

AUDITORS' REPORT

To the Board of Directors of IFGL Refractories Limited

1. We have audited the attached Consolidated Balance Sheet of IFGL Refractories Limited (the "Company") and its subsidiaries, hereinafter referred to as the "Group" as at 31st March 2010, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated 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 the 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 misstatement. 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 a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries, included in the consolidated financial statements, which constitute total assets of Rs. 11,998.49 lacs and net assets of Rs. 4,241.69 lacs as at 31st March 2010, total revenue of Rs. 24,288.68 lacs, net profit of Rs. 2,003.97 lacs and net cash flows amounting to Rs. 140.54 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors except for three overseas subsidiaries, the financial statements of which reflect total assets of Rs. 1,038.42 lacs and net assets of Rs. 199.77 lacs as at 31st March 2010, total revenues of Rs. 1,949.82 lacs, net profit of Rs. 10.10 lacs and cash flows amounting to Rs. 83.54 lacs for the year ended on that date, all of which were subject to analytical review by the other auditors based on the records available (except for one subsidiary where only balance audited was cash balance, aggregating Rs. 255.11 lacs which was directly confirmed by bank) and were not considered material by the said auditors. The report of the other auditors has been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2010;
 - (b) in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Kolkata
10th May 2010

For **PRICE WATERHOUSE**
Firm Registration No. 301112E
Chartered Accountants
S K Deb
Partner
Membership Number-13390

CONSOLIDATED BALANCE SHEET As at 31st March 2010

(Rs. in lacs)

	Schedule	As at 31st March 2010		As at 31st March 2009	
SOURCES OF FUNDS					
Shareholders' Fund					
Capital	1	3,461.05		3,461.05	
Reserves and Surplus	2	10,256.52	13,717.57	7,893.88	11,354.93
Minority Interest			37.61		81.95
Loan Funds					
Secured Loans	3A	7,746.18		9,968.12	
Unsecured Loans	3B	182.26	7,928.44	65.95	10,034.07
Deferred Tax Liabilities (Net) (Note 13 on Schedule 15)			374.10		382.85
TOTAL			22,057.72		21,853.80
APPLICATIONS OF FUNDS					
Fixed Assets					
Gross Block	4	19,660.34		19,477.10	
Less : Depreciation		8,640.21		8,270.88	
Net Block		11,020.13		11,206.22	
Capital Work-in-Progress		278.82	11,298.95	526.48	11,732.70
Investment	5		35.00		-
Current Assets, Loans and Advances					
Inventories	6	5,924.90		5,134.77	
Sundry Debtors	7	8,948.56		5,963.55	
Cash and Bank Balances	8	1,203.23		1,285.69	
Loans and Advances	9	1,325.16		1,213.22	
		17,401.85		13,597.23	
Less : Current Liabilities and Provisions					
Liabilities	10	6,077.05		3,458.85	
Provisions		601.03		17.28	
Net Current Assets		6,678.08	10,723.77	3,476.13	10,121.10
TOTAL			22,057.72		21,853.80
NOTES ON ACCOUNTS	15				

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

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.

For **PRICE WATERHOUSE**
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Kolkata
10th May 2010

On behalf of the Board of Directors

R Agarwal
Company Secretary

P Bajoria
Managing Director

S K Bajoria
Chairman

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31st March 2010

(Rs. in lacs)

	Schedule	Year ended 31st March 2010	Year ended 31st March 2009
INCOME			
Turnover (Gross)		42,407.52	41,064.59
Less : Excise Duty		884.21	<u>1,247.52</u>
Turnover (Net)		41,523.31	39,817.07
Other Income	11	341.86	238.18
		41,865.17	<u>40,055.25</u>
EXPENDITURE			
(Increase) / Decrease in Finished Goods and Work-in-Progress	12A	(763.23)	215.25
Raw Materials and Trading Goods	12B	21,608.89	20,615.49
Manufacturing and Other Expenses	13	9,513.63	10,360.85
Payments and Provisions for Employees	14	5,386.60	5,888.92
Interest (Note 12 on Schedule 15)		452.39	954.77
Depreciation		752.22	742.20
Adjustments for items capitalised		(56.95)	—
Profit before Tax and Minority Interest		4,971.62	<u>38,777.48</u>
Provision for Current Tax		1,550.72	672.86
Profit after Current Tax and before Deferred and Fringe Benefit Tax		3,420.90	<u>604.91</u>
Deferred Tax Credit		(5.55)	(37.59)
Provision for Fringe Benefit Tax		—	35.22
Profit after Tax and before Minority Interest		3,426.45	<u>607.28</u>
Minority Interest		(3.96)	(3.85)
Profit after Tax and Minority Interest		3,430.41	<u>611.13</u>
Profit brought forward from previous year		6,504.36	5,893.23
Profit available for Appropriation		9,934.77	<u>6,504.36</u>
Proposed Dividend		346.10	—
Tax on Proposed Dividend		118.23	—
Balance carried to Balance Sheet		9,470.44	<u>6,504.36</u>
Earning per Share			
Basic and Diluted (Rs.) (Note 6 on Schedule 15)		9.91	<u>1.77</u>
NOTES ON ACCOUNTS	15		

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

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

For **PRICE WATERHOUSE**
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CONSOLIDATED CASH FLOW STATEMENT For the year ended 31st March 2010

(Rs. in lacs)

	Year ended 31st March 2010	Year ended 31st March 2009	
A . CASH FLOW FROM OPERATING ACTIVITIES :			
Net Profit before tax and Minority Interest	4,971.62	1,277.77	
Adjustments for :			
Depreciation and Amortisation	752.22	742.20	
Interest Expenses (net)	452.39	954.77	
Dividend income	(0.11)	-	
Liabilities no longer required written back	(32.42)	(65.34)	
Loss on Sale / Discard of Fixed Assets (net)	1.17	4.74	
Bad Debts / Advances written off	191.04	249.52	
Pension Assets Written off	-	398.98	
Unrealised Exchange (Gain)/Loss (Net)	(6.43)	781.66	
Effect of change in Foreign Exchange Translation	57.88	1,786.31	4,852.84
Operating Profit before Working Capital changes	6,387.36	6,130.61	
Adjustments for :			
Trade and other Receivables	(3,297.49)	5,593.11	
Inventories	(790.13)	350.29	
Trade Payables	2,663.67	(3,038.63)	2,904.77
Cash generated from operations	4,963.41	9,035.38	
Fringe Benefit Tax paid	-	(37.88)	
Direct Taxes paid - Net	(1,375.81)	(862.20)	(900.08)
Net Cash from Operating Activities	3,587.60	8,135.30	
B . CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of Fixed Assets	(1,197.97)	(992.73)	
Proceeds from Sale of Fixed Assets	45.33	0.01	
Acquisition of step down subsidiary companies	-	(4,383.78)	
Further Acquisition of shares in step down subsidiary company	(30.24)	-	
Sale / (Purchase) of Long Term Investments	(35.00)	-	
Interest Received	23.87	22.24	
Dividend Received	0.11	-	(5,354.26)
Net Cash used in Investing Activities	(1,193.90)	(5,354.26)	

CONSOLIDATED CASH FLOW STATEMENT (Contd.)

