



Vesuvius Values...
...Flying High

A GLOBAL LEADER IN MOLTEN METAL ENGINEERING

Vesuvius India Limited
Annual Report for the year
ended December 31, 2014

VESUVIUS

LIVING THE VALUES AWARDS 2014

CONGRATULATIONS to our three colleagues who have received the Living the Values Awards 2014

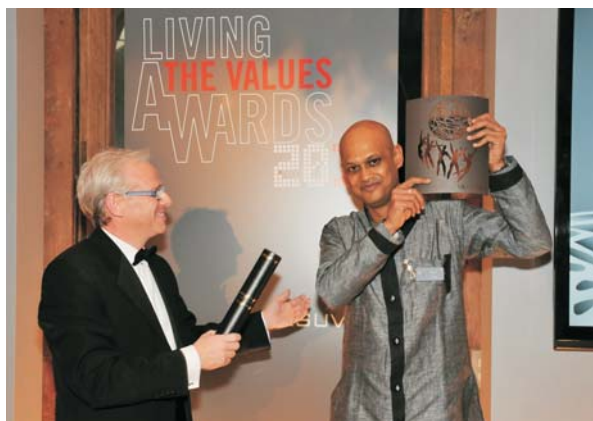
Vesuvius had launched in year 2012, the Living the Values Awards, a worldwide initiative aimed at emphasising the Vesuvius Values and giving recognition to individual or team behaviour that have best demonstrated the five Vesuvius Values in our everyday business activities: Creativity, Cooperation, Reliability, Integrity and Embracing Diversity. The nominations are reviewed by a selection committee and the best selected are given the award at a ceremony bringing together employees from all geographies of our business to celebrate Vesuvius Values.



The Awards ceremony was held on December 18, 2014 at Paris.

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▲
Kajal De

▲
Shakti Guha

receiving their awards from
Chris Abbott, President
Flow Control



▲
Rajesh Mukhekar receiving
his award from George
Coulston, Chief Technology
Officer

Board of Directors

(as on February 24, 2015)



Biswadip Gupta
Chairman



Subrata Roy
Managing Director



Francois Clement Wanecq



Yves M.C.M.G. Nokerman



Sudipto Sarkar



VESUVIUS

Board of Directors

(as on February 24, 2015)

Biswadip Gupta, *Chairman*
Subrata Roy, *Managing Director*
Yves M.C.M.G. Nokerman
Sudipto Sarkar
Francois Clement Wanecq

Board Committees

(as on February 24, 2015)

Audit Committee

Biswadip Gupta, *Chairman*
Yves M.C.M.G. Nokerman
Sudipto Sarkar

Corporate Social Responsibility Committee

Biswadip Gupta, *Chairman*
Yves M.C.M.G. Nokerman
Subrata Roy

Nomination and Remuneration Committee

Sudipto Sarkar, *Chairman*
Biswadip Gupta
Yves M.C.M.G. Nokerman
Francois Clement Wanecq

Share Transfer and Stakeholders Grievance & Relationship Committee

Biswadip Gupta, *Chairman*
Yves M.C.M.G. Nokerman
Subrata Roy
Sudipto Sarkar

Key Managerial Personnel

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

Auditors

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

Cost Auditors

N.K. Ghosh & Associates
Flat 4B, 10/1 Chakraberia Road (South)
Kolkata 700 025
(Firm Registration no. 102058)

Secretarial Auditors

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



Bankers

Axis Bank Limited
Hongkong Bank
State Bank of India

Registrars & Share Transfer Agents

CB Management Services (P) Ltd
P-22 Bondel Road
Kolkata 700 019
Tel : (033) 4011 6700/ 6711/ 6718/ 6720
Fax : (033) 40116739
Email : rta@cbmsl.com
Website : www.cbmsl.com

Registered Office

P-104 Taratala Road
Kolkata 700 088
Tel : (033) 30410600
Fax : (033) 2401 3976/ 1235
Email : vesuviusindia@vesuvius.com
Website : www.vesuviusindia.com
CIN : L26933WB1991PLC052968

Kolkata Factory :

P-104 Taratala Road
Kolkata 700 088
Tel : (033) 30410600
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 530 049
Tel : (0891) 3983715
Fax : (0891) 3983708
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

Notice of Annual General Meeting

To The Members of
VESUVIUS INDIA LIMITED

Notice is hereby given that the twenty-fourth Annual General Meeting of the Members of Vesuvius India Limited will be held at Williamson Magor Hall, The Bengal Chamber of Commerce & Industry, Royal Exchange, 6 Netaji Subhas Road, Kolkata 700 001 on Thursday, May 7, 2015 at 10.30 a.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended on December 31, 2014, and the Reports of the Directors and Auditors thereon and to pass the following resolution as an **Ordinary Resolution** :

"RESOLVED that the Statement of Profit and Loss for the year ended on December 31, 2014, the Balance Sheet as on that date and annexures thereto, the Cash Flow Statement for the year ended on December 31, 2014, the Reports of Auditors and Directors thereon be and are hereby received and adopted."

2. To declare final dividend for the year ended on December 31, 2014 and to pass the following resolution as an **Ordinary Resolution** :

"RESOLVED that pursuant to the recommendation of the Directors, dividend at the rate of Rs 6/- per share, out of the current profits of the Company for the year ended on December 31, 2014 on 20,296,080 (Twenty million two hundred and ninety six thousand and eighty) Equity Shares of the Company, be and is hereby declared and that the same be paid to those Members whose names appear on the Company's Register of Members as on May 7, 2015."

3. To appoint a Director in place of Mr Biswadip Gupta, who retires by rotation and being eligible, offers himself for reappointment and to pass the following resolution as an **Ordinary Resolution** :

"RESOLVED that Mr Biswadip Gupta (DIN No. 00048258), who retires by rotation from the Board of Directors pursuant to the provisions of section 152 of the Companies Act, 2013 and under Article 101 of the Company's Articles of Association be and is hereby re-appointed a Director of the Company."

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 and to pass the following resolution as an **Ordinary Resolution** :

"RESOLVED that Mr Yves M.C.M.G. Nokerman (DIN No. 02283776), who retires by rotation from the Board of Directors pursuant to the provisions of section 152 of the Companies Act, 2013 and under Article 101 of the Company's Articles of Association be and is hereby re-appointed a Director of the Company."

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

"RESOLVED that, pursuant to the provisions of Section 139 of the Companies Act, 2013, Messrs B S R & Co. LLP, Chartered Accountants, of Godrej Waterside, Unit No 603 & 604, 6th floor, Tower I, Plot No 5, Block DP, Sector V, Salt Lake, Kolkata 700091 (Firm's Registration no. 101248W/W-100022) be and are hereby appointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the twenty-sixth Annual General Meeting of the Company at a remuneration and on terms plus out-of-pocket expenses as may be determined by the Board of Directors of the Company and the said appointment be placed for ratification by the Members at the twenty-fifth Annual General Meeting of the Company."

SPECIAL BUSINESS

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

"RESOLVED that pursuant to the provisions of section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules thereunder, Mr Biswadip Gupta, Director of the Company, be and is hereby appointed as an Independent Director, not liable to retire by rotation, to hold office for a term of upto five consecutive years with effect from May 7, 2015."

Explanatory Statement : Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Business under Item No. 6 of the Notice is annexed hereto.

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 commencement of the meeting. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as proxy for any other person or shareholder.

By Order of the Board of Directors

Vesuvius India Limited

Taposh Roy
Company Secretary

Registered Office :
P-104 Taratala Road
Kolkata 700088
February 24, 2015

Notes :

1. **BOOK CLOSURE :** The Register of Members of the Company will remain closed from **April 29, 2015 to May 7, 2015**, both days inclusive, to determine the Members entitled to receive dividend which will be declared at the Annual General Meeting.

RECORD DATE has been fixed as **Tuesday, March 24, 2015** to determine the Members entitled to vote on the resolutions mentioned in this Notice.

2. **DIVIDEND :** Dividend to be declared at this meeting, will, subject to the provisions of section 126 of the Companies Act, 2013, be deposited with the Bank within May 12, 2015 and dividend will be paid on or after May 15, 2015 to those Members whose names appear on the Register of Members on May 7, 2015 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 Depository 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. Dividend Tax will be paid by the Company pursuant to section 115O of the Income Tax Act, 1961.

3. **BANK ACCOUNT DETAILS :** Securities & Exchange Board of India ("SEBI") has, by their circular no CIR/MRD/DP/10/2013 dated March 21, 2013, directed all companies to make payment to investors only through approved electronic mode of payment and also directed that updated bank detail records of investors must be maintained by the Company. **In view of this direction, dividend payments by the Company will be made only by electronic mode directly into the bank account of Shareholders and no dividend warrants will be issued without bank particulars.**

You are requested to submit your bank details along with an original cancelled cheque or a xerox copy of the cheque to our Registrars, M/s C B Management Services (P) Ltd to enable them to update our records, in case you hold shares in physical form and to your Depository Participants in respect of shares held by you in dematerialised form.

4. **UNCLAIMED DIVIDEND :** Notices have been sent to all Shareholders concerned on January 30, 2015 informing them that their dividend remains unclaimed and the procedure to obtain payment of these unclaimed dividend. Details of dividend unclaimed by Members for the past years which have not yet been transferred to the Central Government have been uploaded on the Company's website **www.vesuviusindia.com**. Members are encouraged to view the lists and lodge their claim with our Registrars & Share Transfer Agents for dividend which have remained unclaimed.
5. **TRANSFER TO IEPF :** Dividend for the year ended on December 31, 2007 which was declared at the Annual General Meeting held on April 29, 2008 and remaining unclaimed will be transferred to the Investor Education and Protection Fund of the Central Government in June 2015 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 12, 2015.

Notice of Annual General Meeting (Contd.)

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 72 of the Companies Act, 2013, Members are informed that they may nominate at any time, in the prescribed manner, a person to whom their shares in the Company shall vest in the event of their death. Nomination Form SH-13 is available on the website of the Company at **www.vesuviusindia.com** under the heading "Investor Information" and "Download Forms".
8. **WEBSITE** : The Company's website is **www.vesuviusindia.com** Annual Reports of the Company, unclaimed dividend list, standard downloadable forms and other Shareholder Communication are made available on the Company's website.
9. **COMMUNICATION** : All Shareholder communication including notices, Annual Reports, quarterly unaudited financial results etc will be sent to the email addresses of Members registered with the Company and the Depository Participants. The Notice of the Annual General Meeting is being sent by electronic mode to those Members whose email addresses are registered with the Company/Depository Participants unless any Member has requested for a physical copy of the same. For Members who have not registered their email addresses, physical copies are being sent by the permitted mode. These documents will also be made available on the Company's website **www.vesuviusindia.com** and will be open for inspection by the Members at the Registered Office of the Company between 10.30 a.m. and 4.00 pm on all working days upto the date of the Meeting.
10. **CORPORATE REPRESENTATION** : A Corporate Member shall be deemed to be personally present only if it is represented in accordance with Section 113 of the Companies Act, 2013 i.e. only if the Corporate Member sends a certified true copy of the resolution passed by the Board of Directors of the Company or a Power of Attorney authorizing the Representative to attend and vote at the meeting on behalf of the Corporate Member.
11. **REGISTRARS** : Members are requested to contact **M/s C B Management Services (P) Ltd, Registrars and Share Transfer Agents of the Company at P-22, Bondel Road, Kolkata 700 019 (Phone No 033-40116700; Email : rta@cbmsl.com)** for recording any change of address, **bank mandate, NECS, registration of Email ID**, share transfers/transmission or nominations regarding shares held by them in physical form and for redressal of complaints or contact Mr Taposh Roy, Company Secretary, at the Registered Office or by email at Taposh.Roy@vesuvius.com.

12. REAPPOINTMENT OF DIRECTORS :

ITEM No. 3 : Mr Biswadip Gupta

Mr Biswadip Gupta, Chairman of the Board of Directors of the Company, retires by rotation in terms of section 152(6) of the Companies Act, 2013 and in accordance with the Articles of Association of the Company at the forthcoming Annual General Meeting, and being eligible, has offered himself for reappointment. He is proposed to be re-appointed a Director.

Mr Biswadip Gupta, aged about 64 years, is a BE(Metallurgy) and MBA and has about 42 years experience in the steel and refractory industry. He has received extensive training worldwide in the refractory making industry during his 20 years association with the Vesuvius Group, UK before being associated with Vesuvius India. Since 1979 he was the Consultant Director, Indian Operations of Vesuvius Corporation SA, Switzerland. Mr Gupta had joined the Company as a Director in 1991 and was the Managing Director from 1992 upto April 17, 2007 and thereafter continued as a non-executive Director. He had been instrumental in setting up of the Indian operations. Mr Gupta was the recipient of the Chief Executive's Award for outstanding performance in 1993 and again in 2003 from the Vesuvius Group during his tenure as Managing Director of the Company.

Mr Gupta was formerly President of Bengal Club Limited and President of Bengal Chamber of Commerce and Industry. He was Deputy Chairman of the Indian Refractory Makers Association and Chairman of CII (Eastern Region). He is presently a Director of Barbil Beneficiation Company Ltd, DESCON Ltd, Dishergarh Infrastructure Development Pvt Ltd, Gourangdih Coal Limited, JSW Bengal Steel Ltd, JSW Energy (Bengal) Ltd, JSW Natural Resources Bengal Limited, JSW Natural Resources India Limited, NICCO Engineering Services Ltd, NICCO Ventures Limited and President, Corporate Affairs of JSW Steel Limited. He is a member of the following Committees :

Name of Company	Name of Committee	Nature of Membership
JSW Bengal Steel Ltd	Audit Committee	Member
Nicco Engineering Services Ltd	Audit Committee	Member
Vesuvius India Ltd	1. Audit Committee	Chairman
	2. Share Transfer & Stakeholders Grievance & Relationship Committee	Chairman
	3. Corporate Social Responsibility Committee	Chairman
	4. Nomination & Remuneration Committee	Member

Mr Gupta's nature of experience is in Steel and Refractory business, Corporate Affairs and Finance. He holds 38,749 shares of the Company. He is not related to any Director or Key Managerial Personnel of the Company.

ITEM No. 4 : Mr Yves M.C.M.G.Nokerman

Mr Yves M.C.M.G. Nokerman retires by rotation in terms of section 152(6) of the Companies Act, 2013 and in accordance with the Articles of Association of the Company at the forthcoming Annual General Meeting, and being eligible, has offered himself for reappointment. He is proposed to be re-appointed a Director and will be liable to retire by rotation.

Mr Yves M.C.M.G. Nokerman, aged about 54 years, is the Vice President Global Shared Services of Vesuvius Group and is based in Ghlin, Belgium. He joined the Board of Directors on July 29, 2008 as a nominee of the holding company. He is not a director of any other company in India, but is a director of 27 companies abroad belonging to the Vesuvius Group. He is well conversant with the refractory industry having over 29 years of experience and his nature of experience is in Finance, Taxation, Information Technology and Corporate Affairs. He does not hold any shares in the Company. He is not related to any other Director or Key Managerial Personnel of the Company. Mr Nokerman is a member of the Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee and also the Share Transfer and Stakeholders Grievance & Relationship Committee.

13. INSTRUCTIONS FOR ELECTRONIC VOTING

In compliance with section 108 of the Companies Act, 2013 and Clause 35B of the Listing Agreement with Stock Exchanges, the Members are provided with the facility to cast their vote electronically through the E-Voting services provided by National Securities Depository Limited (NSDL) on all resolutions set forth in this Notice.

The instructions for the E-voting are as under :

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

- Open the e-mail and also open PDF file namely "Vesuvius e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
- Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>
- Click on Shareholder - Login.
- If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
- If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
- The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both.
- Once the e-voting home page opens, click on e-voting > Active Voting Cycles.
- Select "EVEN" (E-Voting Event Number) of Vesuvius India Limited. Now you are ready for e-voting as Cast Vote page opens.

Notice of Annual General Meeting (Contd.)

- ix. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- x. Upon confirmation, the message "Vote cast successfully" will be displayed.
- xi. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
- xii. Mr Anjan Kumar Roy, Proprietor of Anjan Kumar Roy & Co, Practising Company Secretaries (Membership No. F5684 and C.P. No 4557) has been appointed as the Scrutinizer to scrutinise the E-voting process in a fair and transparent manner and to give his report to the Chairman.
- xiii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/ Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to anjanroy_2003@yahoo.co.in/ anjankumarroyco@hotmail.com with a copy marked to evoting@nsdl.co.in.
- xiv. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) - for members and e-voting user manual for members available at the downloads sections of <http://www.evoting.nsdl.com> or contact NSDL at the following Telephone no. 1800-222-990. You may also send your queries/ grievances relating to e-Voting to Mr. K. Mustafi, M/s. CB Management Services (P) Ltd. Tel. No. (033)40116729, e-mail: mustafik@cbmsl.co

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

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

C. RECORD DATE has been fixed as **Tuesday, March 24, 2015** to determine the Members entitled to vote on the resolutions mentioned in this Notice. **The Electronic Voting period will be open from May 1, 2015 at 9.00 a.m. to May 3, 2015 upto 6.00 p.m., both days inclusive.**

PLEASE NOTE THAT

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

14. Other Information :

- a) The voting rights of the Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the Record Date.
- b) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the E-voting period, make a report of the votes cast in favour or against to the Chairman of the Company.
- c) The results declared along with Scrutinizer's Report will be available on the website of the Company, www.vesuviusindia.com, and the website of NSDL, www.nsdl.com within two days of passing of the resolutions and communication of the same to the Stock Exchanges.

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

Registered Office :
P-104 Taratala Road
Kolkata 700088
February 24, 2015

By Order of the Board of Directors
Vesuvius India Limited
Taposh Roy
Company Secretary

Explanatory Statement Pursuant to Section 102 of The Companies Act, 2013

ITEM No 6 :

Mr Biswadip Gupta (DIN No. 00048258), Chairman of the Board of Directors of the Company, is considered an Independent Director pursuant to provisions of the Listing Agreement with the Stock Exchanges. He has given a declaration that he fulfils and complies with all the conditions specified in the Companies Act, 2013 making him eligible to be appointed as an Independent Director in compliance with the provisions of section 149 of the Companies Act, 2013. The Board of Directors are also of the opinion that Mr Gupta fulfils all the conditions specified in the Companies Act, 2013 and is recommended to be appointed as an Independent Director of the Company.

Mr Biswadip Gupta, aged about 64 years, is a BE(Metallurgy) and MBA and has about 42 years experience in the steel and refractory industry. He has received extensive training worldwide in the refractory making industry during his 20 years association with the Vesuvius Group, UK before being associated with Vesuvius India. Since 1979 he was the Consultant Director, Indian Operations of Vesuvius Corporation SA, Switzerland. Mr Gupta had joined the Company as a Director in 1991 and was the Managing Director from 1992 upto April 17, 2007 and thereafter continued as a non-executive Director. He had been instrumental in setting up of the Indian operations. Mr Gupta was the recipient of the Chief Executive's Award for outstanding performance in 1993 and again in 2003 from the Vesuvius Group during his tenure as Managing Director of the Company.

Mr Gupta was formerly President of Bengal Club Limited and President of Bengal Chamber of Commerce and Industry. He was Deputy Chairman of the Indian Refractory Makers Association and Chairman of CII (Eastern Region). He is presently a Director of Barbil Beneficiation Company Ltd, DESCON Ltd, Dishergarh Infrastructure Development Pvt Ltd, Gourangdih Coal Limited, JSW Bengal Steel Ltd, JSW Energy (Bengal) Ltd, JSW Natural Resources Bengal Limited, JSW Natural Resources India Limited, NICCO Engineering Services Ltd, NICCO Ventures Limited and President, Corporate Affairs of JSW Steel Limited. He is a member of the following Committees :

Name of Company	Name of Committee	Nature of Membership
JSW Bengal Steel Ltd	Audit Committee	Member
Nicco Engineering Services Ltd	Audit Committee	Member
Vesuvius India Ltd	1. Audit Committee	Chairman
	2. Share Transfer & Stakeholders Grievance & Relationship Committee	Chairman
	3. Corporate Social Responsibility Committee	Chairman
	4. Nomination & Remuneration Committee	Member

Mr Gupta's nature of experience is in Steel and Refractory business, Corporate Affairs and Finance. He holds 38,749 shares of the Company. He is not related to any Director or Key Managerial Personnel of the Company.

The Board of Directors recommends the appointment of Mr Biswadip Gupta as an Independent Director of the Company.

Other than Mr Biswadip Gupta and his relatives, no Promoter, Director, Key Managerial Personnel or their relatives is concerned or interested in the resolution.

