

EXPANDING HORIZONS----



**IFGL Refractories Ltd**

Annual Report 2009-2010

## **FORWARD LOOKING STATEMENT**

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospect and take informed investment decisions. This Report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipate’, ‘estimate’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’, and words of similar substance in connection with any discussion of future performance.

We can not guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## CORPORATE INFORMATION

**CHAIRMAN EMERITUS**  
B P Bajoria (wef 10th May, 2010)

**BOARD OF DIRECTORS**  
K Dalmia  
M Kusakabe (upto 10th May, 2010)  
O Matsuura  
D G Rajan  
Prof A N Sadhu  
K S B Sanyal  
Sadayoshi Tateishi (wef 10th May, 2010)

**CHAIRMAN**  
S K Bajoria

**MANAGING DIRECTOR**  
P Bajoria

**COMPANY SECRETARY**  
R Agarwal

**MAIN BANKERS**  
The Hongkong & Shanghai Banking Corporation Ltd  
State Bank of India  
HSBC Bank plc  
ICICI Bank UK Ltd

**AUDITORS**  
Grant Thornton UK LLP  
Price Waterhouse

**HEAD & CORPORATE OFFICE**  
McLeod House, 3, Netaji Subhas Road  
Kolkata - 700 001  
Phone : +91 33 22482411  
Fax : +91 33 22430886/22480482  
E-mail : ifgl@bajoria.in  
Website : www.ifglref.com

**REGISTERED OFFICE & WORKS**  
Sector 'B', Kalunga Industrial Estate  
PO : Kalunga - 770 031, Near Rourkela  
Dist : Sundergarh, Orissa  
Phone : +91 661 2660195, Fax : +91 661 2660173  
E-mail : ifglworks@bajoria.in



CORPORATE OFFICE

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 21st Annual General Meeting of the Shareholders of IFGL Refractories Limited will be held on Saturday, 31st July 2010 at 11 AM at the Registered Office situated at Sector `B', Kalunga Industrial Estate, P.O. Kalunga 770 031, Dist. Sundergarh, Orissa to transact following Business :

### Ordinary Business :

1. To receive, consider and adopt Profit and Loss Account for financial year ended 31st March 2010 and Balance Sheet as on that date and Schedules and Notes forming part thereof and the Reports of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for financial year ended on 31st March 2010.
3. To appoint a Director in place of Prof A N Sadhu, who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Mr Kunal Dalmia, who retires by rotation and being eligible, offer himself for re-appointment.
5. To appoint Deloitte Haskins & Sells (Regn No. 302009E), Chartered Accountants, who have signified their willingness and that their appointment will be within the prescribed limit, as Statutory Auditors and to authorise the Board to fix their remuneration including terms of payment.

Existing Statutory Auditors, Price Waterhouse, Chartered Accountants will cease to hold their office on conclusion of this Annual General Meeting and have expressed their inability to offer themselves for re-appointment.

### Special Business :

6. To consider and if thought fit, with or without modification(s), to pass the following resolution as an Ordinary Resolution :  
 "Resolved that Mr Sadayoshi Tateishi, who was appointed as a Casual Director as per provisions of Section 262 of the Companies Act, 1956 (the Act) in the meeting of Board of Directors of the Company held on Monday, 10th May 2010 and whose term expires at the ensuing Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement by rotation."

7. To consider and if thought fit, with or without modification(s), to pass the following resolution as a Special Resolution :  
 "Resolved that pursuant to provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 (the Act) including Schedule XIII thereof, as amended to date, and other necessary approvals, Mr S K Bajoria be re-appointed as the Whole-time Director of the Company for a period of 5 (five) years with effect from Thursday, 1st April 2010 on terms and conditions as set out in detail in draft of the Agreement proposed to be executed between the Company and Mr Bajoria, a copy whereof is placed before the meeting and for identification is initialled by the Chairman of the meeting of the Board of Directors held on Monday, 10th May 2010, which Agreement also authorises the Board of Directors, based on recommendation of the Remuneration Committee, to increase, reduce, alter or vary the remuneration and perquisites, including the monetary value thereof specified in the said Agreement at any time(s) and from time to time in such manner as the Board of Directors may in its absolute discretion deem fit within the maximum amount payable to Mr Bajoria, which shall not exceed 5% of the Net Profits of the Company, for each of relevant financial year or such other amount and perquisites as may be provided in Section I of Part II of Schedule XIII of the Act, as may be amended from time to time or any equivalent statutory re-enactment thereof.

Resolved further that in the event of loss or inadequate profits in any financial year during the term of Mr Bajoria's office, he shall be paid remuneration and perquisites per month within the limit specified at Section II(C) of Part II of said Schedule as 'minimum remuneration'.

Resolved further that for the purpose of giving effect to above resolutions, the Board of Directors in consultation with and on recommendation of the Remuneration Committee be and is hereby authorised to do all such acts, deeds, matters and things as may be, in their absolute discretion, deemed necessary, expedient, usual or proper in the best interest of the Company."

8. To consider and if thought fit, with or without modification(s), to pass the following resolution as a Special Resolution :  
 "Resolved that pursuant to provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 (the Act) including Schedule XIII thereof, as amended to date, and other necessary approvals, Mr P Bajoria be

**NOTICE OF ANNUAL GENERAL MEETING (Contd.)**

re-appointed as the Whole time Director of the Company for a period of 5 (five) years with effect from Thursday, 1st April 2010 on terms and conditions as set out in detail in draft of the Agreement proposed to be executed between the Company and Mr Bajoria, a copy whereof is placed before the meeting and for identification is initialled by the Chairman of the meeting of the Board of Directors held on Monday, 10th May 2010, which Agreement also authorises the Board of Directors, based on recommendation of the Remuneration Committee, to increase, reduce, alter or vary the remuneration and perquisites, including the monetary value thereof specified in the said Agreement at any time(s) and from time to time in such manner as the Board of Directors may in its absolute discretion deem fit within the maximum amount payable to Mr Bajoria, which shall not exceed 5% of the Net Profits of the Company for each of relevant financial year or such other amount and perquisites as may be provided in Section I of Part II of Schedule XIII of the Act, as may be amended from time to time or any equivalent statutory re-enactment thereof.

Resolved further that in the event of loss or inadequate profits in any financial year during the term of Mr Bajoria's office, he shall be paid remuneration and perquisites per month within the limit specified at Section II(C) of Part II of said Schedule as 'minimum remuneration'.

Resolved further that for the purpose of giving effect to above resolutions, the Board of Directors in consultation with and on recommendation of the Remuneration Committee be and is hereby authorised to do all such acts, deeds, matters and things as may be, in their absolute discretion, deemed necessary, expedient, usual or proper in the best interest of the Company."

By Order of the Board  
For IFGL REFRACTORIES LIMITED

**R Agarwal**  
Company Secretary

Kolkata  
25th May 2010

**NOTES**

1. **A member entitled to attend and vote at the meeting is also entitled to appoint a Proxy to attend and vote instead of himself/herself and the Proxy need not be a member. Proxies in order to be effective, must be lodged with the Company not less than 48 (forty eight) hours before the commencement of the ensuing Annual General Meeting (AGM).**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business set out at Item Nos 6 to 8 above is annexed hereto.
3. Corporate Members are requested to send to the Company's Corporate and Head Office, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the AGM.
4. Brief profile of the Directors seeking re-appointment/appointment at the ensuing AGM is annexed hereto in compliance of Clause 49 of the Listing Agreement with Stock Exchanges.
5. The Register of Members and Share Transfer Register will remain closed from Thursday, 22nd July 2010 to Saturday, 31st July 2010 both days inclusive, in connection with ensuing AGM and dividend proposed to be declared thereto.
6. If dividend, as recommended by the Board of Directors, is declared at the ensuing AGM, the payment, subject to provisions of Section 206A of the Companies Act, 1956, will be made on or after Thursday, 5th August 2010 to those shareholders whose names shall appear on the Company's Register of Members.
  - i) as Beneficial Owners as at the end of business hours on Wednesday, 21st July 2010 as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of shares held in dematerialized form.
  - ii) as Members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company, on or before Wednesday, 21st July 2010.
7. With effect from 1st October 2009, the remittance of money through ECS is replaced by National Electronic Clearing Service (NECS). The advantages of NECS over ECS include faster credit of remittance to beneficiary's account, coverage of more branches and ease of operations for remitting agencies.



## **NOTICE OF ANNUAL GENERAL MEETING (Contd.)**

NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for centralised processing of inward instructions and efficiency in handling bulk transactions.

Members are advised to avail NECS facility whereby the dividend will be directly credited electronically to their respective Bank Accounts.

Members holding the Company's shares in dematerialised mode are requested to provide NECS particulars i.e. new Bank Account Number allotted after implementation of CBS along-with a photocopy of a cheque pertaining to the concerned account to their respective Depository Participants (DP), if they have not done so already. In case of failure to provide new account number allotted under CBS to your DP, ECS to old account may either be rejected or returned.

Members holding the Company's shares in physical form who have not opted for NECS are requested to provide their NECS particulars in the 'NECS Mandate Form which may be downloaded from Company's website [www.ifglref.com](http://www.ifglref.com) and sent to the Company or its Registrars and Share Transfer Agent as the case may be.

8. Pursuant to provisions of Section 205A, in force till 30th October 1998, of the Companies Act, 1956, all unclaimed/unpaid dividends for the financial year ended 31st March 1995 of erstwhile Indo Flogates Ltd have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said year are requested to forward their claims in prescribed Form No. II of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to the Registrar of Companies, Orissa, Chalachitra Bhawan, 2nd Floor, Buxi Bazar, Cuttack 753 001.
9. Shareholders who have not yet encashed their Dividend Warrant(s) for financial years ended 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006, 31st March 2007 and 31st March 2008 issued by the Company are requested to make their claims to the Company accordingly, without any delay. No claims received for Unclaimed dividend relating to financial year 2002-03 will be entertained by the Company on and after Saturday, 28th August 2010 since thereafter same will be transferred to Investor Education and Protection Fund (IEPF).
10. Equity Shares of the Company are available for dematerialisation both with the National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL).

Members holding shares in physical form are requested to notify/send the following to the Registrars and Share Transfer Agent of the Company to facilitate better service :

- i) Any change in their address/mandate/bank details.
- ii) Share Certificate(s), held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one account.

Members holding shares in Demat form are requested to give all instructions directly to their Depository Participants.

11. Members are requested to quote the Folio No. or Client ID and DP ID numbers in all communications with the Company.
12. Members can avail of the nomination facility, under Section 109A of the Companies Act, 1956, by submitting Form No. 2B of the Companies (Central Govt.'s) General Rules and Forms, 1956 with the Company. Blank forms may be downloaded from Company's website i.e. [www.ifglref.com](http://www.ifglref.com).
13. Presently Equity Shares of the Company are listed both on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
14. Reduction and consolidation of Equity Share Capital of the Company was carried out in the year 1996. Members still holding old Share Certificates are requested to surrender the same and obtain fresh Certificates in lieu thereof.
15. Persons who have become members of the Company consequent upon amalgamation of Indo Flogates Ltd, are requested to surrender Certificates relating to their holding in said Company for despatch of new Certificates relating to their shareholding in the Company.

**NOTICE OF ANNUAL GENERAL MEETING (Contd.)****Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos 6 to 8 of the Notice****Item No. 6**

Mr Sadayoshi Tateishi, a Senior Executive of Krosaki Harima Corporation, Japan, was appointed by your Directors as a Casual Director as per provisions of Section 262 of the Companies Act, 1956 (the Act) of your Company on Monday 10th May 2010 in casual vacancy caused by resignation of Mr Masa Kusakabe. His term to hold said office shall expire at the ensuing Annual General Meeting. Your Company has however received a Notice under Section 257 of the Act, from a member proposing his candidature for the office of Director for further period liable to retire by rotation. Resolution mentioned at Item No. 6 of the Notice is meant for this purpose and your Directors recommend passing thereof unanimously. None of the Directors other than Mr Tateishi is concerned or interested in passing of proposed resolution.

**Item No. 7**

Tenure of Mr S K Bajoria as the Managing Director of the Company recently finished on 31st March 2010. However, the Board of Directors, based on recommendations of the Remuneration Committee, at their meeting held on Saturday, 30th January 2010, re-appointed him as the Managing Director of the Company for further period of five years from Thursday, 1st April 2010 pursuant to relevant Sections of the Companies Act, 1956 and Section I of Part II of Schedule XIII forming part thereof as amended to date. The Board of Directors based on recommendation of the Remuneration Committee, in their meeting held on Monday, 10th May 2010 elevated Mr Bajoria to the position of Chairman and also finalised his remuneration, terms and conditions of his re-appointment, effective 1st April 2010, which are set out in detail in draft of the Agreement proposed to be executed between the Company and him, a copy whereof was initialled by the Chairman of said Board meeting for identification and salient features whereof are given below.

"Total remuneration and perquisites including monetary value thereof at any time and from time to time shall be within the maximum amount payable, which in no event shall exceed 5% of the Net Profit of the Company for each of the relevant financial year or such other amount and perquisites, as might be provided in Section I of Part II of Schedule XIII of the Act, as may be amended from time to time, or any equivalent statutory re-enactment thereof, except that in the event of loss or inadequate profits in any financial year during his term of office, remuneration and perquisites payable per month shall be within the limit specified at Section II(C) of Part II of said Schedule of the Act as "minimum remuneration" and that said Agreement authorizes the Board of Directors, based on recommendation of the Remuneration Committee, to increase, reduce, alter or vary the remuneration and perquisites including monetary value thereof specified in said agreement and reproduced, in brief, herein below at any time(s) and from time to time in such manner as the Board of Directors may, in its absolute discretion, deem fit, proper and necessary.

- Basic Salary in the scale of Rs. 625,000 - Rs. 50,000 - Rs. 825,000 per month.
- Reimbursement at actual of medical expenses for self and family.
- Leave Travel Concession for self and family once in a year.
- Fees of Clubs (excluding Admission and Life Membership fees).
- Personal Accident Insurance as per Company's scheme.
- Provident Fund, Superannuation and Gratuity benefits, as per Schemes of the Company.
- Commission at the rate of 1 (one) % per annum of Net Profit.

Mr Bajoria will not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof of the Company. His appointment is liable to be terminated by giving three months' notice from either side or by giving three months' salary in lieu of notice.

As Chairman of the Company, Mr Bajoria will continue to be responsible for overall management and affairs of the Company, subject to the superintendence, control and directions of the Board of Directors."

The Board of Directors are of the opinion that appointment of Mr Bajoria as Chairman is in the interest of the Company. Under his leadership, the Company has continued to scale new heights both in terms of performance and profitability.

In compliance of provisions of Section 309 and other applicable provisions, if any, of the Act, the terms of appointment of Mr Bajoria as Chairman of the Company are placed before the Members in General Meeting for approval and the Board of Directors recommend passing of the resolution proposed therefor unanimously.

## **NOTICE OF ANNUAL GENERAL MEETING (Contd.)**

None of the Directors other than Mr Bajoria himself is, either directly or indirectly, concerned or interested in passing of proposed resolution.

This explanation together with the proposed resolution is and should be treated as an abstract under Section 302 of the Act.

### **Item No. 8**

Tenure of Mr P Bajoria as the Director & Chief Executive of the Company recently finished on 31st March 2010. However, the Board of Directors, based on recommendation of the Remuneration Committee, at their meeting held on Saturday, 30th January 2010, re-appointed him as the Director & Chief Executive of the Company for further period of five years from Thursday, 1st April 2010 pursuant to relevant Sections of the Companies Act, 1956 and Section I of Part II of Schedule XIII forming part thereof as amended to date. The Board of Directors based on recommendation of the Remuneration Committee, in their meeting held on Monday, 10th May 2010 elevated him to the position of Managing Director and also finalised his remuneration, terms and conditions of his re-appointment, effective 1st April 2010, which are set out in detail in draft of the Agreement proposed to be executed between the Company and him, a copy whereof was initialled by the Chairman of said Board meeting for identification and salient features whereof are given below.

"Total remuneration and perquisites including monetary value thereof at any time and from time to time shall be within the maximum amount payable, which in no event shall exceed 5% of the Net Profit of the Company for each of the relevant financial year or such other amount and perquisites, as might be provided in Section I of Part II of Schedule XIII of the Act, as may be amended from time to time, or any equivalent statutory re-enactment thereof, except that in the event of loss or inadequate profits in any financial year during his term of office, remuneration and perquisites payable per month shall be within the limit specified at Section II(C) of Part II of said Schedule of the Act as "minimum remuneration" and that said Agreement authorizes the Board of Directors, based on recommendation of the Remuneration Committee, to increase, reduce, alter or vary the remuneration and perquisites including monetary value thereof specified in said agreement and reproduced, in brief, herein below at any time(s) and from time to time in such manner as the Board of Directors may, in its absolute discretion, deem fit, proper and necessary.

- Basic Salary in the scale of Rs. 550,000 - Rs. 100,000 - Rs. 950,000 per month.
- House Rent Allowance equivalent to 20% of Basic Salary per month.
- Reimbursement at actual of Electricity, Gas and Water and Furnishings.
- Reimbursement of medical expenses at actuals for self and family.
- Leave Travel Concession for self and family once in a year.
- Fees of Clubs (excluding Admission and Life Membership fees).
- Personal Accident Insurance as per Company's Scheme.
- Provident Fund, Superannuation and Gratuity benefits, as per Schemes of the Company.
- Commission at the rate of 1(one) % per annum of Net Profit.

Mr Bajoria will not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof of the Company. His appointment is liable to be terminated by giving three months' notice from either side or by giving three months' salary in lieu of notice.

As Managing Director of the Company, Mr Bajoria will continue to be responsible for management and affairs of the Company, subject to the superintendence, control and directions of the Board of Directors and Chairman."

The Board of Directors are of the opinion that appointment of Mr Bajoria as Managing Director is in the interest of the Company. Without his contributions, the Company may not have achieved unprecedented performance and profitability.

In compliance of provisions of Section 309 and other applicable provisions, if any, of the Act, the terms of appointment of Mr Bajoria as Managing Director of the Company are placed before the Members in General Meeting for approval and the Board of Directors recommend passing of the proposed resolution unanimously.

None of the Directors, other than Mr Bajoria himself is, either directly or indirectly, concerned or interested in passing of proposed resolution.

This explanation together with the proposed resolution is and should be treated as an abstract under Section 302 of the Act.



**NOTICE OF ANNUAL GENERAL MEETING (Contd.)****Particulars relating to Directors seeking re-appointment/appointment pursuant to Clause 49(IV)(G)(i) of the Listing Agreement****Prof A N Sadhu**

Prof A N Sadhu, is a Fellow Member of the Institute of Chartered Accountants of India and the Institute of Chartered Accountants of England and Wales. He was Partner of Price Waterhouse, Chartered Accountants from 1st January 1978 and retired therefrom as Managing Partner on 31st March 1996. He was Professor in Finance with Vinod Gupta School of Management, IIT situated at Kharagpur ( West Bengal in India) till December 2009. He was appointed as a Director of the Company on 29th January 2001 and continues to hold said office since then. He is also Director of following Public and Private Companies :

1. M M Aqua Technologies Ltd
2. Tega Industries Ltd
3. Khadim India Ltd
4. Heritage Health TPA Pvt Ltd

Prof A N Sadhu is Member/Chairman of Board Committees of Khadim India Ltd and Tega Industries Limited apart from that of the Company.

Presently, he is holding both directly and indirectly, only 850 Equity Shares of Rs 10/- each fully paid-up of the Company.

**Mr Kunal Dalmia**

Mr Kunal Dalmia is a Graduate from Madras University and has done Ownership/President Management Programme from Harvard Business School in the year 2006. He is a well known businessman based in Kolkata and has extensive knowledge of export and import business. In 2005, he took over the management of Arcelor Mittal Refractories (formerly known as PMO Komex), a refractory plant situated in Poland. He is also a Director of Punalur Paper Mills Limited and several Private Limited Companies. He however is not Member/Chairman of any Board Committee.

Presently, he does not hold either directly and indirectly any Equity Shares of the Company.

**Mr Sadayoshi Tateishi**

Mr Sadayoshi Tateishi, a Graduate from Kyushu University (Japan), is a Senior Executive of Krosaki Harima Corporation, Japan and has working experience of more than 25 years. He does not hold office of director of any Indian Company other than the Company.

Presently, he does not hold either directly and indirectly any Equity Shares of the Company.

**Mr S K Bajoria**

Mr S K Bajoria, is son of Mr B P Bajoria and a well known Industrialist. He is the Promoter of S K Bajoria Group based at Kolkata engaged in diversified business activities like manufacture of Specialised Refractories for the Steel Industry, Composite Insurance Broking, Third Party Administration for Health and Travel Insurance. He is Director of various Private and Public Companies. He however is not Member/Chairman of any other Board Committees apart from that of the Company.

In past, he has been Honorary Vice Consul of Denmark in Kolkata, President of the Indian Chamber of Commerce, Director of West Bengal Industrial Development Corporation Ltd and Industrial Promotion & Investment Corporation of Orissa Ltd. He has been decorated by Knighthood from Denmark and Italy.

**Mr P Bajoria**

Mr P Bajoria is son of Mr Anandilall Bajoria. He has been associated with IFGL from the very early days of Indo Flogates, even before the commencement of production. He has been Director & Chief Executive of erstwhile Indo Flogates Ltd. He has more than 30 years of experience of Refractory Industry and has been involved in various capacities in Indian Refractories Makers Association. He is Director of various Private and Public Companies. He however is not Member/Chairman of any other Board Committees apart from that of the Company.

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT TO THE SHAREHOLDERS

### *Dear Shareholders*

Your Directors are happy to present the 21st Annual Report together with Profit and Loss Account for financial year ended on 31st March 2010 and Balance Sheet as on that date.

Performance of your Company for financial year ended on 31st March 2010 on stand-alone and consolidated basis is summarized below :

(Rs. in Millions)

	Stand-alone		Consolidated	
Sales (Net of Excise Duty)	<b>1,752.28</b>		<b>4,152.33</b>	
Other Income	<u>5.37</u>	<b>1,757.65</b>	<u>34.19</u>	<b>4,186.52</b>
Less : Total Expenses	<b>1,461.71</b>		<b>3,568.90</b>	
Interest	<u>26.78</u>	<b>1,488.49</b>	<u>45.24</u>	<b>3,614.14</b>
Gross Profit after Interest but before Depreciation and Taxation		<b>269.16</b>		<b>572.38</b>
Less : Depreciation		<u>45.32</u>		<u>75.22</u>
<b>Profit before Tax</b>		<b>223.84</b>		<b>497.16</b>
Less : Provision for Current Tax		<u>77.00</u>		<u>155.07</u>
<b>Profit after Current Tax and before Deferred Tax</b>		<b>146.84</b>		<b>342.09</b>
Less : Provision for Deferred Tax		<u>(0.54)</u>		<u>(0.56)</u>
<b>Profit after Tax</b>		<b>147.38</b>		<b>342.65</b>
Add : Minority Interest		<u>-</u>		<u>0.39</u>
Profit after Tax and Minority Interest		<b>147.38</b>		<b>343.04</b>
Add: Profit brought forward from previous year		<u>470.57</u>		<u>650.44</u>
<b>Profit available for appropriation</b>		<b>617.95</b>		<b>993.48</b>

Total Income, Profit before Tax and Profit after Tax on stand-alone basis are higher by Rs. 82.59 Millions (4.9%), Rs. 23.66 Millions (11.8%) and Rs. 20.50 Millions (16.2%) respectively compared to that of previous year ended on 31st March 2009. Similarly Total Income, Profit before Tax and Profit after Tax and Minority Interest on consolidated basis are higher by Rs. 180.99 Millions (4.5%), Rs. 369.39 Millions (289.3%) and Rs. 281.93 Millions (461.4%) respectively. **Earning per Share on stand-alone and consolidated basis is Rs. 4.26 and Rs. 9.91 compared to Rs. 3.67 and Rs. 1.77 relating to previous year ended on 31st March 2009.**

**After one of the sharpest down turn the World has ever seen, it is heartening to note that most of the countries are now enroute to recovery though at varied pace, with some still reeling under its affect. Your Company's performance, as reported above, has been very satisfactory and is a source of future optimism.**

**DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)**

Manufacturing facilities of your Company are its primary locations and the **Segment Revenue, Segment Results and Capital Employed, on consolidated basis**, in terms of Accounting Standard 17 of the Institute of Chartered Accountants of India (ICAI) are as follows :

(Rs. in Millions)

	Year ended 31st March 2010	Year ended 31st March 2009
<b>Segment Revenue</b>		
India	1,753	1,668
Outside India		
Asia (excluding India)	590	462
Europe	1,776	1,435
Americas	638	646
<b>Total</b>	<u>4,757</u>	<u>4,211</u>
Less : Inter Segment Adjustment	605	229
<b>Total Segment Revenue</b>	<u>4,152</u>	<u>3,982</u>
<b>Segment Results (Profit before tax)</b>		
India	251	251
Outside India		
Asia (excluding India)	78	52
Europe	194	(83)
Americas	52	23
<b>Total (Profit before interest)</b>	<u>575</u>	<u>243</u>
Add/(Less) : Inter Segment Adjustment	(13)	1
Less : Interest Expenses (Net)	45	96
Less : Unallocable Items	20	20
<b>Profit before tax</b>	<u>497</u>	<u>128</u>

(Rs. in Millions)

	As at 31st March 2010	As at 31st March 2009
<b>Segment Capital Employed (Assets - Liabilities)</b>		
India	998	888
Outside India		
Asia (excluding India)	147	154
Europe	424	418
Americas	211	196
<b>Total</b>	<u>1,780</u>	<u>1,656</u>
Less : Inter Segment Adjustment	23	12
Less : Liabilities	381	500
<b>Total Capital Employed</b>	<u>1,376</u>	<u>1,144</u>

Your Company has received CAPEXIL Award in recognition of export achievement during financial year 2008-2009 also. CAPEXIL's Award has now been received for seventh consecutive year. During financial year 2009-2010 your Company effected exports (including indirect) aggregating to Rs. 801.21 Millions.

## **DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)**

### **Dividend**

In keeping with your Company's Dividend Policy, your Directors are pleased to recommend payment of Dividend at the rate of 10% i.e. Rs. 1 per Equity Share for financial year 2009-2010. Dividend recommended is subject to necessary approvals, including approval of the shareholders at the ensuing Annual General Meeting.

### **Subsidiary Companies**

Your Directors are very pleased to report that all the subsidiaries have performed satisfactorily, some more than the other. Some of the factors contributing to this positive performance has been cost cutting, better cash flow management and technical upgradation.

### **Industry Structure, Developments, Opportunities, Threats, Risks and Concerns and Future Outlook**

Globally, as also in India, the steel industry is by far the biggest user of refractories, accounting for about 70% of the total refractory production. Hence, the industry's fortunes are predominantly dependent on that of the Steel Industry. The Steel Industry in India has been moving from strength to strength and according to the report by World Steel Association, India has emerged as fourth largest producer of steel in the world. According to study by an Investment Research Organisation, Indian Steel Companies are likely to get 19% of the total global demand in years to come. According to 'The 2010 World Economic Outlook' released recently, world growth is expected to be 4.5%. This economic recovery is primarily lead by the BRIC countries of which China is likely to grow at 10% and India between 8-9%.

Setting up of the new CCR Plant at Kandla Special Economic Zone in Gujarat through associate company, IFGL Exports Ltd, has been revived, which was shelved during the Global economic crises. Discussions for setting up joint venture manufacturing facilities for the Tap Hole Clay Mass are also going on with Krosaki Harima Corporation, a subsidiary of Nippon Steel Corporation, Japan.

Your Directors are happy to inform that Mr Giancarlo Cozzani, former President and CEO of Vesuvius has joined IFGL Refractories Group in October 2009. He has been appointed as a Non-executive Director of your Company's subsidiary, Monocon International Refractories Limited in the UK. He brings with him extensive knowledge and experience of the refractories industry. He is presently based in Europe and advising IFGL Refractories Group on future expansion of its refractory business.

In order to, somewhat, reduce its dependence on the Steel Industry, your Company, has taken the steps of entering into the production of Foundry refractories. During the year, trial production of Pressed Ceramic Filters based on know-how from your own subsidiary, Hofmann Ceramic GmbH, Germany has successfully been carried out at your Company's Kalunga facilities near Rourkela (India). Steps are now being taken for industrial scale production.

### **Bio Ceramics**

In its pursuit to continue strengthen portfolio of Bio Ceramic Products, your Company during the year under review entered into know how transfer agreement with Central Glass and Ceramic Research Institute (CGCRI) and Sree Chitra Tirunal Institute for Medical Sciences and Technology (SCTIMST) for manufacture of new generation bone graft materials having applications in Dental and Orthopaedic segments and these new Products are going to be soon launched in the market.

### **Corporate Governance / Internal Control System and their adequacy**

During financial year 2009-2010, your Company continued to practice principles of good Corporate Governance to maximise value of its stakeholders. Terms of Reference of Audit Committee are commensurate with those provided in Clause 49 of the Listing Agreement. Internal Control Systems and frame work thereof are reviewed and strengthened from time to time and are adequate to identify risks, assess and/or evaluate impact thereof and take steps for control and mitigation thereof. Risk Management Manual and Risks Register and Global Transfer Pricing Policy for transactions with Associated Enterprises have been adopted and are reviewed and updated periodically. A detailed Report on Corporate Governance Compliance duly certified by the Company's Statutory Auditors form part of this Report as **Annexure 'A'**.

### **Accounts of Subsidiary Companies**

By an approval dated 5th April 2010, under Section 212(8) of the Companies Act, 1956 (the Act), the Ministry of Corporate Affairs has exempted your Company from the provisions of Section 212(1) of the Act for financial year 2009-2010 for attachment of statement of accounts of the subsidiaries to its accounts for said financial year. However, a statement having financial information of subsidiary Companies form part of the Annual Report. Shareholders of the Company, who are desirous of having

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

complete statement of accounts and related detailed information of subsidiary companies, may send their request therefor either to the Company's registered office or to head and corporate office. The same are being kept for inspection at Head Offices of your Company and subsidiary companies and also available on your Company's website i.e. [www.ifglref.com](http://www.ifglref.com).

### Directors' Responsibility Statement

Your Directors, in terms of Section 217(2AA) of the Companies Act, 1956 (the Act), state that :

- a) in preparation of statement of accounts for the financial year under review, the applicable Accounting Standards have been followed and in case of departures therefrom, proper explanations relating thereto have been given in the Notes forming part thereof.
- b) Accounting Policies selected have been applied consistently and judgments and estimates made are reasonable and prudent as they give true and fair state of affairs of the Company at the end of the financial year under review and of the profit and loss of the Company for that period.
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) Annual Accounts have been prepared on a going concern basis.

Your Company's Statutory Auditors, Messrs Price Waterhouse, Chartered Accountants have audited the statement of accounts in accordance with Generally Accepted Accounting Standards and Practices as indicated in their Report.

### Consolidated Financial Statements

In accordance with Accounting Standard 21, Consolidated Financial Statements form part of this Annual Report. Consolidated Financial Statements have been prepared based on Financial Statements (including Consolidated) of immediate two levels of Subsidiary Companies i.e. IFGL Worldwide Holdings Limited and IFGL Monocon Holdings Limited, as approved by their respective Boards.

### Directors

Tenure of Mr S K Bajoria and Mr P Bajoria as Managing Director and Director & Chief Executive respectively of your Company finished on 31st March 2010 and your Directors, based on recommendations of the Remuneration Committee, at their meeting held on Saturday, 30th January 2010, re-appointed them for further period of five years from Thursday, 1st April 2010.

In accordance with the desire of Mr B P Bajoria to step down from the Board, your Directors accepted his resignation with effect from 10th May 2010. Your Directors have put on record deep appreciation for him for steering your Company through thick and thin, fair and storm over the years and has conferred upon him the position of 'Chairman Emeritus'. Subsequently your Directors also based on recommendation of the Remuneration Committee, in their meeting held on 10th May 2010, elevated Mr S K Bajoria and Mr P Bajoria to the position of 'Chairman' and 'Managing Director' respectively and finalised their remuneration, terms and conditions of re-appointment in accordance with relevant Sections of the Companies Act, 1956 and Section I of Part II of Schedule XIII forming part thereof, as amended to date, subject to your approval. Resolutions to be passed in this regard together with Explanatory Statement wherein particulars of remuneration, allowances, perquisites etc payable to each of them are given, form part of Notice of ensuing Annual General Meeting. Your Directors commend passing of said resolutions unanimously as under their leadership, your Company has continued to scale new heights both in terms of performance and profitability.

Directors due to retire by rotation are Prof A N Sadhu and Mr Kunal Dalmia, who being eligible, offer themselves for re-appointment for further period.

On and from 10th May 2010, Mr Sadayoshi Tateishi has been appointed as a Director of your Company in casual vacancy caused by resignation of Mr Masa Kusakabe effective that date. Mr Sadayoshi will cease to hold his office of Director at the ensuing Annual General Meeting. Notice under provisions of Section 257 of the Act has been received proposing his candidature for the office of Director for further period liable to retire by rotation and he, being eligible, offer himself for re-appointment as a Director of your Company. Your Directors have also put on record sincere appreciation for Mr Kusakabe and extend hearty welcome to Mr Sadayoshi.



## **DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)**

Profile of all your Directors seeking appointment / re-appointment is forming part of the Notice to the Shareholders of ensuing Annual General Meeting.

### **Human Resources and Industrial Relations**

Your Company continue to provide a very conducive working environment to its team members and empowers them by periodical trainings on latest techniques and practices. Compensation packages and benefits provided compare favourably with the best offered in the Refractory Industry. During financial year 2009-2010, Industrial Relations remained most cordial.

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the shareholders of the Company and others entitled thereto. Any shareholder interested in obtaining such particulars may write to the Company Secretary.

### **Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988**

Information in accordance with provision of Section 217(1)(e) of the Act read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in **Annexure 'B'**.

### **Auditors' Report**

Report of the Auditors, including references made therein to the Notes forming part of the Statement of Accounts, are self explanatory and does not require to be elucidated further.

### **Auditors**

Messrs Price Waterhouse, Auditors will retire at conclusion of the forthcoming Annual General Meeting as have expressed their inability to be re-appointed for further period. Accordingly, your Directors recommend that Deloitte Haskins & Sells, Chartered Accountants, who have signified their willingness in writing, are appointed as Statutory Auditors of your Company at forthcoming Annual General Meeting.

### **Acknowledgement**

Your Directors place on record their sincere appreciation for the continued support received from all the stakeholders particularly you the shareholders.

On behalf of the Board of Directors

25th May 2010  
Kolkata

**S K Bajoria**  
Chairman

**P Bajoria**  
Managing Director

## ANNEXURE 'A' TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE

1. Your Company's philosophy is to continue to enhance customers' satisfaction and stakeholders' value by following the best practices of Corporate Governance. The Company thus provides detailed information on various issues concerning its business and financial performance, to its stakeholders.

The Report on compliance of conditions of the Corporate Governance in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges by your Company is given below.

### 2. Board of Directors

Your Company does not have a designated Chairman. The Board of Directors elect one of them as Chairman at each of the meetings.

The Board of Directors of the Company consists of 2 (two) Executive Directors, 4 (four) Non-executive Directors and 3 (three) Non-executive Independent Directors.

#### Composition, Category, their Directorship and Committee Memberships in other Companies

Name of Directors	Category of Directors	Members of the Board of other Public Limited Companies incorporated in India	Total Number of Committee (e) Membership held in other Public Limited Companies [excluding Private Limited Companies, Foreign Companies and Companies of Section 25 of the Companies Act, 1956 (the Act)]	
			As Chairman	As Member
B P Bajoria (a)*	Non-executive	4	1	2
S K Bajoria (a)	Executive	3	–	–
P Bajoria	Executive	3	–	–
K Dalmia	Non-executive	1	–	–
M Kusakabe (b)**	Non-executive	–	–	–
O Matsuura (c)	Non-executive	–	–	–
D G Rajan	Non-executive (d)	2	2	1
Prof A N Sadhu	Non-executive (d)	3	2	–
K S B Sanyal	Non-executive (d)	4	1	2

\* Ceased to be director w.e.f. 10th May 2010 and effective that date directors have conferred upon him the position of 'Chairman Emeritus'.

\*\* Ceased to be director w.e.f. 10th May 2010 and in the casual vacancy caused, Mr Sadayoshi Tateishi has been appointed as a Director of your Company effective that date. He does not hold directorship of any other Indian Company.

(a) Also Promoter. Relationship between Mr B P Bajoria and Mr S K Bajoria is that of father and son.

(b) A senior executive of Krosaki Harima Corporation, Japan, being technical collaborator of your Company.

(c) A senior executive of Sojitz Corporation, Japan

(d) Also Independent.

(e) Only 2 (two) Committees viz Audit Committee and Shareholders Grievance Committee are considered.

None of the Directors of the Company's Board is a member of more than 10 Committees or Chairman of more than 5 Committees (Committees being Audit Committee and Shareholders Grievance Committee) across all the Companies in which he is Director and neither of them hold office of Director in more than 15 Public Limited Companies. All Non-executive Directors are liable to retire by rotation. The appointment of the Executive Directors, including Tenure and Terms of Remuneration are also approved by the Members.

Non-executive Directors do not have any pecuniary relationship and/or transaction with your Company other than payment of Sitting Fees (as indicated in paragraph 3B below) within the limit prescribed under the Companies Act, 1956 and/or reimbursement of out-of-pocket expenses for attending meetings of the Board and/or Committee(s) thereof.

#### Attendance of Directors at the Board Meetings and at the last Annual General Meeting (AGM)

During the financial year ended on 31st March 2010, meeting of the Board of Directors was held 4 (four) times i.e. on 18th May 2009, 25th July 2009, 30th October 2009 and 30th January 2010. The intervening period between two Board Meetings was well within the maximum gap of four months prescribed under Clause 49 of the Listing Agreement.

**ANNEXURE 'A' TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE (Contd.)**

Name of Directors	Number of Board Meetings		Attended last AGM held on 28th August 2009
	Held	Attended	
B P Bajoria	4	4	No
S K Bajoria	4	4	No
P Bajoria	4	4	No
K Dalmia	4	–	No
M Kusakabe	4	–	No
O Matsuura	4	–	No
D G Rajan	4	4	No
Prof A N Sadhu	4	4	No
K S B Sanyal	4	4	Yes

**Information placed before the Board**

Board Meetings of the Company are governed by a structured agenda. The Board members, in consultation with the Chairman may bring up any matter for consideration of the Board. All major Agenda items are backed by comprehensive background information to enable the Board to take informed decisions.

The required information as enumerated in Annexure IA to Clause 49 of the Listing Agreement is made available to the Board Members for discussion and consideration at Board Meetings.

**3. Committees of the Board**

Currently, there are three Board Committees - the Audit Committee, the Remuneration Committee and the Shareholders/Investors Grievance Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Minutes of Board Committee meetings are placed in subsequent Board Meetings for the information of the Board. The role and composition of these Committees including meetings held during the financial year and the attendance thereof are provided hereinbelow :

**A. Audit Committee**

Your Company has an Audit Committee comprising of following three Non-executive Independent Directors. All of them are financially literate and have accounting or related financial management expertise.

Name of Directors	Position
K S B Sanyal	Chairman
D G Rajan	Member
Prof A N Sadhu	Member

Terms of reference of the Committee include the powers and role including review of information, as specified in Clauses 49II(C), 49II(D) and 49II(E) of the Listing Agreement, of the Company as well as that of its subsidiary companies. The Company however, do not have any Indian subsidiary.

During the financial year ended on 31st March 2010, meeting of the Audit Committee were held on 18th May 2009, 25th July 2009, 30th October 2009 and 30th January 2010, which were attended by all the above members. The gap between two meetings never exceeded four months.

Head of Finance, Internal Auditors and Statutory Auditors also attended said meetings as and when required by the Committee. Mr R Agarwal, Company Secretary, is the Secretary to the Committee.

Unaudited quarterly and audited annual financial results were reviewed, analysed and confirmed by the Committee before they were approved by the Board of Directors for submission to the Stock Exchanges and publication in newspapers in compliance of Clause 41 of the Listing Agreement.

**B. Remuneration Committee**

The role of the Remuneration Committee inter alia is to determine on behalf of the Board of Directors and on behalf of the shareholders, the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment and/or to recommend remuneration including perquisites payable by the Company on their appointment and/or re-appointment.

Remuneration Committee comprises following Non-executive Independent Directors.

Name of Directors	Position
Prof A N Sadhu	Chairman
D G Rajan	Member
K S B Sanyal	Member

During financial year ended on 31st March 2010, meetings of the Committee were held on 18th May 2009, 30th October 2009 and 30th January 2010, which were attended by all the Committee members.

**ANNEXURE 'A' TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE (Contd.)**

Details of remuneration paid/payable to the Executive Directors and Non-executive Directors for financial year 2009-2010 are as follows:

Name of Directors	Salary and other benefits (Rs.)				Sitting Fees (Rs.)	
	Salary (including House Rent Allowance)	Commission	Contribution to Provident and other Funds	Other Perquisites	Board Meetings	Committee Meetings
B P Bajoria	-	-	-	-	80,000/-	-
S K Bajoria (f)	4,650,000/-	2,439,393/-	1,802,291/-	625,600/-	-	-
P Bajoria (f)	5,760,000/-	2,439,393/-	1,814,121/-	171,712/-	-	-
K Dalmia	-	-	-	-	-	-
M Kusakabe	-	-	-	-	-	-
O Matsuura	-	-	-	-	-	-
D G Rajan	-	-	-	-	80,000/-	55,000/-
Prof A N Sadhu *	-	-	-	-	-	-
K S B Sanyal	-	-	-	-	80,000/-	120,000/-

\* Waived entitlement to sitting fees

- (f) i) Service Contract - 5 years (from 1st April 2005 to 31st March 2010). Appointment has been extended for further period of five years w.e.f. 1st April 2010, subject to approval of shareholders
- ii) Notice period - 3 months Notice from either side
- iii) Severance Fees - 3 months salary in lieu of Notice

There is no stock option given to Directors during the year.

**C. Shareholders/Investors Grievance Committee**

The Shareholders/Investors Grievance Committee (the Committee) comprises of the following Directors.

Name of Directors	Position
K S B Sanyal	Chairman
S K Bajoria	Member
P Bajoria	Member

Mr R Agarwal, Company Secretary, is the Compliance Officer of the Company.

During the financial year ended on 31st March 2010, 13 (Thirteen) meetings of the Committee were held and gap between two meetings never exceeded 30 (thirty) days.

Role of the Committee include redressal of shareholders'

**4. General Body Meetings****Location and time, where last three AGMs were held**

AGM	Financial Year	Date	Time	Place
18th	2006 - 2007	Friday, 24th August 2007	11 AM	Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa.
19th	2007 - 2008	Friday, 22nd August 2008	11 AM	- do -
20th	2008 - 2009	Friday, 28th August 2009	11 AM	- do -

complaints relating to transfer/transmission of shares, exchange of share certificates, non-receipt of balance sheet, non-receipt of declared dividends etc.

Pursuant to Clause 49 IV(G)(iv) of the Listing Agreement, the Board of the Company has delegated the power of Share Transfer to the Company Secretary, Mr R Agarwal. During the financial year 2009-2010, Mr R Agarwal attended to Share Transfer formalities on a fortnightly basis and same was ratified at the immediately succeeding meeting of the Committee.

Status of complaints of shareholders/investors is as under :

Number of complaints pending as on 1st April 2009	0
Number of complaints received during the year	195
Number of complaints redressed during the year	195
Number of complaints pending as on 31st March 2010	0

Most of the complaints received related to exchange of share certificates (a) consequent to reduction of paid up capital of Equity Shares of the Company in the year 1996 and (b) amalgamation of Indo Flogates Ltd with the Company on and from 1st April 1999 pursuant to Orders of Hon'ble Orissa High Court of 5th November 1996 and 3rd August 2000 respectively, registration of transfer/transmission of Equity Shares, issuance of duplicate share certificates and non receipt of dividend warrants.

**ANNEXURE 'A' TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE (Contd.)**
**Special Resolutions passed at last 3 (three) AGMs**

Financial Year	Items
2006 - 2007	(i) To invest, give guarantees and counter guarantees as per Section 372A of the Companies Act, 1956 upto sum of Rs. 1,000 crores.
	(ii) To issue securities of the Company to the extent of US\$ 100 Millions or the Rupee equivalent thereof.
2007 - 2008	None
2008-2009	None

No resolution was passed through Postal Ballot last year. The Company however is seeking consent of members of the Company through Postal Ballot as per provisions of Section 192A of the Companies Act 1956 read with Company's (Passing of the Resolution by Postal Ballot) Rules, 2001

- by passing Special Resolutions for (1) making investments in/giving loans to/providing securities and guarantees in connection with loans taken by IFGL Exports Limited (2) creating/extending securities/providing loans/guarantees etc in favour of lenders either of Company or its subsidiaries, (3) making loans to/giving guarantees to/providing securities in connection with loans made to/acquiring by way of subscription, purchase etc securities of any body corporate (4) alteration of Articles of Association of the Company and (5) issuance and allotment of Non Cumulative Redeemable Preference shares by way of Private Placement to such persons (including Bodies Corporate), it may deem fit, proper and necessary, whether or not such persons are Members of the Company.
- by passing an Ordinary Resolution for Increasing Authorized Share Capital of the Company from Rs. 40 Crores to Rs. 60 Crores.

Notice for Postal Ballot along with Postal Ballot Form and self addressed envelope is being sent to the shareholders. Postage will be borne and paid by the Company. Results of Postal Ballot will be declared at Company's Registered office on Saturday, 31st July 2010 at 10.30 AM, just before the forthcoming Annual General Meeting, also scheduled on that date.

Resume and other information of the Directors proposed to be appointed/re-appointed (including those retiring by rotation) at the ensuing Annual General Meeting are given in the Notice relating thereto to the Shareholders as required under Clause 49 IV(G) of the Listing Agreement.

**5. Disclosures**

- A Statement in summary form of transactions with related party in the ordinary course of business is placed periodically before the Audit Committee. The pricing of all the transactions with the related parties were on an arms length basis.
- The Company did not have any materially significant related party transactions, which may have potential conflict with the interest of the Company.
- While preparing financial statements for the year under review, no accounting treatment which was different from that prescribed in the Accounting Standard was followed.

- For the list of disclosures of related party relationship and transactions as per Accounting Standard AS-18, "Related Party Disclosures", Note No. 11 on Schedule 15 to the Annual Audited Accounts of the Company for the year ended 31st March 2010 may be referred to.
- The Company, during the financial year under review, continued to supply Refractories (of unique / special nature) to a company (where Mr K Dalmia, a Director of the Company happens to hold directorship) as per the latter's requirements from time to time at prices and terms which were negotiated and mutually agreed. Necessary permission in this regard from the Regional Director, Eastern Region, Department of Corporate Affairs at Kolkata under Section 297 of the Companies Act, 1956, has been obtained for financial year ended 31st March 2010.
- In accordance with the requirement of Corporate Governance the Board of Directors of the Company has formulated a Code of Conduct for Directors and Senior Management Personnel of the Company and the compliance thereof has been affirmed by all concerned. The required declaration to this effect signed by the Director & Chief Executive (since elevated as Managing Director) is appended as a separate Annexure to this Report. This Code of Conduct has also been posted on Company's website.
- No strictures were imposed on the Company by any regulatory authority on any matter related to capital markets during the last three years.
- The Company does not have any Indian Subsidiary Company and hence provision of an Independent Director of the Company on the Board of such Subsidiary Company is not applicable. Minutes of foreign subsidiaries, however, are placed before the Board of the Company and attention of the Directors is drawn to the significant transactions and arrangement entered into by said subsidiary companies.
- The Company has laid down procedures to inform the Board Members about the risk assessment and minimisation procedures. This procedures are periodically reviewed to ensure that executive management control risks through means of a properly defined framework.
- In accordance with the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992, as amended in February 2002, the Board of Directors of the Company has formulated the Code of Conduct for prevention of insider trading in Equity Shares of the Company by its Directors and employees.



