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BOARD OF DIRECTORS

B P BAJORIA
K DALMIA
M KUSAKABE
D G RAJAN
A N SADHU
K S B SANYAL
T YAZAWA
S K BAJORIA, *Managing Director*
P BAJORIA, *Director & Chief Executive*

COMPANY SECRETARY

R AGARWAL

BANKER

STATE BANK OF INDIA

AUDITORS

PRICE WATERHOUSE
Chartered Accountants

HEAD & CORPORATE OFFICE

McLEOD HOUSE
3, NETAJI SUBHAS ROAD
KOLKATA - 700 001
PHONE : +91 33 22482411, FAX : +91 33 22430886
EMAIL : ifgl@bajoria.in
WEBSITE : www.bajoria.in

REGISTERED OFFICE & WORKS

SECTOR 'B'
KALUNGA INDUSTRIAL ESTATE
PO : KALUNGA - 770 031
DIST : SUNDERGARH (ORISSA)
PHONE : +91 661 2660195, FAX : +91 661 2660173
EMAIL : ifglworks@bajoria.in

OPERATING SUBSIDIARY COMPANIES

MONOCON INTERNATIONAL REFRACTORIES LTD, UK
MONO CERAMICS INC, USA
MONOTEC REFRACTORIOS LTDA, BRAZIL
TIANJIN MONOCON REFRACTORIES CO LTD, CHINA
MONOCON TAIWAN CO LTD, TAIWAN

REGISTRARS & SHARE TRANSFER AGENT

MAHESHWARI DATAMATICS PVT LTD
6, MANGOE LANE, 2ND FLOOR
KOLKATA - 700 001
PHONE : +91 33 22482248, FAX : +91 33 22484787
EMAIL : mdpl@cal.vsnl.net.in

Notice of Annual General Meeting

Notice is hereby given that Seventeenth Annual General Meeting of the Members of IFGL Refractories Limited will be held on Tuesday, 29th August, 2006 at 11 AM at the Registered Office situated at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga 770 031, Dist. Sundergarh, Orissa to transact the following business.

Ordinary Business

1. To receive, consider and adopt Profit and Loss Account for financial year ended 31st March, 2006 and Balance Sheet as on that date and Schedules and Notes forming part thereof and the Reports of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for financial year ended on 31st March, 2006.
3. To appoint a Director in place of Mr D G Rajan, who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Mr K S B Sanyal, who retires by rotation and being eligible, offer himself for re-appointment.
5. To appoint Statutory Auditors and to authorise the Board to fix their remuneration including terms of payment. The retiring Auditors, Messrs Price Waterhouse, Chartered Accountants, being eligible, offer themselves for re-appointment.

By Order of the Board
For IFGL Refractories Limited

R Agarwal
Company Secretary

Kolkata
15th May, 2006

NOTES :

1. **A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. Proxies in order to be effective, must be lodged with the Company not less than 48 (forty eight) hours before the commencement of the ensuing Annual General Meeting (AGM).**
2. Corporate Members are requested to send to the Company's Corporate and Head Office, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the AGM.
3. Brief profile of the Directors seeking re-appointment at the ensuing AGM is annexed hereto in compliance of Clause 49 of the Listing Agreement with Stock Exchanges.
4. The Register of Members and Share Transfer Register will remain closed from Wednesday, 23rd August, 2006 to Tuesday, 29th August, 2006 both days inclusive, in connection with ensuing AGM and Dividend proposed to be declared thereat.
5. If dividend, as recommended by the Board of Directors, is declared at the ensuing AGM, the payment, subject to provisions of Section 206A of the Companies Act, 1956, will be made on and after Monday, 4th September, 2006 to those shareholders whose names shall appear on the Company's Register of Members and who are notified as beneficiaries by the Depositories viz. National Securities Depository Ltd and Central Depository Services (India) Limited as on Tuesday, 29th August, 2006. **Dividend will be rounded off to nearest Rupee pursuant to provisions of Rule 23 of the Companies (Central Govt.'s) General Rules and Forms, 1956.**
6. In order to avoid the risk of loss/interception of Dividend Warrants in postal transit and/or fraudulent encashment of Dividend Warrants, Shareholders are advised to avail of ECS facility whereby the dividend will be directly credited electronically to their respective Bank Accounts. This will ensure speedier credit of dividend. You may use the enclosed '**ECS Mandate Form**' and forward necessary details to the **Company or its Registrars and Share Transfer Agent or Depository Participants**, as the case may be, to avail benefit from this service.
7. Pursuant to provisions of Section 205A, in force till 30th October, 1998, of the Companies Act, 1956, all unclaimed/unpaid dividends for the financial year ended 31st March, 1995 of erstwhile Indo Flogates Ltd have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period are requested to forward their claims in prescribed Form No. II of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to the Registrar of Companies, Orissa, at Chalachitra Bhawan, 2nd Floor, Buxi Bazar, Cuttack - 753 001.

Notice of Annual General Meeting (Contd.)

8. Consequent upon the introduction of Section 205C by the Companies (Amendment) Act, 1999, which came into effect from 31st October, 1998 and Notification dated 1st October, 2001 issued in respect of Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001, the amount of Dividend relating to financial year ended 31st March, 1998 remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of erstwhile Indo Flogates Ltd was transferred to the Investor Education and Protection Fund set up by the Government of India, on 9th September, 2005.

Shareholders who have not yet encashed their Dividend Warrant(s) for financial years ended 31st March, 2003, 31st March, 2004 and 31st March, 2005 issued by the Company are requested to make their claims to the Company accordingly, without any delay.

9. Equity Shares of the Company are available for dematerialisation both with the National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL).

Members holding shares in physical form are requested to notify/send the following to the Registrars and Share Transfer Agent of the Company to facilitate better service :

- i) Any change in their address/mandate/bank details.
- ii) Share Certificate(s), held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one account.

Members holding shares in Demat form are requested to give all instructions directly to their Depository Participants.

10. Members are requested to quote the Folio No. or Client ID and DP ID numbers in all communications with the Company.
11. Members can avail of the nomination facility, under Section 109A of the Companies Act, 1956, by submitting Form No. 2B of the Companies (Central Govt.'s) General Rules and Forms, 1956 with the Company. Blank forms will be supplied on request.
12. Listing Fees for the financial year 2006-2007 have been paid to Stock Exchanges. Presently Equity Shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
13. **Reduction and consolidation of Equity Share Capital of the Company was carried out in the year 1995. Members still holding old Share Certificates are requested to surrender the same and obtain fresh Certificates in lieu thereof.**
14. **Persons who have become members of the Company consequent upon amalgamation of Indo Flogates Ltd, are requested to surrender Certificates relating to their holding in said Company, to the Company's Registrars and Share Transfer Agent for despatch of new Certificates relating to their shareholding in the Company.**

Particulars relating to Directors seeking re-appointment pursuant to Clause 49(IV)(G)(i) of the Listing Agreement**Mr D G Rajan**

Mr D G Rajan, aged about 65 years, is a Fellow of the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of India. He was a Partner of Lovelock & Lewes, Chartered Accountants from 1967 and retired therefrom as a Senior Partner in 1990. He was also President of the Management Consultants Association of India and Chairman of the Southern Region of the Indian Paint Association. Presently, he is Advisor and Management Consultant to many domestic and international Groups. He is holding office both of Director and Member of Board Committees of Solvay Pharma India Limited apart from that of the Company.

Mr Rajan was appointed as a Director of the Company on Monday, 14th August, 2000 and since then uninterruptedly holding said office. Presently, he is holding both directly and indirectly, only 8,190 Equity Shares of Rs. 10/- each fully paid-up of the Company.

Mr K S B Sanyal

Mr K S B Sanyal, aged about 74 years, is a Masters in Arts (English), Companion of the British Institute of Management and Fellow of the Institute of Petroleum, London. He has been the National Special Advisor to UNDP in India. He was the Sheriff of Kolkata in the year 1986 and 1987, Chairman and Managing Director of the Andrew Yule & Co Ltd, President of the Bengal Chamber of Commerce and Industry, Chairman of the committee on Environment of the ASSOCHAM. Presently he is Director of several reputed Companies. He hold office both of Director and Member of Board Committees of following Companies apart from that of the Company.

Phillips Carbon Black Limited

Titagarh Industries Limited

Mr Sanyal was appointed as a Director of the Company way back on Wednesday, 27th November, 1991 and since then uninterruptedly holding said office. Presently, he is holding only 350 Equity Shares of Rs 10/- each fully paid-up of the Company.

Directors and Management Discussion and Analysis Report to the Shareholders of IFGL Refractories Limited

Your Directors are pleased to present the Seventeenth Annual Report together with Profit and Loss Account for financial year ended on 31st March, 2006 and Balance Sheet as on that date.

Financial Performance

Financial Performance of your Company for financial year ended on 31st March, 2006 has been satisfactory and as follows :

	(Rs. in Millions)	
Sales		1302.73
Income from Service Charge (Net)		1.04
Other Income		5.44
		1309.21
Less : Total Expenses	1019.69	
Interest	9.55	
		1029.24
Gross Profit after Interest but before Depreciation and Taxation		279.97
Less : Depreciation		41.13
Profit before Tax		238.84
Less : Provision for Current Tax		80.30
Profit after Current Tax and before Deferred Tax and Fringe Benefit Tax		158.54
Less : Provision for Deferred Tax		(0.07)
Less : Provision for Fringe Benefit Tax		3.70
Profit after Tax		154.91
Add : Profit brought forward from previous year		113.81
Profit available for appropriation		268.72

Total Income, Profit before Tax and Profit after Tax has increased by 14.97%, 24.30% and 29.61% respectively compared to that of previous year ended on 31st March, 2005.

Enhancement of customers satisfaction and stakeholders value

Your Company's philosophy is to enhance customers' satisfaction and value of all its stakeholders.

In continued pursuit of this philosophy, your Company, in September, 2005, acquired the Monocon Group (comprised of Companies named below) of UK through step down subsidiaries namely IFGL Worldwide Holdings Limited, Isle of Man and IFGL Monocon Holdings Limited, UK.

