



28th August, 2022

National Stock Exchange of India Ltd
'Exchange Plaza', C-1, Block – G
Bandra – Kurla Complex
Bandra (E), Mumbai 400 051
Code : IFGLEXPOR

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001
Code: 540774

Sirs,

Re: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Please find enclosed herewith letter dated 27th August, 2022 together with enclosures mentioned therein, received from Majority Shareholder, M/s Bajoria Financial Services Pvt Ltd, contents whereof are self explanatory. This disclosure is being hosted on Company's website www.ifglref.com

Thanking you,

Yours faithfully,
For IFGL Refractories Ltd.,

(R Agarwal)
Company Secretary

Encl : As above

BAJORIA FINANCIAL SERVICES PRIVATE LIMITED

CIN: U67120WB2006PTC111974

3, NETAJI SUBHAS ROAD, KOLKATA 700 001, INDIA

TELEPHONE: 2248 2411, FAX: 2243 0886

27th August, 2022

The Board of Directors
IFGL Refractories Limited
3 Netaji Subhas Road
Kolkata – 700 001

Sirs,

This is to bring to your attention that a Memorandum of Understanding (MOU) dated 18th November, 2016 was entered into between Bajoria Holdings Private Limited and Krosaki Harima Corporation (KHC), which we had terminated (on account of breach by KHC), vide our following the Notice dated 4th August, 2022. We have received a letter dated 26th August, 2022 from KHC in response thereto, a copy of which was also forwarded to the Company by KHC.

Given that KHC has forwarded its said letter to the Company, we also place on record for the sake of good order BFSPL's notice of termination. Further it may be noted that KHC's said letter is an incorrect narration of the true facts and also an incorrect and misconceived interpretation of the MOU, correspondence and various documents referred therein. We have issued our preliminary response dated 27th August, 2022, denying the contents thereof (a copy of which is attached for your records), and will be issuing a more detailed response in due course.

Thanking you,

Yours faithfully,
For Bajoria Financial Services Private Limited

(Manish Gadia)
Company Secretary

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August 4, 2022

Krosaki Harima Corporation

1-1 Higashihama - Machi, Yahatanishi-ku,
Kitakyushu City 806-8586,
Japan

Kind Attention: Mr. Kazuhiro Egawa

Dear Sir,

Subject: Breakdown of relationship and understanding and Termination of Memorandum of Understanding dated November 18, 2016 between Bajoria Holdings Private Limited and KHC Krosaki Harima Corporation

1. We write in respect of the three-decade long relationship between the Bajoria Group and Krosaki Harima Corporation (“**KHC**”), which has existed since 1990 and the various rights and obligations conferred on parties, resting with the above Memorandum of Understanding dated November 18, 2016, entered into between Bajoria Holdings Private Limited (“**BHPL**”) and KHC (the “**MOU**”).
2. It is with considerable disappointment and regret that we have come to realise that the fundamental basis of this relationship which was an understanding to do a joint business in cooperation and with good faith towards common benefit and which had governed the exclusive relationship of the parties and their predecessor entities for over 30 years, no longer exists. Under the MOU, certain rights were granted to KHC on the basis of the fundamental understanding and implied agreement between the parties that IFGL Refractories Limited (“**IFGL**”) was to be the sole party which would undertake the manufacture of Alumina Graphite Refractories (“**AG Refractories**”) in India. The basis of this MOU and the grant of rights thereunder, has ended with KHC’s breach of this understanding. Further, KHC provides no technical assistance, know-how or any other strategic advice or benefit to IFGL. That apart, KHC’s conduct has been contrary to the fundamental understanding and implied terms between parties as well as in breach of the trust and good faith that was expected from KHC and the expectation that KHC and its nominee directors would discharge their fiduciary duties to act in the best interests of IFGL. There is therefore no justification for KHC being granted any rights over and above that of an ordinary equity shareholder in IFGL. Accordingly, though with a sad heart, we are constrained to terminate the MOU with immediate effect.
3. We briefly put the facts and the fundamental understanding into perspective, as below:
 - i) On February 12, 1990 Pre-merged IFGL Refractories Limited (“**Pre-merged IFGL**”) and the erstwhile Harima Ceramic Co. Ltd. (“**HCC**”) (which subsequently merged

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with KHC), entered into a Technical Assistance Agreement in respect of know-how and expertise in the manufacture and sale of AG Refractories (“1990 TAA”). This was facilitated by Nissho Iwai Corporation (“NIC”), a major Japanese trading firm. Under the 1990 TAA:

- a) HCC granted Pre-merged IFGL the exclusive right and license to manufacture and sell “Products”, viz. AG Refractories using the Know-How (as defined therein) supplied by HCC, in the Exclusive Territory, viz. India. This exclusive right to manufacture AG Refractories, was the basis and fundamental understanding
 - b) IFGL was required to make a lump-sum payment, plus running royalty payments of 3% of the net selling price of the Products, to HCC as consideration for the rights granted.
- ii) Pursuant to a Memorandum of Understanding dated October 8, 1991 between Indo Flogates Limited – the founder of Pre-merged IFGL (“IFL”), HCC and NIC (“1991 MOU”), HCC and NIC acquired equity shareholding of 2% and 8% respectively in Pre-merged IFGL. Treating HCC and NIC akin to joint venture / strategic partners, in return for the Know-How granted under the 1990 TAA, both HCC and NIC were given the right to nominate a representative director each on the Board of Directors. These rights were granted on the strength of the parties’ agreement and fundamental understanding that the Pre-merged IFGL was the only company through which HCC would exclusively manufacture AG Refractories in India.
- iii) It is with that understanding in place that HCC and NIC continued to hold shares in the Pre-merged IFGL even after it became a public listed company as foreign promoter shareholders and, in fact, proceeded to increase their shareholding in March 1994. Upon a decision being taken to merge IFL with the Pre-merged IFGL on April 1, 1999, HCC and NIC’s resultant shareholding in the Pre-merged IFGL became 4.57% and 9.90% respectively.
- iv) Throughout this period, the nominees of both HCC and NIC regularly attended board meetings of the Pre-merged IFGL as directors, participated in decisions relating to the growth of the Pre-merged IFGL’s business and were given access to the confidential and sensitive business information (including its manufacturing capabilities and clientele) which by then, significantly related to AG Refractories. Notably, none of these rights and benefits would have been available to HCC and NIC had it been just an ordinary shareholder. As set out above, these rights were only given on the strength of the relationship between parties and the fundamental understanding that the Pre-merged IFGL was the sole vehicle through which HCC and NIC would exclusively manufacture and sell AG Refractories in India.