**ANNEXURE 'A' TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE (Contd.)**

- The Board of Directors of the Company have received a Certificate from the Director & Chief Executive (since elevated as Managing Director) and Chief Operating Officer (COO) of the Company in compliance of Clause 49(V) of the Listing Agreement.
- The Company has not made any public issues/rights issues and preferential issues during the period under review.
- The Company does not presently have a Whistle Blower Policy.
- All Mandatory requirements have been appropriately complied with and the Non Mandatory requirements are dealt with at the end of the Report.
- Particulars of Equity Shares of Rs. 10/- each of the Company held by Non-executive Directors (both own or held by/for other person on a beneficial basis) are as follows :

Name of Directors	Number of shares held
Prof A N Sadhu	850
B P Bajoria*	Nil
D G Rajan	8,894
K S B Sanyal	350
K Dalmia	Nil
M Kusakabe**	Nil
O Matsuura	Nil

\* Ceased to be director w.e.f. 10th May 2010

\*\* Ceased to be director w.e.f. 10th May 2010 and in the casual vacancy caused, Mr Sadayoshi Tateishi has been appointed as a Director of your Company effective that date. He does not hold any shares of the Company.

**6. Means of Communication**

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end -

The quarterly results of the Company are announced within one month of the completion of the quarter and audited annual results are announced within two months of end of last quarter and Stock Exchanges are immediately intimated after the same is taken on record by the Board. Further coverage

**Listing on Stock Exchanges**

Name of the Stock Exchange	Address	Stock Code
National Stock Exchange of India Ltd.	'Exchange Plaza', C-1, Block - G, Bandra-Kurla Complex Bandra(E), Mumbai- 400 051	IFGLREFRAC(EQ)
Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001	532133

The Listing Fees for the financial year 2010-2011 has been paid to the Stock Exchanges

The International Security Identification Number (ISIN) allotted to the Company's Share under the Depository System is INE023B01012. The annual custody fee for the financial year 2010-2011 has been paid to NSDL and CDSL, the Depositories.

is given for the benefit of the shareholders and investors by publication of the financial results in the Business Standard/Business Line and Pragativadi, an Oriya newspaper widely circulating in the State of Orissa. The Company however does not send half yearly reports to the individual Shareholders.

- Audited/Unaudited financial results and other pertinent information are also available on the Company's website i.e. www.ifglref.com , website of National Stock Exchange of India Ltd. i.e. www.nse-india.com, website of Bombay Stock Exchange Ltd i.e. www.bseindia.com , and website of Corporate Filing and Dissemination System i.e. www.corpfiling.co.in
- Information relating to shareholding pattern, entire Annual Report of the Company and its subsidiaries and corporate announcements/press releases made by the Company are also uploaded on Company's website.
- Major Shareholders are sent Quarterly Results of the Company.

A Management Discussion and Analysis Report has been included as a part of the Directors' Report to the Shareholders for the financial year ended 31st March 2010.

**7. General Shareholder Information****AGM Details**

<b>Date</b>	Saturday, 31st July 2010
<b>Venue</b>	Company's Registered Office at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa.
<b>Time</b>	11 AM
<b>Book Closure Dates</b>	From Thursday, 22nd July 2010 to Saturday, 31st July 2010, both days inclusive.
<b>Dividend Payment Date</b>	Thursday, 5th August 2010

**Financial Calendar**

The Company follows 1st April to 31st March as its Financial Year. The unaudited results for every quarter beginning from 1st April are declared in the month following the quarter except for the last quarter, audited annual financial results whereof are declared within May as permitted under the Listing Agreement.

**ANNEXURE 'A' TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE (Contd.)**
**Market Price Data**

Months	Bombay Stock Exchange Limited (BSE)			
	Market Price (Rs.) - High Price		Market Price (Rs.) - Low Price	
April 2009	23.00	16.04.09	17.50	01.04.09
May 2009	29.90	26.05.09	16.80	07.05.09
June 2009	36.95	05.06.09	22.00	29.06.00
July 2009	24.45	28.07.09	17.25	13.07.09
August 2009	32.90	27.08.09	20.65	12.08.09
September 2009	32.85	08.09.09	25.00	11.09.09
October 2009	33.60	15.10.09	26.60	30.10.09
November 2009	41.95	12.11.09	31.55	03.11.09
December 2009	45.00	03.12.09	35.15	01.12.09
January 2010	55.95	22.01.10	40.75	04.01.10
February 2010	56.95	02.02.10	45.00	26.02.10
March 2010	57.50	09.03.10	46.55	02.03.10

Months	National Stock Exchange of India Limited (NSE)			
	Market Price (Rs.) - High Price		Market Price (Rs.) - Low Price	
April 2009	23.70	16.04.09	17.35	01.04.09
May 2009	30.35	26.05.09	18.20	04.05.09
June 2009	37.00	05.06.09	22.15	30.06.09
July 2009	24.35	28.07.09	17.35	13.07.09
August 2009	33.75	27.08.09	20.70	11.08.09
September 2009	33.00	08.09.09	24.55	17.09.09
October 2009	34.00	06.10.09	28.80	15.10.09
November 2009	42.35	12.11.09	31.50	03.11.09
December 2009	44.40	02.12.09	35.10	02.12.09
January 2010	57.05	14.01.10	36.70	04.01.10
February 2010	58.00	01.02.10	45.00	26.02.10
March 2010	58.00	15.03.10	45.60	04.03.10

Equity Shares of the Company are regularly traded on the BSE and NSE. However, its market price does not substantially fluctuate with increase or decrease in the SENSEX/NIFTY.

**Registrar and Share Transfer Agent**

Maheshwari Datamatics Pvt. Ltd. of 6, Mangoe Lane (Surendra Mohan Ghosh Sarani), 2nd Floor, Kolkata 700 001, Phone : +91 33 22482248, Fax No : +91 33 22484787, E-mail : mdpl@cal.vsnl.net.in is presently Registrar and Share Transfer Agent of the Company, both for Physical and Demat Segments.

Accordingly, all communications on matters relating to Share transfers, dividend etc may be sent directly to them. Complaints, if any, on these matters may also be sent to investorcomplaints@bajoria.in or to the Company Secretary, Mr R Agarwal at 3, Netaji Subhas Road, Kolkata 700 001, Phone: +91 33 22482411, Fax : +91 33 22430886, E-mail : ragarwal@bajoria.in

**ANNEXURE 'A' TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE (Contd.)****Share Transfer System**

Share transfers are presently registered within a maximum period of 15(fifteen) days from the date of receipt provided the documents are complete in all respects. All share transfers are approved by the Company Secretary under the authority delegated to him by the Shareholders/Investors Grievance Committee.

**Secretarial Audit**

- Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, Certificates, on half year basis, have been issued by a Company Secretary-in-Practice for due compliance of Share Transfer formalities by the Company.
- A Chartered Accountant in full time practice carried out a Secretarial Audit to reconcile total admitted capital with NSDL and CDSL and the total issued and listed capital. The Audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with NSDL and CDSL).

**Distribution of shareholding as on 31st March 2010**

Category	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Promoter's Holding*				
- Indian Promoters	6	0.03	19,669,248	56.83
- Foreign Promoters	2	0.01	5,006,956	14.47
Financial Institutions/Banks/Mutual Funds/UTI	14	0.07	1,332,241	3.85
Foreign Institutional Investors	1	0.01	1,300	0.00
NRIs/Trusts/Foreign National/Foreign Company	152	0.77	172,464	0.50
Private Body Corporate	424	2.13	3,065,260	8.86
Individuals	19,266	96.98	5,363,003	15.49
<b>Total</b>	<b>19,865</b>	<b>100.00</b>	<b>34,610,472</b>	<b>100.00</b>

\* Shares held by the Promoters have not been pledged or otherwise encumbered in any manner.

Number of Shares	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Upto 500	18,346	92.35	2,562,720	7.40
501 to 1000	764	3.85	655,206	1.89
1001 to 2000	368	1.85	577,064	1.67
2001 to 3000	135	0.68	354,145	1.02
3001 to 4000	49	0.25	176,666	0.51
4001 to 5000	54	0.27	261,535	0.76
5001 to 10000	76	0.38	567,099	1.64
10001 and above	73	0.37	29,456,037	85.11
<b>Total</b>	<b>19,865</b>	<b>100.00</b>	<b>34,610,472</b>	<b>100.00</b>

**Dematerialisation of Shares and Liquidity**

The shareholders may have their holding of equity shares of the Company dematerialised either with the NSDL or CDSL if equity shares are desired to be held in electronic mode.

As on 31st March 2010, 79.26% of your Company's Equity Shares representing 27,432,789 Equity Shares were held in dematerialised mode and the balance 20.74% representing 7,177,683 Equity Shares were held in physical mode.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.	Not Applicable
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**ANNEXURE 'A' TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE (Contd.)**
**Addresses for correspondence**

Registered Office & Works	Sector 'B', Kalunga Industrial Estate, P. O. Kalunga - 770 031 (Near Rourkela) Dist. Sundergarh, Orissa, Phone : +91 661 2660195, Fax : +91 661 2660173 E-mail : ifglworks@bajoria.in
Head & Corporate Office	McLeod House, 3, Netaji Subhas Road, Kolkata - 700 001. Phone : +91 33 22482411, Fax : +91 33 22430886, +91 33 22480482 E-mail : ifgl@bajoria.in and investorcomplaints@bajoria.in

**8. Unclaimed Dividend**

Pursuant to Sections 205A and 205C of the Act, all unclaimed/unpaid dividend pertaining to the Company and erstwhile Indo Flogates Limited remaining unpaid or unclaimed for a period of seven years from the date they became due for payment, have been transferred to the Investors Education and Protection Fund (IEPF) established by the Central Government.

Following table gives information relating to outstanding dividend accounts and dates when due for transfer to IEPF

Financial Year	Date of Declaration of Dividend	Proposed Date for transfer to IEPF*
2002-03	29.07.2003	27.09.2010
2003-04	02.08.2004	01.10.2011
2004-05	02.08.2005	01.10.2012
2005-06	29.08.2006	28.10.2013
2006-07	24.08.2007	23.10.2014
2007-08	22.08.2008	21.10.2015

\*Indicative dates. Actual dates may vary.

Persons who have not yet encashed their above outstanding Dividends may immediately send their claims to the Company. For Financial Year 2002-03, it will not be possible to entertain claims received by the Company after Saturday, 28th August 2010.

**9. Status of Adoption of the Non Mandatory Requirements**
**The Board**

As stated hereinbefore, your Company's Board does not have a designated Chairman. Chairman is elected at each of the Board Meeting and travelling expenses etc incurred for performance of duties by Director elected as Chairman are borne wherever necessary by your Company. Furthermore tenure of some of the independent directors is also more than nine years in aggregate considering their respective initial date of induction on the Board.

**Remuneration Committee**

The Company has a Remuneration Committee as reported in paragraph 3 above.

**Audit Qualification**

The Company does not have any qualification pertaining to the Financial Statements of the year under review.

**Other Items**

Other Non Mandatory requirements such as **Shareholder Rights; Training of Board Members; Mechanism for evaluating performance of non-executive Board Members** and **Whistle Blower Policy** will be implemented by your Company's Board as and when required and/or deemed necessary.

## ANNEXURE 'B' TO DIRECTORS' REPORT

**Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for financial year ended on 31st March 2010**

### A. Conservation of Energy

a) Energy conservation measures taken :

1. Replacement of existing reciprocating Air Compressor with variable speed screw compressor thereby reducing consumption of power.
2. Introduction of auto synchronisation, auto load management of DG sets and auto load change over system resulting in lesser consumption of LPG in kiln, lesser rejection in PP products and savings in HSD.
3. Adoption of technologies and installation of equipments which ensure lower consumption of energy.
4. Avoidance of leakage of energy by regular preventive checks.
5. Installation of stabilizers, capacitors and other energy saving devices to maintain voltage and power factor.
6. Usage of alternate fuel.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy.

This is being done on a continuous basis, including by installation of new energy efficient equipments.

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

Efforts are being made on regular basis to reduce energy consumption and consequently achieve reduction in consumption per unit of production.

d) Total energy consumption and energy consumption per unit of production.

As per Form A enclosed

### B. Technology Absorption

e) Efforts made in technology absorption.

As per Form B enclosed.

### C. Foreign Exchange Earnings and Outgo

f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; export plans.

Thrust and focus on overseas markets continued during financial year 2009-2010. FOB value of exports effected has been Rs. 474.07 Millions compared to Rs. 497.61 Millions for immediately preceding financial year 2008-2009. Your Company for seventh consecutive year received CAPEXIL Award in recognition of exports during financial year 2008-2009.

g) Total foreign exchange used and earned

(Rs. in Millions)

#### 1. Foreign Exchange Outgo

(i) CIF Value of Imports of Raw Materials, Stores and Spares, Trading goods and Capital goods	<b>324.68</b>
(ii) Others	<b>53.33</b>

#### 2. Foreign Exchange Earnings

FOB Value of Exports	<b>474.07</b>
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**ANNEXURE 'B' TO DIRECTORS' REPORT (Contd.)**
**Form – A**
**Disclosure of particulars with respect to conservation of energy**

	Year ended 31st March 2010	Year ended 31st March 2009
<b>A. Power &amp; Fuel Consumption</b>		
<b>1. Electricity</b>		
a) Purchased		
Units (KWH)	<b>3,827,773</b>	4,106,888
Total Amount (Rs. in Millions)	<b>14.84</b>	15.26
Rate/Unit (Rs.)	<b>3.88</b>	3.72
b) Own Generation		
i) Through Diesel Generator		
Units (KWH)	<b>570,936</b>	391,904
Units per Ltr of Diesel Oil	<b>2.22</b>	2.71
Cost/Unit (Rs.)	<b>15.71</b>	13.35
ii) Through Steam Turbine/Generator		
Units (KWH)	<b>Nil</b>	Nil
Units per Ltr. of Fuel Oil/Gas	<b>Nil</b>	Nil
Cost/Unit (Rs.)	<b>Nil</b>	Nil
<b>2. Coal (Specify quality and where used)</b>		
Quantity	<b>Nil</b>	Nil
Total Cost	<b>Nil</b>	Nil
Average Rate	<b>Nil</b>	Nil
<b>3. LDO</b>		
Quantity (Kilo Ltr)	<b>1.62</b>	90.85
Total Cost (Rs. in Millions)	<b>0.08</b>	3.69
Average Rate (Rs./Ltr)	<b>46.51</b>	40.64
<b>4. LPG</b>		
Quantity (MT)	<b>1,636.98</b>	1,450.08
Total Cost (Rs. in Millions)	<b>66.50</b>	61.73
Average Rate (Rs./MT)	<b>40,622.96</b>	42,568.10
<b>5. Others/Internal generation</b>		
Quantity	<b>Nil</b>	Nil
Total Cost	<b>Nil</b>	Nil
Rate/Unit	<b>Nil</b>	Nil
<b>B. Consumption per unit of production</b>		
a) Products-Refractories		
Electricity (KWH/Pc)	<b>7.19</b>	8.87
LDO (Ltrs/Pc)	<b>0.00</b>	0.20
Coal	<b>Nil</b>	Nil
LPG (Kgs/Pc)	<b>3.08</b>	3.13
HSD (Ltrs/Pc)	<b>0.53</b>	0.37

**ANNEXURE 'B' TO DIRECTORS' REPORT** (Contd.)**Form - B****Disclosure of particulars with respect to technology absorption****Research & Development (R&D)**

1. Specific areas in which R&D carried out
  - a) Improvement in product quality and performance
  - b) Development of indigenous sources of raw materials including quality upgradation and substitutes.
  - c) Increase of production capacity and capability.
2. Benefits derived as a result of above R&D
  - a) Improvement in customer satisfaction.
  - b) Increased cost competitiveness.
  - c) Improvement in product quality, productivity and performance.
3. Future plan of action - Continued efforts in areas of cost reduction, improvement of productivity, quality and performance, import substitution etc.
4. Expenditure on R&D - No major expenditure has been incurred on R&D.

**Technology Absorption, Adaptation and Innovation**

1&2 Efforts, in brief, made towards technology absorption, adaptation and innovation and benefits derived as a result of above efforts e.g. product development, import substitution etc.

Technologies imported from time to time have been successfully absorbed. Changes were made, wherever necessary, in imported technologies with consent of the Collaborators to suit Indian conditions in your Company's own R&D.

3. Information regarding Imported Technology
  - A.
    - a) Technology Imported - On-going technical support for Refractory Components of Continuous Casting Alumina Graphite materials
    - b) Year of Import - Financial year 2005-2006
    - c) Has technology been fully absorbed - Yes. This will however be a continued endeavour.
    - d) If not absorbed, areas where this has not taken place, reasons therefor and future plan of action - Not applicable.
  - B.
    - a) Technology Imported - Know-how for design, application, installation, reprocessing, commissioning, servicing, manufacture etc of Tube-Changer comprising of System and Refractories therefor, for Continuous Casting Slab Machines.
    - b) Year of Import - Financial year 2006-2007
    - c) Has technology been fully absorbed - Yes
    - d) If not absorbed, areas where this has not taken place, reasons therefor and future plan of action - Not applicable.
  - C.
    - a) Technology Imported - Know-how for manufacture of Refractories for Sliding Gate System.
    - b) Year of Import - Financial year 2006-2007
    - c) Has technology been fully absorbed - Yes
    - d) If not absorbed, areas where this has not taken place, reasons therefor and future plan of action - Not applicable.

## Annual Certificate under Clause 49(I)(D) of Listing Agreements with Stock Exchanges

### DECLARATION

As required under Clause 49(I)(D) of the Listing Agreements with the Stock Exchanges, I hereby declare that all the Board members and senior management personnel i.e. employees in the grades of General Manager and above, of the Company have complied with the Code of Conduct of the Company for financial year ended 31st March 2010.

Kolkata  
10th May 2010

**Pradeep Bajoria**  
Managing Director

## Auditors' Certificate regarding compliance of conditions of Corporate Governance

**To the Members of  
IFGL Refractories Limited**

We have examined the compliance of conditions of Corporate Governance by IFGL Refractories Limited, for the year ended 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges of India.

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

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

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

Kolkata  
25th May 2010

For **PRICE WATERHOUSE**  
Firm Registration No. 301112E  
*Chartered Accountants*  
**S K Deb**  
*Partner*  
Membership Number - 13390

## AUDITORS' REPORT

### To the Members of IFGL Refractories Limited

1. We have audited the attached Balance Sheet of IFGL Refractories Limited (the 'Company') as at 31st March 2010 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Companies Act, 1956, of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in paragraph 3 above, we report that :
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the Directors as on 31st March 2010 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India :
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
    - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **PRICE WATERHOUSE**  
Firm Registration No. 301112E  
*Chartered Accountants*  
**S K Deb**  
*Partner*  
Membership Number - 13390

Kolkata  
10th May 2010

## ANNEXURE TO AUDITORS' REPORT

**[REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF IFGL REFRACTORIES LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2010]**

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by a firm of Chartered Accountants appointed by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of all categories of inventory other than work-in-progress, which as in earlier years has been determined by the management based on physical verification as mentioned in paragraph 2(a) above. The discrepancies noticed on physical verification of inventory as compared to book records (where applicable) were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Act. Accordingly, the clauses (iii) (b), (iii) (c) and (iii) (d) of Paragraph 4 of the Order are not applicable.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms, or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii) (f) and (iii) (g) of Paragraph 4 of the aforesaid Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act 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 such contracts or arrangements and exceeding the value of Rupees five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, other than sale of goods which, as explained to us, are of special nature having no comparable market prices for determining reasonableness of the sale price.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, for any of the products of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable, with the appropriate authorities. As at 31st March 2010, read with Note 6 on Schedule 15, there were no arrears in respect of the aforesaid dues for a period of more than six months from the date they became payable.

**ANNEXURE TO AUDITORS' REPORT** (Contd.)

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess as at 31st March 2010, which have not been deposited on account of a dispute, are as follows :

Name of the Statute	Nature of dues	Amount (Rs. in lacs)	Forum where the dispute is pending
<b>Sales Tax</b>			
Central Sales Tax, 1956	Sales Tax dues for the year 1995-96	1.14	Sales Tax Tribunal
	Sales Tax dues for the year 1997-98	0.47	Additional Commissioner of Sales Tax
	Sales Tax dues for the year 1999-00	2.17	Orissa High Court
	Sales Tax dues for the year 2003-04	0.25	Assistant Commissioner of Sales Tax
Orissa Sales Tax Act, 1947	Sales Tax dues for the years 1996-97 and 1997-98	39.91	Orissa Sales Tax Tribunal
	Sales Tax dues for the year 1999-00	0.11	Orissa High Court
	<b>Total</b>	<b>44.05</b>	
<b>Income Tax</b>			
The Income Tax Act, 1961	Income Tax dues for the Assessment Year 2005-06	15.88	Income Tax Appellate Tribunal, Kolkata
<b>Service Tax</b>			
Service Tax Rules, 1994	Service Tax dues for the years 2003-04 to 2006-07	33.62*	Appellate Tribunal, Kolkata

\* Including penalty Rs. 16.81 lacs and excluding interest.

10. The Company has no accumulated losses as at 31st March 2010, and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of its dues to any bank at the Balance Sheet date. The Company has neither any outstanding dues to any financial institution or debenture holders at the beginning of the year nor has it obtained any loans from such parties during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and 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 during the year.
16. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has neither any outstanding debentures at the beginning of the year nor it has issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **PRICE WATERHOUSE**  
Firm Registration No. 301112E  
Chartered Accountants  
**S K Deb**  
Partner  
Membership Number - 13390

Kolkata  
10th May 2010



**BALANCE SHEET As at 31st March 2010**
*(Rs. in lacs)*

	Schedule	As at 31st March 2010		As at 31st March 2009	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Fund</b>					
Capital	1	<b>3,461.05</b>		3,461.05	
Reserves and Surplus	2	<b>6,226.33</b>	<b>9,687.38</b>	<u>5,157.47</u>	8,618.52
<b>Loan Funds</b>					
Secured Loans	3		<b>3,719.66</b>		4,034.09
<b>Deferred Tax Liabilities (Net)</b> (Note 9 on Schedule 15)			<b>328.05</b>		<u>333.40</u>
<b>TOTAL</b>			<b>13,735.09</b>		<u>12,986.01</u>
<b>APPLICATIONS OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	4	<b>8,397.99</b>		7,609.43	
Less : Depreciation		<b>4,775.09</b>		<u>4,334.68</u>	
Net Block		<b>3,622.90</b>		3,274.75	
Capital Work-in-Progress		<b>169.60</b>	<b>3,792.50</b>	<u>292.54</u>	3,567.29
<b>Investments</b>	5		<b>4,220.59</b>		4,185.59
<b>Current Assets, Loans and Advances</b>					
Inventories	6	<b>2,624.45</b>		2,517.52	
Sundry Debtors	7	<b>5,218.27</b>		3,280.72	
Cash and Bank Balances	8	<b>182.15</b>		329.80	
Loans and Advances	9	<b>910.85</b>		<u>626.23</u>	
		<b>8,935.72</b>		<u>6,754.27</u>	
<b>Less : Current Liabilities and Provisions</b>					
Liabilities	10	<b>2,763.24</b>		1,430.93	
Provisions		<b>450.48</b>		<u>90.21</u>	
		<b>3,213.72</b>	<b>5,722.00</b>	<u>1,521.14</u>	5,233.13
<b>Net Current Assets</b>			<b>5,722.00</b>		
<b>TOTAL</b>			<b>13,735.09</b>		<u>12,986.01</u>
<b>NOTES ON ACCOUNTS</b>	15				

This is the Balance Sheet referred to in our report of even date.

The Schedules referred to above form an integral part of the Balance Sheet.

For **PRICE WATERHOUSE**  
Firm Registration No. 301112E  
Chartered Accountants  
**S K Deb**  
Partner  
Membership Number-13390  
Kolkata  
10th May 2010

On behalf of the Board of Directors

**R Agarwal**  
Company Secretary

**P Bajoria**  
Managing Director

**S K Bajoria**  
Chairman

**PROFIT AND LOSS ACCOUNT** For the year ended 31st March 2010

(Rs. in lacs)

	Schedule	Year ended 31st March 2010	Year ended 31st March 2009
<b>INCOME</b>			
Turnover (Gross)		<b>18,407.00</b>	17,926.05
Less : Excise Duty		<b>884.22</b>	1,247.52
Turnover (Net)		<b>17,522.78</b>	16,678.53
Other Income	11	<b>53.70</b>	72.08
		<b>17,576.48</b>	16,750.61
<b>EXPENDITURE</b>			
(Increase) / Decrease in Finished Goods and Work-in-Progress	12A	<b>(91.55)</b>	51.31
Raw Materials and Trading Goods	12B	<b>8,385.05</b>	8,082.91
Manufacturing and Other Expenses	13	<b>4,911.23</b>	4,553.91
Payments and Provisions for Employees	14	<b>1,412.35</b>	1,127.57
Interest (Note 8 on Schedule 15)		<b>267.81</b>	511.42
Depreciation		<b>453.16</b>	421.67
		<b>15,338.05</b>	14,748.79
<b>Profit before Tax</b>		<b>2,238.43</b>	2,001.82
Provision for Current Tax		<b>770.00</b>	680.00
<b>Profit after Current Tax and before Deferred and Fringe Benefit Tax</b>		<b>1,468.43</b>	1,321.82
Provision for Deferred (Credit)/Charge		<b>(5.35)</b>	17.83
Provision for Fringe Benefit Tax		<b>—</b>	35.22
<b>Profit after Tax</b>		<b>1,473.78</b>	1,268.77
Profit brought forward from previous year		<b>4,705.68</b>	3,436.91
<b>Profit available for Appropriation</b>		<b>6,179.46</b>	4,705.68
Proposed Dividend		<b>346.10</b>	—
Tax on Proposed Dividend		<b>58.82</b>	—
		<b>404.92</b>	—
<b>Balance carried to Balance Sheet</b>		<b>5,774.54</b>	4,705.68
Earning per Share			
Basic and Diluted (Rs.) (Note 2 on Schedule 15)		<b>4.26</b>	3.67
<b>NOTES ON ACCOUNTS</b>	15		

This is the Profit and Loss Account referred to in our report of even date.