Registered Office :

P-104 Taratala Road
Kolkata 700088
February 24, 2015

By Order of the Board of Directors

Vesuvius India Limited

Taposh Roy
Company Secretary

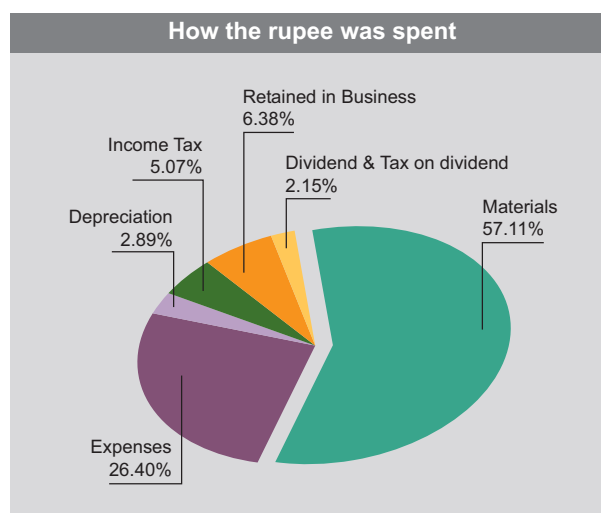
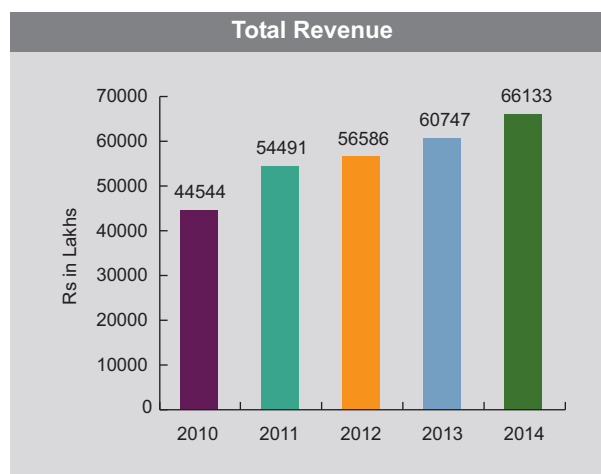
Report of The Directors and Management Discussion & Analysis Report

FOR THE YEAR ENDED ON DECEMBER 31, 2014

The Directors have pleasure in submitting their Annual Report together with the Audited Statements of Account for the year ended on December 31, 2014.

The Year in Retrospect

	(Rs Lakhs)	
	Year ended 31.12.2014	Year ended 31.12.2013
Financial Results:		
Sale of Goods (excluding Excise Duty)	62,167	57,492
Sale of Services	3,000	2,627
Other Income	966	628
Total Revenue	66,133	60,747
Profit before Depreciation, Interest & Tax (PBDIT)	10,905	11,657
Depreciation & Amortisation	1,912	1,756
Interest	-	7
Profit before Tax	8,993	9,894
Provision for Income Tax	3,076	3,377
Profit for the year after Tax	5,917	6,517
Proposed Dividend and Taxes :		
Proposed Final Dividend @ Rs 6/- per share i.e. 60 %	1,218	964
Dividend Tax on Final Dividend	243	164
Interim Dividend @ Re 1/- per share i.e. 10 %	203	-
Dividend Tax on Interim Dividend	34	-
Total Dividend and Taxes	1,698	1,128
Transfer to General Reserves :	592	652
Basic & Diluted Earnings Per Share :	Rs 29.15	Rs 32.10



Operating & Financial Performance, Internal Control

In the face of overall subdued market conditions, our Company has delivered top line growth and performed ahead of the underlying steel production trend. We were able to do so because of our ability to innovate and to help customers improve process productivity and therefore extract more value for their products. This capability is particularly valued by customers in periods when their focus is on quality and cost rather than on volume.

For Indian steel makers it has been a quiet phase throughout the calendar year 2014. From a level of 81.2 million tonnes in 2013, crude steel production grew to 82.7 million tonnes in 2014 (2%). Major steel

producers have either dropped their outputs significantly and are producing inconsistently or have shelved their growth plans. The economy has not yet delivered its promises on the ground in terms of serious demand from infrastructural growth. The sluggish production trend is further depressed due to cheaper imports. Customers are pushing for reduction in refractory prices in order to cut their cost.

This year, the Company's total revenue from operations increased by over Rs 5,048 lakhs driven by both domestic growth and exports despite slowdown in domestic steel production. Net sales increased by 8% but both PBT and PAT decreased

by 9% over the previous year. Raw material costs triggered by adverse foreign exchange fluctuation, and transportation costs, increased sharply but significant savings were made through energy usage optimization programs. Focused attention is made on cost and internal efficiencies to retain profitability.

All four factories had been working efficiently during the year. Safety measures and processes have been installed and improved upon at all plants and work sites. Heavy rainfall at Mehsana on July 18, 2014 affected some raw materials, finished goods and equipment causing nominal losses net of insurance. Cyclone Hudhud had made landfall on October 12, 2014 which affected both the Company's factories at Visakhapatnam. Due to pre-cyclone protective planning and post-cyclone prompt actions and efficient handling of the situation, losses net of insurance were minimal. Customers were not affected and no force majeure clauses were invoked.

There is no change in the nature of the business of the Company. The Company has no subsidiaries or associated companies therefore disclosures in this regard are not provided in this Report. There were no significant and material orders passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future. There were no material changes and commitments affecting the financial position of the Company occurring between December 31, 2014 and the date of this Report of the Directors.

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. Code on Internal Control which require that the Directors review the effectiveness of internal controls and compliance controls, financial and operational risks, risk assessment and management systems and related party transactions, have been complied with. Self certification exercises are also conducted by which senior management certify effectiveness of the internal control system, their adherence to Code of Conduct and Company's policies for which they are responsible, financial or commercial transactions, if any, where they have personal interest or potential conflict of interest. Internal Audit has been conducted on a pan India basis.

Company's Policies on Health & Safety, Quality, Corporate Social Responsibility, Remuneration, Employee Concern (Whistle Blowing) and also the

Code of Conduct applicable to Directors and Employees of the Company have been complied with. These Policies and the Code of Conduct are available on the Company's website www.vesuviusindia.com

Dividend

On the occasion of the 20th Anniversary of commencement of commercial production from the Company's first plant at Kolkata, an interim dividend being the 20th Anniversary Special Dividend of Re. 1/- per share (i.e. 10%) had been declared by the Board of Directors on February 25, 2014 and paid to all Members on March 12, 2014.

The Board of Directors are pleased to recommend a final dividend of Rs 6/- per share i.e. 60% on Equity Shares of Rs 10/- each. The dividend together with dividend tax will entail a cash outflow of Rs 1,461 lakhs (previous year Rs 1,128 lakhs). If this is approved at the forthcoming Annual General Meeting, dividend will be deposited with the bank within May 12, 2015 and dividend will be paid on or after May 15, 2015 to those who are Members of the Company as on May 7, 2015, the Book Closure period being April 29, 2015 to May 7, 2015. In respect of shares held electronically, dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories.

The interim dividend together with the proposed final dividend results in a total dividend payout of Rs 7/- per share (i.e. 70%) for the current year ending December 31, 2014.

Group Activities

Vesuvius plc, the ultimate holding company, is listed on the London Stock Exchange and is a global leader in metal flow engineering, principally serving steel and foundry industries with customized products, services and technologies that make demanding applications possible. Vesuvius has a presence across the world at all major customer facilities employing over 12,000 employees spread over 30 countries with 69 manufacturing establishments, 6 Research & Development Centres and 8 Development Laboratories and employs more than 100 PhDs. The Vesuvius Research Centers in USA and France are fully equipped laboratory and product testing complexes.

Vesuvius Group Limited, U.K., the immediate holding company, holds about 56% of the share capital of the Company. Mr Francois Wanecq the Chief Executive of Vesuvius plc, the ultimate holding company, is a Director of our Company. Vesuvius continues to focus on safety, technology, investing

Report of The Directors (Contd.)

new capacities in emerging markets including in India. Vesuvius is actively pursuing the implementation of its strategy towards Technical Services and for this purpose has acquired two companies involved in high technology data capture serving principally the steel industry - ECIL Mec Tec in Brazil and Process Metrix in California. The Vesuvius Group has a sincere commitment to and has been extremely supportive of their Indian operations and continues to provide constant support in terms of technology, systems, manufacturing etc.

ISO Certification

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

Segmentwise performance

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

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

The steel industry, which is the major customer of the Company, dropped their outputs significantly and are producing inconsistently or have shelved their growth plans. The sluggish production trends further depressed due to cheaper imports and non-availability of local raw materials. Competition activities have increased as they hold on to their market share with aggressive pricing. International competitors have entered Indian markets with new acquisitions with aggressive pricing strategies.

Vesuvius is a global leader in molten metal flow engineering, principally serving the steel and foundry industries with products, services and technologies that make demanding high temperature industrial applications possible. Vesuvius has established with the customers over the years a relationship of trust and partnership based on the true value we create in our customer's processes with our unique technological product and service offering.

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

There is a continuous process for identifying, evaluating and managing significant risks faced through a risk management process designed to identify the key risks facing each business. The role of insurance and other measures used in managing risks is also reviewed. Risks would include significant weakening in demand from core-end markets, end market cyclicity, adverse foreign exchange fluctuations, inflation uncertainties, energy costs and shortage of raw materials, maintenance and protection of leading technologies and adverse regulatory developments. During the year a risk analysis and assessment was conducted and no major risks were noticed.

Board of Directors

Dr Claude Dumazeau, who was a nominee of the holding company, had retired from the Vesuvius Group's employment and so had resigned as a Director of the Company and his resignation was accepted effective from February 25, 2014. The Board of Directors record their appreciation of the services rendered by Dr Dumazeau during his term as a Director of the Company since December, 1994.

Mr Sudipto Sarkar was appointed as an Independent Director at the Annual General Meeting held on April 29, 2014 pursuant to the provisions of section 149 of the Companies Act, 2013 for a period of five years from April 29, 2014 and will not be liable to retire by rotation during his term of five years.

Mr Tanmay Kumar Ganguly, Managing Director of the Company, has been appointed President-Advanced Refractories of the Vesuvius Group with effect from January 1, 2015 and is now responsible for the worldwide Advanced Refractory business of the Vesuvius Group from his new location in the United Kingdom. Mr Ganguly had resigned from the Company effective from close of office hours on December 31, 2014 to take up his new assignment within the Vesuvius Group and his resignation was accepted by the Board at their meeting held on December 26, 2014. The Board of Directors record their appreciation of the good work done by Mr Tanmay Ganguly and acknowledge his contribution to the growth and prosperity of the Company during his tenure as Managing Director.

At the Board meeting held on December 26, 2014, Mr Subrata Roy was appointed Managing Director of the Company for a period of five years with effect from January 1, 2015, subject to the approval of the Members of the Company which has been sought through electronic voting for which a Notice has been

issued on January 28, 2015. Mr Subrata Roy, aged 49 years, is a Mechanical Engineer from Jadavpur University, Kolkata, and worked with Bharat Heavy Electricals Ltd. for five years prior to joining Vesuvius India in September, 1993. Over the last two decades Mr Roy held numerous roles within the Company. He assumed the responsibilities of Engineering Manager of the Kolkata Plant, Slidegates Product Line Manager for Asia Pacific, Business Manager-Slide Gates & Purge Plugs, General Manager-Flow Control Sales, and had gradually moved to his new responsibility as Chief Executive-Operations around two and half years ago, immediately before his appointment as Managing Director. He was an integral part of the team which set up the Company's first factory at Kolkata and he had also supervised the construction of the Company's second factory at Visakhapatnam. He is not a Director of any other company and does not hold any shares of the Company and is not related to any Director or Key Managerial Personnel of the Company.

The Companies Act, 2013 requires that a Woman Director should be a member of the Board of Directors. Miss Nayantara Palchoudhuri has been recommended both by the Nomination and Remuneration Committee and by the Board of Directors to be the Woman Independent Director of the Company. Approval to her appointment has been sought from the Members of the Company through electronic voting for which a Notice has been issued on January 28, 2015. If approved, Miss Nayantara Palchoudhuri will join the Board of Directors as a Woman Independent Director for a term of five years effective from March 27, 2015

and during this term she will not be liable to retire by rotation.

Miss Nayantara Palchoudhuri, aged 52 years, is a fourth generation Tea Planter with more than 20 years experience in the successful operations and management of the tea estates in North Bengal. She is a B.A. (Hons) in Political Science from University of Jadavpur with a First Class First and was awarded the University Gold Medal and the National Scholarship; an M.A. in Development Studies from the School of Oriental and African Studies -SOAS- (University of London) and M.Phil (Research Degree) from the London School of Economics & Political Science where she was awarded the Metcalfe Scholarship.

She is presently serving as the Honorary Consul for Norway in the Eastern Region looking after their trade development and consular matters. She was recently awarded the Banga Samman Award and the Nari Samman Award and The FLO- 2008 Woman Achiever Award and was the only delegate from India to the International Visitors Leadership Programme to USA on an invitation from the US Government in 2007.

She is presently the Chairperson of the North Bengal Branch and Council Member of the Tea Research Association, Member of the National Committee for Tea and the Indian Tea Association. She is a Wholetime Director of Washabarie Tea Co Pvt Ltd and also a Director of West Bengal Tea Development Corporation Ltd, Rossell India Limited and Ludlow Jute & Specialities Limited and a Partner of Mohurgong & Gulma Tea Estates.

▼ Bidding Farewell to Dr Claude Dumazeau, Director, at Kolkata



Report of The Directors (Contd.)

She is a Member of the Executive Committee of Indian Chamber of Commerce and of the National Executive Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI). She is the Founder Member of the Entrepreneurship Development Institute (EDI) set up in association with the Government of West Bengal and the Bengal National Chamber of Commerce and Industry for skill and enterprise development.

She is currently the President of the Indo British Scholars Association.

She was the First Lady President of the 120 year old Bengal National Chamber of Commerce and Industry and was a Member of the Senate of Calcutta University and an Executive Council Member of the Netaji Subhas Open University.

She is associated with several social Associations and has held several responsibilities including as Past District Governor of Rotary International District 3291, Member of the Advisory Committee of the Indian Council for Cultural Relations, Kolkata, International Vice-Chair of the London School of Economics Alumni Association, Executive Committee of the Ladies Study Group and State Co-Convenor of Indian National Trust for Art and Cultural Heritage (INTACH) - the leading heritage conservation organisation in the country.

Miss Palchoudhuri does not hold any shares in the Company, nor is she related to any Director or Key Managerial Personnel of the Company. She has given a declaration that she fulfils and complies with all the conditions specified in the Companies Act, 2013 making her eligible to be appointed as an Independent Director. The Board of Directors are also of the opinion that Miss Palchoudhuri fulfils all the conditions specified in the Companies Act, 2013 making her eligible to be appointed as an Independent Director.

Mr Biswadip Gupta, Chairman of the Company, will retire by rotation at the next Annual General Meeting and being eligible has offered himself for reappointment as a Director of the Company. Being eligible, he is proposed to be re-appointed as an Independent Director of the Company in compliance with the provisions of section 149 of the Companies Act, 2013 for a term of five years effective from May 7, 2015. He will not be liable to retire by rotation during his term of five years.

Mr Biswadip Gupta, aged about 64 years, is a BE(Metallurgy) and MBA and has about 42 years

experience in the steel and refractory industry. He has received extensive training worldwide in the refractory making industry during his 20 years association with the Vesuvius Group, UK before being associated with Vesuvius India. Since 1979 he was the Consultant Director, Indian Operations of Vesuvius Corporation SA, Switzerland. Mr Gupta had joined the Company as a Director in 1991 and was the Managing Director from 1992 upto April 17, 2007 and thereafter continued as a non-executive Director. He had been instrumental in setting up of the Indian operations. Mr Gupta was the recipient of the Chief Executive's Award for outstanding performance in 1993 and again in 2003 from the Vesuvius Group during his tenure as Managing Director of the Company.

Mr Gupta was formerly President of Bengal Club Limited and President of Bengal Chamber of Commerce and Industry. He was Deputy Chairman of the Indian Refractory Makers Association and Chairman of CII (Eastern Region). He is presently a Director of Barbil Beneficiation Company Ltd, DESCON Ltd, Dishergarh Infrastructure Development Pvt Ltd, Gourangdih Coal Limited, JSW Bengal Steel Ltd, JSW Energy (Bengal) Ltd, JSW Natural Resources Bengal Limited, JSW Natural Resources India Limited, NICCO Engineering Services Ltd, NICCO Ventures Limited and President, Corporate Affairs of JSW Steel Limited. He is a member of the following Committees:

Name of Company	Name of Committee	Nature of Membership
JSW Bengal Steel Ltd	Audit Committee	Member
Nicco Engineering Services Ltd	Audit Committee	Member
Vesuvius India Ltd	1. Audit Committee	Chairman
	2. Share Transfer & Stakeholders Grievance & Relationship Committee	Chairman
	3. Corporate Social Responsibility Committee	Chairman
	4. Nomination & Remuneration Committee	Member

Mr Gupta's nature of experience is in Steel and Refractory business, Corporate Affairs and Finance. He holds 38,749 shares of the Company. He is not related to any Director or Key Managerial Personnel of the Company. He has given a declaration that he fulfils and complies with all the conditions specified in the Companies Act, 2013 making him eligible to be appointed as an Independent Director. The Board of Directors are also of the opinion that Mr Gupta fulfils all the conditions specified in the Companies Act, 2013 making him eligible to be appointed as an Independent Director.

Mr Yves M.C.M.G. Nokerman retires by rotation at the Annual General Meeting of the Company and, being eligible, has offered himself for reappointment.

He is proposed to be re-appointed a Director and will be liable to retire by rotation.

Mr Yves M.C.M.G. Nokerman is the Vice President Global Shared Services of Vesuvius Group and is based in Ghlin, Belgium. He joined the Board of Directors on July 29, 2008 as a nominee of the holding company. He is not a director of any other company in India, but is a director of 27 companies abroad belonging to the Vesuvius Group. He is well conversant with the refractory industry having over 29 years of experience and his nature of experience is in Finance, Taxation, Information Technology and Corporate Affairs. He does not hold any shares in the Company. He is not related to any other Director or Key Managerial Personnel of the Company. Mr Nokerman is a member of the Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee and also the Share Transfer and Stakeholders Grievance & Relationship Committee.

Mr Biswadip Gupta and Mr Sudipto Sarkar, Independent Directors of the Company, have had a separate meeting on November 10, 2014 to review the performance and evaluation of Independent Directors and Board as a whole and assess the quality, quantity and timeliness of flow of information from the Company management to the Directors. The overall outcome from the evaluation was that the Board and its individual Directors are performing effectively and that the Board is well supported and presents an open forum for debate and that future focus should be on strategy, governance and compliances.

The Independent Directors have confirmed and declared that they are not disqualified to act as an independent director in compliance with the provisions

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

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

The details of number and dates of meetings held by the Board and its Committees, attendance of Directors and remuneration paid to them is given separately in the attached Corporate Governance Report.

Directors' Responsibility Statement

The Board of Directors acknowledges the responsibility for ensuring compliance with the provisions of section 134(3)(c) read with section 134(5) of the Companies Act, 2013 and Clause 49(III)(D)(4)(a) of the listing agreement with Stock Exchanges in the preparation of the annual accounts for the year ended on December 31, 2014 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

▼ John McDonough CBE, Chairman of Vesuvius plc, visited the Kolkata and Visakhapatnam plants in September, 2014. He is seen here with the management team at Kolkata



▲ John McDonough CBE, in conversation with Tanmay Ganguly, Biswadip Gupta and Subrata Roy

Report of The Directors (Contd.)

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;
- v. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi. there is a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Key Managerial Personnel

The following three persons were formally appointed as Key Managerial Personnel of the Company effective from April 1, 2014 in compliance with the provisions of section 203 of the Companies Act, 2013:

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

Mr Tanmay Ganguly having resigned effective from December 31, 2014, Mr Subrata Roy was appointed as the Managing Director and Key Managerial Personnel effective from January 1, 2015. Remuneration and other details of the Key Managerial Personnel for the year ended December 31, 2014 are mentioned in the Extract of the Annual Return which is attached as **Annexure IV** and forms a part of this Report of the Directors.

Corporate Governance

The Company has in place the SEBI guidelines pertaining to Corporate Governance. During the year under consideration the Company had a five member Board of Directors consisting of two non-executive independent directors, two non-executive non-resident directors representing the holding company and the Managing Director.

The non-executive 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, 2013 and Rules thereon.

The Corporate Governance Report giving the details as required under Clause 49 of the listing agreement with the Stock Exchanges is given separately as **Annexure I** and forms part of this Report of the Directors. The Corporate Governance Certificate for the year ended on December 31, 2014 issued by Mr Anjan Kumar Roy of M/s Anjan Kumar Roy & Co, Practicing Company Secretaries, Secretarial Auditor of the Company, is also attached as **Annexure II** and forms a part of this Report of the Directors.

The Company has in place an Insider Trading Code for compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. Mr Taposh Roy, Company Secretary, is the Compliance Officer responsible for compliance with the Insider Trading procedures. Details of securities transaction by insiders are placed before the Board of Directors of the Company and also notified to the Stock Exchanges.

Mr Subrata Roy, Managing Director and Mr Sanjoy Dutta, Chief Financial Officer have given their certificate under Clause 49(IX) of the listing agreement with Stock Exchanges regarding the annual financial statements for the year ended on December 31, 2014 to the Board of Directors. The Managing Director has given his certificate under Clause 49(II)(E) of the listing agreement with Stock Exchanges regarding compliance with the Code of Conduct of the Company for the year ended December 31, 2014, which is attached as **Annexure IX** and forms a part of this Report of the Directors.

Audit Committee

The Audit Committee was constituted on October 24, 2000. The Committee now comprises Mr Biswadip Gupta as Chairman and Mr Yves M.C.M.G. Nokerman and Mr Sudipto Sarkar as Members. The Company Secretary is the Secretary of the Committee. The Managing Director and Chief Financial Officer are permanent invitees to the meeting. The details of all related party transactions are placed periodically before the Audit Committee. During the year there were no instances where the Board had not accepted the recommendations of the Audit Committee. The Company has in place a vigil mechanism details of which are available on the Company's website **www.vesuviusindia.com**

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

The details of terms of reference of the Audit Committee, number and dates of meetings held, attendance of the Directors and remuneration paid to them are given separately in the attached Corporate Governance Report.

Corporate Social Responsibility Committee

A Corporate Social Responsibility Committee was constituted on April 29, 2014 with Mr Biswadip Gupta as Chairman and Mr Tanmay Ganguly and Mr Yves Nokerman as Members. Mr Tanmay Ganguly has resigned effective from December 31, 2014 and in his place Mr Subrata Roy, Managing Director, has been inducted into the Committee as a Member effective from January 1, 2015.

The Committee met only once during the year on November 10, 2014 to finalise the Corporate Social Responsibility Policy. The Policy was approved by the Board on November 10, 2014, is available on the Company's website www.vesuviusindia.com and is attached as **Annexure VII** and forms a part of this Report of the Directors.

The terms of reference of the Corporate Social Responsibility Committee, number and dates of

meetings held, attendance of the Directors and remuneration paid to them are given separately in the attached Corporate Governance Report.

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.

The Company continues its spend to support local initiatives to improve infrastructure as well as support in other corporate social responsibility initiatives. The Company has not yet finalized the manner of implementation of the CSR Policy, for which it is in dialogue with various agencies to evaluate available options. The disclosure requirements relating to the amounts spent on Corporate Social Responsibility activities of the Company is due for the first time for the financial year ending on December 31, 2015 and hence is not disclosed this year.

Nomination and Remuneration Committee

A Nomination and Remuneration Committee was

Annual General Meeting in progress



Report of The Directors (Contd.)

constituted on April 29, 2014 with Mr Sudipto Sarkar as Chairman and Mr Biswadip Gupta, Mr Yves Nokerman and Mr Francois Wanecq as Members. The Company Secretary is the Secretary of this Committee.

The Company's Remuneration Policy is available on the Company's website www.vesuviusindia.com and is attached as **Annexure VIII** and forms a part of this Report of the Directors. The details of terms of reference of the Nomination and Remuneration Committee, number and dates of meetings held, attendance of the Directors and remuneration paid to them are given separately in the attached Corporate Governance Report.

Share Transfer and Stakeholders Grievance & Relationship Committee

The Share Transfer Committee was constituted on January 1, 1993 and was renamed The Share Transfer and Investor Grievance Committee on February 12, 2001. To comply with the requirements of the Companies Act, 2013 and the listing agreements with Stock Exchanges, the name of the Committee was changed to Share Transfer and Stakeholders Grievance & Relationship Committee effective from April 29, 2014. The Members of the Committee are Mr Biswadip Gupta as Chairman, Mr Tanmay Ganguly, Mr Yves Nokerman and Mr Sudipto Sarkar as Members. Mr Tanmay Ganguly having resigned effective from December 31, 2014, Mr Subrata Roy has been inducted into the Committee as a Member effective from January 1, 2015. There were two meetings during the year on April 29, 2014 and December 31, 2014. The Committee has delegated the responsibility for share transfers and other routine share maintenance work to the Company Secretary and to M/s C B Management Services (P) Ltd, the Registrars and Share Transfer Agents of the Company. All requests for dematerialisation and rematerialisation of shares, transfer or transmission of shares and other share maintenance matters are completed within 15 days of receipt of valid and complete documents. Minutes of the Committee meetings are circulated to all Directors and discussed at the Board meetings. The Committee also reports to the Board on matters relating to the shareholding pattern, shareholding of major shareholders, insider trading compliances, movement of share prices, redressal of complaints, Reports on SCORES of SEBI and all compliances under the Companies Act, 2013 and the listing agreement with Stock Exchanges. The details of the number and dates of meetings of this Committee which were held during the year ended December

31, 2014, attendance of the Directors and remuneration paid to them are given separately in the attached Corporate Governance Report.

The shares of the Company are listed on the Bombay and National Stock Exchange. The Company's shares are compulsorily traded in the dematerialized form. The ISIN number allotted is **INE 386A01015**. The details of shareholding pattern, distribution of shareholding and share prices are mentioned separately in the attached Corporate Governance Report. Only 2.23 % of share capital are held in physical mode by 3174 Shareholders.

Investor Education and Protection Fund

In compliance with the provisions of section 205A of the Companies Act, 1956, a sum of Rs 339,552/- being the dividend lying unclaimed out of the tenth dividend declared by the Company for the year ended December 31, 2006 at the Annual General Meeting held on April 17, 2007 was transferred to the Investor Education and Protection Fund of the Central Government in May, 2014, after giving several notices and reminders to the concerned shareholders.

Dividend which remains unclaimed out of the eleventh dividend declared by the Company for the year ended on December 31, 2007 at the Annual General Meeting held on April 29, 2008 will be transferred to the Investor Education and Protection Fund of the Central Government in June, 2015 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 12, 2015.

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 30, 2015 reminding them to encash their unclaimed dividend.

Auditors

M/s B S R & Co. LLP, Chartered Accountants, hold office as Auditors of the Company till the conclusion of the ensuing Annual General Meeting, and being eligible, offer themselves for reappointment. Pursuant to the provisions of section 139 of the Companies Act, 2013, the Auditors are proposed to be reappointed for a term of two years, subject to ratification by the Members at every Annual General Meeting. There are no qualifications or observations or remarks made by the Auditors in their Report.

Secretarial Audit

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

Cost Audit

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 Accountants, of Flat no 4B, 10/1 Chakraberia Road (South), Kolkata 700 025 (Firm's Registration no 102058) had been appointed Cost Auditors of the Company for the first time for conducting Cost Audit of the Company's cost records for the year ended December 31, 2013. The Cost Audit for the year ended December 31, 2013 had been completed and the report has been filed with the Ministry of Corporate Affairs.

The Board at their meeting held on February 25, 2014 re-appointed the Cost Auditors for the year ended December 31, 2014 at a remuneration of Rs 150,000 plus service tax and out of pocket expenses. Pursuant to the provisions of section 148 of the Companies Act, 2013 which has replaced section 233B of the Companies Act, 1956, the remuneration of the Cost Auditor should be determined by the Members of the Company. A Notice dated January 28, 2015 had been issued to the Members

of the Company seeking their approval, through electronic voting, to the remuneration payable to the Cost Auditors.

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, 2014.

Loans, guarantees and investments

It is the Company's policy not to give loans, directly or indirectly, to any person (other than to employees under contractual obligations) or to other body corporates or give any guarantee or provide any security in connection with a loan to any other body corporate or person. The Company also does not make any investment in securities of any other body corporate.

In compliance with section 186 of the Companies Act, 2013, loans to employees bear interest at applicable rates.

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

The prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as **Annexure V** and forms a part of this Report of the Directors.

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

▼ 'Starz' employees at Kolkata with Management team



Report of The Directors (Contd.)

Annexures forming a part of this Report of the Directors

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

Annexure	Particulars
I	Corporate Governance Report
II	Certificate from Practicing Company Secretary on Corporate Governance Report
III	Secretarial Audit Report
IV	Extract of the Annual Return in Form MGT-9
V	Prescribed particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo
VI	Particulars of Employees
VII	Corporate Social Responsibility Policy of the Company
VIII	Remuneration Policy of the Company
IX	Managing Director's Certificate under Clause 49(II)(E) of Listing Agreement on compliance of Code of Conduct

Human Resources Management & Health, Safety and Environment

A fundamental concept embodied in the Company's Code of Conduct is that the Company's goals can only be met through the efforts of its employees. Vesuvius recognises that job satisfaction requires working environments that motivate employees to be productive and innovative and provide opportunities for employee training and development to maximise personal potential and develop careers within the Group. The Company values the involvement of its employees and keeps them informed on matters affecting them as employees and factors relevant to the Company's performance. Decisions on recruitment, career development, training, promotion and other employment related issues are made solely

on the grounds of individual ability, achievement, expertise and conduct and these principles are operated on a non-discriminatory basis. 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.

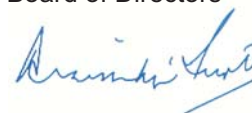
We have made further progress on Health and Safety both in terms of safe working practices and the reporting performance by implementation of standards for vehicle and machine safety, ergonomics initiatives, wearing protective equipments, regular safety audits etc. Also managing environment impact is a matter of priority and therefore continuous care for the environment, responsible disposal of wastes and development of local co-operatives are engaged into.

All senior officials of the Company have undergone training on Anti Bribery and Anti Corruption Policy of the Company.

Appreciation

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

For and on behalf of the
Board of Directors



Biswadip Gupta
CHAIRMAN

Kolkata
February 24, 2015

▼ SGR M3 HeaTt participants at Kolkata



Annexure - I : Corporate Governance Report - 2014

This Corporate Governance Report relating to the year ended on December 31, 2014 has been issued in compliance with the requirements of Clause 49 of the Listing Agreement with Stock Exchanges and forms a part of the Report of the Directors to the Members of the Company.

1. OUR COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Our Company's philosophy is to add value to customers' businesses providing materials, equipment, processes and services that allow them to increase efficiency, quality and profitability of their operations while upholding the core values of Creativity, Co-operation, Reliability, Integrity, Embracing Diversity and compliance with laws. Our Company has complied with Vesuvius Group's Code of Conduct which serves as a guide to each Director and employee on the standards and values, ethics and business principles which should govern their conduct and the Vesuvius 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 leader in molten metal flow engineering, principally serving the steel and foundry industries with products, services and technologies that make demanding high temperature industrial applications possible.

Our mission is :

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

2. BOARD OF DIRECTORS

2.1. Composition and Category of Directors

The Board of Directors as on February 24, 2015 consists of five Directors of which there are four Non-executive Directors and the Managing Director. Mr Subrata Roy has been appointed Managing Director effective from January 1, 2015 in place of Mr Tanmay Kumar Ganguly (DIN : 01272338) who was the Managing Director of the Company upto December 31,

2014. The details of the composition of the Board of Directors as on February 24, 2015 is as follows :

Name of Director	Category of Director	Particulars
Mr Biswadip Gupta (DIN : 00048258)	Non-Executive Chairman	Considered as Independent Director under the Listing Agreement. He will be appointed an Independent Director under the Companies Act, 2013 when he is due to retire by rotation at the ensuing Annual General Meeting
Mr Yves M.C.M.G. Nokerman (DIN : 02283776)	Non-Executive Director	Nominee of the holding company
Mr Subrata Roy (DIN : 07046994)	Managing Director	Appointed Managing Director effective from January 1, 2015
Mr Sudipto Sarkar (DIN : 00048279)	Non-Executive Independent Director	Appointed Independent Director under section 149 of the Companies Act, 2013 for 5 years effective from April 29, 2014
Mr Francois Clement Wanecq (DIN : 01272269)	Non-Executive Director	Nominee of the holding company

2.2. Details of the Directors

Dr Claude Dumazeau, who was a nominee of the holding company, had retired from the Vesuvius Group's employment and so had resigned as a Director of the Company and his resignation was accepted effective from February 25, 2014.

Mr Tanmay Kumar Ganguly, Managing Director of the Company, has been appointed President-Advanced Refractories of the Vesuvius Group with effect from January 1, 2015 and is now responsible for the worldwide Advanced Refractory business of the Vesuvius Group from his new location in the United Kingdom. Mr Ganguly had resigned from the Company effective from close of office hours on December 31, 2014 to take up his new assignment within the Vesuvius Group and his resignation was accepted by the Board at their meeting held on December 26, 2014.

At the Board meeting held on December 26, 2014, Mr Subrata Roy was appointed Managing Director of the Company for a period of five years with effect from January 1, 2015, subject to the approval of the Members of the Company which has been sought through electronic voting for which a Notice has been issued on

Corporate Governance Report - 2014 (Contd.)

January 28, 2015. Mr Subrata Roy has been employed in the Company for the past 21 years and was the Chief Executive - Operations immediately before his appointment as Managing Director. He is not a Director of any other company and does not hold any shares of the Company. His particulars and other details are mentioned in the Directors Report and therefore are not mentioned separately in this Report.

The Companies Act, 2013 requires that a Woman Director should be a member of the Board of Directors. Miss Nayantara Palchoudhuri has been recommended both by the Nomination and Remuneration Committee and by the Board of Directors to be the Woman Independent Director of the Company. Approval to her appointment has been sought from the Members of the Company through electronic voting for which a Notice has been issued on January 28, 2015. If approved, Miss Nayantara Palchoudhuri will become a Woman Independent Director effective from March 27, 2015. Her directorships and other details are mentioned in the Directors Report and therefore are not mentioned separately in this Report.

Mr Biswadip Gupta, Chairman of the Company, will retire by rotation at the next Annual General Meeting and being eligible has offered himself for reappointment as a Director of the Company. He is proposed to be re-appointed as an Independent Director of the Company in compliance with the provisions of section 149 of the Companies Act, 2013. The personal information about Mr Gupta is mentioned in the Directors Report and therefore is not mentioned separately in this Report.

Mr Yves M.C.M.G. Nokerman will also retire by rotation at the next Annual General Meeting and being eligible has offered himself for reappointment. The personal information about Mr Nokerman is mentioned in the Directors Report and therefore is not mentioned separately in this Report.

All Directors have certified that the disqualifications mentioned under sections 164, 167 and 169 of the Companies Act, 2013 do not apply to them. Independent Directors have confirmed that they have complied with the Code for Independent Directors mentioned in Schedule IV of the Companies Act, 2013 and that they are not disqualified to act as an independent director in compliance with the provisions of section 149 of the Companies Act, 2013.

2.3. Code of Conduct

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

2.4. Shareholding of Directors and Key Managerial Personnel

As on December 31, 2014 following shares of the Company were held by Directors and Key Managerial Personnel of the Company :

Name	Designation	No of shares held as on 31.12.2014
Mr Biswadip Gupta	Chairman	38,749
Mr Sanjoy Dutta	Chief Financial Officer	6,500
Mr Taposh Roy	Company Secretary	1

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

2.5. Board Meetings, Annual General Meeting and Attendance

During the financial year ended December 31, 2014, five Board meetings were held on February 25, 2014, April 29, 2014, August 7, 2014, November 10, 2014 and December 26, 2014. The Annual General Meeting was held on April 29, 2014.

The Attendance of the Directors at the Board meetings and the Annual General Meeting and remuneration paid to them for attending the Board meetings is given below :

Name of Director	No. of Meetings		Fees Paid Rs	Attendance at AGM held on 29.04.2014
	Held	Attended		
Mr Biswadip Gupta	5	5	100,000	Yes
Mr Tanmay Ganguly	5	5	Nil	Yes
Mr Yves M.C.M.G. Nokerman	5	3	Nil	Yes
Mr Sudipto Sarkar	5	4	80,000	No
Mr Francois Clement Wanecq	5	2	Nil	Yes

Mr Biswadip Gupta, Chairman of the Audit Committee, was present at the Annual General Meeting held on April 29, 2014. The Chief Financial Officer is a permanent invitee to the meetings of the Board of Directors. The Company Secretary is the Secretary of the Board of Directors and attended all meetings of the Board of Directors.

2.6. Board Committees

The Board of Directors had already constituted the Audit Committee and the Share Transfer and Investor Grievance Committee. In compliance with the new requirements of the Companies Act, 2013 and the revised Corporate Governance requirements under Clause 49 of the Listing Agreements with stock exchanges, the Board has constituted on April 29, 2014, the Corporate Social Responsibility Committee and the Nomination and Remuneration Committee and the Share Transfer and Investor Grievance Committee was renamed Share Transfer and Stakeholders Grievance & Relationship Committee.

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

2.7. Directorships and Committee membership in other companies

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(II)(D) of the revised Listing Agreement with the Stock Exchanges) across all companies in India of which he is a Director.

Independent Directors do not serve in more than 7 listed companies. None of the

Independent Directors are wholetime directors in any listed Company so the limitations mentioned in clause 49(II)(B)(2) of the revised Listing Agreement with Stock Exchanges are not applicable.

Directorships and membership of Committees in other companies held by Directors as on December 31, 2014 are given below:

Name of Director	Companies in India		Companies abroad
	No. of Directorships held	No. of Committees of which Member *	No. of Directorships held
Mr Biswadip Gupta	10	4	—
Mr Tanmay Kumar Ganguly	1	1	—
Mr Yves M.C.M.G. Nokerman	1	2	27
Mr Sudipto Sarkar	6	7	—
Mr Francois Clement Wanecq	1	—	1

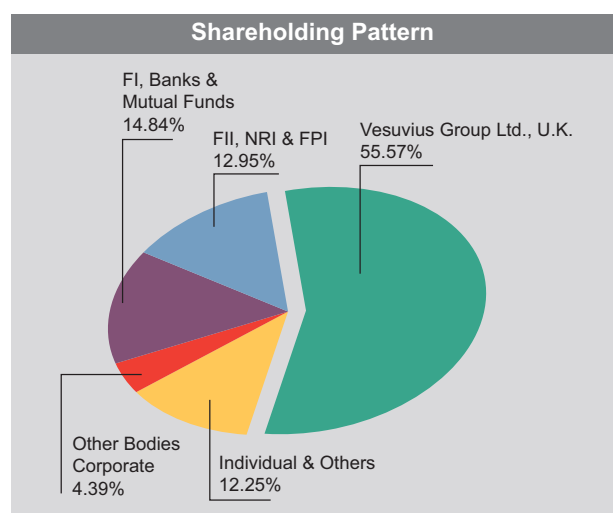
* Only Audit Committee and Stakeholders Relationship Committee are considered as per clause 49(II)(D) of revised Listing Agreement with Stock Exchanges.

3. AUDIT COMMITTEE

3.1. Constitution and Composition : The Audit Committee was constituted on October 24, 2000. The Audit Committee now consists of three members namely Mr Biswadip Gupta, Chairman of the Audit Committee, Mr Sudipto Sarkar and Mr Yves M.C.M.G. Nokerman. Mr Gupta and Mr Sarkar are Non-executive Independent Directors.

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 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.

3.2. Terms of Reference : The terms of reference of the Audit Committee cover all the areas mentioned under Clause 49(III) of the revised Listing Agreement with the Stock Exchanges and section 177 of the Companies Act, 2013. The Board has also included in the terms of reference of the Audit Committee the monitoring, implementing and review of risk management



Corporate Governance Report - 2014 (Contd.)

plan as required under Clause 49(VI) of the revised Listing Agreement with Stock Exchanges. The broad terms of reference of the Audit Committee therefore include review financial reporting process and all financial results, statements and disclosures and recommend the same to the Board, review the internal audit reports and discuss the same with the internal auditors, review internal control systems and procedures, to meet the statutory auditors and discuss their findings, their scope of audit, post audit discussion, adequacy of internal audit functions, audit qualifications, if any, appointment/removal and remuneration of auditors, changes in accounting policies and practices, reviewing approval and disclosure of all related party transactions, reviewing with the management the performance of the statutory and internal auditors and their remuneration, compliance with listing agreements and other legal requirements and the Company's financial and risk management plan and policies and its implementation, disaster recovery policies and compliance with statutory requirements.

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

3.4. Attendance : During the financial year ended December 31, 2014, four meetings of the Audit Committee were held on February 25, 2014, April 29, 2014, August 7, 2014 and November 10, 2014. The Attendance of the Directors at these Audit Committee meetings and remuneration paid to them is given below :

Name of Director	No of Meetings		Fees Paid Rs
	Held	Attended	
Mr Biswadip Gupta	4	4	70,000
Mr Yves M.C.M.G. Nokerman	4	3	Nil
Mr Sudipto Sarkar	4	3	55,000

Mr Tanmay Ganguly, Managing Director and the Company Secretary, had attended all these meetings.

