He joined the Board of Directors on July 29, 2008. He is not a director of any other company in India but is a director on 32 companies abroad belonging to the Group. He is well conversant with the refractory industry having over 27 years of experience. He does not hold any shares in the Company. He is not related to any other Director of the Company. Mr Nokerman is a member of the Audit Committee only.

All Directors 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 annexed to this Report. All Directors have confirmed compliance with provisions of section 274(1)(g) of the Companies Act, 1956.

Listing and ISIN Number

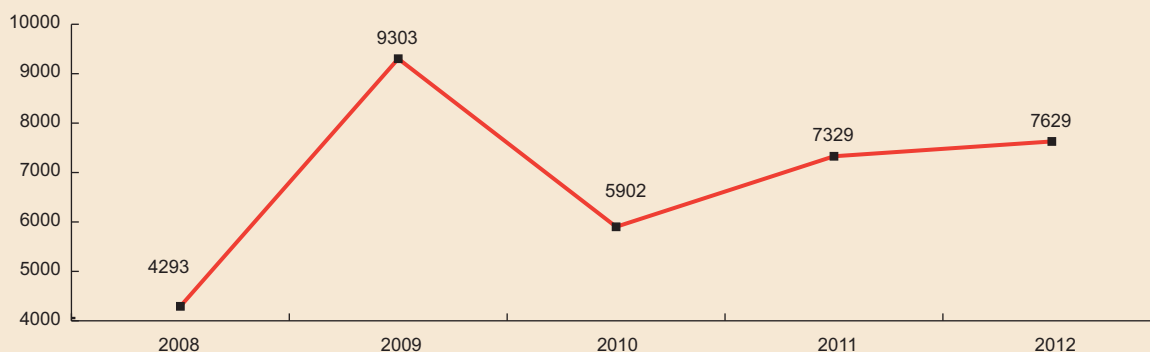
The shares of the Company are listed on the Bombay and National Stock Exchange.

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 Corporate Governance Report.

Group Activities

The Cookson Group plc of United Kingdom, carried out a Scheme of Arrangement, approved by the High

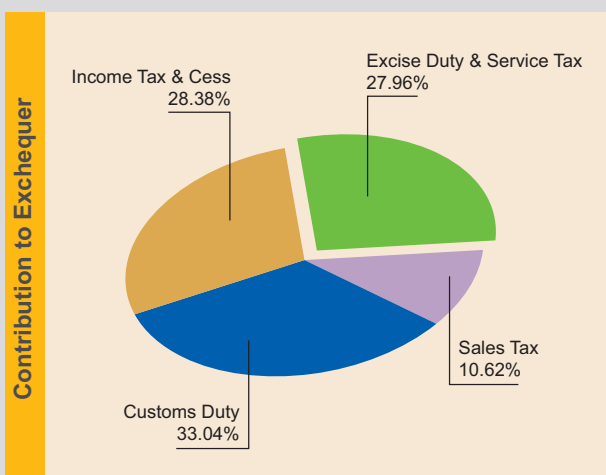
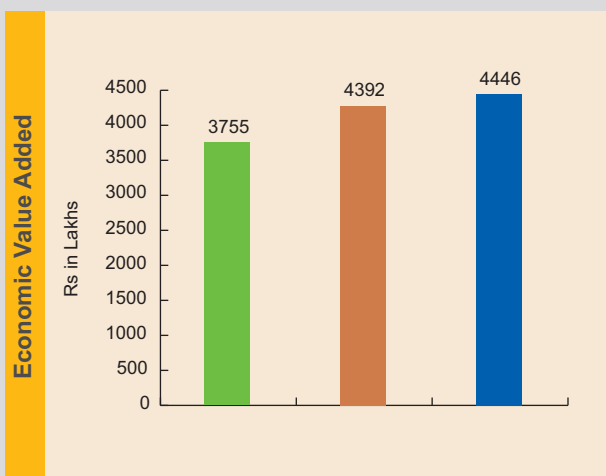
Cash Generated from Operations (Rs Lakhs)



Report of The Directors (Contd.)



Shareholders at the AGM



Court of Justice of England and Wales, in several steps in December 2012 as a result of which Vesuvius plc has replaced Cookson Group plc as the ultimate holding company for Vesuvius India Limited effective from December 19, 2012. The name of Cookson Group plc has been changed to Cookson Group Limited consequent upon its delisting from the London Stock Exchange. Vesuvius plc has been listed on the London Stock Exchange on December 19, 2012.

Under the Scheme of Arrangement Cookson group's electronic business division was demerged and transferred to Alent plc, a newly incorporated entity set up for the purposes of the Demerger.

Vesuvius Group holds about 56% of the share capital of the Company and is a world leader in the design, engineering, manufacture and delivery of refractory products, systems and services for high-technology industrial applications. The Group continues to focus on safety, technology, investing into growing markets including in India. With the Group's support the Kolkata Plant expansion was completed in April 2012 and freehold land for a new plant at Visakhapatnam has been acquired. 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.

Corporate Governance

The Company has already put in place the SEBI guidelines pertaining to Corporate Governance. The eight member Board of Directors consist of four non-executive independent directors, three non-executive non-resident directors representing the parent company and the Managing Director. The non-resident Directors 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. The sitting fees paid to the directors are within the limits prescribed under the Companies Act, 1956. The Audit Committee was constituted on October 24, 2000 and the Investor Grievance Committee on February 12, 2001. The details of the composition and attendance of the Board and Committees thereof and remuneration paid to the Directors as well as the shares held by the Directors have been given separately in the Corporate Governance Report.

The Corporate Governance Report giving the details as required under clause 49 of the listing agreement with the stock exchanges is given separately and

forms part of the Directors Report to Shareholders. The Corporate Governance Certificate for the year ended on December 31, 2012 issued by the Statutory Auditors is also attached.

Mr Tanmay Ganguly, Managing Director and Mr Sanjoy Dutta, Chief Financial Officer have given their certificate under clause 49(V) of the listing agreement with stock exchanges regarding the annual accounts for the year ended on December 31, 2012 to the Board of Directors. The Managing Director has given his certificate under clause 49 (I) (D) of the listing agreement with stock exchanges which is attached and forms a part of our Report.

Investor Education and Protection Fund

In compliance with the provisions of section 205A of the Companies Act, 1956, a sum of Rs 295,869/- being the dividend lying unclaimed out of the eighth dividend declared by the Company for the year ended December 31, 2004 at the Annual General Meeting held on April 12, 2005 was transferred to the Investor Education and Protection Fund of the Central Government in April, 2012, after giving several notices and reminders to the concerned shareholders.

The dividend which remains unclaimed out of the ninth dividend declared by the Company for the year ended on December 31, 2005 at the Annual General Meeting held on April 20, 2006 will be transferred to the Investor Education and Protection Fund of the Central Government in May, 2013 pursuant to the provisions of section 205A of the Companies Act, 1956. Thereafter no claim shall lie on these dividend from the shareholders. Individual notices have already been sent to the shareholders concerned on February 14, 2013.

Notices pursuant to Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 have been

sent to all members concerned on January 31, 2013 reminding them to encash their unclaimed dividend.

Annual Audited Accounts

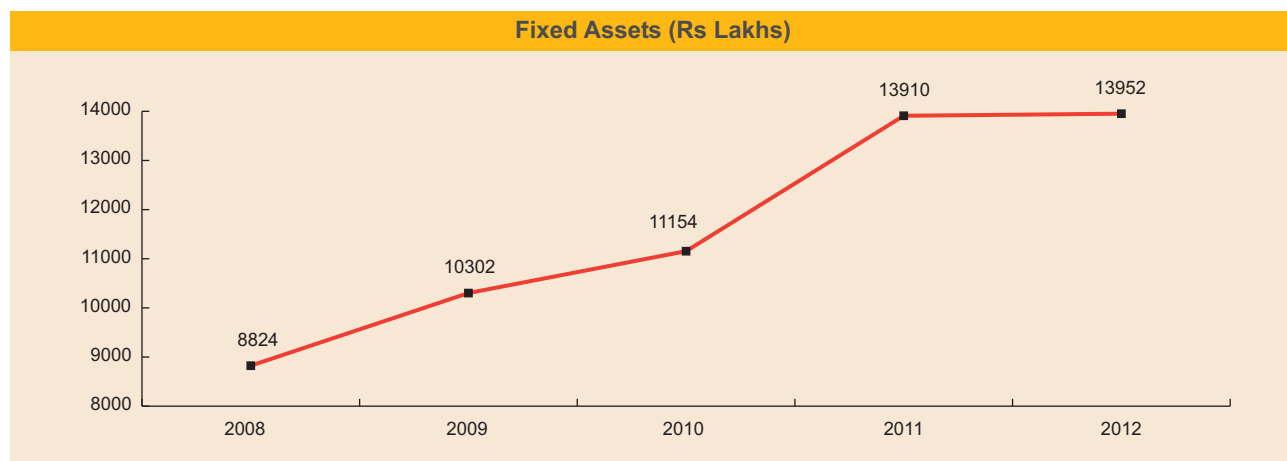
The annual financial statements are prepared in the form as prescribed in Schedule VI to the Companies Act, 1956. By Notification no S.O.447(E) dated February 28, 2011 issued by the Ministry of Corporate Affairs, Government of India, Schedule VI has been revised and this revision becomes applicable to the Company for the first time in preparation of the annual financial statements for the financial year ended December 31, 2012. The revised Schedule VI introduces some significant conceptual changes as well as new disclosures. These include classification of all assets and liabilities into current and non-current. The previous years figures have also undergone a major reclassification to comply with the new requirements of the revised Schedule VI. In preparation of these financial statements, disclosures, which are not applicable for both the current year and the previous year, have not been separately mentioned in these financial statements.

Auditors

M/s B S R & Co., Chartered Accountants, who were appointed Auditors of the Company at the Annual General Meeting held on April 26, 2012, hold office till the conclusion of the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment.

Cost Auditors

In compliance with the provisions of Section 233B and Section 224(IB) and other applicable provisions of the Companies Act, 1956 and the Order No F.No.52/26/CAB-2010 dated November 6, 2012 issued by the Ministry of Corporate Affairs, Government of India, Messrs N. K. Ghosh & Associates, Cost



Report of The Directors (Contd.)



Accountants, of Flat no 4B, 10/1 Chakraberia Road (South), Kolkata 700 025 (Firm's Registration no 102058) have been appointed Cost Auditors of the Company, subject to the approval of the Central Government, for the financial year ended December 31, 2013 and subsequent financial years.

Fixed Deposits

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

Information pursuant to section 217 of the Companies Act, 1956

The prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under section 217(1)(e) and Particulars of Employees required under section 217(2A) of the Companies Act, 1956 read with the Rules made thereunder are given in the Annexure to this Report and form a part of the Directors Report.

Directors' Responsibility Statement

The Board of Directors acknowledges the responsibility for ensuring compliance with the provisions of section 217(2AA) of the Companies Act, 1956 in the preparation of the annual accounts for the year ended on December 31, 2012 and state that :

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. 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;
- iii. 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;
- iv. the Directors have prepared the annual accounts on a going concern basis.

Corporate Social Responsibility

The Company recognizes that its operations impact a wide community of stakeholders, including investors, employees, customers, business associates and local

communities and that appropriate attention to the fulfillment of its corporate responsibilities can enhance overall performance. In structuring its approach to the various aspects of Corporate Social Responsibility, the Company takes account of guidelines and statements issued by stakeholder representatives and other regulatory bodies.

Social, environment and ethical matters are reviewed by the Board including the impact such matters may have on the Company's management of risk.

Particular emphasis is focused on the following areas :

- **Code of Conduct** : requiring all employees to comply with the highest standards of legal and ethical behaviour.
- **Health, Safety and Environment** : protecting the health and safety of our employees, contractors, customers and the general public and reducing energy consumption and waste in our operations.
- **Products and services** : developing innovative products and services which promote sustainability in our customers' production processes and products.