The Schedules referred to above form an integral part of the Profit and Loss Account

For **PRICE WATERHOUSE**  
Firm Registration No. 301112E  
Chartered Accountants

**S K Deb**  
Partner  
Membership Number-13390  
Kolkata  
10th May 2010

**R Agarwal**  
Company Secretary

**P Bajoria**  
Managing Director

**S K Bajoria**  
Chairman

On behalf of the Board of Directors

**CASH FLOW STATEMENT** For the year ended 31st March 2010

*(Rs. in lacs)*

	Year ended 31st March 2010	Year ended 31st March 2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit before tax and extra-ordinary items</b>	<b>2,238.43</b>	2,001.82
<b>Adjustments for :</b>		
Depreciation	453.16	421.67
Interest Expenses (net)	267.81	511.42
Dividend Income	(0.11)	—
Liabilities no longer required written back	(32.42)	(65.34)
Bad Debts/Advances written off	51.60	140.62
Provision for Doubtful Debts	80.34	—
Unrealised Foreign Exchange Loss/(Gain) (net)	139.90	(209.90)
Loss on Sale/Discard of Assets (net)	0.11	4.73
	<u>960.39</u>	<u>803.20</u>
<b>Operating Profit before Working Capital changes</b>	<b>3,198.82</b>	2,805.02
<b>Adjustments for :</b>		
Trade and other Receivables	(2,336.23)	2,594.05
Inventories	(106.93)	168.54
Trade Payables	1,377.79	(1,154.33)
	<u>(1,065.37)</u>	<u>1,608.26</u>
<b>Cash generated from operations</b>	<b>2,133.45</b>	4,413.28
Fringe Benefit Tax paid	—	(37.88)
Direct Taxes paid - Net	(818.59)	(645.54)
	<u>(818.59)</u>	<u>(683.42)</u>
Cash Flow before extra-ordinary item	<u>1,314.86</u>	<u>3,729.86</u>
<b>Net Cash from Operating Activities</b>	<b>1,314.86</b>	3,729.86
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(918.68)	(462.72)
Proceeds from Sale of Fixed Assets	0.15	—
Interest Received	9.17	14.89
Dividend Received	0.11	—
Sale/(Purchase) of Long Term Investments	(35.00)	—
	<u>(944.25)</u>	<u>(447.83)</u>
<b>Net Cash used in Investing Activities</b>	<b>(944.25)</b>	(447.83)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Interest Paid	(279.93)	(530.52)
Dividend Paid	(0.56)	(681.00)
Dividend Tax Paid	—	(117.64)
Proceeds from Long Term Borrowings	553.52	316.48
Repayment of Long Term Borrowings	(1,410.00)	(750.00)
Proceeds from Short Term Borrowings	—	400.00
Repayment of Short Term Borrowings	—	(975.00)
Increase/(Decrease) in Cash Credit Facilities	618.71	(740.10)
	<u>(518.26)</u>	<u>(3,077.78)</u>
<b>Net Cash (used in) Financing Activities</b>	<b>(518.26)</b>	(3,077.78)

**CASH FLOW STATEMENT (Contd.)***(Rs. in lacs)*

	<b>Year ended 31st March 2010</b>	Year ended 31st March 2009
<b>Net (Decrease)/Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>(147.65)</b>	204.25
<b>Cash and Cash Equivalents (Opening Balance) - Schedule 8</b>	<b>329.80</b>	125.55
<b>Cash and Cash Equivalents (Closing Balance) - Schedule 8</b>	<b>182.15</b>	329.80

**Notes :**

- (1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statement, issued by the Institute of Chartered Accountants of India.
- (2) Figures for the previous year have been re-arranged and re-grouped wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

The Schedules referred to above form an integral part of the Cash Flow Statement

For **PRICE WATERHOUSE**  
Firm Registration No. 301112E  
*Chartered Accountants*  
**S K Deb**  
*Partner*  
Membership Number-13390  
Kolkata  
10th May 2010

On behalf of the Board of Directors

**R Agarwal**  
*Company Secretary*

**P Bajoria**  
*Managing Director*

**S K Bajoria**  
*Chairman*

**SCHEDULES FORMING PART OF THE BALANCE SHEET**
*(Rs. in lacs)*

	As at 31st March 2010	As at 31st March 2009
<b>1. CAPITAL</b>		
<b>AUTHORISED</b>		
39,995,000 Equity Shares of Rs. 10/- each	<b>3,999.50</b>	3,999.50
500 Redeemable Preference Shares of Rs. 100/- each	<b>0.50</b>	0.50
	<u><b>4,000.00</b></u>	<u>4,000.00</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
34,610,472 Equity Shares of Rs.10/- each fully paid up	<b>3,461.05</b>	3,461.05
	<u><b>3,461.05</b></u>	<u>3,461.05</u>
Notes : Of the above shares -		
1. 18,320,973 shares are held by Bajoria Holdings Private Limited, the Holding Company.		
2. 16,600,872 shares were allotted as fully paid up other than in cash, pursuant to a Scheme of Amalgamation.		
<b>2. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>	<b>5.00</b>	5.00
<b>General Reserve</b>		
At the commencement of the year	<b>446.79</b>	446.79
<b>Profit and Loss Account</b>	<b>5,774.54</b>	4,705.68
	<u><b>6,226.33</b></u>	<u>5,157.47</u>
<b>3. LOAN FUNDS</b>		
<b>SECURED LOANS</b>		
<b>Cash Credit/Packing Credit</b>		
<b>From State Bank of India</b>	<b>1,562.26</b>	1,492.41
(Secured by hypothecation of stocks of raw materials , stock in process, finished goods, consumables, spares, stores, receivables and other liquid assets etc including goods in transit and by a second charge over all fixed assets of the Company, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela, ranking pari pasu with The Hongkong & Shanghai Banking Corporation Limited).		
<b>From The Hongkong &amp; Shanghai Banking Corportion Ltd.</b>	<b>1,157.40</b>	685.20
(Secured by charge on current assets and second charge over all the fixed assets of the Company ranking pari pasu with that created in favour of State Bank of India)		
<b>Term Loan</b>		
From State Bank of India		
- Term Loan - I	<b>300.00</b>	1,200.00
(Secured by first charge over all the fixed assets of the Company, including Land and other immovable properties, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by an extension of charge over the current assets)		
- Term Loan - II	<b>225.00</b>	450.00
(Secured by first charge over Plant and Machinery and other fixed assets acquired in the project considered for financing, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by first charge over all other fixed assets of the Company)		
- Term Loan - III	<b>475.00</b>	206.48
(Secured by first charge over Plant and Machinery and other fixed assets acquired in the project considered for financing, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by first charge over all other fixed assets and current assets of the Company)		
	<u><b>3,719.66</b></u>	<u>4,034.09</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)****4. FIXED ASSETS***(Rs. in lacs)*

DESCRIPTION OF THE ASSETS	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 31.03.09	Additions during the year	Deductions during the year	Total as at 31.03.10	Upto 31.03.09	For the year	Deductions during the year	Total upto 31.03.10	As at 31.03.10	As at 31.03.09
<b>TANGIBLE</b>										
Land - Lease hold (Note 1 below)	34.76	-	-	<b>34.76</b>	2.60	0.44	-	<b>3.04</b>	<b>31.72</b>	32.16
- Freehold	1.29	-	-	<b>1.29</b>	-	-	-	-	<b>1.29</b>	1.29
Buildings	967.51	69.15	-	<b>1,036.66</b>	349.30	32.14	-	<b>381.44</b>	<b>655.22</b>	618.21
Plant and Machinery	5,438.52	707.57	-	<b>6,146.09</b>	3,060.79	371.84	-	<b>3,432.63</b>	<b>2,713.46</b>	2,377.73
Computers	110.00	17.15	-	<b>127.15</b>	97.73	9.56	-	<b>107.29</b>	<b>19.86</b>	12.27
Furniture and Fixtures	89.65	-	-	<b>89.65</b>	77.86	2.34	-	<b>80.20</b>	<b>9.45</b>	11.79
Equipment	59.40	3.78	13.01	<b>50.17</b>	29.51	2.50	12.75	<b>19.26</b>	<b>30.91</b>	29.89
Vehicles	164.47	3.92	-	<b>168.39</b>	41.09	15.63	-	<b>56.72</b>	<b>111.67</b>	123.38
<b>Sub Total - A</b>	<b>6,865.60</b>	<b>801.57</b>	<b>13.01</b>	<b>7,654.16</b>	<b>3,658.88</b>	<b>434.45</b>	<b>12.75</b>	<b>4,080.58</b>	<b>3,573.58</b>	3,206.72
<b>INTANGIBLE (acquired items)</b>										
Goodwill arising on Amalgamation	503.06	-	-	<b>503.06</b>	503.06	-	-	<b>503.06</b>	-	-
Computer Software	8.48	-	-	<b>8.48</b>	7.72	0.76	-	<b>8.48</b>	-	0.76
Technical Know-how (Note 2 below)	232.29	-	-	<b>232.29</b>	165.02	17.95	-	<b>182.97</b>	<b>49.32</b>	67.27
<b>Sub Total - B</b>	<b>743.83</b>	-	-	<b>743.83</b>	<b>675.80</b>	<b>18.71</b>	-	<b>694.51</b>	<b>49.32</b>	68.03
<b>Total (A+B)</b>	<b>7,609.43</b>	<b>801.57</b>	<b>13.01</b>	<b>8,397.99</b>	<b>4,334.68</b>	<b>453.16</b>	<b>12.75</b>	<b>4,775.09</b>	<b>3,622.90</b>	3,274.75
Previous Year	6,923.38	704.32	18.27	7,609.43	3,926.54	421.67	13.53	4,334.68		
<b>Capital Work-in-Progress</b>									<b>169.60</b>	292.54
									<b>3,792.50</b>	3,567.29

Notes : (1) Acquired under a lease of 99 years with a renewal option.

(2) Technical know how represents technical drawings, designs, etc. relating to manufacture of the Company's products and acquired pursuant to various agreements conferring the right to usage only.

*(Rs. in lacs)*

	<b>As at 31st March 2010</b>	As at 31st March 2009
<b>5. INVESTMENTS</b>		
<b>Long Term - Trade Investment</b> (At cost less provision for permanent diminution, if any)		
<b>Unquoted</b>		
Fully paid Equity Shares in a subsidiary company 5,350,000 Fully paid Equity Shares of GBP 1 each in IFGL Worldwide Holdings Ltd.	<b>4,185.59</b>	4,185.59
Fully paid Equity Shares in IFGL Exports Limited 35,000 Equity Shares of Rs. 100 each (including premium of Rs. 90 each)	<b>35.00</b>	-
	<b>4,220.59</b>	<b>4,185.59</b>



**SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)**
*(Rs. in lacs)*

	As at 31st March 2010	As at 31st March 2009
<b>6. INVENTORIES</b> (At lower of cost and net realisable value)		
Stores and Spares	102.89	94.81
Raw Materials and Components	1,480.54	1,694.94
Raw Materials and Components in transit	169.75	1.63
Work-in-Progress	379.68	194.07
Finished Goods		
- Manufactured Goods	42.97	230.10
- Trading Goods	145.29	102.91
Stock at third parties		
- Manufactured Goods	274.42	181.35
- Trading Goods	28.91	17.71
	<u>2,624.45</u>	<u>2,517.52</u>
<b>7. SUNDRY DEBTORS (*)</b> (Unsecured)		
Debts outstanding for more than six months		
Considered good	257.26	444.04
Considered doubtful	80.34	—
	<u>337.60</u>	<u>444.04</u>
Other Debts	4,961.01	2,836.68
	<u>5,298.61</u>	<u>3,280.72</u>
Less : Provision for doubtful debts	80.34	—
	<u>5,218.27</u>	<u>3,280.72</u>
<i>* Includes Rs.109.95 (previous year Rs. 108.43) not due for payment at the year end as per related terms of orders.</i>		
<b>8. CASH AND BANK BALANCES</b>		
Cash in hand (Include cheques in hand Rs. 21.34, previous year - Rs. 21.15)	23.72	24.29
With Scheduled Banks		
- On Current Accounts	52.75	163.16
- On Dividend Accounts	52.68	53.24
- On Fixed Deposit Accounts (As margin on Letter of Credit and Bank Guarantee)	53.00	86.50
Remittance in Transit	—	2.61
	<u>182.15</u>	<u>329.80</u>
<b>9. LOANS AND ADVANCES</b> (Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	365.10	151.07
Accrued Export benefits under DEPB Scheme	383.93	304.56
Balance with Customs, Excise Authorities etc.	119.55	137.83
Other Deposits	42.27	32.77
Fringe Benefit Tax	Refer Schedule 10	Refer Schedule 10
Advance Tax/Tax Deducted at Source	Refer Schedule 10	Refer Schedule 10
	<u>910.85</u>	<u>626.23</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)**

(Rs. in lacs)

	As at 31st March 2010		As at 31st March 2009	
<b>10. CURRENT LIABILITIES AND PROVISIONS</b>				
<b>Liabilities -</b>				
Total Outstanding dues of micro enterprises and small enterprises (Note 7 on Schedule 15)	<b>48.44</b>		20.44	
Others				
- For goods	<b>1,265.90</b>		664.25	
- For expenses	<b>1,173.38</b>		553.58	
Balance with a Subsidiary Company	<b>31.99</b>		18.00	
Advance received from Customers	<b>19.49</b>		7.01	
Investor Education and Protection Fund shall be credited by Unpaid Dividend**	<b>52.68</b>		53.24	
Other Liabilities	<b>171.36</b>	<b>2,763.24</b>	<b>114.41</b>	1,430.93
<b>Provisions -</b>				
Taxation (Net of Advance Income Tax/Tax Deducted at Source Rs. 2,344.93, previous year - Rs. 1,524.31)	<b>28.86</b>		79.55	
Fringe Benefit Tax (Net of Advance Fringe Benefit tax Rs. 87.85, previous year - Rs. 87.85)	<b>0.04</b>		0.04	
Proposed Dividend	<b>346.10</b>		—	
Tax on Proposed Dividend	<b>58.82</b>		—	
Employee Benefits	<b>16.66</b>	<b>450.48</b>	10.62	90.21
		<b>3,213.72</b>		<b>1,521.14</b>

\*\* No amount is due as on 31st March 2010 for credit to Investor Education and Protection Fund.

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

(Rs. in lacs)

	Year ended 31st March 2010	Year ended 31st March 2009
<b>11. OTHER INCOME</b>		
Commission	<b>18.47</b>	5.08
Dividend from Current Non trade Investments - Mutual Funds	<b>0.11</b>	—
Liabilities no longer required written back	<b>32.42</b>	65.34
Miscellaneous Income	<b>2.70</b>	1.66
	<b>53.70</b>	<b>72.08</b>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.)**
*(Rs. in lacs)*

	Year ended 31st March 2010		Year ended 31st March 2009	
<b>12A. (INCREASE)/DECREASE IN FINISHED GOODS AND WORK-IN-PROGRESS</b>				
Opening Work-in-Progress	<b>194.07</b>		420.20	
Opening Finished Goods	<b>411.45</b>	<b>605.52</b>	<u>236.63</u>	656.83
Less : Closing Work-in-Progress	<b>379.68</b>		194.07	
Closing Finished Goods	<b>317.39</b>	<b>697.07</b>	<u>411.45</u>	<u>605.52</u>
		<b>(91.55)</b>		<u>51.31</u>
<b>12B. RAW MATERIALS AND TRADING GOODS</b>				
Raw Materials consumed*		<b>7,663.66</b>		7,253.14
Opening Stock of Trading Goods	<b>120.62</b>		132.18	
Add : Purchases of Trading Goods	<b>774.97</b>		<u>818.21</u>	
	<b>895.59</b>		950.39	
Less : Closing Stock of Trading Goods	<b>174.20</b>	<b>721.39</b>	<u>120.62</u>	829.77
		<b>8,385.05</b>		<u>8,082.91</u>
<b>13. MANUFACTURING AND OTHER EXPENSES</b>				
Consumable Stores and Spares		<b>434.88</b>		488.16
Power and Fuel		<b>908.36</b>		871.77
Repairs and Maintenance				
- Plant and Machinery	<b>108.63</b>		106.73	
- Buildings	<b>25.43</b>		6.74	
- Others	<b>35.32</b>	<b>169.38</b>	<u>30.35</u>	143.82
Rent		<b>7.71</b>		8.35
Rates and Taxes		<b>19.16</b>		15.90
Insurance		<b>44.73</b>		38.84
Postage, Telephone, Telex etc.		<b>40.27</b>		39.11
Travelling and Conveyance		<b>394.98</b>		406.69
Packing Expenses		<b>497.14</b>		484.14
Delivery and Forwarding Expenses		<b>777.46</b>		958.90
Professional Fees		<b>105.46</b>		92.91
Processing Charges		<b>193.82</b>		149.87
Royalty		<b>109.21</b>		122.77
Commission		<b>280.27</b>		264.65
Service Charges		<b>113.68</b>		100.90
Directors' Sitting Fees		<b>4.15</b>		3.94
Foreign Exchange Loss/(Gain) (Net)		<b>126.62</b>		(248.78)
Provision for Doubtful Debts		<b>80.34</b>		—
Bad Debts/Advances written off		<b>51.60</b>		140.62
Loss on Sale/Discard of Fixed Assets (Net)		<b>0.11</b>		4.73
Other Expenses (Note 13 on Schedule 15)		<b>551.90</b>		466.62
		<b>4,911.23</b>		<u>4,553.91</u>

\* Net of Rs. 609.18 (previous year - Rs. 841.02), being duty benefit pertaining to exports.

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.)***(Rs. in lacs)*

	Year ended 31st March 2010	Year ended 31st March 2009
<b>14. PAYMENTS AND PROVISIONS FOR EMPLOYEES</b>		
Salaries and Wages	<b>1,165.02</b>	940.48
Staff Welfare Expenses	<b>123.18</b>	65.18
Contribution to Funds :		
- Gratuity Fund	<b>25.00</b>	22.00
- Provident Fund and Pension Scheme	<b>44.14</b>	44.30
- Superannuation Fund	<b>45.18</b>	45.22
- Leave Encashment	<b>3.14</b>	1.76
- Employees State Insurance Fund etc.	<b>6.69</b>	8.63
	<u>124.15</u>	<u>121.91</u>
	<b>1,412.35</b>	<b>1,127.57</b>

**15. NOTES FORMING PART OF THE ACCOUNTS****1. Summary of Significant Accounting Policies***(All figures are in Rs. in lacs)*

- a) **These Financial Statements** are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under Section 211(3C) of the Companies Act, 1956 (the Act) and the relevant provisions of the Act.
- b) **Fixed Assets** (comprising both tangible and intangible items) are stated at cost less accumulated depreciation (including amortisation). The Company capitalises all costs (net of CENVAT credit) relating to acquisition and installation of Fixed Assets. An impairment loss is recognised wherever the carrying value of the fixed assets exceeds its market value or value in use, whichever is higher.
- c) **Depreciation** on tangible assets (other than Leasehold Land and computers) is calculated on straight-line method at applicable rates prescribed in Schedule XIV of the Companies Act, 1956. Leasehold Land is amortised over the period of lease. Computers are depreciated over a period of three years, Intangible assets (other than Goodwill arising on amalgamation fully amortised in earlier years and Computer Software which are amortised over a period of two to five years) are amortised on straight-line method over a period of five years.
- d) **Inventories** are valued at lower of cost and net realisable value. Cost is determined on the weighted average basis. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads.
- e) **Sales** are exclusive of sales tax and returns and are recognised when significant risk and rewards of ownership of the goods is transferred to the buyer and the revenue is measurable at the time of sale and it is reasonable to expect ultimate collection of the sale consideration.
- f) **Current investments** are stated at lower of cost and fair value determined on an individual investment basis. Long term investments are stated at cost less provision for permanent diminution, if any.
- g) **Current tax** is determined as the amount of tax payable in respect of taxable income for the year based on applicable tax rates and laws. Deferred tax is recognised, subject to consideration of prudence in respect of deferred tax asset, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are periodically reviewed to reassess realisation thereof.
- h) **Transactions in foreign currencies** are recognised at the rates existing at the time of such transactions. Gain or losses resulting from the settlement of such transactions are recognised in the Profit and Loss Account. Year end balances of monetary items are translated at applicable forward contract/year-end rates and the resultant differences is recognised in the Profit and Loss Account.
- i) **Derivatives losses/gains** are accounted for in the period in which they occur. All outstanding Derivative Contracts at the Balance Sheet date are marked-to-market. Losses, if any, are measured by either marking-to-market or determining mark-up, as the case may be, and the resulting losses are provided for. The net gain, if any, based on the above evaluation, is not accounted for.

**15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)**
*(All figures are in Rs. in lacs)*

j) **Borrowing cost** that are attributable to acquisition, construction or production of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalised as part of cost of such assets. All other borrowing costs are recognised as expenses in the period they are incurred.

k) **Employee Benefits :**

i) Short-Term Employee Benefits

The Undiscounted amount of Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

ii) Post Employment Benefit Plans

Contributions towards provident funds are recognised as expense. Provident fund contributions in respect of employees are made to Trust administered by the Company; the interest rate payable to the members of the Trust is not lower than the rate of interest declared annually by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, is to be made good by the Company. (Also Refer Note 10A below).

Contribution under Employees' Pension Scheme is made as per statutory requirements and charged as expenses for the year. Contribution to Superannuation (Defined Contribution Plan) is made as per the approved Scheme and charged as expenses for the year (Refer Note 10C below).

Liability towards gratuity, superannuation (Defined Benefit Plan) covering eligible employees, is provided and funded on the basis of year-end actuarial valuation (Refer Note 10B and 10C below).

Actuarial gains/losses arising under Defined Benefit Plans are recognised immediately in the Profit and Loss Account as income/expense for the year in which they occur.

iii) Other Long term Employees Benefits (Leave encashment) - Unfunded

Accrued liability towards leave encashment benefits, covering eligible employees, evaluated on the basis of year-end actuarial valuation is recognised as a charge.

2. Earning Per Share (EPS) - The numerators and denominators used to calculate Basic and Diluted EPS :

		2009-2010	2008-2009
Profit after Tax attributable to the Equity shareholders	A	<b>1,473.78</b>	1,268.77
Basic/Weighted average of Equity Shares outstanding during the year (Nos.)	B	<b>34,610,472</b>	34,610,472
Diluted Potential Equity Shares		-	-
Nominal Value of each Equity Share (Rs.)		<b>10</b>	10
Basic/Diluted EPS (Rs.)	A/B	<b>4.26</b>	3.67

3. Estimated amounts of Capital Commitments (net of advances) outstanding as at 31st March 2010 and not provided for is Rs. 893.93 (previous year Rs. 2.11).

4. Contingent Liabilities not provided for :

	2009-2010	2008-2009
a) Claims against the Company not acknowledged as debts :		
i) Sales tax matter under appeal [net of Rs. 5.49 (previous year Rs. 5.49) paid under protest]	<b>44.06</b>	44.06
ii) Income tax matters under dispute	<b>15.88</b>	15.88
iii) Service tax matters under dispute (including penalty and excluding interest)	<b>33.62</b>	16.81
iv) Others (water tax)	<b>43.29</b>	4.40
b) Letter of comfort/Guarantee given to banks against term loan, working capital and Forwards Exchange Contracts facility provided by them to a step down subsidiary [limit GBP 12.98 million, (previous year GBP 13.16 million)]		
Utilised at year end GBP 5.02 Million, (previous year GBP 7.16 million) [Converted at year end rate]	<b>3,461.09</b>	5,288.31

5. Outstanding Bank Guarantees (net of margin money).	<b>388.97</b>	526.14
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**15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)***(All figures are in Rs. in lacs)*

6. The Company, in March 2004, withdrew its application for exemption under Para 39 of the Employees' Pension Scheme, 1995 (EPS, 95) pending with the Regional Provident Fund Commissioner (RPFC) at Rourkela. Subsequent thereto, from April 2004, the Company has been depositing contributions under EPS, 95 with the RPFC. A sum of Rs. 81.72 has been paid in earlier years to RPFC from the Company's Superannuation Fund towards contribution (as estimated by the Company) under EPS, 95 for the period 16th November 1995 to 31st March 2004 in respect of employees continuing in the Company's employment as on 31st March 2004. RPFC has however demanded contribution also for persons who ceased to be employees of the Company in said period, which has been disputed by the Company.

RPFC had raised a demand of Rs. 27.26 in March 1998 on the Company towards contribution under EPS, 95 for the period 16th November 1995 to 31st January 1998, which was stayed by the Hon'ble Orissa High Court in a petition filed before them by the Company. The matter was disposed off by the Hon'ble High Court vide its order dated 3rd March 2009 whereby liberty was granted to RPFC to take steps for recovery of amount due, if the same was found not deposited, no communication has since been received from RPFC.

7. Balance including interest thereon due to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006 as identified based on the available confirmations is Rs. 48.44 (previous year Rs. 20.44). No interest has been paid during the year. The amount of interest payable for the period of delay in making payment beyond the appointed day is Rs. 2.62 (previous year Rs. 2.91) and interest accrued and remaining unpaid at the year end is Rs. 9.36 (previous year Rs. 6.74).

8. (a) Interest paid/payable is net of Interest received [Tax Deducted at Source, Rs. 2.11 (previous year Rs. 0.42)] as detailed below :

	2009-2010	2008-2009
Interest on Bank Deposits	7.58	8.47
Interest on Customers' overdue bills	7.07	7.34
Interest from Employees and Others	0.07	3.19
<b>Total</b>	<b>14.72</b>	<b>19.00</b>

- (b) Interest paid/payable includes interest on Fixed Loans during the year Rs.142.73 (previous year Rs. 240.70).

- (c) No interest was capitalised during the year.

9. The break up of Deferred Tax (Assets) and Liabilities at the year end into major components of the respective balances are:

	2009-2010	2008-2009
Tax Impact of -		
Accrued expenses deductible when paid	(32.73)	(3.98)
Difference between tax depreciation and book depreciation	360.78	337.38
<b>Total</b>	<b>328.05</b>	<b>333.40</b>

10. Disclosure in respect of Employee Benefits in keeping with Accounting Standard 15

- A. In keeping with the Guidance on implementing Accounting Standard (AS) 15 on Employee Benefits issued by the Accounting Standards Board of the Institute of Chartered Accountants of India (ASB Guidance), employer-established provident fund trusts are treated as Defined Benefit Plans since the Company is obligated to meet interest shortfall, if any, with respect to covered employees.

According to the actuary, actuarial valuation cannot be applied to reliably measure provident fund liabilities in absence of guidance from Actuarial Society of India. Accordingly, the Company is currently not in a position to provide other related disclosures as required by the aforesaid AS 15 read with the ASB Guidance. However, having regard to the position of the Fund and the return on investments, the Company does not expect any deficiency in the foreseeable future.

- B. In keeping with the Company's gratuity scheme (a defined benefit plan), employees joined after 31st March 2003 are entitled to gratuity benefit (at one half months eligible salary for each completed year of service) on retirement/death/incapacitation/termination and there is no ceiling for employees joined before 31st March 2003. Also refer Note 1 (k) for accounting policy relating to gratuity.



**15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)**
*(All figures are in Rs. in lacs)*

C. In keeping with the Company's Superannuation Scheme (applicable to employees joined before 31st March 2004), employees are entitled to superannuation benefit on retirement/death/incapacitation/termination. Superannuation Scheme was amended from Defined Benefit Plan to Defined Contribution Plan effective 1st April 2004 and the benefits under the Defined Benefit Plan were frozen as on 31st March 2004. Necessary formalities/approvals have been complied with/obtained. Also refer Note 1 (k) for accounting policy relating to superannuation.

10.1 Following are the further particulars with respect to defined benefit plans of the Company.

	Gratuity (Funded)			Superannuation (Funded)		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
<b>Reconciliation of the opening and closing balances of present value of Defined Benefit obligation</b>						
Present Value of obligation, as at the beginning of the year	197.31	215.13	171.76	189.75	179.85	188.96
Service Cost	21.29	12.77	13.49	-	-	-
Interest Cost	15.59	17.42	12.82	14.82	14.68	15.68
Plan Amedments	2.20	-	-	-	-	-
Actuarial (gains)/losses	77.04	(37.58)	18.74	(0.67)	(3.17)	(24.76)
Benefits paid	(4.95)	(10.43)	(1.68)	(8.92)	(1.61)	(0.03)
Present Value of obligation, as at the end of the year	<u>308.48</u>	<u>197.31</u>	<u>215.13</u>	<u>194.98</u>	<u>189.75</u>	<u>179.85</u>
<b>Reconciliation of the Opening and Closing balances of the Fair Value of Plan Assets</b>						
Fair Value of plan assets at the beginning of the year	243.75	222.64	182.45	334.27	310.49	281.37
Expected return of plan assets	20.94	18.96	14.37	27.04	25.39	23.35
Actuarial gains/(losses)	23.90	(9.42)	7.50	19.94	-	5.80
Contribution by the Company	22.00	22.00	20.00	-	-	-
Benefits paid	(4.95)	(10.43)	(1.68)	(8.92)	(1.61)	(0.03)
Fair Value of plan assets at the end of the year	<u>305.64</u>	<u>243.75</u>	<u>222.64</u>	<u>372.33</u>	<u>334.27</u>	<u>310.49</u>
<b>Reconciliation of the Benefit Value of obligation and fair value of the Plan Assets</b>						
Fair Value of plan assets at the end of the year	305.64	243.75	222.64	372.33	334.27	310.49
Present value of obligation at the end of the year	308.48	197.31	215.13	194.98	189.75	179.85
Assets/(Liabilities) as per Actuarial valuation	<u>(2.84)*</u>	<u>46.44*</u>	<u>7.51*</u>	<u>177.35**</u>	<u>144.52**</u>	<u>130.64**</u>

\* Actual amount of Assets/(liabilities) in the balance sheet Rs. (3.00) (Previous year Rs. Nil)

\*\* Actual amount of asset in the balance sheet Rs. Nil (Previous year Rs. Nil)

	Gratuity (Funded)			Superannuation (Funded)		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
<b>Expense recognised in the Profit and Loss Account</b>						
Current Service Cost	21.29	12.77	13.49	-	-	-
Interest Cost	15.59	17.42	12.82	14.82	14.68	15.68
Expected return of plan assets (gain)/loss	(20.94)	(18.96)	(14.37)	(27.04)	(25.39)	(23.35)
Past Service cost	2.20	-	-	-	-	-
Actuarial (gain)/loss	53.14	(28.16)	11.24	(20.61)	(3.17)	(30.56)
	#	#	#	##	##	##
Total Expense as per the Actuarial Valuation	<u>71.28</u>	<u>(16.93)</u>	<u>23.18</u>	<u>(32.83)</u>	<u>(13.88)</u>	<u>(38.23)</u>

# Actual Expenses recognised Rs. 25.00 (Previous year Rs. 22.00).

## Actual Expenses recognised Nil

**15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)***(All figures are in Rs. in lacs)*

The expenses for the above benefit are disclosed under 'Contribution to Funds' on Schedule 14 to Profit and Loss Account.

	Gratuity (Funded)			Superannuation (Funded)		
	2009-10 %	2008-09 %	2007-08 %	2009-10 %	2008-09 %	2007-08 %
<b>Category of Plan Assets :</b>						
GOI Securities	7%	10%	10%	18%	23%	24%
Bonds	12%	15%	19%	17%	20%	27%
State Government/State Government guaranteed securities	5%	8%	9%	4%	5%	7%
Units of Insurers	76%	66%	62%	60%	50%	40%
Others (including bank balances)	-	1%	-	1%	2%	2%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Principal Actuarial Assumptions</b>						
Discount rate (per annum) (%)	8.00	8.00	8.30	8.00	8.00	8.20
Rate of increase in salaries (%)	6.00	5.00	5.00	NA	NA	NA
Expected rate of return on plan assets (%)	8.30	8.00	7.50	8.20	8.00	8.30
Remaining working life (in Years)	18.04	18.39	19.29	15.39	14.84	15.68
Methods used		Projected Accrued Benefit Method				
Actual Return on Plan Assets	44.84	9.54	21.87	46.98	25.39	29.15

Discount rate on Superannuation Fund has been determined based upon the market yield available on Government Bonds without considering salaries increase since the pension had been frozen based on salaries as at 31 March 2004 for the period of service upto 31 March 2004 and in case of other funds based upon the market yield available on Government Bonds after considering salaries increase which takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Expected rate of return on plan assets is assumed to be same as the discount rate at the beginning of the year as the assets of the fund are primarily invested in Government Bonds.

10.2 Appropriate contribution for 2009-10 have been paid to the Employees Defined Benefit Plan during the year.

**15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)**
*(All figures are in Rs. in lacs)*
**11. Related Party Disclosures in keeping with Accounting Standard -18 prescribed under 'the Act'**
**a) List of Related Parties**
**Where Control exists**
**Holding Company**

Bajoria Holdings Private Limited

**Subsidiary Companies (including step down subsidiaries )**

IFGL Worldwide Holdings Limited

IFGL Monocon Holdings Limited

Monocon International Refractories Limited

Monocon Overseas Limited

Mono Ceramics Inc

Monotec Refratarios Ltda

Tianjin Monocon Refractories Company Limited

Tianjin Monocon Aluminous Refractories Company Limited

Goricon Metallurgical Services Limited

Goricon LLC

IFGL GmbH

Hofmann Ceramic GmbH

Hofmann GmbH &amp; Co. OHG

Hofmann Ceramic CZ s.r.o.

Hofmann Ceramic Ltd

Hofmann Ceramic LLC

IFGL Pyemetric LLC

**Fellow Subsidiaries**

Heritage Health TPA Pvt Limited

Bajoria Financial Services Pvt Limited

IFGL Bio Ceramics Limited

Ganges Art Gallery Pvt Limited

Bajoria Enterprises Limited

IFGL Exports Limited

**Others**
**Key Management Personnel**

S K Bajoria (Chairman)

P Bajoria (Managing Director)

**Relatives of Key Management Personnel**

B P Bajoria, father of S K Bajoria

**Enterprises in which key management**

Heritage Insurance Brokers Pvt Limited

**personnel has significant influence**

Coris Heritage Asia Pacific Pvt Limited

**15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)***(All figures are in Rs. in lacs)*

	2009-2010	2008-2009
<b>11.b) Particulars of Transactions during the year and year end balances</b>		
<b>(I) With Holding Company: Bajoria Holdings Private Limited</b>		
Rent for Office Premises	6.83	6.08
Maintenance Charges	10.89	10.89
Expenses Reimbursement/incurred	15.88	19.08
Interest Paid	-	42.84
Loan repaid	-	575.00
	<u>33.60</u>	<u>653.89</u>
<b>(II) With Subsidiaries including Step down Subsidiaries</b>		
<b>Purchase of Raw Material</b>		
Monocon International Refractories Limited	15.18	1.62
Tianjin Monocon Refractories Company Limited	349.83	318.80
Tianjin Monocon Aluminous Refractories Company Limited	105.01	31.55
Hofmann Ceramic GmbH	29.99	-
	<u>500.01</u>	<u>351.97</u>
<b>Purchase of Services</b>		
Monocon International Refractories Limited	-	53.35
	<u>-</u>	<u>53.35</u>
<b>Purchase of Capital Goods</b>		
Hofmann Ceramic GmbH	56.95	-
	<u>56.95</u>	<u>-</u>
<b>Sale of Finished Goods</b>		
Monocon International Refractories Limited	591.35	232.96
Mono Ceramics Inc	102.11	141.64
Monotec Refratarios Ltda	-	4.07
Tianjin Monocon Aluminous Refractories Company Limited	8.70	-
Hofmann Ceramic GmbH	11.34	-
	<u>713.50</u>	<u>378.67</u>
<b>Expenses Reimbursement/incurred</b>		
Monocon International Refractories Limited	9.18	4.12
Mono Ceramics Inc	1.63	-
Monotec Refratarios Ltda	2.98	-
	<u>13.79</u>	<u>4.12</u>
<b>Expenses Recovered/received</b>		
Monocon International Refractories Limited	1.63	1.86
Tianjin Monocon Refractories Company Limited	2.99	-
	<u>4.62</u>	<u>1.86</u>
<b>Advance paid against Capital Goods</b>		
Hofmann Ceramic GmbH	124.27	-
	<u>124.27</u>	<u>-</u>
<b>Guarantees/Letter of Comfort given</b>		
Monocon International Refractories Limited	-	4,730.59
	<u>-</u>	<u>4,730.59</u>

**15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)**
*(All figures are in Rs. in lacs)*
**11.b) Particulars of Transactions during the year and year end balances (Contd.)**

	2009-2010	2008-2009
<b>YEAR END BALANCES</b>		
<b>Sundry Creditors</b>		
Monocon International Refractories Limited	13.77	-
Tianjin Monocon Refractories Company Limited	-	18.00
Monotec Refratarios Ltda	2.98	-
Hofmann Ceramic GmbH	18.21	-
	<u>34.96</u>	<u>18.00</u>
<b>Sundry Debtors</b>		
Monocon International Refractories Limited	347.03	80.38
Mono Ceramics Inc	75.50	-
Monotec Refratarios Ltda	-	4.07
Hofmann Ceramic GmbH	0.93	-
	<u>423.46</u>	<u>84.45</u>
<b>Loans and Advances</b>		
Hofmann Ceramic GmbH	124.27	-
	<u>124.27</u>	<u>-</u>
<b>Investment</b>		
IFGL Worldwide Holdings Limited	4,185.59	4,185.59
	<u>4,185.59</u>	<u>4,185.59</u>
<b>Shortfall undertaking/Letter of Comfort/Corporate Guarantee</b>		
Monocon International Refractories Limited	3,461.09	5,288.31
	<u>3,461.09</u>	<u>5,288.31</u>
<b>(III) With Fellow Subsidiaries</b>		
<b>Sale of Finished Goods</b>		
IFGL Bio Ceramics Limited	18.49	5.38
	<u>18.49</u>	<u>5.38</u>
<b>Expenses Reimbursement/incurred</b>		
Ganges Art Gallery Pvt Limited	1.54	-
	<u>1.54</u>	<u>-</u>
<b>Expenses Recovered/received</b>		
Heritage Health TPA Pvt Limited	-	1.44
IFGL Exports Limited	1.15	3.86
IFGL Bio Ceramics Limited	0.29	-
Ganges Art Gallery Pvt Limited	-	0.03
	<u>1.44</u>	<u>5.33</u>
<b>Interest Paid</b>		
Bajoria Financial Services Pvt Limited	-	6.78
	<u>-</u>	<u>6.78</u>
<b>Loan Taken</b>		
Bajoria Financial Services Pvt Limited	-	400.00
	<u>-</u>	<u>400.00</u>
<b>Loan Repaid</b>		
Bajoria Financial Services Pvt Limited	-	400.00
	<u>-</u>	<u>400.00</u>

**15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)**

## 11.b) Particulars of Transactions during the year and year end balances (Contd.)

(All figures are in Rs. in lacs)

	2009-2010	2008-2009
<b>Investment</b>		
IFGL Exports Limited	35.00	—
	<u>35.00</u>	<u>—</u>
<b>YEAR END BALANCES</b>		
<b>Sundry Debtors</b>		
IFGL Bio Ceramics Limited	14.37	1.47
	<u>14.37</u>	<u>1.47</u>
<b>Loans and Advances</b>		
Heritage Health TPA Pvt Limited	—	1.44
IFGL Exports Limited	—	0.28
Ganges Art Gallery Pvt Limited	—	0.03
	<u>—</u>	<u>1.75</u>
<b>Investment</b>		
IFGL Exports Limited	35.00	—
	<u>35.00</u>	<u>—</u>
<b>(IV) With Key Management Personnel</b>		
<b>Director's Remuneration (Refer Note 12 below)</b>		
S K Bajoria (Chairman)	95.07	81.40
P Bajoria (Managing Director)	101.74	83.78
	<u>196.81</u>	<u>165.18</u>
<b>(V) With Relative of Key Management Personnel</b>		
Sitting Fees		
B P Bajoria	0.80	0.80
	<u>0.80</u>	<u>0.80</u>
<b>(VI) With Enterprise in which a key management personnel has significant influence</b>		
Expenses Recovered/received		
Heritage Insurance Brokers Pvt Limited	0.75	2.14
Coris Heritage Asia Pacific Pvt Limited	—	0.04
	<u>0.75</u>	<u>2.18</u>
<b>YEAR END BALANCES</b>		
<b>Sundry Debtors</b>		
Heritage Insurance Brokers Pvt Limited	0.72	—
	<u>0.72</u>	<u>—</u>
<b>Loans and Advances</b>		
Heritage Insurance Brokers Pvt Limited	—	2.10
Coris Heritage Asia Pacific Pvt Limited	—	0.03
	<u>—</u>	<u>2.13</u>



**15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)**

## 12. Managerial remuneration :

(All figures are in Rs. in lacs)

	2009-2010		2008-2009	
a) Chairman and Managing Director				
Salaries	<b>94.50</b>		113.50	
Commission	<b>48.78</b>		-	
Contribution to Provident and other Funds	<b>36.16</b>		39.45	
Other Perquisites	<b>17.37</b>	<b>196.81</b>	12.23	165.18
b) Non-executive Directors - Sitting Fees		<b>4.15</b>		3.94
<b>Total Managerial Remuneration</b>		<b>200.96</b>		<b>169.12</b>
c) Schedule of computation of Net Profit in accordance with Section 198/349 of the Companies Act, 1956 for the purpose of Directors' Remuneration :				
Profit before tax as per the Profit and Loss Account		<b>2,238.43</b>		2,001.82
Add : Directors' Remuneration	<b>196.81</b>		165.18	
Directors' Sitting Fees	<b>4.15</b>	<b>200.96</b>	3.94	169.12
<b>Net Profit</b>		<b>2,439.39</b>		<b>2,170.94</b>
Chairman's Commission - 1% of the Net Profit		<b>24.39</b>		*
Managing Director's Commission - 1% of the Net Profit		<b>24.39</b>		*
<b>Total Commission</b>		<b>48.78</b>		-

\* Waived

## 13. Other Expenses (Schedule 13) includes :

Amounts paid/payable to Auditors as auditor :

	2009-2010		2008-2009	
Audit Fees	<b>7.00</b>			*7.50
For Tax Audit	<b>2.50</b>			2.50
For Limited Reviews	<b>2.00</b>			2.00
For Other Certificates	<b>3.25</b>			**3.85
Reimbursement of expenses #	<b>0.68</b>			0.63

# Exclusive of Service Tax Rs. 1.59 (previous year Rs. 1.91) not routed through Profit and Loss Account during the year.

\* Including Rs. 0.50 relating to previous year

\*\* Including Rs. 0.50 relating to previous year

## 14. Raw Materials Consumed :

	2009-2010		2008-2009	
	Qty. (M/T)	Value	Qty. (M/T)	Value
Alumina	<b>6,028.74</b>	<b>2,444.10</b>	6,149.77	2,310.70
Graphite	<b>1,388.56</b>	<b>572.89</b>	1,358.51	515.41
Magnesia	<b>1,338.40</b>	<b>590.49</b>	1,232.52	480.92
Zirconia	<b>641.27</b>	<b>1,031.88</b>	666.12	915.76
Resin	<b>1,100.41</b>	<b>902.47</b>	1,061.00	1,006.40
Others		<b>2,121.83</b>		2,023.95
		<b>7,663.66</b>		<b>7,253.14</b>

As none of the other items individually exceed 10% of the total value of the raw materials consumed, the quantitative details have not been provided.

**15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)***(All figures are in Rs. in lacs)*

15. (a) Particulars regarding Licensed and Installed Capacity, Opening and Closing Stock, Actual Production and Sales of Manufactured Items.

	Units	Year ended 31st March 2010		Year ended 31st March 2009	
		Quantity	Value	Quantity	Value
(i) <b>Licensed Capacity</b>		N.A.		N.A.	
(ii) <b>Installed Capacity</b> (as certified by the management)					
Refractories (Shaped)	Pcs.	776,000		776,000	
Refractories (Unshaped)	M/T	24,000		24,000	
Ceramics (Shaped)	Pcs.	10,000		10,000	
Ceramics (Unshaped)	Kgs	50.00		3.00	
(iii) <b>Opening Stock of Finished Goods</b>					
At Factory					
Refractories (Shaped)	Pcs.	5,799	51.82	3,736	58.54
Refractories (Unshaped)	M/T	-	-	-	-
Stock in Transit **					
Refractories (Shaped)	Pcs.	9,770	173.39	-	-
Refractories (Unshaped)	M/T	12	4.89	-	-
With Third Party					
Refractories (Shaped)	Pcs.	9,268	130.50	11,639	157.95
Refractories (Unshaped)	M/T	189	50.85	112	20.14
<b>Total</b>			<b>411.45</b>		<b>236.63</b>
(iv) <b>Actual Production</b>					
Refractories (Shaped)	Pcs.	530,375	-	462,388	-
Refractories (Unshaped)	M/T	8,099	-	7,677	-
Ceramics (Shaped)	Pcs.	903	-	386	-
Ceramics (Unshaped)	Kgs	14.65	-	0.47	-
(v) <b>Sales *</b>					
Refractories (Shaped)	Pcs.	536,322	14,593.08	452,926	14,281.38
Refractories (Unshaped)	M/T	7,531	2,155.01	7,588	1,582.12
Ceramics (Shaped)	Pcs.	903	10.01	386	4.87
Ceramics (Unshaped)	Kgs	14.65	8.48	0.47	0.50
Scrap			14.22		13.61
<b>Total</b>			<b>16,780.80</b>		<b>15,882.48</b>
(vi) <b>Closing Stock of Finished Goods</b>					
At Factory					
Refractories (Shaped)	Pcs.	2,325	38.38	5,799	51.82
Refractories (Unshaped)	M/T	-	-	-	-
Stock in Transit **					
Refractories (Shaped)	Pcs.	1,122	4.59	9,770	173.39
Refractories (Unshaped)	M/T	-	-	12	4.89
With Third Party					
Refractories (Shaped)	Pcs.	15,443	206.22	9,268	130.50
Refractories (Unshaped)	M/T	769	68.20	189	50.85
<b>Total</b>			<b>317.39</b>		<b>411.45</b>

\* Inclusive of quantities supplied free of cost. Sales figures are net of excise duty.

\*\* Corresponding Sales Value Rs. 8.88

**15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)**
*(All figures are in Rs. in lacs)*
**15. (b) Particulars regarding Purchases, Sales, Opening and Closing Stock of Trading Items**

	Units	Year ended 31st March 2010		Year ended 31st March 2009	
		Quantity	Value	Quantity	Value
<b>Opening Stock</b>					
At Factory					
Operating Systems for Refractories	Sets	12	5.35	15	7.10
Others #			97.56		73.57
With Third Party					
Refractories (Unshaped)	M/T	90	8.86	325	37.95
Others #			8.85		13.56
<b>Total</b>			<b>120.62</b>		<b>132.18</b>
<b>Purchases</b>					
Operating Systems for Refractories	Sets	120	20.47	126	35.82
Refractories (Unshaped)	M/T	2,020	336.56	2,509	594.99
Others #			417.94		187.40
<b>Total</b>			<b>774.97</b>		<b>818.21</b>
<b>Sales *</b>					
Operating Systems for Refractories	Sets	69	67.83	129	50.65
Refractories (Unshaped)	M/T	1,925	320.82	2,744	309.33
Others #			353.33		436.07
<b>Total</b>			<b>741.98</b>		<b>796.05</b>
<b>Closing Stock</b>					
At Factory					
Operating Systems for Refractories	Sets	63	21.94	12	5.35
Others #			123.35		97.56
With Third Party					
Refractories (Unshaped)	M/T	185	9.06	90	8.86
Others #			19.85		8.85
<b>Total</b>			<b>174.20</b>		<b>120.62</b>

\* Inclusive of quantities supplied free of cost. Sales figures are net of excise duty.

# As none of the items exceed 10% of Purchase/Sales/Stock, the quantitative details have not been provided

**15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)***(All figures are in Rs. in lacs)*

## 16. Value of Imported and Indigenous Raw Material and Stores and Spares consumed :

	2009-2010		2008-2009	
	Value	%	Value	%
Raw Materials				
- Imported	<b>4,011.83</b>	<b>52.35</b>	3,627.00	50.01
- Indigenous	<b>3,651.83</b>	<b>47.65</b>	3,626.14	49.99
<b>Total</b>	<b>7,663.66</b>	<b>100.00</b>	<b>7,253.14</b>	<b>100.00</b>
Stores and Spares				
- Imported	<b>31.13</b>	<b>7.16</b>	42.65	8.74
- Indigenous	<b>403.75</b>	<b>92.84</b>	445.51	91.26
<b>Total</b>	<b>434.88</b>	<b>100.00</b>	<b>488.16</b>	<b>100.00</b>

17. Operating Lease Commitments - The Company entered into non-cancelable operating lease agreements in connection with certain office spaces. Tenure of lease is for a period of 3 years. Terms of the lease include operating terms of renewal, re-imburement of maintenance charges, increase in future maintenance charges, etc. The future minimum lease commitments of the Company are as follows :

	2009-2010	2008-2009
Within 1 Year	<b>7.59</b>	6.08
More than 1 Year upto 5 Years	<b>3.80</b>	9.11
<b>Total</b>	<b>11.39</b>	<b>15.19</b>

Lease rentals recognised in this profit and loss account amount to Rs. 6.83 (previous year Rs. 6.08)

## 18. CIF Value of Imports

Raw Materials	<b>3,101.13</b>	3,517.27
Stores and Spares	<b>28.70</b>	60.73
Trading Items	<b>36.92</b>	41.27
Capital Goods	<b>80.00</b>	191.80

## 19. Expenditure in Foreign Currency (on payment basis)

Salaries and wages	<b>87.21</b>	37.90
Travelling	<b>146.91</b>	116.46
Commission	<b>177.19</b>	294.33
Royalty (Net of tax)	<b>80.31</b>	136.04
Selling Expenses	<b>24.57</b>	76.18
Professional Fees	<b>2.64</b>	52.65
Others	<b>14.48</b>	1.25

## 20. Earnings in Foreign Exchange

FOB value of Exports	<b>4,740.73</b>	4,976.05
Commission	-	2.10

**15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)**
*(All figures are in Rs. in lacs)*
**21. Remittance in Foreign Currency on account of Dividend to Non-Resident Shareholders**

	<b>2009-2010</b>	2008-2009
(a) Amount Remitted		
- for the year 2008-2009	-	-
- for the year 2007-2008	-	100.14
(b) Number of Non-Resident Shareholders	<b>2</b>	2
(c) Number of Shares held by them	<b>5,006,956</b>	5,006,956

22. In terms of Accounting Standard 17 'Segment Reporting' prescribed under 'the Act', segment information has been presented in the consolidated financial statements of the Company included in the Annual Report. Given below is the information relating to Geographical market of the Company :

<b>Sales Revenue</b>		
India	<b>9,510.68</b>	7,869.00
Outside India		
Direct Exports	<b>5,051.60</b>	5,251.41
Indirect Exports	<b>2,960.50</b>	3,558.12
<b>Total</b>	<b><u>17,522.78</u></b>	<u>16,678.53</u>
<b>Carrying amount of Assets</b>		
India	<b>14,137.15</b>	12,890.03
Outside India		
Direct Exports	<b>1,590.60</b>	803.38
Indirect Exports	<b>1,221.06</b>	813.74
<b>Total</b>	<b><u>16,948.81</u></b>	<u>14,507.15</u>
<b>Purchase of Tangible and Intangible Assets</b>		
India	<b>678.61</b>	534.43

23. Expenses include reimbursements to/by the Company.

24. Previous year's figures have been re-arranged and re-grouped wherever necessary.

Signatures to Schedules 1 to 15.

For **PRICE WATERHOUSE**  
Firm Registration No. 301112E  
*Chartered Accountants*

**S K Deb**  
*Partner*  
Membership Number-13390  
Kolkata  
10th May 2010

On behalf of the Board of Directors

**R Agarwal**  
*Company Secretary*

**P Bajoria**  
*Managing Director*

**S K Bajoria**  
*Chairman*

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****(a) Registration Details**

Company Identification No. L 2 7 2 0 2 O R 1 9 8 9 P L C 0 0 2 9 7 1  
 Balance Sheet Date 3 1 0 3 2 0 1 0  
 D D M M Y Y Y Y

*(Rs. in lacs)***(b) Capital raised during the year**

Public Issue Nil Right Issue Nil  
 Bonus Issue Nil Private Placement Nil

**(c) Position of Mobilisation and Deployment of Funds**

Total Liabilities 1 6 9 4 8 . 8 1 Total Assets 1 6 9 4 8 . 8 1

**Sources of Funds**

Paid-up-Capital 3 4 6 1 . 0 5  
 Reserves and Surplus 6 2 2 6 . 3 3  
 Secured Loans 3 7 1 9 . 6 6  
 Unsecured Loans Nil  
 Deferred Tax Liabilities (Net) 3 2 8 . 0 5

**Application of Funds**

Net Fixed Assets (Including Goodwill) 3 7 9 2 . 5 0  
 Investments 4 2 2 0 . 5 9  
 Net Current Assets 5 7 2 2 . 0 0  
 Miscellaneous Expenditure Nil

**(d) Performance of the Company**

Total Income 1 7 5 7 6 . 4 8 Total Expenditure 1 5 3 3 8 . 0 5  
 Profit/(Loss) before Tax 2 2 3 8 . 4 3 Profit/(Loss) after Tax 1 4 7 3 . 7 8  
 Earning Per Share (in Rs.) 4 . 2 6 Dividend Rate (%) 1 0 . 0 0

**(e) Generic names of three principal products/services of the Company (As per the monetary terms)****Item Code No.**

6 9 0 2 2 0 2 0  
 6 9 0 3 2 0 9 0  
 6 9 0 3 1 0 9 0 / 6 9 0 3 2 0 9 0  
 3 8 1 6 0 0 0 0  
 3 8 1 6 0 0 0 0  
 9 0 2 1 3 9 0 0  
 3 0 0 6 4 0 0 0

**Product Description**

Slide Gate Refractories for Ladles and Furnace.  
 Refractories for Injectall Purgemeister Valve.  
 Refractory Nozzle, Plugs, Rods, Tubes, Pipes.  
 Spraying/Gunning Masses, Coatings, Filler Mix.  
 Mortar, Castables and other Refractory Cements.  
 Hydroxyapatite based Orbital Implants and Alumina based Femoral Head for Hip Joint Prosthesis.  
 Hydroxyapatite Powder for Dental Application/Bone filling powder.

On behalf of the Board of Directors

Kolkata  
10th May 2010**R Agarwal**  
Company Secretary**P Bajoria**  
Managing Director**S K Bajoria**  
Chairman



**STATEMENT U/S 212 OF THE COMPANIES ACT, 1956 REGARDING SUBSIDIARY COMPANIES As at 31st March 2010**

(Rs. in lacs)

Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	Proposed Dividend
IFGL Worldwide Holdings Limited, Isle of Man	3,648.17	1,744.97	1,194.60	-	-	-	480.94	-	480.94	-
<b>Step Down Subsidiaries</b>										
Goricon LLC, USA	-	120.66	177.16	56.50	-	426.62	19.32	4.07	15.25	-
Goricon Metallurgical Services Ltd, (Wales) UK	40.91	345.83	455.84	69.09	-	307.82	51.86	11.05	40.81	-
Hofmann Ceramic CZ s.r.o, Czech Republic	42.06	(272.20)	383.97	614.10	-	88.14	(51.28)	-	(51.28)	-
Hofmann Ceramic GmbH, Germany	158.29	774.26	1,726.95	885.63	-	4,897.01	(149.80)	0.96	(150.76)	-
Hofmann Ceramic LLC, USA	12.14	38.08	54.16	3.93	-	-	11.79	(9.86)	21.66	-
Hofmann Ceramic Limited, U.K	0.07	51.96	52.18	0.15	-	19.89	(4.35)	(0.50)	(3.85)	-
Hofmann GmbH & Co. OHG, Germany	70.92	124.67	731.37	535.78	-	-	91.33	(1.91)	93.24	-
IFGL GmbH, Germany	3,800.75	(36.91)	0.06	9.23	-	-	(9.51)	4.81	(14.32)	-
IFGL Monocon Holdings Limited, UK	3,409.50	-	-	17.05	-	-	-	-	-	-
IFGL Pyemetric LLC, USA	20.87	(34.27)	50.24	63.64	-	11.43	(53.78)	(20.87)	(32.91)	-
Mono Ceramics Inc, USA	4.21	1,574.97	1,940.25	458.23	-	4,124.64	408.89	146.71	262.18	-
Monocon International Refractories Limited, UK	0.07	2,962.37	5,512.78	9,387.42	-	12,535.66	1,813.29	468.44	1,344.85	-
Monocon Overseas Limited, UK	0.68	5,524.42	1,331.83	-	-	-	(0.03)	-	(0.03)	-
Monotec Refratarios Ltda, Brazil	187.50	255.81	604.18	160.86	-	1,820.28	135.58	41.36	94.22	-
Tianjin Monocon Aluminous Refractories Company Limited, PRC	353.86	393.88	894.03	146.29	-	1,721.78	199.60	17.26	182.34	69.68 @
Tianjin Monocon Refractories Company Limited, PRC	95.47	611.92	1,204.45	497.06	-	4,180.63	584.55	119.05	465.49	404.22 @

@ Paid to holding company, IFGL Worldwide Holdings Limited, Isle of Man

**NOTES :**

- Balance Sheet figures have been converted into Indian Rupees by applying year end foreign exchange closing rate of Rs. 68.19 equivalent to 1 GBP and Rs. 60.88 equivalent to 1 Euro. Profit and Loss Account figures have however been converted into Indian Rupees by using yearly average exchange rate of Rs. 75.27 equivalent to 1 GBP and Rs. 66.70 equivalent to 1 Euro.
- Investments exclude investments made in subsidiary companies.



## AUDITORS' REPORT

### To the Board of Directors of IFGL Refractories Limited

1. We have audited the attached Consolidated Balance Sheet of IFGL Refractories Limited (the "Company") and its subsidiaries, hereinafter referred to as the "Group" as at 31st March 2010, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries, included in the consolidated financial statements, which constitute total assets of Rs. 11,998.49 lacs and net assets of Rs. 4,241.69 lacs as at 31st March 2010, total revenue of Rs. 24,288.68 lacs, net profit of Rs. 2,003.97 lacs and net cash flows amounting to Rs. 140.54 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors except for three overseas subsidiaries, the financial statements of which reflect total assets of Rs. 1,038.42 lacs and net assets of Rs. 199.77 lacs as at 31st March 2010, total revenues of Rs. 1,949.82 lacs, net profit of Rs. 10.10 lacs and cash flows amounting to Rs. 83.54 lacs for the year ended on that date, all of which were subject to analytical review by the other auditors based on the records available (except for one subsidiary where only balance audited was cash balance, aggregating Rs. 255.11 lacs which was directly confirmed by bank) and were not considered material by the said auditors. The report of the other auditors has been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
  - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2010;
  - (b) in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **PRICE WATERHOUSE**  
Firm Registration No. 301112E  
*Chartered Accountants*  
**S K Deb**  
*Partner*  
Membership Number-13390

Kolkata  
10th May 2010

**CONSOLIDATED BALANCE SHEET** As at 31st March 2010

*(Rs. in lacs)*

	Schedule	As at 31st March 2010		As at 31st March 2009	
<b>SOURCES OF FUNDS</b>					
<b>Shareholders' Fund</b>					
Capital	1	<b>3,461.05</b>		3,461.05	
Reserves and Surplus	2	<b>10,256.52</b>	<b>13,717.57</b>	<u>7,893.88</u>	11,354.93
<b>Minority Interest</b>			<b>37.61</b>		81.95
<b>Loan Funds</b>					
Secured Loans	3A	<b>7,746.18</b>		9,968.12	
Unsecured Loans	3B	<b>182.26</b>	<b>7,928.44</b>	<u>65.95</u>	10,034.07
<b>Deferred Tax Liabilities (Net)</b> (Note 13 on Schedule 15)			<b>374.10</b>		382.85
<b>TOTAL</b>			<b>22,057.72</b>	<u>21,853.80</u>	
<b>APPLICATIONS OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	4	<b>19,660.34</b>		19,477.10	
Less : Depreciation		<b>8,640.21</b>		<u>8,270.88</u>	
Net Block		<b>11,020.13</b>		11,206.22	
Capital Work-in-Progress		<b>278.82</b>	<b>11,298.95</b>	<u>526.48</u>	11,732.70
<b>Investment</b>	5		<b>35.00</b>		-
<b>Current Assets, Loans and Advances</b>					
Inventories	6	<b>5,924.90</b>		5,134.77	
Sundry Debtors	7	<b>8,948.56</b>		5,963.55	
Cash and Bank Balances	8	<b>1,203.23</b>		1,285.69	
Loans and Advances	9	<b>1,325.16</b>		<u>1,213.22</u>	
		<b>17,401.85</b>		<u>13,597.23</u>	
<b>Less : Current Liabilities and Provisions</b>	10				
Liabilities		<b>6,077.05</b>		3,458.85	
Provisions		<b>601.03</b>		<u>17.28</u>	
<b>Net Current Assets</b>		<b>6,678.08</b>	<b>10,723.77</b>	<u>3,476.13</u>	10,121.10
<b>TOTAL</b>			<b>22,057.72</b>	<u>21,853.80</u>	
<b>NOTES ON ACCOUNTS</b>	15				

This is the Consolidated Balance Sheet referred to in our report of even date.

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.

For **PRICE WATERHOUSE**  
Firm Registration No. 301112E  
Chartered Accountants  
**S K Deb**  
Partner  
Membership Number-13390  
Kolkata  
10th May 2010

On behalf of the Board of Directors

**R Agarwal**  
Company Secretary

**P Bajoria**  
Managing Director

**S K Bajoria**  
Chairman

**CONSOLIDATED PROFIT AND LOSS ACCOUNT** For the year ended 31st March 2010*(Rs. in lacs)*

	Schedule	Year ended 31st March 2010	Year ended 31st March 2009
<b>INCOME</b>			
Turnover (Gross)		<b>42,407.52</b>	41,064.59
Less : Excise Duty		<b>884.21</b>	<u>1,247.52</u>
Turnover (Net)		<b>41,523.31</b>	39,817.07
Other Income	11	<b>341.86</b>	<u>238.18</u>
		<b>41,865.17</b>	40,055.25
<b>EXPENDITURE</b>			
(Increase) / Decrease in Finished Goods and Work-in-Progress	12A	<b>(763.23)</b>	215.25
Raw Materials and Trading Goods	12B	<b>21,608.89</b>	20,615.49
Manufacturing and Other Expenses	13	<b>9,513.63</b>	10,360.85
Payments and Provisions for Employees	14	<b>5,386.60</b>	5,888.92
Interest (Note 12 on Schedule 15)		<b>452.39</b>	954.77
Depreciation		<b>752.22</b>	742.20
Adjustments for items capitalised		<b>(56.95)</b>	—
		<b>36,893.55</b>	<u>38,777.48</u>
<b>Profit before Tax and Minority Interest</b>		<b>4,971.62</b>	<u>1,277.77</u>
Provision for Current Tax		<b>1,550.72</b>	<u>672.86</u>
<b>Profit after Current Tax and before Deferred and Fringe Benefit Tax</b>		<b>3,420.90</b>	<u>604.91</u>
Deferred Tax Credit		<b>(5.55)</b>	(37.59)
Provision for Fringe Benefit Tax		—	<u>35.22</u>
<b>Profit after Tax and before Minority Interest</b>		<b>3,426.45</b>	<u>607.28</u>
Minority Interest		<b>(3.96)</b>	<u>(3.85)</u>
<b>Profit after Tax and Minority Interest</b>		<b>3,430.41</b>	<u>611.13</u>
Profit brought forward from previous year		<b>6,504.36</b>	<u>5,893.23</u>
<b>Profit available for Appropriation</b>		<b>9,934.77</b>	<u>6,504.36</u>
Proposed Dividend		<b>346.10</b>	—
Tax on Proposed Dividend		<b>118.23</b>	—
		<b>464.33</b>	—
<b>Balance carried to Balance Sheet</b>		<b>9,470.44</b>	<u>6,504.36</u>
Earning per Share			
Basic and Diluted (Rs.) (Note 6 on Schedule 15)		<b>9.91</b>	<u>1.77</u>
<b>NOTES ON ACCOUNTS</b>	15		

This is the Consolidated Profit and Loss Account referred to in our report of even date.

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

For **PRICE WATERHOUSE**  
Firm Registration No. 301112E  
Chartered Accountants

On behalf of the Board of Directors

**S K Deb**  
Partner  
Membership Number-13390  
Kolkata  
10th May 2010

**R Agarwal**  
Company Secretary

**P Bajoria**  
Managing Director

**S K Bajoria**  
Chairman

**CONSOLIDATED CASH FLOW STATEMENT** For the year ended 31st March 2010

*(Rs. in lacs)*

	Year ended 31st March 2010	Year ended 31st March 2009	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>			
<b>Net Profit before tax and Minority Interest</b>	<b>4,971.62</b>		1,277.77
<b>Adjustments for :</b>			
Depreciation and Amortisation	<b>752.22</b>	742.20	
Interest Expenses (net)	<b>452.39</b>	954.77	
Dividend income	<b>(0.11)</b>	-	
Liabilities no longer required written back	<b>(32.42)</b>	(65.34)	
Loss on Sale / Discard of Fixed Assets (net)	<b>1.17</b>	4.74	
Bad Debts / Advances written off	<b>191.04</b>	249.52	
Pension Assets Written off	-	398.98	
Unrealised Exchange (Gain)/Loss (Net)	<b>(6.43)</b>	781.66	
Effect of change in Foreign Exchange Translation	<b>57.88</b>	<u>1,786.31</u>	<u>4,852.84</u>
<b>Operating Profit before Working Capital changes</b>	<b>6,387.36</b>		<u>6,130.61</u>
<b>Adjustments for :</b>			
Trade and other Receivables	<b>(3,297.49)</b>	5,593.11	
Inventories	<b>(790.13)</b>	350.29	
Trade Payables	<b>2,663.67</b>	<u>(3,038.63)</u>	<u>2,904.77</u>
<b>Cash generated from operations</b>	<b>4,963.41</b>		<u>9,035.38</u>
Fringe Benefit Tax paid	-	(37.88)	
Direct Taxes paid - Net	<b>(1,375.81)</b>	<u>(862.20)</u>	<u>(900.08)</u>
<b>Net Cash from Operating Activities</b>	<b>3,587.60</b>		<u>8,135.30</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>			
Purchase of Fixed Assets	<b>(1,197.97)</b>	(992.73)	
Proceeds from Sale of Fixed Assets	<b>45.33</b>	0.01	
Acquisition of step down subsidiary companies	-	(4,383.78)	
Further Acquisition of shares in step down subsidiary company	<b>(30.24)</b>	-	
Sale / (Purchase) of Long Term Investments	<b>(35.00)</b>	-	
Interest Received	<b>23.87</b>	22.24	
Dividend Received	<b>0.11</b>	-	<u>(5,354.26)</u>
<b>Net Cash used in Investing Activities</b>	<b>(1,193.90)</b>		<u>(5,354.26)</u>

**CONSOLIDATED CASH FLOW STATEMENT (Contd.)**

(Rs. in lacs)

	Year ended 31st March 2010	Year ended 31st March 2009	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>			
Proceeds from Long Term Borrowings	553.52	3,360.02	
Repayment of Long Term Borrowings	(3,434.42)	(2,701.20)	
Proceeds from Short Term Borrowings	116.30	400.00	
Repayment of Short Term Borrowings	-	(909.05)	
Increase / (Decrease) in cash credit facilities	891.97	(822.66)	
Interest Paid	(472.57)	(981.22)	
Dividend Paid	(0.57)	(681.00)	
Dividend Tax Paid	(59.41)	(117.64)	(2,452.75)
<b>Net Cash used in Financing Activities</b>	<b>(2,405.18)</b>	<b>(2,452.75)</b>	
<b>D. EXCHANGE DIFFERENCE ON TRANSLATION OF FOREIGN CURRENCY</b>	<b>(70.98)</b>	<b>(86.77)</b>	
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C+D)</b>	<b>(82.46)</b>	<b>241.52</b>	
<b>Cash and Cash Equivalents as at 31st March 2009 (Schedule 8)</b>	<b>1,285.69</b>	<b>770.57</b>	
Add : Taken over consequent upon acquisition of Subsidiary	-	273.60	1,044.17
<b>Cash and Cash Equivalents as at 31st March 2010 (Schedule 8)</b>	<b>1,203.23</b>	<b>1,285.69</b>	

**Notes :**

- (1) The above Consolidated Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement, prescribed under the Act.
- (2) Previous year's figures have been re-grouped/re-arranged wherever necessary.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

The Schedules referred to above form an integral part of the Consolidated Cash Flow Statement.

