

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 Report on compliance of conditions of 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 (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 (a)	Non-executive	4	1	2
Mr S K Bajoria (a)	Executive	2	–	–
Mr P Bajoria (a)	Executive	2	–	–
Mr Kunal Dalmia	Non-executive	1	–	–
Mr M Kusakabe (b)	Non-executive	–	–	–
Mr T Yazawa	Non-executive	–	–	–
Mr D G Rajan	Non-executive (c)	3	2	1
Prof A N Sadhu	Non-executive (c)	3	1	–
Mr K S B Sanyal	Non-executive (c)	5	1	3

(a) Also Promoter.

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

(c) Also Independent.

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

None of the Non-executive Directors have any pecuniary relationship and/or transaction with your Company other than payment of Sitting Fees (as indicated in paragraph 4 below) within the limit prescribed under the Companies Act, 1956, and/or reimbursement of 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 2007, meeting of the Board of Directors was held 4 (four) times i.e. on 15th May 2006, 28th July 2006, 31st October 2006 and 29th January 2007. The gap between two meetings never exceeded four months.

Director	Number of Board Meetings		Attended Last AGM held on 29th August 2006
	Held	Attended	
Mr B P Bajoria	4	4	No
Mr S K Bajoria	4	3	No
Mr P Bajoria	4	4	No
Mr M Kusakabe	4	2	No
Mr T Yazawa	4	–	No
Mr D G Rajan	4	3	No
Prof A N Sadhu	4	4	No
Mr K S B Sanyal	4	4	Yes
Mr Kunal Dalmia	4	–	No

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.

Name of Directors	Position
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 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 2007, meetings of the Audit Committee were held on 15th May 2006, 28th July 2006, 31st October 2006 and 29th January 2007, which were attended by all the above members except that meeting held on 31st October 2006, which could not be 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 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 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
Mr D G Rajan	Member
Mr K S B Sanyal	Member

During financial year ended on 31st March 2007, meeting of the Committee were held on 15th May 2006 and 31st October 2006. While meeting of the Committee held on 15th May 2006 was attended by all the members, meeting held on 31st October 2006 could not be attended by Mr D G Rajan.

Details of remuneration paid/payable to the Executive Directors and Non-executive Directors for financial year 2006-2007 are as follows :

Name of the Director	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
Mr B P Bajoria	–	–	–	–	40,000/-	–
Mr S K Bajoria (e)	60,00,000/-	27,37,000/-	18,80,000/-	39,032/-	–	–
Mr P Bajoria (e)	57,60,000/-	27,37,000/-	15,14,000/-	1,66,683/-	–	–
Mr M Kusakabe	–	–	–	–	20,000/-	–
Mr T Yazawa	–	–	–	–	–	–
Mr D G Rajan	–	–	–	–	30,000/-	35,000/-
Prof A N Sadhu *	–	–	–	–	–	–
Mr K S B Sanyal	–	–	–	–	40,000/-	76,000/-
Mr Kunal Dalmia	–	–	–	–	–	–

* Waived

- (e) i) Service Contract - 5 years (from 1st April 2005 to 31st March 2010).
 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.

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5. Shareholders/Investors Grievance Committee

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

Name of Directors	Position
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 2007, 13 (thirteen) meetings of the Committee were held and gap between two meetings generally did not exceed 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.

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 2006-2007, Mr R Agarwal generally 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 2006	1
Number of complaints received during the year	511
Number of complaints redressed during the year	504
Number of complaints pending as on 31st March 2007	8*

* Since resolved

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 of Equity Shares, issuance of Duplicate Share Certificates and non receipt of Dividend Warrants.

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

Financial Year	Date	Time	Place
2003 - 2004	Monday, 2nd August 2004	11 AM	Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa.
2004 - 2005	Tuesday, 2nd August 2005	11 AM	- do -
2005 - 2006	Tuesday, 29th August 2006	11 AM	- do -

Special Resolutions passed at the last 3 (three) AGMs

Financial Year	Items
2003 - 2004	None
2004 - 2005	(i) Re-appointment of Mr S K Bajoria as the Managing Director of the Company with effect from Friday, 1st April 2005. (ii) Re-appointment of Mr P Bajoria as the Director & Chief Executive of the Company with effect from 1st April 2005.
2005 - 2006	None

No resolution was passed through Postal Ballot last year 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 Listing Agreement.

7. 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 preparation of 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 12 on Schedule 15 to the Annual Audited Accounts of the Company for the year ended 31st March 2007 may be referred to.

■ The Company, during the financial year under review, continued to supply Refractories (of unique/special nature)

Annexure 'A' to Directors' Report - Report on Corporate Governance (Contd.)

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, the terms of which were negotiated and mutually agreed. Necessary permission in this regard from the Regional Director, Eastern Region, Department of Company Affairs at Kolkata under Section 297 of the Companies Act, 1956, has been obtained for financial year ended on 31st March 2007.