- Monocon International Refractories Limited, UK
- Monocon Refractories Limited, UK
- Monocon Overseas Limited, UK
- Mono Ceramics Inc, USA
- Tianjin Monocon Refractories Co Limited, China
- Monotec Refratarios Ltda, Brazil
- Monocon Taiwan Co Limited, Taiwan

Monocon Group is engaged in manufacture of following Products used by producers of Iron and Steel.

- Spraying Mass and Machine for Tundish Spraying
- Refractory Dart and Machine for BOF
- Monolithic lance for
 - i) Desulphurisation in iron making
 - ii) Secondary steel making applications
- Robot for Ladle Maintenance – Ladle Monocator
- Robot for Furnace Maintenance – Furnace Monocator
- Monolithics for EAF, Ladle and Tundish

Directors' and Management Discussion and Analysis Report (Contd.)

Operating facilities are located in the UK, USA, China, Brazil and Taiwan. MONOCON is an established brand in the Steel Industry for excellent product performance. Activities of Monocon Group are broadly complimentary and or similar to those of your Company and vice versa and thus are leading to various business synergies. With this acquisition as a Group we are able to provide a basket of eight products, instead of the earlier four, from six locations spread over four continents, to our customers. Combined Total Income and Profit before tax of the Monocon Companies for financial year is Rs. 16,556 lacs and Rs. 773 lacs respectively. However, since your Company acquired said Companies on and from 10th September, 2005 only, Total Income and Profit before tax of Rs. 10,049 lacs and Rs. 442 lacs respectively have only been added with that of your Company. While full financial impact of this business acquisition will be borne out in financial year 2006-2007, consolidated Total Income and Profit after tax of your Company for financial year 2005-2006 is Rs. 23,141 lacs and Rs. 1,860 lacs respectively. Consequently EPS for financial year 2005-06 on stand alone basis is Rs. 4.48 only whereas on consolidated basis the same is Rs. 5.37.

In terms of Accounting Standard 17 'Segment Reporting' issued by the Institute of Chartered Accountants of India following consolidated Segment information has been given for financial year 2005-06 only, being first year of consolidation.

	(Rs. in lacs)
Sales Revenue by Geographical Area	
India	5,621
Outside India	
Asia (excluding India)	3,337
Europe	6,360
Americas	4,957
Others	2,798
Capital employed by geographical location of assets	
India	7,265
Outside India	
Europe	3,256
Americas	2,055
Asia (excluding India)	544

Aforesaid acquisition of business and improved financial performance is aptly reflected in market capitalisation of Equity Shares of your Company in as much as market price per Equity Share of your Company in April, 2005 was around Rs. 43/- only whereas in March, 2006 the same was around Rs. 90/-, thus increased by more than 109%.

Dividend

Your Directors are pleased to recommend payment of Dividend at the rate of 17.5 % i.e. Rs. 1.75 per Equity Share for financial year 2005-2006, after transfer of Rs. 116.19 lacs to the General Reserve. Dividend recommended is higher by 16.67% i.e. Rs. 0.25 per Equity Share compared to Dividend of 15% i.e. Rs. 1.50 per Equity Share paid for financial year 2004-2005 and is subject to necessary approvals including approval of the shareholders at the ensuing Annual General Meeting.

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

The Indian Economy has continued to grow strongly during financial year 2005-2006. Growth has been fuelled by favourable demographics, rising consumption, increased infrastructure investments, strong private capital expenditure as well as exponential growth in outsourcing opportunities. This growth is reflected in robust performance of the corporate sector, various macro economic indicators and the move of the Indian Government towards full capital account convertibility. Recently, Standard and Poor Ratings Services (S&Ps) has also revised its outlook on India to positive from stable, which is a notch short of the investment grade. Your Directors believe that these drivers and/or indicators point towards continued strength in industrial and investment demand in India in the coming years.

Fortunes of your Company are directly linked with that of the Steel Industry. Buoyancy in the Steel Industry due to strong growth in demand particularly by the demand for Steel in China, is continuing. The International Iron and Steel Institute (IISI) in its forecast for 2006 has reconfirmed the increase in Steel usage, This is in line with general economic growth specially those of the BRIC countries, of which China and India have recorded the highest growth rate. All these have resulted in substantial increase in demand for Iron and Steel products specially in India. Thrust is also on production of high end quality of Steel at most competitive cost and in this regard, role of high quality Refractory manufacturers is becoming further vital and important.

Your Company has taken several proactive steps to continue playing the role of a prominent Refractory manufacturer to the Steel Industry both in India and abroad and thus derive full financial benefits from aforesaid market scenario. During financial year 2005-2006, a technical assistance agreement was entered into with Krosaki Harima Corporation of Japan for latest know how pertaining to refractory components of Alumina Graphite material and this is going to phenomenally help your Directors to achieve objectives slated for your Company for time to come.

Directors' and Management Discussion and Analysis Report (Contd.)

Your Company has also commenced regular production of Bio Ceramic products namely Orbital Implants and Dental Granules and have commenced marketing thereof to Hospitals directly and or through network of Dealers. Response received from customers in general is encouraging and to give further impetus to these Products, has also obtained ISO 9001:2000 Certification therefor.

Notwithstanding aforesaid optimistic scenario, there are concerns of a strong credit growth resulting in tightening of liquidity and increase in interest rate, hardening of crude prices, increased imports on account of oil and capital goods leading to current account deficit etc, which could act as impediments to rapid economic growth of India and turn out to be a dampener in short to medium term. Rise in interest rate is a negative for corporate profitability and credit demand. Your Directors are however of strong belief that increase in interest rate is not going to be significant enough to have any major impact on either corporate profitability or credit demand.

Voluntary delisting of Equity Shares

In accordance with resolution earlier passed at the General Meeting, your Company made applications to the Calcutta Stock Exchange Association Limited and the Bhubaneswar Stock Exchange for voluntary delisting of your Company's Equity Shares therefrom. Said Stock Exchanges have acceded to the request of your Company and delisted Company's Equity Shares from 5th July, 2005 and 29th March, 2006 respectively.

Corporate Governance/Internal Control System and their adequacy

Your Company believes that practising good Corporate Governance is an important step towards building investor confidence, improving investors' protection and maximising long term value of stakeholders. Terms of reference of the Audit Committee constituted by your Board of Directors include reviewing adequacy of your Company's Internal Control System and Internal Audit Function and in their opinion the same appears to be effective and commensurate with the size of operations of your Company. Efforts have however been made to strengthen such Internal Control System on an ongoing basis and in this regard, for minimising adverse effects of different types of risks your Company is prone to, framework for risk assessment, minimisation and control have been put in place by way of a Risk Management Manual and Risk Register. Your Directors are of the opinion that such framework is supplementary and complimentary to Systems for internal control as well as internal audit function. A detailed report on Corporate Governance compliance duly certified by the Company's Statutory Auditors forms part of this Report as Annexure 'A'.

Accounts of Subsidiary Companies

By an approval dated 25th April, 2006 under Section 212(8) of the Companies Act, 1956 (the Act), the Ministry of Company Affairs has exempted your Company from the provisions of Section 212(1) of the Act for financial year 2005-2006 for attachment of statements of accounts of its aforesaid subsidiaries to its accounts for said financial year. However, a statement having financial information of said subsidiary Companies forms part of the Annual Report. Shareholders of the Company desirous of having complete statement of accounts and related detailed information of said subsidiary companies, may send their request either to the Company's registered office or to head office. The statement of accounts and related detailed information shall be also kept for inspection at Head Offices of your Company and its subsidiary companies. These will also be available at your Company's website i.e. www.ifglref.com

Directors' Responsibility Statement

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

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

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

Directors' and Management Discussion and Analysis Report (Contd.)**Consolidated Financial Statements**

In accordance with Accounting Standard 21, Consolidated Financial Statements form part of this Annual Report. Consolidated Financial Statements have been prepared based on Financial Statement (including Consolidated) of immediate two levels of Subsidiary Companies i.e. IFGL Worldwide Holdings Limited and IFGL Monocon Holding 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-election for further period. Mr T Ohashi ceased to be a Director of your Company due to resignation on and from Monday, 24th October, 2005. In the casual vacancy so caused, Mr T Yazawa, Manager of Sojitz Chemical Corporation, Japan, was appointed as a Director of your Company on and from that date. Your Directors place on record sincere appreciation for invaluable contributions made by Mr Ohashi during his association with your Company as a Director and look forward to a long, cordial and fruitful association with Mr Yazawa.

Human Resources and Industrial Relations

Your Company believe that immediately after customers, human resource is its most important capital and the same need to be empowered in all possible ways for achieving objectives slated from time to time. In this regard, employees are subjected to periodical trainings for upliftment of their skills and familiarisation with latest techniques and practices, provided with most conducive working environment and always kept motivated by extending compensation packages and benefits most competitive in the Refractory Industry in India. Furthermore, during financial year 2005-2006 your Company's employees strength neither increased nor decreased substantially and Industrial Relations continued to remain cordial.

Particulars of remuneration paid in excess of limit specified for the purpose of Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, amended to date are given in Annexure 'B'.

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

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

Auditors' Report

The Auditors in their Report have referred to the Notes forming part of accounts, which are self explanatory.

Auditors

Messrs Price Waterhouse, Auditors will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

Acknowledgement

Your Directors sincerely appreciate continued support received from all concerned particularly from the shareholders, banks and all the employees.

On behalf of the Board of Directors

Kolkata, 15th May, 2006

S K Bajoria
Managing Director

P Bajoria
Director & Chief Executive

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

The Board of Directors elected Mr B P Bajoria, a Non-executive Director 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 Board of other Public Limited Companies incorporated in India	Total Number of Committee (e) Membership held in other Public Limited Companies [excluding Private Limited Companies, Foreign Companies and Companies of Section 25 of the Companies Act, 1956 (the Act)]	
			As Chairman	As Member
Mr B P Bajoria (a)	Non-executive	4	1	2
Mr S K Bajoria (a)	Executive	3	–	–
Mr P Bajoria (a)	Executive	2	–	–
Mr Kunal Dalmia	Non-executive	1	–	–
Mr M Kusakabe (b)	Non-executive	–	–	–
Mr T Yazawa (c)	Non-executive	–	–	–
Mr D G Rajan	Non-executive (d)	1	2	–
Prof A N Sadhu	Non-executive (d)	3	–	1
Mr K S B Sanyal	Non-executive (d)	5	1	3

(a) Also Promoter.

