



27<sup>th</sup> 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**


Further to our letters dated 5<sup>th</sup> August, 2022 and 6<sup>th</sup> August, 2022 whereby we had informed that an Extra-Ordinary General Meeting (EGM) of the shareholders will be convened and held on Tuesday, 30<sup>th</sup> August, 2022 to transact Special Business i.e to consider and pass resolutions for removal of Mr Tetsuo Tsuzuki (DIN: 08557222) and Mr Yuji Yamaguchi (DIN: 09047766) as Directors of the Company, and also sent you copy of Notice of EGM .

Pursuant to Section 169(4) of the Companies Act, 2013 both Mr Tsuzuki and Mr Yamaguchi have forwarded their Representations dated 26<sup>th</sup> August, 2022 to the Company and have requested that the same be circulated amongst its Members. Said Representations are enclosed herewith. Meanwhile steps are being taken to circulate them amongst members of the Company.

This disclosure along with said Representation are being hosted on Company's website [www.ifglref.com](http://www.ifglref.com)

Thanking you,

Yours faithfully,  
For IFGL Refractories Ltd.,

  
(R Agarwal) 27/08/22  
Company Secretary

Encl : As above

**IFGL REFRACTORIES LIMITED**

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

**Head & Corporate Office:** McLeod House  
3 Netaji Subhas Road, Kolkata 700 001, India  
**Tel:** +91 33 4010 6100 | **Email:** ifgl.ho@ifgl.in

**Registered Office:** Sector B, Kalunga Industrial Estate  
P.O. Kalunga, Dist. Sundergarh, Odisha 770 031, India  
**Tel:** +91 661 266 0195 | **Email:** ifgl.works@ifgl.in

**CIN:** L51909OR2007PLC027954

August 26, 2022

**Board of Directors**

**IFGL Refractories Limited**

Sector 'B', Kalunga industrial Estate,

P.O. Kalunga 770 031

Dist. Sundergarh, Odisha

Dear Sirs,

**Sub: Representation under Section 169(4) of the Companies Act, 2013**

**Ref: (A) Requisition cum Special Notice dated August 4, 2022 sent by (i) Bajoria Financial Services Pvt. Ltd. ("BFSPL") and (ii) Mr. S. K. Bajoria, to the Board of Directors of IFGL Refractories Limited ("IFGL"/ "Company") (hereinafter collectively referred to as the "Requisitions")**

**And**

**(B) Notice dated August 5, 2022 of the Extra-Ordinary General Meeting scheduled to be held on August 30, 2022 (EGM), issued pursuant to the Requisitions ("EGM Notice")**

I refer to the above Requisitions and the EGM Notice and wish to state as under:

1. Please treat this as my Representation under Section 169(4) of the Companies Act, 2013, notify all members of the Company of the same, and also circulate a copy of the same to all members to whom notice of the EGM has been issued, in advance of the EGM scheduled to be held on August 30, 2022. In the event that a copy of this Representation is not circulated to all the members of the copy prior to the date of the EGM, I call upon you to bring this to the notice of the members and read out the same at the EGM.
2. At the outset, I do not admit to any of the allegations/ averments/ statements made in the Requisitions and/ or the EGM Notice (including in the Explanatory Statement forming part of the EGM Notice). By way of the present Representation, I seek to clarify my position in relation to each of these allegations/ averments/ statements, and to place the correct narrative of facts before the members of the Company.
3. By and under the Requisitions, BFSPL and Mr. S.K. Bajoria have sought the removal of myself and Mr. Yuji Yamaguchi from the Board of Directors of IFGL on, *inter alia*, the following grounds:
  - (a) Mr. Yuji Yamaguchi and I are full time executives and employees of Krosaki Harima Corporation ("**Krosaki**"), a foreign promoter shareholder of IFGL, holding 15.51% of

the equity share capital of IFGL. Krosaki also holds 77.62% of the equity share capital of TRL Krosaki Refractories Limited (“**TRLK**”). Krosaki has recently, in March 2022, through TRLK, commissioned the manufacturing of Alumina Graphite Refractories (“**AG Refractories**”) in India, which directly competes with the primary business segment of IFGL.