For **PRICE WATERHOUSE**

Firm Registration No. 301112E

Chartered Accountants

**S K Deb**

Partner

Membership Number-13390

Kolkata

10th May 2010

**R Agarwal**  
Company Secretary

**P Bajoria**  
Managing Director

**S K Bajoria**  
Chairman

On behalf of the Board of Directors

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET**
*(Rs. in lacs)*

	As at 31st March 2010	As at 31st March 2009
<b>1. CAPITAL</b>		
<b>AUTHORISED</b>		
39,995,000 Equity Shares of Rs. 10/- each	3,999.50	3,999.50
500 Redeemable Preference Shares of Rs. 100/- each	0.50	0.50
	<u>4,000.00</u>	<u>4,000.00</u>
<b>ISSUED, SUBSCRIBED AND PAID-UP</b>		
34,610,472 Equity Shares of Rs.10/- each fully paid up	3,461.05	3,461.05
Notes : Of the above shares -		
1. 18,320,973 shares are held by Bajoria Holdings Private Limited, the Holding Company.		
2. 16,600,872 shares were allotted as fully paid up other than in cash, pursuant to a Scheme of Amalgamation.		
<b>2. RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>	5.00	5.00
<b>General Reserve</b>		
At the commencement of the year	446.79	446.79
<b>Foreign Exchange Translation Adjustment Account</b>		
At the commencement of the year	937.73	(119.16)
Add : Net (deletion)/addition during the year	<u>(603.44)</u>	<u>1,056.89</u>
<b>Profit and Loss Account</b>	9,470.44	6,504.36
	<u>10,256.52</u>	<u>7,893.88</u>
<b>3. LOAN FUNDS</b>		
<b>A. SECURED LOANS</b>		
<b>Cash Credit/Packing Credit</b>		
- From State Bank of India (Note 3(i) on Schedule 15)	1,562.26	1,492.41
- From The Hongkong & Shanghai Banking Corporation Ltd. (Note 3(ii) on Schedule 15)	1,157.40	685.20
- From ICICI Bank UK Ltd. (Note 3(iii) on Schedule 15)	275.20	-
- From CSOB Radlicka (Note 3(iv) on Schedule 15)	20.17	22.11
<b>Term Loan</b>		
From State Bank of India		
- Term Loan I (Note 3(v) on Schedule 15)	300.00	1,200.00
- Term Loan II (Note 3(vi) on Schedule 15)	225.00	450.00
- Term Loan III (Note 3(vii) on Schedule 15)	475.00	206.48
- From ICICI Bank UK Ltd., (Note 3(iii) on Schedule 15)	1,181.87	2,282.24
- From HSBC Bank Plc (Note 3(viii) on Schedule 15)	1,966.36	2,907.91
- From Barclays Bank (Note 3(ix) on Schedule 15)	14.58	24.61
- From Sparkasse (Note 3 (x and xi) on Schedule 15)	101.82	152.72
- From Volksbank Dill eG (Note 3(xii) on Schedule 15)	399.55	443.15
- From Commerzbank (Note 3(xiii) on Schedule 15)	66.97	101.29
	<u>7,746.18</u>	<u>9,968.12</u>
<b>B. UNSECURED LOANS</b>		
<b>Short Term</b>		
- From Volksbank Dill eG	54.43	6.93
- From Postbank	-	21.21
- From Commerzbank	20.79	-
- From Sparkasse	107.04	37.81
	<u>182.26</u>	<u>65.95</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)****4. FIXED ASSETS***(Rs. in lacs)*

DESCRIPTION OF THE ASSETS	GROSS BLOCK						DEPRECIATION						NET BLOCK	
	As at 01.4.09	Addition on Acquisition of Subsidiaries	Additions during the year	Deductions during the year	Exchange Difference	Total as at 31.3.10	As at 01.4.09	Addition on Acquisition of Subsidiaries	For the year	On Deductions	Exchange Difference	Total upto 31.3.10	As at 31.3.10	As at 31.3.09
<b>TANGIBLE</b>														
Land - Lease hold (Note 1 below)	34.76	-	-	-	-	<b>34.76</b>	2.60	-	0.43	-	-	<b>3.03</b>	<b>31.73</b>	32.16
- Freehold	184.88	-	-	-	(14.93)	<b>169.95</b>	-	-	-	-	-	-	<b>169.95</b>	184.88
Buildings	2,566.59	-	318.28	-	(161.45)	<b>2,723.42</b>	1,079.77	-	67.11	-	(70.42)	<b>1,076.46</b>	<b>1,646.96</b>	1,486.82
Plant and Machinery (Note 2 below)	9,378.77	-	775.08	27.66	(353.59)	<b>9,772.60</b>	5,655.72	-	595.30	9.04	(232.58)	<b>6,009.40</b>	<b>3,763.20</b>	3,723.05
Computers	342.43	-	18.01	2.13	(16.45)	<b>341.86</b>	316.26	-	17.77	2.13	(15.90)	<b>316.00</b>	<b>25.86</b>	26.17
Furniture and Fixtures	271.40	-	-	-	(12.18)	<b>259.22</b>	253.65	-	7.77	-	(12.09)	<b>249.33</b>	<b>9.89</b>	17.75
Equipments	211.96	-	9.00	17.76	(14.24)	<b>188.96</b>	147.95	-	12.39	16.44	(11.41)	<b>132.49</b>	<b>56.47</b>	64.01
Vehicles	259.44	-	74.79	3.47	(15.57)	<b>315.19</b>	114.09	-	30.03	3.12	(7.35)	<b>133.65</b>	<b>181.54</b>	145.35
<b>Total - A</b>	<b>13,250.23</b>	<b>-</b>	<b>1,195.16</b>	<b>51.02</b>	<b>(588.41)</b>	<b>13,805.96</b>	<b>7,570.04</b>	<b>-</b>	<b>730.80</b>	<b>30.73</b>	<b>(349.75)</b>	<b>7,920.36</b>	<b>5,885.60</b>	5,680.19
<b>INTANGIBLE</b>														
Goodwill arising on amalgamation	503.06	-	-	-	-	<b>503.06</b>	503.06	-	-	-	-	<b>503.06</b>	-	-
Goodwill arising on acquisition	13.96	-	-	-	(1.17)	<b>12.79</b>	13.96	-	-	-	(1.17)	<b>12.79</b>	-	-
Goodwill arising on consolidation	5,419.52	-	11.04	-	(353.27)	<b>5,077.29</b>	-	-	-	-	-	<b>5,077.29</b>	5,419.52	
Computer Software	20.63	-	0.36	-	(1.23)	<b>19.76</b>	17.55	-	2.09	-	(1.08)	<b>18.56</b>	<b>1.20</b>	3.08
Technical Know-how (Note 3 below)	269.70	-	-	26.21	(2.01)	<b>241.48</b>	166.27	-	19.33	-	(0.16)	<b>185.44</b>	<b>56.04</b>	103.43
<b>Total - B</b>	<b>6,226.87</b>	<b>-</b>	<b>11.40</b>	<b>26.21</b>	<b>(357.68)</b>	<b>5,854.38</b>	<b>700.84</b>	<b>-</b>	<b>21.42</b>	<b>-</b>	<b>(2.41)</b>	<b>719.85</b>	<b>5,134.53</b>	5,526.03
<b>GRAND TOTAL (A + B)</b>	<b>19,477.10</b>	<b>-</b>	<b>1,206.56</b>	<b>77.23</b>	<b>(946.09)</b>	<b>19,660.34</b>	<b>8,270.88</b>	<b>-</b>	<b>752.22</b>	<b>30.73</b>	<b>(352.16)</b>	<b>8,640.21</b>	<b>11,020.13</b>	11,206.22
Previous Year	14,559.32	4,963.66	989.01	674.11	(360.78)	19,477.10	6,865.96	1,068.83	742.20	669.36	263.25	8,270.88		
<b>Capital Work-in-Progress</b>													<b>278.82</b>	526.48
													<b>11,298.95</b>	11,732.70

Notes : (1) Acquired under a lease of 99 years with a renewal option.

(2) The gross block and net block of plant and machinery includes an amount of Rs. 46.49 (previous year - Rs. 54.23) and Rs. 21.40 (previous year - Rs. 30.74) respectively in respect of assets held under Hire Purchase Contract .

(3) Technical know how represents technical drawings, designs , etc. relating to manufacture of group's products and acquired pursuant to various agreements conferring the right to usage only.

*(Rs. in lacs)*

	<b>As at 31st March 2010</b>	<b>As at 31st March 2009</b>
<b>5. INVESTMENTS</b>		
<b>Long Term - Trade Investment</b> (At cost less provision for diminution, if any)		
<b>Unquoted :</b>		
Fully paid Equity Shares in IFGL Exports Limited	<b>35.00</b>	-
35,000 Equity Shares of Rs. 100 each (including premium of Rs. 90 each)	<b>35.00</b>	-



**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)**
*(Rs. in lacs)*

	As at 31st March 2010	As at 31st March 2009
<b>6. INVENTORIES</b> (At lower of cost and net realisable value)		
Stores and Spares	102.89	94.84
Raw Materials and Components	2,337.34	2,540.19
Raw Materials and Components in transit	169.75	1.63
Work-in-Progress	611.86	423.04
Finished Goods		
- Manufactured Goods	2,254.44	1,773.10
- Trading Goods	145.29	102.91
Stock at third parties		
- Manufactured Goods	274.42	181.35
- Trading Goods	28.91	17.71
	<u>5,924.90</u>	<u>5,134.77</u>
<b>7. SUNDRY DEBTORS</b> (Unsecured)		
Debts outstanding for more than six months	838.73	793.85
Other Debts		
- Considered good	8,109.83	5,169.70
- Considered Doubtful	273.39	189.28
Less : Provision for Doubtful Debts	273.39	189.28
	<u>8,948.56</u>	<u>5,963.55</u>
<b>8. CASH AND BANK BALANCES</b>		
Cash in hand (Include cheques in hand Rs. 21.34, previous year - Rs. 21.15)	33.51	30.54
With Scheduled Banks		
- On Current Accounts	916.88	1,030.67
- On Dividend Accounts	52.68	53.24
- On Fixed Deposit Accounts (As margin on Letter of Credit and Bank Guarantee)	200.16	168.63
Remittance in Transit	-	2.61
	<u>1,203.23</u>	<u>1,285.69</u>
<b>9. LOANS AND ADVANCES</b> (Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	715.42	586.11
Accrued Export benefits under DEPB Scheme	383.93	304.56
Balance with Customs and Excise Authorities	119.55	137.83
Other Deposits	106.26	184.72
Fringe Benefit Tax	Refer Schedule 10	Refer Schedule 10
Advance Tax/Tax Deducted at Source	Refer Schedule 10	Refer Schedule 10
	<u>1,325.16</u>	<u>1,213.22</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)**

(Rs. in lacs)

	As at 31st March 2010		As at 31st March 2009	
<b>10. CURRENT LIABILITIES AND PROVISIONS</b>				
<b>Liabilities -</b>				
Outstanding dues of micro and small enterprises for Goods (Note 14 on Schedule 15)	<b>48.44</b>		20.44	
Others				
- for goods	<b>2,670.94</b>		1,288.00	
- for expenses	<b>1,985.93</b>		1,245.61	
Advance Received from Customers	<b>12.92</b>		22.15	
Investor Education and Protection Fund shall be credited by Unpaid Dividend**	<b>52.68</b>		53.24	
Other Liabilities	<b>1,306.14</b>	<b>6,077.05</b>	829.41	3,458.85
<b>Provisions -</b>				
Taxation	<b>179.41</b>		6.62	
(Net of Advance Income Tax / Tax Deducted at Source Rs. 2,344.93, previous year - Rs. 1,524.13)				
Fringe Benefit Tax	<b>0.04</b>		0.04	
(Net of Advance Fringe Benefit tax Rs. 87.85, previous year - Rs. 87.85)				
Proposed Dividend	<b>346.10</b>		-	
Tax on Proposed Dividend	<b>58.82</b>		-	
Employee Benefits	<b>16.66</b>		10.62	17.28
		<b>601.03</b>		
		<b>6,678.08</b>		<b>3,476.13</b>

\*\* No amount is due as on 31st March 2010 for credit to Investor Education and Protection Fund.

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT**

(Rs. in lacs)

	Year ended 31st March 2010		Year ended 31st March 2009	
<b>11. OTHER INCOME</b>				
Commission	<b>18.47</b>		5.08	
Dividend from Current Non Trade Investments - Mutual Fund	<b>0.11</b>		-	
Liabilities no longer required written back	<b>32.42</b>		65.34	
Miscellaneous Income	<b>290.86</b>		167.76	
		<b>341.86</b>		<b>238.18</b>
<b>12A. (INCREASE)/DECREASE IN FINISHED GOODS AND WORK-IN-PROGRESS</b>				
Opening Work-in-Progress	<b>423.04</b>		553.37	
Opening Finished Goods	<b>1,954.45</b>	<b>2,377.49</b>	2,039.37	2,592.74
Less : Closing Work-in-Progress	<b>611.86</b>		423.04	
Closing Finished Goods	<b>2,528.86</b>	<b>3,140.72</b>	1,954.45	2,377.49
		<b>(763.23)</b>		<b>215.25</b>

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (Contd.)**
*(Rs. in lacs)*

	Year ended 31st March 2010	Year ended 31st March 2009
<b>12B. RAW MATERIALS AND TRADING GOODS</b>		
Raw Materials Consumed *	<b>20,584.51</b>	19,069.52
Opening Stock of Trading Goods	<b>120.62</b>	132.18
Add : Purchases of Trading Goods	<b>1,077.96</b>	1,534.41
	<b>1,198.58</b>	1,666.59
Less : Closing Stock of Trading Goods	<b>174.20</b>	120.62
	<b>1,024.38</b>	1,545.97
	<b>21,608.89</b>	20,615.49

\* Net of Rs. 609.18 (previous year - Rs. 841.02), being duty benefit pertaining to exports.

<b>13. MANUFACTURING AND OTHER EXPENSES</b>		
Consumable Stores and Spares	<b>606.12</b>	649.50
Power and Fuel	<b>1,286.79</b>	1,287.53
Repairs and Maintenance		
- Plant and Machinery	<b>255.04</b>	265.71
- Building	<b>47.70</b>	13.58
- Others	<b>167.66</b>	133.80
Rent	<b>470.40</b>	413.09
Rates and Taxes	<b>281.99</b>	240.59
Insurance	<b>59.29</b>	77.09
Postage, Telephone, Telex etc.	<b>166.01</b>	136.74
Travelling and Conveyance	<b>161.02</b>	165.88
Packing and Material Handling Expenses	<b>712.02</b>	721.24
Delivery and Forwarding Expenses	<b>1,473.82</b>	1,513.55
Professional Fees	<b>1,295.42</b>	1,403.54
Processing Charges	<b>513.61</b>	461.17
Royalty	<b>202.81</b>	161.42
Commission	<b>112.75</b>	125.46
Service Charges	<b>893.11</b>	675.08
Directors' Sitting Fees	<b>259.99</b>	276.23
Foreign Exchange (Gain)/Loss (net)	<b>4.15</b>	3.94
Bad Debts / Advances written off	<b>(233.96)</b>	833.04
Provision for Doubtful Debts	<b>89.55</b>	140.62
Loss on Sale / Discard of fixed assets (net)	<b>101.49</b>	108.89
Other Expenses	<b>1.17</b>	4.74
	<b>1,056.08</b>	961.51
	<b>9,513.63</b>	10,360.85

<b>14. PAYMENTS AND PROVISIONS FOR EMPLOYEES</b>		
Salaries and Wages	<b>4,742.15</b>	5,044.94
Staff Welfare Expenses	<b>228.45</b>	205.18
Contribution to Provident and Other Funds :		
- Gratuity Fund	<b>25.00</b>	22.00
- Provident Fund and Employees Pension Schemes	<b>78.82</b>	298.05
- Superannuation Fund	<b>45.18</b>	45.22
- Leave Encashment	<b>3.14</b>	1.76
- Employees State Insurance Fund etc.	<b>263.86</b>	271.77
	<b>416.00</b>	638.80
	<b>5,386.60</b>	5,888.92

## 15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(All figures are in Rs. in lacs)

1. These Consolidated Financial Statements (CFS) are prepared to comply in all material aspects with all applicable accounting principles in India, the applicable accounting standards notified under Section 211 (3C) of the Companies Act, 1956 (the Act) and the relevant provisions of the Act.

2. a) Principles of Consolidation

The CFS comprise the financial statements of IFGL Refractories Limited (Parent Company) and its subsidiary companies (Group). The Consolidated Financial Statements are in conformity with Accounting Standard 21 on "Consolidated Financial Statements" notified under Section 211 (3C) of the Companies Act, 1956 and are prepared on the following basis :

- The financial statements of the Parent Company and its subsidiaries (listed below) have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after adjustments /elimination of intra Group balances and intra Group transactions and resulting unrealised profits. Unrealised losses resulting from intra Group transactions are eliminated unless cost cannot be realised.
- The CFS are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances in all material respect, except as indicated in the Note 4 below, are presented to the extent possible, in the same manner as the Parent Company's separate Financial Statements.
- The excess of cost to the Parent Company of its investment in the subsidiaries (including step down subsidiaries) over parent's portion of equity of subsidiaries at the dates they become subsidiaries is recognised in the financial statements as goodwill. Goodwill arising on consolidation is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment loss.
- The translation of functional currencies into Indian Rupees (reporting currency) is performed for equity in foreign subsidiary, assets and liabilities using the closing exchange rate at the balance sheet date, for revenues, costs and expenses using average exchange rate prevailing during the year. The resultant exchange difference arising out of such translations is recognised as part of equity (Foreign Currency Translation Adjustment Account) by the Parent Company until the disposal of investment.
- Minority interest in the consolidated financial statements is identified and recognised after taking into consideration :
  - The amount of equity attributable to minorities at the date on which investment in subsidiary is made.
  - The minority's share of movement in equity since the date parent - subsidiary relationship came into existence.
  - Losses applicable to the minority in excess of the minority's interest, if any, in the subsidiary's equity are allocated against the interest of the Group.
- Monotec Refratarios Ltda, Tianjin Monocon Refractories Company Limited and Tianjin Monocon Aluminous Refractories Company Limited (step down subsidiaries), each has an accounting period end of 31st December 2009. These subsidiaries have been consolidated using the financial statements for the year ended on that date adjusted for management account movements to 31st March 2010.

b) The subsidiaries (including step down subsidiaries) considered in the consolidated financial statements are :

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Accounting Year Ended
IFGL Worldwide Holdings Limited (IWHL)	Isle of Man	100 %	31st March
<b>Step down subsidiaries</b>			
IFGL Monocon Holdings Limited (IMHL)	United Kingdom	100 %	31st March
Tianjin Monocon Refractories Company Limited (TMRL)	Peoples Republic of China	100 %	31st December
Monotec Refratarios Ltda (MRL)	Brazil	95 %	31st December
Monocon International Refractories Limited (MIRL)	United Kingdom	100 %	31st March
Monocon Overseas Limited (MOL)	United Kingdom	100 %	31st March
Mono Ceramics Inc (MCI)	United States of America	100 %	31st March
Goricon Metallurgical Services Limited (GMSL)	United Kingdom	100 %	31st March
Goricon LLC (GLLC)	United States of America	100 %	31st March

**15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)**
*(All figures are in Rs. in lacs)*

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Accounting Year Ended
Tianjin Monocon Aluminous Refractories Company Limited (TMARL)	Peoples Republic of China	100 %	31st December
IFGL GmbH (IG)	Germany	100 %	31st March
Hofmann Ceramic GmbH (HCG)	Germany	98.08 %	31st March
Hofmann GmbH & Co. OHG (HGCO)	Germany	100 %	31st March
Hofmann Ceramic CZ s.r.o. (HCC)	Czech Republic	98.78 %	31st March
Hofmann Ceramic Ltd. (HCL)	United Kingdom	100 %	31st March
Hofmann Ceramic LLC (HCLL)	United States of America	100 %	31st March
IFGL Pyemetric LLC (IPL)	United States of America	100 %	31st March

**3. Details of Securities provided to Banks against Loans**

- i) Cash Credit/Packing Credit from State Bank of India is secured by hypothecation of stocks of raw materials, stock in process, finished goods, consumables, spares, stores, receivables and other liquid assets etc including goods in transit and by a second charge over all fixed assets of the Parent Company, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela, ranking pari pasu with The Hongkong and Shanghai Banking Corporation Limited.
- ii) Cash Credit/Packing Credit from The Hongkong and Shanghai Banking Corporation Ltd., is secured by charge on current assets and second charge over all the fixed assets of the Parent Company ranking pari pasu with that created in favour of State Bank of India.
- iii) The Term Loan and Cash Credit (Euro and US dollar currencies) from ICICI Bank UK Ltd. is secured by :
  - (a) mortgage of movable and immovable assets (including intangibles) of MIRL
  - (b) mortgage of movable and immovable assets of MCI, a subsidiary of MOL
  - (c) shortfall undertaking from IFGL Refractories Limited
  - (d) pledge of IWHL's holding in IMHL
  - (e) pledge of IMHL's holding in MIRL
  - (f) pledge of MIRL's holding in MOL
  - (g) non-disposal undertaking from IWHL for its holding in subsidiaries in China and Brazil.
- iv) Overdraft facility from CSOB Radlicka is secured by Blank Promissory Note by HCC.
- v) Term Loan from State Bank of India is secured by first charge over all the fixed assets of the Company, including Land and other immovable properties, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by an extension of charge over the current assets of the Parent Company.
- vi) Term Loan from State Bank of India is secured by first charge over Plant and Machinery and other fixed assets acquired in the project considered for financing, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by first charge over all other fixed assets of the Parent Company.
- vii) Term Loan from State Bank of India is secured by first charge over Plant and Machinery and other fixed assets acquired in the project considered for financing, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by first charge over all other fixed assets and current assets of the Parent Company.
- viii) The Term Loan (Euro Currency) from HSBC Bank plc is secured by :
  - (a) Debentures comprising fixed and floating charges over all the assets and undertakings of IMHL, MOL, MIRL, GMSL and IWHL, including all present and future freehold and leasehold property, books and other debts, chattels, goodwill and uncalled capital, both present and future.
  - (b) Letter of priority to HSBC from ICICI Bank over all current assets of MIRL.
  - (c) Company Guarantees from IWHL to secure all liabilities of the Borrower.
  - (d) Composite Company Guarantee from MIRL, IMHL, MOL and GMSL to secure liabilities of each other.
  - (e) Company Guarantee from IFGL Refractories Ltd. limited to Euro 5,300,000 to secure all liabilities.
- ix) Term loan from Barclays Bank is secured against specific plant and machinery taken on hire purchase by GMSL.
- x) Term loan (Euro Currency) from Sparkasee, Dillenberg is secured against specific plant and machinery of HGCO.

**15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)***(All figures are in Rs. in lacs)*

- xi) Term loan (Euro Currency) from Sparkasee, Dillenberg is secured against specific plant and machinery of HCG.  
 xii) Term loan (Euro Currency) from Volksbank Dill eG of HGCO is secured by :  
 a) Mortgage of small investments and investments in HCC plant.  
 b) Specific plant and machineries.

xiii) Term loan (Euro Currency) from Commerzbank Aktiengesellschaft is secured against specific plant and machinery of HGCO.

4. Accounting policies for the Group are same as followed by the Parent Company as indicated in Note 1 on the Schedule 15 of Parent Company's Accounts for the year ended 31st March 2010, except as follows :

Fixed Assets of operating step down subsidiaries are depreciated under Straight Line Method and also under Written Down Value method, over their estimated useful lives (being lower than the useful lives prescribed under Schedule XIV to the Companies Act, 1956 of India except in case of Buildings), as indicated below :

Building	50 years
Plant and Machinery	3 - 10 years
Fixtures and Fittings	1 - 10 years
Office Equipments	1 - 4 years
Computers	1 - 4 years
Motor Vehicles	4 years

Depreciation charge for the year and year-end accumulated depreciation pertaining to the aforesaid subsidiaries amount to Rs. 299.06 (previous year Rs. 320.54) and Rs. 3,797.31 (previous year Rs. 3,936.20) respectively.

Had the operating subsidiaries followed the depreciation rates only under Straight Line Method prescribed under Schedule XIV to the Companies Act, 1956 of India the amount by which the net depreciation charge would have been lower is not ascertainable at this stage.

5. As per Accounting Standard - 11, the effect of changes in Foreign Exchange Rates resulted in a year-end translation loss of Rs. 122.76 (previous year Rs. 349.37) on USD foreign currency loan (fully hedged through swap contract for GBP repayments). As per the confirmation received from the bank contracting the swap, the liability has in effect been converted to GBP and the company has to pay GBP only for repayment of loan and interest. The mark-to-market valuation of this swap contract at the year-end resulted in a gain of Rs. 115.27 (previous year Rs. 326.75). In line with the Accounting Standard - 11 and the announcement by the Council of the Institute of Chartered Accountants of India on accounting of derivatives dated 29th March 2008, the mark-to-market gain has not been accounted for. Had the gain been netted off against the translation loss, the year-end profit and the year-end net worth of the Company would have been higher to that extent.
6. Earning Per Share (EPS) - The numerators and denominators used to calculate Basic and Diluted EPS :

		2009-2010	2008-2009
Profit after Tax and Minority Interest attributable to the Equity shareholders	A	<b>3,430.41</b>	611.13
Basic/Weighted average of Equity Shares outstanding during the year (Nos)	B	<b>34,610,472</b>	34,610,472
Diluted Potential Equity Shares		-	-
Nominal Value of each Equity Share (Rs)		<b>10</b>	10
Basic/Diluted EPS (Rs)	A/B	<b>9.91</b>	1.77

7. Estimated amounts of Capital Commitments (net of advances) outstanding as at 31st March 2010 and not provided for is Rs. 893.93 (previous year Rs. 2.11).
8. Contingent Liabilities not provided for :

	2009-2010	2008-2009
a) Claims against the Company not acknowledged as debts :		
i) Sales Tax matter under appeal [net of Rs. 5.49 (previous year Rs. 5.49) paid under protest]	<b>44.06</b>	44.06
ii) Income Tax matters under dispute	<b>15.88</b>	15.88
iii) Service Tax matters under dispute (including penalty and excluding interest)	<b>33.62</b>	16.81
iv) Others (Water Tax)	<b>43.29</b>	4.40

**15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)**
*(All figures are in Rs. in lacs)*

	2009-2010	2008-2009
9. Outstanding Bank Guarantees (net of margin money)	<b>388.97</b>	526.14

10. The Parent Company, in March 2004, withdrew its application for exemption under Para 39 of the Employees' Pension Scheme, 1995 (EPS, 95) pending with the Regional Provident Fund Commissioner (RPFC) at Rourkela. Subsequent thereto, from April 2004, the Parent Company has been depositing contributions under EPS, 95 with the RPFC. A sum of Rs. 81.72 has been paid in earlier year to RPFC from the Parent Company's Superannuation Fund towards contribution (as estimated by the Parent Company) under EPS, 95 for the period 16th November 1995 to 31st March 2004 in respect of employees continuing in the Parent Company's employment as on 31st March 2004. RPFC has however demanded contribution also for persons who ceased to be employees of the Parent Company in said period, which has been disputed by the Company.

