

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

### *Dear Shareholders*

Your Directors present the 22nd Annual Report together with Profit and Loss Account for financial year ended on 31st March 2011 and Balance Sheet as on that date.

Performance of your Company for financial year ended on 31st March 2011 on stand-alone and consolidated basis have been as follows :

	(₹ in Millions)	
	Stand-alone	Consolidated
Sales (Net of Excise Duty)	2,081.99	4,689.44
Other Income	6.42	43.26
Total Income	2,088.41	4,732.70
Less : Total Expenses	1,886.35	4,262.85
<b>Profit before Interest and Depreciation</b>	<b>202.06</b>	<b>469.85</b>
Less : Interest	39.50	55.75
Depreciation	52.86	87.22
<b>Profit before Tax</b>	<b>109.70</b>	<b>326.88</b>
Less : Provision for Current Tax/Deferred Tax	35.98	84.24
<b>Profit after Tax</b>	<b>73.72</b>	<b>242.64</b>

Total Income, both on stand alone and consolidated basis, are higher by ₹ 330.76 Millions (19%) and ₹ 546.18 Millions (13%) compared to that of previous year ended on 31st March 2010. Profit before Tax and Profit after Tax are lower and major contributing factors are depreciation of Euro and increase in cost of raw materials, energy etc and other expenses. Your Directors took several actions to step up efficiencies and improve overall performance and pursue both organic and inorganic growth of your Company. Your Directors have largely been successful in doing so despite radical changes in market dynamics and achieved aforesaid financial performance, which strictly is not comparable with that of previous financial year for reasons appearing hereinafter. Earning per Share, on consolidated basis, for the year is ₹ 6.87 compared to ₹ 9.91 for previous year.

During the year, on 10th September 2010 your Company, acquired EI Ceramics LLC (EIC) and CUSC International Limited (CUSC), both based in Cincinnati (Ohio), USA. EIC is engaged in manufacture of Isostatically pressed Alumina Graphite Continuous Casting Refractories and CUSC is its ancillary unit. EIC is a prominent supplier of CC Refractories to steel mills in USA and Canada. With these acquisitions your Company has production facilities for ISO products in not only two locations but in completely different geographies. This will also play a pivotal role in expansion plan of your Company as now also has a business model and team to provide the opportunity to grow customer base in USA.

During the year, your Company started commercial production of pressed Ceramic Filters for foundries as per know how of Hofmann Ceramic GmbH, Germany. Product response has been very encouraging and now all small filters for Indian market are supplied from Kalunga works. With success of this, your Company will shortly start manufacturing big filters also.

During the year a high temperature kiln was installed for slide gate production enhancing capability of your Company to supply full fired sliding gate plates for Indian and export markets.

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

Various projects were undertaken to improve efficiency of Isostatically pressed products. These have resulted in cost savings, improved and consistent product.

Your Company during the year augmented funds by issue of 14,50,000 - 5% Non Cumulative Preference Shares of ₹ 100/- each for an amount aggregating to ₹ 145 Millions on a private placement basis.

Your Company is predominantly a manufacturer and trader of Specialised Refractories and Ceramics, accordingly a single business segment Company. The Company has adopted geographical location of its operations (where its products are produced or service rendering activities are based) as its primary segment in terms of Accounting Standard 17 'Segment Reporting' and the **Segment Revenue, Segment Results and Capital Employed**, on consolidated basis, in terms of said Accounting Standard are given at Note 15 forming part of Consolidated Statement of Accounts.

Your Company in recognition of exports made during financial year 2009-2010 received CAPEXIL's Award for eighth consecutive year. Exports effected (including indirect) by your Company during the year aggregated to ₹ 1,073.87 Millions.

### **Dividend**

Your Directors are pleased to recommend payment of dividend as follows subject to necessary approvals, including your approval at the ensuing Annual General Meeting :

- a) 5% on Equity Shares of ₹ 10/- each i.e. ₹ 0.50 per Equity Share for the year.
- b) 5% on Preference Shares of ₹ 100/- each i.e. ₹ 2.88 per Preference Shares on pro-rata basis for the period from 3rd September 2010 (date of allotment) to 31st March 2011.

### **Subsidiary Companies**

Subsidiaries of your Company have contributed more than 50% of total income and profits for the year and thus have performed well even under severe market conditions.

All subsidiaries have been reporting satisfactory profit figures except that in Brazil where also your directors are confident of reversing the trend during current financial year.

Current order book of all subsidiary is healthy and they are expected to do well barring unforeseen adverse market conditions.

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

Your Company continues to be focused on Iron and Steel Industry. With the sustainable growth in steel producing capacities particularly in India and increased demand for quality Iron and Steel particularly from manufacturing, construction and automobile sectors, it is expected that demand for refractories and operating systems therefor manufactured by your Company would continue to rise. Dampening factors are likely to be escalating manufacturing, selling and employee costs and likely scarcity of raw materials. Nevertheless, your Directors are optimistic about overall scenario going forward of the Iron and Steel Industry and particularly manufacturers and suppliers of niche Refractories thereto.

Accordingly, your Group Company, IFGL Exports Limited is going ahead full steam with setting up of new CCR Plant at new area of Kandla Special Economic Zone in Gujarat. Krosaki Harima Corporation (KHC), a subsidiary of Nippon Steel Corporation of Japan, being the technology provider to your Company has 20% equity participation in this company. Trial production is expected to start by September 2011 and commercial production by November 2011. Once this production facility will be on-stream, your Company along with its subsidiaries/associates will have production facilities for ISO products in three locations.

### **Bio Ceramics**

Your Company continue to pursue Bio Ceramic business for health segment, being a diversification from producer of specialised Refractories for Iron and Steel Industry and have had reasonable success during the year. A collaborative project has been undertaken with National Metallurgical Laboratory, Jamshedpur for development of Nano-hydroxyapatite based Injectable Scaffold having applications in dental and orthopaedic segments. Technology for several new products for dental and orthopaedic segments have been tied up and would be launched in current financial year.

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

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

Your Company is committed to and practices 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**

Vide General Circular No. 2/2011 dated 8th February 2011, the Ministry of Corporate Affairs (MCA) has granted general exemption under Section 212(8) of the Act for attachment of statement of accounts of the subsidiaries to its accounts, subject to fulfilment of conditions mentioned therein. A statement having financial information of subsidiary Companies form part of this Annual Report. Shareholders of the Company, and those of Subsidiary Companies who are desirous of having complete statement of accounts and related detailed information of subsidiary companies, may send their request therefor either to the Company's registered office or to head and corporate office. The same are being kept for inspection at Head Offices of your Company and subsidiary companies and also available on your Company's website i.e. [www.ifglref.com](http://www.ifglref.com).

### **Directors' Responsibility Statement**

Your Directors, in terms of Section 217(2AA) of the 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, Messers Deloitte Haskins & Sells, 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 and General Circular No. 2/2011 dated 8th February 2011 of MCA, Consolidated Financial Statements duly audited by Statutory Auditors, Messers Deloitte Haskins & Sells 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**

Directors due to retire by rotation are Mr D G Rajan and Mr K S B Sanyal, who being eligible, offer themselves for re-appointment for further period.

On and from Wednesday, 25th May 2011, Mr Debal Kumar Banerji has been appointed as an Additional Director of your Company. He will shall cease to hold said office at the conclusion of forthcoming 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 appointment as Director of your Company.

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

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

### **CSR, Human Resources and Industrial Relations**

Your Company recognizes its responsibilities towards health, safety, environment and community adjoining its operations. In this regard, several programmes have been undertaken, some of them being Free Homeo/Allopathy Clinics, sponsoring operations of an Upper Primary School, maintenance of public utilities like Bus Shelter, tree plantation etc. and these would be a continued endeavour.