(Rs. in lacs)

	Year ended 31st March 2010	Year ended 31st March 2009
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Long Term Borrowings	553.52	3,360.02
Repayment of Long Term Borrowings	(3,434.42)	(2,701.20)
Proceeds from Short Term Borrowings	116.30	400.00
Repayment of Short Term Borrowings	-	(909.05)
Increase / (Decrease) in cash credit facilities	891.97	(822.66)
Interest Paid	(472.57)	(981.22)
Dividend Paid	(0.57)	(681.00)
Dividend Tax Paid	(59.41)	(117.64)
Net Cash used in Financing Activities	(2,405.18)	(2,452.75)
D. EXCHANGE DIFFERENCE ON TRANSLATION OF FOREIGN CURRENCY	(70.98)	(86.77)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C+D)	(82.46)	241.52
Cash and Cash Equivalents as at 31st March 2009 (Schedule 8)	1,285.69	770.57
Add : Taken over consequent upon acquisition of Subsidiary	-	273.60
Cash and Cash Equivalents as at 31st March 2010 (Schedule 8)	1,203.23	1,044.17

Notes :

- (1) The above Consolidated Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement, prescribed under the Act.
- (2) Previous year's figures have been re-grouped/re-arranged wherever necessary.

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

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

For **PRICE WATERHOUSE**
Firm Registration No. 301112E
Chartered Accountants

S K Deb

Partner

Membership Number-13390

Kolkata

10th May 2010

On behalf of the Board of Directors

R Agarwal
Company Secretary

P Bajoria
Managing Director

S K Bajoria
Chairman

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
(Rs. in lacs)

	As at 31st March 2010	As at 31st March 2009
1. CAPITAL		
AUTHORISED		
39,995,000 Equity Shares of Rs. 10/- each	3,999.50	3,999.50
500 Redeemable Preference Shares of Rs. 100/- each	0.50	0.50
	<u>4,000.00</u>	<u>4,000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP		
34,610,472 Equity Shares of Rs.10/- each fully paid up	3,461.05	<u>3,461.05</u>
Notes : Of the above shares -		
1. 18,320,973 shares are held by Bajoria Holdings Private Limited, the Holding Company.		
2. 16,600,872 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	446.79	446.79
Foreign Exchange Translation Adjustment Account		
At the commencement of the year	937.73	(119.16)
Add : Net (deletion)/addition during the year	<u>(603.44)</u>	<u>1,056.89</u>
Profit and Loss Account	9,470.44	6,504.36
	<u>10,256.52</u>	<u>7,893.88</u>
3. LOAN FUNDS		
A. SECURED LOANS		
Cash Credit/Packing Credit		
- From State Bank of India (Note 3(i) on Schedule 15)	1,562.26	1,492.41
- From The Hongkong & Shanghai Banking Corporation Ltd. (Note 3(ii) on Schedule 15)	1,157.40	685.20
- From ICICI Bank UK Ltd. (Note 3(iii) on Schedule 15)	275.20	-
- From CSOB Radlicka (Note 3(iv) on Schedule 15)	20.17	22.11
Term Loan		
From State Bank of India		
- Term Loan I (Note 3(v) on Schedule 15)	300.00	1,200.00
- Term Loan II (Note 3(vi) on Schedule 15)	225.00	450.00
- Term Loan III (Note 3(vii) on Schedule 15)	475.00	206.48
- From ICICI Bank UK Ltd., (Note 3(iii) on Schedule 15)	1,181.87	2,282.24
- From HSBC Bank Plc (Note 3(viii) on Schedule 15)	1,966.36	2,907.91
- From Barclays Bank (Note 3(ix) on Schedule 15)	14.58	24.61
- From Sparkasse (Note 3 (x and xi) on Schedule 15)	101.82	152.72
- From Volksbank Dill eG (Note 3(xii) on Schedule 15)	399.55	443.15
- From Commerzbank (Note 3(xiii) on Schedule 15)	66.97	101.29
	<u>7,746.18</u>	<u>9,968.12</u>
B. UNSECURED LOANS		
Short Term		
- From Volksbank Dill eG	54.43	6.93
- From Postbank	-	21.21
- From Commerzbank	20.79	-
- From Sparkasse	107.04	37.81
	<u>182.26</u>	<u>65.95</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)**4. FIXED ASSETS***(Rs. in lacs)*

DESCRIPTION OF THE ASSETS	GROSS BLOCK						DEPRECIATION						NET BLOCK	
	As at 01.4.09	Addition on Acquisition of Subsidiaries	Additions during the year	Deductions during the year	Exchange Difference	Total as at 31.3.10	As at 01.4.09	Addition on Acquisition of Subsidiaries	For the year	On Deductions	Exchange Difference	Total upto 31.3.10	As at 31.3.10	As at 31.3.09
TANGIBLE														
Land - Lease hold (Note 1 below)	34.76	-	-	-	-	34.76	2.60	-	0.43	-	-	3.03	31.73	32.16
- Freehold	184.88	-	-	-	(14.93)	169.95	-	-	-	-	-	-	169.95	184.88
Buildings	2,566.59	-	318.28	-	(161.45)	2,723.42	1,079.77	-	67.11	-	(70.42)	1,076.46	1,646.96	1,486.82
Plant and Machinery (Note 2 below)	9,378.77	-	775.08	27.66	(353.59)	9,772.60	5,655.72	-	595.30	9.04	(232.58)	6,009.40	3,763.20	3,723.05
Computers	342.43	-	18.01	2.13	(16.45)	341.86	316.26	-	17.77	2.13	(15.90)	316.00	25.86	26.17
Furniture and Fixtures	271.40	-	-	-	(12.18)	259.22	253.65	-	7.77	-	(12.09)	249.33	9.89	17.75
Equipments	211.96	-	9.00	17.76	(14.24)	188.96	147.95	-	12.39	16.44	(11.41)	132.49	56.47	64.01
Vehicles	259.44	-	74.79	3.47	(15.57)	315.19	114.09	-	30.03	3.12	(7.35)	133.65	181.54	145.35
Total - A	13,250.23	-	1,195.16	51.02	(588.41)	13,805.96	7,570.04	-	730.80	30.73	(349.75)	7,920.36	5,885.60	5,680.19
INTANGIBLE														
Goodwill arising on amalgamation	503.06	-	-	-	-	503.06	503.06	-	-	-	-	503.06	-	-
Goodwill arising on acquisition	13.96	-	-	-	(1.17)	12.79	13.96	-	-	-	(1.17)	12.79	-	-
Goodwill arising on consolidation	5,419.52	-	11.04	-	(353.27)	5,077.29	-	-	-	-	-	-	5,077.29	5,419.52
Computer Software	20.63	-	0.36	-	(1.23)	19.76	17.55	-	2.09	-	(1.08)	18.56	1.20	3.08
Technical Know-how (Note 3 below)	269.70	-	-	26.21	(2.01)	241.48	166.27	-	19.33	-	(0.16)	185.44	56.04	103.43
Total - B	6,226.87	-	11.40	26.21	(357.68)	5,854.38	700.84	-	21.42	-	(2.41)	719.85	5,134.53	5,526.03
GRAND TOTAL (A + B)	19,477.10	-	1,206.56	77.23	(946.09)	19,660.34	8,270.88	-	752.22	30.73	(352.16)	8,640.21	11,020.13	11,206.22
Previous Year	14,559.32	4,963.66	989.01	674.11	(360.78)	19,477.10	6,865.96	1,068.83	742.20	669.36	263.25	8,270.88		
Capital Work-in-Progress													278.82	526.48
													11,298.95	11,732.70

