

Annexure 'A' to Directors' Report

Corporate Governance Report for Financial Year 2004-05

1. Your Company's philosophy is to continue to enhance customers' satisfaction and stakeholders' value by practising principles of good Corporate Governance.

The Report on compliance of the 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 their 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 Boards of other Public Limited Companies incorporated in India	Total Number of Committee (d) 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
Mr B P Bajoria	Non-executive	4	1	2
Mr S K Bajoria	Executive	3	–	–
Mr P Bajoria	Executive	2	–	–
Mr Kunal Dalmia	Non-executive	1	–	–
Mr M Kusakabe (c)	Non-executive	–	–	–
Mr T Ohashi (b)	Non-executive	–	–	–
Mr D G Rajan	Non-executive (a)	1	2	–
Prof A N Sadhu	Non-executive (a)	2	–	–
Mr K S B Sanyal	Non-executive (a)	3	3	2

(a) Also Independent.

(b) A senior executive of NN Chemical Corporation, Japan.

(c) A senior executive of Krosaki Harima Corporation, Japan, being Technical Collaborator and one of the Promoters of your Company.

(d) Only 3 (three) Committees viz. Audit Committee, Shareholders Grievance Committee and Remuneration Committee are considered.

None of the Non-executive Independent Directors has any pecuniary relationship and/or transaction with your Company. Non-executive Directors are paid Sitting Fees (as indicated in para 4 below) within the limit prescribed under the Companies Act, 1956 and/or reimbursed expenses at actuals only, 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, 2005, meeting of the Board of Directors was held 4 (four) times i.e. on 4th May, 2004, 29th July, 2004, 29th October, 2004 and 17th January, 2005. The gap between two meetings never exceeded four months.

Director	Number of Board Meetings		Attended Last AGM held on 2nd August, 2004
	Held	Attended	
Mr B P Bajoria	4	4	No
Mr S K Bajoria	4	4	No (e)
Mr P Bajoria	4	4	Yes
Mr M Kusakabe	4	–	No
Mr T Ohashi	4	–	No
Mr D G Rajan	4	4	No
Prof A N Sadhu	4	4	No
Mr K S B Sanyal	4	4	Yes
Mr Kunal Dalmia	4	–	No

(e) Mr S K Bajoria was out of the country on business.

Annexure 'A' to Directors' Report

Report on Corporate Governance (Contd.)

3. 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.

Mr K S B Sanyal, Chairman
Mr 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 amended Listing Agreement.

During the financial year ended on 31st March, 2005, meeting of the Audit Committee were held on 4th May, 2004, 29th July, 2004, 29th October, 2004 and 17th January, 2005, which were attended by all the above members and 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, half yearly and 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.

4. Remuneration Committee

The role of the 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.

During financial year ended on 31st March, 2005, a meeting of the Committee was held on Tuesday, 4th May, 2004. Said meeting was attended by all the following Non-executive Independent Directors, who comprises the said Committee.

Prof A N Sadhu, Chairman
Mr D G Rajan, Member
Mr K S B Sanyal, Member

Appointment of the Executive Directors for year ended on 31st March, 2005 is in accordance with the terms and conditions specified in their contracts, which were approved by the Board of Directors and the shareholders of the Company. Remuneration includes salary, allowances, perquisites, commission, contribution to Provident Fund, Gratuity Fund and Superannuation Fund. Details of remuneration paid/payable to the Executive Directors and Non-executive Directors for financial year 2004-2005 are as follows :

Name of the Director	Salary and other benefits (Rs.)				Sitting Fees (Rs.)	
	Salary	Commission	Contribution to Provident and other Funds	Other Perquisites	Board Meetings	Committee Meetings
Mr B P Bajoria	–	–	–	–	35,000/-	–
Mr S K Bajoria	30,00,000/-	20,05,433/-	12,47,402/-	27,231/-	–	–
Mr P Bajoria	12,00,000/-	–	5,37,025/-	1,78,755/-	–	–
Mr M Kusakabe	–	–	–	–	–	–
Mr T Ohashi	–	–	–	–	–	–
Mr D G Rajan	–	–	–	–	35,000/-	35,000/-
Prof A N Sadhu	–	–	–	–	*	*
Mr K S B Sanyal	–	–	–	–	35,000/-	65,000/-
Mr Kunal Dalmia	–	–	–	–	–	–

* Waived

Annexure 'A' to Directors' Report

Report on Corporate Governance (Contd.)