- (b) Krosaki, through TRLK, has become a competitor of IFGL, and since Krosaki’s executives and employees on the Board of IFGL are privy to sensitive, critical, and confidential business information, issues of conflicts of interest, confidentiality, and propriety have arisen.
  - (c) Mr. Yuji Yamaguchi and I have breached IFGL’s “Code of Conduct for the Board of Directors including Independent Directors and Senior Management Personnel” (“**Code of Conduct**”) by not making the requisite disclosures thereunder.
  - (d) Krosaki has breached its fundamental understanding and implied agreement with IFGL and also BFSPL insofar as it will not undertake manufacturing of AG Refractories either directly or indirectly in India.
  - (e) Mr. Yuji Yamaguchi and I have not discharged our respective fiduciary duties towards IFGL and its shareholders, and have instead acted at the instance of its nominating shareholder, Krosaki, which is engaging in direct competition with IFGL, and we therefore do not fairly represent the best interests of IFGL, due to which our continuance on the Board of Directors is untenable.
4. The Explanatory Statement contained in the EGM Notice states that the facts mentioned in the Requisitions are true and correct and are also supported either by information available in public domain or documents available with the Company, Board of Directors of the Company and its officers. This is incorrect and misleading. The Board appears to have ratified the unsubstantiated and baseless allegations in the Requisitions, in the absence of even a shred of any evidence produced in support of the same. The Board of Directors has also stated that the facts mentioned in the Requisitions are supported by, *inter alia*, certain documents available with the Company. No such documents have been provided to me. It is therefore necessary for me to clarify the correct facts in the matter, as follows:
- A. **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**
5. 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

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.

6. 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.
7. In the circumstances, your allegations, *inter alia*, in relation to Krosaki and its nominee directors (including myself) 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 Krosaki's nominee directors (including myself) acting at the behest of Krosaki and/ or misusing any information in relation to IFGL, whether confidential, critical, sensitive and/ or otherwise.

**B. No issues of conflicts of interest, confidentiality, and propriety have arisen, as alleged in the Requisitions and/ or the EGM Notice – Krosaki and its nominee directors (including myself) have discharged their fiduciary duties to the Company**

8. As mentioned above, since the AG Refractories products manufactured by Krosaki and supplied 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.
9. Without prejudice to the above, I have always adopted the highest levels of probity while discharging my duties as a director of IFGL, and have complied with IFGL's Code of Conduct throughout my tenure as director of IFGL. I 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 interests, or otherwise. Any allegations/ averments to the contrary are categorically denied. I am not related, in any way, to TRLK's AG Refractories business in India, and do not have any other interest/(s) conflicting with the interests of IFGL. These allegations have been made in the Requisitions, accepted by IFGL's Board and included in the EGM Notice, without even a shred of evidence of any misdemeanours/ wrongdoing/ impropriety of any sort by me and/ or any personal interest of mine in the business of TRLK, and are therefore completely untenable.

10. Without prejudice to the above, Krosaki has always honoured its longstanding relationship with IFGL. Krosaki provided 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. It has therefore always been the intention of Krosaki and its directors to act in the best interests of the Company, and they continue to do so as on date.
11. 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. In fact, 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. However, as mentioned above, Krosaki is not engaging in direct competition with IFGL, through TRLK or otherwise, in the AG Refractories Business in India, and Krosaki's nominee directors, including myself, continue to duly discharge their fiduciary capacity to the Company.

**C. The Krosaki nominee directors, including myself, have not breached the Company's Code of Conduct and have made the requisite disclosures thereunder**

12. It is contended in the Requisitions and the EGM Notice, *inter alia*, that Mr. Yuji Yamaguchi and I have breached IFGL's "Code of Conduct for the Board of Directors including Independent Directors and Senior Management Personnel" ("**Code of Conduct**") by not making the requisite disclosures thereunder. This is, however, not accurate. I have made all requisite disclosures, including as required under the Code of Conduct, throughout my tenure as a director of IFGL.
13. Pertinently, Mr. Yuji Yamaguchi and I have, as recently as August 17, 2022, disclosed to the Company that (a) Krosaki holds 77.62% of the equity share capital of TRLK, (b) neither of the Krosaki nominee directors have any shareholding in KHC and/ or TRLK, (c) neither of the Krosaki nominee directors are directors of KHC and/ or TRLK, and (d) neither of Krosaki's nominee directors are employees of TRLK. 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 we were nominated by Krosaki as directors of IFGL) has also been known to IFGL.

**D. No "fundamental understanding" and/ or "implied agreement" between Krosaki, IFGL and BFSPL, that Krosaki will not undertake manufacturing of AG Refractories either directly or indirectly in India**

14. I understand that IFGL and BFSPL have, in, *inter alia*, their letters dated December 5, 2021 and August 4, 2022 to Krosaki respectively, alleged that there was always a "*fundamental*

*understanding*” and an “*implied agreement*”/ “*implied terms*” between the parties, that IFGL was to be the sole vehicle through which Krosaki would exclusively manufacture and sell AG Refractories in India, in perpetuity.

15. IFGL and BFSPL have based this claim on, *inter alia*, the fact that IFGL had, in its letter (wrongly) dated January 15, 2010 (the actual date of which is January 15, 2011) (“**No Objection Letter**”) addressed to the Foreign Investment Promotion Board (“**FIPB**”), expressed its no objection to Krosaki acquiring a 51% equity stake in TRK, subject to Krosaki’s agreement that it would not manufacture AG Continuous Casting Refractories in India.
16. The above mentioned claims of IFGL and BFSPL are false and untenable, for, *inter alia*, the following reasons:
  - (a) IFGL and Krosaki entered into a Technical Assistance Agreement dated August 22, 2005, under which Krosaki, *inter alia*, provided an exclusive license to IFGL during the term of the TAA, to manufacture the Products only at IFGL’s plant(s) in India and a non-exclusive license to sell the Products in India (“**TAA**”). The TAA was valid and subsisting from April 1, 2006 to March 31, 2016. Subsequent to the expiry of the TAA, there has never been any express or implied agreement between Krosaki, IFGL and/ or BFSPL, under which Krosaki has agreed not to directly or indirectly manufacture AG Refractories in India.
  - (b) The No Objection Letter 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 TRK. 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/ 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.
  - (c) 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.
  - (d) The No Objection Letter executed by IFGL was therefore rendered infructuous and there was no occasion for Krosaki 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.
  - (e) 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 a binding agreement on Krosaki.

17. The complete and correct narrative of facts in relation to the above mentioned claim of IFGL and BFSPL has been set out in detail, in Krosaki's responses to IFGL and BFSPL dated December 23, 2021 and August 26, 2022 respectively. Copies of the said correspondence are annexed to this Representation as **Annexure "A"**.

**E. The allegations contained in the Requisitions and the EGM Notice are grossly belated and mere afterthoughts**

18. BFSPL, IFGL, and their directors, including Mr. S.K. Bajoria, 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 Krosaki's 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 TRLK. 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.

19. 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 manufacturing plant with TRLK, at Krosaki's Board Meeting on March 15, 2019.

20. References to TRLK setting up an AG Refractories manufacturing plant, with technology from Krosaki, can also be found in TRLK's Annual Reports for FY 2018-19, and FY 2019-20. These are documents available in the public domain, which may have come to the notice of IFGL, BFSPL and its directors.

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

- (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.”

(emphasis supplied)

(c) The Annual Report of TRLK for FY 2020-21, 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.”

(emphasis supplied)

21. Both IFGL and BFSPL, and their directors, including Mr. Pradeep Bajoria and Mr. S.K. Bajoria, were therefore aware of Krosaki’s intention to set up an AG Refractories manufacturing 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 the 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 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 further evidence of the hollow and baseless nature of your claims and allegations.
22. In light of the above facts, I deny all the baseless allegations/ averments/ statements made against me in the Requisitions and the EGM Notice. All my rights, including to institute appropriate civil and criminal action in relation to the *mala fide* and defamatory statements made against me in the Requisitions and the EGM Notice, are reserved.

Yours faithfully,



続不習生

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Tetsuo Tsuzuki

# ANNEXURE A



KROSAKI HARIMA CORPORATION  
1-1 Higashihama-machi, Yahatanishi-ku,  
Kitakyushu City 806-8586, Japan  
TEL: 81-93-622-7224 FAX: 81-93-622-7200

Date: December 23, 2021

**Mr. Shishir K. Bajoria**  
**Chairman, IFGL Refractories Limited**  
3, Netaji Subhas Road,  
Kolkata 700 001

Dear Mr. Bajoria,

**Re: (A) Your letter dated December 5, 2021**

**And**

**(B) Our response dated December 9, 2021**

**And**

**(C) Your email dated December 13, 2021**

1. We have received your letter of December 5, 2021. We believe that the request that you have made to us to forthwith cease and desist from proceeding with the manufacture of AG refractories in India through TRL Krosaki Refractories Limited (“TRL”) is not a valid request, and we believe that you are not entitled to request the same. The correct narrative of facts is as set out below. We understand that you may have made such requests since you have proceeded on the incorrect basis that even after the expiry of the Technical Assistance Agreement dated August 22, 2005 between the parties (“TAA”), Krosaki has agreed not to directly or indirectly manufacture AG Continuous Casting Refractories (“AG Refractories”/ “AG Business”) in India. The statement made by IFGL Refractories Limited (“IFGL”) in its letter (wrongly) dated January 15, 2010 (the actual date of which is January 15, 2011) (“No Objection Letter”) addressed to the Foreign Investment Promotion Board (“FIPB”), speaks for itself. The No Objection Letter has to be read in the context in which it was sought and was issued. Further, the minutes of IFGL’s Board Meeting held on February 4, 2011 (“2011 IFGL Minutes”) must be read in the same context. We are sending you the present reply while reserving all our rights.
2. Before we proceed further, in fact, there was never any such alleged agreement between the parties after expire TAA, and therefore there is no question of any subsisting Agreement since 2010, to the effect as alleged by you, or at all.
  - 2.1. 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 TRL Krosaki Refractories Limited ("TRL") (then known as Tata Refractories Limited). The subsequent 2011 IFGL Minutes, which recorded the fact that IFGL had issued such a No Objection Letter, also specifically record 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.