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- v) On the merger of HCC with Krosaki Corporation sometime in 2000, KHC came into existence and stepped into HCC's shoes. KHC not only continued to hold the existing strategic rights of board nomination and participation in the Pre-merged IFGL's business but continued to retain its status as a foreign promoter shareholder.
- vi) Consistent with the fundamental understanding and implied terms between the parties, the Pre-merged IFGL and KHC entered into fresh Technical Assistance Agreement dated August 22, 2005 ("**2005 TAA**"), under which:
- KHC granted IFGL the exclusive right and license to manufacture "Products", viz. AG Refractory using the Know-How (as defined therein), supplied by KHC, in the Exclusive Territory, viz. India.
 - IFGL was required to make running royalty payments on the basis of the net selling price of the Products, to KHC as consideration for the rights granted.
 - The Pre-merged IFGL would also provide KHC access to its target customer lists.
- vii) The transfer of technical Know-How from KHC to IFGL was premised on the commercial understanding that the expansion of the Pre-merged IFGL's market share would benefit KHC, both as the technical assistance provider and also as an investor and board participant in the Pre-merged IFGL. The structure of the business collaboration between KHC and IFGL was such that KHC and its predecessor conjointly benefitted both as a technical assistance provider and a shareholder of the Pre-merged IFGL, having access to confidential information and business secrets of Pre-merged IFGL through its director(s) on the board. This benefit was only granted because the Pre-merged IFGL would be sole entity through which KHC would exclusively manufacture AG Refractories in India. To the extent that KHC is limiting its exclusive relationship and restriction on competing with IFGL to the terms of the 2005 TAA, set out at paragraph 2 of its letter dated December 23, 2021, it is denied as being wrong, based on a self-serving interpretation of the contractual relationship between the parties and in disregard of the fundamental understanding and implied terms between parties.
- viii) In 2008, IFGL Exports Limited ("**IEL**"), subsidiary of the Pre-merged IFGL, was setting up facilities in Kandla Special Economic Zone in Gujarat with a focus on AG Refractories. IEL was incorporated not only to take advantage of the tax advantages offered in the Special Economic Zone, but also with the specific purpose of enabling KHC to export continuous casting refractories through a company in which it would have greater shareholding than in the Pre-merged IFGL. Given the common goal of mutual business growth and collaboration, and the long-standing business relations in existence, the Pre-merged IFGL provided its no-objection on November 4, 2008 for KHC to participate in the equity of IEL. Simultaneously, IFGL, KHC and BHPL entered into a Shareholder's Agreement

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- dated October 13, 2008 (“**2008 SHA**”) to document the terms of such investment, under which:
- a) KHC was granted the right to use the Kandla site as an export hub for the manufacture and sale of AG Refractories, which would benefit the revenue of KHC;
 - b) KHC acquired 20% shares in IEL as it desired to do – it not being possible in the Pre-merged IFGL where KHC’s shareholding was only 4.57 %;
 - c) KHC was granted the right to nominate 1 director to the board of IEL.
 - d) The terms of the 2005 TAA were extended to IEL.
- ix) In this manner, KHC was entitled to hold shares and benefit from such shareholding in both the Pre-merged IFGL and IEL, nominate one director on the board of both, the Pre-merged IFGL and IEL, and receive royalties under the TAA for sales made by both the Pre-merged IFGL and IEL. Notably, all these cumulative benefits which KHC derived were premised on the fundamental understanding that the parties had an exclusive and long-standing relationship and that Pre-merged IFGL (and IEL) would be the exclusive manufacturer of AG Refractories in India. Indeed, the obvious understanding that parties would not compete against each other was also extended to the 2008 SHA, which required a party to seek consent prior to the transfer of their shareholding in IEL, either directly or indirectly, to a competitor. Following the merger of the Pre-merged IFGL with IEL on and from April 1, 2016, the 2008 SHA became infructuous (as stated in Recital B of the MOU).
- x) Given the parties’ agreement prevailing since 1990 that the Pre-merged IFGL and IEL would serve as the only vehicles through which KHC would exclusively undertake the business of manufacture of AG Refractories in India, as well as on account of FDI Policy extant at the relevant time KHC approached IFGL seeking a no-objection letter to acquire 51% shareholding in Tata Refractories Ltd. (“**TRL**”). This was in line with the Government of India’s FDI policy requirements in force at the time under which the no-objection of the Indian joint-venture partner was required to be furnished to the Foreign Investment Protection Board (“**FIPB**”). Discussions between the parties at the relevant time covered all relevant aspects of the acquisition, including the impact of this acquisition on the relationship between KHC and the Pre-merged IFGL / IEL.
- xi) On the basis the strategic relationship between parties, KHC’s assurance and the fundamental understanding that the investment in TRL would not affect the Pre-merged IFGL’s right to exclusively manufacture AG Refractories in India, on KHC’s request, IFGL agreed to grant its no-objection *vide* letter dated January 15, 2011, subject to subject to the express condition that KHC, either directly or indirectly, including through TRL, would not manufacture AG Continuous Casting Refractories in India (“**No Objection Letter**”). This condition was also subsequently recorded and unanimously ratified in the Pre-merged IFGL’s

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minutes of the board meeting dated 4 February 2011, this reflecting the fundamental understanding between the parties where KHC remained as a foreign promoter shareholder of the Pre-merged IFGL and IEL and had board representation on both the companies, which entitled KHC to confidential and sensitive information regarding the Pre-merged IFGL's business, particularly with regards to the manufacture of AG Refractories. These rights would not have been available to KHC had it been a mere technology provider or ordinary shareholder.

- xii) Accordingly, and on the basis of the No Objection Letter that was granted by Pre-merged, KHC was able to invest in TRL. To that extent, KHC's reliance and assertion at paragraph 2.4 of the letter dated December 23, 2021 to state that the requirement of the No Objection letter was done away with on account of the change in the FDI Policy and that KHC obtained no benefit from IFGL's consent is simply wrong. Indeed, KHC by ratifying the aforesaid condition of exclusivity in manufacture, accepted this condition and agreed that KHC would not manufacture AG Refractories through TRL.
 - xiii) Given the exclusive relationship, it was understandable that KHC also wished to increase its stake in Pre-merged IFGL, which BHPL facilitated through a purchase of shares in 2013 from Sojitz Corporation (the erstwhile NIC) by not exercising its right of first offer. KHC thus increased its shareholding to 14.47%.
 - xiv) Pursuant to the merger in 2016, of the Pre-merged IFGL with IEL, KHC's shareholding in the merged IFGL increased to 15.51%. In this backdrop, BHPL and KHC entered into the MOU, under which:
 - a) KHC was granted the right to "nominate" 2 non-executive directors to the board of IFGL, whose presence was not mandatory to constitute quorum for board meetings;
 - b) No decisions could be taken without the prior consent of KHC directors in respect of certain reserved matters.
4. At the time of entering into the MOU, KHC was not providing any further Know-How and receiving no royalty from IFGL. KHC was neither a strategic nor technical investor of IFGL, but rather an ordinary shareholder of 15.51% in IFGL. If not for the MOU, KHC's rights would have been equivalent to that of any other equity shareholder, viz. the right to vote at the general meetings and the right to receive dividends. All of the rights granted under the MOU were premised on the strength of the earlier relationship between KHC and IFGL and the fundamental understanding and implied terms between parties that insofar as the manufacturing business of AG Refractories was concerned, the relationship would be exclusive – particularly given that KHC had accepted the express condition IFGL had placed on granting the No-Objection Letter. Had this not been the case, BHPL would have no reason to have granted KHC the right to nominate two directors on IFGL's board and be privy to confidential business information, as it would