During financial year 2010-2011, Industrial Relations remained most cordial. Your Company continued to provide conducive working environment to its team members and empowered them by trainings on latest techniques and practices. Compensation packages and benefits provided compared favourably with best offered in the Refractory Industry.

Save and except Whole-time Directors being Chairman, Mr S K Bajoria and Managing Director, Mr P Bajoria, none of the employees of your Company was in receipt of remuneration of ₹ 60 lacs or more per annum, for the year under review. Particulars of their remuneration are appearing under Clause 3B of the Corporate Governance Report and also in the Annexure forming part of this Report as per provisions of Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975 as amended. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding said Annexure is being sent to all the shareholders of the Company and others entitled thereto. Any Shareholder interested in obtaining such Annexure may write to the Company Secretary.

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

Information in accordance with provisions 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.

### **Auditors**

Messers Deloitte Haskins & Sells, Auditors will retire at conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

### **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

Kolkata  
25th May 2011

**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

Mr S K Bajoria is designated as the Chairman of the Company with effect from Monday, 10th May 2010.

The Board of Directors of the Company as on Wednesday, 25th May 2011 consists of 2 (two) Executive Directors, 3 (three) Non-executive Directors and 4 (four) 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 (f) 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
S K Bajoria (a)	Executive	3	–	–
P Bajoria	Executive	3	–	–
K Dalmia	Non-executive	–	–	–
S Tateishi (b)	Non-executive	–	–	–
O Matsuura (c)	Non-executive	–	–	–
D G Rajan	Non-executive (e)	4	5	–
Prof A N Sadhu	Non-executive (e)	3	2	–
K S B Sanyal	Non-executive (e)	4	1	2
D K Banerji (d)	Non-executive (e)	–	–	–

(a) Also Promoter.

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

(c) A senior executive of Sojitz Corporation, Japan

(d) Appointed as Additional Director with effect from 25th May 2011

(e) Also Independent.

(f) 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 (other than Mr K Dalmia) 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. For Mr K Dalmia's pecuniary relationship, please refer to paragraph 5 below.

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

During the financial year ended on 31st March 2011, meeting of the Board of Directors was held 5 (five) times i.e. on 10th May 2010, 25th May 2010, 9th August 2010, 8th November 2010 and 4th February 2011. 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 31st July 2010
	Held	Attended	
B P Bajoria*	1	1	No
S K Bajoria	5	5	No
P Bajoria	5	4	No
K Dalmia	5	-	No
M Kusakabe*	1	-	No
O Matsuura	5	1	No
S Tateishi**	4	1	No
D G Rajan	5	3	No
Prof A N Sadhu	5	5	No
K S B Sanyal	5	5	Yes
D K Banerji ***	-	-	-

\* Ceased to be Director with effect from 10th May 2010.

\*\*Appointed as Director with effect from 10th May 2010.

\*\*\*Appointed as Additional Director with effect from 25th May 2011

**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 2011, meetings of the Audit Committee were held on 10th May 2010, 9th August 2010, 8th November 2010 and 4th February 2011, which were attended by all the above members excepting meeting held on 4th February 2011 which was not attended by Mr D G Rajan. 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 of following Non-executive Independent Directors.

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

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

During financial year ended on 31st March 2011, meeting of the Committee was held on 10th May 2010, which was attended by all the Committee members.

Details of remuneration paid/payable to the Executive Directors and Non-executive Directors for financial year 2010-2011 are as follows :

Name of Directors	Salary and other benefits (₹ in lacs)				Sitting Fees (₹ in lacs)	
	Salary (including House Rent Allowance)	Commission	Contribution to Provident and other Funds	Other Perquisites	Board Meetings	Committee Meetings
B P Bajoria	-	-	-	-	0.20	-
S K Bajoria (g)	75.00	-	32.92	0.41	-	-
P Bajoria (g)	79.20	-	31.12	1.54	-	-
K Dalmia	-	-	-	-	-	-
M Kusakabe	-	-	-	-	-	-
O Matsuura	-	-	-	-	0.20	-
S Tateishi	-	-	-	-	0.20	-
D G Rajan	-	-	-	-	0.60	0.35
Prof A N Sadhu*	-	-	-	-	-	-
K S B Sanyal	-	-	-	-	1.00	1.10

\* Waived entitlement to sitting fees.