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

(c) Mr T Yazawa was appointed as a Casual Director effective 24th October, 2005. He is the Manager of Sojitz Chemical Corporation, Japan.

(d) Also Independent.

(e) Only 2 (two) Committees viz Audit Committee and Shareholders Grievance 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, 2006, meeting of the Board of Directors was held 7 (seven) times i.e. on 14th April, 2005, 12th July, 2005, 28th July, 2005, 1st September, 2005, 24th October, 2005, 25th January, 2006 and 24th February, 2006. The gap between two meetings never exceeded four months.

Director	Number of Board Meetings		Attended Last AGM held on 2nd August, 2005
	Held	Attended	
Mr B P Bajoria	7	7	No
Mr S K Bajoria	7	6	No (f)
Mr P Bajoria	7	7	Yes
Mr M Kusakabe	7	–	No
Mr T Ohashi (g)	7	–	No
Mr T Yazawa (h)	7	–	No
Mr D G Rajan	7	4	No
Prof A N Sadhu	7	6	No
Mr K S B Sanyal	7	7	Yes
Mr Kunal Dalmia	7	–	No

Annexure 'A' to Directors' Report

Report on Corporate Governance (Contd.)

- (f) Mr S K Bajoria was out of the country on business.
 (g) Ceased to be a Director, effective Monday, 24th October, 2005.
 (h) Appointed as a Casual Director, effective Monday, 24th October, 2005.

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 Section 292A of the Companies Act, 1956 and 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, 2006, meetings of the Audit Committee were held on 14th April, 2005, 28th July, 2005, 24th October, 2005 and 25th January, 2006, which were attended by all the above members except that meeting held on 28th July, 2005; 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 invited 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.

During financial year ended on 31st March, 2006, a meeting of the Committee was held on Thursday, 14th April, 2005. 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, 2006 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. Remuneration is not linked to individual performance. Details of remuneration paid/payable to the Executive Directors and Non-executive Directors for financial year 2005-2006 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	–	–	–	–	70,000/-	–
Mr S K Bajoria (i)	60,00,000/-	26,21,000/-	31,36,000/-	27,961/-	–	–
Mr P Bajoria (i)	57,60,000/-	26,21,000/-	26,97,000/-	1,22,393/-	–	–
Mr M Kusakabe	–	–	–	–	–	–
Mr T Ohashi	–	–	–	–	–	–
Mr T Yazawa	–	–	–	–	–	–
Mr D G Rajan	–	–	–	–	40,000/-	35,000/-
Prof A N Sadhu	–	–	–	–	–	–
Mr K S B Sanyal	–	–	–	–	70,000/-	69,000/-
Mr Kunal Dalmia	–	–	–	–	–	–

* Waived

The Company has no Stock Options.

(i) Appointment valid upto 31st March, 2010.

Annexure 'A' to Directors' Report

Report on Corporate Governance (Contd.)

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, 2006, 13 (thirteen) meetings of the Committee were held and gap between two meetings never exceeded 30 (thirty) days.

Role of the Committee include redressal of shareholders' 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 2005-2006, Mr R Agarwal attended to Share Transfer formalities on a fortnightly basis and same was ratified at the immediately succeeding meeting of the Committee.

Number of complaints received and solved during the financial year ended on 31st March, 2006 and pending as on that date were as follows :

Number of Shareholder Complaints received during the year.	832
Number not solved to the satisfaction of the Shareholders till 31st March, 2006.	One*
Number of pending Share Transfers as at 31st March, 2006.	Nil

* 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 held

Financial Year	Date	Time	Place
2002 – 2003	Tuesday, 29th July, 2003	11 AM	Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa.
2003 – 2004	Monday, 2nd August, 2004	11 AM	- do -
2004 – 2005	Tuesday, 2nd August, 2005	11 AM	- do -

Special Resolutions passed at the last 3 (three) AGMs

Financial Year	Items
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
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.

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

- 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 14 on Schedule 15 to the Annual Audited Accounts of the Company for the year ended 31st March, 2006 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 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 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, 2006.
- 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 hosted 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. The Company has also adopted a risk management framework in the meeting of the Audit Committee and Board of Directors held on 25th January, 2006.
- 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 Financial Officer (CFO) 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.
- Non Mandatory requirement to the extent of formation of Remuneration Committee, have been adopted.
- Particulars of Equity Shares of Rs 10/- each of the Company held by Non-executive Directors (both own and those held for/by 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.

Annexure 'A' to Directors' Report

Report on Corporate Governance (Contd.)

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.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, 2006.

9. General Shareholder Information

AGM : Date, time and venue

Ensuing Annual General Meeting will be held on Tuesday, 29th August, 2006 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, 23rd August, 2006 to Tuesday, 29th August, 2006, both days inclusive.

Dividend payment date

Your Directors have recommended payment of Dividend at the rate of 17.5% per Equity Share for financial year ended on 31st March, 2006.

Said Dividend, if declared, at the ensuing Annual General Meeting will be paid on and after Monday, 4th September, 2006.

Financial Calendar

Financial Reporting of the Audited Results for the year ended 31.03.2006	Mid May, 2006
Mailing of Annual Reports : 2005-2006	June/July, 2006
Financial Reporting of the unaudited Quarterly Results for the quarter ending 30.06.2006 Limited Review Report for the Quarter ending 30.06.2006	End July, 2006
Financial Reporting of the unaudited quarterly/half yearly results for the quarter ending / half year ending 30.09.2006 Limited Review Report for the half year ending 30.09.2006	End October, 2006
Financial Reporting of the unaudited quarterly results for the quarter ending 31.12.2006 Limited Review Report for the Quarter ending 31.12.2006	End January, 2007
Financial Reporting of the Audited Results for the year ending 31.03.2007	End April, 2007

Listing on Stock Exchanges

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

'The Calcutta Stock Exchange Association Ltd' and 'Bhubaneswar Stock Exchange' have acceded Company's request for voluntary delisting of its Equity Shares on and from 5th July, 2005 and 29th March, 2006 respectively.

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

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

Market Price Data	Bombay Stock Exchange Limited (BSE)				
	Months	Market Price (Rs.) – High Price		Market Price (Rs.) – Low Price	
April, 2005	42.40	07.04.05		33.00	01.04.05
May, 2005	42.15	18.05.05		35.05	02.05.05 03.05.05
June, 2005	40.00	01.06.05		35.00	17.06.05 20.06.05
July, 2005	60.25	26.07.05		36.00	01.07.05
August, 2005	58.75	08.08.05		50.20	10.08.05
September, 2005	80.75	29.09.05		53.60	01.09.05
October, 2005	76.75	04.10.05		62.00	28.10.05
November, 2005	71.00	10.11.05		62.10	01.11.05
December, 2005	85.05	30.12.05		64.20	05.12.05 06.12.05
January, 2006	95.60	25.01.06		81.00	13.01.06
February, 2006	96.00	06.02.06		83.25	02.02.06
March, 2006	91.00	31.03.06		77.10	27.03.06

Market Price Data	National Stock Exchange of India Limited (NSE)				
	Months	Market Price (Rs.) – High Price		Market Price (Rs.) – Low Price	
April, 2005	42.80	07.04.05		32.90	01.04.05
May, 2005	42.25	18.05.05		34.85	02.05.05
June, 2005	40.45	01.06.05		34.25	29.06.05
July, 2005	59.75	25.07.05		36.00	01.07.05
August, 2005	59.00	08.08.05		50.05	30.08.05
September, 2005	80.55	29.09.05		55.00	01.09.05
October, 2005	75.90	04.10.05 07.10.05		61.80	28.10.05
November, 2005	71.90	11.11.05		63.50	29.11.05
December, 2005	85.00	30.12.05		63.05	06.12.05
January, 2006	95.30	25.01.06		80.50	12.01.06
February, 2006	94.20	06.02.06		83.50	02.02.06
March, 2006	89.70	10.03.06		74.35	27.03.06

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.

Registrars and Share Transfer Agent

Maheshwari Datamatics Pvt Ltd of 6, Mangoe Lane (Surendra Mohan Ghosh Sarani), 2nd Floor, Kolkata - 700 001, Phone : +91 33 22482248, Fax : +91 33 22484787, Email : mdpl@cal.vsnl.net.in 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, Phone : +91 33 22482411, Fax : +91 33 22430886, Email : 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 2006

Category	Number of Shares	% of Shares
Promoter's Holding (including foreign promoters and persons acting in concert)	2,48,68,275	71.85
Non Promoter's Holding		
a) Mutual Funds & UTI	39,11,931	11.30
b) Banks, FIs and Insurance Company	4,97,990	1.44
c) FIs	1,59,566	0.46
d) Others		
i) Private Corporate Bodies	5,49,763	1.59
ii) Indian Public	45,36,991	13.11
iii) NRIs / OCBs	85,956	0.25
Total	3,46,10,472	100.00

Number of Shares	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Upto 500	18,745	94.50	25,56,838	7.39
501 to 1000	564	2.84	4,76,934	1.38
1001 to 2000	231	1.16	3,64,261	1.05
2001 to 3000	117	0.59	3,04,224	0.88
3001 to 4000	48	0.24	1,73,077	0.50
4001 to 5000	34	0.17	1,61,125	0.46
5001 to 10000	41	0.21	2,93,116	0.85
10001 and above	57	0.29	3,02,80,897	87.49
Total	19,837	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, 2006, 77.51% of your Company's Equity Shares representing 2,68,25,768 Equity Shares were held in dematerialised mode and the balance 22.49% representing 77,84,704 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 Dist. Sundergarh, Orissa
Head & Corporate Office	McLeod House, 3, Netaji Subhas Road, Kolkata - 700 001 Phone : +91 33 22482411, Fax : +91 33 22430886, Email : ifgl@bajoria.in

Annexure 'A' to Directors' Report
Report on Corporate Governance (Contd.)
Declaration for Compliance of Clause 49(D)(ii)

This is to certify that the Board of Directors of IFGL Refractories Limited (the Company) in their meeting held on Monday, 17th January, 2005 adopted a Code of Conduct for all its Members and Company's Senior Management Personnel. A copy of said Code of Conduct has also been posted on Company's website www.ifglref.com.