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- only result in KHC competing against IFGL through TRL Krosaki Limited (“**TRLK**”) (so renamed after KHC’s investment therein), by transferring technology to TRLK.
5. On and from April 1, 2017, pursuant to the merger between BHPL and Bajoria Financial Services Pvt. Ltd. (“**BFSPL**”), BFSPL became the majority shareholder holding 51.21% equity shares in IFGL.
 6. Indeed, based on various requests made by KHC’s nominated directors, KHC was provided access to confidential information of IFGL, including information in relation to the manufacturing of AG Refractories, its pricing methodology, customer lists, prospective expansion plans, etc.
 7. In 2018, when there was a rumour that TRLK, was considering the manufacture of AG Refractories, on being questioned, KHC’s nominee directors assured the IFGL board on May 19, 2018 that no decision had been taken and that “*persons concerned will be briefed*”. KHC continued to participate in the management of IFGL through its executives and employees nominated as directors on the board of IFGL, and continued to be privy to sensitive and confidential information, which is technical, commercial, strategic and also proprietary, relating to IFGL’s business in India.
 8. In May 2018, on KHC’s request, IFGL in the spirit of co-operation and good faith, applied to the concerned Stock Exchanges (BSE and NSE), to reclassify KHC from a foreign promoter to a public category shareholder as per Regulation 31A of the SEBI (LODR Regulations). The applications were however rejected by the stock exchanges on the basis that certain pre-conditions were not fulfilled. Thereafter, once again on KHC’s request, IFGL requested SEBI in the matter vide its letter dated June 21, 2018. However, SEBI replied vide its letter dated July 26, 2018, refusing to do so. Accordingly, as on date, KHC continues to be classified as a ‘promoter shareholder’.
 9. On July 26, 2018, the parties met at KHC’s headquarters in Japan. Even at this meeting, KHC was also reminded that its investment in TRLK was premised on the fundamental understanding and implied agreement between the parties that KHC would manufacture AG refractories in India only through IFGL.
 10. BFSPL / IFGL therefore believed, and KHC did not attempt to disabuse BFSPL or indeed IFGL from any such belief, that KHC would ignore and in fact breach the fundamental understanding and implied agreement of the parties that IFGL would be the sole and exclusive vehicle through which KHC would manufacture AG Refractories in India.
 11. BFSPL / IFGL were then shocked to see TRLK’s Annual Report of FY 2020-2021, which inter alia stated that KHC was collaborating with TRLK to manufacture AG Refractories in India, contrary to the agreement of parties and breach thereof. This conduct was particularly egregious given that from 2017 onwards and after KHC’s investment in TRLK, KHC continued to nominate, and BFSPL complied with the provisions of the

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MOU by voting to appoint, 2 KHC nominee directors on the board of IFGL. During this time, KHC's directors and KHC have had access to confidential and sensitive business information of IFGL, including that related to the business of AG Refractories in India. Pertinently one of the former directors of IFGL, Mr. Kiyotaka Oshikawa was concurrently on the board of IFGL and TRLK between December 2017 and February 2021. Mr. Hisatake Okumura, who was a Director of IEL from October 2011 to May 2017 including when it was setting up manufacturing facilities and a director of Pre-merged IFGL from May 2015 to May 2017, became a director of TRLK on and from 1 April 2018.

12. By the letter dated December 5, 2021, issued by IFGL to KHC, IFGL set out that the Annual Report for FY 2020-2021 of TRLK had brought to its knowledge that TRLK would commence manufacture of AG Refractories in India with technical know-how from KHC. In this letter, IFGL highlighted to KHC that it was impermissible for KHC to manufacture AG Refractories in India through TRLK and requested KHC to cease and desist from proceeding in such manner. KHC was reminded that its acquisition of 51% shareholding in TRLK which led to the creation of TRLK, was only consented to by IFGL in 2011 vide the No-Objection Letter, on the premise that IFGL would continue to remain the sole vehicle through which KHC would be involved with the exclusive manufacture of AG Refractories in India and that KHC would not, directly or indirectly, manufacture AG Refractories in India, including through TRLK.
13. Despite objections from IFGL / the Bajoria Group (as promoter shareholders), KHC through TRLK, commissioned an AG Refractory plant on March 7, 2022 in Odisha, India. KHC's overall conduct, including its decision to manufacture AG Refractories through TRLK in India has resulted in serious conflict of interest and will cause irreparable damage to the immediate and long-term business of IFGL, if the MOU is not terminated. Furthermore, by virtue of representation on IFGL's board, KHC, through its nominee directors has been privy to confidential and sensitive business information of IFGL, including in relation to manufacture of AG Refractories as also to key commercial discussions and customer pricing information. held during IFGL's board meetings. That apart, through this entire relationship, the nominee directors of KHC have had full access to offices, plants and personnel of IFGL and were provided with business information which were only on the basis of the directors holding their position.
14. Considering the confidential technical and business information discussed in board meetings, concerns were raised in relation to possible conflict and interest and breach of confidentiality, particularly given KHC's conduct in appointing directors to IFGL and TRLK simultaneously / subsequently. On May 26, 2022, an independent director on the board of IFGL raised concerns with KHC's investment in TRLK, and the news of a newly commissioned factory for manufacture of AG Refractories in India, which would directly compete with IFGL. The said independent director requested IFGL's Company Secretary to seek disclosures from all promoters and directors of IFGL, including KHC and its nominee directors on the IFGL board, as to their interests, direct or indirect, in

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TRLK including by way of any shareholding therein, prior to the board meeting to be held on May 28, 2022.

15. KHC's nominee directors initially responded on May 27, 2022, refusing to attend IFGL's board meeting dated May 28, 2022 and thereafter on May 31, 2022, refusing to make any disclosure on the basis that they were not "*obliged*" to do so under Indian law. Such a refusal itself has given rise to grave concerns of conflict of interest, breach of confidentiality. It seems clear that the KHC directors act only for the benefit and under the instructions of KHC, without regard to their fiduciary duties as directors of IFGL.
16. It is therefore apparent that the *raison d'être* for BFSPL's grant of rights to KHC under the MOU, no longer exists. The long-standing relationship of trust and good faith that each shareholder would act in the interests of the company and the implied agreement that only IFGL would manufacture AG Refractories with KHC in India, no longer exists. There is no justification therefore for the continuance of the grant or rights to KHC under the MOU and the fundamental basis of the MOU itself, stands vitiated.
17. BFSPL is therefore left with no other option but to forthwith, and with immediate effect, terminate the MOU to protect its rights as well as those of IFGL, of which it continues to be a promoter shareholder.
18. BFSPL also reserves its right to exercise all available legal rights and remedies in accordance with law, to take action against KHC, including seeking relief in the form of injunction and damages.

Thanking you,

Yours faithfully,
For Bajoria Financial Services Pvt Ltd.

Manish Gadia

(Manish Gadia)
Company Secretary



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August 27, 2022

Krosaki Harima Corporation

1-1 Higashihama - Machi, Yahatanishi-ku,
Kitakyushu City 806-8586,
Japan

Kind attention: Mr. Kazuhiro Egawa

Dear Sir,

**Re: Termination of Memorandum of Understanding dated November 18, 2016 between
Bajoria Holdings Private Limited and Krosaki Harima Corporation**

and

**Re: Your letter dated August 26, 2022 in response to the Termination Notice dated August
4, 2022 issued by Bajoria Financial Services Pvt. Ltd.**

We are in receipt of your letter dated August 26, 2022.

At the outset, we deny the contents of your letter, including the misconceived interpretation of the MOU, correspondence and various documents referred to therein. Indeed, the allegations and statements made in your letter establish the complete lack of good faith on your part.

We will respond to your letter in more detail shortly.

In the meantime, should you be so ill advised as to take action, the same will be defended at your risk as to costs and consequences.

All our rights and remedies remain expressly reserved.

Yours faithfully,

For Bajoria Financial Services Pvt. Ltd.