4. NOMINATION AND REMUNERATION COMMITTEE

4.1. Constitution and Composition : The Nomination and Remuneration Committee was constituted on April 29, 2014 in compliance with the provisions of section 178 of the Companies Act, 2013 and Clause 49(IV) of the revised Listing Agreement with Stock Exchanges. Mr Sudipto Sarkar is the Chairman of the Committee and other members are Mr Biswadip

Gupta, Mr Yves M.C.M.G. Nokerman and Mr Francois Clement Wanecq.

4.2. Terms of Reference : The terms of reference of the Nomination and Remuneration Committee cover all the areas mentioned under Clause 49(IV) of the revised Listing Agreement with the Stock Exchanges and section 178 of the Companies Act, 2013. The broad terms of reference of the Nomination and Remuneration Committee therefore include recommending a policy relating to remuneration and employment terms of wholtime directors and senior management personnel, adherence to the remuneration/employment policy as finally approved by the Board of Directors, preparing the criteria and identify persons who may be appointed as directors or senior management of the Company, preliminary evaluation of every Director's performance, Board diversity, compliance of the Code for Independent Directors referred to in Schedule IV of the Companies Act, 2013, compliance with the Company's Code of Conduct by Directors and employees of the Company, reporting non-compliances to the Board of Directors, recommending draft of the report required under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 which will form part of the Directors Report to Shareholders, monitor loans to employees and any other matters which the Board of Directors may direct from time to time.

4.3. Attendance : During the financial year ended December 31, 2014, two meetings of the Nomination and Remuneration Committee were held on November 10, 2014 and December 26, 2014. The Attendance of the Directors at these Committee meetings and remuneration paid to them is given below :

Name of Director	No of Meetings		Fees Paid Rs
	Held	Attended	
Mr Sudipto Sarkar <i>Chairman</i>	2	2	20,000
Mr Biswadip Gupta	2	2	20,000
Mr Yves M.C.M.G. Nokerman	2	Nil	Nil
Mr Francois Clement Wanecq	2	Nil	Nil

4.4. Remuneration Policy : The Remuneration Policy recommended by the Nomination and Remuneration Committee has been accepted by the Board of Directors. The Remuneration Policy is attached as Annexure VIII to the Report

of the Directors and is also available on the Company's website www.vesuviusindia.com

4.5. Remuneration to Directors :

4.5.1. The Non-executive Directors are entitled to sitting fees for every meeting of the Board or Committee thereof attended by them. They are also entitled to commission not exceeding 1% of the net profits of the Company. The non-resident Non-executive Directors have waived their commission on net profits for the year and waived their sitting fees for all meetings attended by them during the year. The Managing Director does not receive sitting fees for attending the meetings of the Board or any Committee thereof nor does he receive any commission on net profits.

4.5.2. Total Remuneration paid to Non-executive Directors for attending meetings of the Board and Committees during the year ended December 31, 2014 is given below :

Name of Director	Sitting Fees Rs.	Commission Rs	Total Rs
Mr Biswadip Gupta	215,000	725,000	940,000
Mr Yves M.C.M.G. Nokerman	Nil	Nil	Nil
Mr Sudipto Sarkar	165,000	550,000	715,000
Mr Francois Clement Wanecq	Nil	Nil	Nil

4.5.3. Total Remuneration paid to Mr Tanmay Kumar Ganguly, Managing Director, for the year ended December 31, 2014 is given below :

Particulars	Amount Paid Rs
Salary and Allowances	10,409,436
Performance Incentive	6,545,983
Perquisites and other payments	649,348
Contribution to Retirement Funds	1,275,166
Total	18,879,933
Post-employment payments :	
Leave Encashment	3,999,790
Gratuity	1,576,437
Pension (commuted amount)	1,492,083
Provident Fund (incl Voluntary Contribution)	19,600,000
Total	26,668,310

Mr Tanmay Kumar Ganguly's contract for appointment was 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 has resigned effective from December 31, 2014 and his post-employment dues have been paid to him.

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

5. Corporate Social Responsibility Committee

As required under section 135 of the Companies Act, 2013, a Corporate Social Responsibility Committee was constituted on April 29, 2014 with Mr Biswadip Gupta as Chairman and Mr Tanmay Ganguly and Mr Yves Nokerman as Members. Mr Tanmay Ganguly has resigned effective from December 31, 2014 and in his place Mr Subrata Roy, Managing Director, has been inducted into the Committee as a Member effective from January 1, 2015.

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

The Committee met only once during the year on November 10, 2014 to finalise the Corporate Social Responsibility Policy. The Policy, which was approved by the Board on November 10, 2014, is available on the Company's website www.vesuviusindia.com and a copy of the Policy is attached as Annexure VII to the Report of the Directors. The attendance of the Directors at the meetings of this Committee and remuneration paid to them is given below :

Name of Director	No of Meetings		Fees Paid Rs
	Held	Attended	
Mr Biswadip Gupta	1	1	10,000
Mr Tanmay Kumar Ganguly	1	1	Nil
Mr Yves M.C.M.G. Nokerman	1	Nil	Nil

6. SHARE TRANSFER AND STAKEHOLDERS GRIEVANCE & RELATIONSHIP COMMITTEE

6.1 **Constitution and Composition :** The Share Transfer Committee was constituted on January

Corporate Governance Report - 2014 (Contd.)

1, 1993 and renamed The Share Transfer and Investor Grievance Committee on February 12, 2001 to specifically look into the redressal of investors' complaints. In compliance with the new requirements of the Companies Act, 2013 and the Listing Agreement with Stock Exchanges, effective April 29, 2014 the Committee was renamed Share Transfer and Stakeholders Grievance & Relationship Committee. This Committee now consists of four Directors namely Mr Biswadip Gupta, Chairman of the Committee, Mr Yves M.C.M.G Nokerman, Mr Subrata Roy (effective from January 1, 2015) and Mr Sudipto Sarkar. Mr Tanmay Kumar Ganguly was a member of this Committee upto the date of his resignation i.e. upto December 31, 2014. Mr Subrata Roy became a member of this Committee effective from January 1, 2015 i.e. from the date he became Managing Director. Minutes of the Share Transfer and Stakeholders Grievance & Relationship Committee meetings are circulated to all Directors and discussed at the Board meetings.

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

Mr Taposh Roy
Company Secretary
Vesuvius India Limited
P-104 Taratala Road, Kolkata 700 088
West Bengal, INDIA
Phone : (033) 3041 0600 ; 3041 0611
Fax : (033) 2401 1235 ; 2401 3976
Email : Taposh.Roy@vesuvius.com

6.3 Attendance : During the financial year ended December 31, 2014, two meetings of the Committee were held on April 29, 2014 and December 31, 2014. The Attendance of the Directors at these Committee meetings and remuneration paid to them is given below :

Name of Director	No of Meetings		Fees Paid Rs
	Held	Attended	
Mr Biswadip Gupta	2	2	20,000
Mr Tanmay Kumar Ganguly	2	2	Nil
Mr Yves M.C.M.G. Nokerman	2	1	Nil
Mr Sudipto Sarkar	2	1	10,000

6.4 Pledge of shares : No pledge has been created over the Equity Shares held by the Promoters as on December 31, 2014.

6.5 Details of Complaints from Shareholders :

No. of complaints remaining unresolved as on 01.01.2014 :	Nil
No. of complaints received during the year :	2
No. of complaints resolved during the year :	2
No. of complaints unresolved as on 31.12.2014 :	Nil

6.5 Details of share transfer during the year :

No. of valid share transfer application :	52
No. of share transfer application processed & registered:	52
No. of shares transferred :	3,613
No. of pending share transfers as on 31.12.2014:	Nil
No. of shares dematted to NSDL :	8,497
No. of Shares dematted to CDSL:	7,446
No. of share rematted:	Nil

7. GENERAL BODY MEETINGS

7.1 Particulars of last three Annual General Meetings are given below :

AGM No	Relating to Financial Year ended on	Venue of AGM	Date of AGM	Time of AGM
21st	31.12.2011	Williamson Magor Hall, The Bengal Chamber of Commerce & Industry, 6 Netaji Subhas Road, Kolkata 700 001	26.04.2012	10.30 a.m.
22nd	31.12.2012	G D Birla Sabhaghar, 29 Ashutosh Chowdhury Avenue, Kolkata 700 019	24.04.2013	10.30 a.m.
23rd	31.12.2013	- do -	29.04.2014	10.30 a.m.

7.2 Special resolutions :

7.2.1 At the Annual General 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.

7.2.2 At the ensuing 24th Annual General Meeting to be held on May 7, 2015 no resolution is proposed to be passed by special resolution.

7.3 Postal Ballot :

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

7.3.2 Pursuant to section 108 and other applicable provisions of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and other applicable requirements, voting at the 24th Annual General Meeting will be made through electronic voting. The electronic voting period will be from **May 1, 2015 from 9.00 a.m. to May 3, 2015 upto 6.00 p.m.**, both days inclusive. **RECORD DATE** has been fixed as **Tuesday, March 24, 2015** to determine the Members entitled to vote on the resolutions mentioned in this Notice. No special resolution is proposed to be conducted through postal ballot or electronic voting.

7.3.3 **Scrutinizer for electronic voting :** Mr Anjan Kumar Roy, Proprietor of Anjan Kumar Roy & Co, Practising Company Secretaries (Membership No. FCS 5684 and C.P No 4557) has been appointed as the Scrutinizer to scrutinise the electronic voting process in a fair and transparent manner and to give his report to the Chairman.

8. DISCLOSURES

8.1 Details of transactions with related parties have been reported in the Notes to Accounts. These disclosures are also made for the purpose of Regulation 10(1)(a) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. All the transactions with related parties are at arm's length basis and there are no materially significant related party transactions which may have potential conflict with the interests of the Company at large.

8.2 There were no instances of non-compliance by the Company or any penalties or strictures

imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

8.3 The Company has in place an Employee Concern (Whistle Blower) which is also available on the Company's website **www.vesuviusindia.com**. No personnel has been denied access to the Audit Committee to lodge their grievances.

8.4 All mandatory requirements and all the non-mandatory requirements have been appropriately complied with except that the Company does not bear the expenses of the Chairman's Office and does not send the half-yearly financial performance to each household of shareholders who have not registered their Email ID with the Company or the Depository Participants.

8.5 The Management Discussion and Analysis Report forms a part of the Directors' Report.

8.6 No presentations were made to institutional investors and analysts during the year.

8.7 The Company does not have any subsidiary.

8.8 There have been no public issues, rights issues or other public offerings during the past five years. The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

8.9 Plant locations of the Company are given separately in the Annual Accounts of the Company and are also available on the Company's website **www.vesuviusindia.com**

9. MEANS OF COMMUNICATION

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

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

Corporate Governance Report - 2014 (Contd.)

9.3 The Company's website

www.vesuviusindia.com makes online announcements of Board Meeting dates, results of the meetings, quarterly financial results, announcement of the date of Annual General Meeting and proposed dividend, changes in Directors and other announcements. The website also provides 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. Copies of Notices and Annual Reports sent to Shareholders are also available on the website. The Vesuvius Group website **www.vesuvius.com** gives information about the Vesuvius Group worldwide.

9.4 In compliance with Rule 4A of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 the Company sends intimation to all members concerned in January of each year by ordinary post informing them that their dividend for past years have remained unclaimed. Reminder letters are also given to concerned Shareholders two months before the due date of transfer of unclaimed dividend to the Investor Education and Protection Fund of the Central Government.

9.5 Address for communication :

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

C B Management Services (P) Limited

Unit : Vesuvius India Limited

P-22 Bondel Road, Kolkata 700 019.

Phone : (033) 40116700; 40116718; 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**.

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 to enable the Company or the Registrars to communicate electronically.** Registration of Email ID can be done online at the website of the Registrars **www.cbmsl.com** or by sending a letter duly signed by the Shareholders.

10. GENERAL SHAREHOLDER INFORMATION

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

The 24th Annual General Meeting of the Company will be held on Thursday, May 7, 2015 at 10.30 a.m. at Williamson Magor Hall, The Bengal Chamber of Commerce & Industry, 6 Netaji Subhas Road, Kolkata 700 001

10.2 Financial Year : The Financial Year of the Company ended on December 31, 2014

10.3 Date of Book Closure :

The Book Closure period is **April 29, 2015 to May 7, 2015** (both days inclusive) for determining those entitled to receive dividend. **Record Date is March 24, 2015** for determining those entitled to vote electronically on the resolutions mentioned in the Notice convening the Annual General Meeting.

10.4 Dividend payment date :

Dividend at the rate of Rs 6/- per share of face value Rs 10/- each i.e. 60%, has been recommended by the Board of Directors for the year ended on December 31, 2014, subject to the approval from the Members at the ensuing Annual General Meeting. If dividend is declared at the Annual General Meeting, the dividend will be deposited with the Bank within May 12, 2015 and dividend will be paid on or after May 15, 2015.

10.5 Listing on Stock Exchanges :

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

- a) Bombay Stock Exchange Limited
(Stock Code : 520113)

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001

- b) National Stock Exchange of India Limited
(Stock Code : VESUVIUS)
Exchange Plaza, 5th Floor
Plot No C/1, G Block,
Bandra-Kurla Complex
Bandra (E), Mumbai 400 051

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

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

10.6 Market Price Data :

- (i) **National Stock Exchange** - Market Price and Volume during the period January 1, 2014 to December 31, 2014 :

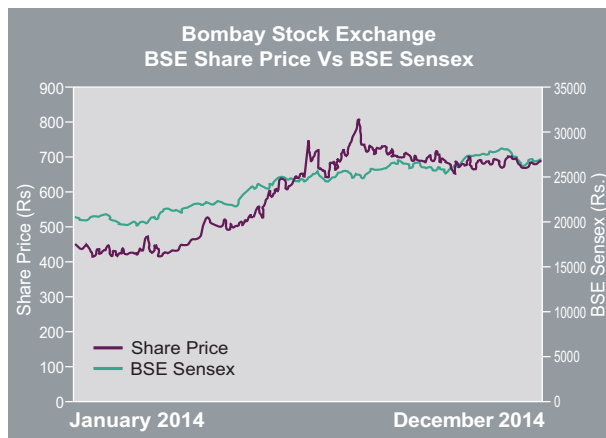
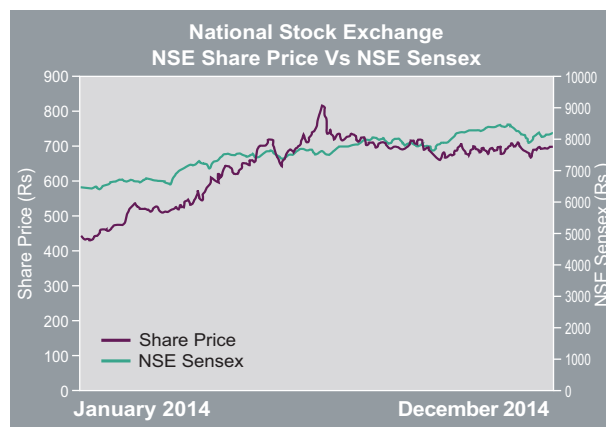
Month	High Rs.	Low Rs.	NSE Volume
January	462.40	427.65	26570
February	503.40	435.00	210336
March	485.00	428.10	362180
April	554.00	475.00	125498
May	613.50	505.05	103510
June	730.00	590.00	254337
July	774.00	646.55	75016
August	849.00	715.00	170238
September	749.95	693.75	77855
October	734.00	666.05	54783
November	725.00	675.00	120087
December	729.90	678.00	38505

- (ii) **Bombay Stock Exchange** - Market Price and Volume during the period January 1, 2014 to December 31, 2014:

Month	High Rs.	Low Rs.	NSE Volume
January	468.80	427.50	9740
February	503.90	435.00	30670
March	483.75	426.10	310899
April	555.00	475.00	48156
May	620.60	500.00	30274
June	729.60	595.60	26496
July	767.50	640.00	12109
August	842.00	601.00	30891
September	746.90	680.00	28253
October	735.00	665.05	17197
November	739.70	675.00	52515
December	785.85	677.00	38822

10.7 Performance Graphs :

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



10.8. 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

10.9 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**.

Corporate Governance Report - 2014 (Contd.)

10.10. Distribution of shareholding as on December 31, 2014 :

Shares held	Number of Shareholders	%	Number of Shares held	%
1 - 500	10978	94.25	1,112,226	5.48
501 - 1000	300	2.58	231,513	1.14
1001 - 5000	282	2.42	662,143	3.26
5001 - 10000	35	0.30	277,296	1.37
10001 and above	52	0.45	18,012,902	88.75
Total	11647	100.00	20,296,080	100.00

Shares held	Number of Shareholders	%	Number of Shares held	%
In Physical mode	3174	27.25	451,557	2.23
Demat with NSDL	6516	55.95	19,488,753	96.02
Demat with CDSL	1957	16.80	355,770	1.75
Total	11647	100.00	20,296,080	100.00

10.11 Shareholding pattern as on December 31, 2014 :

Particulars	Number of Shares held	%
Vesuvius Group Limited, U.K.	11,277,650	55.57
Foreign Institutional Investors	2,480,774	12.22
Non Resident Indians	113,859	0.56
Foreign Portfolio Investor	34,495	0.17
Indian Financial Institutions	200	0.00
Nationalised & other Banks and Mutual Funds	3,013,299	14.84
Bodies Corporate	890,647	4.39
Individuals & Others	2,483,136	12.24
Clearing member with Depositories	2,020	0.01
Total	20,296,080	100.00

10.12 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 339,552/- lying unclaimed in the tenth

Dividend Account relating to the year ended December 31, 2006 which had been declared at the Annual General Meeting of the Company held on April 17, 2007, was transferred in May, 2014 to the Investor Education and Protection Fund of the Central Government after giving final reminder notices on February 12, 2014 to all concerned Shareholders.

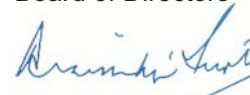
10.13 Unclaimed Dividend :

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 30, 2015. Final notices dated February 12, 2015 has been sent to those Shareholders whose dividend relating to the year ended December 31, 2007 are still lying unclaimed as these dividends will be transferred to Investor Education and Protection Fund of the Central Government in June 2015.

10.14 Unclaimed Shares

As on December 31, 2014 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.

For and on behalf of the
Board of Directors



Biswadip Gupta
CHAIRMAN

Kolkata
February 24, 2015

Annexure - II : Certificate on Corporate Governance

ANJAN KUMAR ROY & CO.

COMPANY SECRETARIES

CERTIFICATE ON CORPORATE GOVERNANCE

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

- A. We have conducted an audit of compliance of corporate governance norms and procedures by the Company being **M/s. Vesuvius India Limited**, having its registered office at P-104, Taratala Road, Kolkata - 700 088 (hereinafter called the company) during the Financial Year ended 31st December, 2014, as per the provisions of clause 49 of the Standard Listing Agreement of Stock Exchanges read with the relevant provisions of the Securities and Exchange Board of India Act, 1992 ('SEBI Act') and read with other applicable provision of law.
- B. That our audit is an independent audit of compliance of corporate governance norms and procedures as mentioned above by M/s. Vesuvius India Limited. That compliance of corporate governance norms and procedures is the responsibility of the Company. That our audit is neither an opinion on financial statements of the Company nor on future viability of the Company or on effective management of the Company.
- C. In our opinion and to the best of our understanding, based on the records, documents, books and other information furnished to us during the aforesaid audit by the Company, its officers and agents, we confirm that the Company has complied with the corporate governance norms and procedures, as applicable to the Company, during the aforesaid period under scrutiny.

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

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

Place : Kolkata
Date : 24/02/2015

Annexure - III : Secretarial Audit Report

ANJAN KUMAR ROY & CO.

COMPANY SECRETARIES

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST December, 2014

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

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

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Vesuvius India Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.
2. On the basis of verification of the secretarial compliance and on the basis of secretarial audit of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and as shown to us during the said audit and also based on the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion and to the best of our understanding, the Company has, during the audit period covering the financial year ended on 31st December, 2014, complied with the statutory provisions listed hereunder and also that the Company has adequate Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
3. We further report that compliance with applicable laws is the responsibility of the Company and our report constitutes an independent opinion. Our report is neither an assurance for future viability of the Company nor a confirmation of efficient management by the Company.
4. We have examined the secretarial compliance based on the books, papers, minute books, forms and returns filed and other records maintained by M/s. Vesuvius India Limited for the financial year ended on 31st December, 2014 and as shown to us during our audit, according to the provisions of the following laws:
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (vi) and other applicable laws like Factories Act, 1948, The Payment of Gratuity Act, 1972 etc.
5. We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
 - (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited (BSE) & National Stock Exchange of India Limited (NSE).
6. To the best of our understanding we are of the view that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.
7. We further report that,
- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
8. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
9. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
10. We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
11. This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

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

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

Place : Kolkata
Date : 24/02/2015

Annexure - III : Secretarial Audit Report (Contd.)