Scholarship Award scheme for meritorious children of employees and contractual staff benefited about 52 children. Children were also encouraged to express their artistic skills by participating in a Sit and Draw contest. Children of schools near our Kolkata and Visakhapatnam plants received prizes for participation in school sports and were overjoyed when drawing books and colour pencils were distributed among them on occasion of Independence Day.

The Company continues to support local initiatives to improve infrastructure and increase business opportunities as well as support in other corporate social responsibility initiatives.

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 continuous leadership and technical training courses 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. Employees were encouraged to participate in sports activities. A cricket match had been organized with a major customer. Employees gleefully participated in other tournaments like table tennis and volleyball.

Health and safety of all employees and associates the Company works with remains of paramount importance. Much work has gone into making operations safer by implementation of standards for vehicle and machine safety, ergonomics initiatives, wearing protective equipments, regular safety audits etc. Also managing environment impact is a matter of priority and therefore continuous care for the environment, responsible disposal of wastes and development of local co-operatives are engaged into.

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



Dr Saibal Kanti Gupta
CHAIRMAN

Kolkata
February 26, 2013



Vesuvius Cricket Team

Annexure to the Report of the Directors

FOR THE YEAR ENDED ON DECEMBER 31, 2012

PARTICULARS OF EMPLOYEES FORMING PART OF THE REPORT OF THE DIRECTORS PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

Name	Age	Designation/ Nature of Duties	Gross Remuneration (Rs.)	Qualification	Experience (years)	Date of commencement of employment	Previous Employment & position held
Employed during the year and in receipt of remuneration aggregating Rs. 6,000,000/- per annum or more							
Sudarshan Das	47	Chief Executive-Sales	6,080,280	BE (Metallurgy)	23	09.04.2007	Pyrotek Inc. Canada Sales Manager [India & Other Asia]
Sanjoy Dutta	51	Chief Financial Officer	7,135,623	B. Com (Hons), ACA	26	24.06.1998	ICI India Ltd, Financial Controller
Tanmay Kumar Ganguly	49	Managing Director	13,101,220	B. Com (Hons), ACA	25	03.05.2006	Radhakrishna Foodland Pvt Ltd, Chief Operating Officer
Subrata Roy	47	Chief Executive-Operation	6,233,187	BE (Mechanical)	25	06.09.1993	BHEL, Sr. Engineer

- 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 retiral 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 of the Company. Section 217(2A)(a)(iii) is not applicable to any employee.

For and on behalf of the Board of Directors



Dr Saibal Kanti Gupta
CHAIRMAN

Kolkata
February 26, 2013

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT

A. Conservation of energy :

Energy costs have increased during the year due to rise in fuel as well as electricity prices. Total energy expenditure have increased mainly due to higher prices although energy consumption have comparatively reduced at all our manufacturing plants due to efficient use of existing plant/equipment and installation of latest energy-efficient technologies. Severe load shedding in Andhra Pradesh have resulted in higher generation of electricity through diesel generators during the year and higher consumption of furnace oil at higher costs. 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.

Total energy consumption and energy consumption per unit of production as per Form A of the captioned Rules are given below :

FORM A (See rule 2)

Form for disclosure of particulars with respect to conservation of energy

	Year ended 31.12.2012	Year ended 31.12.2011	
A. Power and fuel consumption*			
1. <i>Electricity</i>			
a) Purchased			
i) Unit (KWH)	7268372	7425868	
ii) Total Amount (Rs.)	49659955	41836749	
iii) Rate/Unit (Rs.)	6.83	5.63	
b) Own generation			
i) Through Diesel Generator			
1) Unit (KWH)	173867	99186	
2) Unit per litre of Diesel oil	2.07	2.16	
3) Cost/unit (Rs. per litre of Diesel oil)	45.27	42.96	
ii) Through steam turbine/generator	N.A.	N.A.	
2. <i>Coal (specify quality and where used)</i>	N.A.	N.A.	
3. <i>Furnace Oil</i>			
i) Quantity (litre)	77040	37929	
ii) Total Amount (Rs.)	3582165	1672802	
iii) Average Rate (Rs./litre)	46.50	44.10	
4. <i>Others/internal generation</i>			
Gas & LPG			
i) Quantity (Therms)	1725707	2053896	
ii) Total cost (Rs.)	120062428	110355768	
iii) Rate/unit	69.57	53.73	
B. Consumption per unit of production #			
<i>Product</i> : Refractories	Standards (if any)	Year ended 31.12.2012	Year ended 31.12.2011
Electricity	–	14.09	14.36
Gas & LPG	–	3.65	3.93
Furnace Oil	–	2.18	1.01

* Represents total power & fuel consumption at the four factories of the Company

Represents average of the consumption per unit of production at each of the four factories of the Company

Annexure to the Report of the Directors (Contd.)

FOR THE YEAR ENDED ON DECEMBER 31, 2012

B. Technology absorption : Efforts made in technology absorption as per Form B of the captioned Rules are given below :-

FORM B (See rule 2)

Form for disclosure of particulars with respect to absorption

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.

Technology absorption, adaptation and innovation :

1. Efforts in brief, made towards technology absorption, adaptation and innovation :

There has been a sustained transfer of new and relevant technologies from the Vesuvius Group into the Indian operations throughout the year, both in case of shaped and unshaped refractories.

Significant efforts have been put into the Precast refractory mix development by the New Product Development (NPD) Center in order to enhance the Visakhapatnam plant's capacity as well as improve quality aspects. Apart from improving product consistency, the new mix has also helped in product rationalization. A macro TGA analysis, with help from the Group's R&D laboratories abroad, has helped in reducing drying cycle time for Precast products, thereby increasing the drying capacity of the Precast plant without any capital expenditure. A significant achievement was in manufacturing of high-precision precast dividing walls for blast furnace stove.

An alternate source of Mullite has been stabilized and the material has been used successfully in the selected mixes, resulting in enhanced flexibility in sourcing as well as cost reduction. Continuous efforts are on for developing alternate local raw materials sources through various raw material substitution projects.

A new high-strength tundish dry vibratable mass has been developed, which helped us regain tundish working lining business with one of our major customers.

A new glazing system has been commissioned at the Kolkata plant that is aimed at enhancing the glaze protection on sub-entry nozzles, thereby giving an opportunity to our customers to cast longer sequence with these products.

A new kiln installed at the Kolkata plant, designed for energy recuperation from hot flue gases, has helped in reducing the fuel costs by 25% compared to a similar kiln in operation at the plant that does not have this facility. With significantly better temperature controls, this kiln is also helping in enhancing product quality as well as aesthetics.

Water modeling and steel flow simulations using Computational Fluid Dynamics (CFD) techniques are being used in delivering suitable designs that have the capability to sustain higher casting speeds. These new designs not only enable casting at higher speed and throughput but also stabilize sub-entry nozzle performance steadily with continuous increase in life.

2. Benefits derived as a result of the above efforts:

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. Customers have benefited immensely by improved performance, lower shutdown time and savings on energy.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information is furnished :

Technology Imported	Year of Import	Has the technology been fully absorbed? If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action
Liner Ladle Shroud, Liner Monoblock Stopper and Liner Sub-entry Nozzle	2009	Yes, fully absorbed and products being manufactured
Sub-entry nozzle with carbon-free liner	2009	Yes, fully absorbed and products being manufactured
Surgun	2009	Yes, fully integrated into commercial scale operation
Stopper with calibrated pipe	2010	Yes, manufactured for European markets
Semi-terrace port Sub-entry Nozzle	2010	Yes, fully absorbed and products being manufactured
Pumpcast application technology	2010	Yes, fully commercialized

C. Foreign Exchange Earnings and Outgo :

The Company does not take any initiatives to increase exports or develop new export markets as these exports are mostly initiated by associate companies. The Foreign Exchange earnings of the Company was Rs. 7,879 lakhs and Foreign Exchange outgo was Rs. 17,973 lakhs (including dividend remittance).

Other disclosures required under the captioned rules are not applicable to the Company and hence are not commented upon.

**Annual Certificate under clause 49(I)(D)
of Listing Agreements with Stock Exchanges**

DECLARATION

As required under Clause 49(I)(D) of the Listing Agreements with the Stock Exchanges, I hereby declare that all the Board members and senior management personnel of the Company have complied with the Code of Conduct of the Company for the year ended December 31, 2012.

Place : Kolkata
Date : February 14, 2013

Tanmay Ganguly
Managing Director

Corporate Governance Report - 2012

I. *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 Group's Code of Conduct which serves as a guide to each employee on the standards and values, ethics and business principles which should govern their conduct and the Group's policy on internal control which require a review of all controls including financial, operational, compliance and risk management.

VESUVIUS MISSION STATEMENT

Vesuvius is a global provider of customized 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

II. *Board of Directors*

The eight member Board of Directors consist of a non-executive independent Chairman, three non-executive independent Directors, three non-executive non-resident Directors representing the holding company and the Managing Director. The details of the composition and attendance of the Board and Committees thereof and the shares of the Company held by them have been given separately in this Report. None of the Directors are related to each other.

Dr Saibal Kanti Gupta and Mr Yves M.C.M.G. Nokerman will retire by rotation at the next Annual General Meeting and being eligible have offered themselves for reappointment as Directors. The personal information about directors being reappointed is already mentioned in the Directors'

Report and in the Notice convening the Annual General Meeting and therefore is not separately mentioned in this Report.

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 Clause 49(I)(C) of the Listing Agreement with the Stock Exchanges) across all companies in India of which he is a Director. All Directors have certified that the disqualifications mentioned under section 274(1)(g) of the Companies Act, 1956 do not apply to them.

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. The non-resident Directors have waived their commission on profits for the year and waived their sitting fees for all meetings attended by them during the year. The remuneration received by the non-executive Directors during the year has been given separately in this Report. The Managing Director does not receive sitting fees for attending the meetings of the Board or any Committee thereof and details of his remuneration have been given in Note 1 to Item III below.

Code of Conduct

The Code of Conduct which was laid down by Cookson Group plc, U.K, the ultimate holding company, is applicable to the Board of Directors and all employees of the Company. Pursuant to a demerger effective from December 19, 2012, Vesuvius plc, UK, is now the ultimate holding company in place of Cookson Group plc. The Code of Conduct laid down by Vesuvius plc effective from December 19, 2012, and which has been adopted by the Board of Directors, is now applicable to the Board of 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 and senior management have adhered to the Code of Conduct of the Company during the year and have signed declarations of compliance to the Code of Conduct. The declaration signed by Mr Tanmay Ganguly, Managing Director, is given separately in the Annual Report.

Directorships held by existing Directors and shares of Vesuvius India Ltd. held by them as on December 31, 2012 are given below :

Name of Director	Companies in India		Companies abroad	No. of Shares of Vesuvius India Ltd. held as on 31.12.2012
	No. of Directorships held	No. of Committees of which Member *	No. of Directorships held	
Dr Saibal Kanti Gupta <i>Chairman</i>	7	9	—	—
Mr Shekhar Datta	4	4	—	—
Dr Claude Dumazeau	1	—	4	—
Mr Tanmay Kumar Ganguly <i>Managing Director</i>	1	1	—	72,471
Mr Biswadip Gupta	10	4	—	78,749
Mr Yves M.C.M.G. Nokerman	1	1	32	—
Mr Sudipto Sarkar	9	7	—	—
Mr François Clement Wanecq	2	1	4	—

* Only Audit Committee and Share Transfer and Investor Grievance Committee considered as per clause 49(I)(C) of Listing Agreement with Stock Exchanges.

Audit Committee

The Audit Committee was constituted on October 24, 2000. The Audit Committee consists of five non-executive Directors of which four are independent Directors.