(Manish Gadia)

Company Secretary



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1-1 Higashihama-machi, Yahatanishi-ku, Kitakyushu, 806-8586, Japan
TEL 81-93-622-7286 FAX 81-93-622-7287

Date: August 26, 2022

Bajoria Financial Services Limited

3, Netaji Subhas Road,
Kolkata 700 001

Attention: Mr. Manish Gadia

Dear Sir,

Re: Your letter dated August 4, 2022 (“Letter”) unilaterally terminating the Memorandum of Understanding dated November 18, 2016 (“MoU”) between Bajoria Financial Services Private Limited (“BFSPL”) and Krosaki Harima Corporation (“Krosaki”)

1. We are in receipt of your Letter, received by us under cover of your email dated August 4, 2022.
2. At the outset, we do not admit the contents of your Letter, and no part of the same should be deemed to be admitted by us merely for want of specific denials.
3. Your Letter unfortunately proceeds on the basis of an incorrect and misplaced “*fundamental understanding*” and an alleged “*implied agreement*”/ “*implied terms*” between the parties, that even after the expiry of the Technical Assistance Agreement dated August 22, 2005 (“TAA”) between Krosaki and IFGL Refractories Limited (“IFGL”), IFGL was to be the sole vehicle through which Krosaki would exclusively manufacture and sell Alumina Graphite Refractories (“AG Refractories”) in India.
4. Based on this misplaced “*understanding*”, you have proceeded to unilaterally and, in fact, wrongfully terminate the MoU, in clear breach of the express provisions thereof, claiming that the “*raison d’être*” for the grant of rights to Krosaki under the MoU no longer exists.
5. You have also, contemporaneously with your wrongful termination of the MoU, proceeded to make various false and baseless allegations against the two nominee directors of Krosaki currently on the Board of Directors of IFGL, i.e., Mr. Yuji Yamaguchi and Mr. Tetsuo Tsuzuki (“Krosaki Nominee Directors”). On August 4, 2022, you requisitioned the convening of an extra-ordinary general meeting of IFGL by IFGL’s Board of Directors, for the purpose of voting on the removal of the said two directors (“Requisition”). Consequent to the Requisition, an EGM has been convened on August 30, 2022 for voting on the removal of the said directors (“EGM”). Your Requisition contains reckless and inaccurate statements about alleged breaches of IFGL’s “Code of Conduct for the Board of Directors including Independent Directors and Senior Management Personnel” (“Code of Conduct”) by the Krosaki Nominee Directors, and



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their purported failure to discharge their fiduciary duty towards IFGL. You claim that these alleged breaches arise from the fact that Krosaki, through TRL Krosaki Refractories Limited (“**TRLK**”) has become a competitor of IFGL, due to which issues of conflict of interest have arisen, since the Krosaki Nominee Directors are purportedly privy to certain sensitive and confidential business information of IFGL. These allegations are also included in the notice of the EGM (including the explanatory statement therein) sent to IFGL’s shareholders on August 5, 2022 (“**EGM Notice**”), in which the Board of Directors of IFGL has accepted the said allegations as true and correct facts, without conducting an investigation, based on, *inter alia*, certain documents available with the Company, which have not been provided to Krosaki and/or to the Krosaki Nominee Directors.

6. In fact, as more particularly explained below, the AG Refractories products manufactured by Krosaki through TRLK, are high quality and performance products, manufactured using Krosaki’s original further upgraded high-end technology, and having different end uses/ applications from those manufactured by IFGL. Krosaki and TRLK have obtained their own information about the AG Refractories market in India, through their own AG Refractories business. Even otherwise, the Krosaki Nominee Directors have not breached their fiduciary duty towards IFGL, and as always, continue to act in compliance with IFGL’s Code of Conduct. Needless to mention, Mr. Yuji Yamaguchi and Mr. Tetsuo Tsuzuki will separately respond to the self-serving allegations made by you in the Requisition and the consequent board resolution and notice dated August 5, 2022 of the EGM. Krosaki and Krosaki Nominee Directors reserve their right to institute appropriate proceedings in response to your *mala fide* acts and defamatory statements.
7. The correct narrative of facts is set out below.
 - A. **The unilateral termination of the MoU by BFSPL is in breach of the express provisions of the MoU**
8. The unilateral termination of the MoU is in breach of the MoU. Clause 7 of the MoU expressly sets out that the MoU will remain in full force and effect till such time as any of the following events occur:
 - (a) The parties sign a new MoU;
 - (b) The entire shareholding of IFGL is owned by either the Bajoria Group or Krosaki;
 - (c) The winding up of IFGL;
 - (d) When either the Bajoria Group or Krosaki sell their entire shareholding in IFGL to each other or to a third party with the consent of each other;
 - (e) When **both** BFSPL and Krosaki decide to cancel the MoU;
 - (f) When either Bajoria Holdings is owned and/ or controlled by a competitor of Krosaki, or vice versa.



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9. In any event, you have failed to establish the existence of any “*fundamental understanding*” of the nature alleged by you, based on which you claim that the parties entered into the MoU, and which you now allege has been breached. The said termination is therefore wrongful, and we reserve all our rights in this regard.

B. No agreement and/ or understanding between the parties that Krosaki would exclusively manufacture AG Refractories in India only with IFGL

10. No agreement/ understanding, express or implied, ever existed between the parties that IFGL would be the sole vehicle through which Krosaki would exclusively manufacture AG Refractories in India, in perpetuity. It was only during the subsistence of the TAA that Krosaki had agreed to any such exclusivity, and subsequent to the expiry of the same with effect from March 1, 2016, there was never any such alleged agreement between IFGL and Krosaki. There is therefore no question of any understanding or implied agreement or terms, as alleged by you, or at all.

The letter addressed to the Foreign Investment Promotion Board (“FIPB”) (wrongly) dated January 15, 2010 (the actual date of which is January 15, 2011) (“No Objection Letter”) does not constitute an agreement, binding on Krosaki, and in any event, does not demonstrate any “fundamental understanding” as alleged by BFSPL

11. The fact that the No Objection Letter does not constitute an agreement binding on the parties, and that you do not believe it to be so either, is evident from your own position in your Letter, in which you claim that the same reflects an alleged “*fundamental understanding*” between the parties. This is in stark contrast to the letter dated December 5, 2021 addressed by IFGL to Krosaki (referred to in paragraph 12 of your Letter) in which IFGL referred to the No Objection Letter as an “agreement” which has been “*subsisting and in full force and effect since 2010 ...*”. This clearly exposes the purpose for which you have made the allegations in the Letter against Krosaki and Krosaki’s nominee directors.

12. The No Objection Letter expressly stated that it was issued under paragraph 4.2.2 of the Consolidated FDI Policy, effective from October 1, 2010, for the specific purpose of declaring IFGL’s no objection to the acquisition by Krosaki of 51% equity stake in TRLK (then known as Tata Refractories Limited). The subsequent minutes of IFGL’s Board Meeting held on February 4, 2011 (“**2011 IFGL Minutes**”), which recorded the fact that IFGL had issued such a No Objection Letter, also specifically recorded that the No Objection Letter was issued pursuant to paragraph 4.2.2 of the Consolidated FDI Policy, effective from October 1, 2010, for the above mentioned specific purpose.

13. Paragraph 4.2.2 of the Consolidated FDI Policy, effective from October 1, 2010, stipulated, *inter alia*, that where a non-resident investor had an existing joint venture/ technology transfer/



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trademark agreement, as on January 12, 2005, new proposals in the same field for investment/ technology transfer/ technology collaboration/ trademark agreement would have to be under the Government approval route, through the FIPB, and that the onus to provide requisite justification that the new proposal would not jeopardize the existing joint venture or technology transfer/ trademark partner, would lie equally on the non-resident investor/ technology supplier and the Indian partner.