Appointment of the Managing Director, Mr S K Bajoria was valid upto 31st March, 2005. Appointment of Mr P Bajoria, Director and Chief Executive was superseded by a new contract. Based on recommendation made by the Remuneration Committee, the Board of Directors have appointed both of them as Managing Director and Director & Chief Executive respectively of the Company on and from 1st April, 2005 for a period of five years, subject to approval of the shareholders in the ensuing Annual General Meeting. Particulars of remuneration agreed to be paid and other terms and conditions applicable to their appointments are given in detail in the Notice relating to ensuing Annual General Meeting of the shareholders.

5. Shareholders/Investors Grievance Committee

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

Mr K S B Sanyal, Chairman
 Mr S K Bajoria, Member
 Mr P Bajoria, Member

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

During the financial year ended on 31st March, 2005, 15 (fifteen) meetings of the Committee were held and gap between two meetings never exceeded 30 (thirty) days.

Role of the Committee include redressal of shareholders' complaints relating to transfer of shares, exchange of share certificates, non-receipt of balance sheet, non-receipt of declared dividends, etc.

To expedite the process of share transfer and in order to comply with the Clause 49 IV(G)(iv) of the amended Listing Agreement, the Board of Directors in their meeting held on 17th January, 2005 have authorised the Committee to delegate its power of share transfer formalities to the Company Secretary. Accordingly, the Committee delegated said power to the Company Secretary on and from 7th February, 2005, subject to the conditions that he would attend to such formalities at least once in a fortnight and transfers approved by him would be got ratified at the immediately succeeding meeting of the Committee.

Number of complaints received and solved during the financial year ended on 31st March, 2005 and pending as on that date were as follows :

Number of Shareholder Complaints received during the year.	699
Number not solved to the satisfaction of the Shareholders till 31st March, 2005.	Nil
Number of pending Share Transfers as at 31st March, 2005.	Nil

6. General Body Meetings

Location and time, where last three AGMs held

Financial Year	Date	Time	Place
2001 – 2002	15th July, 2002	10 AM	Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa.
2002 – 2003	29th July, 2003	11 AM	- do -
2003 – 2004	2nd August, 2004	11 AM	- do -

Special Resolutions passed at the last 3 (three) AGMs

Financial Year	Items
2001 – 2002	For re-appointment of Mr S K Bajoria as the Managing Director of the Company for a period of 3 years ending on 31st March, 2005.
2002 – 2003	(i) For voluntary delisting of the Company's securities from the Stock Exchanges at Ahmedabad, Bhubaneshwar, Calcutta and New Delhi.
	(ii) For increasing the remuneration payable to the Managing Director, Mr S K Bajoria, on and from Tuesday, 1st April, 2003.
2003 – 2004	None

No resolution was passed through Postal Ballot nor any proposed at the ensuing Annual General Meeting.

Resume and other information of the Directors proposed to be 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 amended Listing Agreement.

Annexure 'A' to Directors' Report

Report on Corporate Governance (Contd.)

7. Disclosures

- 1 There are no materially significant related party transactions, i.e. transactions of the Company of material nature with its promoters, directors or the management or relatives etc. that may have potential conflict with the interests of the Company at large.
- 1 For the list of disclosures of related party relationship and transactions as per Accounting Standard AS-18, "Related Party Disclosures", Note 13 on Schedule 15 to the Annual Audited Accounts of the Company for the year ended 31st March, 2005 may be referred to.
- 1 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 happen to hold directorship) as per the latter's requirements from time to time at prices, the terms of which were negotiated and mutually agreed. Necessary permission in this regard under Section 297 of the Companies Act, 1956 has been sought from Regional Director, Eastern Region, Department of Company Affairs at Kolkata.
- 1 No strictures were imposed on the Company by any regulatory authority on any matter related to capital markets during the last three years.
- 1 A Code of Conduct for the Board of Directors and Senior Management Personnel was adopted by your Board of Directors in their meeting held on Monday, 17th January, 2005. A copy of the same has already been posted on your Company's website www.ifglref.com. All the members of the Board and Senior Management Personnel have confirmed, in writing, compliance of said Code.
- 1 The Company does not have any subsidiary.

8. Means of Communication

In compliance with the requirements of the Listing Agreements, the Company regularly intimates unaudited as well as audited financial results to the Stock Exchanges immediately after they are 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 and 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 and also EDIFAR website www.sebiedifar.nic.in.

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, 2005.

9. General Shareholder Information

AGM : Date, time and venue

Ensuing Annual General Meeting will be held on Tuesday, 2nd August, 2005 at 11 AM at the Company's Registered Office at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga – 770 031, Dist. Sundergarh, Orissa.

Date of Book Closure

From Wednesday, 27th July, 2005 to Tuesday, 2nd August, 2005, both days inclusive.

Dividend payment date

Dividend, if declared, at the ensuing Annual General Meeting will be paid on and after Monday, 8th August, 2005.

Financial Calendar

Financial Reporting of the Audited Results for the year ended 31.03.2005	Mid April 2005
Mailing of Annual Reports : 2004-2005	June/July 2005
Financial Reporting of the unaudited quarterly results for the quarter ending 30.06.2005	End July 2005
Limited Review Report for the quarter ending 30.06.2005	End July 2005
Financial Reporting of the unaudited quarterly/half yearly results for the quarter ending/half year ending 30.09.2005	End October 2005
Limited Review Report for the half year ending 30.09.2005	End October 2005
Financial Reporting of the unaudited quarterly results for the quarter ending 31.12.2005	End January 2006
Limited Review Report for the quarter ending 31.12.2005	End January 2006
Financial Reporting of the Audited Results for the year ending 31.03.2006	Mid April 2006

Annexure 'A' to Directors' Report
Report on Corporate Governance (Contd.)
Listing on Stock Exchanges

Name of the Stock Exchange	Address	Stock Code
The National Stock Exchange Association Ltd.	'Exchange Plaza', Bandra-Kurla Complex Bandra(E), Mumbai - 400 051	IFGLREFRAC(EQ)
The Stock Exchange, Mumbai	Phiroze Jeejeeboy Tower Dalal Street, Mumbai - 400 001	532133
Bhubaneswar Stock Exchange	6th Floor, IDCO Towers, Janpath Bhubaneshwar - 751 022	N.A.
The Calcutta Stock Exchange Association Ltd.	7, Lyons Range, Kolkata - 700 001	19027

Applications for delisting of Equity Shares of the Company continue to remain pending with Bhubaneswar Stock Exchange and The Calcutta Stock Exchange Association Ltd.

The International Security Identification Number (ISIN) of the Company is INE023B01012.

Market Price Data	The Stock Exchange, Mumbai (BSE)				
	Months	Market Price (Rs.) – High Price		Market Price (Rs.) – Low Price	
April 2004	19.50	29.04.04	14.60	01.04.04	
May 2004	19.40	05.05.04	15.35	17.05.04	
June 2004	16.50	01.06.04 03.06.04 10.06.04 16.06.04	14.65	17.06.04	
July 2004	18.50	21.07.04	15.20	06.07.04	
August 2004	18.80	25.08.04	15.05	17.08.04	
September 2004	29.00	24.09.04	17.80	03.09.04	
October 2004	27.30	07.10.04	21.20	19.10.04	
November 2004	30.40	30.11.04	23.00	01.11.04	
December 2004	35.10	27.12.04	25.65	01.12.04	
January 2005	33.45	04.01.05	25.80	20.01.05	
February 2005	34.45	09.02.05	28.55	18.02.05	
March 2005	35.25	17.03.05 31.03.05	28.65	29.03.05	

Market Price Data	National Stock Exchange of India (NSE)				
	Months	Market Price (Rs.) – High Price		Market Price (Rs.) – Low Price	
April 2004	19.75	28.04.04	14.80	01.04.04	
May 2004	19.60	06.05.04	15.05	18.05.04	
June 2004	16.70	01.06.04	14.05	29.06.04	
July 2004	18.75	21.07.04	15.30	01.07.04 23.07.04 28.07.04	
August 2004	19.40	26.08.04	15.05	09.08.04	
September 2004	29.05	24.09.04	17.70	06.09.04	
October 2004	27.20	07.10.04	21.00	19.10.04	
November 2004	30.25	25.11.04	23.00	01.11.04	
December 2004	34.50	27.12.04	25.00	06.12.04	
January 2005	33.80	04.01.05	26.00	20.01.05	
February 2005	34.25	09.02.05	28.90	25.02.05	
March 2005	36.00	31.03.05	28.00	30.03.05	

Equity Shares of the Company are regularly traded on the Mumbai Stock Exchange and The National Stock Exchange. Market price however does not fluctuate with increase or decrease in the SENSEX/NIFTY.

Annexure 'A' to Directors' Report

Report on Corporate Governance (Contd.)

Registrar and Share Transfer Agent

Maheshwari Datamatics Pvt. Ltd. of 6, Mangoe Lane (Surendra Mohan Ghosh Sarani), 2nd Floor, Kolkata - 700 001 is presently Registrars 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 the Company Secretary, Mr R Agarwal at 3, Netaji Subhas Road, Kolkata - 700 001, Email : ragarwal@bajoria.com.

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.

Distribution of shareholding as on 31st March, 2005

Category	Number of Shares	% of Shares
Promoter's Holding (including foreign promoters and persons acting in concert)	25321478	73.17
Non Promoter's Holding		
a) Mutual Funds & UTI	828169	2.39
b) Banks, FIs and Insurance Company	516490	1.49
c) FIs	3400	0.01
d) Others		
i) Private Corporate Bodies	961700	2.78
ii) Indian Public	6902955	19.94
iii) NRIs / OCBs	76280	0.22
Total	34610472	100.00

Number of Shares	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Upto 500	22426	92.66	3224193	9.32
501 to 1000	883	3.65	759715	2.19
1001 to 2000	396	1.64	632053	1.83
2001 to 3000	193	0.80	505458	1.46
3001 to 4000	73	0.30	267310	0.77
4001 to 5000	66	0.27	317689	0.92
5001 to 10000	86	0.35	638111	1.84
10001 and above	79	0.33	28265943	81.67
Total	24202	100.00	34610472	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 CSDL if equity shares are desired to be held in electronic mode.

As on 31st March, 2005, 75.65% of your Company's Equity Shares representing 261,83,893 Equity Shares were held in dematerialised mode and the balance 24.35% representing 84,26,579 Equity Shares were held in physical mode.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.	Not Applicable
---	----------------

Addresses for correspondence

Registered Office & Works	Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031 (Near Rourkela), Dist. Sundergarh, Orissa
Head & Corporate Office	McLeod House, 3, Netaji Subhas Road, Kolkata - 700 001 Phone (033) 2248 2411, Fax (033) 2243 0886, Email : ifgl@bajoria.com

**Auditors' Certificate on compliance of conditions of Corporate Governance
as stipulated in Clause 49 of the Listing Agreement**

**To the Members of
IFGL Refractories Limited**

We have reviewed the compliance of conditions of Corporate Governance by IFGL Refractories Limited for the year ended 31st March, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

As at 31st March, 2005 no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges have been complied with in all material respect by the Company.

Kolkata, 14th April, 2005

S K Deb
Partner
Membership Number-13390
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Disclaimer :

The information furnished above is certified by IFGL Refractories Limited to be true, fair and accurate (except in respect of errors in or omissions from documents filed electronically that result solely from electronic transmission errors beyond our control and in respect of which we take corrective action as soon as it is reasonably practicable after becoming aware of the error or the omission). SEBI, the Stock Exchanges or the NIC do not take any responsibility for the accuracy, validity, consistency and integrity of the data entered and updated by it.

Rajesh Agarwal, Company Secretary , IFGL Refractories Limited.