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

(2) The gross block and net block of plant and machinery includes an amount of Rs. 46.49 (previous year - Rs. 54.23) and Rs. 21.40 (previous year - Rs. 30.74) respectively in respect of assets held under Hire Purchase Contract.

(3) Technical know how represents technical drawings, designs, etc. relating to manufacture of group's products and acquired pursuant to various agreements conferring the right to usage only.

(Rs. in lacs)

	As at 31st March 2010	As at 31st March 2009
5. INVESTMENTS		
Long Term - Trade Investment		
(At cost less provision for diminution, if any)		
Unquoted :		
Fully paid Equity Shares in IFGL Exports Limited	35.00	-
35,000 Equity Shares of Rs. 100 each		
(including premium of Rs. 90 each)		
	35.00	-

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)
(Rs. in lacs)

	As at 31st March 2010	As at 31st March 2009
6. INVENTORIES (At lower of cost and net realisable value)		
Stores and Spares	102.89	94.84
Raw Materials and Components	2,337.34	2,540.19
Raw Materials and Components in transit	169.75	1.63
Work-in-Progress	611.86	423.04
Finished Goods		
- Manufactured Goods	2,254.44	1,773.10
- Trading Goods	145.29	102.91
Stock at third parties		
- Manufactured Goods	274.42	181.35
- Trading Goods	28.91	17.71
	<u>5,924.90</u>	<u>5,134.77</u>
7. SUNDRY DEBTORS (Unsecured)		
Debts outstanding for more than six months	838.73	793.85
Other Debts		
- Considered good	8,109.83	5,169.70
- Considered Doubtful	273.39	189.28
Less : Provision for Doubtful Debts	273.39	189.28
	<u>9,221.95</u>	<u>6,152.83</u>
	<u>8,948.56</u>	<u>5,963.55</u>
8. CASH AND BANK BALANCES		
Cash in hand (Include cheques in hand Rs. 21.34, previous year - Rs. 21.15)	33.51	30.54
With Scheduled Banks		
- On Current Accounts	916.88	1,030.67
- On Dividend Accounts	52.68	53.24
- On Fixed Deposit Accounts (As margin on Letter of Credit and Bank Guarantee)	200.16	168.63
Remittance in Transit	-	2.61
	<u>1,203.23</u>	<u>1,285.69</u>
9. LOANS AND ADVANCES (Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	715.42	586.11
Accrued Export benefits under DEPB Scheme	383.93	304.56
Balance with Customs and Excise Authorities	119.55	137.83
Other Deposits	106.26	184.72
Fringe Benefit Tax	Refer Schedule 10	Refer Schedule 10
Advance Tax/Tax Deducted at Source	Refer Schedule 10	Refer Schedule 10
	<u>1,325.16</u>	<u>1,213.22</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)

(Rs. in lacs)

	As at 31st March 2010		As at 31st March 2009	
10. CURRENT LIABILITIES AND PROVISIONS				
Liabilities -				
Outstanding dues of micro and small enterprises for Goods (Note 14 on Schedule 15)	48.44		20.44	
Others				
- for goods	2,670.94		1,288.00	
- for expenses	1,985.93		1,245.61	
Advance Received from Customers	12.92		22.15	
Investor Education and Protection Fund shall be credited by Unpaid Dividend**	52.68		53.24	
Other Liabilities	1,306.14	6,077.05	829.41	3,458.85
Provisions -				
Taxation	179.41		6.62	
(Net of Advance Income Tax / Tax Deducted at Source Rs. 2,344.93, previous year - Rs. 1,524.13)				
Fringe Benefit Tax	0.04		0.04	
(Net of Advance Fringe Benefit tax Rs. 87.85, previous year - Rs. 87.85)				
Proposed Dividend	346.10		-	
Tax on Proposed Dividend	58.82		-	
Employee Benefits	16.66		10.62	17.28
		601.03		
		6,678.08		3,476.13

** No amount is due as on 31st March 2010 for credit to Investor Education and Protection Fund.

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	Year ended 31st March 2010		Year ended 31st March 2009	
11. OTHER INCOME				
Commission	18.47		5.08	
Dividend from Current Non Trade Investments - Mutual Fund	0.11		-	
Liabilities no longer required written back	32.42		65.34	
Miscellaneous Income	290.86		167.76	
		341.86		238.18
12A. (INCREASE)/DECREASE IN FINISHED GOODS AND WORK-IN-PROGRESS				
Opening Work-in-Progress	423.04		553.37	
Opening Finished Goods	1,954.45	2,377.49	2,039.37	2,592.74
Less : Closing Work-in-Progress	611.86		423.04	
Closing Finished Goods	2,528.86	3,140.72	1,954.45	2,377.49
		(763.23)		215.25

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT (Contd.)
(Rs. in lacs)

	Year ended 31st March 2010	Year ended 31st March 2009
12B. RAW MATERIALS AND TRADING GOODS		
Raw Materials Consumed *	20,584.51	19,069.52
Opening Stock of Trading Goods	120.62	132.18
Add : Purchases of Trading Goods	1,077.96	1,534.41
	1,198.58	1,666.59
Less : Closing Stock of Trading Goods	174.20	120.62
	1,024.38	1,545.97
	21,608.89	20,615.49

* Net of Rs. 609.18 (previous year - Rs. 841.02), being duty benefit pertaining to exports.

13. MANUFACTURING AND OTHER EXPENSES		
Consumable Stores and Spares	606.12	649.50
Power and Fuel	1,286.79	1,287.53
Repairs and Maintenance		
- Plant and Machinery	255.04	265.71
- Building	47.70	13.58
- Others	167.66	133.80
Rent	281.99	413.09
Rates and Taxes	59.29	240.59
Insurance	166.01	77.09
Postage, Telephone, Telex etc.	161.02	136.74
Travelling and Conveyance	712.02	165.88
Packing and Material Handling Expenses	1,473.82	721.24
Delivery and Forwarding Expenses	1,295.42	1,513.55
Professional Fees	513.61	1,403.54
Processing Charges	202.81	461.17
Royalty	112.75	161.42
Commission	893.11	125.46
Service Charges	259.99	675.08
Directors' Sitting Fees	4.15	276.23
Foreign Exchange (Gain)/Loss (net)	(233.96)	3.94
Bad Debts / Advances written off	89.55	833.04
Provision for Doubtful Debts	101.49	140.62
Loss on Sale / Discard of fixed assets (net)	1.17	108.89
Other Expenses	1,056.08	4.74
	9,513.63	961.51
	9,513.63	10,360.85

14. PAYMENTS AND PROVISIONS FOR EMPLOYEES		
Salaries and Wages	4,742.15	5,044.94
Staff Welfare Expenses	228.45	205.18
Contribution to Provident and Other Funds :		
- Gratuity Fund	25.00	22.00
- Provident Fund and Employees Pension Schemes	78.82	298.05
- Superannuation Fund	45.18	45.22
- Leave Encashment	3.14	1.76
- Employees State Insurance Fund etc.	263.86	271.77
	416.00	638.80
	5,386.60	5,888.92

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS*(All figures are in Rs. in lacs)*

1. These Consolidated Financial Statements (CFS) are prepared to comply in all material aspects with all applicable accounting principles in India, the applicable accounting standards notified under Section 211 (3C) of the Companies Act, 1956 (the Act) and the relevant provisions of the Act.

2. a) Principles of Consolidation

The CFS comprise the financial statements of IFGL Refractories Limited (Parent Company) and its subsidiary companies (Group). The Consolidated Financial Statements are in conformity with Accounting Standard 21 on "Consolidated Financial Statements" notified under Section 211 (3C) of the Companies Act, 1956 and are prepared on the following basis :

- The financial statements of the Parent Company and its subsidiaries (listed below) have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after adjustments /elimination of intra Group balances and intra Group transactions and resulting unrealised profits. Unrealised losses resulting from intra Group transactions are eliminated unless cost cannot be realised.
- The CFS are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances in all material respect, except as indicated in the Note 4 below, are presented to the extent possible, in the same manner as the Parent Company's separate Financial Statements.
- The excess of cost to the Parent Company of its investment in the subsidiaries (including step down subsidiaries) over parent's portion of equity of subsidiaries at the dates they become subsidiaries is recognised in the financial statements as goodwill. Goodwill arising on consolidation is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment loss.
- The translation of functional currencies into Indian Rupees (reporting currency) is performed for equity in foreign subsidiary, assets and liabilities using the closing exchange rate at the balance sheet date, for revenues, costs and expenses using average exchange rate prevailing during the year. The resultant exchange difference arising out of such translations is recognised as part of equity (Foreign Currency Translation Adjustment Account) by the Parent Company until the disposal of investment.
- Minority interest in the consolidated financial statements is identified and recognised after taking into consideration :
 - The amount of equity attributable to minorities at the date on which investment in subsidiary is made.
 - The minority's share of movement in equity since the date parent - subsidiary relationship came into existence.
 - Losses applicable to the minority in excess of the minority's interest, if any, in the subsidiary's equity are allocated against the interest of the Group.
- Monotec Refratarios Ltda, Tianjin Monocon Refractories Company Limited and Tianjin Monocon Aluminous Refractories Company Limited (step down subsidiaries), each has an accounting period end of 31st December 2009. These subsidiaries have been consolidated using the financial statements for the year ended on that date adjusted for management account movements to 31st March 2010.

b) The subsidiaries (including step down subsidiaries) considered in the consolidated financial statements are :

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Accounting Year Ended
IFGL Worldwide Holdings Limited (IWHL)	Isle of Man	100 %	31st March
Step down subsidiaries			
IFGL Monocon Holdings Limited (IMHL)	United Kingdom	100 %	31st March
Tianjin Monocon Refractories Company Limited (TMRL)	Peoples Republic of China	100 %	31st December
Monotec Refratarios Ltda (MRL)	Brazil	95 %	31st December
Monocon International Refractories Limited (MIRL)	United Kingdom	100 %	31st March
Monocon Overseas Limited (MOL)	United Kingdom	100 %	31st March
Mono Ceramics Inc (MCI)	United States of America	100 %	31st March
Goricon Metallurgical Services Limited (GMSL)	United Kingdom	100 %	31st March
Goricon LLC (GLLC)	United States of America	100 %	31st March

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)
(All figures are in Rs. in lacs)

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Accounting Year Ended
Tianjin Monocon Aluminous Refractories Company Limited (TMARL)	Peoples Republic of China	100 %	31st December
IFGL GmbH (IG)	Germany	100 %	31st March
Hofmann Ceramic GmbH (HCG)	Germany	98.08 %	31st March
Hofmann GmbH & Co. OHG (HGCO)	Germany	100 %	31st March
Hofmann Ceramic CZ s.r.o. (HCC)	Czech Republic	98.78 %	31st March
Hofmann Ceramic Ltd. (HCL)	United Kingdom	100 %	31st March
Hofmann Ceramic LLC (HCLL)	United States of America	100 %	31st March
IFGL Pyemetric LLC (IPL)	United States of America	100 %	31st March

3. Details of Securities provided to Banks against Loans

- i) Cash Credit/Packing Credit from State Bank of India is secured by hypothecation of stocks of raw materials, stock in process, finished goods, consumables, spares, stores, receivables and other liquid assets etc including goods in transit and by a second charge over all fixed assets of the Parent Company, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela, ranking pari pasu with The Hongkong and Shanghai Banking Corporation Limited.
- ii) Cash Credit/Packing Credit from The Hongkong and Shanghai Banking Corporation Ltd., is secured by charge on current assets and second charge over all the fixed assets of the Parent Company ranking pari pasu with that created in favour of State Bank of India.
- iii) The Term Loan and Cash Credit (Euro and US dollar currencies) from ICICI Bank UK Ltd. is secured by :
 - (a) mortgage of movable and immovable assets (including intangibles) of MIRL
 - (b) mortgage of movable and immovable assets of MCI, a subsidiary of MOL
 - (c) shortfall undertaking from IFGL Refractories Limited
 - (d) pledge of IWHL's holding in IMHL
 - (e) pledge of IMHL's holding in MIRL
 - (f) pledge of MIRL's holding in MOL
 - (g) non-disposal undertaking from IWHL for its holding in subsidiaries in China and Brazil.
- iv) Overdraft facility from CSOB Radlicka is secured by Blank Promissory Note by HCC.
- v) Term Loan from State Bank of India is secured by first charge over all the fixed assets of the Company, including Land and other immovable properties, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by an extension of charge over the current assets of the Parent Company.
- vi) Term Loan from State Bank of India is secured by first charge over Plant and Machinery and other fixed assets acquired in the project considered for financing, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by first charge over all other fixed assets of the Parent Company.
- vii) Term Loan from State Bank of India is secured by first charge over Plant and Machinery and other fixed assets acquired in the project considered for financing, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by first charge over all other fixed assets and current assets of the Parent Company.
- viii) The Term Loan (Euro Currency) from HSBC Bank plc is secured by :
 - (a) Debentures comprising fixed and floating charges over all the assets and undertakings of IMHL, MOL, MIRL, GMSL and IWHL, including all present and future freehold and leasehold property, books and other debts, chattels, goodwill and uncalled capital, both present and future.
 - (b) Letter of priority to HSBC from ICICI Bank over all current assets of MIRL.
 - (c) Company Guarantees from IWHL to secure all liabilities of the Borrower.
 - (d) Composite Company Guarantee from MIRL, IMHL, MOL and GMSL to secure liabilities of each other.
 - (e) Company Guarantee from IFGL Refractories Ltd. limited to Euro 5,300,000 to secure all liabilities.
- ix) Term loan from Barclays Bank is secured against specific plant and machinery taken on hire purchase by GMSL.
- x) Term loan (Euro Currency) from Sparkasee, Dillenberg is secured against specific plant and machinery of HGCO.

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)*(All figures are in Rs. in lacs)*

- xii) Term loan (Euro Currency) from Sparkasee, Dillenberg is secured against specific plant and machinery of HCG.
- xiii) Term loan (Euro Currency) from Volksbank Dill eG of HGCO is secured by :
- Mortgage of small investments and investments in HCC plant.
 - Specific plant and machineries.
- xiii) Term loan (Euro Currency) from Commerzbank Aktiengesellschaft is secured against specific plant and machinery of HGCO.
4. Accounting policies for the Group are same as followed by the Parent Company as indicated in Note 1 on the Schedule 15 of Parent Company's Accounts for the year ended 31st March 2010, except as follows :

Fixed Assets of operating step down subsidiaries are depreciated under Straight Line Method and also under Written Down Value method, over their estimated useful lives (being lower than the useful lives prescribed under Schedule XIV to the Companies Act, 1956 of India except in case of Buildings), as indicated below :

Building	50 years
Plant and Machinery	3 - 10 years
Fixtures and Fittings	1 - 10 years
Office Equipments	1 - 4 years
Computers	1 - 4 years
Motor Vehicles	4 years

Depreciation charge for the year and year-end accumulated depreciation pertaining to the aforesaid subsidiaries amount to Rs. 299.06 (previous year Rs. 320.54) and Rs. 3,797.31 (previous year Rs. 3,936.20) respectively.

Had the operating subsidiaries followed the depreciation rates only under Straight Line Method prescribed under Schedule XIV to the Companies Act, 1956 of India the amount by which the net depreciation charge would have been lower is not ascertainable at this stage.

5. As per Accounting Standard - 11, the effect of changes in Foreign Exchange Rates resulted in a year-end translation loss of Rs. 122.76 (previous year Rs. 349.37) on USD foreign currency loan (fully hedged through swap contract for GBP repayments). As per the confirmation received from the bank contracting the swap, the liability has in effect been converted to GBP and the company has to pay GBP only for repayment of loan and interest. The mark-to-market valuation of this swap contract at the year-end resulted in a gain of Rs. 115.27 (previous year Rs. 326.75). In line with the Accounting Standard - 11 and the announcement by the Council of the Institute of Chartered Accountants of India on accounting of derivatives dated 29th March 2008, the mark-to-market gain has not been accounted for. Had the gain been netted of against the translation loss, the year-end profit and the year-end net worth of the Company would have been higher to that extent.
6. Earning Per Share (EPS) - The numerators and denominators used to calculate Basic and Diluted EPS :

		2009-2010	2008-2009
Profit after Tax and Minority Interest attributable to the Equity shareholders	A	3,430.41	611.13
Basic/Weighted average of Equity Shares outstanding during the year (Nos)	B	34,610,472	34,610,472
Diluted Potential Equity Shares		-	-
Nominal Value of each Equity Share (Rs)		10	10
Basic/Diluted EPS (Rs)	A/B	9.91	1.77

7. Estimated amounts of Capital Commitments (net of advances) outstanding as at 31st March 2010 and not provided for is Rs. 893.93 (previous year Rs. 2.11).
8. Contingent Liabilities not provided for :

	2009-2010	2008-2009
a) Claims against the Company not acknowledged as debts :		
i) Sales Tax matter under appeal [net of Rs. 5.49 (previous year Rs. 5.49) paid under protest]	44.06	44.06
ii) Income Tax matters under dispute	15.88	15.88
iii) Service Tax matters under dispute (including penalty and excluding interest)	33.62	16.81
iv) Others (Water Tax)	43.29	4.40

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)
(All figures are in Rs. in lacs)

	2009-2010	2008-2009
9. Outstanding Bank Guarantees (net of margin money)	388.97	526.14

10. The Parent 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, from April 2004, the Parent Company has been depositing contributions under EPS, 95 with the RPFC. A sum of Rs. 81.72 has been paid in earlier year to RPFC from the Parent Company's Superannuation Fund towards contribution (as estimated by the Parent Company) under EPS, 95 for the period 16th November 1995 to 31st March 2004 in respect of employees continuing in the Parent Company's employment as on 31st March 2004. RPFC has however demanded contribution also for persons who ceased to be employees of the Parent Company in said period, which has been disputed by the Company.

11. RPFC had raised a demand of Rs. 27.26 in March 1998 on the Parent Company towards contribution under EPS, 95 for the period 16th November 1995 to 31st January 1998, which was stayed by the Hon'ble Orissa High Court in a petition filed before them by the Parent Company. The matter was disposed off by the Hon'ble High Court vide its Order dated 3rd March 2009 whereby liberty was granted to RPFC to take steps for recovery of amount due, if the same was found not deposited, no communication has since been received from RPFC.

12. a) Interest paid / payable is net of Interest Received [Tax Deducted at Source Rs. 2.11 (previous year Rs. 0.42)], as detailed below:

	2009-2010	2008-2009
Interest on Bank Deposits	15.66	18.33
Interest on Customers' overdue bills	7.07	7.34
Interest from Employees and Others	0.07	3.19
Total	<u>22.80</u>	<u>28.86</u>

b) Interest paid/payable includes interest on Fixed Loans during the year Rs. 320.95 (previous year Rs. 691.96)

c) No interest was capitalised during the year.

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

	2009-2010	2008-2009
Tax Impact of -		
Accrued expenses deductible when paid	(40.77)	(20.10)
Difference between tax depreciation and book depreciation	414.87	402.95
Total	<u>*374.10</u>	<u>*382.85</u>

* Includes gain of Rs. 3.20 (previous year loss of Rs. 14.03) on account of exchange fluctuations due to re-statement of year end deferred tax assets and liabilities.

14. Balance including interest thereon due to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006 (as identified based on the available confirmations) is Rs. 48.44 (previous year Rs. 20.44). No interest has been paid during the year. The amount of interest payable for the period of delay in making payment beyond the appointed day is Rs. 2.62 (previous year Rs. 2.91) and interest accrued and remaining unpaid at the year end is Rs. 9.36 (previous year Rs. 6.74)

15. Related Party Disclosures of Parent Company in keeping with Accounting Standard - 18 prescribed under 'the Act'.

a) List of Related Parties

i) Where Control exists

Holding Company
Fellow Subsidiaries

Bajoria Holdings Private Limited
Heritage Health TPA Pvt. Limited • Bajoria Financial Services Pvt Limited
IFGL Bio Ceramics Limited • Ganges Art Gallery Pvt Limited
Bajoria Enterprises Ltd. • IFGL Exports Ltd.

ii) Others

Key Management Personnel
Relatives of Key Management Personnel
Enterprises in which key Management
personnel has significant influence

S K Bajoria (Chairman) • P Bajoria (Managing Director)
B P Bajoria
Coris Heritage Asia Pacific Private Limited
Heritage Insurance Brokers Private Limited

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)*(All figures are in Rs. in lacs)***15. b) Particulars of Transactions during the year and year end balances**

	2009-2010	2008-2009
(I) With Holding Company : Bajoria Holdings Private Limited		
Rent for Office Premises	6.83	6.08
Maintenance Charges	10.89	10.89
Expenses Reimbursement/incurred	15.88	19.08
Interest Paid	-	42.84
Loan repaid	-	575.00
	<u>33.60</u>	<u>653.89</u>
(II) With Fellow Subsidiaries		
Sale of Finished Goods		
IFGL Bio Ceramics Limited	18.49	5.38
	<u>18.49</u>	<u>5.38</u>
Expenses Reimbursement/incurred		
Ganges Art Gallery Pvt Limited	1.54	-
	<u>1.54</u>	<u>-</u>
Expenses Recovered/received		
Heritage Health TPA Pvt Limited	-	1.44
IFGL Exports Limited	1.15	3.86
IFGL Bio Ceramics Limited	0.29	-
Ganges Art Gallery Pvt Limited	-	0.03
	<u>1.44</u>	<u>5.33</u>
Interest Paid		
Bajoria Financial Services Pvt Limited	-	6.78
	<u>-</u>	<u>6.78</u>
Loan Taken		
Bajoria Financial Services Pvt Limited	-	400.00
	<u>-</u>	<u>400.00</u>
Loan Repaid		
Bajoria Financial Services Pvt Limited	-	400.00
	<u>-</u>	<u>400.00</u>
Investment		
IFGL Exports Limited	35.00	-
	<u>35.00</u>	<u>-</u>
YEAR END BALANCES		
Sundry Debtors		
IFGL Bio Ceramics Limited	14.37	1.47
	<u>14.37</u>	<u>1.47</u>
Loans and Advances		
Heritage Health TPA Pvt Limited	-	1.44
IFGL Exports Limited	-	0.28
Ganges Art Gallery Pvt Limited	-	0.03
	<u>-</u>	<u>1.75</u>
Investment		
IFGL Exports Limited	35.00	-
	<u>35.00</u>	<u>-</u>

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)
(All figures are in Rs. in lacs)

	2009-2010	2008-2009
(III) With Key Management Personnel		
Director's Remuneration		
S K Bajoria (Chairman)	95.07	81.40
P Bajoria (Managing Director)	101.74	83.78
	<u>196.81</u>	<u>165.18</u>
(IV) With Relative of Key Management Personnel		
Sitting Fees		
B P Bajoria	0.80	0.80
	<u>0.80</u>	<u>0.80</u>
(V) With Enterprise in which a key management personnel has significant influence		
Expenses Recovered/received		
Heritage Insurance Brokers Pvt Limited	0.75	2.14
Coris Heritage Asia Pacific Pvt Limited	-	0.04
	<u>0.75</u>	<u>2.18</u>
YEAR END BALANCES		
Sundry Debtors		
Heritage Insurance Brokers Pvt Limited	0.72	-
	<u>0.72</u>	<u>-</u>
Loans and Advances		
Heritage Insurance Brokers Pvt Limited	-	2.10
Coris Heritage Asia Pacific Pvt Limited	-	0.03
	<u>-</u>	<u>2.13</u>

16. Disclosures in respect of Employee Benefits in keeping with Accounting Standard 15

- a) In keeping with the Guidance on implementing Accounting Standard (AS) 15 on Employee Benefits issued by the Accounting Standards Board of the Institute of Chartered Accountants of India (ASB Guidance), employer-established provident fund trusts are treated as Defined Benefit Plans since the Parent Company is obligated to meet interest shortfall, if any, with respect to covered employees. According to the actuary, actuarial valuation can not be applied to reliably measure provident fund liabilities in absence of guidance from Actuarial Society of India. Accordingly, the Parent Company is currently not in a position to provide other related disclosures as required by the aforesaid AS 15 read with the ASB Guidance. However, having regard to the position of the Fund and the return on investments, the Parent Company does not expect any deficiency in the foreseeable future.
- b) In keeping with the Parent Company's gratuity scheme (a defined benefit plan), employees joined after 31 March 2003 are entitled to gratuity benefit (at one half months eligible salary for each completed year of service) on retirement / death / incapacitation / termination and there is no ceiling for employees joined before 31st March 2003.
- c) In keeping with the Parent Company's Superannuation Scheme (applicable to employees joined before 31st March 2004), employees are entitled to superannuation benefit on retirement / death / incapacitation / termination. Superannuation Scheme was amended from Defined Benefit Plan to Defined Contribution Plan effective 1st April 2004 and the benefits under the Defined Benefit Plan were frozen as on 31st March 2004. Necessary formalities/approvals have been complied with/obtained.
- d) With regard to subsidiaries, including step down subsidiaries, they operate a defined contribution pension scheme for the benefit of the employees and contributions payable are charged to the profit and loss account in the period they are payable. Only Goricon Metallurgical Services Limited (GMSL), a step down subsidiary operates a defined benefit pension scheme. Scheme assets are measured by the actuary at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. A net surplus is recognised only to the extent that it is recoverable by the Company. The current service costs and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in finance costs. The scheme is closed effective from 1st April 2003 to new members.