14. Subsequent to the date of the No Objection Letter, the above regulatory framework came to be amended, and the requirement for a foreign investor to obtain the consent/ no objection of its existing joint venture partner, was done away with by and under the Consolidated FDI Policy, effective from April 1, 2011.
15. The No Objection Letter executed by IFGL was therefore rendered infructuous and there was no occasion for us to submit it to the FIPB. The No Objection Letter was therefore not relied on for any purpose by Krosaki, and no benefit was derived under it by Krosaki whatsoever.
16. The No Objection Letter and the condition mentioned therein were therefore never acknowledged and/ or acted upon by Krosaki, either expressly or impliedly, and did not in any manner constitute any “*fundamental understanding*” between the parties, let alone a binding agreement on Krosaki.
17. In addition, the context in which the No Objection Letter was issued and the 2011 IFGL Minutes were asked for is clear from the email dated January 31, 2011 addressed by Mr. Hiroshi Odawara (the then Senior General Manager of Krosaki’s Overseas Business Division) to Mr. Pradeep Bajoria (the then Managing Director of IFGL). The relevant extract from the said email has been reproduced below:

“Dear Pradeep san,

This is Odawara. How are you?

We are still [talking] on the M&A dealing with TSL.

We already had your No Objection Letter in order to get approval by FIPB. Our adviser advised us that FIPB will request IFGL board meeting Approval of this No Objection Letter.

In order to shorten the date from signing to Closing, please study the Possibility to insert the agenda in board meeting in Feb 4.

The negotiation with TSL is very hard, but for the success of this

Dealing, please study above our request.”

(emphasis supplied)



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18. At a meeting between the representatives of Krosaki with Mr. Pradeep Bajoria and Mr. S.K. Bajoria on July 27, 2017, Krosaki clearly stated that while the No Objection Letter had been issued by IFGL, in view of a change in the Indian law, the No Objection Letter had not been submitted by Krosaki to the FIPB. Krosaki also informed IFGL that there was therefore no restriction on Krosaki entering into the AG Refractories Business in India.
19. This position was also reiterated by Krosaki at the meeting between the representatives of IFGL (including Mr. S.K. Bajoria) and Krosaki on July 26, 2018 at Krosaki's head office in Japan. Our former President, Mr. Nobuhiko Ikura, expressly communicated at such meeting that it was unjust that the No Objection Letter, continued to be referred to, despite the law in India being revised.
20. It is therefore evident that the contents of the No Objection Letter recorded what was legally required at the time that it was issued. However, there was never any "*fundamental understanding*" and/ or binding agreement between Krosaki and IFGL, and the parties did not understand there to be any such understanding or agreement.
21. Pertinently, there is no mention of any such "*fundamental understanding*" in the MoU (which you claim was entered into based on the same), which expressly supersedes and replaces all previous agreements and discussions between the parties.
22. Your unreasonable suggestion that Krosaki ought to be restrained from manufacturing AG Refractories in India through any entity other than IFGL, in perpetuity, much subsequent to the expiry of the exclusivity arrangement between the parties, is also contrary to Indian law.

Your narrative of the contractual relationship between the IFGL and Krosaki since 1990 does not demonstrate any alleged "agreement" of exclusivity in perpetuity between IFGL and Krosaki

23. You have, in your Letter, cited the longstanding relationship between IFGL and Krosaki, including various contractual arrangements entered into between the parties (almost all of which have since expired), in an attempt to demonstrate/ "*put into perspective*" the fundamental understanding that you claim exists between the parties. These (unsuccessful) attempts do not evidence any such fundamental understanding, for the following reasons:
 - (a) The Technical Assistance Agreement dated February 12, 1990 between IFGL, Harima Ceramic Co. Ltd. (which later merged into Krosaki) ("**HCC**") and Nissho Iwai Corporation ("**NIC**"), under which HCCL granted IFGL the exclusive right and license to manufacture and sell AG Refractories using the know-how supplied by HCCL, in India, was valid and subsisted only till February 1998 ("**1990 TAA**"). It is clear from the express terms of the 1990 TAA that the exclusivity of the license granted to IFGL thereunder, did not survive the Agreement.



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- (b) By your own admission, the Memorandum of Understanding dated October 8, 1991 between IFGL, HCC and NIC under which HCC and NIC were given the right to nominate one representative director each on IFGL's Board, was allegedly entered into based on the exclusive license granted by HCC to IFGL under the 1990 TAA (which no longer subsists). In any event, no such "*fundamental understanding*" as to IFGL being the sole manufacturer of AG Refractories in India in perpetuity, was recorded in such Memorandum of Understanding and/ or in the 1990 TAA (which is, in any event, no longer valid and subsisting).
- (c) So also, the TAA, under which Krosaki provided an exclusive license to IFGL during the term thereof, to manufacture certain AG Refractories products at IFGL's plant(s) in India and a non-exclusive license to sell such products in India, was valid and subsisting between April 1, 2006 and March 31, 2016, subsequent to which, no agreement of exclusivity between IFGL and Krosaki survived. Any averment to the contrary is belied by the absence of any subsequent agreement whatsoever, express or implied, between the parties.
- (d) The Shareholders Agreement dated October 13, 2008 between IFGL, Krosaki and the erstwhile Bajoria Holdings Private Limited (now BFSPL) under which Krosaki acquired 20% shares in IFGL Exports Limited (which later merged with IFGL with effect from April 1, 2016) ("**IEL**") and was granted certain rights such as the right to appoint a nominee director to the Board of Directors of IEL, became infructuous, as per your admission, when IEL merged with IFGL with effect from April 1, 2016.

C. The AG Refractories products manufactured by Krosaki, through TRLK, are high-quality, high-performance products, having different end uses/ applications than those produced by IFGL

- 24. You have alleged in your Letter and in your Requisition that Krosaki, through TRLK, has become a competitor of IFGL, by virtue of the fact that Krosaki has, through TRLK, in March 2022, commissioned the manufacturing of AG Refractories in India, which directly competes with the primary business segment of IFGL in India. These allegations are also included in the notice of the EGM (including the explanatory statement therein) sent to IFGL's shareholders on August 5, 2022 ("**EGM Notice**").
- 25. Without prejudice to the contents of paragraphs 8 to 23 above, the quality and performance of the AG Refractories products manufactured by Krosaki and supplied through TRLK are different from those of the products supplied by IFGL, based on the customer and the eventual application for which the products are required by the customer. The AG Refractories products manufactured by Krosaki, through TRLK, are recognized as being high-quality and high-performance products, resulting from Krosaki's original and further upgraded state-of-the-art technology, having cutting edge material science and designs. These products have a specific market of customers who recognize and require the superior quality of TRLK's AG Refractories



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products, and the value of the sophisticated technology used to manufacture them. Effectively, based on technology, customer specifications/use and market standing, the products of TRLK and IFGL, currently to our knowledge, operate in different uses / applications.

26. Further, the technology and know-how used by TRLK to manufacture AG Refractories products in India, has been transferred by Krosaki. Krosaki and TRLK have their own market information of AG Refractories product in India, *inter alia*, through its supply to customers. Therefore, Krosaki and TRLK do not need any information in relation to IFGL and its AG Refractories business, whether confidential, critical, sensitive or otherwise, for the purpose of its AG Refractories manufacturing plant with TRLK in India.
27. In the circumstances, your allegations, *inter alia*, in relation to Krosaki and its nominee directors having failed to discharge their fiduciary duties to act in the best interests of IFGL, and/ or that purported issues of conflict of interest, confidentiality and propriety have arisen in relation to Krosaki and its nominee directors, on account of Krosaki allegedly engaging in competition with IFGL, are wholly false and inaccurate. In light of the facts stated above, there is no question of any of Krosaki's nominee directors acting at the behest of Krosaki and/ or misusing any information in relation to IFGL, whether confidential, critical, sensitive and/ or otherwise.

D. Krosaki and its nominee directors have discharged their fiduciary duties to IFGL

28. As mentioned above, since the AG Refractories products manufactured by Krosaki, through TRLK, are high-quality, high-performing products, having a specific market, and most pertinently, since Krosaki is the owner of the further upgraded technology required by TRLK to produce AG Refractories, there is no conflict between the interests of IFGL, and that of Krosaki and its nominee directors on IFGL's Board of Directors.
29. For the same reasons, the allegation that Krosaki's nominee directors act only for the benefit and under instructions of Krosaki, without regard to their fiduciary duties as directors of IFGL, is also incorrect. Krosaki's nominee directors have always discharged their fiduciary duty to IFGL, and do not act at the behest of any other individual/ entity in the performance of their role as directors of IFGL. Your allegation that Krosaki and its nominee directors have breached any expectation that they would discharge their fiduciary duties to act in the best interests of IFGL, is also denied.
30. Without prejudice to the above, even otherwise, Krosaki's nominee directors on IFGL's Board from time to time, have always adopted the highest levels of probity while discharging their duties as directors of IFGL, and have continued to comply with IFGL's Code of Conduct. They have never passed on any confidential business information in relation to IFGL's AG Refractories business to TRLK and/ or misused any such information to the detriment of IFGL's



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interests, or otherwise. Any allegations/ averments to the contrary are categorically denied and you are put to strict proof thereof. These allegations have been made in your Requisition, (and accepted by IFGL's Board and included in the EGM Notice), without even a shred of evidence of any misdemeanour/ wrongdoing/ impropriety of any sort by Krosaki's nominee directors and/ or any personal interest of Krosaki's nominee directors in the business of TRLK, and are therefore completely untenable.

31. Your allegation that Krosaki's nominee directors made various requests, pursuant to which they were provided access to confidential information of IFGL, including information in relation to the manufacturing of AG Refractories, its pricing methodology, customer lists, prospective expansion plans, etc., is wholly untrue. No such requests were made by Krosaki's nominee directors and no such information was provided. This allegation is also specious as it was Krosaki that was providing technology and expertise to IFGL for manufacture of AG Refractories products (as recorded under the TAA between the parties). Therefore, it is IFGL which is bound not to disclose any confidential information imparted to it by Krosaki under the TAA, even after the expiry of the TAA. In any event, as you are aware, the term of the TAA expired on March 31, 2016, and Krosaki is no longer bound by any of the terms and conditions thereunder.
32. Additionally, IFGL's customers, its potential expansion plans, and various details about its manufacture of AG Refractories are also available in the public domain, including in investor presentations available on IFGL's own website, and various new reports.
33. You have, in making the above allegations, overlooked the fact that Krosaki has always honoured the almost three decade long relationship with IFGL that you have referred to in your Letter, including by providing IFGL with the technology and know-how required by IFGL to enhance and improve the performance and life of its products, expand its market share of AG Refractories products in India and abroad, and enable IFGL to produce new and better products, using sophisticated processes, to meet the increasing demand. Krosaki also helped IFGL to increase its customer base globally, by selling IFGL's products to customers in Turkey, Qatar and Taiwan.
34. Krosaki was always committed to preserving its relationship with IFGL, and even agreed to increase its investment in IFGL beyond its current 15.51%, to expand its AG Refractories Business in India through IFGL. As you are aware, such further investment by Krosaki did not take place, due to non-cooperation on IFGL's part. In the circumstances, Krosaki was entitled to explore other avenues for the expansion of its AG Refractories Business in India. Krosaki did not have reason, prior to IFGL's letter of December 5, 2021 and your Requisition, to believe that IFGL and BFSPL would act in an unreasonable manner by making wild and reckless allegations against Krosaki and its nominee directors, with a view to restraining Krosaki from carrying on its lawful business in India, without any justification for the same.



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E. BFSPL's allegations are grossly belated and mere afterthoughts

35. BFSPL and its directors, and also IFGL, have been aware of Krosaki's interest in and examination of the AG Refractories Business in India since as far back as 2017. During their telephonic discussions on June 2, 2017, Mr. Hiroshi Odawara and Mr. Pradeep Bajoria discussed many issues, including Krosaki examining the possibility of entering the AG Refractories Business in India. Further, when Mr. S.K. Bajoria (a director of both BFSPL and IFGL) visited our headquarters in Japan on July 27, 2017, it was explained to him, during the course of discussions, that Krosaki had started to study the possibility of manufacturing AG Refractories in India, for *inter alia*, the reason that efforts had been made by Krosaki to sell AG Refractories products manufactured by IFGL to Tata Steel Limited, both directly and also through TRL. However, Tata Steel Limited had refused to purchase the same, due to a lack of trust in the quality of IFGL's products. Krosaki therefore had to supply products from China or Japan instead, which was not profitable, due to import duties/ tariffs and transportation costs.
36. Mr. Pradeep Bajoria was also specifically informed, by Mr. Kiyotaka Oshikawa, the then nominee director of Krosaki on IFGL's Board, on February 22, 2019, that Krosaki would be approving the AG Refractories plant with TRLK, at Krosaki's Board Meeting on March 15, 2019.
37. There is therefore no plausible explanation for your alleged shock at seeing certain portions of TRL's Annual Report for FY 2020-21 (as mentioned in paragraph 11 of your Letter). In fact, references to TRL setting up an AG Refractories manufacturing plant, with technology transferred by Krosaki, can also be found in TRL's Annual Reports for FY 2018-19 and FY 2019-20. These are documents available in the public domain, which may have come to your notice in the same manner as TRL's Annual Report for FY 2020-21.

(a) The Annual Report of TRL for FY 2018-19, specifically stated, *inter alia*, as follows:

"Alumina Graphite (AG) refractories is a highly technical refractories product used in tundish vessel for manufacture of steel. Considering criticality of its manufacturing, very few refractories manufacturers produce this product. In order to further strengthen its presence in steel segment, your Company has decided to put up an AG refractories manufacturing plant at Belpahar works with Krosaki Harima Corporation (KHC) technology"

(emphasis supplied)

(b) The Annual Report of TRL for FY 2019-20, specifically stated, *inter alia*, as follows:



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(i) “The new product line of Alumina Graphite (AG) refractories manufacturing facility with technology from Krosaki Harima Corporation, Japan is expected to be commissioned during 2021. In general, Alumina Graphite manufacturing is a high technology and most precision process; therefore a handful of other refractories manufacturers produce these products. On successful commissioning of this plant, the Company can compete in this niche segment of refractories supplies to the steel plants.”

(ii) “B. Technology absorption, adaptation, and innovation:

(i) ...

(ii) ...