ANJAN KUMAR ROY & CO. **COMPANY SECRETARIES**

‘Annexure A’
(To the Secretarial Audit Report of M/s. Vesuvius India Limited
for the financial year ended 31/12/2014)

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

Our Secretarial Audit Report for the financial year ended 31/12/2014 of even date is to be read along with this letter.

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

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

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

Place : Kolkata
Date : 24/02/2015

Annexure - IV : Form No. MGT - 9

Extract of Annual Return

as on the financial year ended on December 31, 2014

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

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Manufacture & sale of refractory	2391	95.78 %
2	Services		4.22 %

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

(i) Category-wise Share Holding

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

Annexure - IV : Form No. MGT - 9

Extract of Annual Return (Contd.)

Category of Shareholders	No of shares held at the beginning of the year				No of shares held at the end of the year				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals									
b) Other- Individuals									
c) Bodies Corporates	11277650	0	11277650	55.57	11277650	0	11277650	55.57	0.00
d) Banks / Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2) :	11277650	0	11277650	55.57	11277650	0	11277650	55.57	0.00
Total Shareholding of Promoter (A)									
(A) = (A)(1) + (A)(2)	11277650	0	11277650	55.57	11277650	0	11277650	55.57	0.00
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	2961877	1000	2962877	14.60	3011165	1000	3012165	14.84	0.24
b) Banks / Financial Institutions	620	400	1020	0.01	934	400	1334	0.01	0.00
c) Central Government(s)			0	0.00	0	0.00	0.00		
d) State Government(s)			0	0.00			0	0.00	0.00
e) Venture Capital Funds			0	0.00			0	0.00	0.00
f) Insurance Companies			0	0.00			0	0.00	0.00
g) Foreign Institutional Investors (FII)	2180732	0	2180732	10.75	2480694	0	2480694	12.22	1.47
h) Foreign Venture Capital Funds			0	0.00			0	0.00	0.00
i) Others (Specify)			0	0.00			0	0.00	0.00
Sub-total (B) (1) :	5143229	1400	5144629	25.36	5492793	1400	5494193	27.06	1.70
(2) Non-Institutions									
a) Bodies Corporates									
i) Indian	788968	61296	850264	4.19	829351	61296	890647	4.39	0.20
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs 1 lakh	1845633	364744	2210377	10.89	1613195	348781	1961976	9.67	-1.22
ii) Individual shareholders holding nominal share capital in excess of Rs 1 Lakh	691909	20000	711909	3.50	500960	20000	520960	2.57	-0.93
c) Others (specify)									
1. NRI	74251	20000	94251	0.46	93859	20000	113859	0.56	0.10
2. Clearing Member	6920	0	6920	0.03	2020	0	2020	0.01	-0.02
3. OCB	0	80	80	0.00	0	80	80	0.00	0.00
4. Trust	0	0	0	0.00	200	0	200	0.00	0.00
5. Foreign Portfolio Investor	0	0	0	0.00	34495	0	34495	0.17	0.17
Sub-total (B) (2) :	3407681	466120	3873801	19.07	3074080	450157	3524237	17.37	-1.69
Total Public Shareholding (B)									
(B) = (B)(1) + (B)(2)	8550910	467520	9018430	44.43	8566873	451557	9018430	44.43	0.00
C. Shares held by Custodian for GDRs & ADRs									
	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C)									
	19828560	467520	20296080	100.00	19844523	451557	20296080	100.00	0.00

(ii) Shareholding of Promoters

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

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

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

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

SL. No	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	HDFC Trustee Company Ltd - A/c HDFC MID-CAP Opportunities Fund				
	a) At the Beginning of the Year	1111500	5.476		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			1111500	5.476
2	ACACIA Institutional Partners, LP				
	a) At the Beginning of the Year	744050	3.666		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			744050	3.666
3	ACACIA Partners, LP				
	a) At the Beginning of the Year	733400	3.614		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			733400	3.614
4	ACACIA Conservation Fund LP				
	a) At the Beginning of the Year	240745	1.186		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			240745	1.186
5	ACACIA Banyan Partners				
	a) At the Beginning of the Year	231505	1.141		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			231505	1.141
6	Sudhir Enterprises Private Limited				
	a) At the Beginning of the Year	144000	0.709		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) As on 8.8.2014 when removed from top 10 list			144000	0.709
7	Reliance Capital Trustee Co Ltd - A/c Reliance Tax Saver Fund				
	a) At the Beginning of the Year	777675	3.832		
	b) Changes during the Year				
	Date Reason				
	11.04.2014 Buy	3716	0.018	781391	3.850
	21.04.2014 Buy	16090	0.079	797481	3.929
	25.04.2014 Buy	8435	0.042	805916	3.971
	02.05.2014 Buy	4084	0.020	810000	3.991
	09.05.2014 Sell	-12519	-0.062	797481	3.929
	16.05.2014 Buy	12519	0.062	810000	3.991
	30.05.2014 Buy	424	0.002	810424	3.993
	06.06.2014 Sell	-45424	-0.224	765000	3.769
	30.06.2014 Sell	-45000	-0.222	720000	3.547
	28.11.2014 Buy	1446	0.007	721446	3.554
	05.12.2014 Buy	1355	0.007	722801	3.561
	c) At the end of the year			722801	3.561

Annexure - IV : Form No. MGT - 9

Extract of Annual Return (Contd.)

SL. No	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
8	HDFC Trustee Company Ltd - HDFC Long Term Advantage Fund				
	a) At the Beginning of the Year	554950	2.734		
	b) Changes during the Year				
	Date Reason				
	04.07.2014 Sale	-56000	-0.276	498950	2.458
	c) At the end of the year			498950	2.458
9	UTI-MID CAP Fund				
	a) At the Beginning of the Year	293000	1.444		
	b) Changes during the Year				
	Date Reason				
	16.05.2014 Sale	-13165	-0.065	279835	1.379
	01.08.2014 Sale	-920	-0.005	278915	1.374
	c) At the end of the year			278915	1.374
10	Catamaran Management Services Pvt Ltd				
	a) At the Beginning of the Year	174773	0.861		
	b) Changes during the Year				
	Date Reason				
	30.09.2014 Buy	20000	0.099	194773	0.960
	10.10.2014 Buy	674	0.003	195447	0.963
	17.10.2014 Buy	410	0.002	195857	0.965
	24.10.2014 Buy	8916	0.044	204773	1.009
	31.10.2014 Buy	10000	0.049	214773	1.058
	28.11.2014 Buy	40000	0.197	254773	1.255
	c) At the end of the year			254773	1.255
11	Grandeur Peak Emerging Markets Opportunities				
	a) At the Beginning of the Year	0	0		
	b) Changes during the Year				
	Date Reason				
	08.08.2014 Buy	150383	0.741	150383	0.741
	15.08.2014 Buy	8817	0.043	159200	0.784
	22.08.2014 Buy	12000	0.059	171200	0.843
	c) At the end of the year			171200	0.843

(v) Shareholding of Directors and Key Managerial Personnel

SL. No	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of Shares	% of total shares of the company	No of Shares	% of total shares of the company
1	Mr Biswadip Gupta, Director & Chairman				
	a) At the Beginning of the Year	78749	0.388		
	b) Changes during the Year				
	Date Reason				
	24.11.2014 Sale	-40000	-0.197	38749	0.191
	c) At the end of the year			38749	0.191
2	Mr Sanjoy Dutta, Chief Financial Officer				
	a) At the Beginning of the Year	3200	0.016		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			3200	0.016
3	Mrs Monika Dutta				
	Wife of Mr Sanjoy Dutta, Chief Financial Officer				
	a) At the Beginning of the Year	3300	0.016		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			3300	0.016
4	Mr Taposh Roy, Company Secretary				
	a) At the Beginning of the Year	1	0.000		
	b) Changes during the Year	NO CHANGE DURING THE YEAR			
	c) At the end of the year			1	0.000

V. INDEBTEDNESS

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

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year i.e. on 01.01.2014				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i + ii + iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the Financial Year				
Addition	Nil	Nil	Nil	Nil
Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the Financial Year i.e as on 31.12.2014				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i + ii + iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl No	Particulars of Remuneration	Name of the Managing Director Mr Tanmay Kumar Ganguly	Total Amount Rs
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	20955209	20955209
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	649348	649348
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission - As a % of Profit	Nil	Nil
	- Others , specify	Nil	Nil
5	Others, please specify	Nil	Nil
	TOTAL (A)	21604557	21604557
	Ceiling as per the Act		46777490

Annexure - IV : Form No. MGT - 9

Extract of Annual Return (Contd.)

B. Remuneration to other Directors :

Sl No	Particulars of Remuneration	Names of the Directors				Total Amount Rs
		Biswadi Gupta	Sudipto Sarkar	Yves Nokerman	Francois Wanecq	
Independent Directors						
	Fee for attending Board/Committee meetings	215000	165000	NA	NA	380000
	Commission	725000	550000	NA	NA	1275000
	Others, please specify	0	0	NA	NA	0
	Total (1)	940000	715000	NA	NA	1655000
Other Non-Executive Directors						
	Fee for attending Board/Committee meetings	NA	NA	0	0	0
	Commission	NA	NA	0	0	0
	Others, please specify	NA	NA	0	0	0
	Total (2)	NA	NA	0	0	0
	TOTAL (B) = (1 + 2)	940000	715000	0	0	1655000
	Total Managerial Remuneration					1655000
	Overall Ceiling as per the Act					9355498

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross Salary				
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NA	3869757	6950987	10820744
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	NA	387668	955410	1343078
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	NA	0	0	0
2	Stock Option NA	0	0	0	0
3	Sweat Equity NA	0	0	0	0
4	Commission - As a % of Profit	NA	0	0	0
	- Others , specify	NA	0	0	0
5	Others, please specify	NA	0	0	0
	TOTAL (A)		4257425	7906397	12163822

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

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

Annexure - V : Prescribed Particulars on Conservation of Energy, etc.

Information under section 134(3)(m) of the Companies Act, 2013, read with Companies (Disclosure Of Particulars in the Report of Board of Directors) Rules, 1988 and Rule 8(3) of Companies (Accounts) Rules, 2014 and forming part of the Report of the Directors

A. Conservation of energy :

During the year unit costs of electricity, furnace oil and LPG increased. Significant savings have been made through energy usage optimization programs at manufacturing units. All manufacturing facilities have improved the specific energy consumption in major areas of manufacturing. Specific energy consumption reduced by 1% during the year. Energy management continues to be a focus area in operations throughout the year. The Company invested over Rs 122 lakhs during the year in energy conservation equipment. Major energy savings projects involving investment of over Rs 100 lakhs were commissioned in the last quarter and a 3% saving in electricity is targeted. The heat recuperating kiln installed in the past is under full utilization.

Total energy consumption and energy consumption per unit of production as per Form A of Companies (Disclosure Of Particulars in the Report of Board of Directors) Rules, 1988 are given below :

	Year ended 31.12.2014	Year ended 31.12.2013	
A. Power and fuel consumption*			
1. <i>Electricity</i>			
a) Purchased			
i) Unit (KWH)	7333717	7190073	
ii) Total Amount (Rs.)	68362612	55338469	
iii) Rate/Unit (Rs.)	9.32	7.70	
b) Own generation			
i) Through Diesel Generator			
1) Unit (KWH)	150094	197515	
2) Unit per litre of Diesel oil	2.27	2.27	
3) Cost/unit (Rs. per litre of Diesel oil)	60.17	53.07	
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)	54315	77085	
ii) Total Amount (Rs.)	3299026	4124643	
iii) Average Rate (Rs./litre)	60.74	53.51	
4. <i>Others/internal generation</i>			
Gas & LPG			
i) Quantity (Therms)	1689639	1625762	
ii) Total cost (Rs.)	151731373	127060597	
iii) Rate/unit	89.80	78.15	
B. Consumption per unit of production #			
<i>Product</i> : Refractories	Standards (if any)	Year ended 31.12.2014	Year ended 31.12.2013
Electricity	–	15.88	14.11
Gas & LPG	–	3.31	3.19
Furnace Oil	–	1.65	2.08

* 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 - V : Prescribed Particulars on Conservation of Energy, etc. (Contd.)

Information on Technology absorption, including as per Form B of Companies (Disclosure Of Particulars in the Report of Board of Directors) Rules, 1988, are given below :-

(i) Efforts made towards technology absorption, adaptation and innovation :

A modern tundish slidegate with tube changer commissioned at Bokaro Steel plant, replacing an outdated one. This will deliver better refractory performance, making the steel plant capable of doing higher tundish sequences, thereby leading to major cost savings. Continuous temperature measurement devices are being trailed at JSW Toranagallu & Tata Steel. New equipment were installed at the Kolkata plant to cater to increased demand of sub-entry nozzles for Thin Slab Casters in India & South East Asia.

Hydramax IR, a high performance trough mix, was developed for secondary iron runners. This is currently under use at JSW and TATA with 25% improved performance over regular mixes. Surtap CRX E1, a anhydrous coal tar based tap hole clay, was indigenously developed for Corex tap hole application. This is under use at Essar Steel. The technology for Kellundite, a high-performing neutral ramming mass for core-less induction furnaces, was transferred from the Group. The product, manufactured at our Vizag plant, has been used at Nalwa Steel & Viraj Alloys.

(ii) 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. New technology and improvements on existing technology supplied to customers benefit them in their operations as well as reduce their costs. Customers have also benefited immensely by improved performance, lower shutdown time and savings on energy.

(iii) 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

(iv) Expenditure on Research and Development - The Company does not have a Research and Development unit or any activity related to R&D in India. The Company does not incur any revenue or capital expenditure on R&D.

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 companies which are subsidiaries of the ultimate holding company. The Foreign Exchange earnings of the Company was Rs. 9,346 lakhs and Foreign Exchange outgo was Rs. 23,501 lakhs (including dividend remittance).

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

Annexure - VI : Particulars of Employees

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

Requirements of Rule 5(1)	Details																
(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	: Mr B Gupta - 47:59 (80 %) Mr T Ganguly - 1144: 59 (1939 %) Mr Y Nokerman - NA Mr S Sarkar - 143 : 236 (61 %) Mr F Wanecq - NA																
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	: Directors : Mr B Gupta - 53 % Mr T Ganguly -27 % Mr Y Nokerman - NA Mr S Sarkar - 30 % Mr F Wanecq - NA Key Managerial Personnel : Mr S Dutta, CFO - 7% Mr T Roy, CS - 6%																
(iii) the percentage increase in the median remuneration of employees in the financial year;	: 9 %																
(iv) the number of permanent employees on the rolls of company;	: 438 employees as on 31.12.2014																
(v) the explanation on the relationship between average increase in remuneration and company performance;	: Average increase in remuneration of all employees was 10.19 % for the year 2014 which is based partly on the results of the Company for the year ended 31.12.2013 and partly on the individual employee's performance. Total sales in year 2013 had increased by 8% over previous year.																
(vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	: The increase in remuneration of the Chief Financial Officer and Company Secretary are below the increase in median employee's remuneration and sales growth of the Company. Increase in the Managing Directors remuneration is higher due to higher and additional responsibilities taken up by him.																
(vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	: <table><thead><tr><th></th><th>As on 31.12.2013</th><th>As on 31.12.2014</th><th>% increase</th></tr></thead><tbody><tr><td>Share price :</td><td></td><td></td><td></td></tr><tr><td>BSE</td><td>Rs 456.36</td><td>Rs 699.35</td><td>53%</td></tr><tr><td>NSE</td><td>Rs 457.80</td><td>Rs 706.90</td><td>54%</td></tr></tbody></table> <p>The Company has not made any Public Issue or Rights issue of securities in the last 15 years, so comparison have not been made of current share price with public offer price.</p> <p>The Company's shares are listed on Bombay and National Stock Exchanges</p>		As on 31.12.2013	As on 31.12.2014	% increase	Share price :				BSE	Rs 456.36	Rs 699.35	53%	NSE	Rs 457.80	Rs 706.90	54%
	As on 31.12.2013	As on 31.12.2014	% increase														
Share price :																	
BSE	Rs 456.36	Rs 699.35	53%														
NSE	Rs 457.80	Rs 706.90	54%														

Annexure - VI : Particulars of Employees (Contd.)

Requirements of Rule 5(1)		Details
(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	:	<p>Average Salary increase of non-managerial employees is 10.19 %</p> <p>Average Salary increase of managerial employees is 8.65 %</p> <p>There are no exceptional circumstances in increase in managerial remuneration</p>
(ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;	:	Same as in (vi) above
(x) The key parameters for any variable component of remuneration availed by the directors;	:	<p>All employees including the Managing Director's entitlement to incentive has a variable component which is based on the individual's performance and Company's financial performance. Other components of remuneration are not variable during a particular year.</p> <p>For non-executive directors, commission is paid on a fixed basis and supplemented by a variable component which is Rs 25,000 per Board meeting attended during the financial year. Total remuneration of all non-executive directors is limited to 1% of net profits of the Company for that financial year</p>
(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	:	<p>The Managing Directors is the highest paid director.</p> <p>No employee received remuneration higher than the Managing Director.</p>
(xii) affirmation that the remuneration is as per the remuneration policy of the company.	:	Remuneration paid during the year ended December 31, 2014 is as per the Remuneration Policy of the Company


Annexure - VI : Particulars of Employees (Contd.)

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

Name	Age	No of shares held	Designation/ 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	49	3500	Chief Executive-Sales	7,456,480	BE (Metallurgy)	25	09.04.2007	Pyrotek Inc. Canada Sales Manager [India & Other Asia]
Sanjoy Dutta	53	6500	Chief Financial Officer	8,899,612	B. Com (Hons), ACA	28	24.06.1998	ICI India Ltd, Financial Controller
Tanmay Kumar Ganguly	51	Nil	Managing Director	22,879,723	B. Com (Hons), ACA	27	03.05.2006	Radhakrishna Foodland Pvt Ltd, Chief Operating Officer
Subrata Roy	49	Nil	Chief Executive-Operations	8,500,819	BE (Mechanical)	27	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 retirement funds etc. and monetary value of other perquisites computed on the basis of the Income Tax Act and Rules.
 3. No employee is a relative of any Director or Key Managerial Personnel of the Company. Rule 5(2)(iii) of the captioned Rules is not applicable to any employee.
 4. Mr Tanmay Kumar Ganguly, Managing Director, has resigned on December 31, 2014. His remuneration includes all bonus/incentive and leave dues. Payments towards Gratuity, Pension and Provident Fund consequent upon his resignation are not included above.
 5. Mr Subrata Roy has been appointed Managing Director effective from January 1, 2015.

For and on behalf of the Board of Directors



Biswadip Gupta
CHAIRMAN

Kolkata
February 24, 2015

Annexure - VII : Corporate Social Responsibility Policy

Vesuvius seeks to be a good corporate citizen wherever it does business and respects local concerns, customs and traditions. Embracing Diversity is a cornerstone of Vesuvius' values. Vesuvius recognises that its operations impact a wide community of stakeholders, including investors, employees, customer, business associates and local communities, and that appropriate attention to the fulfilment of Vesuvius' corporate responsibilities will enhance overall performance.

To meet its corporate responsibilities Vesuvius has in place a number of policies, some of which are listed below, which are more stringent than local laws and all Directors and employees adhere to the standards set out in these policies :

- a) Code of Conduct applicable to all Directors and employees
- b) Health, Safety and Environment Policy
- c) Quality Policy
- d) Anti-Bribery and Anti-Corruption Policy
- e) Human Rights Policy
- f) Employee Concern (i.e. Whistle Blowing) Policy

The Five Corporate Values of Vesuvius aimed at directing everyday behaviour at work are :

- a) Creativity
- b) Cooperation
- c) Reliability
- d) Integrity
- e) Embracing Diversity

Vesuvius firmly believes in its commitment to the society in which it operates. The Company has been providing support in the fields of education, health, women and child welfare over the past few years primarily in the communities surrounding the Company's factories, both directly and through its Charitable Trust. These initiatives were independent of the normal conduct of business. Their aim was to provide support in times of need to make a big difference to the lives of the beneficiaries through small everyday actions.

CSR Policy

In accordance with Section 135(5) of the Companies Act, 2013 ("the Act"), Vesuvius is committed to spending at least 2% of the average net profits made during the three immediately preceding financial years on some of the identified activities listed in Schedule VII to the Act. This will include spends on activities

undertaken by the Company directly, through joint collaboration with other companies operating in the areas where the Company operates, by partnering with registered and approved NGOs and section 8 companies and also through its own not-for-profit Trust which has been in operation since March 2000. Donations to this Trust are exempted under section 80G of the IncomeTax Act, 1961.

The CSR activities to be undertaken by the Company will be approved by the Board of Directors of the Company on the recommendation of the CSR Committee. Any activity undertaken in pursuance of the normal course of business of the Company will not be considered as a CSR Activity for the purpose of compliance with Section 135 of the Companies Act, 2013.