The four non-executive independent Directors and members of Audit Committee during the year were Dr S K Gupta, Mr Shekhar Datta, Mr Biswadip Gupta and Mr Sudipto Sarkar. The fifth member of the Audit Committee is Mr Yves M.C.M.G. Nokerman.

Dr. S K Gupta, Chairman of the Board of Directors and an independent non-executive Director, is the Chairman of the Audit Committee. The Managing Director and Chief Financial Officer are permanent invitees in all meetings. The Company Secretary is the Secretary of the Audit Committee. All Directors are financially literate and Dr S K Gupta, Mr Shekhar Datta, Mr Biswadip Gupta and Mr Yves Nokerman 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.

The terms of reference of the Audit Committee cover all the areas mentioned under Clause 49(II) of the Listing Agreement with the Stock Exchanges and section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors. The broad terms of reference of the Audit Committee are to review financial reporting process and all financial results, statements and disclosures and recommend the same to the Board, review the internal audit reports and internal control systems and procedures and discuss the same with the internal auditors, to meet the statutory auditors and discuss their findings, the scope of audit, post audit discussion, adequacy of internal audit functions, audit qualifications, if any, appointment/removal of auditors, changes in accounting policies, reviewing related party transactions, reviewing with the management the performance of the statutory and internal auditors and their remuneration, compliance with listing agreements and other legal requirements and the Company's financial and risk management policies, disaster recovery policies and compliance with statutory requirements.

The Internal Audit Department of Vesuvius Group along with M/s. Deloitte Haskins & Sells, Chartered Accountants of India conduct internal audit on a pan India basis.

Corporate Governance Report - 2012 (Contd.)

Share Transfer and Investor Grievance Committee

The Share Transfer Committee was constituted on January 1, 1993 and renamed The Share Transfer and Investor Grievance Committee on February 12, 2001 to specifically look into the redressal of investors' complaints. This Committee consists of five Directors of which four are non-executive independent Directors. A non-executive independent member director Chairs the meetings of this Committee. Four non-executive independent Directors of this Committee are Dr S K Gupta, Mr Shekhar Datta, Mr Biswadip Gupta and

Mr Sudipto Sarkar. The fifth member of this Committee is Mr Tanmay Kumar Ganguly, Managing Director. Mr Taposh Roy, Company Secretary, is the Secretary of this Committee and the Compliance Officer. Minutes of the Share Transfer and Investor Grievance Committee meetings are circulated to all Directors and discussed at the Board meetings.

Remuneration Committee

The Company does not have a Remuneration Committee. The remuneration of the Managing Director and those of the non-executive Directors are decided by the Board of Directors.

III. Meetings and Attendance of Directors

Attendance of Directors and Remuneration paid to them for attending meetings of the Board or Committee thereof held during the year ended December 31, 2012 :

Name of Director	Attendance By Directors				Remuneration to Directors	
	Board Meetings	Audit Committee	Share Transfer & Investor Grievance Committee	Last AGM held on April 26, 2012	Directors sitting fees	Commission to Non-executive Directors
Total number of Meetings held during the year:	4	4	2	1	Rs.	Rs.
Chairman : Non-executive Independent Director Dr Saibal Kanti Gupta #@*	4	4	1	1	135,000	700,000
Managing Director : Mr Tanmay Kumar Ganguly @ Note 1	4	4	2	1	Nil	Nil
Non-executive non-resident Directors : Dr Claude Dumazeau Note 2	1	N.A.	N.A.	1	Nil	Nil
Mr Yves M.C.M.G. Nokerman # Note 2	2	2	N.A.	1	Nil	Nil
Mr Francois Clement Wanecq Note 2	1	N.A.	N.A.	1	Nil	Nil
Other non-executive independent Directors : Mr Shekhar Datta #@*	4	4	2	1	140,000	550,000
Mr Biswadip Gupta #@*	4	4	2	1	140,000	550,000
Mr Sudipto Sarkar #@*	3	3	2	1	105,000	525,000

Member of Audit Committee

@ Member of Share Transfer and Investor Grievance Committee

* Independent Director

NOTE :

- Mr Tanmay Kumar Ganguly, Managing Director, does not receive any sitting fees for attending meetings of Board of Directors or any Committee thereof. During the year ended December 31, 2012, he received total remuneration of Rs 13,101,220 consisting of salary Rs 3,299,400; contribution to Provident Fund and other funds Rs 1,154,790 and Other allowances and benefits Rs 8,647,030. His Contract for appointment is for a period of 5 years from April 18, 2012. 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. Mr Ganguly is not a member of the Audit Committee but he attends all their meetings.
- The non-resident Directors have waived their commission on net profits for the year ended on December 31, 2012 and also waived their sitting fees for all meetings attended by them during the year ended on December 31, 2012.
- "NA" means that the Director is not a member of the respective Committee.
- Four Board meetings were held during the year on 29.02.2012, 26.04.2012, 28.07.2012 and 05.11.2012
- Four Audit Committee meetings were held during the year on 29.02.2012, 26.04.2012, 28.07.2012 and 05.11.2012
- Two Share Transfer and Investor Grievance Committee meetings were held on 26.04.2012 and 31.12.2012.
- The last Annual General Meeting was held on 26.04.2012.

IV. GENERAL SHAREHOLDER INFORMATION

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

The 22nd Annual General Meeting of the Company will be held on Thursday, April 25, 2013 at 10.30 a.m. at G D Birla Sabhaghar, 29, Ashutosh Chowdhury Avenue, Kolkata 700019.

The previous three Annual General Meetings were held on 3.06.2010 at 10.30 a.m. and on 19.04.2011 at 10.30 a.m. both at G D Birla Sabhaghar, 29, Ashutosh Chowdhury Avenue, Kolkata 700019 and on April 26, 2012 at 10.30 a.m. at Williamson Magor Hall, The Bengal Chamber of Commerce & Industry, Royal Exchange, 6 Netaji Subhas Road, Kolkata 700 001. No resolution was required to be put through postal ballot last year. At the meeting held on April 26, 2012 a special resolution was passed authorizing the payment of commission under section 309(4) of the Companies Act, 1956 to the non-executive directors of the Company for the period of five years from April 1, 2012. No special resolutions were passed at the other previous Annual General Meetings.

At the ensuing 22nd Annual General Meeting to be held on April 25, 2013 no resolution is proposed to be passed by postal ballot or by special resolution.

B. Book Closure Period :

The Book Closure period is April 18, 2013 to April 25, 2013 (both days inclusive).

C. Financial Calendar for year 2013 :

Financial Year	:	The next Financial year of the Company will end on December 31, 2013
Board meetings to be held in year 2013	:	On 26.02.2013; 25.04.2013*; July 2013* and October 2013*
Annual General Meeting	:	Annual General Meeting will be held on 25.04.2013. Annual General Meeting is normally held in April of each year
Publication of Quarterly Results	:	27.02.2013 (Audited Annual results); 26.4.2013*; July 2013* and October 2013*
Approval of Annual Results for year ending 31.12.2013 and publication in newspapers	:	February 2014*
Notice to shareholders regarding unclaimed dividend	:	January of each year and two months before transfer to Investors Education & Protection Fund to all concerned shareholders.
Despatch of Annual Accounts	:	March* of each year
Book Closure dates for payment of dividend	:	In April* each year ending with the date of the Annual General Meeting.

* tentative

D. Dividend payment :

Dividend at the rate of Rs 4.50 per share of face value Rs 10/- each i.e 45%, has been recommended by the Board of Directors for the year ended on December 31, 2012 subject to the approval from the Shareholders at the ensuing Annual General Meeting. If dividend is declared at the Annual General Meeting, the dividend will be deposited with the Bank within April 30, 2013 and dividend warrants will be despatched on or after May 3, 2013.

E. Listing on Stock Exchanges :

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

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

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

F. (i) National Stock Exchange - Market Price and Volume during the period January 1, 2012 to December 31, 2012:

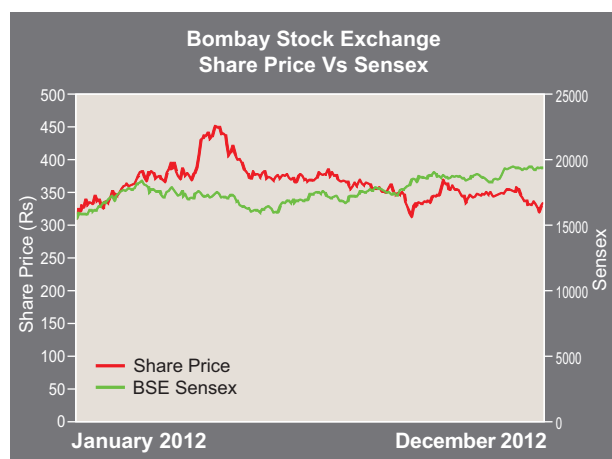
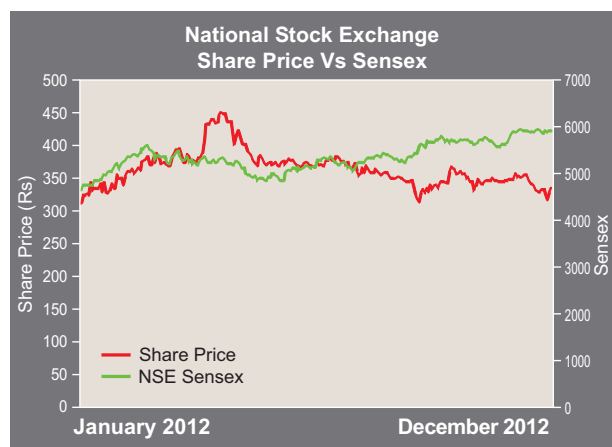
Month	High Rs.	Low Rs.	NSE Volume
January	355.80	312.55	17674
February	387.90	340.15	79618
March	394.20	369.75	113295
April	450.00	388.75	60496
May	422.55	368.65	21624
June	379.90	366.25	9468
July	383.55	353.10	37971
August	369.95	347.80	11840
September	350.95	313.80	60790
October	368.25	331.75	100730
November	351.10	341.90	62159
December	357.30	318.05	134653

(ii) Bombay Stock Exchange - Market Price and Volume during the period January 1, 2012 to December 31, 2012:

Month	High Rs.	Low Rs.	BSE Volume
January	351.45	310.15	15930
February	383.00	344.35	24594
March	395.00	366.05	26420
April	451.75	388.15	54681
May	421.50	370.30	11183
June	378.65	367.35	7765
July	385.00	355.00	288159
August	369.25	350.00	25610
September	351.35	313.70	40560
October	369.70	332.70	39665
November	351.30	341.25	34619
December	358.00	320.05	90606

Corporate Governance Report 2012 (Contd.)

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



G. 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; 40116720; 40116725 and 40116729

Fax : (033) 4011 6739 **Email :** rta@cbmsl.com **Web site :** www.cbmsl.com

Contact persons - Mr Shankar Ghosh and Mr Chandrasekhar Deb

H. Shareholder Information :

a) 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**.

b) Pledge of shares

No pledge has been created over the Equity Shares held by the Promoters as on December 31, 2012.

c) Details of share transfers during the year :

No of valid share transfer applications received	31
No of share transfer applications processed & registered	31
No of shares transferred	3353
No of pending share transfers as on 31.12.2012	NIL
No of shares dematerialised to NSDL	9129
No of shares dematerialised to CDSL	2950
No of shares rematerialised	2
No of complaints remaining unresolved as on 01.01.2012	NIL
No of complaints received during the year	4
No of complaints resolved during the year	4
No of complaints unresolved as on 31.12.2012	NIL

d) 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;

40116720; 40116725 and 40116729

Fax : (033) 4011 6739 **Email :** rta@cbmsl.com

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**. Mr Taposh Roy, Company Secretary, is the designated Compliance Officer.