(iii) In case of technology (imported during the five years reckoned from the beginning of the financial year) following information be furnished:

Details of Technology	Year of Import	Whether technology fully absorbed	Status of Implementation
Manufacturing of AG Refractories – Krosaki Harima Corporation, Japan	2019-20	N	Under implementation

(emphasis supplied)

(c) The Annual Report of TRL for FY 2020-21 (which has been referred to by you in paragraph 1 of your Letter), specifically stated, *inter alia*, as follows:

(i) “The Company manufactures all types of refractory products except Alumina Graphite (AG) refractories used in steel making process. To further strengthen its capability in steel making process, the Company is putting up a green field Alumina Graphite (AG) refractories manufacturing facility with the technology support from Krosaki Harima Corporation, Japan. The new facility is expected to commence commercial production by end of 2021.”

(ii) “B. Technology absorption, adaptation, and innovation:

(iv) ...

(v) ...



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(vi) *In case of technology (imported during the five years reckoned from the beginning of the financial year) following information be furnished:*

<i>Details of Technology</i>	<i>Year of Import</i>	<i>Whether technology fully absorbed</i>	<i>Status of Implementation</i>
<i>Manufacturing of AG Refractories – Krosaki Harima Corporation, Japan</i>	2019-20	N	<i>Under implementation</i>

(emphasis supplied)

38. Pertinently, prior to December 5, 2021, IFGL did not request Krosaki to cease and desist from proceeding with manufacturing AG Refractories in India, based on the above information, even though the same has been to IFGL's knowledge for several years, including through information available in the public domain. So also, you did not make any allegations against Krosaki and/or its nominee directors prior to the date of your Requisition and your captioned Letter. This is undoubtedly because both you and IFGL were well aware that there was no embargo on Krosaki from manufacturing AG Refractories in India, contrary to what you are now claiming in your Letter.
39. BFSPL and its directors, including Mr. Pradeep Bajoria and Mr. S.K. Bajoria, were therefore aware of Krosaki's intention to set up an AG Refractories plant in India since as far back as 2017, and in any event, at least as on the date when TRLK's annual report for FY2019-20 was published, or when Mr. Kiyotaka Oshikawa specifically informed Mr. Pradeep Bajoria of Krosaki's decision, on February 22, 2019. If BFSPL and/or its directors were of the *bona fide* belief that this would lead to a conflict of interest for Krosaki and its nominee directors, they ought to have exercised their own fiduciary duty towards IFGL, and raised this issue before IFGL's Board of Directors much earlier than by way of BFSPL's Requisition and the identical requisition sent by Mr. S.K. Bajoria to IFGL's Board on August 4, 2022. Therefore, without prejudice to the fact that there is no conflict in the interests of Krosaki and/or any of its nominee directors, and IFGL, even assuming that any such conflict existed, BFSPL's directors who are also on IFGL's Board, have failed to exercise their fiduciary duty towards IFGL. This is also further evidence of the hollow and baseless nature of your claims and allegations.

F. Paragraph-wise responses



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40. With reference to paragraph 1 of your Letter, the contents of the same do not merit any response.
41. With reference to paragraph 2 of your Letter, it is denied that there was any “*fundamental basis*” of our relationship, and/ or “*fundamental understanding*” and/ or “*implied terms*”/ “*implied agreement*” between the parties that IFGL was to be the sole party which would undertake the manufacture of AG Refractories in India, as alleged by you or otherwise. The contents of paragraphs 10 to 23 above are repeated and reiterated in this regard and anything contrary to and/ or inconsistent therewith is denied. It is also denied that our relationship and/ or the rights granted under the MoU were based on any such alleged “*fundamental understanding*” and/ or “*implied terms*”/ “*implied agreement*”, and/ or that the same have been allegedly breached by Krosaki. It is denied that Krosaki’s conduct has been contrary to any alleged “*fundamental understanding*” and/ or “*implied terms*” between the parties and/ or that Krosaki has breached the trust and good faith that was expected from it, or the expectation that Krosaki and its nominee directors would discharge their fiduciary duties to act in the best interests of IFGL. The contents of paragraphs 24 to 34 above are repeated and reiterated in this regard and anything contrary to and/ or inconsistent therewith is denied. It is denied that there is no justification for Krosaki being granted any rights, as alleged by you or otherwise. Your unilateral termination of the MoU is wrongful and in breach of the provisions of the MoU. The contents of paragraphs 8 and 9 above are repeated and reiterated in this regard and anything contrary to and/ or inconsistent therewith is denied.
42. With reference to paragraph 3, the contents of the same are denied to the extent they are contrary to and/ or inconsistent with what is stated herein. The contents of paragraph 23 above are repeated and reiterated in this regard, and anything contrary to and/ or inconsistent therewith is denied.
- (a) With specific reference to paragraphs 3(ii) and (iii) of your Letter, it is denied that there was any “*agreement*” and/ or “*fundamental understanding*” of the nature alleged by you in the said paragraph, and any such “*understanding*” was limited only to the period of the 1990 TAA.
- (b) With specific reference to paragraph 3(iv) of your Letter, your continued allegations in relation to certain alleged confidential and sensitive business information of IFGL, to which Krosaki’s nominee directors had access, has been dealt with in paragraphs 33 to 40 above, the contents of which are repeated and reiterated and anything contrary and/ or inconsistent therewith is denied. In any event, the time period referred to by you in the said paragraph was during the subsistence of the 1990 TAA between the parties, under which HCC granted IFGL the exclusive right and license to manufacture and sell AG Refractories using the know-how supplied by HCC, in India, till February 1998.
- (c) With specific reference to paragraphs 3(vi) and (vii) of your Letter, it is denied that any “*fundamental understanding*” and/ or “*implied terms*” existed between the parties, as alleged or otherwise. Your allegations with regard to any confidential information and/



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or business secrets of IFGL during the subsistence of the TAA between Krosaki and IFGL are specious, since it was Krosaki that was providing technology and expertise to IFGL for manufacture of AG Refractories products (as recorded under the TAA between the parties). It is denied that Krosaki's position in paragraph 2 of its letter dated December 23, 2021 is wrong and/ or self-serving.

- (d) With specific reference to paragraph 3(ix) of your Letter, it is denied that any rights granted under any contractual arrangements between the parties were premised on any "*fundamental understanding*" that IFGL and IEL would be the exclusive manufacturer of AG Refractories in India. The said contractual arrangements speak for themselves. The contents of paragraphs 10 to 23 are repeated and reiterated in this regard and anything contrary and/ or inconsistent therewith is denied.
 - (e) With specific reference to paragraphs 3(x) to (xii) of your Letter, your misconceived allegations and averments in relation to the No Objection Letter and the 2011 IFGL Minutes have already been dealt with in paragraphs 11 to 21 above, the contents of which are repeated and reiterated, and anything contrary to and/ or inconsistent therewith is denied. It is denied that there was any agreement prevailing between the parties (other than during the subsistence of the 1990 TAA and the TAA), that IFGL and IEL would serve as the only vehicles through which Krosaki would exclusively undertake the business of AG Refractories in India, as alleged or otherwise. It is denied that any assurance to this effect was given by Krosaki and/ or that there was any "*fundamental understanding*" to this effect, as alleged by you or otherwise. It is denied that Krosaki's assertion in paragraph 2.4 of its letter dated December 23, 2021 is wrong, as alleged or otherwise. It is denied that Krosaki ever ratified and/ or agreed to the proposition that Krosaki would not manufacture AG Refractories through TRLK.
 - (f) With specific reference to paragraph 3(xiii) of your Letter, it is clarified that the exclusive relationship referred to therein was limited to the period during which the TAA subsisted.
43. With reference to paragraph 4 of your Letter, it is denied that any rights under the MoU were premised on any "*fundamental understanding*" and/ or "*implied terms*" between the parties, as alleged by you or otherwise. It is denied that Krosaki had accepted any condition that IFGL had placed on it under the No Objection Letter. The contents of paragraphs 11 to 22 above are repeated and reiterated in this regard, and anything contrary and/ or inconsistent therewith is denied. With regard to your allegations in relation to Krosaki competing with IFGL by transferring technology to TRLK, the contents of paragraphs 24 to 27 above are repeated and reiterated in this regard, and anything contrary and/ or inconsistent therewith is denied.
44. The contents of paragraph 5 of your Letter do not merit any response.
45. With reference to paragraph 6 of your Letter, your allegations and averments therein have been dealt with in paragraphs 30 and 31 above, the contents of which are repeated and reiterated in this regard, and anything contrary and/ or inconsistent therewith is denied.