- (g) i) Service Contract - 5 years (from 1st April 2010 to 31st March 2015).  
 ii) Notice period - 3 months Notice from either side  
 iii) Severance Fees - 3 months salary in lieu of Notice  
 iv) Commission is 1% of the Net Profit. In view of inadequate profit, no commission is paid/payable for 2010-2011.  
 v) The Company's application to the Central Government for approving the excess remuneration aggregating ₹ 86.94 lacs, paid to Mr S K Bajoria and Mr P Bajoria, is awaited.

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 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 2011, 13 (Thirteen) meetings of the Committee were held and gap between two meetings generally never exceeded 30 (thirty) days.

Role of the Committee include redressal of shareholders' 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 2010-2011, 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 2010	0
Number of complaints received during the year	22
Number of complaints redressed during the year	22
Number of complaints pending as on 31st March 2011	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 Limited 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, non receipt of dividend warrants and annual reports.

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

### 4. General Body Meetings

#### Location and time, where last three AGMs were held

AGM	Financial Year	Date	Time	Place
19th	2007 - 2008	Friday, 22nd August 2008	11 AM	Sector 'B', Kalunga Industrial Estate P.O. Kalunga 770 031 Dist. Sundergarh, Orissa.
20th	2008 - 2009	Friday, 28th August 2009	11 AM	-do-
21st	2009 - 2010	Saturday, 31st July 2010	11 AM	-do-

#### Special Resolutions passed at the last 3 (three) AGMs.

Financial Year	Items
2007 - 2008	None
2008 - 2009	None
2009 - 2010	(i) Appointment of Mr S K Bajoria as Whole Time Director of the Company with effect from Thursday, 1st April 2010.
	(ii) Appointment of Mr P Bajoria as Whole Time Director of the Company with effect from Thursday, 1st April 2010.

During financial year 2010-2011, Mr S M Gupta of M/s S M Gupta & Co. Company Secretaries was appointed as scrutinizer for conducting the Postal Ballot Process.

Following resolutions were passed through Postal Ballot on Saturday, 31st July 2010.

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/giving guarantees/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 (5) Ordinary Resolution for Increase of Authorised Share Capital of the Company from ₹ 40 Crores to ₹ 60 Crores and (6) Special Resolution for Issuance and Allotment of 2,000,000 - 5% Non Cumulative Redeemable Preference Shares of ₹ 100 each to such persons (including Bodies Corporate), it may deem fit, proper and necessary, whether or not such persons are members of the Company, by way of Private Placement, respectively.

A	Number of the postal ballot forms received		186
	(i) Valid		185
	(ii) Invalid		1
		<b>No. of votes</b>	<b>%</b>
B	Number of votes cast for Resolution No. 1		
	(i) Votes cast in favour of Resolution	19,719,374	99.96
	(ii) Votes cast against Resolution	7,225	0.04
	<b>Total Number of votes cast for Resolution No. 1</b>	<b>19,726,599</b>	<b>100.00</b>
C	Number of votes cast for Resolution No. 2		
	(i) Votes cast in favour of Resolution	19,717,429	99.96
	(ii) Votes cast against Resolution	7,000	0.04
	<b>Total Number of votes cast for Resolution No. 2</b>	<b>19,724,429</b>	<b>100.00</b>

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

	No. of votes	%
D. Number of votes cast for Resolution No. 3		
(i) Votes cast in favour of Resolution	19,716,889	99.96
(ii) Votes cast against Resolution	8,065	0.04
<b>Total Number of votes cast for Resolution No. 3</b>	<b>19,724,954</b>	<b>100.00</b>
E. Number of votes cast for Resolution No. 4		
(i) Votes cast in favour of Resolution	19,716,804	99.96
(ii) Votes cast against Resolution	7,555	0.04
<b>Total Number of votes cast for Resolution No. 4</b>	<b>19,724,359</b>	<b>100.00</b>
F. Number of votes cast for Resolution No. 5		
(i) Votes cast in favour of Resolution	19,717,269	99.96
(ii) Votes cast against Resolution	7,590	0.04
<b>Total Number of votes cast for Resolution No. 5</b>	<b>19,724,859</b>	<b>100.00</b>
G. Number of votes cast for Resolution No. 6		
(i) Votes cast in favour of Resolution	19,716,944	99.96
(ii) Votes cast against Resolution	8,020	0.04
<b>Total Number of votes cast for Resolution No. 6</b>	<b>19,724,964</b>	<b>100.00</b>

**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. 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 18, "Related Party Disclosures", Note 11 on Schedule 15 to the Annual Audited Accounts of the Company for the year ended 31st March 2011 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, Ministry of Corporate Affairs at Kolkata under section 297 of the Companies Act, 1956, has been obtained for financial year ended 31st March 2011.
- 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.
- Subsequent to elevation of Executive Director, Mr S K Bajoria as Chairman of the Company on and from 10th May 2010, the Board should have comprised of 50% of non-executive independent directors. However Mr D K Banerji, a Senior Advocate practicing in Hon'ble Supreme Court of India has been appointed as Additional Director of the Company on and from 25th May 2011 only.
- A Management Discussion and Analysis Report has been included as a part of the Directors' Report to the Shareholders for financial year ended 31st March 2011.
- 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 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.

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

- 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. These 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.
- The Board of Directors of the Company have received a Certificate from the Managing Director of the Company in compliance of Clause 49(V) of the Listing Agreement.
- The Company has issued and allotted 1,450,000 - 5% Non Cumulative Preference Shares of ₹ 100/- each on private placement basis on 3rd September 2010.
- The Company has adopted Whistle Blower Policy in Board Meeting of the Company held on 25th May 2011.
- 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 ₹ 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
D G Rajan	8,894
K S B Sanyal	350
K Dalmia	Nil
S Tateishi	Nil
O Matsuura	Nil
D K Banerji	Nil

### 6. Means of Communication

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

- The quarterly results of the Company are announced within 45 days of the completion of the quarter and audited annual results are announced within 60 days of end of last quarter and Stock Exchanges are immediately intimated after the same is taken on record by the Board. Further coverage is given for the benefit of the shareholders and investors by publication of the financial results in the Business Standard/Business Line/Financial Express 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](http://www.ifglref.com), website of National Stock Exchange of India Limited i.e. [www.nse-india.com](http://www.nse-india.com), website of Bombay Stock Exchange Limited i.e. [www.bseindia.com](http://www.bseindia.com), and website of Corporate Filing and Dissemination System i.e. [www.corpfiling.co.in](http://www.corpfiling.co.in).
- Information relating to shareholding pattern, entire Annual Report of the Company and its subsidiaries and corporate announcements/press releases made by the Company are also uploaded on Company's website i.e. [www.ifglref.com](http://www.ifglref.com).

### 7. General Shareholder Information

#### AGM Details

<b>Date</b>	Friday, 26th August 2011
<b>Venue</b>	Company's Registered Office at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga 770 031, Dist. Sundergarh, Orissa.
<b>Time</b>	11AM
<b>Book Closure Dates</b>	Tuesday, 23rd August 2011 to Friday, 26th August 2011
<b>Dividend Payment Date</b>	On and after Wednesday, 31st August 2011

#### 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 within 45 days of the end of following 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.)****Listing on Stock Exchanges**

Name of the Stock Exchange	Address	Stock Code
National Stock Exchange of India Limited	'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 2011-2012 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 2011-2012 has been paid to NSDL and CDSL, the Depositories.