The key areas of focus for the CSR activities of the Company are :

1. Education and skill development
2. Health care
3. Poverty eradication
4. Hunger eradication
5. Women and child welfare
6. Conservation and Environment

CSR Expenditure

CSR expenditure shall include all expenditure, direct or indirect, capital or revenue, incurred by the Company for projects or programmes relating to CSR activities approved by the Board on the recommendation of the CSR Committee, but will not include any expenditure on an item not in conformity with activities which fall within the purview of the Schedule VII of the Act.

The amount to be spent on CSR activities shall be calculated in accordance with the provisions of the Companies Act, 2013 and Rules and notification issued thereunder. Any shortfalls in the expenditure may be made up by contributions to approved Funds.

Any surplus arising out of CSR projects, programmes or activities shall not form part of the business profit of the Company.

Governance

The Board of Directors has delegated responsibility for the organisation of the Company's CSR Activities to the CSR Committee comprising of Directors of the Company including the Managing Director.

1. At the beginning of every financial year, the CSR Committee will prepare a CSR Plan delineating

the CSR activities to be carried out during the financial year with specified budgets for each activity aggregating to the CSR spend threshold limit of 2% of average net profits, and present the CSR Plan for the approval of the Board of Directors. The CSR Plan once approved by the Board of Directors will then be implemented by the CSR Committee.

2. The CSR Committee will assign the task of implementation of the CSR Plan within specified budgets and timeframes to CSR teams consisting of employees of the Company at its various locations and to registered bodies/NGOs.
3. The CSR Teams/NGOs to which the implementation is assigned will carry out such CSR Activities and report back to the CSR Committee on the progress and expenditure on each activity.
4. The CSR Committee will review the implementation of the CSR Activities and issue necessary directions from time to time to ensure orderly and efficient execution of the CSR Activities in accordance with this Policy.

5. The CSR Committee will update the Board of Directors on the compliance of the CSR requirements and status of the implementation of the CSR activities from time to time.

6. At the end of every financial year, the CSR Committee will submit its report to the Board of Directors in the format required under the CSR Rules.

Information dissemination

All disclosures, display and reporting requirements related to CSR activities will be made in accordance with the provisions of the Companies Act 2013, its Rules and the notifications issued by the Ministry of Corporate Affairs from time to time. Information on CSR activities will be uploaded to the website of the Company www.vesuviusindia.com and also reported in the Directors Report to Shareholders.

Date : November 10, 2014

Annexure - VIII : Remuneration Policy

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Non-executive Directors of the Company out of which at least one-half are Independent Directors and as such complies with the obligations of the Companies Act, 2013 and the corporate governance requirements of the Listing Agreement with stock exchanges. The Chairperson of this Committee is an Independent Director. The Chairperson of the Board of Directors may be a member of this Committee but will not Chair this Committee.

The Committee operates under formal terms of reference which were approved by the Board on April 29, 2014. These terms of reference have been prepared in a manner to generally maintain overall continuity with the nomination and remuneration policies of Vesuvius plc, the ultimate holding company, while complying with the Companies Act, 2013 and the Listing Agreements with stock exchanges.

Role and Responsibilities

The Committees foremost priorities are to ensure that the Company has the best possible leadership and maintains a clear plan for both Executive and Non-executive Director succession. The Committee also reviews senior management succession. Its prime focus is therefore on the strength of the Board and the senior management team and ensuring that appointments are made on merit, against objective criteria, selecting the best candidate for the post. The Committee advises the Board on the appointments, retirements and resignations from the Board and its Committees. It also advises the Board on similar changes to the senior management of the Company.

The Committee and its members are empowered to obtain outside legal or other independent professional advice, at the cost of the Company, in relation to its deliberations and to secure the attendance at its meetings of any employee or other parties it considers necessary.

Criteria for appointments and independence of directors

When considering appointments to the Board and its Committees, the Nomination and Remuneration Committee will draw up a specification for the role taking into consideration the balance of skills, knowledge and experience of its existing members, the diversity of the Board and the Company's ongoing requirements. The Company believes that diversity underpins the successful operation of an effective

Board and embraces diversity as a means of enhancing the business.

The recruitment process then focuses on appointing candidates who meet the criteria, who have the relevant professional knowledge, professional qualifications and experience. Successful candidates are likely to have demonstrable leadership qualities and interpersonal communication skills, act with integrity and have international business exposure.

Care is taken to ensure that all proposed appointees have sufficient time available to devote to the role, are compliant with the rules, policies and Values of our Company and do not have any conflicts of interest.

On appointments or promotions the Committee will typically use the Remuneration Policy of the Company to determine ongoing remuneration. However, the Committee retains the discretion to make appropriate remuneration decisions outside the Standard Policy to meet specific circumstances.

Remuneration Policy

The overarching philosophy for remuneration within Vesuvius is to attract, retain and motivate individuals of the calibre necessary to successfully implement the Company's business strategy. In particular, this means ensuring that incentive plans are appropriate to encourage enhanced performance and to avoid rewarding underperformance. In viewing and setting Vesuvius' remuneration policy, the Committee seeks to balance the interests of its employees and those of its stakeholders, to support Company strategy and foster a high performance culture, where a meaningful portion of remuneration is performance linked.

a) Remuneration Policy for Non-executive Directors

Non-resident foreign Directors who are nominees of the holding company are not entitled to commission on net profits or to sitting fees for attending meetings of the Board or its Committees.

Other non-executive Directors are entitled to sitting fees for attending meetings of the Board or its Committees at rates which are within the limits prescribed under the Companies Act, 2013. They are also entitled to commission on net profits, as determined by the Board from time to time, not exceeding 1% of the net profits of the Company for that year. The level of remuneration is set to attract and retain Non-executive Directors of the necessary skill and

experience by offering them market competitive remuneration. The Chairman of the Board receives higher commission than the other Non-executive Directors. A Non-executive Chairman may be entitled to maintain a Chairman's Office at the Company's expense.

Non-executive Directors do not participate in Board discussions which relate to their own remuneration. They receive reimbursement of reasonable expenses incurred in attending the Board, Committee and other ad hoc meetings.

None of the Non-executive Directors is entitled to receive compensation for loss of office at any time or participate in any bonus scheme, share plans or retirement plans.

Non-executive Independent Directors are appointed in compliance with the provisions of the Companies Act 2013 and must adhere to the Code for Independent Directors laid down under Schedule IV to the Companies Act, 2013 and retain their independence during the entire tenure of appointment as an Independent Director. The terms of service of Non-executive Independent Directors are contained in letters of appointment issued to them after their appointment at a general meeting of the Company. The current policy for Non-executive Independent Directors of the Company is to serve for a maximum period of two terms of five years each, with review at the end of the first five year term, subject always to mutual agreement and annual performance evaluation. The Company will not appoint or continue to appoint any person as a Non-executive Director who has attained the age of 75 years.

Remuneration is paid subject to deduction of Income Tax at source and payment of applicable Service Tax.

b) Remuneration Policy for Executive Directors

An appropriate level of remuneration is set to ensure that the Company is able to recruit and retain Executive Directors of the necessary skill and experience by offering them market competitive remuneration reflecting their individual experience, role and contribution within the Company. The individual's performance is reviewed annually, with changes in remuneration normally effective from 1st January of each year. In considering any increase in base salary the Committee will

mainly consider the role, changes in job scope, responsibility and complexity and the need to maintain market competitiveness. The Committee may make additional payments linked to relocation.

The total remuneration package is designed to provide an appropriate balance between fixed and variable components with focus on long term variable pay so that strong performance is incentivised but without encouraging excessive risk taking.

The terms of service of each Executive Director as approved at a general meeting of the Company are contained in Agreements executed under the Common Seal of the Company. The Committee will periodically review the Executive Directors' contractual terms to ensure these reflect best practice. Normally the Executive Directors are appointed for five year periods on non-rotational basis with review at the end of each year. The severance notice period is normally six months. The Normal retirement age is 60.

Executive Directors are not entitled to sitting fees for attending meetings of Directors nor are they entitled to receive compensation for loss of office at any time. Executive Directors are entitled to commission on net profits as determined by the Board from time to time, not exceeding 5% of the net profits of the Company for that year where there is one Executive Director or not exceeding 10% of the net profits for all the Executive Directors taken together. At present the Managing Director is not entitled to commission on net profits.

Remuneration arrangements of Executive Directors consist of the same elements as those of other employees i.e. Basic Salary, HRA and other allowances, retirement benefits (i.e. provident fund, superannuation and gratuity as per the Company's Schemes applicable to all employees) and perquisites as per the Rules of the Company applicable to all employees including corporate club membership, insurance, car and fuel perquisites.

In addition, an Executive Director is entitled to incentives consisting of the Annual Incentive Plan (AIP) and the Medium Term Plan (MTP). These incentive plans are based on individuals' performance and the Company's financial performance.

Annexure - VIII : Remuneration Policy (Contd.)

Executive Directors are entitled to avail themselves of 30 days leave in a year and un-availed leave can be accumulated as per the rules of the Company upto a maximum of 270 days.

The Company does not consult directly with employees on Executive Directors' remuneration arrangements. However, the Committee may take into account the pay and employment conditions of other employees when determining Executive Directors' remuneration, particularly when determining base salary increases. The Committee will also obtain information on the remuneration paid for comparable roles at other relevant companies to provide a point of reference for determining remuneration policy.

c) Remuneration to senior management personnel

An appropriate level of remuneration is set to ensure that the Company is able to recruit and retain senior management with the necessary skills, professional qualifications, experience, international exposure and compliance with the rules and policies of the Company. Market competitive remuneration is offered to individuals reflecting their experience, role and contribution within the Company. The individual's performance is reviewed annually, with changes in remuneration normally effective from 1st January of each year. In considering any increase in base salary the Committee will mainly consider the role, changes in job scope, responsibility and complexity and the need to maintain market competitiveness. The Committee may make additional payments linked to relocation.

The total remuneration package is designed to provide an appropriate balance between fixed and variable components with a focus on long term variable pay so that strong performance is incentivised but without encouraging excessive risk taking.

The terms of service of senior management personnel are contained in appointment letters issued by the Company and an Agreement, common to all employees, executed between the employee and the Company. The Committee will periodically review the contractual terms, rules and policies of the Company to ensure these reflect best practice and are compliant with various regulations. Normally senior management personnel are appointed until their retirement when they reach the age of 60 years, with review at the end of each year. The severance notice period is normally one month.

Remuneration arrangements of senior management personnel consist of the same elements as those of other employees i.e. Basic Salary, HRA and other allowances, retirement benefits (i.e. provident fund, superannuation and gratuity as per the Company's Schemes applicable to all employees) and perquisites as per Rules of the Company applicable to all employees according to their seniority including corporate club membership, insurance, car and fuel perquisites.

As applicable to all employees, senior management personnel are entitled to avail themselves of 30 days leave in a year and un-availed leave can be accumulated as per the rules of the Company upto a maximum of 270 days.

Date : November 10, 2014

Annexure - IX : Managing Director's Certificate

ANNUAL CERTIFICATE UNDER CLAUSE 49(II)(E) OF LISTING AGREEMENTS WITH STOCK EXCHANGES

DECLARATION

As required under Clause 49(II)(E) 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, 2014.

Place : Kolkata
Date : February 12, 2015

Subrata Roy
Managing Director

Independent Auditors' Report

TO THE MEMBERS OF VESUVIUS INDIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Vesuvius India Limited ("the Company"), which comprise the Balance Sheet as at 31 December 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 / Section 133 of the Companies Act 2013 (as applicable) ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of the affairs of the Company as at 31 December 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Companies Act, 1956 / section 143(3) of Companies Act, 2013 (as applicable), we report that:
- (a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956/ section 133 of the Companies Act, 2013 (as applicable) and
 - (e) on the basis of written representations received from the directors as on 31 December 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2014, from being appointed as a director in terms of clause (g) of sub-section (I) of section 274 of the Companies Act, 1956 / section 164(2) of Companies Act, 2013 (as applicable).

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

Jayanta Mukhopadhyay
Partner

Membership No. 055757

Place : Kolkata
Date : 24 February 2015

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 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. No material discrepancies were noticed on verification between the physical stocks and the book records.
- (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 / section 189 of Companies Act, 2013 (as applicable). Thus paragraphs 4 (iii) (b) to (d), (f), (g) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories and fixed assets are for the Company's specialised requirements and suitable alternative sources are not available to obtain comparable quotations, 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 the contracts or arrangement referred to in Section 301 of the Companies Act, 1956 / section 189 of Companies Act, 2013 (as applicable), 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 the prevailing market prices at the relevant time. 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 that are 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 / section 128 of Companies Act, 2013 (as applicable) 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, Employees' State Insurance, Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess 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, Cess and other material statutory dues were in arrears as at 31 December 2014, 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, the following dues of Income tax, Excise duty and Custom Duty, Service tax, Sales tax and Entry tax have not been deposited with the appropriate authorities on account of disputes:

Name of the statute	Nature of the dues	Amount (Rs in lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowances arising in income tax proceedings (Net of deposit of Rs. 12,867 lakhs)	855	Assessment years 1997-98 to 2010-11	Hon'ble High Court of Calcutta, Income Tax Appellate Tribunal, Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Disallowance of Cenvat Credit	226	2006 to 2014	Additional Commissioner, Assistant Commissioner Central Excise and Service Tax Appellate Tribunal, Supreme Court
Central Excise Act, 1944	For non payment of Excise Duty on Service Charges and Machine hire charges	108	2000	Central Excise and Service Tax Appellate Tribunal,
Central Excise Act, 1944	Penalty for delayed payment of differential excise duty for supply of goods under Advance Intermediate licence.	20	June 1999 to April 2000	Central Excise and Service Tax Appellate Tribunal
Customs Act, 1962	Classification of High Alumina Cement	31	2005 to 2011	Central Excise and Service Tax Appellate Tribunal
Finance Act, 1994	For Non / short payment of service tax	12	2006-2008	Central Excise and Service Tax Appellate Tribunal
Central Sales Tax Act	Due to non-submission of declaration form. (Net of deposit of Rs. 106 lakhs)	2,235	2002-03, 2005-06, 2009-10, 2010-11, 2011-12	Additional Commissioner, Commissioner (Appeals), Sale Tax Appellate Tribunal, Hon'ble High Court of Calcutta
State Sales Tax Act	Disallowance of Input credit (Net of deposit of Rs. 99 lakhs)	2,401	2005-06, 2006-07, 2010-11, 2011-12	Additional Commissioner, Commissioner (Appeals), Sale Tax Appellate Tribunal, Supreme Court
The West Bengal Tax on entry of Goods into Local Areas Act, 2012	Entry Tax	138	June 2013 to December 2014	Hon'ble High Court of Calcutta

- (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/ section 189 of the Companies Act, 2013 (as applicable)
- (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 year.

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

Jayanta Mukhopadhyay
Partner

Membership No. 055757

Place : Kolkata
Date : 24 February 2015

Balance Sheet

AS AT DECEMBER 31, 2014

(Amount in Rupees Lakhs)

	Note No.	As at December 31, 2014		As at December 31, 2013	
I. EQUITY AND LIABILITIES					
(1) Shareholders' Funds					
(a) Share Capital	3	2,030		2,030	
(b) Reserves and surplus	4	41,903	43,933	37,684	39,714
(2) Non-current liabilities					
(a) Deferred tax liabilities (net)	5	450		890	
(b) Long-term provisions	6	1,041	1,491	802	1,692
(3) Current liabilities					
(a) Trade payables	7	9,014		7,512	
(b) Other current liabilities	8	1,569		1,371	
(c) Short-term provisions	6	1,806	12,389	1,470	10,353
TOTAL			57,813		51,759
II. ASSETS					
(1) Non-current assets					
(a) Fixed Assets					
(i) Tangible assets	9 (a)	13,214		13,326	
(ii) Intangible assets	10	15		33	
(iii) Capital work-in-progress	9 (b)	1,954		537	
		15,183		13,896	
(b) Long-term loans and advances	11	1,313	16,496	2,451	16,347
(2) Current assets					
(a) Inventories	12	7,171		5,880	
(b) Trade receivables	13	18,685		17,888	
(c) Cash and bank balances	14	14,307		10,627	
(d) Short-term loans and advances	15	921		968	
(e) Other current assets	16	233	41,317	49	35,412
TOTAL			57,813		51,759

Significant Accounting Policies 2

Notes to Financial Statements 1 to 42

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

As per our report of even date attached

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

Chartered Accountants

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

Jayanta Mukhopadhyay

Partner

Membership No. 055757

Place : Kolkata

Date : February 24, 2015

For and on behalf of the Board of Directors of

Vesuvius India Limited

Subrata Roy

MANAGING DIRECTOR

Biswadip Gupta

CHAIRMAN

Taposh Roy

COMPANY SECRETARY

Sanjoy Dutta

CHIEF FINANCIAL OFFICER

Place : Kolkata

Date : February 24, 2015

Statement of Profit and Loss

FOR THE YEAR ENDED DECEMBER 31, 2014

(Amount in Rupees Lakhs)

	Note No.	For the year ended December 31, 2014	For the year ended December 31, 2013
I. Revenue from operations			
(a) Sale of products (gross)	17	68,133	63,167
Less : Excise duty		5,966	5,675
Sale of products (net)		62,167	57,492
(b) Sale of services		3,000	2,627
(c) Other operating revenues		56	56
Total Revenue from operations		65,223	60,175
II. Other Income	18	910	572
III. Total Revenue (I + II)		66,133	60,747
IV. Expenses			
(a) Cost of materials consumed	19	25,380	24,637
(b) Purchase of stock-in-trade	20	12,211	9,576
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	179	(1,043)
(d) Employee benefit expense	22	4,308	3,782
(e) Finance costs	23	—	7
(f) Depreciation and amortisation expense	24	1,912	1,756
(g) Other expenses	25	13,150	12,138
Total expenses		57,140	50,853
V. Profit before tax (III-IV)		8,993	9,894
VI. Tax expense			
(i) Current tax		3,152	3,246
(ii) Income tax relating to earlier years		364	—
(iii) Deferred tax		(440)	131
VII. Profit for the year (V-VI)		5,917	6,517
VIII. Earnings per equity share	26		
[nominal value of shares Rs 10 (previous year Rs 10)]			
Basic (in Rs)		29.15	32.10
Diluted (in Rs)		29.15	32.10

Significant Accounting Policies 2

Notes to Financial Statements 1 to 42

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

As per our report of even date attached

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

Chartered Accountants

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

Jayanta Mukhopadhyay

Partner

Membership No. 055757

Place : Kolkata

Date : February 24, 2015

For and on behalf of the Board of Directors of

Vesuvius India Limited

Subrata Roy
MANAGING DIRECTOR

Taposh Roy
COMPANY SECRETARY

Place : Kolkata

Date : February 24, 2015

Biswadip Gupta
CHAIRMAN

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2014

(Amount in Rupees Lakhs)

Particulars	For the year ended December 31, 2014	For the year ended December 31, 2013
Cash Flows from Operating Activities		
Net Profit Before Tax	8,993	9,894
Adjustments for :		
Depreciation and amortisation expenses	1,912	1,756
Provision for doubtful debts	36	19
Provision for doubtful advances	47	—
Provision for doubtful debts written back/adjusted	(8)	(33)
Bad debts expenses	7	6
Loss on sale/disposal of fixed assets (net)	6	87
Unrealised foreign exchange differences (net)	(7)	(17)
Finance costs	—	7
Interest income	(820)	(518)
Operating profit before working capital changes	10,166	11,201
Adjustments for (increase)/decrease in operating assets :		
Trade Receivables	(749)	(1,302)
Inventories	(1,291)	(749)
Short-term loans and advances	—	422
Long-term loans and advances	26	17
Other current assets	(152)	43
Other non-current assets	—	91
Adjustments for increase /(decrease) in operating liabilities :		
Trade payables	1,426	(43)
Other current liabilities	146	136
Short-term provisions	2	—
Long-term provisions	239	122
Cash generated from Operations	9,813	9,938
Income taxes paid	(3,359)	(3,543)
Net cash provided/(used) by operating activities (A)	6,454	6,395
Cash flows from investing activities		
Purchase of fixed assets	(2,210)	(2,415)
Proceeds from sale of fixed assets	10	18
Interest received	789	482
(Purchase)/Redemption of Fixed deposits (with maturity more than three months)	(1,400)	(3,363)
Net cash provided/(used) by investing Activities (B)	(2,811)	(5,278)
Cash flows from financing activities		
Finance costs paid	—	(7)
Dividends paid	(1,165)	(910)
Dividend tax paid	(198)	(148)
Net cash provided/(used) in financing Activities (C)	(1,363)	(1,065)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	2,280	52
Cash and cash equivalents at the beginning of the year (refer note 1 below)	7,227	7,175
Cash and cash equivalents at the end of the year (refer note 1 below)	9,507	7,227

(Amount in Rupees Lakhs)

Notes to Cash Flow Statement

	As at December 31, 2014	As at December 31, 2013
1. Components of cash and cash equivalents:		
Cash on hand	1	2
Balance with scheduled banks:		
- On Current accounts	669	590
- On Deposit accounts (deposits having original maturity of 3 months or less)	8,800	6,600
- On unpaid dividend accounts	37	35
- Bank deposits due to mature after 3 months of original maturity but within 12 months of the reporting date	4,800	3,400
Cash and bank balances as per note 14	14,307	10,627
Less : Fixed Deposits not considered as cash and cash equivalent:		
- Fixed Deposits [with maturity more than three months (refer note 14)]	4,800	3,400
	9,507	7,227

- 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 regrouped and/or rearranged wherever considered necessary to conform to current year's presentation.