11. RPFC had raised a demand of Rs. 27.26 in March 1998 on the Parent Company towards contribution under EPS, 95 for the period 16th November 1995 to 31st January 1998, which was stayed by the Hon'ble Orissa High Court in a petition filed before them by the Parent Company. The matter was disposed off by the Hon'ble High Court vide its Order dated 3rd March 2009 whereby liberty was granted to RPFC to take steps for recovery of amount due, if the same was found not deposited, no communication has since been received from RPFC.

12. a) Interest paid / payable is net of Interest Received [Tax Deducted at Source Rs. 2.11 (previous year Rs. 0.42)], as detailed below:

	2009-2010	2008-2009
Interest on Bank Deposits	<b>15.66</b>	18.33
Interest on Customers' overdue bills	<b>7.07</b>	7.34
Interest from Employees and Others	<b>0.07</b>	3.19
<b>Total</b>	<b><u>22.80</u></b>	<u>28.86</u>

b) Interest paid/payable includes interest on Fixed Loans during the year Rs. 320.95 (previous year Rs. 691.96)

c) No interest was capitalised during the year.

13. The break up of Deferred Tax (Assets) and Liabilities at the year end into major components of the respective balances are :

	2009-2010	2008-2009
Tax Impact of -		
Accrued expenses deductible when paid	<b>(40.77)</b>	(20.10)
Difference between tax depreciation and book depreciation	<b>414.87</b>	402.95
<b>Total</b>	<b><u>*374.10</u></b>	<u>*382.85</u>

\* Includes gain of Rs. 3.20 (previous year loss of Rs. 14.03) on account of exchange fluctuations due to re-statement of year end deferred tax assets and liabilities.

14. Balance including interest thereon due to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006 (as identified based on the available confirmations) is Rs. 48.44 (previous year Rs. 20.44). No interest has been paid during the year. The amount of interest payable for the period of delay in making payment beyond the appointed day is Rs. 2.62 (previous year Rs. 2.91) and interest accrued and remaining unpaid at the year end is Rs. 9.36 (previous year Rs. 6.74)

15. Related Party Disclosures of Parent Company in keeping with Accounting Standard - 18 prescribed under 'the Act'

a) List of Related Parties

i) Where Control exists

Holding Company

Fellow Subsidiaries

Bajoria Holdings Private Limited

Heritage Health TPA Pvt. Limited • Bajoria Financial Services Pvt Limited

IFGL Bio Ceramics Limited • Ganges Art Gallery Pvt Limited

Bajoria Enterprises Ltd. • IFGL Exports Ltd.

ii) Others

Key Management Personnel

Relatives of Key Management Personnel

Enterprises in which key Management personnel has significant influence

S K Bajoria (Chairman) • P Bajoria (Managing Director)

B P Bajoria

Coris Heritage Asia Pacific Private Limited

Heritage Insurance Brokers Private Limited



**15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)***(All figures are in Rs. in lacs)*15. b) **Particulars of Transactions during the year and year end balances**

	2009-2010	2008-2009
<b>(I) With Holding Company : Bajoria Holdings Private Limited</b>		
Rent for Office Premises	6.83	6.08
Maintenance Charges	10.89	10.89
Expenses Reimbursement/incurred	15.88	19.08
Interest Paid	-	42.84
Loan repaid	-	575.00
	<u>33.60</u>	<u>653.89</u>
<b>(II) With Fellow Subsidiaries</b>		
<b>Sale of Finished Goods</b>		
IFGL Bio Ceramics Limited	18.49	5.38
	<u>18.49</u>	<u>5.38</u>
<b>Expenses Reimbursement/incurred</b>		
Ganges Art Gallery Pvt Limited	1.54	-
	<u>1.54</u>	<u>-</u>
<b>Expenses Recovered/received</b>		
Heritage Health TPA Pvt Limited	-	1.44
IFGL Exports Limited	1.15	3.86
IFGL Bio Ceramics Limited	0.29	-
Ganges Art Gallery Pvt Limited	-	0.03
	<u>1.44</u>	<u>5.33</u>
<b>Interest Paid</b>		
Bajoria Financial Services Pvt Limited	-	6.78
	<u>-</u>	<u>6.78</u>
<b>Loan Taken</b>		
Bajoria Financial Services Pvt Limited	-	400.00
	<u>-</u>	<u>400.00</u>
<b>Loan Repaid</b>		
Bajoria Financial Services Pvt Limited	-	400.00
	<u>-</u>	<u>400.00</u>
<b>Investment</b>		
IFGL Exports Limited	35.00	-
	<u>35.00</u>	<u>-</u>
<b>YEAR END BALANCES</b>		
<b>Sundry Debtors</b>		
IFGL Bio Ceramics Limited	14.37	1.47
	<u>14.37</u>	<u>1.47</u>
<b>Loans and Advances</b>		
Heritage Health TPA Pvt Limited	-	1.44
IFGL Exports Limited	-	0.28
Ganges Art Gallery Pvt Limited	-	0.03
	<u>-</u>	<u>1.75</u>
<b>Investment</b>		
IFGL Exports Limited	35.00	-
	<u>35.00</u>	<u>-</u>

**15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)**
*(All figures are in Rs. in lacs)*

	2009-2010	2008-2009
<b>(III) With Key Management Personnel</b>		
<b>Director's Remuneration</b>		
S K Bajoria (Chairman)	95.07	81.40
P Bajoria (Managing Director)	101.74	83.78
	<u>196.81</u>	<u>165.18</u>
<b>(IV) With Relative of Key Management Personnel</b>		
<b>Sitting Fees</b>		
B P Bajoria	0.80	0.80
	<u>0.80</u>	<u>0.80</u>
<b>(V) With Enterprise in which a key management personnel has significant influence</b>		
<b>Expenses Recovered/received</b>		
Heritage Insurance Brokers Pvt Limited	0.75	2.14
Coris Heritage Asia Pacific Pvt Limited	-	0.04
	<u>0.75</u>	<u>2.18</u>
<b>YEAR END BALANCES</b>		
<b>Sundry Debtors</b>		
Heritage Insurance Brokers Pvt Limited	0.72	-
	<u>0.72</u>	<u>-</u>
<b>Loans and Advances</b>		
Heritage Insurance Brokers Pvt Limited	-	2.10
Coris Heritage Asia Pacific Pvt Limited	-	0.03
	<u>-</u>	<u>2.13</u>

**16. Disclosures in respect of Employee Benefits in keeping with Accounting Standard 15**

- a) In keeping with the Guidance on implementing Accounting Standard (AS) 15 on Employee Benefits issued by the Accounting Standards Board of the Institute of Chartered Accountants of India (ASB Guidance), employer-established provident fund trusts are treated as Defined Benefit Plans since the Parent Company is obligated to meet interest shortfall, if any, with respect to covered employees. According to the actuary, actuarial valuation can not be applied to reliably measure provident fund liabilities in absence of guidance from Actuarial Society of India. Accordingly, the Parent Company is currently not in a position to provide other related disclosures as required by the aforesaid AS 15 read with the ASB Guidance. However, having regard to the position of the Fund and the return on investments, the Parent Company does not expect any deficiency in the foreseeable future.
- b) In keeping with the Parent Company's gratuity scheme (a defined benefit plan), employees joined after 31 March 2003 are entitled to gratuity benefit (at one half months eligible salary for each completed year of service) on retirement / death / incapacitation / termination and there is no ceiling for employees joined before 31st March 2003.
- c) In keeping with the Parent Company's Superannuation Scheme (applicable to employees joined before 31st March 2004), employees are entitled to superannuation benefit on retirement / death / incapacitation / termination. Superannuation Scheme was amended from Defined Benefit Plan to Defined Contribution Plan effective 1st April 2004 and the benefits under the Defined Benefit Plan were frozen as on 31st March 2004. Necessary formalities/approvals have been complied with/obtained.
- d) With regard to subsidiaries, including step down subsidiaries, they operate a defined contribution pension scheme for the benefit of the employees and contributions payable are charged to the profit and loss account in the period they are payable. Only Goricon Metallurgical Services Limited (GMSL), a step down subsidiary operates a defined benefit pension scheme. Scheme assets are measured by the actuary at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. A net surplus is recognised only to the extent that it is recoverable by the Company. The current service costs and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in finance costs. The scheme is closed effective from 1st April 2003 to new members.

**15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)***(All figures are in Rs. in lacs)*

16.1) Following are the further particulars with respect to defined benefit plans of the Group

	Gratuity (Funded)			Superannuation (Funded)			Step down subsidiary Retirement Benefit Scheme (Funded)		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
<b>Reconciliation of the opening and closing balances of present value of Defined Benefit obligation</b>									
Present Value of obligation, as at the beginning of the year	<b>197.31</b>	215.13	171.76	<b>189.75</b>	179.85	188.96	<b>1,091.75</b>	1,214.72	2,137.28
Service Cost	<b>21.29</b>	12.77	13.49	-	-	-	-	3.14	10.48
Interest Cost	<b>15.59</b>	17.42	12.82	<b>14.82</b>	14.68	15.68	<b>75.27</b>	77.75	94.31
Plan Amendments	<b>2.20</b>	-	-	-	-	-	-	-	-
Actuarial (gains)/losses	<b>77.04</b>	(37.58)	18.74	<b>(0.67)</b>	(3.17)	(24.76)	<b>675.17</b>	61.26	94.31
Benefits paid	<b>(4.95)</b>	(10.43)	(1.68)	<b>(8.92)</b>	(1.61)	(0.03)	-	(165.72)	(963.35)
Exchange differences on foreign plans	-	-	-	-	-	-	<b>(141.55)</b>	(99.40)	(158.31)
Present Value of obligation, as at the end of the year	<b>308.48</b>	197.31	215.13	<b>194.98</b>	189.75	179.85	<b>1,700.64</b>	1,091.75	1,214.72
<b>Reconciliation of the Opening and Closing balances of the Fair Value of Plan Assets :</b>									
Fair Value of plan assets at the beginning of the year	<b>243.75</b>	222.64	182.45	<b>334.27</b>	310.49	281.37	<b>1,462.25</b>	1,412.81	2,436.72
Actual return of plan assets	<b>20.94</b>	18.96	14.37	<b>27.04</b>	25.39	23.35	<b>75.27</b>	80.90	104.79
Actuarial gains/(losses)	<b>23.90</b>	(9.42)	7.50	<b>19.94</b>	-	5.80	<b>442.59</b>	246.62	-
Contribution by the Company	<b>22.00</b>	22.00	20.00	-	-	-	<b>1.47</b>	18.06	13.70
Benefits paid	<b>(4.95)</b>	(10.43)	(1.68)	<b>(8.92)</b>	(1.61)	(0.03)	-	(165.72)	(976.19)
Exchange differences on foreign plan	-	-	-	-	-	-	<b>(143.89)</b>	(130.42)	(166.21)
Fair Value of plan assets at the end of the year	<b>305.64</b>	243.75	222.64	<b>372.33</b>	334.27	310.49	<b>1,837.69</b>	1,462.25	1,412.81
<b>Reconciliation of the Benefit Value of obligation and fair value of the Plan Assets</b>									
Fair Value of plan assets at the end of the year	<b>305.64</b>	243.75	222.64	<b>372.33</b>	334.27	310.49	<b>1,837.69</b>	1,462.25	1,412.81
Present value of obligation at the end of the year	<b>308.48</b>	197.31	215.13	<b>194.98</b>	189.75	179.85	<b>1,700.64</b>	1,091.75	1,214.72
Assets/(Liabilities) as per Actuarial valuation	*	*	*	**	**	**	**	**	**
	<b>(2.84)</b>	46.44	7.51	<b>177.35</b>	144.52	130.64	<b>137.05</b>	370.50	198.09

\* Actual amount of assets/(liabilities) in the balance sheet Rs. (3.00) (Previous year Rs. Nil)

\*\* Actual amount of Assets in the balance sheet

<b>Expense recognised in the Profit and Loss Account</b>									
Current Service Cost	<b>21.29</b>	12.77	13.49	-	-	-	-	3.14	10.48
Interest Cost	<b>15.59</b>	17.42	12.82	<b>14.82</b>	14.68	15.68	<b>75.27</b>	77.75	94.31
Expected return of plan assets	<b>(20.94)</b>	(18.96)	(14.37)	<b>(27.04)</b>	(25.39)	(23.35)	<b>(75.27)</b>	(80.90)	(104.79)
Past Service Cost	<b>2.20</b>	-	-	-	-	-	-	-	-
Actuarial (gain)/loss	<b>53.14</b>	(28.16)	11.24	<b>(20.61)</b>	(3.17)	(30.56)	<b>232.58</b>	(185.35)	94.31
Non recoverable assets written off	-	-	-	-	-	-	<b>(231.11)</b>	398.98	-
Total Expense as per the Actuarial Valuation	<b>#</b>	#	#	<b>##</b>	##	##	<b>###</b>	###	###
	<b>71.28</b>	(16.93)	23.18	<b>(32.83)</b>	(13.88)	(38.23)	<b>1.47</b>	213.62	94.31

# Actual Expenses recognised Rs. 25.00 (previous year Rs. 22.00)

## Actual Expenses recognised Rs. Nil (previous year Rs. Nil)

### Includes exchange translation loss of Rs. 2.34 (previous year Rs. 28.50)

The expenses for the above benefits are disclosed under 'Contribution to Funds' on Schedule 14 to Profit and Loss Account.

**15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)**
*(All figures are in Rs. in lacs)*

16.1) Following are the further particulars with respect to defined benefit plans of the Group (Contd.)

	Gratuity (Funded)			Superannuation (Funded)			Step down subsidiary Retirement Benefit Scheme (Funded)		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
<b>Category of Plan Assets</b>									
GOI Securities	7%	10%	10%	18%	23%	24%	-	-	-
Bonds	12%	15%	19%	17%	20%	27%	-	-	-
State Government/State Government guaranteed securities	5%	8%	9%	4%	5%	7%	-	-	-
Units of Insurers	76%	66%	62%	60%	50%	40%	-	-	-
Others (including bank balances)	-	1%	-	1%	2%	2%	-	-	-
Scottish Mutual with Profit Deferred Annuity Policy	-	-	-	-	-	-	100%	100%	100%
	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Principal Actuarial Assumptions :</b>									
Discount rate (per annum) (%)	8.00	8.00	8.30	8.00	8.00	8.20	5.50	6.70	6.80
Rate of increase in salaries (%)	6.00	5.00	5.00	NA	NA	NA	NA	NA	NA
Expected rate of return on plan assets (%)	8.30	8.00	7.50	8.20	8.00	8.30	6.70	5.80	4.58
Remaining working life (in Years)	18.04	18.39	19.29	15.39	14.84	15.68	@ as per table below		
Pension in payment increases on pension accrued from 6th April 1997 (price inflation with a maximum of 5% p.a)	-	-	-	-	-	-	3.70	3.00	3.00
Revaluation in deferment (price inflation with a maximum of 5% p.a)	-	-	-	-	-	-	3.70	3.00	3.00
Methods used	<b>Projected Accrued Benefit Method</b>								
Actual Return on Plan Assets	44.84	9.54	21.87	46.98	25.39	29.15	517.86	327.52	104.79

@ The mortality assumptions adopted at 31st March 2010 imply the following future life expectancies :

Male currently age 40									43 Years
Female currently age 40									46 Years
Male currently age 65							23 Years	23 Years	19 Years
Female currently age 65							26 Years	26 Years	22 Years

- Discount rate on Superannuation Fund has been determined based upon the market yield available on Government Bonds without considering salaries increase since the pension had been frozen based on salaries as at 31st March 2004 for the period of service upto 31st March 2004 and in case of other funds based upon the market yield available on Government Bonds after considering salaries increase which takes into account inflation, seniority, promotion and other relevant factors.
- Expected rate of return on plan assets is assumed to be same as the discount rate at the beginning of the year as the assets of the fund are primarily invested in Government Bonds.
- Expected return on plan assets of GMSL Retirement Benefit Scheme is determined after taking into consideration composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets, the Parent Company's policy for plan asset management and other relevant factors. The estimate of future salary increases take into account inflation, seniority, promotion and other relevant reasons.
- Appropriate contribution for 2009-10 has been paid to the Employees Defined Benefit Plan during the year.

**15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)***(All figures are in Rs. in lacs)*

17. Segment Information for the year ended 31st March 2010 in accordance with AS -17 prescribed under the Act.

## A) Primary Segment Reporting (by geographical location of operations)

I) **Composition of Geographical Segments**

The Group is predominantly a manufacturer and trader of Specialised Refractories and accordingly a single business segment Group. The Group has adopted the geographical location of its operations (where its products are produced or service rendering activities are based) as its primary segment and presented the related information accordingly together with corresponding figures for the previous year. The Group's production facilities have been segmented into India, Europe (United Kingdom, Germany and Czech Republic), Asia excluding India (China) and Americas (USA and Brazil)

II) **Inter Segment Transfer Pricing**

Inter segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective for the Group.

III) **Segment Revenues, Result and Other Information**

	India	Europe	Asia Excluding India	Americas	Total of Reportable Segments
External Sales (Net of Excise Duty)	<b>16,809.29</b> 16,299.86	<b>13,534.64</b> 13,767.18	<b>5,379.56</b> 4,240.76	<b>5,799.82</b> 5,509.27	<b>41,523.31</b> 39,817.07
Inter Segment Sales	<b>713.50</b> 378.67	<b>4,226.10</b> 585.92	<b>522.85</b> 376.58	<b>583.16</b> 946.86	<b>6,045.61</b> 2,288.03
Segment Revenues	<b>17,522.79</b> 16,678.53	<b>17,760.74</b> 14,353.10	<b>5,902.41</b> 4,617.34	<b>6,382.98</b> 6,456.13	<b>47,568.92</b> 42,105.10
Segment Result	<b>2,506.25</b> 2,513.26	<b>1,938.45</b> (829.84)	<b>784.14</b> 515.47	<b>522.16</b> 235.24	<b>5,751.00</b> 2,434.13
Segment Assets	<b>12,763.21</b> 10,321.57	<b>7,883.73</b> 5,673.15	<b>2,098.48</b> 2,113.22	<b>2,696.61</b> 2,275.37	<b>25,442.03</b> 20,383.31
Segment Liabilities	<b>2,779.89</b> 1,441.55	<b>3,647.46</b> 1,493.80	<b>625.66</b> 572.82	<b>591.20</b> 318.53	<b>7,644.21</b> 3,826.70
Capital Expenditure (Net)	<b>768.93</b> 534.44	<b>321.69</b> 132.91	<b>38.38</b> 53.49	<b>77.56</b> 98.29	<b>1,206.56</b> 819.13
Depreciation	<b>453.17</b> 421.67	<b>185.76</b> 176.10	<b>67.10</b> 61.99	<b>46.19</b> 82.44	<b>752.22</b> 742.20
Non cash expenses other than depreciation	<b>131.94</b> 145.36	<b>1.17</b> 66.69	<b>29.70</b> -	<b>28.23</b> 42.20	<b>191.04</b> 254.25

IV) **Reconciliation of Reportable Segments with the Financial Statements**

	Revenues	Net Profit	Assets	Liabilities @
Total of Reportable Segments	<b>47,568.92</b> 42,105.10	<b>5,751.00</b> 2,434.13	<b>25,442.03</b> 20,383.31	<b>7,644.21</b> 3,826.70
Corporate - Unallocated (Net)/Adjustments	<b>341.86</b> 238.18	<b>(326.99)</b> (194.25)	<b>3,293.77</b> 4,946.62	<b>7,336.41</b> 10,066.35
Inter Segment Sales	<b>(6,045.61)</b> (2,288.03)	-	-	-
Interest (Net)	-	<b>(452.39)</b> (962.11)	-	-
Provision for Taxation	-	<b>(1,550.72)</b> (672.86)	-	-
- Current	-	-	-	-
- Fringe Benefit	-	-	-	-
- Deferred	-	<b>5.55</b> 37.59	-	-
As per Financial Statements	<b>41,865.17</b> 40,055.25	<b>3,426.45</b> @ 607.28	<b>28,735.80</b> 25,329.93	<b>14,980.62</b> 13,893.05

@ Excluding Shareholders' Funds and Minority Interest

@@ Profit after Taxation and before Minority Interest

**15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)**
*(All figures are in Rs. in lacs)*
**V) Revenue from sales to external customers for customer based Geographical Segments**

	<b>Total</b>
India	<b>9,810.78</b> 8,083.27
United Kingdom	<b>4,322.89</b> 4,547.72
Europe other than United Kingdom	<b>12,561.44</b> 12,062.38
Asia excluding India	<b>4,736.22</b> 3,858.74
Americas	<b>6,985.00</b> 6,949.89
Others	<b>3,106.98</b> 4,315.07
<b>Total Sales</b>	<b>41,523.31</b> 39,817.07

Figures in Bold type relate to current year

**18. Operating Lease Commitments**

- a) The Group entered into various non-cancelable operating lease agreements in connection with certain Properties, Plant and Equipment and Vehicles. Tenure of lease generally varies between 1 and 3 years. Terms of the lease includes operating term of renewal, increase in rent in future periods, terms of cancellation, etc. The future minimum lease commitments of the Group are as follows :

	<b>As at 31st March 2010</b>	As at 31st March 2009
Within 1 Year	<b>304.18</b>	271.17
More than 1 Year upto 5 years	<b>636.28</b>	238.06
More than 5 Year	-	-
<b>Total</b>	<b>940.46</b>	509.23

Lease rental recognised in this profit and loss account amount to Rs. 351.09 (previous year Rs. 265.73)

- b) The Group has also entered into non-cancelable operating lease agreements in connection with certain office spaces. Tenure of lease is for a period of 3 years. Terms of the lease include operating terms of renewal, re-imburement of maintenance charges, increase in future maintenance charges, etc. The future minimum lease commitments of the Parent Company is as follows :

	<b>As at 31st March 2010</b>	As at 31st March 2009
Within 1 Year	<b>7.59</b>	6.08
More than 1 Year upto 5 years	<b>3.80</b>	9.11
<b>Total</b>	<b>11.39</b>	15.19

Lease rentals recognised in this profit and loss account amount to Rs. 6.83 (previous year Rs. 6.08)

**19. Previous years figures have been re-grouped / re-arranged wherever necessary.**

Signatures to Schedules 1 to 15.

For **PRICE WATERHOUSE**  
Firm Registration No. 301112E  
Chartered Accountants  
**S K Deb**  
Partner  
Membership Number-13390  
Kolkata  
10th May 2010

On behalf of the Board of Directors

**R Agarwal**  
Company Secretary

**P Bajoria**  
Managing Director

**S K Bajoria**  
Chairman



Regd Office: Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa

Name _____	Folio No./Client ID No. _____
Address _____	
_____	
JH 1 _____	_____
JH 2 _____	_____

**Attendance slip**

**21st Annual General Meeting**

I/We hereby record my/our presence at the 21st Annual General Meeting of the Company held on Saturday, 31st July 2010 at 11 AM at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa.

.....  
SIGNATURE OF THE ATTENDING MEMBER/PROXY

NOTE : Shareholder/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over the same at the entrance duly signed.



Regd Office: Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa

**PROXY**

**21st Annual General Meeting**

I/We ..... of .....  
.....being member/members of  
IFGL REFRACTORIES LIMITED hereby appoint .....  
of .....or failing  
him/her .....of .....  
.....as my/our proxy to vote for me/us  
on my/our behalf at the 21st Annual General Meeting of the Company to be held on Saturday, 31st July 2010 at 11 AM at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa and at any adjournment thereof.

Signed on this.....day of.....2010

Folio No.

DP ID No.

Client ID No.

Signed this.....



NOTE : Proxy Form duly completed must be deposited either at the Registered Office or Head and Corporate Office of the Company not less than 48 hours before scheduled time of meeting.



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**Head & Corporate Office :**

3, Netaji Subhas Road, Kolkata - 700 001, India

Phone : +91 33 2248 2411, Fax : +91 33 2243 0886, E-mail : ifgl@bajoria.in

**Registered Office & Works :**

Sector 'B' Kalunga Industrial Estate, P.O. Kalunga-770 031, Dist. Sundergarh, Orissa, India

Phone: +91 661 2660195/583/584, Fax : +91 661 2660173, E-mail : ifglworks@bajoria.in

[www.ifglref.com](http://www.ifglref.com)

[www.bajoria.in](http://www.bajoria.in)