- 2.2. 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/ 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.
- 2.3. 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.
- 2.4. 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.
- 2.5. 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 a binding agreement on Krosaki. The presence of two of Krosaki's nominee directors at the meeting of the Board of Directors of IFGL on February 4, 2011 (at which the fact that IFGL had issued such a No Objection Letter was recorded), does not evidence the existence of any agreement to this effect between IFGL and Krosaki.
- 2.6. 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. Odawara Hiroshi (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)

- 2.7. At a meeting between the representatives of Krosaki with Mr. Pradeep Bajoria and yourself on July 27, 2017, Krosaki clearly stated that while the No Objection Letter had been issued by IFGL, in view of change in the Indian law, the No Objection Letter had not been submitted by Krosaki to the FIPB. Krosaki also informed you that there was therefore no restriction on Krosaki entering into the AG Business in India.
- 2.8. This position was also reiterated by Krosaki at the meeting between the representatives of IFGL (including yourself) and Krosaki on July 26, 2018 at Krosaki's head office in Japan. Our former President, Mr. Ikura, expressly communicated to you that it was unjust that the No Objection Letter, would continue to be referred to, despite the law in India being revised. It will be pertinent to note that you are attempting to negate the change in law brought about with effect from April 1, 2011.
- 2.9. 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 a binding agreement between Krosaki and IFGL, and was not even understood by the parties to constitute such an agreement.
- 2.10. The said Board minutes and subsequent correspondence and discussions between the parties show that Krosaki never acknowledged the existence of any restriction on it or any binding agreement to this effect, and only assured IFGL that it would brief IFGL on/ discuss its AG Business with IFGL, at the appropriate time.
- 2.11. Krosaki was always committed to preserving its relationship with IFGL, and even agreed to increase its investment in IFGL, to expand its AG Business in India through IFGL. As you are aware, such further investment by Krosaki did not take place, due to non-cooperation on your part. In the circumstances, Krosaki was entitled to explore other avenues for the expansion of its AG Business in India. Krosaki did not have reason, prior to your captioned Letter, to believe that IFGL would act in an unreasonable manner and attempt to restrain Krosaki from carrying on its lawful business in India, without any justification for the same.

3. IFGL has been aware of Krosaki's interest in and examination of the AG Business in India since as far back as 2017. During their telephonic discussions on June 2, 2017, Mr. Odawara Hiroshi and Mr. Pradeep Bajoria discussed many issues, including Krosaki examining the possibility of entering the AG business in India. Further, when you visited our headquarters in Japan on July 27, 2017, it was explained to you, 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 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 which, Krosaki had to supply products from China or Japan instead, which was not profitable, due to import duties/ tariffs.
4. We are therefore surprised that you claim that the trigger for your Letter is certain portions of TRL's Annual Report for FY 2020-21. In fact, references to TRL setting up an AG refractories manufacturing plant, with technology from 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 ought to 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:

(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:*

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

(emphasis supplied)

(c) 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 is available in the public domain. This is perhaps because IFGL was aware that there was no embargo on Krosaki from manufacturing AG Refractories in India, contrary to what you are now claiming in your Letter.

(d) 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) ...

(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>
<b>Manufacturing of AG Refractories – Krosaki</b>	2019-20	N	Under implementation



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<i>Details of Technology</i>	<i>Year of Import</i>	<i>Whether technology fully absorbed</i>	<i>Status of Implementation</i>
<b><i>Harima Corporation, Japan</i></b>			

(emphasis supplied)

5. Your averment that Krosaki is privy to Confidential Information pertaining to the manufacture and sale of AG Refractories by IFGL, by virtue of Krosaki's executives who are on the Board of Directors of IFGL is incorrect. It was Krosaki that was providing technology and expertise to IFGL for manufacture of AG 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.
6. It is therefore clear that there is no (and never was any) restriction on Krosaki as on date, that precludes it from proceeding with the manufacture of AG Continuous Casting Refractories in India. In the circumstances, no question arises of any breach and/ or failure to discharge fiduciary duties and responsibilities on the part of Krosaki and/ or its executives and personnel.
7. In any event, any discussions between the parties in relation/ leading to the inclusion of the condition in the No Objection Letter (that Krosaki would not directly or indirectly manufacture AG Refractories in India), were prompted by the requirement under the law in force at the relevant time (i.e., paragraph 4.2.2 of the Consolidated FDI Policy, effective from October 1, 2010) and were initiated by Krosaki in order to avoid regulatory delays in its acquisition of a stake in TRL. As explained above, immediately upon the subsequent change in the law, by which the need for such a No Objection Letter was itself done away with, the very basis for the inclusion of such a condition in the No Objection Letter also ceased to exist.
8. Your unreasonable position and attempt to restrain Krosaki from conducting business in India, seemingly in perpetuity, is also contrary to public policy.
9. For the reasons above, your request to us under your captioned email of December 13, 2021, not to commence with commercial production of AG refractories in India, is also not valid and totally unwarranted. As discussed above, we maintain that there has never been any agreement between the parties that would preclude Krosaki from directly or indirectly manufacture AG Refractories in India, and your request for us not to proceed further is unwarranted.
10. I request you to withdraw your captioned Letter.