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

As per our report of even date attached

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

Chartered Accountants

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

Jayanta Mukhopadhyay

Partner

Membership No. 055757

Place : Kolkata

Date : February 24, 2015

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

Subrata Roy

MANAGING DIRECTOR

Biswadip Gupta

CHAIRMAN

Taposh Roy

COMPANY SECRETARY

Sanjoy Dutta

CHIEF FINANCIAL OFFICER

Place : Kolkata

Date : February 24, 2015

Notes to Financial Statements

For the Year Ended December 31, 2014

1. Company overview

Vesuvius India Limited ("the Company") is a public company domiciled and headquartered in India. It is incorporated under the Companies Act, 1956 and its shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is primarily engaged in the manufacturing and trading of refractory goods. The Company also 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/ Companies Act, 2013 (as applicable) 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.

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:

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- 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:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- 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 other than in case of Tundish Mechanisms installed at customers' site, which are depreciated using a unit-of-production method. 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 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.

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2014

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

i) Acquired intangible assets

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

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

The amortisation rate for Computer Software is 33%.

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

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

Losses arising from retirement and gains or losses arising from 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.

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

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2014

recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

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

(b) Defined benefit plans

The Company's gratuity benefit schemes are defined benefit plans. The Trustees of the scheme has entrusted the administration of the related fund to the Life Insurance Corporation of India (LICI) 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 LICI and the SBI Life based on intimations received by the Company.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of Profit and Loss. All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of Profit and Loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in profit 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.

(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 utilized 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 Free Import Authorisation (DFIA) and Status Holders Incentive Scrip (SHIC) are recognised on accrual basis against goods exported.

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

2.11 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 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.

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

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2014

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 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, 2014	As at December 31, 2013
3. SHARE CAPITAL		
Authorised		
25,000,000 (Previous Year 25,000,000)		
Equity Shares of Rs 10/- each	<u>2,500</u>	<u>2,500</u>
Issued		
20,300,000 (Previous Year 20,300,000)		
Equity Shares of Rs 10/- each	<u>2,030</u>	<u>2,030</u>
Of the above :		
3,920 (Previous Year 3,920) Equity Shares of Rs 10 each are held in abeyance (Refer note below)		
Subscribed and fully Paid up		
20,296,080 (Previous Year 20,296,080)		
Equity Shares of Rs 10/- each	<u>2,030</u>	<u>2,030</u>

Note - Shares held in abeyance :

In compliance with the provisions of Section 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.

(Amount in Rupees Lakhs)

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

	As at December 31, 2014		As at December 31, 2013	
	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, other than 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, 2014		As at December 31, 2013	
	Number	Amount	Number	Amount
Equity shares of Rs 10 each fully paid up held by immediate 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 Vesuvius plc. U.K. - the ultimate holding company.

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

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

	As at December 31, 2014		As at December 31, 2013	
	Number	% of total shares in the class	Number	% of total shares in the class
Equity shares of Rs 10 each fully paid-up held by :				
- Vesuvius Group Limited, U.K., immediate holding company	11,277,650	55.57	11,277,650	55.57
- HDFC Trustee Company Limited- HDFC Mid Cap Opportunities Fund	1,111,500	5.48	1,111,500	5.48

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2014

(Amount in Rupees Lakhs)

4. Reserves and surplus

Capital Reserve *

At the commencement and
at the end of the year

18

18

Securities Premium account

At the commencement and
at the end of the year

1,695

1,695

General Reserve

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

4,630

3,978

592

652

5,222

4,630

Surplus (Balance in Statement of Profit and Loss)

At the commencement of the year
Add : Profit for the year

31,341

26,604

5,917

6,517

37,258

33,121

Less : Appropriation

Proposed final dividend on equity shares
[Amount **Rs. 6** per share
(Previous year Rs. 4.75 per share)]

1,218

964

Interim dividend on equity shares
[Amount **Re. 1** per share
(Previous year Rs. Nil per share)]

203

—

Tax on proposed final dividend
Tax on interim dividend

243

164

34

—

Transferred to General Reserve

592

652

34,968

31,341

41,903

37,684

* 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 of account
and written down value as per Income Tax Act *

743

1,226

Deferred tax assets

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

233

302

59

33

1

1

293

336

450

890

* Includes adjustment made for deferred tax aggregating to Rs 364 lakhs, arising on account of the depreciation on toolings claimed by the Company on the basis of rates given in the Income Tax Act. Also refer note 27 (a)(i)(b).

(Amount in Rupees Lakhs)

6. Provisions

	Long Term		Short Term	
	As at 31.12.2014	As at 31.12.2013	As at 31.12.2014	As at 31.12.2013
Provision for employee benefits				
Gratuity (refer note 36)	459	321	–	–
Compensated absences	582	481	21	18
	<u>1,041</u>	<u>802</u>	<u>21</u>	<u>18</u>
Other provision				
Provision for tax	–	–	324	324
[Net of advance income tax and fringe benefit tax of Rs 8,021 (previous year Rs 8,021)]				
Proposed final dividend	–	–	1,218	964
Tax on proposed final dividend	–	–	243	164
	<u>–</u>	<u>–</u>	<u>1,785</u>	<u>1,452</u>
	<u>1,041</u>	<u>802</u>	<u>1,806</u>	<u>1,470</u>

7. Trade payables

Trade payables

As at 31.12.2014	As at 31.12.2013
9,014	7,512
<u>9,014</u>	<u>7,512</u>

For dues to Micro, Small and Medium Enterprises, refer to note 33

8. Other current liabilities

Advance from customers
Amount payable for capital goods
Unclaimed dividend *
Other payables #

As at 31.12.2014	As at 31.12.2013
190	126
101	51
37	35
1,241	1,159
<u>1,569</u>	<u>1,371</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, 2014.

Other payables comprises of :

Statutory liabilities :

Excise Duty and Service tax payable	212	206
Sales tax, Value added tax and Entry tax payable	339	219
Tax deducted at source payable	113	101
Provident Fund payable and Employee State Insurance Payable	34	30
	<u>698</u>	<u>556</u>

Liability for other expenses

As at 31.12.2014	As at 31.12.2013
543	603
<u>1,241</u>	<u>1,159</u>

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2014

9 (a). 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, 2013	274	640	4,683	12,935	2,700	244	3	714	552	22,745
Additions	—	—	179	2,659	533	5	—	87	6	3,469
Disposals	—	—	—	435	—	—	—	36	2	473
Balance as at December 31, 2013	274	640	4,862	15,159	3,233	249	3	765	556	25,741
Balance as at January 1, 2014	274	640	4,862	15,159	3,233	249	3	765	556	25,741
Additions	—	—	121	906	640	—	—	130	1	1,798
Disposals	—	—	—	98	—	—	—	121	—	219
Balance as at December 31, 2014	274	640	4,983	15,967	3,873	249	3	774	557	27,320
Depreciation										
Balance as at January 1, 2013	—	352	1,024	6,894	2,102	83	2	379	209	11,045
Depreciation for the year	—	33	153	1,046	401	14	—	66	25	1,738
Accumulated depreciation on disposals	—	—	—	331	—	—	—	36	1	368
Balance as at December 31, 2013	—	385	1,177	7,609	2,503	97	2	409	233	12,415
Balance as at January 1, 2014	—	385	1,177	7,609	2,503	97	2	409	233	12,415
Depreciation for the year	—	33	157	1,118	481	14	—	72	19	1,894
Accumulated depreciation on disposals	—	—	—	82	—	—	—	121	—	203
Balance as at December 31, 2014	—	418	1,334	8,645	2,984	111	2	360	252	14,106
Net block										
As at December 31, 2013	274	255	3,685	7,550	730	152	1	356	323	13,326
As at December 31, 2014	274	222	3,649	7,322	889	138	1	414	305	13,214

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

(Amount in Rupees Lakhs)

9.(b) Capital work-in-progress	Amount
Balance as at January 1, 2013	2,209
Additions	2,238
Assets capitalised during the year	(2,942)
Transferred to long term capital advance (Refer note 11)	(968)
Balance as at December 31, 2013	537
Balance as at January 1, 2014	537
Additions	1,608
Assets capitalised during the year	(1,159)
Transferred to long term capital advance #	968
Balance as at December 31, 2014	1,954

Includes Rs. 968 (previous year Rs. Nil) transferred from Long Term Capital Advance, refer note 11

10. Intangible Fixed Assets

Gross Block - Computer Software	Amount
Balance as at January 1, 2013	125
Additions	8
Disposals	—
Balance as at December 31, 2013	133
Balance as at January 1, 2014	133
Additions	—
Disposals	—
Balance as at December 31, 2014	133

Depreciation - Computer Software	Amount
Balance as at January 1, 2013	82
Amortisation for the year	18
Accumulated amortisation on disposals	—
Balance as at December 31, 2013	100
Balance as at January 1, 2014	100
Amortisation for the year	18
Accumulated amortisation on disposals	—
Balance as at December 31, 2014	118

Net Block	
As at December 31, 2013	33
As at December 31, 2014	15

Notes to Financial Statements *(Contd.)*

For the Year Ended December 31, 2014

(Amount in Rupees Lakhs)

11. Long-term loans and advances

	Non-current portion		Current portion	
	As at 31.12.2014	As at 31.12.2013	As at 31.12.2014	As at 31.12.2013
To parties other than related parties				
Capital advances #	33	988	—	—
<i>(Unsecured, considered good)</i>	<u>33</u>	<u>988</u>	<u>—</u>	<u>—</u>
Security deposits	180	180	—	—
<i>(Unsecured, considered good)</i>	<u>180</u>	<u>180</u>	<u>—</u>	<u>—</u>
Other loans and advances				
<i>(Unsecured, considered good)</i>				
Loans to employees	88	107	21	24
Prepaid expenses	13	20	228	139
Deposits against demand in disputes	211	211	—	—
Advance income tax and fringe benefit tax [net of provision for income tax and advance fringe benefit tax of Rs 18,108 (previous year Rs 14,592)]	788	945	—	—
	<u>1,100</u>	<u>1,283</u>	<u>249</u>	<u>163</u>
	<u>1,313</u>	<u>2,451</u>	<u>249 *</u>	<u>163 *</u>

Includes **Rs. Nil** (previous Year Rs. 968) transferred from Capital work-in-progress, refer note 9 (b)

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

(Amount in Rupees Lakhs)

	As at December 31, 2014	As at December 31, 2013
12. Inventories		
<i>(Valued at the lower of cost and net realisable value)</i>		
Raw Materials [including goods in transit Rs 1,265 (previous year Rs 460)]	4,147	2,780
Work-in-progress	849	972
Finished goods [including goods in transit Rs 17 (previous year Rs 12)]	953	1,301
Stock-in-trade [including goods in transit Rs 370 (previous year Rs 218)]	741	449
Stores and spares [including goods in transit Rs 17 (previous year Rs Nil)]	481	378
	7,171	5,880

13. Trade receivables

	Non current portion		Current portion	
	As at 31.12.2014	As at 31.12.2013	As at 31.12.2014	As at 31.12.2013
Receivables outstanding for a period exceeding six months from the date they became due for payment				
Unsecured, considered good	—	—	367	250
Doubtful	—	—	84	—
	—	—	451	250
Less : Provision for doubtful receivables	—	—	84	—
(A)	—	—	367	250
Other receivables				
Unsecured, considered good	—	—	18,318	17,638
Doubtful	—	—	42	98
	—	—	18,360	17,736
Less : Provision for doubtful receivables	—	—	42	98
(B)	—	—	18,318	17,638
(A+B)	—	—	18,685	17,888

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2014

(Amount in Rupees Lakhs)

	As at December 31, 2014	As at December 31, 2013
14. Cash and bank balances		
Cash and cash equivalents		
– Cash on hand	1	2
– Balances with banks		
On current accounts	669	590
On deposit accounts (with original maturity of 3 months or less)	8,800	6,600
Other bank balances		
– On Unpaid dividend account *	37	35
– Bank deposits due to mature after 3 months of original maturity but within 12 months of the reporting date	4,800	3,400
	<u>14,307</u>	<u>10,627</u>
Details of bank balances/deposits		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	8,800	6,600
Bank deposits due to mature after 3 months of original maturity but within 12 months of the reporting date	4,800	3,400
Bank deposits due to mature after 12 months of the reporting date	–	–
	<u>13,600</u>	<u>10,000</u>
* The funds are not available for use by the Company.		
15. Short-term loans and advances		
<i>(Unsecured, considered good unless otherwise stated)</i>		
To parties other than related parties		
Current portion of long-term loans and advances (refer note 11)	249	163
Advance for supply of goods and services *	178	282
Less: Provision for doubtful advances	<u>47</u>	<u>–</u>
Advance to employees	26	33
Claims and refunds receivable	11	–
Balances with statutory / government authorities	504	490
	<u>921</u>	<u>968</u>
* Represents advance recoverable in cash or kind or for value to be received		
16. Other current assets		
Interest accrued but not due on fixed deposits	80	49
Insurance claim receivable (refer note 40) <i>(Unsecured, considered good)</i>	153	–
	<u>233</u>	<u>49</u>

(Amount in Rupees Lakhs)

17. Revenue from operations

Sales of products

Finished goods (Manufactured goods)	48,258	47,196
Stock-in-trade (acquired for trading)	19,875	15,971
Sale of products (gross)	68,133	63,167
Less : Excise duty	5,966	5,675
Sale of products (net)	62,167	57,492

Sale of services

3,000	2,627
-------	-------

Other operating revenue

Scrap sales	56	56
	56	56

Break-up of revenue from sale of products (gross)

Finished goods (Manufactured goods)		
Refractories (Shaped)	24,674	26,552
Refractories (Unshaped)	23,584	20,644
	48,258	47,196

Stock-in-trade (acquired for trading)

Refractories (Shaped)	9,389	6,920
Refractories (Unshaped)	10,486	9,051
	19,875	15,971

Sales of products (gross)

68,133	63,167
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Break-up of revenue from services rendered

Repairs and maintenance services	3,000	2,627
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18. Other Income

Interest income on deposits	820	518
Other non-operating income *	90	54
	910	572

* Includes provision for doubtful debts no longer required written back **Rs 8** (previous year Rs 33)

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2014

(Amount in Rupees Lakhs)

19. Cost of materials consumed

	For the year ended December 31, 2014	For the year ended December 31, 2013
Inventory of raw materials at the beginning of the year	2,780	3,095
Purchases	26,747	24,322
	<u>29,527</u>	<u>27,417</u>
Less: Inventory of raw materials at the end of the year	4,147	2,780
	<u>25,380</u>	<u>24,637</u>

Break-up of cost of raw materials consumed

Alumina	4,727	3,829
Bauxite	2,841	2,795
Aluminous Cement	1,003	1,243
Graphite	1,733	1,623
Imported Mix	495	503
Mulcoa	819	990
Resin	791	876
Silicon Carbide	3,720	3,488
Slide gate plates	504	715
Zirconia	2,035	2,196
Others*	6,712	6,379
	<u>25,380</u>	<u>24,637</u>

Break-up of inventory of raw materials

Alumina	411	203
Bauxite	369	255
Aluminous Cement	267	143
Graphite	203	135
Imported Mix	181	111
Mulcoa	188	129
Resin	25	44
Silicon Carbide	494	169
Slide gate plates	68	529
Zirconia	440	125
Others*	1,501	937
	<u>4,147</u>	<u>2,780</u>

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

20. Purchase of stock-in-trade

Purchase of stock-in-trade :		
Refractories (Shaped)	5,223	3,242
Refractories (Unshaped)	6,988	6,334
	<u>12,211</u>	<u>9,576</u>

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

	For the year ended December 31, 2014			For the year ended December 31, 2013		
	Opening Inventory	Closing Inventory	(Increase) / Decrease in Inventory	Opening Inventory	Closing Inventory	(Increase) / Decrease in Inventory
Finished goods (Manufactured goods)						
Refractory (Shaped)	1,028	798	230	523	1,028	(505)
Refractory (Unshaped)	273	155	118	123	273	(150)
	<u>1,301</u>	<u>953</u>	<u>348</u>	<u>646</u>	<u>1,301</u>	<u>(655)</u>
Stock-in-trade (acquired for trading)						
Refractory (Shaped)	417	701	(284)	328	417	(89)
Refractory (Unshaped)	32	40	(8)	—	32	(32)
	<u>449</u>	<u>741</u>	<u>(292)</u>	<u>328</u>	<u>449</u>	<u>(121)</u>
Work-in-progress						
Refractory (Shaped)	732	496	236	517	732	(215)
Refractory (Unshaped)	240	353	(113)	188	240	(52)
	<u>972</u>	<u>849</u>	<u>123</u>	<u>705</u>	<u>972</u>	<u>(267)</u>
Total	<u>2,722</u>	<u>2,543</u>	<u>179</u>	<u>1,679</u>	<u>2,722</u>	<u>(1,043)</u>

Notes to Financial Statements *(Contd.)*

For the Year Ended December 31, 2014

(Amount in Rupees Lakhs)

	For the year ended December 31, 2014	For the year ended December 31, 2013
22. Employee benefits expenses		
Salaries, wages and bonus	3,050	2,793
Contribution to provident and other funds	511	409
Compensated absences	128	106
Staff welfare expenses	619	474
	<u>4,308</u>	<u>3,782</u>
23. Finance cost		
Interest expenses on other borrowing	<u>—</u>	<u>7</u>
24. Depreciation and amortisation expense		
Depreciation on tangible fixed assets (refer note 9(a))	1,894	1,738
Amortisation of intangible fixed assets (refer note 10)	18	18
	<u>1,912</u>	<u>1,756</u>

(Amount in Rupees Lakhs)

25. Other expenses

	For the year ended December 31, 2014		For the year ended December 31, 2013	
Consumption of stores and spares*		407		391
Excise duty on increase/(decrease) in inventory of finished goods		(34)		78
Power and fuel		2,042		1,908
Freight		3,107		2,586
Site expenses		2,745		2,639
Rent (refer note 41)		195		198
Repairs to				
Buildings	149		98	
Machinery	751		636	
Others	142	1,042	164	898
Insurance		95		76
Rates and taxes		193		217
Travelling and conveyance expenses		1,130		1,039
Legal and professional fees		143		149
Payment to auditors (refer note below)		29		30
Commission		35		36
Directors' commission		13		16
Advertisement and sales promotion		86		64
Bank charges		50		60
Communication cost		122		116
Printing and stationery		57		34
Royalty, Trademark license fees		935		903
Management fees		361		356
Loss on foreign exchange fluctuations [Net of foreign exchange gain of Rs. 86 (previous year Rs. 187)]		147		101
Provision for doubtful debts		36		19
Bad debts	7		38	
Less : adjusted with provisions	—	7	32	6
Loss on sale / discard of fixed assets [Net of profit on sale of fixed assets of of Rs. 5 (previous year Rs. 3)]		6		87
Provision for doubtful advance		47		—
Miscellaneous expenses **		154		131
		13,150		12,138

Note : Payment to auditors

As auditor				
Statutory audit		15		15
Limited review of quarterly results		4		4
In other capacity				
Group reporting		5		5
Audit of tax accounts		2		2
Corporate governance certification fees		—		1
Reimbursement of expenses		3		3
		29		30

* Excludes stores and spares consumed and included under the heads Repairs - Machinery **Rs. 218** (previous year Rs. 171) and Site expenses **Rs. 308** (previous year Rs. 282)

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

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2014

(Amount in Rupees Lakhs)

26. Earnings per share (EPS)

Basic and diluted earning per share

The calculation of basic diluted earnings per share for the year ended December 31, 2014 is based on the profit attributable to equity shareholders of **Rs 5,917** (previous year Rs 6,517), and weighted average number of equity shares outstanding of **20,296,080** (previous year 20,296,080).

	For the year ended December 31, 2014	For the year ended December 31, 2013
Earnings		
Profit after tax	5,917	6,517
Net profit attributable to equity shareholders for calculation of basic and diluted EPS	5,917	6,517
Shares		
Weighted average number of equity shares outstanding during the year for calculation of basic and diluted EPS (in nos.)	2,02,96,080	2,02,96,080
Basic and Diluted Earnings per share (in Rs.)	29.15	32.10
Nominal value of equity share (in Rs)	10	10

27. 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 31.12. 2014	As at 31.12.2013	
a.	Sales Tax/Value Added Tax	4,841	712	Demand received from appropriate authorities in relation to sales tax/ VAT assessment and non submission of statutory forms.
b.	Income Tax matters	930	362	Demands received from appropriate authorities in relation to Income Tax including transfer pricing assessments. Also refer note below.
d.	Excise Duty, Customs Duty and Service Tax matters	396	353	Demands received from appropriate authorities in relation to Excise Duty, Custom Duty and Service Tax matters.

Note :

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

The Income tax department had disallowed the Company's claim for deduction and has allowed deduction on the basis of actual toolings consumed. The Income Tax Appellate Tribunal (ITAT) vide order dated December 16, 2003 has directed the department to allow expenses based on actual 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 and has made an application to the Hon'ble High Court at Calcutta seeking further clarifications of the ITAT order. The relevant orders from the income tax departments giving effect of ITAT order is yet to be received by the Company.

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

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

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

	As at December 31, 2014	As at December 31, 2013
(b) Commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	296	209

(Amount in Rupees Lakhs)

	For the year ended December 31, 2014		For the year ended December 31, 2013	
	Amount	% of total consumption	Amount	% of total consumption
28. Details of imported and indigenous raw materials, stores and spares consumed during the year				
Raw materials				
Imported	16,312	64.27	16,972	68.89
Indigenous	9,068	35.73	7,665	31.11
	<u>25,380</u>	<u>100.00</u>	<u>24,637</u>	<u>100.00</u>
Stores and spares				
Imported	158	16.94	197	23.33
Indigenous	775	83.06	647	76.67
	<u>933</u>	<u>100.00</u>	<u>844</u>	<u>100.00</u>
29. Value of imports on CIF basis				
Raw Materials	18,021		16,157	
Stores and spares	195		196	
Stock-in-trade (acquired for trading)	1,738		1,434	
Capital Goods	373		846	
Toolings	373		410	
	<u>20,700</u>		<u>19,043</u>	
30. Expenditure in foreign currency				
Travelling expenses	138		130	
Royalty, Trademark licence fees	935		903	
Freight	639		344	
Management fees	361		356	
Commission	—		3	
Reimbursement of expenses	80		85	
	<u>2,153</u>		<u>1,821</u>	
31. Earnings in foreign currency				
F.O.B. value of Exports	3,589		2,899	
F.O.B. value of Deemed Exports	5,572		3,146	
Reimbursement of expenses	185		233	
	<u>9,346</u>		<u>6,268</u>	
32. Dividend remitted in foreign currency	2013 and 2014		2012	
Years to which dividend relates*				
Amount remitted during the year (Rs in lakhs)*	648		507	
Number of non-resident shareholders	1		1	
Number of shares on which dividend was due	11,277,650		11,277,650	

* Includes interim dividend paid for the year 2014

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2014

(Amount in Rupees Lakhs)

	As at December 31, 2014	As at December 31, 2012
33. 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	47	77
– 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 payments 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 small 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.		

34. 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.

(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, 2014	For the year ended December 31, 2013
Sales revenue by geographical market (Net of excise duty)		
India	55,896	53,971
Outside India		
– direct exports	3,699	3,002
– deemed exports	5,572	3,146
	<u>65,167</u>	<u>60,119</u>

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

	Carrying amount of segment assets		Capital expenditure during the year	
	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
India	54,647	50,259	3,215	1,804
(includes fixed assets located in India)				
Outside India	3,166	1,500	–	–
	<u>57,813</u>	<u>51,759</u>	<u>3,215</u>	<u>1,804</u>

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

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2014

35. 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:

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

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

Cookson Financial Limited, United Kingdom - holding Company of Vesuvius Group Limited, United Kingdom.

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

Vesuvius Group Limited, United Kingdom – Immediate holding company.

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

Name of the related parties

Vesuvius Group S. A.

Vesuvius GmbH

Vesuvius South Africa (Pty) Limited

Vesuvius UK Limited

Vesuvius Crucible Company

Vesuvius USA Corporation

Vesuvius Advanced Ceramics (Suzhou) Co. Ltd.

Wuhan Wugang Vesuvius Advanced Ceramics Co. Ltd.

Vesuvius Mexico S.A. de C.V.

Vesuvius Malaysia Sdn Bhd

Vesuvius Corporation S. A.

Vesuvius (Thailand) Co., Ltd

Vesuvius Belgium N.V.

Vesuvius Poland Sp. Zoo

Foseco Industrial e Commercial Ltda

Foseco (Thailand) Limited

PT. Foseco Indonesia

Vesuvius Canada Inc

Vesuvius Refratarios Ltda

Vesuvius Slavia, a.s.

Vesuvius Mid-East Limited

Foseco Pty Limited

Foseco Korea Limited

Vesuvius France S.A.

Vesuvius Italia SPA

Vesuvius Zyarock Ceramics (Sozhou) Co. Ltd.

Vesuvius Emirates FZE

Vesuvius Istanbul Refrakter

Vesuvius Foundry Products (Suzhou) Co. Ltd.

SERT-Metal SAS

Yingkou Bayuquan Refractories Co. Ltd

Vesuvius Lberica Refractories S.A.

BMI Refractory Services Inc.

Avemis SAS

Feseco Philippines Inc

Foseco India Limited

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, United Kingdom

v) Key Management Personnel

Mr. Tanmay Kumar Ganguly – Managing Director upto December 31, 2014

Mr. Subrata Roy - Managing Director with effect from January 1, 2015

(Amount in Rupees Lakhs)

B. Related party transactions for the year ended December 31, 2014

Name of the entity	Sale of goods/ Services	Purchase of goods	Dividend paid	Other (Income)/ expenses	Managing Director's Remuneration	Receivable/ (Payable) at the year end
Holding Company						
Vesuvius Group Limited, U. K.	–	–	648	–	–	–
Fellow subsidiary						
Vesuvius Group S. A.	–	448	–	668	–	(337)
Vesuvius GmbH	894	51	–	–	–	197
Vesuvius South Africa (Pty) Limited	594	–	–	(9)	–	130
Vesuvius UK Limited	15	536	–	(7)	–	(114)
Vesuvius Crucible Company	–	70	–	660	–	(19)
Vesuvius USA Corporation	349	660	–	7	–	(200)
Vesuvius Advanced Ceramics (Suzhou) Co. Ltd	14	31	–	–	–	13
Wuhan Wugang Vesuvius Advanced Ceramics Co. Ltd.	–	2,368	–	–	–	(930)
Vesuvius Mexico S. A. de C. V.	–	422	–	–	–	(198)
Vesuvius Malaysia SDN BHD	448	74	–	–	–	120
Vesuvius Corporation S. A.	313	–	–	–	–	2
Vesuvius (Thailand) Co., Ltd	332	–	–	–	–	52
Vesuvius Belgium N.V.	–	265	–	–	–	(40)
Vesuvius Poland Sp., z.o.o	–	369	–	–	–	(66)
Foseco Industrial e Commercial Ltda	39	–	–	–	–	–
Foseco (Thailand) Limited	95	–	–	–	–	36
PT. Foseco Indonesia	61	–	–	–	–	15
Vesuvius Canada Inc	–	15	–	–	–	–
Vesuvius Refratarios Ltda	–	–	–	(4)	–	4
Vesuvius Slavia. a.s.	–	197	–	–	–	(17)
Vesuvius Mid-East Limited	3	–	–	–	–	–
Foseco Pty Limited	0	–	–	–	–	–
Foseco Korea Co Ltd	5	–	–	–	–	–
Vesuvius France S. A.	–	58	–	–	–	(28)
Vesuvius Italia SPA	–	91	–	–	–	(4)
Vesuvius Zyarock Ceramics (Suzhou) Co. Ltd.	–	–	–	(22)	–	–
Vesuvius Emirates FZE	66	–	–	–	–	16
Vesuvius Istanbul Refrakter, Turkey	113	–	–	3	–	27
Vesuvius Foundry Products (Suzhou) Co. Ltd. China	15	95	–	–	–	(51)
SERT Metal SAS	–	226	–	4	–	(24)
Yingkou Bayuquan Refractories Co. Ltd.	–	336	–	–	–	(138)
BMI Refractory Services Inc.	–	5	–	–	–	–
Avemis SAS	–	12	–	2	–	(2)
Foseco Philippines Inc	4	–	–	–	–	–
Foseco India Limited	–	3	–	33	–	(5)
Key Management Personnel						
Tanmay Kumar Ganguly	–	–	–	–	239	(133)

C. Related party transactions for the year ended December 31, 2013

Name of the entity	Sale of goods/ Services	Purchase of goods	Dividend paid	Other (Income)/ expenses	Managing Director's Remuneration	Receivable/ (Payable) at the year end
Holding Company						
Vesuvius Group Limited, U. K.	–	–	507	–	–	–
Fellow subsidiary						
Vesuvius Group S. A.	3	754	–	599	–	(441)
Vesuvius Deutschland GmbH	456	28	–	–	–	73
Vesuvius South Africa (Pty) Limited	551	–	–	–	–	151
Vesuvius UK Limited	13	381	–	6	–	(113)
Vesuvius Crucible Company	–	–	–	641	–	(137)
Vesuvius USA Corporation	344	462	–	1	–	(58)
Vesuvius Advanced Ceramics (Suzhou) Co. Ltd.	–	127	–	–	–	–
Wuhan Wugang Vesuvius Advanced Ceramics Co. Ltd.	–	1,542	–	–	–	(282)
Vesuvius Mexico S. A. de C. V.	–	417	–	–	–	(142)
Vesuvius Malaysia SDN BHD	205	55	–	–	–	24
Vesuvius Corporation S. A.	312	–	–	–	–	14
Vesuvius (Thailand) Co. Ltd	477	–	–	–	–	102
Vesuvius Belgium N.V.	–	262	–	–	–	(36)
Vesuvius Poland Sp., z.o.o	–	385	–	–	–	(139)
(Formerly Vesuvius Skawina Materialy Ogniotrwale Sp.,z.o.o)						
Foseco India Limited	–	–	–	12	–	–
Foseco Industrial e Commercial Ltda	13	–	–	3	–	10
Foseco (Thailand) Limited	53	–	–	–	–	19
Foseco Pty Limited	15	–	–	–	–	–
PT. Foseco Indonesia	57	–	–	–	–	16
Vesuvius Slavia, A.S.	–	11	–	–	–	(8)
Vesuvius Corporation Tawan Branch	14	–	–	–	–	3
Vesuvius France S.A.	–	38	–	–	–	(8)
Vesuvius Italia SPA	–	117	–	–	–	(41)
Vesuvius Zyarock Ceramics (Suzhou) Co. Ltd.	–	–	–	(23)	–	6
Vesuvius Emirates SZE	14	–	–	–	–	(2)
Vesuvius Istanbul Refrakter, Turkey	147	–	–	–	–	39
Vesuvius Foundry Products (Suzhou) Co.	13	123	–	–	–	(27)
Vesuvius Iberica Refractories S.A.	–	1	–	–	–	(1)
Key Management Personnel						
Tanmay Kumar Ganguly	–	–	3	–	149	–

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2014

(Amount in Rupees Lakhs)

36. Employee Benefits : Post employment benefit plans

Defined contribution plans

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident and Pension Fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident and Pension Fund for the year aggregated to **Rs. 312** (Previous Year Rs. 282).

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/exit employees to encash the accumulated leave standing to their credit on the date of their retirement. 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
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Fair value of plan assets	665	571	—	—
Present value of obligations	1,124	892	603	499
Liability recognised in Balance Sheet	(459)	(321)	(603)	(499)

ii) Classification into current / non-current

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

	Non-Current		Current	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Gratuity	459	321	—	—
Other long term benefits (Compensated absences)	582	481	21	18
	1,041	802	21	18

	Gratuity		Other long term benefits (Compensated absences)	
	Funded	Unfunded	Funded	Unfunded
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
iii) Composition of Plan Assets :				
Insurer managed funds	665	571	NA	NA
iv) Major category of Plan Assets as a % of the Total Plan Assets as at year end				
Invested with Life Insurance Corporation of India	20%	27%	NA	NA
Invested with SBI Life Insurance Company Limited	80%	73%	NA	NA
v) Movement in present values of defined benefit obligations:				
Defined benefit obligation at beginning of the year	892	721	499	434
Current service cost	83	72	37	36
Interest cost	75	60	41	35
Settlement Cost	—	—	—	5
Actuarial (gain) / loss	104	51	50	30
Benefits paid	(30)	(12)	(24)	(41)
Curtailments	—	—	—	—
Defined benefit obligation at end of the year (A)	1,124	892	603	499

(Amount in Rupees Lakhs)

	Gratuity		Other long term benefits (Compensated absences)	
	Funded		Unfunded	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
vi) Movement in fair value of Plan Assets :				
Fair value of Plan Assets, beginning of the year	571	457	—	—
Expected return on Plan Asset	45	39	—	—
Actual Company contribution	56	62	24	41
Benefits paid	(30)	(12)	(24)	(41)
Actuarial gain / (loss)	23	25	—	—
Fair value of Plan Assets at the end of the year (B)	665	571	—	—
Surplus / (Deficit) (A) - (B)	(459)	(321)	(603)	(499)
vii) Expenses recognised in Statement of Profit and Loss				
Current service costs	83	72	37	36
Interest costs	75	60	41	35
Settlement Cost	—	—	—	5
Expected return on Plan Assets	(45)	(39)	—	—
Actuarial (gain) / loss recognised in the year	81	26	50	30
Expense recognised in the Statement of Profit and Loss	194	119	128	106
viii) Actual return on Plan Assets :	45	39	—	—
Expected return on Plan Assets	23	25	—	—
Actuarial (gain) / (loss) on Plan Assets	68	64	—	—
ix) Principal actuarial assumptions :				
The following are the principal actuarial assumptions at the reporting dates :				
Discount rate as at 31 December	8.10%	8.50%	8.10%	8.50%
Expected rate of return on Plan Assets	8.50%	8.00%	—	—
Future salary increases	8.00%	8.00%	8.00%	8.00%

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

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

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

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

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

xi) Five year information :

Amount for current and previous four years are as follows :

	December 31 2014	December 31 2013	December 31 2012	December 31 2011	December 31 2010
Gratuity					
Defined benefit obligation as at year end	1,124	892	721	575	408
Fair value of Plan Assets	665	571	457	291	204
Surplus / (deficit) in the plan	(459)	(321)	(264)	(284)	(204)
Experience adjustments arising on Obligation [(gain)/loss]	56	12	41	59	68
Experience adjustments arising on Plan Assets [(gain)/loss]	(23)	(25)	—	—	—
Actuarial (gain)/loss due to change on assumption	48	39	8	52	29
Other long term benefits					
Defined benefit obligation as year end	603	499	434	351	275
Fair value of Plan Assets	—	—	—	—	—
Surplus / (deficit) in the plan	(603)	(499)	(434)	(351)	(275)
Experience adjustments arising on Obligation [(gain)/loss]	25	10	25	10	47
Experience adjustments arising on Plan Assets [(gain)/loss]	NA	NA	NA	NA	NA
Actuarial (gain)/loss due to change on assumption	25	20	5	34	19

* NA = Not applicable.

Notes to Financial Statements (Contd.)

For the Year Ended December 31, 2014

37. Unhedged foreign currency exposures

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

	As at December 31, 2014 Amount (In lakhs) (In original currency) (in Rupees)		As at December 31, 2013 Amount in lakhs (In original currency) (in Rupees)	
Trade Receivables				
USD	42.18	2,659	20.30	1,255
EURO	6.66	507	2.89	245
Trade payables				
USD	50.51	3,184	34.56	2,136
EURO	7.46	569	9.43	801
GBP	1.28	126	1.24	127

38. Provision for taxation has been recognised with reference to profit for the year ended December 31, 2014 in accordance with the provision of the Income Tax Act, 1961 and rules framed there under. The ultimate tax liability for the Assessment Year 2015-2016 will be determined on the basis of total taxable income for the year ended on March 31, 2015.
39. 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.
40. On 12 October 2014, a severe cyclonic storm 'Hudhud' hit India's eastern coast and certain damages have occurred on the Company's factories situated in Visakhapatnam. As per the best estimate of the management, insurance claim receivable aggregating to Rs. 153 lakhs have been recognised as receivable from the insurance company and adjusted against carrying cost of such damages and an amount of Rs. 23 lakhs has been provided against such damages. Adjustments, if any, arising out of final settlement of the claim, will be made upon such settlement.
41. The Company has taken various premises under operating lease which are cancelable during the life of the contract at the option of both the parties. Minimum lease payment charged during the year to the Statement of Profit and Loss aggregated to **Rs. 195 lakhs** (previous year Rs. 198 lakhs).
42. Previous year's figures have been regrouped and/or rearranged wherever considered necessary to confirm to current year's presentation.

As per our report of even date attached

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

Chartered Accountants

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

Jayanta Mukhopadhyay

Partner

Membership No. 055757

Place : Kolkata

Date : February 24, 2015

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

Subrata Roy
MANAGING DIRECTOR

Taposh Roy
COMPANY SECRETARY

Place : Kolkata

Date : February 24, 2015

Biswadip Gupta
CHAIRMAN

Sanjoy Dutta
CHIEF FINANCIAL OFFICER

Five Years at a Glance

(Amount in Rupees Lakhs)

	For the years ended on				
	31.12.2014	31.12.2013	31.12.2012	31.12.2011	31.12.2010
STATEMENT OF PROFIT & LOSS					
Sales	65,223	60,119	56,234	54,026	44,011
Other Income	910	628	352	465	533
Total Income	66,133	60,747	56,586	54,491	44,544
Expenditure	55,228	50,853	48,323	46,223	37,173
PBIDT	10,905	11,657	9,904	9,796	8,773
Depreciation & Amortisation	1,912	1,756	1,635	1,467	1,291
Finance Cost	0	7	6	61	2
PBT	8,993	9,894	8,263	8,268	7,480
PAT	5,917	6,517	5,576	5,522	4,885
BALANCE SHEET					
Assets Employed					
Fixed Assets	15,183	13,896	13,952	13,909	11,154
Working Capital:					
Current Assets	41,317	35,412	32,079	45,178	37,349
Less : Current Liabilities	12,389	10,353	10,947	28,641	22,637
Working Capital Employed	28,928	25,059	21,132	16,537	14,712
Long Term loans & advances	1,313	2,451	(i n c l u d e d a b o v e)		
Total Assets Employed	45,424	41,406	35,084	30,446	25,866
Financed By :					
Shareholders' Funds :					
Share Capital	2,030	2,030	2,030	2,030	2,030
Reserves & Surplus	41,903	37,684	32,295	27,780	23,257
Total of Shareholders' Funds	43,933	39,714	34,325	29,810	25,287
Non-Current Liabilities	1,491	1,692	759	636	579
Total Funds Employed	45,424	41,406	35,084	30,446	25,866
OTHER INFORMATION					
Dividend (Rs Lakhs)	1,421	964	913	863	812
Rate of Dividend (%)	70.00%	47.50%	45%	42.50%	40%
Number of Shareholders (nos)	11,647	12,006	12,762	12,274	12,564
Number of Employees (nos)	438	448	446	452	387
Earnings per share (EPS) (Rs)	29.15	32.10	27.48	27.21	24.07
Return on Capital Employed (ROCE) (%)	13.03	15.76	15.91	18.34	18.89
Economic Value Added (EVA) (Rs Lakhs)	4786	5387	4446	4392	3755

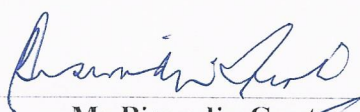
FORM A

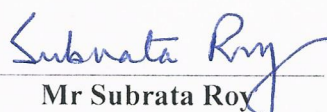
[Clause 31(a) of the Listing Agreement with Stock Exchange]

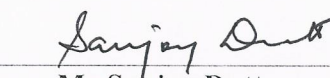
Annual Report to be filed with Stock Exchanges where Auditors Report is Unqualified/ Matter of Emphasis

1	Name of the Company	:	Vesuvius India Limited P-104 Taratala Road, Kolkata 700088 NSE Stock Code No : VESUVIUS BSE Stock Code No : 520113
2	Annual Financial Statements for the year ended	:	December 31, 2014
3	Type of Audit Observation	:	Un-qualified / Matter of Emphasis
4	Frequency of Observation	:	a) Appeared for the first time : Not Applicable b) Repetitive : Not Applicable c) Since How Long period : Not Applicable

5 Signatures for Vesuvius India Limited :


Mr Biswadip Gupta
Audit Committee Chairman


Mr Subrata Roy
Managing Director


Mr Sanjoy Dutta
Chief Financial Officer

Place : Kolkata

Date : February 24, 2015

Signatures by Auditors :

For **BSR & Co. LLP**

Chartered Accountants

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


Jayanta Mukhopadhyay
Partner

Membership No. 055757

Place : Kolkata

Date : February 24, 2015