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 and mobile nos. 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.** This can be done online at the website of the Registrars www.cbmsl.com or by sending a letter duly signed by the Shareholders.

e) 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 295,869/- lying unclaimed in the eighth Dividend Account relating to the year ended December 31, 2004 which had been declared at the Annual General Meeting of the Company held on April 12, 2005, was transferred on April 28, 2012 to the Investor Education and Protection Fund of the Central Government after giving final reminder notices on February 15, 2012 to all concerned shareholders.

f) Unclaimed Dividend :

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, 2013.

g) ECS/NECS facility

The Company uses National Electronic Clearing Service (NECS) which has replaced "Electronic Clearing Service" (ECS) for remitting dividend to shareholders wherever available. The advantages of NECS over ECS include faster credit of remittance to the beneficiary's account, coverage of more bank branches and ease of operations. NECS operates on the new and unique bank account number allotted by banks post implementation of Core Banking Solutions (CBS). Members are requested to provide their new account number allotted to them by their respective banks after implementation of CBS to the Company in case shares are held physically and to the Depository

Participants in respect of shares held by them in dematerialised form.

h) Unclaimed Shares

As on December 31, 2012 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 sub-clause (g) of Clause 5A are therefore not applicable.

I. Means of Communication :

Quarterly results were 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 shareholding pattern are electronically transmitted to the stock exchanges. The financial results and shareholding pattern are also uploaded on the Company's website www.vesuviusindia.com. The Vesuvius Group website which is www.vesuvius.com gives information about the Vesuvius Group worldwide.

The Company's website which is 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 and other announcements. The website also provides 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.

The Company has implemented the "Green Initiative" as per Circular nos 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, Shareholder communication including notices and Annual Reports are being sent to the email addresses of Members available with the Company and the Depositories.

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 that their dividend for past years have remained unclaimed. Reminder letters are also given to concerned shareholders

Corporate Governance Report 2012 (Contd.)

two months before the due date of transfer of unclaimed dividend to the Investor Education and Protection Fund of the Central Government. Annual Accounts are despatched to members at least 25 days before the date of Annual General Meeting. The quarterly results are not sent to each household of the shareholders by post.

J. Distribution of shareholding as on December 31, 2012 :

Shares held	Number of Shareholders	%	Number of Shares held	%
1 - 500	12,007	94.08	1,281,880	6.32
501 - 1000	371	2.91	289,247	1.43
1001 - 5000	304	2.38	689,480	3.39
5001 - 10000	35	0.28	257,470	1.27
10001 and above	45	0.35	17,778,003	87.59
Total	12,762	100.00	20,296,080	100.00

Shares held	Number of Shareholders	%	Number of Shares held	%
In Physical mode	3,409	26.71	11,758,515	57.94
Demat with NSDL	7,020	55.01	8,043,895	39.63
Demat with CDSL	2,333	18.28	493,670	2.43
Total	12,762	100.00	20,296,080	100.00

Dematerialisation of shares : ISIN No. INE 386A01015

K. Shareholding pattern as on December 31, 2012 :

Particulars	Number of Shares held	%
Vesuvius Group Limited, U.K.	11,277,650	55.57
Foreign Institutional Investors	2,138,882	10.54
Non Resident Indians	79,415	0.39
Indian Financial Institutions	200	0.00
Nationalised Banks & Mutual Funds	3,011,231	14.83
Other Bodies Corporate	647,769	3.19
Individuals & Others	3,129,841	15.42
Clearing member with NSDL	11,092	0.06
Total	20,296,080	100.00

L. Top 10 Shareholders by Folio/Demat A/c as on December 31, 2012 :

SL No.	Particulars	Number of Shares held	%
1.	Vesuvius Group Limited, U.K.	11,277,650	55.57
2.	HDFC Trustee Company Ltd – HDFC Mid Cap Opportunities Fund	1,111,500	5.48
3.	Reliance Capital Trustee Co. Ltd – Reliance Natural Resources Fund	790,397	3.89
4.	ACACIA Partners, LP	733,400	3.61
5.	ACACIA Institutional Partners, LP	673,350	3.32
6.	HDFC Trustee Company Ltd – HDFC Long Term Advantage Fund	554,950	2.73
7.	UTI Master Value Fund	395,658	1.95
8.	ACACIA Banyan Partners	302,205	1.49
9.	ACACIA Conservative Fund, LP	240,745	1.19
10.	Sudhir Enterprises Private Ltd	144,000	0.71
	Total	16,223,855	79.94

M. Disclosures :

- Details of transactions with any of the related parties as set out in Accounting Standard 18 on Related Party Disclosures notified by the Companies (Accounting Standards) Rules, 2006 have been reported in the Notes to the Accounts. There is no transaction of a material nature with any of the related party, which was in conflict with the interests of the Company.
- There was no non-compliance, penalties or strictures imposed on the Company by any stock exchanges, SEBI, or any other statutory authority on any matters relating to capital market during the last three years. The Company had been voluntarily delisted from the Calcutta Stock Exchange from December 2009.
- The Management Discussion and Analysis Report forms a part of the Directors' Report.
- The Company follows the Whistle Blower policy of the ultimate holding company and no personnel has been denied access to the Audit Committee.
- No presentations were made to institutional investors and analysts during the year.
- The Company does not have any subsidiary.
- 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 or any convertible instruments.
- 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.

Auditors' Certificate

REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Vesuvius India Limited

We have examined the compliance of conditions of Corporate Governance by Vesuvius India Limited ('the Company') for the year ended on 31 December 2012, as stipulated in Clause 49 of the Listing Agreements of the said Company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Vikram Advani
Partner

Membership No. 091765

Place : Kolkata
Date : 26 February 2013

Balance Sheet

AS AT DECEMBER 31, 2012

(Amount in Rupees Lakhs)

	Note No.	As at December 31, 2012		As at December 31, 2011	
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	3	2,030		2,030	
(b) Reserves and surplus	4	32,295	34,325	27,780	29,810
(2) Non-current liabilities					
(a) Deferred tax liabilities (net)	5	759		636	
(b) Long-term provisions	6	680	1,439	620	1,256
(3) Current liabilities					
(a) Trade payables	7	7,593		8,576	
(b) Other current liabilities	8	1,296		1,300	
(c) Short-term provisions	6	1,378	10,267	1,299	11,175
TOTAL			46,031		42,241
II. ASSETS					
(1) Non-current assets					
(a) Fixed Assets					
(i) Tangible fixed assets	9	11,700		10,852	
(ii) Intangible fixed assets	10	43		14	
(iii) Capital work-in-progress	9	2,209		3,043	
		13,952		13,909	
(b) Long-term loans and advances	11	1,601		1,270	
(c) Other non-current assets	12	82	15,635	51	15,230
(2) Current assets					
(a) Inventories	13	5,131		4,844	
(b) Trade receivables	14	16,607		14,901	
(c) Cash and bank balances	15	7,212		5,410	
(d) Short-term loans and advances	16	1,390		1,541	
(e) Other current assets	17	56	30,396	315	27,011
TOTAL			46,031		42,241

Significant Accounting Policies 2

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

As per our report of even date attached

For and on behalf of the Board of Directors of
Vesuvius India Limited

For **B S R & Co.**

Chartered Accountants

Firm's Registration No. 101248W

Vikram Advani

Partner

Membership No.: 091765

Place : Kolkata

Date : February 26, 2013

Tanmay Ganguly
MANAGING DIRECTOR

Taposh Roy
COMPANY SECRETARY

Place : Kolkata

Date : February 26, 2013

Dr Saibal Kanti Gupta
CHAIRMAN

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Statement of Profit and Loss

FOR THE YEAR ENDED DECEMBER 31, 2012

(Amount in Rupees Lakhs)

	Note No.	For the year ended December 31, 2012	For the year ended December 31, 2011
I. Revenue from operations			
(a) Sale of products (gross)	18	58,531	55,266
Less : Excise duty		4,978	4,030
Sale of products (net)		53,553	51,236
(b) Sale of services		2,681	2,790
(c) Other operating revenues		145	295
Total Revenue from operations		56,379	54,321
II. Other Income	19	207	170
III. Total Revenue (I + II)		56,586	54,491
IV. Expenses			
(a) Cost of materials consumed	20	22,556	22,141
(b) Purchase of stock-in-trade	21	8,793	8,828
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	323	(321)
(d) Employee benefit expenses	23	3,387	3,076
(e) Finance costs	24	6	61
(f) Depreciation and amortisation	25	1,635	1,467
(g) Other expenses	26	11,623	10,971
Total expenses		48,323	46,223
V. Profit before tax (III-IV)		8,263	8,268
VI. Tax expense			
(i) Current tax		2,564	2,690
(ii) Deferred tax		123	56
VII. Profit for the year (V-VI)		5,576	5,522
VIII. Earnings per equity share	27		
[nominal value of shares Rs 10 (previous year Rs 10)]			
1. Basic (in Rs)		27.48	27.21
2. Diluted (in Rs)		27.48	27.21

Significant Accounting Policies 2

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

As per our report of even date attached

For and on behalf of the Board of Directors of
Vesuvius India Limited

For **B S R & Co.**

Chartered Accountants

Firm's Registration No. 101248W

Tanmay Ganguly
MANAGING DIRECTOR

Dr Saibal Kanti Gupta
CHAIRMAN

Vikram Advani

Partner

Membership No.: 091765

Taposh Roy
COMPANY SECRETARY

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Place : Kolkata

Date : February 26, 2013

Place : Kolkata

Date : February 26, 2013

Notes to Financial Statements

For the Year Ended December 31, 2012

1. Company overview

Vesuvius India Limited 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 provided 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

These financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, the relevant provisions of the Companies Act, 1956 and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest lakhs.

This is the first year of application of the revised Schedule VI to the Companies Act, 1956 for the preparation of the financial statements of the Company. The revised Schedule VI introduces some significant conceptual changes as well as new disclosures. These include classification of all assets and liabilities into current and non-current. The previous year figures have also undergone a major reclassification to comply with the requirements of the revised Schedule VI.

Disclosures which are not applicable for both current year and previous year have not been separately mentioned in these financial statements.

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

Operating cycle is the time between the acquisition of assets for 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, amortization 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 is provided on the straight-line method over the estimated useful life of each asset as determined by the management. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. 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 shorter than the envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. Pursuant to this policy, depreciation on Tooling and certain items of plant and machinery at customers' site have been provided at the following rates which are higher than the corresponding rates prescribed in Schedule XIV :

- a) Tooling, and
 - b) Certain items of plant and machinery at customers' site,
- are depreciated over a period of three years.

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

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

Immovable 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, 2012

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

Depreciation is provided on a pro-rata basis i.e. from the date on which asset is ready for use.

Leasehold lands are being amortised over the period of respective leases.

Depreciation and amortization for the year is recognised in the Statement of Profit and Loss. Freehold land is not depreciated.

The useful lives are reviewed by the management at each financial year-end and revised, if appropriate. In case of a revision, the unamortized 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 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 is as follows :

- Computer Software 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 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 Borrowing costs

Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

2.7 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.

2.8 Inventories

Inventories which comprise raw materials, work-in-progress, finished goods (including traded 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 manufactured inventories 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.

2.9 Employee benefits

2.9.1 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 are recognised on accrual basis based 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, 2012

2.9.2 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.

(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 Statement of Profit and 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.

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.

(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.

2.10 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. In view of the nature of services rendered, 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 Entitlement Passbook Scheme (DEPB) and Duty Free Import Authorisation (DFIA) 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.

2.11 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.

2.12 Government Grant

Grants from the government are recognized 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 in the Statement of Profit and Loss 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 assets, 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.

2.13 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.

2.14 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 assets and related income are recognised in the period in which the change occurs.

Notes to Financial Statements *(Contd.)*

For the Year Ended December 31, 2012

2.15 Income Taxes

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 profit or loss except that tax expense related to items recognised directly in reserves is also recognized 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.

2.16 Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

2.17 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, 2012	As at December 31, 2011
3. SHARE CAPITAL		
<i>Authorised</i>		
25,000,000 (Previous Year 25,000,000) Equity Shares of Rs 10/- each	<u>2,500</u>	<u>2,500</u>
<i>Issued</i>		
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)		
<i>Subscribed and fully Paid up</i>		
20,296,080 (Previous Year 20,296,080) Equity Shares of Rs 10/- each	<u>2,030</u>	<u>2,030</u>

Note- Shares in abeyance :

In compliance with the provisions of Section 206A of the Companies Act, 1956, offer of Rights Shares of 3,920 equity shares out of the Rights Issue made in the year 1997 have been held in abeyance.

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2012

(Amount in Rupees Lakhs)

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

	As at December 31, 2012		As at December 31, 2011	
	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 on a poll (not on show of hands) 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 a holding company

	As at December 31, 2012		As at December 31, 2011	
	Number	Amount	Number	Amount
Equity share of Rs 10 each fully paid up held by Holding company - Vesuvius Group Limited, (U.K.) *#	<u>11,277,650</u>	<u>1,128</u>	<u>11,277,650</u>	<u>1,128</u>

* Subsidiary of Cookson Group plc, U.K. upto December 19, 2012 and Vesuvius plc, U. K. from December 19, 2012, the ultimate holding Company.

The companies, namely Vesuvius plc, Cookson Group Limited (formerly, Cookson Group plc) and Cookson Financial Limited, all incorporated in the United Kingdom, do not hold my 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, 2012		As at December 31, 2011	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity share of Rs 10 each fully paid-up held by				
- Vesuvius Group Limited, U.K., holding company	11,277,650	55.57	11,277,650	55.57
- HDFC Trustee Company Limited- HDFC Mid Cap Opportunities Fund	1,111,500	5.48	1,011,500	4.98

(Amount in Rupees Lakhs)

	As at December 31, 2012	As at December 31, 2011
4. Reserves and surplus		
Capital Reserve *		
At the commencement and at the end of the year	<u>18</u>	<u>18</u>
Securities Premium Account		
At the commencement and at the end of the year	<u>1,695</u>	<u>1,695</u>
General Reserve		
At the commencement of the year	3,420	2,868
Add : Amount transferred from surplus	<u>558</u>	<u>552</u>
	<u>3,978</u>	<u>3,420</u>
Surplus (Balance in Statement of Profit and Loss)		
At the commencement of the year	22,647	18,677
Add : Profit for the year	<u>5,576</u>	<u>5,522</u>
	<u>28,223</u>	<u>24,199</u>
Less : Appropriation		
Proposed equity dividend	913	863
[(Amount Rs 4.50 per share (Previous year Rs 4.25 per share)]		
Tax on proposed equity dividend	148	137
Transferred to General Reserve	<u>558</u>	<u>552</u>
	<u>26,604</u>	<u>22,647</u>
	<u>32,295</u>	<u>27,780</u>
* Represents Grants received during the prior years against reimbursement of stamp duty and cost of freehold land at Vishakhapatnam.		
5. Deferred tax liabilities (net)		
Deferred tax liabilities		
Difference between written down value of depreciable assets as per books and written down value as per Income Tax Act.	<u>1,035</u>	<u>935</u>
Deferred tax assets		
Expenditure allowable on payments basis	224	240
Provision for doubtful trade receivables, advances, etc.	47	52
Miscellaneous expenditure to the extent not written off	4	5
Voluntary retirement expenses	<u>1</u>	<u>2</u>
	<u>276</u>	<u>299</u>
	<u>759</u>	<u>636</u>

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2012

(Amount in Rupees Lakhs)

6. Provisions

	Long Term		Short Term	
	As at 31.12.2012	As at 31.12.2011	As at 31.12.2012	As at 31.12.2011
Provision for employee benefits				
Gratuity (refer note 37)	264	284	—	—
Compensated absences	416	336	18	15
	<u>680</u>	<u>620</u>	<u>18</u>	<u>15</u>
Other provision				
Provision for tax	—	—	299	281
[Net of advance income tax and fringe benefit tax of Rs 7,148 (previous year Rs 7,191)]				
Proposed dividend	—	—	913	863
Tax on proposed dividend	—	—	148	140
	<u>—</u>	<u>—</u>	<u>1,360</u>	<u>1,284</u>
	<u>680</u>	<u>620</u>	<u>1,378</u>	<u>1,299</u>

7. Trade payables

Acceptances	—	374
Trade payables	7,593	8,202
	<u>7,593</u>	<u>8,576</u>

For dues to Micro, Small and Medium Enterprises, refer to note no. 34

8. Other current liabilities

Advance from customers	42	50
Amount payable for capital goods	116	379
Unclaimed dividend *	32	29
Other payables #	1,106	842
	<u>1,296</u>	<u>1,300</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, 2012.

Other payables comprises of :

Statutory liabilities :

Excise Duty and Service tax payable	374	116
Sales tax, Value added tax and Entry tax payable	268	259
Tax deducted at source payable	79	84
Provident Fund payable and ESI Payable	27	24
	<u>748</u>	<u>483</u>

Liability for other expenses	358	359
	<u>1,106</u>	<u>842</u>

9. Tangible Fixed Assets

(Amount in Rupees Lakhs)

	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, 2011	274	640	3,780	9,938	1,933	227	17	782	483	18,074
Additions	—	—	438	2,190	375	14	—	75	60	3,152
Disposals	—	—	—	343	—	2	14	204	—	563
Balance as at December 31, 2011	274	640	4,218	11,785	2,308	239	3	653	543	20,663
Balance as at January 1, 2012	274	640	4,218	11,785	2,308	239	3	653	543	20,663
Additions	—	—	470	1,509	392	35	—	85	9	2,500
Disposals	—	—	5	359	—	30	—	24	—	418
Balance as at December 31, 2012										
Depreciation										
Balance as at January 1, 2011	—	286	755	5,638	1,473	86	7	482	159	8,886
Depreciation for the year	—	33	127	915	290	13	1	57	24	1,460
Accumulated depreciation on disposals	—	—	—	333	—	1	6	195	—	535
Balance as at December 31, 2011	—	319	882	6,220	1,763	98	2	344	183	9,811
Balance as at January 1, 2012	—	319	882	6,220	1,763	98	2	344	183	9,811
Depreciation for the year	—	33	144	1,011	339	15	0	57	26	1,625
Accumulated depreciation on disposals	—	—	2	337	—	30	—	22	—	391
Balance as at December 31, 2012	—	352	1,024	6,894	2,102	83	2	379	209	11,045
Net block										
As at December 31, 2011	274	321	3,336	5,565	545	141	1	309	360	10,852
As at December 31, 2012	274	288	3,659	6,041	598	161	1	335	343	11,700

* Buildings includes gross block of **Rs 3,249** (Previous Year Rs 2,939) and **Rs 198** (Previous year Rs 198) situated at leasehold lands at Kolkata and Mehsana respectively.

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2012

(Amount in Rupees Lakhs)

9. Capital work in progress	Amount
Balance as at January 1, 2011	1,957
Additions	3,874
Assets capitalised during the year	2,788
Balance as at December 31, 2011	3,043
Balance as at January 1, 2012	3,043
Additions	1,313
Assets capitalised during the year	2,147
Balance as at December 31, 2012	2,209

10. Intangible Fixed Assets

(Amount in Rupees Lakhs)

Gross Block - Computer Software	Amount
Balance as at January 1, 2011	75
Additions	11
Disposals	—
Balance as at December 31, 2011	86
Balance as at January 1, 2012	86
Additions	39
Disposals	—
Balance as at December 31, 2012	125

Depreciation - Computer Software	Amount
Balance as at January 1, 2011	65
Amortisation for the year	7
Accumulated amortisation on disposals	—
Balance as at December 31, 2011	72
Balance as at January 1, 2012	72
Amortisation for the year	10
Accumulated amortisation on disposals	—
Balance as at December 31, 2012	82

Net Block	
As at December 31, 2011	14
As at December 31, 2012	43

(Amount in Rupees Lakhs)

11. Long-term loans and advances

	Non-current portion		Current portion	
	As at 31.12.2012	As at 31.12.2011	As at 31.12.2012	As at 31.12.2011
To parties other than related parties				
Capital advances (Unsecured, considered good)	442	37	–	–
	<u>442</u>	<u>37</u>	<u>–</u>	<u>–</u>
Security deposits (Unsecured, considered good)	163	159	–	–
	<u>163</u>	<u>159</u>	<u>–</u>	<u>–</u>
Other loans and advances (Unsecured, considered good)				
To employees	113	93	23	24
Prepaid expenses	28	11	129	92
Deposits against demand in disputes	232	412	–	–
Advance income tax and fringe benefits tax [net of provision for income tax and advance fringe benefit tax of Rs 12,244 (previous year Rs 9,655)]	623	558	–	–
	<u>996</u>	<u>1,074</u>	<u>152</u>	<u>116</u>
	<u>1,601</u>	<u>1,270</u>	<u>152*</u>	<u>116*</u>

*Amount disclosed under 'Other current assets' (refer note 16)

12. Other non-current assets

(Unsecured, considered good unless
otherwise stated)

Long-term trade receivables
(refer note no. 14)*

Unsecured, considered good
Doubtful
Less : Provision for doubtful receivables

Deposits with banks
(due to mature after 12 months from the
reporting date) (refer note no. 15)

	As at December 31, 2012	As at December 31, 2011
	82	14
	9	–
	9	–
	<u>82</u>	<u>14</u>
	–	37
	<u>82</u>	<u>51</u>

* Not yet due for payment.

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2012

(Amount in Rupees Lakhs)

13. Inventories

(Valued at the lower of cost and net realisable value)

	As at December 31, 2012	As at December 31, 2011
Raw Materials [including goods in transit Rs 910 (previous year Rs 684)]	3,095	2,533
Work-in-progress	705	904
Finished goods [including goods in transit Rs 28 (previous year Rs 69)]	646	742
Stock-in-trade [including goods in transit Rs 79 (previous year Rs 159)]	328	356
Stores and spares	357	309
	<u>5,131</u>	<u>4,844</u>

14. Trade receivables

	Non current portion		Current portion	
	As at 31.12.2012	As at 31.12.2011	As at 31.12.2012	As at 31.12.2011
Receivables outstanding for a period exceeding six months from the date they became due for payment				
Unsecured, considered good	82	14	35	318
Doubtful	9	—	123	160
	<u>91</u>	<u>14</u>	<u>158</u>	<u>478</u>
Less : Provision for doubtful receivables	9	—	123	160
(A)	<u>82*</u>	<u>14*</u>	<u>35</u>	<u>318</u>
Other receivables				
Unsecured, considered good	—	—	16,572	14,583
Doubtful	—	—	12	—
	<u>—</u>	<u>—</u>	<u>16,584</u>	<u>14,583</u>
Less : Provision for doubtful receivables	—	—	12	—
(B)	<u>—</u>	<u>—</u>	<u>16,572</u>	<u>14,583</u>
(A+B)	<u>82</u>	<u>14</u>	<u>16,607</u>	<u>14,901</u>

* Amount disclosed under other non-current assets (refer note no. 12) and not yet due for payment.

(Amount in Rupees Lakhs)

	As at December 31, 2012	As at December 31, 2011
15. Cash and bank balances*		
Cash and cash equivalents		
– Cash on hand	1	1
– Balances with banks		
On current accounts	1,542	1,242
On deposit accounts (with original maturity of 3 months or less)	5,600	3,900
Other bank balances		
– On Unpaid dividend Account	32	29
– Bank deposits due to mature after 3 months of original maturity but within 12 months of the reporting date	37	238
	<u>7,212</u>	<u>5,410</u>
Details of bank balances/deposits		
Bank balance available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	5,600	3,900
Bank deposits due to mature after 3 months of original maturity but within 12 months of the reporting date	37	238
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets' (refer note 12)	–	37
	<u>5,637</u>	<u>4,175</u>
* The classification of Cash and bank balances has been made in accordance with the "Guidance Note on the Revised Schedule VI to the Companies Act, 1956" issued by "The Institute of Chartered Accountants of India", and to comply with the requirement of Accounting Standard on Cash Flow Statement (AS3) notified by the Companies (Accounting Standards) Rules, 2006.		
16. Short-term loans and advances		
<i>(Unsecured, considered good)</i>		
To parties other than related parties		
Advance recoverable in cash or kind or for value to be received	368	670
Advance to employees	33	20
Current portion of long-term loans and advances (refer note no. 11)	152	116
Claims and refunds receivable	109	107
Balance with statutory / government authorities	728	628
	<u>1,390</u>	<u>1,541</u>
17. Other current assets		
<i>(Unsecured, considered good)</i>		
Interest accrued but not due on fixed deposits	13	6
Export benefit receivable	43	309
	<u>56</u>	<u>315</u>

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2012

(Amount in Rupees Lakhs)

18. Revenue from operations

Sales of products

Manufactured goods	46,191	42,723
Traded goods	12,340	12,543
Sale of products (gross)	58,531	55,266
Less : Excise duty	4,978	4,030
Sale of products (net)	53,553	51,236

Sale of services

2,681	2,790
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Other operating revenue

Export benefits	73	255
Scrap sales	72	40
	145	295

Break-up of revenue from sale of products

Manufactured goods		
Refractories (Shaped)	27,119	23,852
Refractories (Unshaped)	19,072	18,871
	46,191	42,723

Traded Goods

Refractories (Shaped)	4,108	5,546
Refractories (Unshaped)	8,232	6,997
	12,340	12,543
	58,531	55,266

Break-up of revenue from services rendered

Repairs and maintenance services	2,681	2,790
----------------------------------	-------	-------

19. Other Income

Interest income on fixed deposits	163	125
Other non-operating income*	44	45
	207	170

* Includes provision for doubtful debts no longer required written back **Rs 33** (previous year Rs 24)

(Amount in Rupees Lakhs)

20. Cost of materials consumed

	For the year ended December 31, 2012	For the year ended December 31, 2011
Inventory of raw materials at the beginning of the year	2,533	1,878
Purchases	23,118	22,796
	<u>25,651</u>	<u>24,674</u>
Less: Inventory of raw materials at the end of the year	3,095	2,533
	<u>22,556</u>	<u>22,141</u>

Break-up of cost of raw materials consumed

Alumina	3,827	3,654
Bauxite	3,099	3,140
Cement	987	1,115
Graphite	1,406	1,321
Imported Mix	438	362
Mulcoa	832	702
Resin	567	735
Silicon Carbide	3,636	3,141
Slide gate plates	605	531
Zirconia	2,066	1,306
Others*	5,093	6,134
	<u>22,556</u>	<u>22,141</u>

Break-up of inventory of raw materials

Alumina	195	196
Bauxite	310	152
Cement	144	50
Graphite	56	76
Imported Mix	124	89
Mulcoa	33	88
Resin	17	13
Silicon Carbide	155	107
Slide gate plates	221	133
Zirconia	62	197
Others*	1,778	1,432
	<u>3,095</u>	<u>2,533</u>

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

21. Purchase of stock-in-trade

Purchase of stock-in-trade :		
Refractories (Shaped)	3,082	3,852
Refractories (Unshaped)	5,711	4,976
	<u>8,793</u>	<u>8,828</u>

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2012

22. Changes in inventory of finished goods, work-in-progress and stock-in-trade (Amount in Rupees Lakhs)

	For the year ended December 31, 2012			For the year ended December 31, 2011		
	Opening Inventory	Closing Inventory	(Increase) / Decrease in Inventory	Opening Inventory	Closing Inventory	(Increase) / Decrease in Inventory
Manufactured goods						
Refractory (Shaped)	606	523	83	457	606	(149)
Refractory (Unshaped)	136	123	13	150	136	14
	<u>742</u>	<u>646</u>	<u>96</u>	<u>607</u>	<u>742</u>	<u>(135)</u>
Trading goods						
Refractory (Shaped)	356	328	28	401	356	45
Refractory (Unshaped)	—	—	—	—	—	—
	<u>356</u>	<u>328</u>	<u>28</u>	<u>401</u>	<u>356</u>	<u>45</u>
Work-in-progress						
Refractory (Shaped)	524	517	7	459	524	(65)
Refractory (Unshaped)	380	188	192	214	380	(166)
	<u>904</u>	<u>705</u>	<u>199</u>	<u>673</u>	<u>904</u>	<u>(231)</u>
Total	<u>2,002</u>	<u>1,679</u>	<u>323</u>	<u>1,681</u>	<u>2,002</u>	<u>(321)</u>

(Amount in Rupees Lakhs)

	For the year ended December 31, 2012	For the year ended December 31, 2011
23. Employee benefits expenses		
Salaries, wages and bonus	2,472	2,201
Contribution to provident and other funds	401	404
Compensated absences	95	95
Staff welfare expenses	419	376
	<u>3,387</u>	<u>3,076</u>
24. Finance cost		
Interest expense	<u>6</u>	<u>61</u>
25. Depreciation and amortisation		
Depreciation on tangible fixed assets (refer note no. 9)	1,625	1,460
Amortisation of intangible fixed assets (refer note no. 10)	10	7
	<u>1,635</u>	<u>1,467</u>

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2012

(Amount in Rupees Lakhs)

26. Other expenses

	For the year ended December 31, 2012	For the year ended December 31, 2011
Consumption of stores and spares*	346	307
Excise duty on increase/(decrease) in inventory of finished goods	(4)	12
Power and fuel	1,773	1,577
Freight	2,572	2,453
Site expenses	2,326	2,204
Rent	162	166
Repairs to		
Buildings	110	102
Machinery	675	709
Others	138	149
Insurance	57	36
Rates and taxes	215	181
Travelling and conveyance expenses	1,063	1,005
Legal and professional fees	236	216
Payment to auditors (refer note below)	25	25
Commission to sales agent	69	60
Directors' commission	23	16
Advertisement and sales promotion	26	78
Bank charges	60	66
Communication cost	111	105
Printing and stationery	32	39
Royalty, trademark and license fees	957	908
Management fees	311	295
Loss on foreign exchange differences [Net of foreign exchange gain of Rs 147 (previous year Rs 454)]	173	41
Provision for doubtful debts	37	89
Bad debts	19	67
Less : adjusted with provisions	19	67
Loss on sale / discard of fixed assets [Net of profit on sale of fixed assets of of Rs 2 (previous year Rs 3)]	13	21
Miscellaneous	117	111
	11,623	10,971
Note : Payment to auditors		
As auditor		
Statutory audit	12	12
Limited review of quarterly results	4	4
In other capacity		
Group reporting	4	4
Audit of tax accounts	1	1
Corporate governance certification fees	1	1
Reimbursement of expenses	3	3
	25	25

*Excludes stores and spares consumed and included under the heads Repairs - Machinery **Rs 224** (previous year Rs 231) and Site expenses **Rs 203** (previous year Rs 128)

(Amount in Rupees Lakhs)

27. Earnings per share (EPS)

Basic and diluted earning per share

The calculation of basic earnings per share for the year ended December 31, 2012 was based on the profit attributable to equity shareholders of **Rs 5,576** (previous year Rs 5,523), and weighted average number of equity shares outstanding of **20,296,080** (previous year 20,296,080).

	For the year ended December 31, 2012	For the year ended December 31, 2011
Earnings		
Profit after tax	5,576	5,522
Net profit attributable to equity shareholders for calculation of basic and diluted EPS	5,576	5,522
Shares		
Weighted average number of equity shares outstanding during the year for calculation of basic and diluted EPS (Nos.)	20,296,080	20,296,080
Nominal value of equity share (in Rs)	10	10

28. Contingent liabilities and commitments

(to the extent not provided for)

(a) Contingent liabilities :

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

Description		Estimated financial impact		Uncertainties
		As at December 31, 2012	As at December 31, 2011	
a.	Sales Tax	67	187	Demand raised by appropriate authorities in relation to sales tax assessment and non-submission of statutory forms. Refer note below
b.	Income Tax matters			
c.	Other Income Tax matters	1,085	1,006	Demands received from appropriate authorities in relation to Income Tax assessments.
d.	Excise Duty, Customs Duty and Service Tax matters	205	202	Demands received from appropriate authorities in relation to Excise Duty, Custom Duty and Service Tax matters.

Note : Cost of tooling purchased during the earlier years were fully expensed for the purpose of ascertaining income tax liability for that years. Vide order dated December 16, 2003, the Income Tax Appellate Tribunal (ITAT) directed the department to allow expenses based on quantity consumed. The Company has disputed such decision on the contention that the entire purchase is issued to the production process and hence should be treated as consumption. Relevant order from authorities giving effect of ITAT order is yet to be received. The Company has made an application to the Hon'ble High Court at Calcutta seeking further clarifications of the ITAT order. The Company has again claimed full deduction in respect of tooling received during the year for determining the taxable income for the assessment year 2009-2010 and thereafter. Contingent liability with respect to tooling is included in para (c) above, under the head - 'Other Income Tax matters'.

(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, 2012	As at December 31, 2011
(b) Commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	458	154

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2012

(Amount in Rupees Lakhs)

	For the year ended December 31, 2012		For the year ended December 31, 2011	
	Amount	% of total consumption	Amount	% of total consumption
29. Details of imported and indigenous raw materials, stores and spares consumed during the year				
Raw materials				
Imported	13,140	58.25	11,089	50.08
Indigenous	9,416	41.75	11,052	49.92
	<u>22,556</u>	<u>100.00</u>	<u>22,141</u>	<u>100.00</u>
Stores and spares				
Imported	162	20.95	113	16.93
Indigenous	611	79.05	553	83.07
	<u>773</u>	<u>100.00</u>	<u>666</u>	<u>100.00</u>
30. Value of imports on CIF basis				
Raw Materials	13,337		11,138	
Stores and spares	150		156	
Other goods - Trading	1,029		1,192	
Capital Goods	262		394	
Toolings	283		259	
	<u>15,061</u>		<u>13,139</u>	
31. Expenditure in foreign currency				
Travelling	126		90	
Royalty, Trademark and Licence fees	957		908	
Freight	962		889	
Technical Service Charges	—		9	
Management fees	311		295	
Product Development fees	11		12	
Commission	18		—	
Reimbursement of expenses	48		—	
	<u>2,433</u>		<u>2,203</u>	
32. Earnings in foreign currency				
F.O.B. value of Exports	2,186		3,140	
F.O.B. value of Deemed Exports	5,503		5,000	
Reimbursement of expenses	190		304	
	<u>7,879</u>		<u>8,444</u>	
33. Dividend remitted in foreign currency				
Years to which dividends relates	December 31, 2011		December 31, 2010	
Amount remitted during the year (Rs in lakhs)	479		451	
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, 2012	As at December 31, 2011
34. Dues to Micro, Small and Medium Enterprises		
The amounts remaining unpaid to Micro, Small and Medium Enterprises as at the end of the year		
– Principal	173	242
– Interest*	Nil	Nil
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	Nil	Nil
The amounts of the payment made to micro and small suppliers beyond the appointed day during each accounting year.	Nil	Nil
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
The amount of interest accrued and remaining unpaid at the end of each accounting year.	Nil	Nil
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 enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	Nil	Nil
* Interest paid/payable by the Company on the afforesaid principle amount has been waived by the concerned suppliers.		

35. Segment Reporting

- i) Segments have been identified in line with the Accounting Standard on Segment Reporting (AS 17) notified by Companies (Accounting Standard) Rules, 2006, 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 AS - 17, geographic segments have been considered as secondary reportable segment.

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2012

(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, 2012	For the year ended December 31, 2011
Sales revenue by geographical market*		
India	48,452	45,678
Outside India		
– direct exports	2,279	3,273
– deemed exports	5,503	5,075
	<u>56,234</u>	<u>54,026</u>

* Net of excise duty

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, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
India (includes fixed assets located in India)	41,833	39,384	2,328	4,250
Outside India	4,198	2,857	–	–
	<u>46,031</u>	<u>42,241</u>	<u>2,328</u>	<u>4,250</u>

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

36. Information in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures notified by the Companies (Accounting Standards) Rules, 2006.

A) List of Related parties and relationship

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

- (a) Vesuvius plc, United Kingdom - Ultimate Holding Company from December 19, 2012.
- (b) Cookson Group Limited (Formerly, Cookson Group plc - Ultimate Holding Company upto December 19, 2012), United Kingdom - Holding Company of Cookson Financial Limited, United Kingdom.
- (c) Cookson Financial Limited, United Kingdom-Holding Company of Vesuvius Group Limited, U.K.

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

Vesuvius Group Limited, United Kingdom – Immediate holding company.

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

Name of the related parties

Vesuvius Group S. A.
Vesuvius Deutschland GmbH
Vesuvius South Africa (Pty) Limited
Vesuvius UK Limited
Vesuvius Crucible Company
Vesuvius USA
Vesuvius Advanced Ceramics (Suzhou) Co. Ltd.
Wuhan Wugang Vesuvius Advanced Ceramics Co. Ltd.
Advent Processing Engineering Inc.
Vesuvius Mexico S.A. de C.V.
Vesuvius Malaysia SDN BHD
Vesuvius Corporation S. A.
Vesuvius Poland Sp., z.o.o.
(Formerly Vesuvius Skawina Materialy Ogniotrwale Sp., z.o.o.)
Vesuvius (Thailand) Co., Ltd
Foseco (Thailand) Limited
Foseco India Limited
Vesuvius TK Refrakter Sanayi Ve Ticaret AS
Vesuvius Belgium N.V.
PT. Foseco Indonesia
Foseco Pty Limited
Foseco Industrial e Commercial Ltda
Foseco Dokum Sanayi ve Ticaret Limited
Foseco International Ltd. (Middle East Office)

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)

Cookson Overseas Limited
Cookson India Private Limited (upto December 19, 2012)

v) Key Management Personnel

Mr Tanmay Kumar Ganguly – Managing Director

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2012

(Amount in Rupees Lakhs)

B. Related party transactions for the year ended December 31, 2012

Name of the entity	Nature of relationship	Sale of goods	Purchase of goods	Dividend paid/ payable	Other (Income)/ expenses	Managing Director's Remuneration	Receivable/ (Payable) at the year end
Vesuvius Group Limited, U. K.	Holding Company	—	—	479	—	—	—
Vesuvius Group S. A.	Fellow subsidiary	—	222	—	557	—	(158)
Vesuvius Deutschland GmbH	Fellow subsidiary	611	46	—	—	—	157
Vesuvius South Africa (Pty) Limited	Fellow subsidiary	311	—	—	—	—	23
Vesuvius UK Limited	Fellow subsidiary	12	286	—	1	—	(76)
Vesuvius Crucible Company	Fellow subsidiary	—	—	—	683	—	(156)
Vesuvius USA	Fellow subsidiary	271	426	—	11	—	(64)
Vesuvius Advanced Ceramics (Suzhou) Co. Ltd.	Fellow subsidiary	18	123	—	—	—	(12)
Wuhan Wugang Vesuvius Advanced Ceramics Co.	Fellow subsidiary	—	1,500	—	—	—	(219)
Advent Processing Engineering Inc.	Fellow subsidiary	—	—	—	—	—	—
Vesuvius Mexico S. A. de C. V.	Fellow subsidiary	—	427	—	—	—	(41)
Vesuvius Malayasia SDN BHD	Fellow subsidiary	162	68	—	—	—	30
Vesuvius Corporation S. A.	Fellow subsidiary	311	—	—	—	—	—
Vesuvius (Thailand) Co., Ltd	Fellow subsidiary	177	—	—	—	—	88
Vesuvius Belgium N.V.	Fellow subsidiary	—	348	—	—	—	(69)
Vesuvius Poland Sp., z.o.o (Formerly Vesuvius Skawina Materialy Ogniotrwale Sp., z.o.o)	Fellow subsidiary	—	414	—	—	—	(24)
Vesuvius TK Refrakter Sanayi Ve Ticaret As	Fellow subsidiary	156	—	—	—	—	35
Foseco International Ltd. (Middle East Office)	Fellow subsidiary	—	—	—	—	—	—
Foseco India Limited	Fellow subsidiary	—	1	—	12	—	(17)
Foseco Industrial e Commercial Ltda	Fellow subsidiary	—	—	—	16	—	(4)
Foseco (Thailand) Limited	Fellow subsidiary	66	1	—	—	—	16
Foseco Döküm Sanayi ve Ticaret Limited	Fellow subsidiary	—	—	—	—	—	—
Foseco Pty Limited	Fellow subsidiary	23	—	—	—	—	4
PT. Foseco Indonesia	Fellow subsidiary	49	—	—	—	—	6
Tanmay Kumar Ganguly	Key Management Personnel	—	—	3	—	138	—
Others		15	162	—	(20)	—	(15)
Total		2,182	4,024	482	1,260	138	(496)

C. Related party transactions for the year ended December 31, 2011

Name of the entity	Nature of relationship	Sale of goods	Purchase of goods	Dividend paid/ payable	Other (Income)/ expenses	Managing Director's Remuneration	Receivable/ (Payable) at the year end
Vesuvius Group Limited, U. K.	Holding Company	—	—	451	—	—	—
Vesuvius Group S. A.	Fellow subsidiary	—	535	—	516	—	(197)
Vesuvius Deutschland GmbH	Fellow subsidiary	1,005	62	—	—	—	393
Vesuvius South Africa (Pty) Limited	Fellow subsidiary	234	—	—	—	—	62
Vesuvius UK Limited	Fellow subsidiary	24	338	—	7	—	(104)
Vesuvius Crucible Company	Fellow subsidiary	—	—	—	631	—	(161)
Vesuvius USA	Fellow subsidiary	152	329	—	7	—	(73)
Vesuvius Advanced Ceramics (Suzhou) Co. Ltd.	Fellow subsidiary	11	91	—	—	—	(17)
Wuhan Wugang Vesuvius Advanced Ceramics Co.	Fellow subsidiary	—	1,847	—	—	—	(507)
Advent Processing Engineering Inc.	Fellow subsidiary	—	—	—	3	—	—
Vesuvius Mexico S. A. de C. V.	Fellow subsidiary	—	309	—	—	—	(90)
Vesuvius Malayasia SDN BHD	Fellow subsidiary	96	12	—	—	—	16
Vesuvius Corporation S. A.	Fellow subsidiary	677	—	—	—	—	104
Vesuvius (Thailand) Co. Ltd	Fellow subsidiary	134	—	—	—	—	10
Vesuvius Belgium N.V.	Fellow subsidiary	71	345	—	—	—	(63)
Vesuvius Poland Sp., z.o.o (Formerly Vesuvius Skawina Materialy Ogniotrwale Sp.,z.o.o)	Fellow subsidiary	—	309	—	—	—	(77)
Vesuvius TK Refrakter Sanayi Ve Ticaret As	Fellow subsidiary	188	—	—	—	—	26
Foseco International Ltd. (Middle East Office)	Fellow subsidiary	46	—	—	—	—	—
Foseco India Limited	Fellow subsidiary	—	—	—	2	—	—
Foseco Industrial e Commercial Ltda	Fellow subsidiary	74	—	—	4	—	(4)
Foseco (Thailand) Limited	Fellow subsidiary	23	—	—	—	—	6
Foseco Döküm Sanayi ve Ticaret Limited	Fellow subsidiary	112	—	—	—	—	—
Foseco Pty Limited	Fellow subsidiary	31	—	—	—	—	4
PT. Foseco Indonesia	Fellow subsidiary	40	—	—	—	—	21
Tanmay Kumar Ganguly	Key Management Personnel	—	—	2	—	120	(17)
Others		180	189	—	(18)	—	(56)
Total		3,098	4,366	453	1,152	120	(724)

(Amount in Rupees Lakhs)

37. 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 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 Fund for the year aggregated to **Rs 114** (Previous Year Rs 110).

Defined benefit plans

The Company operates two post-employment defined benefit plans that provide gratuity and other long term benefits. 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 benefits entitles the retired employees to encash the accumulated leave standing to their credit 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		Other long term benefits (Compensated absences)	
	Funded	Unfunded	Funded	Unfunded
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Fair value of plan assets	457	291	—	—
Present value of obligations	721	575	434	351
Liability recognised in Balance Sheet	(264)	(284)	(434)	(351)

ii) Classification into current / non-current

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

	Non-Current		Current	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
Gratuity	264	284	—	—
Other long term benefits (Compensated absences)	416	336	18	15
	680	620	18	15

	Gratuity		Other long term benefits (Compensated absences)	
	Funded	Unfunded	Funded	Unfunded
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
iii) Composition of Plan Assets :				
Insurer managed funds	457	291	—	—
iv) Major category of Plan Assets as a % of the Total Plan Assets as at year end				
Invested with Life Insurance Corporation of India	32%	49%	—	—
Invested with SBI Life Insurance Company Limited	68%	51%	—	—
v) Movement in present values of defined benefit obligations:				
Defined benefit obligation at beginning of the year	575	408	351	275
Current service cost	63	46	37	29
Interest cost	48	33	29	22
Actuarial (gain) / loss	49	110	30	43
Benefits paid	(14)	(22)	(13)	(18)
Curtailments	—	—	—	—
Defined benefit obligation at end of the year (A)	721	575	434	351

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2012

(Amount in Rupees Lakhs)

	Gratuity		Other long term benefits (Compensated absences)	
	Funded		Unfunded	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
vi) Movement in fair value of Plan Assets :				
Fair value of Plan Assets, beginning of the year	291	204	—	—
Expected return on Plan Assets	29	18	—	—
Actual Company contribution	151	91	13	18
Benefits paid	(14)	(22)	(13)	(18)
Actuarial gain / (loss)	—	—	—	—
Fair value of Plan Assets at the end of the year (B)	457	291	—	—
Surplus / (Deficit) (A) - (B)	(264)	(284)	(434)	(351)
vii) Expenses recognised in Statement of Profit and Loss				
Current service costs	63	46	37	29
Interest costs	48	33	29	22
Expected return on Plan Assets	(29)	(18)	—	—
Actuarial (gain) / loss recognised in the year	49	110	30	43
Expense recognised in the Statement of Profit and Loss	131	171	96	94
viii) Actual return on Plan Assets :	29	18	—	—
ix) Principal actuarial assumptions :				
The following are the principal actuarial assumptions at the reporting dates :				
Discount rate as at 31 December	8.40%	8.50%	8.40%	8.50%
Expected rate of return on Plan Assets	8.00%	8.00%	—	—
Future salary increases	7.50%	7.50%	7.50%	7.50%

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

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 4 years are as follows :

	December 31 2012	December 31 2011	December 31 2010	December 31 2009	December 31 2008
Gratuity					
Defined benefit obligation	721	575	408	285	202
Fair value of Plan Assets	457	291	204	165	130
Surplus / (deficit) in the plan	(264)	(284)	(204)	(120)	(72)
Experience adjustments arising on Plan Liabilities	(41)	(59)	(68)	(48)	(6)
Experience adjustments arising on Plan Assets	—	—	—	—	—
Other long term benefits					
Defined benefit obligation	434	351	275	207	138
Fair value of Plan Assets	—	—	—	—	—
Surplus / (deficit) in the plan	(434)	(351)	(275)	(207)	(138)
Experience adjustments arising on Plan Liabilities	(25)	(10)	(47)	(62)	(26)
Experience adjustments arising on Plan Assets*	NA	NA	NA	NA	NA

* NA = Not applicable.