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11. In view of our longstanding relationship, and with a view to amicably resolve any differences, I would be happy to discuss the above issues with you at a mutually convenient time.
12. In the event that you wish to approach any forum for any reliefs in relation to a cause of action which we believe is not warranted, we request you to give us at least seven (7) days' notice before doing so, and in any event, produce this letter before any such forum, so that the correct position is brought to the notice of such forum.

Yours faithfully,

Krosaki Harima Corporation

President

Kazuhiro Egawa

江川 和宏

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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
<b>Manufacturing of AG Refractories – Krosaki Harima Corporation, Japan</b>	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>
<b><i>Manufacturing of AG Refractories – Krosaki Harima Corporation, Japan</i></b>	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

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Krosaki Harima Corporation

President

Kazuhiro Egawa



August 26, 2022

**Board of Directors**

**IFGL Refractories Limited**

Sector 'B', Kalunga industrial Estate,

P.O. Kalunga 770 031

Dist. Sundergarh, Odisha

Dear Sirs,

**Sub: Representation under Section 169(4) of the Companies Act, 2013**

**Ref: (A) Requisition cum Special Notice dated August 4, 2022 sent by (i) Bajoria Financial Services Pvt. Ltd. ("BFSPL") and (ii) Mr. S. K. Bajoria, to the Board of Directors of IFGL Refractories Limited ("IFGL"/ "Company") (hereinafter collectively referred to as the "Requisitions")**

**And**

**(B) Notice dated August 5, 2022 of the Extra-Ordinary General Meeting scheduled to be held on August 30, 2022 (EGM), issued pursuant to the Requisitions ("EGM Notice")**

I refer to the above Requisitions and the EGM Notice and wish to state as under:

1. Please treat this as my Representation under Section 169(4) of the Companies Act, 2013, notify all members of the Company of the same, and also circulate a copy of the same to all members to whom notice of the EGM has been issued, in advance of the EGM scheduled to be held on August 30, 2022. In the event that a copy of this Representation is not circulated to all the members of the copy prior to the date of the EGM, I call upon you to bring this to the notice of the members and read out the same at the EGM.
2. At the outset, I do not admit to any of the allegations/ averments/ statements made in the Requisitions and/ or the EGM Notice (including in the Explanatory Statement forming part of the EGM Notice). By way of the present Representation, I seek to clarify my position in relation to each of these allegations/ averments/ statements, and to place the correct narrative of facts before the members of the Company.
3. By and under the Requisitions, BFSPL and Mr. S.K. Bajoria have sought the removal of myself and Mr. Tetsuo Tsuzuki from the Board of Directors of IFGL on, *inter alia*, the following grounds:
  - (a) Mr. Tetsuo Tsuzuki and I are full time executives and employees of Krosaki Harima Corporation ("**Krosaki**"), a foreign promoter shareholder of IFGL, holding 15.51% of

the equity share capital of IFGL. Krosaki also holds 77.62% of the equity share capital of TRL Krosaki Refractories Limited (“**TRLK**”). Krosaki has recently, in March 2022, through TRLK, commissioned the manufacturing of Alumina Graphite Refractories (“**AG Refractories**”) in India, which directly competes with the primary business segment of IFGL.

- (b) Krosaki, through TRLK, has become a competitor of IFGL, and since Krosaki’s executives and employees on the Board of IFGL are privy to sensitive, critical, and confidential business information, issues of conflicts of interest, confidentiality, and propriety have arisen.
- (c) Mr. Tetsuo Tsuzuki and I have breached IFGL’s “Code of Conduct for the Board of Directors including Independent Directors and Senior Management Personnel” (“**Code of Conduct**”) by not making the requisite disclosures thereunder.
- (d) Krosaki has breached its fundamental understanding and implied agreement with IFGL and also BFSPL insofar as it will not undertake manufacturing of AG Refractories either directly or indirectly in India.
- (e) Mr. Tetsuo Tsuzuki and I have not discharged our respective fiduciary duties towards IFGL and its shareholders, and have instead acted at the instance of its nominating shareholder, Krosaki, which is engaging in direct competition with IFGL, and we therefore do not fairly represent the best interests of IFGL, due to which our continuance on the Board of Directors is untenable.

4. The Explanatory Statement contained in the EGM Notice states that the facts mentioned in the Requisitions are true and correct and are also supported either by information available in public domain or documents available with the Company, Board of Directors of the Company and its officers. This is incorrect and misleading. The Board appears to have ratified the unsubstantiated and baseless allegations in the Requisitions, in the absence of even a shred of any evidence produced in support of the same. The Board of Directors has also stated that the facts mentioned in the Requisitions are supported by, *inter alia*, certain documents available with the Company. No such documents have been provided to me. It is therefore necessary for me to clarify the correct facts in the matter, as follows:

**A. 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**

5. 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

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.

6. 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.
7. In the circumstances, your allegations, *inter alia*, in relation to Krosaki and its nominee directors (including myself) 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 Krosaki's nominee directors (including myself) acting at the behest of Krosaki and/ or misusing any information in relation to IFGL, whether confidential, critical, sensitive and/ or otherwise.

**B. No issues of conflicts of interest, confidentiality, and propriety have arisen, as alleged in the Requisitions and/ or the EGM Notice – Krosaki and its nominee directors (including myself) have discharged their fiduciary duties to the Company**

8. As mentioned above, since the AG Refractories products manufactured by Krosaki and supplied 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.
9. Without prejudice to the above, I have always adopted the highest levels of probity while discharging my duties as a director of IFGL, and have complied with IFGL's Code of Conduct throughout my tenure as director of IFGL. I 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 interests, or otherwise. Any allegations/ averments to the contrary are categorically denied. I am not related, in any way, to TRLK's AG Refractories Business in India, and do not have any other interest/(s) conflicting with the interests of IFGL. These allegations have been made in the Requisitions, accepted by IFGL's Board and included in the EGM Notice, without even a shred of evidence of any misdemeanours/ wrongdoing/ impropriety of any sort by me and/ or any personal interest of mine in the business of TRLK, and are therefore completely untenable.

10. Without prejudice to the above, Krosaki has always honoured its longstanding relationship with IFGL. Krosaki provided 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. It has therefore always been the intention of Krosaki and its directors to act in the best interests of the Company, and they continue to do so as on date.
11. 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. In fact, 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. However, as mentioned above, Krosaki is not engaging in direct competition with IFGL, through TRLK or otherwise, in the AG Refractories Business in India, and Krosaki's nominee directors, including myself, continue to duly discharge their fiduciary capacity to the Company.

**C. The Krosaki nominee directors, including myself, have not breached the Company's Code of Conduct and have made the requisite disclosures thereunder**

12. It is contended in the Requisitions and the EGM Notice, *inter alia*, that Mr. Tetsuo Tsuzuki and I have breached IFGL's "Code of Conduct for the Board of Directors including Independent Directors and Senior Management Personnel" ("**Code of Conduct**") by not making the requisite disclosures thereunder. This is, however, not accurate. I have made all requisite disclosures, including as required under the Code of Conduct, throughout my tenure as a director of IFGL.
13. Pertinently, Mr. Tetsuo Tsuzuki and I have, as recently as August 17, 2022, disclosed to the Company that (a) Krosaki holds 77.62% of the equity share capital of TRLK, (b) neither of the Krosaki nominee directors have any shareholding in KHC and/ or TRLK, (c) neither of the Krosaki nominee directors are directors of KHC and/ or TRLK, and (d) neither of Krosaki's nominee directors are employees of TRLK. 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 we were nominated by Krosaki as directors of IFGL) has also been known to IFGL.

**D. No "fundamental understanding" and/ or "implied agreement" between Krosaki, IFGL and BFSPL, that Krosaki will not undertake manufacturing of AG Refractories either directly or indirectly in India**

14. I understand that IFGL and BFSPL have, in, *inter alia*, their letters dated December 5, 2021 and August 4, 2022 to Krosaki respectively, alleged that there was always a "*fundamental*

*understanding*” and an “*implied agreement*”/ “*implied terms*” between the parties, that IFGL was to be the sole vehicle through which Krosaki would exclusively manufacture and sell AG Refractories in India, in perpetuity.

15. IFGL and BFSPL have based this claim on, *inter alia*, the fact that IFGL had, in its letter (wrongly) dated January 15, 2010 (the actual date of which is January 15, 2011) (“**No Objection Letter**”) addressed to the Foreign Investment Promotion Board (“**FIPB**”), expressed its no objection to Krosaki acquiring a 51% equity stake in TRLK, subject to Krosaki’s agreement that it would not manufacture AG Continuous Casting Refractories in India.
16. The above mentioned claims of IFGL and BFSPL are false and untenable, for, *inter alia*, the following reasons:
  - (a) IFGL and Krosaki entered into a Technical Assistance Agreement dated August 22, 2005, under which Krosaki, *inter alia*, provided an exclusive license to IFGL during the term of the TAA, to manufacture the Products only at IFGL’s plant(s) in India and a non-exclusive license to sell the Products in India (“**TAA**”). The TAA was valid and subsisting from April 1, 2006 to March 31, 2016. Subsequent to the expiry of the TAA, there has never been any express or implied agreement between Krosaki, IFGL and/ or BFSPL, under which Krosaki has agreed not to directly or indirectly manufacture AG Refractories in India.
  - (b) The No Objection Letter 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. 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/ 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.
  - (c) 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.
  - (d) The No Objection Letter executed by IFGL was therefore rendered infructuous and there was no occasion for Krosaki 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.
  - (e) 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 a binding agreement on Krosaki.

17. The complete and correct narrative of facts in relation to the above mentioned claim of IFGL and BFSPL has been set out in detail, in Krosaki's responses to IFGL and BFSPL dated December 23, 2021 and August 26, 2022 respectively. Copies of the said correspondence are annexed to this Representation as **Annexure "A"**.