**Market Price Data**

Months	Bombay Stock Exchange Limited (BSE)			
	Market Price (₹) - High Price		Market Price (₹) - Low Price	
April 2010	70.50	30.04.10	55.00	01.04.10
May 2010	73.40	10.05.10	53.75	26.05.10
June 2010	56.80	03.06.10 18.06.10 21.06.10	51.00	11.06.10 14.06.10
July 2010	61.80	29.07.10	50.10	08.07.10
August 2010	58.80	02.08.10	46.10	30.08.10 31.08.10
September 2010	64.50	15.09.10	46.70	01.09.10
October 2010	61.00	07.10.10	51.00	29.10.10
November 2010	54.95	01.11.10	40.05	29.11.10
December 2010	46.00	03.12.10	38.80	09.12.10
January 2011	47.75	04.01.11	35.00	31.01.11
February 2011	37.95	04.02.11	28.30	10.02.11 11.02.11
March 2011	33.45	10.03.11	28.00	30.03.11

Months	National Stock Exchange of India Limited (NSE)			
	Market Price (₹) - High Price		Market Price (₹) - Low Price	
April 2010	70.50	30.04.10	55.20	01.04.10
May 2010	73.05	10.05.10	48.50	21.05.10
June 2010	57.90	18.06.10	50.70	08.06.10
July 2010	61.25	29.07.10	49.95	08.07.10
August 2010	58.70	02.08.10	45.50	30.08.10
September 2010	64.50	15.09.10	46.05	01.09.10
October 2010	61.00	07.10.10	50.50	29.10.10
November 2010	55.00	05.11.10	37.20	26.11.10
December 2010	46.40	06.12.10	35.00	13.12.10
January 2011	47.00	04.01.11	35.20	31.01.11
February 2011	40.00	02.02.11	28.10	10.02.11
March 2011	33.90	03.03.11	27.40	16.03.11

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

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 Private Limited 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.

### 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 Reconciliation of Share Capital 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 dematerialized form (held with NSDL and CDSL).

### Distribution of Equity Shareholding as on 31st March 2011

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	1,001,122	2.89
Foreign Institutional Investors	1	0.00	1,300	0.00
NRIs/Trusts/Clearing Member	163	0.78	179,490	0.52
Private Body Corporate	363	1.74	2,596,707	7.50
Individuals	20,310	97.37	6,155,649	17.79
<b>Total</b>	<b>20,859</b>	<b>100.00</b>	<b>34,610,472</b>	<b>100.00</b>

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

Number of Shares	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Upto 500	19,065	91.40	2,702,294	7.81
501 to 1000	896	4.30	750,861	2.17
1001 to 2000	440	2.11	679,873	1.96
2001 to 3000	168	0.80	434,749	1.25
3001 to 4000	87	0.42	311,943	0.90
4001 to 5000	56	0.27	265,452	0.77
5001 to 10000	76	0.36	559,871	1.62
10001 and above	71	0.34	28,905,429	83.52
<b>Total</b>	<b>20,859</b>	<b>100.00</b>	<b>34,610,472</b>	<b>100.00</b>

**ANNEXURE 'A' TO DIRECTORS' REPORT - REPORT ON CORPORATE GOVERNANCE (Contd.)****Dematerialisation of Shares and Liquidity**

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

As on 31st March 2011, 79.51% of your Company's Equity Shares representing 27,518,431 Equity Shares were held in dematerialised mode and the balance 20.49 % representing 7,092,041 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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**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*
2003 - 2004	02.08.2004	01.10.2011
2004 - 2005	02.08.2005	01.10.2012
2005 - 2006	29.08.2006	28.10.2013
2006 - 2007	24.08.2007	23.10.2014
2007 - 2008	22.08.2008	21.10.2015
2009 - 2010	31.07.2010	29.09.2017

\* 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 2003-2004, it will not be possible to entertain claims received by the Company after Thursday, 1st September 2011.

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

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. However, Auditors have inserted emphasis of matter paragraph in their Audit Report regarding remuneration paid to the Chairman and Managing Director in excess of the limits laid down in the Companies Act, 1956 aggregating ₹ 86.94 lacs awaiting approval of the Central Government.

**Other Items**

The Company has adopted **Whistle Blower Policy** in Board Meeting of the Company held on 25th May 2011. Other Non Mandatory requirements such as **Shareholder Rights; Training of Board Members and Mechanism for evaluating** performance of non-executive Board Members 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 2011**

### A. Conservation of Energy

- a) Energy conservation measures taken :
1. Replaced and/or modified Dust Collector Systems, Hammer Mills and other equipments/appliances wherever necessary.
  2. Adopted energy efficient technologies and installed equipments.
  3. Avoided energy leakages by regular preventive checks.
  4. Installed stabilizers, capacitors and other energy saving devices.
- 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/appliances.
- 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 2010-2011. FOB value of exports effected has been ₹ 568.53 Millions compared to ₹ 474.07 Millions for immediately preceding financial year 2009-2010. Your Company for eighth consecutive year have received CAPEXIL Award in recognition of exports for financial year 2009-2010.

- g) Total foreign exchange used and earned (₹ in Millions)

<b>1. Foreign Exchange Outgo</b>	
(i) CIF Value of Imports of Raw Materials, Stores and Spares, Trading goods and Capital goods	572.36
(ii) Others	103.13
<b>2. Foreign Exchange Earnings</b>	
FOB Value of Exports	568.53

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

	<b>Year ended 31st March 2011</b>	<b>Year ended 31st March 2010</b>
<b>A. Power &amp; Fuel Consumption</b>		
<b>1. Electricity</b>		
a) Purchased		
Units (KWH)	<b>4,873,276</b>	3,827,773
Total Amount (₹ in Millions)	<b>22.81</b>	14.84
Rate/Unit (₹)	<b>4.68</b>	3.88
b) Own Generation		
i) Through Diesel Generator		
Units (KWH)	<b>557,539</b>	570,936
Units per Ltr of Diesel Oil	<b>2.47</b>	2.22
Cost/Unit (₹)	<b>15.85</b>	15.71
ii) Through Steam Turbine/Generator		
Units (KWH)	<b>Nil</b>	Nil
Units per Ltr of Fuel Oil/Gas	<b>Nil</b>	Nil
Cost/Unit (₹)	<b>Nil</b>	Nil
<b>2. Coal (Specify quality and where used)</b>		
Quantity	<b>Nil</b>	Nil
Total Cost	<b>Nil</b>	Nil
Average Rate	<b>Nil</b>	Nil
<b>3. LDO</b>		
Quantity (Kilo Ltr)	<b>Nil</b>	1.62
Total Cost (₹ in Millions)	<b>Nil</b>	0.08
Average Rate (₹/Ltr)	<b>Nil</b>	46.51
<b>4. LPG</b>		
Quantity (MT)	<b>2,013.15</b>	1,636.98
Total Cost (₹ in Millions)	<b>93.82</b>	66.50
Average Rate (₹/MT)	<b>46,603.14</b>	40,622.96
<b>5. Others/Internal generation</b>		
Quantity	<b>Nil</b>	Nil
Total Cost	<b>Nil</b>	Nil
Rate/Unit	<b>Nil</b>	Nil
<b>B. Consumption per unit of production</b>		
a) Products-Refractories		
Electricity (KWH/Pc)	<b>7.99</b>	7.19
LDO (Ltrs/Pc)	<b>0.00</b>	0.00
Coal	<b>Nil</b>	Nil
LPG (Kgs/Pc)	<b>2.95</b>	3.08
HSD (Ltrs/Pc)	<b>0.37</b>	0.53

## **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.
  - D. a) Technology Imported - Know-how for design, manufacturing and application of Round Hole Pressed Filters, Siebkerne, Silicon Carbide Chill Plates and other refractory products mainly used in Foundries.
    - b) Year of Import - Financial year 2009-2010
    - 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.