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)*(All figures are in Rs. in lacs)*

16.1) Following are the further particulars with respect to defined benefit plans of the Group

	Gratuity (Funded)			Superannuation (Funded)			Step down subsidiary Retirement Benefit Scheme (Funded)		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
Reconciliation of the opening and closing balances of present value of Defined Benefit obligation									
Present Value of obligation, as at the beginning of the year	197.31	215.13	171.76	189.75	179.85	188.96	1,091.75	1,214.72	2,137.28
Service Cost	21.29	12.77	13.49	-	-	-	-	3.14	10.48
Interest Cost	15.59	17.42	12.82	14.82	14.68	15.68	75.27	77.75	94.31
Plan Amendments	2.20	-	-	-	-	-	-	-	-
Actuarial (gains)/losses	77.04	(37.58)	18.74	(0.67)	(3.17)	(24.76)	675.17	61.26	94.31
Benefits paid	(4.95)	(10.43)	(1.68)	(8.92)	(1.61)	(0.03)	-	(165.72)	(963.35)
Exchange differences on foreign plans	-	-	-	-	-	-	(141.55)	(99.40)	(158.31)
Present Value of obligation, as at the end of the year	308.48	197.31	215.13	194.98	189.75	179.85	1,700.64	1,091.75	2,124.72
Reconciliation of the Opening and Closing balances of the Fair Value of Plan Assets :									
Fair Value of plan assets at the beginning of the year	243.75	222.64	182.45	334.27	310.49	281.37	1,462.25	1,412.81	2,436.72
Actual return of plan assets	20.94	18.96	14.37	27.04	25.39	23.35	75.27	80.90	104.79
Actuarial gains/(losses)	23.90	(9.42)	7.50	19.94	-	5.80	442.59	246.62	-
Contribution by the Company	22.00	22.00	20.00	-	-	-	1.47	18.06	13.70
Benefits paid	(4.95)	(10.43)	(1.68)	(8.92)	(1.61)	(0.03)	-	(165.72)	(976.19)
Exchange differences on foreign plan	-	-	-	-	-	-	(143.89)	(130.42)	(166.21)
Fair Value of plan assets at the end of the year	305.64	243.75	222.64	372.33	334.27	310.49	1,837.69	1,462.25	1,412.81
Reconciliation of the Benefit Value of obligation and fair value of the Plan Assets									
Fair Value of plan assets at the end of the year	305.64	243.75	222.64	372.33	334.27	310.49	1,837.69	1,462.25	1,412.81
Present value of obligation at the end of the year	308.48	197.31	215.13	194.98	189.75	179.85	1,700.64	1,091.75	2,124.72
Assets/(Liabilities) as per Actuarial valuation	*	*	*	**	**	**	**	**	**
	(2.84)	46.44	7.51	177.35	144.52	130.64	137.05	370.50	198.09

* Actual amount of assets/(liabilities) in the balance sheet Rs. (3.00) (Previous year Rs. Nil)

** Actual amount of Assets in the balance sheet

Expense recognised in the Profit and Loss Account									
Current Service Cost	21.29	12.77	13.49	-	-	-	-	3.14	10.48
Interest Cost	15.59	17.42	12.82	14.82	14.68	15.68	75.27	77.75	94.31
Expected return of plan assets	(20.94)	(18.96)	(14.37)	(27.04)	(25.39)	(23.35)	(75.27)	(80.90)	(104.79)
Past Service Cost	2.20	-	-	-	-	-	-	-	-
Actuarial (gain)/loss	53.14	(28.16)	11.24	(20.61)	(3.17)	(30.56)	232.58	(185.35)	94.31
Non recoverable assets written off	-	-	-	-	-	-	(231.11)	398.98	-
Total Expense as per the Actuarial Valuation	#	#	#	##	##	##	###	###	###
	71.28	(16.93)	23.18	(32.83)	(13.88)	(38.23)	1.47	213.62	94.31

Actual Expenses recognised Rs. 25.00 (previous year Rs. 22.00)

Actual Expenses recognised Rs. Nil (previous year Rs. Nil)

Includes exchange translation loss of Rs. 2.34 (previous year Rs. 28.50)

The expenses for the above benefits are disclosed under 'Contribution to Funds' on Schedule 14 to Profit and Loss Account.

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)
(All figures are in Rs. in lacs)

16.1) Following are the further particulars with respect to defined benefit plans of the Group (Contd.)

	Gratuity (Funded)			Superannuation (Funded)			Step down subsidiary Retirement Benefit Scheme (Funded)		
	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08	2009-10	2008-09	2007-08
Category of Plan Assets									
GOI Securities	7%	10%	10%	18%	23%	24%	-	-	-
Bonds	12%	15%	19%	17%	20%	27%	-	-	-
State Government/State Government guaranteed securities	5%	8%	9%	4%	5%	7%	-	-	-
Units of Insurers	76%	66%	62%	60%	50%	40%	-	-	-
Others (including bank balances)	-	1%	-	1%	2%	2%	-	-	-
Scottish Mutual with Profit Deferred Annuity Policy	-	-	-	-	-	-	100%	100%	100%
	100%	100%	100%	100%	100%	100%	100%	100%	100%
Principal Actuarial Assumptions :									
Discount rate (per annum) (%)	8.00	8.00	8.30	8.00	8.00	8.20	5.50	6.70	6.80
Rate of increase in salaries (%)	6.00	5.00	5.00	NA	NA	NA	NA	NA	NA
Expected rate of return on plan assets (%)	8.30	8.00	7.50	8.20	8.00	8.30	6.70	5.80	4.58
Remaining working life (in Years)	18.04	18.39	19.29	15.39	14.84	15.68	@ as per table below		
Pension in payment increases on pension accrued from 6th April 1997 (price inflation with a maximum of 5% p.a)	-	-	-	-	-	-	3.70	3.00	3.00
Revaluation in deferment (price inflation with a maximum of 5% p.a)	-	-	-	-	-	-	3.70	3.00	3.00
Methods used	Projected Accrued Benefit Method								
Actual Return on Plan Assets	44.84	9.54	21.87	46.98	25.39	29.15	517.86	327.52	104.79

@ The mortality assumptions adopted at 31st March 2010 imply the following future life expectancies :

Male currently age 40									43 Years
Female currently age 40									46 Years
Male currently age 65							23 Years	23 Years	19 Years
Female currently age 65							26 Years	26 Years	22 Years

- Discount rate on Superannuation Fund has been determined based upon the market yield available on Government Bonds without considering salaries increase since the pension had been frozen based on salaries as at 31st March 2004 for the period of service upto 31st March 2004 and in case of other funds based upon the market yield available on Government Bonds after considering salaries increase which takes into account inflation, seniority, promotion and other relevant factors.
- Expected rate of return on plan assets is assumed to be same as the discount rate at the beginning of the year as the assets of the fund are primarily invested in Government Bonds.
- Expected return on plan assets of GMSL Retirement Benefit Scheme is determined after taking into consideration composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets, the Parent Company's policy for plan asset management and other relevant factors. The estimate of future salary increases take into account inflation, seniority, promotion and other relevant reasons.
- Appropriate contribution for 2009-10 has been paid to the Employees Defined Benefit Plan during the year.