**E. The allegations contained in the Requisitions and the EGM Notice are grossly belated and mere afterthoughts**

18. BFSPL, IFGL, and their directors, including Mr. S.K. Bajoria, 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 Krosaki's 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 TRLK. 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.

19. 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 manufacturing plant with TRLK, at Krosaki's Board Meeting on March 15, 2019.

20. References to TRLK setting up an AG Refractories manufacturing plant, with technology from Krosaki, can also be found in TRLK's Annual Reports for FY 2018-19, and FY 2019-20. These are documents available in the public domain, which may have come to the notice of IFGL, BFSPL and its directors.

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

- (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.”

(emphasis supplied)

(c) The Annual Report of TRLK for FY 2020-21, 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.”

(emphasis supplied)

21. Both IFGL and BFSPL, and their directors, including Mr. Pradeep Bajoria and Mr. S.K. Bajoria, were therefore aware of Krosaki’s intention to set up an AG Refractories manufacturing 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 the 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 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 further evidence of the hollow and baseless nature of your claims and allegations.
22. In light of the above facts, I deny all the baseless allegations/ averments/ statements made against me in the Requisitions and the EGM Notice. All my rights, including to institute appropriate civil and criminal action in relation to the *mala fide* and defamatory statements made against me in the Requisitions and the EGM Notice, are reserved.

Yours faithfully,

山口 祐嗣

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Yuji Yamaguchi



# ANNEXURE A



**KROSAKI HARIMA CORPORATION**  
1-1 Higashihama-machi, Yahatanishi-ku,  
Kitakyushu City 806-8586, Japan  
TEL: 81-93-622-7224 FAX: 81-93-622-7200

Date: December 23, 2021

**Mr. Shishir K. Bajoria**  
**Chairman, IFGL Refractories Limited**  
3, Netaji Subhas Road,  
Kolkata 700 001

Dear Mr. Bajoria,

**Re: (A) Your letter dated December 5, 2021**

**And**

**(B) Our response dated December 9, 2021**

**And**

**(C) Your email dated December 13, 2021**

1. We have received your letter of December 5, 2021. We believe that the request that you have made to us to forthwith cease and desist from proceeding with the manufacture of AG refractories in India through TRL Krosaki Refractories Limited (“TRL”) is not a valid request, and we believe that you are not entitled to request the same. The correct narrative of facts is as set out below. We understand that you may have made such requests since you have proceeded on the incorrect basis that even after the expiry of the Technical Assistance Agreement dated August 22, 2005 between the parties (“TAA”), Krosaki has agreed not to directly or indirectly manufacture AG Continuous Casting Refractories (“AG Refractories”/ “AG Business”) in India. The statement made by IFGL Refractories Limited (“IFGL”) in its letter (wrongly) dated January 15, 2010 (the actual date of which is January 15, 2011) (“No Objection Letter”) addressed to the Foreign Investment Promotion Board (“FIPB”), speaks for itself. The No Objection Letter has to be read in the context in which it was sought and was issued. Further, the minutes of IFGL’s Board Meeting held on February 4, 2011 (“2011 IFGL Minutes”) must be read in the same context. We are sending you the present reply while reserving all our rights.
2. Before we proceed further, in fact, there was never any such alleged agreement between the parties after expire TAA, and therefore there is no question of any subsisting Agreement since 2010, to the effect as alleged by you, or at all.
  - 2.1. 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 TRL Krosaki Refractories Limited ("TRL") (then known as Tata Refractories Limited). The subsequent 2011 IFGL Minutes, which recorded the fact that IFGL had issued such a No Objection Letter, also specifically record 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.

- 2.2. 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/ 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.
- 2.3. 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.
- 2.4. 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.
- 2.5. 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 a binding agreement on Krosaki. The presence of two of Krosaki's nominee directors at the meeting of the Board of Directors of IFGL on February 4, 2011 (at which the fact that IFGL had issued such a No Objection Letter was recorded), does not evidence the existence of any agreement to this effect between IFGL and Krosaki.
- 2.6. 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. Odawara Hiroshi (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)