38. Unhedged foreign currency exposures

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

Trade Receivables

	As at December 31, 2012		As at December 31, 2011	
	Amount (In original currency) (In lakhs)	Amount (Rupees in lakhs)	Amount (In original currency) (In lakhs)	Amount (Rupees in lakhs)
USD	33.34	1,834	38.77	2,058
EURO	3.41	248	9.47	651
GBP	—	—	0.01	1

Trade payables

	As at December 31, 2012		As at December 31, 2011	
	Amount (In original currency) (In lakhs)	Amount (Rupees in lakhs)	Amount (In original currency) (In lakhs)	Amount (Rupees in lakhs)
USD	41.35	2,274	45.69	2,425
EURO	4.66	338	8.21	565
GBP	0.83	74	1.42	117

39. Provision for taxation has been recognised with reference to profit for the year ended December 31, 2012 in accordance with the provision of the Income Tax Act, 1961 and rules framed there under. The ultimate tax liability for the Assessment Year 2013-2014 will be determined on the basis of total taxable income for the year ended on March 31, 2013.
40. 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.
41. The Company has taken premises on operating lease. Minimum lease payment charged during the year to Statement of Profit and Loss aggregated to **Rs 162 lakhs** (previous year Rs 166 lakhs).
42. Previous year's figures have been regrouped and/or rearranged wherever considered necessary to confirm to current year's presentation.

For and on behalf of the Board of Directors of
Vesuvius India Limited

As per our report of even date attached

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

Tanmay Ganguly
MANAGING DIRECTOR

Dr Saibal Kanti Gupta
CHAIRMAN

Vikram Advani
Partner
Membership No.: 091765

Taposh Roy
COMPANY SECRETARY

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Place : Kolkata
Date : February 26, 2013

Place : Kolkata
Date : February 26, 2013

Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2012

(Amount in Rupees Lakhs)

Particulars	For the year ended December 31, 2012	For the year ended December 31, 2011
Cash Flow from Operating Activities		
Net Profit Before Tax	8,263	8,268
Adjustments for :		
Depreciation and amortisation	1,635	1,467
Provision for doubtful debts	37	89
Liability/provision no longer required written back	(52)	(91)
Loss on sale/retirement of fixed assets (net)	13	21
Unrealised foreign exchange differences (net)	27	(42)
Finance costs	6	61
Interest income	(163)	(125)
Operating profit before working capital changes	9,766	9,648
Adjustments for (Increase)/Decrease in operating assets :		
Trade Receivables	(1,675)	(3,241)
Inventories	(287)	(1,052)
Short-term loans and advances	151	51
Long-term loans and advances	136	(744)
Other current assets	266	(309)
Other non-current assets	(105)	(14)
Adjustments for (Increase)/Decrease in operating liabilities :		
Trade payables	(942)	2,748
Other current liabilities	256	83
Short-term provisions	3	16
Long-term provisions	60	143
Cash generated from Operations	7,629	7,329
Income taxes paid	(2,613)	(2,795)
Net cash provided/(used) by operating activities (A)	5,016	4,534
Cash flow from investing activities		
Purchase of fixed assets	(2,375)	(3,826)
Proceeds from sale of fixed assets	14	7
Interest received	156	129
(Purchase)/Redemption of Fixed deposits (with maturity more than three months)	201	(238)
Net cash provided/(used) by investing activities (B)	(2,004)	(3,928)
Cash flow from financing activities		
Finance costs paid	(6)	(61)
Dividends paid	(863)	(812)
Dividend tax paid	(140)	(134)
Net cash provided/(used) in financing activities (C)	(1,009)	(1,007)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	2,003	(401)
Cash and cash equivalent at the beginning of the year (refer note 1 below)	5,172	5,573
Cash and cash equivalent at the end of the year (refer note 1 below)	7,175	5,172

(Amount in Rupees Lakhs)

Notes to cash flow statements

	As at December 31, 2012	As at December 31, 2011
1. Components of cash and cash equivalents:		
Cash on hand	1	1
Balance with scheduled banks:		
- On Current accounts	1,542	1,242
- On Deposit accounts (deposits having original maturity of 3 months or less)	5,600	3,900
- On unpaid dividend accounts	32	29
- Bank deposits due to mature after 3 months of original maturity but within 12 months of the reporting date	37	238
Cash and bank balances as per note no. 15	7,212	5,410
Less : Fixed Deposits not considered as Cash and cash equivalent:		
- Fixed Deposits [with maturity more than three months (refer note no 15)]	37	238
	7,175	5,172

- 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) notified by Companies (Accounting Standards) Rules, 2006.
- Previous year's figures have been rearranged and/or regrouped wherever necessary.

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

As per our report of even date

For and on behalf of the Board of Directors of
Vesuvius India Limited

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

Tanmay Ganguly
MANAGING DIRECTOR

Dr Saibal Kanti Gupta
CHAIRMAN

Vikram Advani
Partner
Membership No.: 091765

Taposh Roy
COMPANY SECRETARY

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Place : Kolkata
Date : February 26, 2013

Place : Kolkata
Date : February 26, 2013

Balance Sheet Abstract

AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	21 – 52968	State Code	21
Balance Sheet Date	31.12.2012	CIN Number :	L26933WB1991PLC052968

II. Capital raised during the year (Amount in Rupees lakhs)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of funds (Amount in Rupees lakhs)

Total Liabilities:	46,031	Total Assets:	46,031
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Sources of Funds:

Paid up Capital	2,030	Reserves and Surplus	32,295
Secured Loans	Nil	Unsecured Loans	Nil
		Deferred Taxation	759

Application of Funds:

Net Fixed Assets	13,952	Investments	Nil
Net Current Assets	20,129	Miscellaneous Expenditure	Nil
Accumulated Losses	Nil		

IV. Performance of Company (Amount in Rupees lakhs)

Turnover (including other Income)	56,586	Total Expenditure	48,323
Profit Before Tax	8,263	Profit After Tax	5,576
Earning per Share in Rs.	27.48	Final Dividend Rate	45%

V. Generic names of the Principal Products/Services of Company

Item Code No. (ITC Code)	69.03
Product Description : Industrial Ceramics for Continuous Casting & Pouring of Molten Metals Slide Gate Plates & Nozzles Refractory Ceramics for Industrial use Carbon & Graphite Products.	

For and on behalf of the Board of Directors of
Vesuvius India Limited

Tanmay Ganguly
MANAGING DIRECTOR

Dr Saibal Kanti Gupta
CHAIRMAN

Place : Kolkata
Date : February 26, 2013

Taposh Roy
COMPANY SECRETARY

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Auditors' Report

TO THE MEMBERS OF VESUVIUS INDIA LIMITED

1. We have audited the attached Balance Sheet of Vesuvius India Limited ('the Company') as at 31 December 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, 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 Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from directors as on 31 December 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 December 2012 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31 December 2012;
 - ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

Vikram Advani
Partner

Membership No. 091765

Place : Kolkata
Date : 26 February 2013

Annexure to the 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 fixed assets. In accordance with this programme, certain fixed assets were physically verified. No material discrepancies were noticed on such verification carried out during the year.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
- (ii) (a) 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.
- (b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of Rs. 5 lakh with any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time except for purchases of certain items of inventories and fixed assets that are for the Company's specialised requirements and similarly for sale of certain goods for specialised requirements of buyers for which suitable sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- (vi) The Company has not accepted any deposits from the public during the year.
- (vii) In our opinion, the Company has an internal audit system commensurate with size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the products manufactured by the Company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (ix) (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, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, and other material statutory dues have generally 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, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, and other material statutory dues were in arrears as at 31 December 2012, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Wealth tax which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, dues of Income tax, Sales tax, Service tax, Excise duty and Custom Duty which have not been deposited on account of any dispute are listed below:

Name of the statute	Nature of the dues	Amount (Rs in lakhs)	Period	Forum where dispute is pending
Income Tax Act, 1961	Disallowances arising in income tax proceedings (Net of deposit of Rs. 9,058 lakhs)	740	Assessment years 1997-98 to 2008-09	Hon'ble High Court of Calcutta, Income Tax Appellate Tribunal, Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Disallowance of Cenvat Credit	5	2008	Additional Commissioner
Central Excise Act, 1944	For non payment of Excise Duty on Service Charges and Machine hire charges	142	2000	Central Excise and Service Tax Appellate Tribunal, Additional Commissioner
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
Service Tax	For Non / short payment of payment of service tax	7	2008-09, 2009-10	Commissioner (Appeals), Additional Commissioner of Service Tax, Deputy Commissioner
Central Sales Tax	Due to non-submission of declaration form.	23	2009-10, 2010-2011	Sales Tax Appellate Tribunal, Commissioner (Appeals), Assistant Commissioner
State Sales Tax	Disallowance of Input credit	44	2005-06, 2006-07, 2007-08, 2008-09	Commissioner (Appeals)

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) According to the information and explanations given to us, the Company has neither taken any loan from financial institution or bank nor has it issued any debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit for this year.

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

Vikram Advani
Partner

Membership No. 091765

Place : Kolkata
Date : 26 February 2013

Five Years at a Glance

(Amount in Rupees Lakhs)

	For the years ended on				
	31.12.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
STATEMENT OF PROFIT & LOSS					
Sales	56,234	54,026	44,011	36,149	35,255
Other Income	352	465	533	280	326
Total Income	56,586	54,491	44,544	36,429	35,581
Expenditure	48,323	46,223	37,173	30,834	30,811
PBIDT	9,904	9,796	8,773	6,864	5,794
Depreciation & amortisation	1,635	1,467	1,291	1,267	866
Finance Cost	6	61	2	2	158
PBT	8,263	8,268	7,480	5,595	4,770
PAT	5,576	5,522	4,885	3,738	3,064
BALANCE SHEET					
Assets Employed					
Fixed Assets	13,952	13,909	11,154	10,302	8,824
Working Capital:					
Current Assets	32,079	45,178	37,349	19,252	17,248
Less : Current & non-current Liabilities	10,947	28,641	22,637	7,747	7,068
Working Capital Employed	21,132	16,537	14,712	11,505	10,180
Total Assets Employed	35,084	30,446	25,866	21,807	19,004
Financed By :					
Shareholders' Funds :					
Share Capital	2,030	2,030	2,030	2,030	2,030
Reserves & Surplus	32,295	27,780	23,257	19,300	16,452
Total of Shareholders' Funds	34,325	29,810	25,287	21,330	18,482
Deferred Taxation	759	636	579	477	522
Total Funds Employed	35,084	30,446	25,866	21,807	19,004
OTHER INFORMATION					
Dividend (Rs Lakhs)	913	863	812	761	406
Rate of Dividend (%)	45%	42.50%	40%	37.50%	20%
Number of Shareholders	12,762	12,274	12,564	13,752	13,823
Number of Employees	446	452	387	369	372
Earnings per share (EPS) (Rs)	27.48	27.21	24.07	18.42	15.10
Return on Capital Employed (ROCE) (%)	15.91	18.34	18.89	17.15	16.95
Economic Value Added (EVA) (Rs Lakhs)	4,446	4,392	3,755	2,607	2,311