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46. With reference to paragraphs 7 to 10 of your Letter, the same are further evidence that Krosaki never acknowledged the existence of any restriction on it or any agreement to this effect, and only assured IFGL that it would brief IFGL on/ discuss its AG Refractories Business with IFGL, at the appropriate time. Further, at the meeting between the parties on July 26, 2018 (referred to in paragraph 9 of your Letter), our former President, Mr. Nobuhiko Ikura, expressly communicated to Mr. S.K. Bajoria that it was unjust that the No Objection Letter, would continue to be referred to, despite the law in India being revised. As mentioned above, this was also communicated by representatives of Krosaki to Mr. Pradeep Bajoria and Mr. S.K. Bajoria at a meeting on July 27, 2017. It is therefore denied that Krosaki did not attempt to disabuse BFSPL or IFGL from any belief that IFGL would be the sole and exclusive vehicle through which Krosaki would manufacture AG Refractories in India. It is denied that any “*fundamental understanding*” and/ or “*implied agreement*” existed between the parties, and/ or that Krosaki has breached the same, as alleged by you or otherwise.
47. With reference to paragraph 11 of your Letter, your alleged shock at seeing certain portions of the Annual Report of FY2020-21 has already been dealt with in paragraphs 35 to 37 above, the contents of which are repeated and reiterated, and anything contrary and/ or inconsistent therewith is denied. Your allegations in relation to information access of Krosaki’s nominee directors on IFGL’s Board from time to time have been dealt with in paragraphs 28 to 34 above, the contents of which are repeated and reiterated, and anything contrary and/ or inconsistent therewith is denied. As stated in paragraphs 28 to 34 above, neither Mr. Kiyotaka Oshikawa nor Mr. Hisatake Okumura have ever misused any confidential business information in relation to IFGL’s AG Refractories Business to the detriment of IFGL’s interests, or otherwise, and have always discharged their fiduciary duty towards IFGL and complied with IFGL’s Code of Conduct. Krosaki’s nominee directors on IFGL’s Board from time to time, have always adopted the highest levels of probity while discharging their duties as directors of IFGL. Any allegations/ averments to the contrary are categorically denied and you are put to strict proof thereof.
48. With reference to paragraph 12 of your Letter, all the allegations and averments therein (as contained in IFGL’s letter dated December 5, 2021) have already been addressed by Krosaki in its response dated December 23, 2021, the contents of which are not being repeated herein for the sake of brevity, but shall be construed to constitute part of this letter.
49. With reference to paragraph 13 of your Letter, it is denied that Krosaki’s conduct has resulted in any conflict of interest, as alleged or otherwise. It is also denied that Krosaki has, through its nominee directors, been privy to any confidential and sensitive business information, as alleged or otherwise. The contents of paragraphs 28 to 34 above are repeated and reiterated, and anything contrary and/ or inconsistent therewith is denied. Pertinently, neither of the Krosaki Nominee Directors have ever visited IFGL’s plant. Further, a visit to IFGL’s plant requires



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advance reservations and passes, which are only granted at the discretion of IFGL. In any event, mere access to IFGL's office space and plant does not give rise to any conflict of interest, in the absence of evidence of the misuse of any information by Krosaki's nominee directors and/ or any personal interest of such nominee directors in the business of TRLK.

50. With reference to paragraph 14 and 15 of your Letter, the contents of the same are misleading and inaccurate. It is clarified that the response dated May 31, 2022 sent by Krosaki Nominee Directors to IFGL's email of May 26, 2022, was for and on behalf of Krosaki, in their capacity as authorised representatives of Krosaki. This is because Krosaki Nominee Directors had received an email from the company secretary of IFGL on May 26, 2022, in their capacity as "authorised person[s] of Krosaki Harima Corporation, Japan (hereinafter referred to as KHC), which is foreign promoter of IFGL Refractories Limited (the Company)", requesting them to disclose any direct or indirect interests which they may have in TRLK, including but not limited to interests in the form of shareholding in TRLK, either by themselves or through any other company in which they are employed or interested, "for and on behalf of KHC". Pertinently, Krosaki Nominee Directors have also made the above mentioned disclosure in their individual capacities as directors of IFGL, by way of their emails dated August 17, 2022 in which they have stated, *inter alia*, that (a) Krosaki holds 77.62% of the equity share capital of TRLK, (b) neither of the Krosaki nominee directors have any shareholding in Krosaki and/ or TRLK, (c) neither of the Krosaki Nominee Directors are directors of Krosaki and/ or TRLK, and (d) neither of the Krosaki Nominee Directors are employees of TRLK. Pertinently, the shareholding pattern and directorship of TRLK is available in the public domain and is already known to IFGL. So also, the fact of the Krosaki Nominee Directors being employees of Krosaki (consequent to which they were nominated by Krosaki as directors of IFGL) has also been known to IFGL. It is therefore denied that Krosaki Nominee Directors act only for the benefit and under the instructions of Krosaki, without regard to their fiduciary duty as directors of IFGL. The contents of paragraphs 28 to 34 are repeated and reiterated in this regard, and anything contrary to and/ or inconsistent therewith is denied.
51. With reference to paragraphs 16 and 17 of your Letter, your alleged "*raison d'être*" for the grant of rights to Krosaki under the MoU is denied. Krosaki and its nominee directors on IFGL's Board have always acted in good faith, and in the interests of IFGL. The contents of paragraphs 28 to 34 above are repeated and reiterated, and anything contrary and/ or inconsistent therewith is denied. In fact, the longstanding relationship of trust and good faith between the parties that you have referred to in several instances in your Letter, has been irreparably damaged by your reckless and unsubstantiated allegations against Krosaki and its nominee directors in your Letter and in your Requisition, which has resulted in the convening of the EGM for voting on the removal of Krosaki Nominee Directors. You have tarnished the image and reputation of both Krosaki, which has helped IFGL to grow its AG Refractories business and gain credibility in the Indian and overseas markets (as more particularly explained in paragraphs 33 and 34 above),



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and its nominee directors on IFGL's Board, who have always acted in the best interests of IFGL, in compliance with the Code of Conduct, and in discharge of their fiduciary duty towards IFGL.

52. With reference to paragraph 18 of your Letter, in light of the above facts and circumstances, you would be ill-advised to initiate any legal action against Krosaki, and are put to notice that any such frivolous and unsustainable action/(s) will be vigorously defended, and shall be solely as to your own cost and consequences.
53. Krosaki and its nominee directors reserve all their rights, including in relation to your wrongful termination of the MoU and your various *mala fide* acts and defamatory statements.

Yours faithfully,

江川 和宏

Krosaki Harima Corporation

President

Kazuhiro Egawa