- 2.7. At a meeting between the representatives of Krosaki with Mr. Pradeep Bajoria and yourself on July 27, 2017, Krosaki clearly stated that while the No Objection Letter had been issued by IFGL, in view of change in the Indian law, the No Objection Letter had not been submitted by Krosaki to the FIPB. Krosaki also informed you that there was therefore no restriction on Krosaki entering into the AG Business in India.
- 2.8. This position was also reiterated by Krosaki at the meeting between the representatives of IFGL (including yourself) and Krosaki on July 26, 2018 at Krosaki's head office in Japan. Our former President, Mr. Ikura, expressly communicated to you that it was unjust that the No Objection Letter, would continue to be referred to, despite the law in India being revised. It will be pertinent to note that you are attempting to negate the change in law brought about with effect from April 1, 2011.
- 2.9. 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 a binding agreement between Krosaki and IFGL, and was not even understood by the parties to constitute such an agreement.
- 2.10. The said Board minutes and subsequent correspondence and discussions between the parties show that Krosaki never acknowledged the existence of any restriction on it or any binding agreement to this effect, and only assured IFGL that it would brief IFGL on/ discuss its AG Business with IFGL, at the appropriate time.
- 2.11. Krosaki was always committed to preserving its relationship with IFGL, and even agreed to increase its investment in IFGL, to expand its AG Business in India through IFGL. As you are aware, such further investment by Krosaki did not take place, due to non-cooperation on your part. In the circumstances, Krosaki was entitled to explore other avenues for the expansion of its AG Business in India. Krosaki did not have reason, prior to your captioned Letter, to believe that IFGL would act in an unreasonable manner and attempt to restrain Krosaki from carrying on its lawful business in India, without any justification for the same.

3. IFGL has been aware of Krosaki's interest in and examination of the AG Business in India since as far back as 2017. During their telephonic discussions on June 2, 2017, Mr. Odawara Hiroshi and Mr. Pradeep Bajoria discussed many issues, including Krosaki examining the possibility of entering the AG business in India. Further, when you visited our headquarters in Japan on July 27, 2017, it was explained to you, 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 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 which, Krosaki had to supply products from China or Japan instead, which was not profitable, due to import duties/ tariffs.
4. We are therefore surprised that you claim that the trigger for your Letter is certain portions of TRL's Annual Report for FY 2020-21. In fact, references to TRL setting up an AG refractories manufacturing plant, with technology from 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 ought to 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:

(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:*

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

(emphasis supplied)

(c) 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 is available in the public domain. This is perhaps because IFGL was aware that there was no embargo on Krosaki from manufacturing AG Refractories in India, contrary to what you are now claiming in your Letter.

(d) 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) ...

(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>
<b>Manufacturing of AG Refractories – Krosaki</b>	2019-20	N	Under implementation



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<i>Details of Technology</i>	<i>Year of Import</i>	<i>Whether technology fully absorbed</i>	<i>Status of Implementation</i>
<b><i>Harima Corporation, Japan</i></b>			

(emphasis supplied)

5. Your averment that Krosaki is privy to Confidential Information pertaining to the manufacture and sale of AG Refractories by IFGL, by virtue of Krosaki's executives who are on the Board of Directors of IFGL is incorrect. It was Krosaki that was providing technology and expertise to IFGL for manufacture of AG 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.
6. It is therefore clear that there is no (and never was any) restriction on Krosaki as on date, that precludes it from proceeding with the manufacture of AG Continuous Casting Refractories in India. In the circumstances, no question arises of any breach and/ or failure to discharge fiduciary duties and responsibilities on the part of Krosaki and/ or its executives and personnel.
7. In any event, any discussions between the parties in relation/ leading to the inclusion of the condition in the No Objection Letter (that Krosaki would not directly or indirectly manufacture AG Refractories in India), were prompted by the requirement under the law in force at the relevant time (i.e., paragraph 4.2.2 of the Consolidated FDI Policy, effective from October 1, 2010) and were initiated by Krosaki in order to avoid regulatory delays in its acquisition of a stake in TRL. As explained above, immediately upon the subsequent change in the law, by which the need for such a No Objection Letter was itself done away with, the very basis for the inclusion of such a condition in the No Objection Letter also ceased to exist.
8. Your unreasonable position and attempt to restrain Krosaki from conducting business in India, seemingly in perpetuity, is also contrary to public policy.
9. For the reasons above, your request to us under your captioned email of December 13, 2021, not to commence with commercial production of AG refractories in India, is also not valid and totally unwarranted. As discussed above, we maintain that there has never been any agreement between the parties that would preclude Krosaki from directly or indirectly manufacture AG Refractories in India, and your request for us not to proceed further is unwarranted.
10. I request you to withdraw your captioned Letter.



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11. In view of our longstanding relationship, and with a view to amicably resolve any differences, I would be happy to discuss the above issues with you at a mutually convenient time.
12. In the event that you wish to approach any forum for any reliefs in relation to a cause of action which we believe is not warranted, we request you to give us at least seven (7) days' notice before doing so, and in any event, produce this letter before any such forum, so that the correct position is brought to the notice of such forum.

Yours faithfully,

Krosaki Harima Corporation  
President  
Kazuhiro Egawa

江川 和宏

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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
<b>Manufacturing of AG Refractories – Krosaki Harima Corporation, Japan</b>	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>
<b><i>Manufacturing of AG Refractories – Krosaki Harima Corporation, Japan</i></b>	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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TEL 81-93-622-7286 FAX 81-93-622-7287

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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TEL 81-93-622-7286 FAX 81-93-622-7287

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

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Krosaki Harima Corporation

President

Kazuhiro Egawa