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)*(All figures are in Rs. in lacs)*

17. Segment Information for the year ended 31st March 2010 in accordance with AS -17 prescribed under the Act.

A) Primary Segment Reporting (by geographical location of operations)

I) **Composition of Geographical Segments**

The Group is predominantly a manufacturer and trader of Specialised Refractories and accordingly a single business segment Group. The Group has adopted the geographical location of its operations (where its products are produced or service rendering activities are based) as its primary segment and presented the related information accordingly together with corresponding figures for the previous year. The Group's production facilities have been segmented into India, Europe (United Kingdom, Germany and Czech Republic), Asia excluding India (China) and Americas (USA and Brazil)

II) **Inter Segment Transfer Pricing**

Inter segment prices are normally negotiated amongst the segments with reference to the costs, market prices and business risks, within an overall optimisation objective for the Group.

III) **Segment Revenues, Result and Other Information**

	India	Europe	Asia Excluding India	Americas	Total of Reportable Segments
External Sales (Net of Excise Duty)	16,809.29 16,299.86	13,534.64 13,767.18	5,379.56 4,240.76	5,799.82 5,509.27	41,523.31 39,817.07
Inter Segment Sales	713.50 378.67	4,226.10 585.92	522.85 376.58	583.16 946.86	6,045.61 2,288.03
Segment Revenues	17,522.79 16,678.53	17,760.74 14,353.10	5,902.41 4,617.34	6,382.98 6,456.13	47,568.92 42,105.10
Segment Result	2,506.25 2,513.26	1,938.45 (829.84)	784.14 515.47	522.16 235.24	5,751.00 2,434.13
Segment Assets	12,763.21 10,321.57	7,883.73 5,673.15	2,098.48 2,113.22	2,696.61 2,275.37	25,442.03 20,383.31
Segment Liabilities	2,779.89 1,441.55	3,647.46 1,493.80	625.66 572.82	591.20 318.53	7,644.21 3,826.70
Capital Expenditure (Net)	768.93 534.44	321.69 132.91	38.38 53.49	77.56 98.29	1,206.56 819.13
Depreciation	453.17 421.67	185.76 176.10	67.10 61.99	46.19 82.44	752.22 742.20
Non cash expenses other than depreciation	131.94 145.36	1.17 66.69	29.70 -	28.23 42.20	191.04 254.25

IV) **Reconciliation of Reportable Segments with the Financial Statements**

	Revenues	Net Profit	Assets	Liabilities @
Total of Reportable Segments	47,568.92 42,105.10	5,751.00 2,434.13	25,442.03 20,383.31	7,644.21 3,826.70
Corporate - Unallocated (Net)/Adjustments	341.86 238.18	(326.99) (194.25)	3,293.77 4,946.62	7,336.41 10,066.35
Inter Segment Sales	(6,045.61) (2,288.03)	- -	- -	- -
Interest (Net)	- -	(452.39) (962.11)	- -	- -
Provision for Taxation - Current	- -	(1,550.72) (672.86)	- -	- -
- Fringe Benefit	- -	- (35.22)	- -	- -
- Deferred	- -	5.55 37.59	- -	- -
As per Financial Statements	41,865.17 40,055.25	3,426.45 @@ 607.28	28,735.80 25,329.93	14,980.62 13,893.05

@ Excluding Shareholders' Funds and Minority Interest

@@ Profit after Taxation and before Minority Interest

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)
(All figures are in Rs. in lacs)
V) Revenue from sales to external customers for customer based Geographical Segments

	Total
India	9,810.78 8,083.27
United Kingdom	4,322.89 4,547.72
Europe other than United Kingdom	12,561.44 12,062.38
Asia excluding India	4,736.22 3,858.74
Americas	6,985.00 6,949.89
Others	3,106.98 4,315.07
Total Sales	41,523.31 39,817.07

Figures in Bold type relate to current year

18. Operating Lease Commitments

- a) The Group entered into various non-cancelable operating lease agreements in connection with certain Properties, Plant and Equipment and Vehicles. Tenure of lease generally varies between 1 and 3 years. Terms of the lease includes operating term of renewal, increase in rent in future periods, terms of cancellation, etc. The future minimum lease commitments of the Group are as follows :

	As at 31st March 2010	As at 31st March 2009
Within 1 Year	304.18	271.17
More than 1 Year upto 5 years	636.28	238.06
More than 5 Year	-	-
Total	940.46	509.23

Lease rental recognised in this profit and loss account amount to Rs. 351.09 (previous year Rs. 265.73)

- b) The Group has also entered into non-cancelable operating lease agreements in connection with certain office spaces. Tenure of lease is for a period of 3 years. Terms of the lease include operating terms of renewal, re-imbursement of maintenance charges, increase in future maintenance charges, etc. The future minimum lease commitments of the Parent Company is as follows :

	As at 31st March 2010	As at 31st March 2009
Within 1 Year	7.59	6.08
More than 1 Year upto 5 years	3.80	9.11
Total	11.39	15.19

Lease rentals recognised in this profit and loss account amount to Rs. 6.83 (previous year Rs. 6.08)

19. Previous years figures have been re-grouped / re-arranged wherever necessary.

Signatures to Schedules 1 to 15.

For **PRICE WATERHOUSE**
Firm Registration No. 301112E
Chartered Accountants
S K Deb
Partner
Membership Number-13390
Kolkata
10th May 2010

On behalf of the Board of Directors

R Agarwal
Company Secretary

P Bajoria
Managing Director

S K Bajoria
Chairman



Regd Office: Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa

Name _____	Folio No./Client ID No. _____
Address _____	

JH 1 _____	_____
JH 2 _____	_____

Attendance slip

21st Annual General Meeting

I/We hereby record my/our presence at the 21st Annual General Meeting of the Company held on Saturday, 31st July 2010 at 11 AM at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa.

.....
SIGNATURE OF THE ATTENDING MEMBER/PROXY

NOTE : Shareholder/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over the same at the entrance duly signed.



Regd Office: Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa

PROXY

21st Annual General Meeting

I/We of
.....being member/members of
IFGL REFRACTORIES LIMITED hereby appoint
of or failing
him/her of
.....as my/our proxy to vote for me/us
on my/our behalf at the 21st Annual General Meeting of the Company to be held on Saturday, 31st July 2010 at 11 AM at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa and at any adjournment thereof.

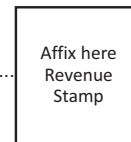
Signed on this.....day of.....2010

Folio No.

DP ID No.

Client ID No.

Signed this.....



NOTE : Proxy Form duly completed must be deposited either at the Registered Office or Head and Corporate Office of the Company not less than 48 hours before scheduled time of meeting.

Book-Post



If undelivered, please return to :

MONOCON

IFGL Refractories Ltd

**hofmann
CERAMIC**

Head & Corporate Office :

3, Netaji Subhas Road, Kolkata - 700 001, India

Phone : +91 33 2248 2411, Fax : +91 33 2243 0886, E-mail : ifgl@bajoria.in

Registered Office & Works :

Sector 'B' Kalunga Industrial Estate, P.O. Kalunga-770 031, Dist. Sundergarh, Orissa, India

Phone: +91 661 2660195/583/584, Fax : +91 661 2660173, E-mail : ifglworks@bajoria.in

www.ifglref.com

www.bajoria.in