

**DIRECTORS' REPORT AND
MANAGEMENT DISCUSSION AND ANALYSIS REPORT TO THE SHAREHOLDERS**
Dear Shareholders

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

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

(Rs. in Millions)

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

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

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

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

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

(Rs. in Millions)

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

(Rs. in Millions)

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

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

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

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

Subsidiary Companies

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

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

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

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

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

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

Bio Ceramics

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

Corporate Governance / Internal Control System and their adequacy

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

Accounts of Subsidiary Companies

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

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

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

Directors' Responsibility Statement

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

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

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

Consolidated Financial Statements

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

Directors

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

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

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

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

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

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

Human Resources and Industrial Relations

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

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

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

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

Auditors' Report

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

Auditors

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

Acknowledgement

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

On behalf of the Board of Directors

25th May 2010
Kolkata

S K Bajoria
Chairman

P Bajoria
Managing Director

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

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

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

2. Board of Directors

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

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

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

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

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

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

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

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

(c) A senior executive of Sojitz Corporation, Japan

(d) Also Independent.

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

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

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

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

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

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

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

Information placed before the Board

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

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

3. Committees of the Board

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

A. Audit Committee

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

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

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

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

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

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

B. Remuneration Committee

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

Remuneration Committee comprises following Non-executive Independent Directors.

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

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

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

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

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

* Waived entitlement to sitting fees

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

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

C. Shareholders/Investors Grievance Committee

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

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

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

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

Role of the Committee include redressal of shareholders'

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

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

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

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

Status of complaints of shareholders/investors is as under :

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

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

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

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

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

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

b) by passing an Ordinary Resolution for Increasing Authorized Share Capital of the Company from Rs. 40 Crores to Rs. 60 Crores.

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

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

5. Disclosures

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

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

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

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

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

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

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

6. Means of Communication

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

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

Listing on Stock Exchanges

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

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

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

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

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

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

7. General Shareholder Information**AGM Details**

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

Financial Calendar

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

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

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

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

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

Registrar and Share Transfer Agent

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

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

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

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

Secretarial Audit

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

Distribution of shareholding as on 31st March 2010

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

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

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

Dematerialisation of Shares and Liquidity

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

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

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

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

8. Unclaimed Dividend

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

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

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

*Indicative dates. Actual dates may vary.

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

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

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

Remuneration Committee

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

Audit Qualification

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

Other Items

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

ANNEXURE 'B' TO DIRECTORS' REPORT

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

A. Conservation of Energy

- a) Energy conservation measures taken :
1. Replacement of existing reciprocating Air Compressor with variable speed screw compressor thereby reducing consumption of power.
 2. Introduction of auto synchronisation, auto load management of DG sets and auto load change over system resulting in lesser consumption of LPG in kiln, lesser rejection in PP products and savings in HSD.
 3. Adoption of technologies and installation of equipments which ensure lower consumption of energy.
 4. Avoidance of leakage of energy by regular preventive checks.
 5. Installation of stabilizers, capacitors and other energy saving devices to maintain voltage and power factor.
 6. Usage of alternate fuel.
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy.
This is being done on a continuous basis, including by installation of new energy efficient equipments.
- c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
Efforts are being made on regular basis to reduce energy consumption and consequently achieve reduction in consumption per unit of production.
- d) Total energy consumption and energy consumption per unit of production.
As per Form A enclosed

B. Technology Absorption

- e) Efforts made in technology absorption.
As per Form B enclosed.

C. Foreign Exchange Earnings and Outgo

- f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; export plans.
Thrust and focus on overseas markets continued during financial year 2009-2010. FOB value of exports effected has been Rs. 474.07 Millions compared to Rs. 497.61 Millions for immediately preceding financial year 2008-2009. Your Company for seventh consecutive year received CAPEXIL Award in recognition of exports during financial year 2008-2009.

- g) Total foreign exchange used and earned *(Rs. in Millions)*

1. Foreign Exchange Outgo	
(i) CIF Value of Imports of Raw Materials, Stores and Spares, Trading goods and Capital goods	324.68
(ii) Others	53.33
2. Foreign Exchange Earnings	
FOB Value of Exports	474.07

ANNEXURE 'B' TO DIRECTORS' REPORT (Contd.)
Form – A
Disclosure of particulars with respect to conservation of energy

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

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

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

Technology Absorption, Adaptation and Innovation

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

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

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