I, Pradeep Bajoria, son of Mr A L Bajoria, aged about 46 years, residing at 4/1, Alipore Park Road, Kolkata 700 027 and presently Director & Chief Executive of the Company, do hereby declare that all Members of the Board of the Company and its Senior Management Personnel have affirmed compliance of said Code of Conduct for financial year ended 31st March, 2006 and the same has been duly noted by the Company's Board in their meeting held on Monday, 15th May, 2006.

Kolkata
15th May, 2006

P Bajoria
Director & Chief Executive

Annexure 'B' to Directors' Report
Statement of the employees pursuant to Section 217(2A) of the Companies Act, 1956

Name/Age	Remuneration (Rs.)	Designation/ Nature of duties	Qualification & Experience (Yrs)	Date of commencement of employment	Last employment
Mr S K Bajoria (49)	86,21,000	Managing Director	B Com(Hons) (30)	01.08.1991	Indo Flogates Ltd.
Mr P Bajoria (46)	84,74,965	Director & Chief Executive	B Com(Hons) (26)	14.08.2000	Indo Flogates Ltd.

- Notes :
1. Nature of employment is contractual with usual terms and conditions.
 2. Mr S K Bajoria is related to Mr B P Bajoria, a Director of the Company.
 3. Remuneration includes salary, allowances, perquisites and commission which have been evaluated on the basis of Income Tax Act, 1961 and the Rules framed thereunder.

Annexure 'C' 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, 2006

A. Conservation of Energy

- a) Energy conservation measures taken :
 1. Technologies adopted and equipments installed ensure low consumption of energy.
 2. Avoid leakage of energy by regular preventive checks.
 3. Installed stabilisers, capacitors and other energy saving devices to maintain voltage and power factor.
 4. Use of alternate fuel.
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy. Studies are made on a regular basis to identify areas where further reduction in consumption of energy can be achieved.
- c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
Continued efforts are made to reduce energy consumption and consequent reduction of 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.
Your Company continued the thrust and focus on the overseas markets and could develop new markets. During the year, few new products were also successfully introduced in international markets and your Company envisage encouraging response therefor. In brief, your Company foresee continued growth potential in international markets and in this regard, necessary steps are being taken.

g) Total foreign exchange used and earned	(Rs. in lacs)
1. Foreign Exchange Outgo	
(i) CIF Value of Imports of Raw Materials, Stores and Spares, Trading goods and Capital goods	: 2,638.82
(ii) Others	: 350.46
2. Foreign Exchange Earnings	
(i) FOB Value of Exports	: 3,493.92
(ii) Commission	: 0.25
(iii) Others	: 8.59

Form - A
Disclosure of particulars with respect to conservation of energy

	Year ended 31st March 2006	Year ended 31st March 2005
A. Power & Fuel Consumption		
1. Electricity		
a) Purchased		
Units (KWH)	3323717	2902984
Total Amount (Rs. in lacs)	123.29	113.55
Rate/Unit (Rs.)	3.71	3.91
b) Own Generation		
i) Through Diesel Generator		
Units (KWH)	285750	254660
Units per Ltr. of Diesel Oil	3.46	3.86
Cost/Unit (Rs.)	9.05	6.82
ii) Through Steam Turbine/Generator		
Units (KWH)	Nil	Nil
Units per Ltr. of Diesel Oil	Nil	Nil
Cost/Unit (Rs.)	Nil	Nil
2. Coal (Specify quality and where used)		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Average Rate	Nil	Nil
3. LDO		
Quantity (Kilo Ltr)	100.397	148.069
Total Cost (Rs. in lacs)	28.08	31.80
Average Rate (Rs./Ltr)	27.97	21.48

Annexure 'C' to Directors' Report (Contd.)

	Year ended 31st March 2006	Year ended 31st March 2005
4. LPG		
Quantity (MT)	1162.060	951.270
Total Cost (Rs. in lacs)	373.00	235.55
Average Rate (Rs./MT)	32,098	24,762
5. Others/Internal generation		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate/Unit	Nil	Nil
B. Consumption per unit of production		
a) Products-Refractories		
Electricity (KWH/Pc)	7.93	7.39
LDO (Ltrs/Pc)	0.22	0.36
Coal	Nil	Nil
LPG (Kgs/Pc)	2.55	2.32
HSD (Kgs/Pc)	0.24	0.26

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 customers satisfaction.
b) 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 the consent of the Collaborators to suit Indian conditions in the Company's own R & D.
3. Information regarding Imported Technology
 - A. a) Technology Imported : Know-how for manufacture of Sliding Nozzle Refractories.
b) Year of Import : Financial year 2002-2003.
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.
 - B. a) Technology Imported : Know-how for manufacture of Sliding Gate Equipment including accessories.
b) Year of Import : Financial year 2003-2004.
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 : 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 be a continued endeavour.
d) If not absorbed, areas where this has not taken place, reasons therefor and future plan of action. : Not applicable.

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, 2006, 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, 15th May, 2006

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

Auditors' Report

To the Members of IFGL Refractories Limited

1. We have audited the Balance Sheet of IFGL Refractories Limited as at 31st March, 2006, the relative Profit and Loss Account and the Cash Flow Statement for the year ended on that date, all of which have been signed by us under reference to this report. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - 4.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - 4.2 In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - 4.3 The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - 4.4 In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - 4.5 On the basis of representations received from the Directors and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on 31st March, 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - 4.6 In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act, also give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Kolkata, 15th May, 2006

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

Annexure to Auditors' Report

Annexure referred to in Paragraph 3 of the Report of even date of the Auditors to the Members of IFGL Refractories Limited on the Financial Statements for the year ended 31st March, 2006

1. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets of the Company other than Furniture and Fixtures have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of all categories of inventory other than work-in-progress, which as in earlier years has been determined by the management based on physical verification as mentioned in paragraph 2(a) above. The discrepancies noticed on physical verification of inventory as compared to book records (where applicable) were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Act.
(b) In view of our comments in paragraph 3(a) above, clauses (iii) b, (iii) c and (iii) d of Paragraph 4 of the aforesaid order are not applicable.
4. (a) The Company has taken unsecured loans from three companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan amounts to Rs. 1040 lacs and Rs. 600 lacs respectively.
(b) In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.
(c) According to the information and explanations given to us, the principal amount are repayable on demand. The Company is regular in payment of interest in respect of the aforesaid loans and the Company has, during the year, repaid the principal amounts to the extent demanded.
5. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
6. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been transactions that need to be entered into the register required to be maintained under that Section in pursuance of Section 301 of the Act, have been so entered.
(b) In our opinion and according to the information and explanations given to us the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lacs in respect of any party during the year (other than transactions dealt in paragraph 4 above), have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, other than sale of goods which, as explained to us, are of special nature having no comparable market prices for determining reasonableness of the sale price.
7. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed thereunder.
8. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
9. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, for any of the products of the Company.
10. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales-Tax, Wealth Tax, Customs Duty, Excise Duty and other material statutory dues as applicable, with the appropriate authorities other than Income Tax, Service Tax and Cess which has generally been regularly deposited. As at 31st March, 2006, read with Note 10 on Schedule 15, there were no arrears in respect of the aforesaid dues for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of Sales-Tax, Income-Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess as at 31st March, 2006 which have not been deposited on account of a dispute are as follows –

Annexure to Auditors' Report (Contd.)

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Forum where the dispute is pending
Sales Tax			
Central Sales Tax Act, 1956	Sales Tax dues for the year 1997-98	0.47	Additional Commissioner of Sales Tax
	Sales Tax dues for the years 1989-90 and 2002-03	0.29	Sales Tax Officer
	Sales Tax dues for the year 1995-96	1.14	Sales Tax Tribunal
	Sales Tax dues for the year 1999-2000	2.17	Orissa High Court
	Sales Tax dues for the year 2003-04	0.25	Assistant Commissioner of Sales Tax
Orissa Sales Tax Act, 1947	Sales Tax dues for the years 1988-89, 1989-90, 1990-91, 1991-92 1996-97, 1997-98 and 1999-2000	51.61	Orissa Sales Tax Tribunal
	Sales Tax dues for the years 2001-02 and 2002-03	0.24	Sales Tax Officer
Orissa Entry Tax Act, 1999	Entry Tax dues for the years 2000-01, 2001-02 and 2002-03	0.51	Sales Tax Officer
Excise Duty			
The Central Excise Act, 1944	Modvat Credit	0.50	Deputy Commissioner of Central Excise & Customs
The Central Excise Act, 1944	Excise duty for the years 1993-96 (Refer Note 9 on Schedule 15)	263.83	Central Excise & Service Tax Appellate Tribunal

11. The Company has no accumulated losses as at 31st March, 2006, and it has not incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
12. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of its dues to any financial institution or bank or debenture holders as at the Balance Sheet date.
13. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
15. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
16. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
17. In our opinion, and according to the information and explanations given to us, the term loan has been applied for the purpose for which it was obtained.
18. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
19. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
20. The Company has not issued any debentures and accordingly the question of creation of securities in this regard does not arise.
21. The Company has not recently raised any money by public issue.
22. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the management.

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

Kolkata, 15th May, 2006

Balance Sheet as on 31st March 2006

	Schedule	As at 31st March 2006 (Rs. in lacs)	As at 31st March 2005 (Rs. in lacs)
SOURCES OF FUNDS			
Shareholders' Fund			
Capital	1	3,461.05	3,461.05
Reserves and Surplus	2	2,082.89	1,224.37
Loan Funds			
Secured Loans	3A	4,240.12	469.44
Unsecured Loans	3B	646.91	115.91
Deferred Tax Liabilities (Net) (Note 12 on Schedule 15)		316.84	317.54
Total		<u>10,747.81</u>	<u>5,588.31</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	6,371.46	5,403.62
Less : Depreciation		<u>3,440.06</u>	<u>3,034.59</u>
Net Block		2,931.40	2,369.03
Capital Work-in-Progress		<u>4.04</u>	<u>24.23</u>
		2,935.44	2,393.26
Investments	5	4,185.59	—
Current Assets, Loans and Advances			
Inventories	6	1,609.20	1,119.23
Sundry Debtors	7	3,824.74	3,303.41
Cash and Bank Balances	8	119.58	60.38
Loans and Advances	9	483.06	365.05
		<u>6,036.58</u>	<u>4,848.07</u>
Less : Current Liabilities and Provisions	10		
Liabilities		1,667.19	1,006.88
Provisions		742.61	646.14
		<u>2,409.80</u>	<u>1,653.02</u>
Net Current Assets		3,626.78	3,195.05
Total		<u>10,747.81</u>	<u>5,588.31</u>

NOTES ON ACCOUNTS

15

This is the Balance Sheet referred to in our report of even date.

The Schedules referred to above and the attached notes form part of the Balance Sheet.

S K Deb
Partner
Membership Number-13390
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
Kolkata, 15th May, 2006

R Agarwal
Company Secretary

P Bajoria
Director & Chief Executive

S K Bajoria
Managing Director

On behalf of the Board of Directors

Profit and Loss Account for the year ended 31st March 2006

	Schedule	Year ended 31st March 2006 (Rs. in lacs)	Year ended 31st March 2005 (Rs. in lacs)
INCOME			
Turnover (Gross)		13,885.84	11,967.37
Less : Excise Duty		858.59	675.17
Turnover (Net)		13,027.25	11,292.20
Income from Service Charge (Net)		10.39	5.95
Other Income	11	54.44	89.31
		13,092.08	11,387.46
EXPENDITURE			
(Increase)/Decrease in Finished Goods and Work-in-Progress	12A	(170.36)	28.02
Raw Materials and Trading Goods	12B	5,861.08	5,385.25
Manufacturing and Other Expenses	13	3,701.18	3,067.31
Payments and provisions for Employees	14	804.97	562.34
Interest (Note 8 on Schedule 15)		95.47	37.52
Depreciation		411.29	385.54
Profit before Tax		2,388.45	1,921.48
Less : Provision for Current Tax (Note 11 on Schedule 15)		803.00	680.00
Profit after Current Tax and before Deferred and Fringe Benefit Tax		1,585.45	1,241.48
Less : Provision for Deferred Tax		(0.70)	46.27
Less : Provision for Fringe Benefit Tax		37.00	—
Profit after Tax		1,549.15	1,195.21
Add : Profit brought forward from previous year		1,138.09	595.73
Profit available for appropriation		2,687.24	1,790.94
Less : Transferred to General Reserve		116.19	59.76
Proposed Dividend		605.68	519.16
Tax on Proposed Dividend (Note 13 on Schedule 15)		84.95	73.93
Balance carried to Balance Sheet		1,880.42	1,138.09
Earning per Share		4.48	3.45
Basic and Diluted (Rs.) (Note 2 on Schedule 15)		4.48	3.45

NOTES ON ACCOUNTS

15

This is the Profit and Loss Account referred to in our report of even date.

The Schedules referred to above and the attached notes form part of the Profit and Loss Account.

S K Deb
Partner
Membership Number-13390
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
Kolkata, 15th May, 2006

R Agarwal
Company Secretary

P Bajoria
Director & Chief Executive

On behalf of the Board of Directors

S K Bajoria
Managing Director

Cash Flow Statement for the year ended 31st March 2006

	Year ended 31st March 2006 (Rs. in lacs)	Year ended 31st March 2005 (Rs. in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extra-ordinary items	2,388.45	1,921.48
Adjustments for :		
Depreciation	411.29	385.54
Interest Expenses (net)	97.65	37.81
Dividend Income	(3.12)	(1.17)
Liabilities no longer required written back	(38.06)	(52.65)
Unrealised Foreign Exchange (Gain)/Loss	16.66	1.23
Interest on Income Tax Refund	(2.18)	(0.29)
Profit on sale of current Investment	—	(0.79)
Loss on Sale/Discard of assets (net)	3.99	8.33
	<u>486.23</u>	<u>378.01</u>
Operating Profit before Working Capital changes	2,874.68	2,299.49
Adjustments for :		
Trade and other receivables	(633.03)	(135.08)
Inventories	(489.97)	126.05
Trade payables	710.00	(360.33)
	<u>(413.00)</u>	<u>(369.36)</u>
Cash generated from operations	2,461.68	1,930.13
Fringe Benefit Tax Paid	(37.53)	—
Interest received on Income Tax Refund	2.18	0.29
Direct Taxes refunded/(paid) - Net	(826.88)	(646.50)
	<u>(862.23)</u>	<u>(646.21)</u>
Cash flow before extra-ordinary items	1,599.45	1,283.92
Extra-ordinary items	—	—
Net Cash from Operating Activities	1,599.45	1,283.92
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(964.70)	(420.28)
Proceeds from sale of Fixed Assets	2.80	11.27
Interest received	4.08	7.73
Dividend received	3.12	1.17
Investment made in a Subsidiary Company	(4,185.59)	—
Proceeds from Sale of Current Investments	—	0.79
	<u>(5,140.29)</u>	<u>(399.32)</u>
Net Cash used in Investing Activities	(5,140.29)	(399.32)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Interest paid	(92.55)	(45.74)
Dividend paid	(510.93)	(425.00)
Dividend tax paid	(72.81)	(56.55)
Proceeds from Long Term Borrowings	4,040.00	—
Repayment of Long Term Borrowings	(440.00)	—
Increase/(Decrease) in cash credit facilities	754.51	(271.93)
Repayment under Deferred Sales Tax	(78.18)	(118.06)
	<u>3,600.04</u>	<u>(917.28)</u>
Net Cash (used in)/from Financing Activities	3,600.04	(917.28)

Cash Flow Statement (Contd.)

	Year ended 31st March 2006 (Rs. in lacs)	Year ended 31st March 2005 (Rs. in lacs)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	59.20	(32.68)
Cash and Cash equivalents (Opening Balance) - Schedule 8	60.38	93.06
Cash and Cash equivalents (Closing Balance) - Schedule 8	119.58	60.38

Notes :

- (1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- (2) Figures for the previous year have been re-arranged and re-grouped wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

The Schedules referred to above form an integral part of the Cash Flow Statement.

S K Deb
Partner
 Membership Number-13390
 For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
 Kolkata, 15th May, 2006

On behalf of the Board of Directors

R Agarwal
Company Secretary

P Bajoria
Director & Chief Executive

S K Bajoria
Managing Director

Schedules forming part of the Balance Sheet

	As at 31st March 2006 (Rs. in lacs)	As at 31st March 2005 (Rs. in lacs)
1. CAPITAL		
Authorised		
3,99,95,000 (Previous year 3,59,95,000) Equity Shares of Rs. 10/- each	3,999.50	3,599.50
500 Redeemable Preference Shares of Rs. 100/- each	0.50	0.50
	<u>4,000.00</u>	<u>3,600.00</u>
Issued, Subscribed and Paid-up		
3,46,10,472 Equity Shares of Rs.10/- each fully paid up	<u>3,461.05</u>	<u>3,461.05</u>
Notes: Of the above shares -		
1. 1,83,20,973 (Previous year 1,83,15,990 shares) are held by Bajoria Holdings Private Limited, the Holding company.		
2. 1,66,00,872 shares were allotted as fully paid up other than in cash, pursuant to a Scheme of Amalgamation.		
2. RESERVES AND SURPLUS		
Capital Reserve	5.00	5.00
General Reserve		
At the commencement of the year	81.28	21.52
Add : Transfer from Profit and Loss Account	<u>116.19</u>	<u>59.76</u>
	197.47	81.28
Profit and Loss Account	<u>1,880.42</u>	<u>1,138.09</u>
	<u>2,082.89</u>	<u>1,224.37</u>
3. LOANS FUNDS		
A. Secured Loans		
From State Bank of India		
Cash Credit/Packing Credit/Demand Loan (Secured by hypothecation of stocks of raw materials, stock in process, finished goods, consumables, spares and tools, book debts and other liquid assets, both present and future and by a charge on all the fixed assets of the Company including Land and buildings and other immovable properties situated at Sector 'A' and 'B' of Kalunga Industrial Estate, near Rourkela)	1,235.51	460.39
Term Loan (Secured by a charge over all the fixed assets of the Company including Land and buildings and other immovable properties of the Company situated at Sector 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by an extension of charge over the current assets)	3,000.00	—
Term Loan from Other Banks	4.61	9.05
(Repayable within one year - Rs. 3.94) (Secured by hypothecation of vehicles purchased with the loan)	<u>4,240.12</u>	<u>469.44</u>
B. Unsecured Loans		
From Bodies corporate	600.00	—
Interest accrued and due on unsecured loans	9.18	—
Deferred Sales Tax (Repayable within one year - Rs. 30.64)	37.73	115.91
	<u>646.91</u>	<u>115.91</u>

Schedules forming part of the Balance Sheet
4. FIXED ASSETS

	GROSS BLOCK - AT COST				DEPRECIATION				(Rs. in lacs)	
	As at 31.03.05	Additions during the year	Deductions during the year	Total as at 31.03.06	Upto 31.03.05	For the year	Deductions during the year	Total upto 31.03.06	NET BLOCK	
									As at 31.03.06	As at 31.03.05
TANGIBLE										
Land - Lease hold (Note 1 below)	34.76	-	-	34.76	0.86	0.43	-	1.29	33.47	33.90
- Freehold	1.29	-	-	1.29	-	-	-	-	1.29	1.29
Buildings	783.00	29.73	-	812.73	236.32	25.72	-	262.04	550.69	546.68
Plant and Machinery	3,639.40	872.58	-	4,511.98	2,071.49	330.25	-	2,401.74	2,110.24	1,567.91
Computers	111.65	11.67	-	123.32	81.39	7.99	-	89.38	33.94	30.26
Furniture and Fixtures	99.77	1.53	-	101.30	59.20	4.94	-	64.14	37.16	40.57
Equipments	32.96	6.51	-	39.47	16.17	3.16	-	19.33	20.14	16.79
Vehicles	55.20	50.86	12.61	93.45	12.08	8.78	5.82	15.04	78.41	43.12
Sub total - A	4,758.03	972.88	12.61	5,718.30	2,477.51	381.27	5.82	2,852.96	2,865.34	2,280.52
INTANGIBLE (acquired items)										
Goodwill arising on Amalgamation	503.06	-	-	503.06	503.06	-	-	503.06	-	-
Technical Know-how Fees	142.53	7.57	-	150.10	54.02	30.02	-	84.04	66.06	88.51
Sub total - B	645.59	7.57	-	653.16	557.08	30.02	-	587.10	66.06	88.51
Total (A + B)	5,403.62	980.45	12.61	6,371.46	3,034.59	411.29	5.82	3,440.06	2,931.40	2,369.03
Previous Year	4,957.92	512.50	66.80	5,403.62	2,696.25	385.54	47.20	3,034.59		
Capital Work-in-Progress									4.04	24.23
									2,935.44	2,393.26

Note : (1) Acquired under a lease of 99 years with a renewal option.

	As at 31st March 2006 (Rs. in lacs)	As at 31st March 2005 (Rs. in lacs)
5. INVESTMENTS		
Long Term - Trade		
(At cost less provision for permanent diminution, if any)		
Unquoted		
Fully paid Equity Shares in a subsidiary company		
53,50,000 Fully paid Equity Shares of GBP 1 each		
in IFGL Worldwide Holdings Ltd.		
(Acquired during the year)	4,185.59	—
	4,185.59	—
6. INVENTORIES		
(At lower of cost and net realisable value)		
Stores and Spares	87.58	90.26
Raw Materials and Components	952.89	604.32
Raw Materials and Components in transit	32.53	93.87
Work-in-Progress	259.69	153.39
Finished Goods		
Manufactured Goods	47.19	29.98
Trading Goods	74.58	39.52
Stock with third parties		
Manufactured Goods	154.74	107.89
	1,609.20	1,119.23

Schedules forming part of the Balance Sheet

	As at 31st March 2006 (Rs. in lacs)	As at 31st March 2005 (Rs. in lacs)
7. SUNDRY DEBTORS* (Unsecured, Considered Good)		
Debts outstanding for more than six months	342.13	252.04
Other Debts	<u>3,482.61</u>	<u>3,051.37</u>
	<u>3,824.74</u>	<u>3,303.41</u>
* Includes Rs. 75.69 (previous year Rs. 56.38) not due for payment at the year end as per related terms of orders.		
8. CASH AND BANK BALANCES		
Cash in hand (includes cheques-in-hand – Rs. 0.26, previous year - Nil)	2.34	2.30
With Scheduled Banks -		
On Current Accounts	11.53	12.58
On Dividend Accounts	23.62	15.39
On Fixed Deposit Accounts (As margin on Letters of Credit and Bank Guarantees)	34.87	30.11
Remittance in Transit	<u>47.22</u>	<u>0.00</u>
	<u>119.58</u>	<u>60.38</u>
9. LOANS AND ADVANCES (Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	75.74	94.03
Accrued Export benefits under DEPB Scheme	265.06	214.96
Balance with Customs and Excise Authorities	112.40	22.54
Other Deposits	29.33	33.52
Advance Fringe Benefit Tax (net of provision Rs. 37, previous year - Nil)	0.53	—
Advance Tax/Tax Deducted at Source	Refer Schedule 10	Refer Schedule 10
	<u>483.06</u>	<u>365.05</u>
10. CURRENT LIABILITIES AND PROVISIONS		
Liabilities -		
Sundry Creditors (Note 7 on Schedule 15)	1,433.24	863.86
Advance received from Customers	5.08	—
Investor Education and Protection Fund shall be credited by Unpaid Dividend *	23.62	15.39
Other Liabilities	<u>205.25</u>	<u>127.63</u>
	<u>1,667.19</u>	<u>1,006.88</u>
Provisions -		
Taxation (Net of Advance Income Tax/Tax Deducted at Source Rs. 1519.85, previous year Rs. 677.71)	5.79	29.67
Fringe Benefit Tax	Refer Schedule 9	Refer Schedule 9
Proposed Dividend	605.68	519.16
Tax on Proposed Dividend	84.95	72.81
Employees Benefit	46.19	24.50
	<u>742.61</u>	<u>646.14</u>
	<u>2,409.80</u>	<u>1,653.02</u>

* No amount is due as on 31st March, 2006 for credit to Investor Education and Protection Fund.

Schedules forming part of the Profit and Loss Account

	Year ended 31st March 2006 (Rs. in lacs)	Year ended 31st March 2005 (Rs. in lacs)
11. OTHER INCOME		
Commission	0.25	4.34
Dividend from Mutual Funds (Tax deducted at source - Nil, previous year - Nil)	3.12	1.17
Profit on sale/redemption of current investments	—	0.79
Liabilities no longer required written back	38.06	52.65
Miscellaneous Income	13.01	30.36
	<u>54.44</u>	<u>89.31</u>
12A. (INCREASE)/DECREASE IN FINISHED GOODS AND WORK-IN-PROGRESS		
Opening Work-in-Progress	153.39	178.19
Opening Finished Goods	<u>137.87</u>	<u>141.09</u>
	291.26	319.28
Less :		
Closing Work-in-Progress	259.69	153.39
Closing Finished Goods	<u>201.93</u>	<u>137.87</u>
	461.62	291.26
	<u>(170.36)</u>	<u>28.02</u>
12B. RAW MATERIALS AND TRADING GOODS		
Raw Materials consumed *	5,370.08	5,040.61
Opening Stock of Trading Goods	39.52	23.39
Add : Purchases of Trading Goods	<u>526.06</u>	<u>360.77</u>
	565.58	384.16
Less : Closing Stock of Trading Goods	<u>74.58</u>	<u>39.52</u>
	491.00	344.64
	<u>5,861.08</u>	<u>5,385.25</u>

* Net of Rs. 559.84 (previous year Rs. 607.89),
being duty benefit pertaining to exports.

Schedules forming part of the Profit and Loss Account

	Year ended 31st March 2006 (Rs. in lacs)	Year ended 31st March 2005 (Rs. in lacs)
13. MANUFACTURING AND OTHER EXPENSES		
Consumable Stores and Spares	440.31	383.76
Power and Fuel	561.36	413.90
Repairs and Maintenance		
- Plant and Machinery	87.08	67.87
- Buildings	13.21	8.49
- Others	23.61	18.44
	<u>123.90</u>	<u>94.80</u>
Rent	6.08	5.47
Rates and Taxes	14.86	9.78
Insurance	31.16	25.77
Postage, Telephone, Telex etc.	36.79	32.20
Travelling and Conveyance	280.56	245.22
Packing Expenses	556.87	516.71
Delivery and Forwarding Expenses	491.89	461.03
Professional Fees	137.48	86.19
Processing Charges	114.68	92.72
Royalty	33.43	5.20
Commission	315.54	297.29
Service Charges	88.35	80.18
Directors' Sitting Fees	2.84	2.05
Foreign Exchange (Gain)/Loss (net)	48.70	(44.06)
Bad Debts/Advances written off	174.99	128.57
Loss on Sale/Discard of Fixed Assets (net)	3.99	8.33
Other Expenses (Note 16 on Schedule 15)	237.40	222.20
	<u>3,701.18</u>	<u>3,067.31</u>
14. PAYMENTS AND PROVISIONS FOR EMPLOYEES		
Salaries and Wages	615.95	432.40
Staff Welfare Expenses	50.27	47.30
Contribution to Provident and Other Funds	138.75	82.64
	<u>804.97</u>	<u>562.34</u>

15. Notes forming part of the Accounts

(All figures are in Rs. in lacs)

1) Summary of Significant Accounting Policies

- a) Fixed Assets (comprising both tangible and intangible items) are stated at cost less accumulated depreciation (including amortisation). The Company capitalises all costs (net of CENVAT credit) relating to acquisition and installation of Fixed Assets. An impairment loss is recognised wherever the carrying value of the fixed assets exceeds its market value or value in use, whichever is higher.
- b) Depreciation on tangible assets (other than Leasehold Land) is calculated on straight-line method at applicable rates prescribed in Schedule XIV of the Companies Act, 1956. Leasehold Land is written off over the period of lease. Intangible assets (other than Goodwill arising on amalgamation fully amortised in earlier years) are amortised on straight-line method over a period of five years.
- c) Inventories are valued at lower of cost and net realizable value. Cost is determined on the weighted average basis. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads.
- d) Sales are exclusive of sales tax and returns and are recognised as revenue on despatches or on 'performance' of materials, where so stipulated.
- e) Current investments are stated at lower of cost and fair value determined on an individual investment basis. Long term investments are stated at cost less provision for permanent diminution, if any.
- f) Current tax is determined as the amount of tax payable in respect of taxable income for the year based on applicable tax rates and laws. Deferred tax is recognised, subject to consideration of prudence in respect of deferred tax asset, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are periodically reviewed to reassess realisation thereof.
- g) Transactions in foreign currencies are recognized at the rates existing at the time of such transactions. Gain or losses resulting from the settlement of such transactions are recognized in the Profit and Loss Account. Year end balances of monetary items are translated at applicable forward contract/year-end rates and the resultant differences relating to fixed assets are adjusted against fixed assets and the balance is recognized in the Profit and Loss Account.
- h) Borrowing cost that are attributable to acquisition, construction or production of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalised as part of cost of such assets. All other borrowing costs are recognised as expenses in the period they are incurred.
- i) Contributions to Provident and Pension Fund are accounted for on accrual basis. Liabilities in respect of Gratuity (with no ceilings for employees joined before 31st March, 2003) is ascertained on the basis of actuarial valuation with appropriate contribution to an approved Gratuity Fund.

Liability in respect of Superannuation is ascertained on the basis of actuarial valuations / defined contributions as applicable is funded with approved funds. The year end accrued leave encashment benefits are accounted for on accrual basis, based on actuarial valuation.

2) Earning Per Share (EPS) – The numerators and denominators used to calculate Basic and Diluted EPS :

		2005-2006	2004-2005
Profit after Tax attributable to the Equity shareholders	A	1,549.15	1,195.21
Basic/Weighted average of Equity shares outstanding during the year (Nos.)	B	3,46,10,472	3,46,10,472
Nominal value of Equity shares (Rs.)		10	10
Basic and Diluted EPS (Rs.)	A/B	4.48	3.45

- 3) The Company has amended its approved Superannuation Scheme from 'Defined Benefit Plan' to 'Defined Contribution Plan' with effect from 1st April, 2004, the benefits under the Defined Benefit Plan having been frozen as on 31st March, 2004. The necessary formalities/approvals have been complied with/obtained. The year end assets of the Superannuation Fund are sufficient to cover the actuarially ascertained liabilities towards the frozen Defined part of the Scheme.
- 4) Estimated amounts of Capital Commitments (net of advances) outstanding as at 31st March, 2006 and not provided for is Rs. 58.77 (previous year Rs. 553.27).

15. Notes forming part of the Accounts (Contd.)

	(All figures are in Rs. in lacs)	
	2005-2006	2004-2005
5) Contingent Liabilities not provided for :		
a) Claims against the Company not acknowledged as debts :		
i) Sales Tax matter under appeal [net of Rs. 5.57 (previous year Rs. 5.57) paid under protest]	56.70	44.86
ii) Excise Duty matters under dispute	0.50	0.50
iii) Others	4.40	—
b) Letter of comfort given to a bank against term loan and working capital facility provided by them to a step down subsidiary (limit GBP 6.75 millions) Utilized at year end (GBP 5.40 millions converted at year end rate)	4,231.03	—
c) Also refer Note 9 below		
6) Outstanding Bank Guarantees (net of margin money)	281.09	181.29
7) Sundry Creditors include Rs.117.76 (previous year Rs. 59.59) due to Small Scale Industrial Undertakings (SSI) to the extent such parties have been identified from the information available. Name of SSI's to whom the Company owes any sum, which is outstanding for more than 30 days as at 31st March, 2006 are :- Baljit Engineering (P) Ltd., Das Engineering Works, Engineering Construction Company, G M Engineers, Panesar Engineering Company, Pattnaik & Sons, Premier Casting, Reliable Tools, Rubber Tech, Sinedge Products, Samanta Engineering Works, Tara Maa Industries and New Kalimata Electricals.		
8) (a) Interest paid/payable is net of Interest Received [Tax Deducted at Source Rs. 0.12 (previous year Rs. 0.20)] as detailed below :		
	2005-2006	2004-2005
Interest on Bank Deposits	1.48	4.73
Interest on Customers' overdue bills	1.83	2.95
Interest from Employees and Others	2.95	0.54
Total	<u>6.26</u>	<u>8.22</u>
(b) Interest paid on Fixed Loans during the year Rs. 52.54 (previous year - Nil) Tax Deducted at Source Rs. 7.81 (previous year - Nil)		
(c) No interest was capitalised during the year.		
9) The Supreme Court vide its Order dated 9th August, 2005 allowed on merit the Appeal of the Commissioner of Central Excise, Bhubaneswar II preferred against an Order passed by the Central Excise and Service Tax Appellate Tribunal (CESTAT) on 28th July, 2000, in favour of the Company whereby a demand of Rs. 263.82 for non-payment of Central Excise Duty on account of additional consideration accruing to the Company from the Advance Intermediate License against the Company was set aside. Since CESTAT had not decided the question of Limitation, the Supreme Court in the said Order remanded the matter back to CESTAT only to consider whether or not the extended period of limitation was available to the Department.		
According to legal opinion, the demand raised by the Commissioner of Central Excise, Bhubaneswar II is barred by limitation. Pending decision by CESTAT in this regard, no provision is considered necessary by the management.		
10) The Company, in March 2004, withdrew its application for exemption under Para 39 of the Employees' Pension Scheme, 1995 (EPS, 95) pending with the Regional Provident Fund Commissioner (RPFC) at Rourkela. Subsequent thereto, the Company has started depositing, with effect from April 2004, the contributions under EPS,95 with the RPFC. A sum of Rs. 81.72, comprising of Rs. 21.32 paid to RPFC during the year by way of transfer from Company's Superannuation Fund and Rs. 60.40 paid in earlier year by way of transfer from its Staff Provident Fund towards contribution (as estimated by the Company) under EPS,95 for the period 16th November,1995 to 31st March, 2004 in respect of employees continuing in the Company's employment as on 31st March, 2004.		
RPFC, however, demanded from the Company the contribution under EPS,95 in respect of all employees (both past and present) of the Company for the period 16th November, 1995 to 31st March, 2004. The aforesaid amount of Rs. 81.72 is yet to be confirmed by the RPFC and the matter is pending.		
11) Provision for Current Tax is net of Rs.15.30 written back in respect of earlier years.		

15. Notes forming part of the Accounts (Contd.)

(All figures are in Rs. in lacs)

12) The break up of Deferred Tax (Assets) and Liabilities at the year end into major components of the respective balances are :

	2005-2006	2004-2005
Tax Impact of -		
Accrued expenses deductible when paid	(5.84)	(5.98)
Difference between tax depreciation and book depreciation	322.68	323.52
	<u>316.84</u>	<u>317.54</u>

13) Tax on Proposed Dividend includes Rs. Nil (previous year Rs. 1.12) relating to earlier year.

14) Related Party Disclosures

a) List of Related Parties :

Holding Company	1 Bajoria Holdings Private Limited
Subsidiary Companies (including step down subsidiaries)	1 IFGL Worldwide Holdings Limited 1 IFGL Monocon Holdings Limited 1 Monocon International Refractories Limited 1 Monocon Overseas Limited 1 Mono Ceramics Inc. 1 Monotec Refratarios Ltda 1 Tianjin Monocon Refractories Co. Limited 1 Monocon Taiwan Company Limited
Key Management Personnel	1 S K Bajoria (Managing Director) 1 P Bajoria (Director and Chief Executive)
Relatives of Key Management Personnel	1 B P Bajoria
Enterprises in which Key Management personnel has significant influence	1 Heritage Finance and Trust (India) Private Limited 1 Heritage Health Services Private Limited 1 Coris Heritage Asia Pacific Private Limited 1 Heritage Insurance Agents Private Limited 1 Bajoria Estate Pvt Ltd

b) Particulars of transactions during the year ended 31st March, 2006 :

	2005-2006	2004-2005
I. Holding Company		
i) Rent for office premises and related service charges	16.87	15.19
ii) Reimbursement of expenses towards Municipal taxes and Electricity	6.13	6.16
iii) Reimbursement of Medical Insurance Premium	4.48	3.87
iv) Interest expense	32.49	-
v) Unsecured loan taken during the year	815.00	-
vi) Unsecured loan repaid during the year	215.00	-
vii) Year end Balances		
- Unsecured Loan	600.00	-
- Sundry Creditors	9.46	-
II. Subsidiary Companies		
i) Purchases of raw materials	24.43	-
ii) Reimbursement/Recovery of expenses	1.49	-
iii) Investment in Equity Shares	4,185.59	-
iv) Guarantees/letter of comfort	5,291.33	-
v) Year-end Balances		
- Investment	4,185.59	-
- Sundry creditors	0.10	-
- Loans and Advances	0.59	-
- Guarantees/letter of comfort	4,231.03	-
- Raw materials and components in transit	12.89	-
III. Key Management Personnel		
Refer Note 15 below		
IV. Relatives of Key Management Personnel		
Sitting Fees	0.70	0.35

15. Notes forming part of the Accounts (Contd.)

	(All figures are in Rs. in lacs)	
V. Enterprises in which Key Management personnel has significant influence	2005-2006	2004-2005
i) Reimbursement/Recovery of expenses	1.11	—
ii) Year-end balances :		
- Loans and Advances	0.02	—
15) Managerial Remuneration :		
(a) Managing Director and Whole-time Director & Chief Executive		
Salaries	108.00	42.00
Commission	52.42	20.05
Contributions to Provident and other Funds	58.33	17.84
Other Perquisites	11.10	2.06
	229.85	81.95
(b) Non-executive Directors – Sitting Fees	2.84	2.05
Total Managerial Remuneration	232.69	84.00
(c) Schedule of computation of Net Profit in accordance with Sections 198/349 of the Companies Act, 1956 for the purpose of Directors' Remuneration :		
Profit before Tax as per the Profit and Loss Account	2,388.45	1,921.48
Add: Remuneration of Directors	229.85	81.95
Directors' Sitting Fees	2.84	2.05
	232.69	84.00
Net Profit	2,621.14	2,005.48
Managing Director's Commission – 1% of the Net Profit	26.21	20.05
Director & Chief Executive's Commission – 1% of the Net Profit	26.21	—
Total Commission	52.42	20.05
16) (a) Amounts paid/payable to Auditors :		
Audit Fees	5.50	4.50
For Tax Audit	1.00	1.00
For Limited Reviews	1.80	1.50
For Other Certificates	3.35	0.45
Reimbursement of expenses (including Service Tax)	1.12	0.44
(b) Other Expenses (Schedule 13) includes Discounting Charges (net)	2.77	16.01
17) Details of Current Investments - Purchased and sold during the year – (All units of Face Value Rs.10/- each) :		
Mutual Fund - Scheme	Units	Cost
HDFC Liquid Fund – Dividend	3446243.536	350.06
	(—)	(—)
HDFC Cash Management – Saving Plus – Dividend	8714485.037	873.23
	(—)	(—)
HDFC Cash Management - Growth	1084072.008	160.00
	(3582899.770)	(500.07)
HDFC Mutual Fund - Growth	—	—
	(393038.502)	(50.00)
Prudential ICICI Liquid Fund - Dividend	—	—
	(2579885.250)	(306.00)
Reliance Liquid Fund – Treasury	—	—
	(320967.530)	(50.00)

Figures in bracket indicate that of previous year.

15. Notes forming part of the Accounts (Contd.)
(All figures are in Rs. in lacs)

18) (a) Particulars regarding Licensed and Installed Capacity, Opening and Closing Stock, Actual Production and Sales of Manufactured Items.

	Units	Year ended 31st March 2006		Year ended 31st March 2005	
		Quantity	Value	Quantity	Value
(i) Licensed Capacity		N.A.		N.A.	
(ii) Installed Capacity (as certified by the management)					
Refractories (Shaped)	Pcs	720,900		624,900	
Refractories (Unshaped)	MT	1,000		700	
Ceramics (Shaped)	Pcs	10,000		10,000	
Ceramics (Unshaped)	Kgs	3.00		3.00	
(iii) Opening Stock of Finished Goods					
Refractories (Shaped)	Pcs	3,826	137.87	4,385	141.09
Refractories (Unshaped)	MT	7	—	7	—
Total			<u>137.87</u>		<u>141.09</u>
(iv) Actual Production					
Refractories (Shaped)	Pcs	454,858	—	409,615	—
Refractories (Unshaped)	MT	953	—	799	—
Ceramics (Shaped)	Pcs	164	—	25	—
Ceramics (Unshaped)	Kgs	0.70	—	0.16	—
(v) Sales*					
Refractories (Shaped)	Pcs	454,350	12,087.60	410,174	10,671.34
Refractories (Unshaped)	MT	953	301.82	799	202.26
Ceramics (Shaped)	Pcs	164	1.75	25	0.31
Ceramics (Unshaped)	Kgs	0.70	0.32	0.16	0.13
Total			<u>12,391.49</u>		<u>10,874.04</u>
(vi) Closing Stock of Finished Goods					
Refractories (Shaped)	Pcs	4,334	201.93	3,826	137.87
Refractories (Unshaped)	MT	7	—	7	—
Total			<u>201.93</u>		<u>137.87</u>

18) (b) Particulars regarding Purchases, Sales, Opening and Closing Stock of Trading Items.

	Units	Year ended 31st March 2006		Year ended 31st March 2005	
		Quantity	Value	Quantity	Value
Opening Stock					
Operating Systems for Refractories	Sets	11	5.06	12	4.18
Others #			34.46		19.21
			<u>39.52</u>		<u>23.39</u>
Purchases					
Operating Systems for Refractories	Sets	142	82.71	151	57.64
Refractories (Unshaped)	MT	2,277	248.05	1,527	181.86
Others #			195.30		121.27
			<u>526.06</u>		<u>360.77</u>
Sales*					
Operating Systems for Refractories	Sets	142	186.01	152	116.63
Refractories (Unshaped)	MT	2,277	272.46	1,527	173.76
Others #			177.29		127.77
			<u>635.76</u>		<u>418.16</u>
Closing Stock					
Operating Systems for Refractories	Sets	11	6.57	11	5.06
Others #			68.01		34.46
			<u>74.58</u>		<u>39.52</u>

* Inclusive of quantities supplied free of cost. Sales figures are net of excise duty.

As none of the items exceed 10% of Purchases/Sales/Stock, the quantitative details have not been provided.

15. Notes forming part of the Accounts (Contd.)
(All figures are in Rs. in lacs)

19) Raw Materials consumed :	2005-2006		2004-2005	
	Qty. (M/T)	Value	Qty. (M/T)	Value
- Aluminium Oxides	5,924.11	1,918.85	5,423.76	1,710.16
- Graphite	1,531.08	433.29	1,653.51	429.43
- Magnesites	745.13	269.73	545.34	189.35
- Silica	522.57	223.50	527.55	268.12
- Zirconia	525.31	712.19	573.30	856.74
- Others *		1,812.52		1,586.81
		5,370.08		5,040.61

* As none of the other items individually exceed 10% of the total value of the raw materials consumed, the quantitative details have not been provided.

20) Value of Imported and Indigenous Raw Materials and Stores and Spares consumed :	2005-2006		2004-2005	
	Value	%	Value	%
i) Raw Materials				
- Imported	2,273.50	42.34	2,243.72	44.51
- Indigenous	3,096.58	57.66	2,796.89	55.49
	5,370.08	100.00	5,040.61	100.00
ii) Stores and Spares				
- Imported	41.14	9.34	30.39	7.92
- Indigenous	399.17	90.66	353.37	92.08
	440.31	100.00	383.76	100.00

21) CIF Value of Imports :	2005-2006	2004-2005
	- Raw Materials	2,062.15
- Stores and Spares	26.28	28.35
- Trading Items	50.21	41.85
- Capital Goods	500.18	257.22

22) Expenditure in Foreign Currency : (on payment basis)	2005-2006	2004-2005
	i) Travelling	94.81
ii) Commission	115.67	154.38
iii) Royalty (Net of tax)	15.53	—
iv) Technical Know-how Fees (Net of tax)	7.67	11.21
v) Export Selling Expenses	33.17	41.86
vi) Professional Fees	65.12	7.51
vii) Training and Seminar Expenses	0.00	10.70
viii) Others	2.08	3.92
ix) Service Charges	16.41	0.00

23) Earnings in Foreign Exchange :	2005-2006	2004-2005
	- FOB value of Exports	3,493.92
- Commission	0.25	0.75
- Others	8.59	0.00

15. Notes forming part of the Accounts (Contd.)
(All figures are in Rs. in lacs)

	2005-2006	2004-2005
24) Remittance in Foreign Currency on account of Dividend to Non-resident Shareholders :		
a) Amount Remitted		
- for the year 2004-2005	75.10	—
- for the year 2003-2004	—	62.59
b) Number of Non-resident Shareholders	2	2
c) Number of Shares held by them	50,06,956	50,06,956
25) In terms of Accounting Standard 17 'Segment Reporting' issued by the Institute of Chartered Accountants of India, segment information has been presented in the consolidated financial statement of the Group (the Company and its eight subsidiaries) included in the Annual Report.		
26) Turnover (net) includes production scrap sales Rs. 9.59 (previous year Rs. 41.02).		
27) Expenses include reimbursements to/by the Company.		
28) Previous year's figures have been re-arranged and re-grouped wherever necessary to conform to this year's classification.		

Signatures to Schedules 1 to 15.

On behalf of the Board of Directors

Kolkata, 15th May, 2006	R Agarwal <i>Company Secretary</i>	P Bajoria <i>Director & Chief Executive</i>	S K Bajoria <i>Managing Director</i>
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Balance Sheet Abstract and Company's General Business Profile :
(a) Registration Details :

 Company Identification Number : U00153OR1991PLC002971
 Balance Sheet Date 31st March, 2006

(Rs. in lacs)
(b) Capital raised during the year :

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

(c) Position of mobilisation and deployment of funds :

Total Liabilities	13,157.61	Total Assets	13,157.61
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Sources of funds :

Paid-up Capital	3,461.05
Reserves and Surplus	2,082.89
Secured Loans	4,240.12
Unsecured Loans	646.91
Deferred Tax Liabilities (Net)	316.84

Application of funds :

Net Fixed Assets (including Goodwill)	2,935.44
Investments	4,185.59
Net Current Assets	3,626.78
Miscellaneous Expenditure	—

(d) Performance of the Company :

Total Income	13,092.08
Total Expenditure	10,703.63
Profit/(Loss) before tax	2,388.45
Profit/(Loss) after tax	1,549.15
Earning per share (in Rs.)	4.48
Dividend rate (%)	17.50

(e) Generic names of three principal products/services of the Company (As per the monetary terms):

Item Code No.	Product Description
69022020	Slide Gate Refractories for Ladles and Furnace.
69032090	Refractories for Injectall Purgemeister Valve.
69031090/69032090	Refractory Nozzle, Plugs, Rods, Tubes, Pipes.
38160000	Spraying/Gunning Masses, Coatings, Filler Mix.
38160000	Mortars, Castables and other Refractory Cements.
90213900	Hydroxyapatite based Orbital Implants and Alumina based Femoral Head for Hip Joint Prosthesis.
30064000	Hydroxyapatite Powder for Dental application/Bone filling powder.

On behalf of the Board of Directors

Kolkata, 15th May, 2006	R Agarwal <i>Company Secretary</i>	P Bajoria <i>Director & Chief Executive</i>	S K Bajoria <i>Managing Director</i>
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Statement Regarding Subsidiary Companies as at 31st March 2006

Rs. in lacs

	Capital Reserves		Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) Before Tax	Provision for Tax	Profit/(Loss) After Tax	Proposed Dividend
Subsidiary										
IFGL Worldwide Holdings Limited, Isle of Man	4,135.02	214.48	325.91	322.46	—	—	216.81	—	216.81	—
Step Down Subsidiaries										
IFGL Monocon Holdings Limited, UK	3,864.50	—	295.65	314.97	—	—	318.39	—	318.39	314.97 @
Monocon International Refractories Limited, UK	0.08	2,122.60	5,315.46	6,351.86	—	6,391.84	454.04	101.90	352.14	314.97 #
Mono Ceramics Inc, USA	4.77	1,983.56	2,320.78	332.44	—	3,400.12	(40.71)	—	(40.71)	—
Monocon Taiwan Company Limited, Taiwan	263.91	(152.11)	282.88	171.08	—	197.00	(29.87)	—	(29.87)	—
Tianjin Monocon Refractories Company Limited, China	108.21	184.48	490.60	197.91	—	730.21	92.72	10.41	82.31	—
Monotec Refratarios Ltda, Brazil	200.20	(29.33)	260.30	89.44	—	655.51	76.31	18.44	57.87	—
Monocon Overseas Limited, UK	0.77	5,292.87	255.44	—	—	—	(27.58)	—	(27.58)	—

@ Paid to holding company, IFGL Worldwide Holdings Limited, Isle of Man.

Paid to holding company, IFGL Monocon Holdings Limited, UK.

NOTES :

- Balance Sheet figures have been converted into Indian Rupees by applying year end closing rate of related foreign exchange. Profit and Loss Account figures have however been converted into Indian Rupees by using Average exchange rate for the year end.
- Investments exclude investments in subsidiary companies.
- Profit/(Loss) is for the period commencing on Saturday, 10th September, 2005.