- 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 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 has laid down procedures to inform the Board Members about the risk assessment and minimization 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 Director & Chief Executive 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 the Director	Number of shares held
Prof A N Sadhu	850
Mr B P Bajoria	Nil
Mr D G Rajan	8,190
Mr K S B Sanyal	350
Mr Kunal Dalmia	Nil
Mr M Kusakabe	Nil
Mr T Yazawa	Nil

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, 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 EDIFAR website i.e. www.sebidifar.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 2007.

9. General Shareholder Information
AGM : Date, Time and Venue

- Ensuing Annual General Meeting will be held on Friday, 24th August 2007 at 11 AM at the Company's Registered Office at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa.

Financial Year

- 1st April to 31st March.

Date of Book Closure

- From Tuesday, 21st August 2007 to Friday, 24th August 2007, both days inclusive.

Dividend payment date

- Your Directors have recommended payment of Dividend at the rate of 17.5% i.e. Rs. 1.75 per Equity Share for financial year ended on 31st March 2007.

Said Dividend, if declared, at the ensuing Annual General Meeting will be paid on and after Wednesday, 29th August 2007.

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

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 2006	95.50	10.04.06	83.00	21.04.06
May 2006	96.00	02.05.06	67.50	31.05.06
June 2006	73.00	01.06.06 02.06.06	51.50	15.06.06
July 2006	62.00	03.07.06	48.00	24.07.06
August 2006	66.75	23.08.06	59.05	02.08.06
September 2006	70.00	28.09.06	60.00	06.09.06
October 2006	84.00	18.10.06	65.50	12.10.06
November 2006	76.30	30.11.06	66.00	24.11.06
December 2006	86.70	06.12.06	71.10	18.12.06
January 2007	90.90	29.01.07	71.55	03.01.07
February 2007	90.00	23.02.07	76.15	14.02.07
March 2007	87.00	15.03.07	65.50	26.03.07

Months	National Stock Exchange of India Limited (NSE)			
	Market Price (Rs.) - High Price		Market Price (Rs.) - Low Price	
April 2006	94.95	10.04.06	78.75	29.04.06
May 2006	92.00	16.05.06	68.35	31.05.06
June 2006	72.30	01.06.06	50.10	16.06.06
July 2006	61.90	03.07.06	47.50	24.07.06
August 2006	66.00	16.08.06 21.08.06	58.10	02.08.06
September 2006	71.50	28.09.06	59.20	06.09.06
October 2006	84.00	18.10.06	65.50	03.10.06
November 2006	78.00	30.11.06	67.00	17.11.06
December 2006	86.60	06.12.06	69.30	21.12.06
January 2007	90.70	29.01.07	70.30	10.01.07
February 2007	88.40	05.02.07	75.30	14.02.07
March 2007	86.00	15.03.07	63.35	29.03.07

Equity Shares of the Company are regularly traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. 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 No. : +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, 22480482, 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.

Annexure 'A' to Directors' Report - Report on Corporate Governance (Contd.)
Distribution of shareholding as on 31st March 2007

Category	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Promoter's Holding	8	0.04	2,46,76,204	71.30
Financial Institutions/Banks/Mutual Funds/UTI	18	0.10	49,63,244	14.34
Foreign Institutional Investors	1	0.00	2,300	0.00
NRIs/OCBs	37	0.21	83,067	0.24
Private Bodies Corporate	236	1.33	7,88,109	2.28
Individuals	17,499	98.32	40,97,548	11.84
Total	17,799	100.00	3,46,10,472	100.00

Number of Shares	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Upto 500	16,906	94.99	22,68,418	6.55
501 to 1000	459	2.58	3,86,963	1.12
1001 to 2000	198	1.11	3,03,619	0.88
2001 to 3000	88	0.49	2,29,678	0.66
3001 to 4000	37	0.21	1,37,026	0.40
4001 to 5000	20	0.11	94,763	0.27
5001 to 10000	40	0.22	2,95,836	0.85
10001 and above	51	0.29	3,08,94,169	89.27
Total	17,799	100.00	3,46,10,472	100.00

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 2007, 78.22% of your Company's Equity Shares representing 2,70,71,719 Equity Shares were held in dematerialised mode and the balance 21.78% representing 75,38,753 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, 22480482 E-mail : ifgl@bajoria.in and investorcomplaints@bajoria.in

10. 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 4 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.

Declaration for Compliance of Clause 49 I (D)(ii)

I, Pradeep Bajoria, son of Mr A L Bajoria, aged about 47 years, residing at 4/1, Alipore Park Road, Kolkata - 700 027 and presently Director & Chief Executive of IFGL Refractories Ltd. (the Company), do hereby declare that all members of the Board of the Directors and Senior Management Personnel of the Company have affirmed compliance of its Code of Conduct for financial year ended 31st March 2007 and the same has been duly noted by the Company's Board in their meeting held on Thursday, 10th May 2007.

Kolkata
10th May 2007

P Bajoria
Director & Chief Executive

Auditors' Certificate regarding compliance of conditions of Corporate Governance

**To the Members of
IFGL Refractories Limited**

We have examined the compliance of conditions of Corporate Governance by IFGL Refractories Limited, for the year ended 31st March 2007, as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We 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.

Kolkata
10th May 2007

P Law
Partner
Membership Number - 51790
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants