

IFGL WORLDWIDE HOLDINGS LIMITED
 CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	<i>Schedule</i>	AS AT 31ST MARCH, 2011 GBP	AS AT 31ST MARCH, 2010 GBP
SOURCES OF FUNDS			
<i>Shareholders' Fund</i>			
<i>Capital</i>	1	6,350,000	5,350,000
<i>Reserves and Surplus</i>	2	10,134,198	7,137,819
Minority Interest		54,127	55,153
<i>Loan Funds</i>			
<i>Secured Loans</i>	3A	9,198,849	5,904,864
<i>Unsecured Loans</i>	3B	139,682	267,275
<i>Deferred Tax Liabilities (Net)</i>		74,330	67,536
<i>Total</i>		<u>25,951,186</u>	<u>18,782,647</u>
APPLICATIONS OF FUNDS			
<i>Fixed Assets</i>			
<i>Gross Block</i>	4	24,756,741	16,568,723
<i>Less: Depreciation</i>		<u>6,035,308</u>	<u>5,637,924</u>
<i>Net Block</i>		18,721,433	10,930,799
<i>Capital Work in progress</i>		103,858	160,173
<i>Current Assets, Loans and Advances</i>			
<i>Inventories</i>	5	5,038,270	4,936,807
<i>Trade Debtors</i>	6	7,165,394	6,138,351
<i>Cash and Bank Balances</i>	7	935,362	1,497,409
<i>Other Debts & Repayments</i>	8	707,896	1,049,722
		<u>13,846,922</u>	<u>13,622,289</u>
<i>Less: Current Liabilities and Provisions</i>	9	6,721,027	5,930,614
<i>Net Current Assets</i>		7,125,895	7,691,675
<i>Total</i>		<u>25,951,186</u>	<u>18,782,647</u>



Included for
 identification purposes
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S K Bajoria
Director

IFGL WORLDWIDE HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	<i>Schedule</i>	YEAR ENDED 31ST MARCH, 2011		YEAR ENDED 31ST MARCH, 2010	
		GBP		GBP	
INCOME					
<i>Turnover</i>			39,694,213		33,573,792
<i>Other Income</i>	11		<u>521,586</u>		<u>382,828</u>
			<u>40,215,799</u>		<u>33,956,620</u>
EXPENDITURE					
<i>(Increase) /Decrease in Finished Goods</i>					
<i>and Work In-progress</i>	10A	480,991		(1,153,898)	
<i>Raw Materials & Trading Goods</i>	10B & C	21,448,959		19,125,437	
<i>Manufacturing and Other Expenses</i>	12	8,116,621		6,270,634	
<i>Employees cost</i>	13	6,633,161		5,278,031	
<i>Interest</i>		229,951		245,209	
<i>Depreciation</i>		<u>524,558</u>	37,434,241	<u>436,534</u>	30,201,947
<i>Profit before Tax</i>			<u>2,781,558</u>		<u>3,754,673</u>
<i>Less: Provision for Tax (Net)</i>			676,329		1,037,222
<i>Less: Deferred Tax</i>			<u>6,794</u>		<u>(262)</u>
<i>Profit after Tax Before Minority Interest</i>			<u>2,098,435</u>		<u>2,717,713</u>
<i>Less: Minority Interest</i>			(1,703)		(5,264)
<i>Less: Dividend Tax</i>			<u>79,745</u>		<u>78,927</u>
<i>Profit for the Year Carried forward</i>			<u>2,020,393</u>		<u>2,644,050</u>
<i>Add : Brought forward from previous year</i>			<u>5,720,752</u>		<u>3,076,702</u>
<i>Balance carried to Balance Sheet</i>			<u>7,741,145</u>		<u>5,720,752</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The accompanying accounting policies and notes form part of these financial statements



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IFGL WORLDWIDE HOLDINGS LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	AS AT 31ST MARCH, 2011 GBP	AS AT 31ST MARCH, 2010 GBP
<i>SCHEDULE - 1</i>		
<i>AUTHORISED SHARE CAPITAL</i>		
7000000 (Previous Year- 6000000) Equity Shares of GBP 1/- each	<u>7,000,000</u>	<u>6,000,000</u>
<i>PAID UP SHARE CAPITAL</i>		
6350000 (Previous Year- 5350000) Equity Shares of GBP 1/- each, fully paid up	<u>6,350,000</u>	<u>5,350,000</u>

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SCHEDULE - 2
RESERVES

Share Premium Account	1,000,000	-
Foreign Exchange Translation Reserve	1,679,188	1,703,202
Actuarial (Loss)/ Gain in respect of defined benefit pension scheme	(286,135)	(286,135)
Profit and Loss Account	7,741,145	5,720,752
	<u>10,134,198</u>	<u>7,137,819</u>

SCHEDULE - 3
LOAN FUNDS
A. SECURED LOANS

Term Loan From Banks

- From ICICI Bank U.K Ltd- Refer Note 2(a) of Notes on Accounts	448,859	1,733,208
- From HSBC Bank Plc (Euro Loan) - Refer Note 2(b) of Notes on Accounts	2,226,530	2,883,650
- From HSBC Bank Plc (USD Loan) - Refer Note 2(c) of Notes on Accounts	5,822,981	-
-From Sparkasse- Refer Note 2(e & h) of Notes on Accounts	92,980	149,314
-From Volksbank Dill eG- Refer Note 2(f) of Notes on Accounts	509,109	585,938
-From Commerzbank- Refer Note 2(g) of Notes on Accounts	61,947	98,214
- From Barclays Bank- Refer Note 2(d) of Notes on Accounts	8,132	21,376

Cash Credit From Banks

-From ICICI Bank U.K Ltd- Refer Note 2(a) of Notes on Accounts	-	403,578
-From CSOB Radlicka- Refer Note 2(i) of Notes on Accounts	28,311	29,586

B. UN SECURED LOANS

-From Volksbank Dill eG	39,862	79,814
-From Postbank	67,538	-
-From Commerzbank	32,282	30,482
-From Sparkasse	-	156,979

	<u>9,338,531</u>	<u>6,172,139</u>
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IFGL WORLDWIDE HOLDINGS LIMITED
SCHEDULE 4
FIXED ASSETS

Description of the Assets	GBP												
	Gross Block					DEPRECIATION					NET BLOCK		NET BLOCK
	As at 01.04.10	Addition on acquisition of subsidiaries	Additions during the Year	Deductions during the Year	Exchange Translation Adjustment	Total As at 31.03.11	As at 01.04.10	For the Year	On Deductions	Exchange Translation Adjustment	Total upto 31.03.11	As at 31.03.11	As at 31.03.10
TANGIBLE													
Land - Lease hold - Freehold	333,734	106,855	-	-	(7,512)	433,077	-	-	-	-	-	433,077	333,734
Buildings	3,462,313	685,564	-	-	(63,431)	4,084,446	1,088,437	101,987	-	(15,341)	1,175,083	2,909,363	2,373,876
Plant and Machinery (Note 1 below)	5,251,402	574,579	530,268	48,742	(110,295)	6,197,212	3,679,345	357,320	27,135	(68,794)	3,940,736	2,256,476	1,572,057
Computers	314,857	-	14,378	-	(1,631)	327,604	306,077	7,152	-	(1,636)	311,593	16,011	8,780
Furniture and Fixtures	248,668	16,555	27,852	-	(1,187)	291,888	248,033	11,017	-	(543)	258,507	33,381	635
Equipments	203,524	-	22,851	-	(3,652)	222,723	166,069	14,944	-	(2,946)	178,067	44,656	37,455
Vehicles	215,299	193,464	22,164	31,593	(8,837)	390,497	112,796	28,651	-	(1,965)	139,482	251,015	102,503
<i>Sub Total : A</i>	10,029,797	1,577,017	617,513	80,335	(196,545)	11,947,447	5,600,757	521,071	27,135	(91,225)	6,003,468	5,943,979	4,429,040
INTANGIBLE													
Goodwill	18,767	-	-	8,428	(91)	10,248	18,767	-	8,428	(91)	10,248	-	-
Goodwill arising on consolidation	6,490,129	6,279,505	-	-	(146)	12,769,634	-	-	-	-	-	12,769,634	6,490,129
Computer Software	16,541	-	205	-	(677)	16,600	14,779	1,176	-	(95)	15,860	740	1,762
Technical Know-how Fees	13,489	-	-	-	(677)	12,812	3,621	2,311	-	(200)	5,732	7,080	9,868
<i>Sub Total : B</i>	6,538,926	6,279,505	205	8,428	(914)	12,809,294	37,167	3,487	8,428	(386)	31,840	12,777,454	6,501,759
GRAND TOTAL (A + B)	16,568,723	7,856,522	617,718	88,763	(197,459)	24,756,741	5,637,924	524,558	35,563	(91,611)	6,035,308	18,721,433	10,930,799
PREVIOUS YEAR	16,431,944	-	581,412	189,235	(255,398)	16,566,723	5,427,989	436,534	113,982	(112,617)	5,637,924	10,930,799	11,003,955

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Note 1: The gross block and net block of plant and machinery includes an amount of 68174 (P. Y- 68174) and 20618 (P. Y-31382) respectively in respect of assests held under Hire Purchase Contract .

IFGL WORLDWIDE HOLDINGS LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

	AS AT 31ST MARCH, 2011 GBP	AS AT 31ST MARCH, 2010 GBP
SCHEDULE - 5		
INVENTORIES		
Stores & Spares	18,738	23,268
Raw Materials	1,707,887	1,329,957
Work in Progress	471,284	340,485
Finished Goods	2,840,361	3,243,097
	<u>5,038,270</u>	<u>4,936,807</u>
SCHEDULE - 6		
TRADE DEBTORS		
Unsecured, Considered Good		
Debts outstanding for more than six months	718,855	734,895
Other Debts	6,446,539	5,403,456
Considered Doubtful	317,413	283,111
	<u>7,482,807</u>	<u>6,421,462</u>
Less :Provision for Doubtful Debts	(317,413)	(283,111)
	<u>7,165,394</u>	<u>6,138,351</u>
SCHEDULE - 7		
CASH AND BANK BALANCES		
Cash in hand	8,635	14,363
With Scheduled Banks -		
On Current Accounts	883,685	1,267,235
On Fixed Deposit Accounts	43,042	215,811
	<u>935,362</u>	<u>1,497,409</u>
SCHEDULE - 8		
OTHER DEBTS & REPAYMENTS		
Advances recoverable in cash or in kind or for value to be received	619,229	955,882
Other Deposits	88,667	93,840
	<u>707,896</u>	<u>1,049,722</u>
SCHEDULE - 9		
CURRENT LIABILITIES AND PROVISIONS		
Liabilities -		
Sundry Creditors-		
- for goods	3,630,723	2,681,490
- for expenses	1,458,551	1,191,582
Advance Received from Customers	-	172,607
Other liabilities	1,296,147	1,664,145
Provisions -		
Taxation	335,606	220,790
	<u>6,721,027</u>	<u>5,930,614</u>

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IFGL WORLDWIDE HOLDINGS LIMITED
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE - 10 A

**INCREASE / DECREASE IN FINISHED GOODS
AND WORK IN-PROGRESS**

	YEAR ENDED 31ST MARCH, 2011 GBP		YEAR ENDED 31ST MARCH, 2010 GBP	
Opening Work-in-Progress *		549,539		313,960
Opening Finished Goods		<u>3,243,097</u>		<u>2,115,724</u>
		3,792,636		2,429,684
Less :				
Closing Work-in-Progress		471,284		340,485
Closing Finished Goods		<u>2,840,361</u>		<u>3,243,097</u>
		<u>3,311,645</u>		<u>3,583,582</u>
		<u>480,991</u>		<u>(1,153,898)</u>

(* Includes GBP 209054 on acquisition of EI Ceramics & CUSC International Limited during the year)

SCHEDULE - 10 B

RAW MATERIALS

Raw Materials Consumed

	YEAR ENDED 31ST MARCH, 2011 GBP		YEAR ENDED 31ST MARCH, 2010 GBP	
Opening Stock **		1,571,491		1,222,793
Add: Purchases		<u>21,299,991</u>	22,871,482	<u>18,853,326</u>
				20,076,119
Less: Closing Stock			<u>1,726,625</u>	<u>1,353,225</u>
			<u>21,144,857</u>	<u>18,722,894</u>

(** Includes GBP 218266 on acquisition of EI Ceramics & CUSC International Limited during the year)

SCHEDULE - 10 C

TRADING GOODS

Opening Stock		-		-
Add: Purchases		<u>304,102</u>	304,102	<u>402,543</u>
				402,543
Less: Closing Stock			<u>304,102</u>	<u>402,543</u>

SCHEDULE - 11

OTHER INCOME

Commission		54,124		39,437
Liabilities no longer required written back		376,521		136,723
Miscellaneous Income		85,198		200,696
Rent		<u>5,743</u>		<u>5,972</u>
		<u>521,586</u>		<u>382,828</u>

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IFGL WORLDWIDE HOLDINGS LIMITED
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE - 12

MANUFACTURING AND OTHER EXPENSES

Consumable Stores and Spares		561,858		227,503
Power and fuel		708,278		502,760
Repairs and Maintenance				
- Plant and Machinery	374,528		194,518	
- Building	19,215		29,594	
- Others	<u>220,313</u>	614,056	<u>175,814</u>	399,926
Rent		600,409		364,393
Rates and Taxes		117,595		53,326
Insurance		159,631		161,125
Shipping, Delivery & Forwarding Charges		2,234,677		1,851,640
Postage, Telephone, Telex, etc.		165,858		160,419
Travelling and Conveyance		548,765		421,208
Packing and Material Handling Expenses		119,216		134,072
Loss on Sale of Fixed Assets		5,797		1,410
Royalty		753		4,699
Commission		682,864		814,192
Service Charges		249,595		206,329
Discounts Granted		15,647		138,273
Foreign Exchange (Gain) / Loss (net)		(36,206)		(322,922)
Legal & Professional Fees		670,449		542,256
Provision for Doubtful Debts		32,772		28,095
Bad debts written off		-		50,427
Other Expenses		<u>664,607</u>		<u>531,503</u>
		<u>8,116,621</u>		<u>6,270,634</u>

SCHEDULE - 13

PAYMENTS AND PROVISIONS FOR EMPLOYEES

Salaries and Wages		5,885,884		4,750,438
Staff Welfare Expenses		311,789		139,854
Contribution to Funds:				
Provident Fund & Pension Scheme	44,402		46,070	
Other Fund	<u>391,086</u>		<u>341,669</u>	
		<u>435,488</u>		<u>387,739</u>
		<u>6,633,161</u>		<u>5,278,031</u>

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IFGL Worldwide Holdings Limited
Notes forming part of the Financial Statement

(All figures are in GBP)

Basis of preparation

The financial statements have been prepared in accordance with Indian GAAP and under the historical cost convention on an accrual basis of accounting. The financial statements have been prepared as continuing operations.

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

The principal accounting policies of the group are set out below:-

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn from April 1, 2010 to 31st March 2011. For companies acquired or formed during the year, the financial statements are consolidated, drawn from the date of acquisition or formation as the case may be, till 31st March 2011. Profits or losses on intra-group transactions are eliminated in full.

The financial statements of the Parent Company and its subsidiary companies (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 fully eliminating intra – group balances and intra – group transactions resulting in unrealized profits or losses.

For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in pound sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

For the purpose of consolidation, all assets and liabilities (except opening net worth) denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Income and expenses are translated at the month-end exchange rate ruling at the date of the transaction. Exchange differences arising from such retranslation is recognized as foreign exchange translation reserve.

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 investments in subsidiary is made.

-The minorities' 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 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 have an accounting period end of 31st

IFGL Worldwide Holdings Limited
Notes forming part of the Financial Statement

(All figures are in GBP)

December, 2010. These subsidiaries have been consolidated using the financial statements of the year ended on that date adjusted for management account movements to 31st March, 2011

The subsidiaries considered in the consolidated financial statements are:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Accounting Year Ended
IFGL Monocon Holdings Limited (IMHL)	United Kingdom	100 %	31 March
Tianjin Monocon Refractories Company Limited (TMRL)	China	100 %	31 December
Monotec Refratarios Ltda (MRL)	Brazil	95 %	31 December
Monocon International Refractories Limited (MIRL)	United Kingdom	100 %	31 March
Monocon Overseas Limited (MOL)	United Kingdom	100 %	31 March
Mono Ceramics Inc (MCI)	United States of America.	100 %	31 March
Goricon Metallurgical Services Limited (GMSL)	United Kingdom	100 %	31 March
Goricon LLC (GLLC)	United States of America.	100 %	31 March
Tianjin Monocon Aluminous Refractories Company Limited (TMARL)	China	100 %	31 December
IFGL GmbH.(IG)	Germany	100 %	31 March
Hofmann Ceramic GmbH (HCG)	Germany	98.08%	31 March
Hofmann GmbH & Co. OHG (HGCO)	Germany	100 %	31 March
Hofmann Ceramic CZ s.r.o. (HCC)	Czech Republic	98.78%	31 March
Hofmann Ceramic Ltd (HCL)	United Kingdom	100 %	31 March
Hofmann Ceramic LLC (HCLLC)	United States of America.	100 %	31 March
IFGL Pyometric LLC (IPL)	United States of America.	100%	31 March
Hofmann Pyometric LLC (HPLLC) (with effect from 8 th June, 2010)	United States of America.	51%	31 March
IFGL Inc (IFGL INC) (with effect from 10 th September, 2010)	United States of America.	100%	31 March
EI Ceramics LLC (EICLLC) (with effect from 10 th September, 2010)	United States of America.	100%	31 March
CUSC International Ltd (CUSCIL) (with effect from 10 th September, 2010)	United States of America.	100%	31 March

IFGL Worldwide Holdings Limited
Notes forming part of the Financial Statement

(All figures are in GBP)

1) SIGNIFICANT ACCOUNTING POLICIES

a) Fixed Assets (including 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 recoverable amount i.e. net selling price or value in use, whichever is higher.
Spares that can be used only with particular items of plant and machinery and such usage is expected to be irregular are capitalized.

b) Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets (other than leasehold land) over its estimated useful life on Straight Line Method (SLM) and also on Written Down Value Method (WDV) basis , as follows:

Building	up to 50 years
Plant and Machinery	3 – 10 years
Fixtures and fittings	1 – 10 years
Office Equipments & Computers	1 – 4 years
Motor Vehicles	4 – 10 years

Leasehold Land is amortised over the period of lease.

Spares capitalized are being depreciated over a period not exceeding the useful lives of Plant and Machinery with which such spares can be used.

c) Inventories are valued at lower of cost and net realizable value after making due allowance for obsolete and slow moving items. Cost is determined on the weighted average basis with the exception of Monocon International Refractories Ltd and Mono Ceramics Inc where cost is determined on a FIFO basis. Had weighted average cost been used at both these subsidiaries, the impact would have been immaterial.. Cost comprises of expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, appropriate overheads, wherever applicable.

d) Goodwill arising on consolidation of subsidiaries represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets and liabilities of the subsidiaries recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at the cost less any accumulated impairment loss.

e) Turnover is the total value of goods supplied and services provided by the group, excluding VAT, returns and trade discounts. Turnover is recognized in the period in which the goods are dispatched/ services are provided, and significant risk and rewards of ownership is transferred to the buyer. The turnover shall be measurable at the time of despatch of goods/ provision of services and it is reasonable to expect ultimate collection of the consideration.
Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

f) Current investments are stated at lower of cost and fair value computed category wise. Long term investments are stated at cost less provision for diminution, other than temporary, if any, in value.

IFGL Worldwide Holdings Limited
Notes forming part of the Financial Statement

(All figures are in GBP)

- g) Current tax is determined as the amount of tax payable in the respective countries, on taxable income for the year based on applicable tax rates and laws. Deferred tax is recognized, 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 subsequently enacted by the Balance Sheet date. The deferred tax balance has not been discounted. Deferred tax assets are periodically reviewed to reassess realisation thereof.
- h) Foreign currency translation
The individual financial statements of each group entity are present in the currency of the primary economic environment in which the entity operates (its functional currency).

In the individual financial statements, 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 assets and liabilities denominated in foreign currencies are translated at applicable year-end rates and the resultant differences is recognised in the Profit and Loss Account. The resultant differences relating to fixed assets are adjusted against fixed assets.

In case of forward exchange contracts which are entered into to hedge the foreign currency risk of a receivable/ payable recognised in these financial statements, premium or discount on such contracts are amortised over the life of the contract and exchange differences arising thereon in the reporting period are recognised in the Profit and Loss Account. Forward exchange contracts which are arranged to hedge the foreign currency risk of a firm commitment or a highly probable forecast transaction is marked to market at the year-end and the resulting losses/ gain, if any, are charged to the Profit and Loss Account.

- i) 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.
- j) Employee Benefits:
- i) Short –Term Employee Benefits

The company operates a defined contributions pension scheme for the benefit of its employees. The undiscounted amount of contributions payable are charged to the profit and loss account in the period they are payable.

- ii) Post Employment Benefit Plans

Goricon Metallurgical Services Limited (GMSL) a step down subsidiary operates a defined benefit pension scheme. Scheme assets are measured 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 recognized only to the extent that it is recoverable by the company. The current service costs and costs from settlements and curtailments are charged against

IFGL Worldwide Holdings Limited
Notes forming part of the Financial Statement

(All figures are in GBP)

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 to new members.

- k) Provisions, Contingent Liabilities and Contingent Assets- Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

2) DETAILS OF SECURITIES PROVIDED TO BANKS AGAINST LOANS

- a) The Term Loan and Cash Credit (Euro and US dollar currencies) from ICICI Bank UK Ltd. is secured by:
- i) Mortgage of movable & immovable assets (including intangibles) of MIRL.
 - ii) Mortgage of movable & immovable assets of MCI - a subsidiary of MOL.
 - iii) Shortfall undertaking from IFGL Refractories Limited (IFGL).
 - iv) Pledge of IWHL's holding in IMHL.
 - v) Pledge of IMHL's holding in MIRL
 - vi) Pledge of MIRL's holding in MOL
 - vii) Non-disposal undertaking from IWHL for its holding in subsidiaries in China and Brazil.
- b) The Term Loan (Euro & USD Currency) from HSBC Bank plc is secured by:
- i) Debentures comprising fixed and floating charges over all the assets and undertakings of IMHL, MOI, 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.
 - ii) Letter of priority to HSBC from ICICI Bank over all current assets of MIRL.
 - iii) Composite Company Guarantee from MIRL, IMHL, MOL and GMSL, limited to Euro 5,300,000- and USD 10,000,000 to secure all liabilities.
 - iv) Company Guarantee from IFGL and IWHL, limited to Euro 5,300,000 and USD 10,000,000 to secure all liabilities.
- c) Term loan from Barclays Bank is secured against specific plant & machinery taken on hire purchase by GMSL.
- d) Term loan (Euro Currency) from Sparkasee, Dillenberg is secured against specific plant and machinery.

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Notes forming part of the Financial Statement

(All figures are in GBP)

- e) Term loan (Euro Currency) from Volksbank Dill eG of HGCO is secured by:
- i) Mortgage of small investments and investments in HCC plant.
 - ii) Specific plant and machineries.
- f) Term loan (Euro Currency) from Commerzbank Aktiengesellschaft is secured against specific plant and machinery.
- g) Term loan (Euro Currency) from Sparkasse, Dillenberg is secured against specific plant and machinery of HCG.
- h) Overdraft facility from CSOB Radlicka is secured by Blank Promissory Note by HCC.

3) (a) Details of interest are as below:

	2010-2011	2009-2010
Interest on Fixed Loans	238,809	236,776
Other Interest	23,034	19,173
Interest Income	(31,892)	(10,740)
Total	229,951	245,209

(b) No interest was capitalized during the year.

- 4) Outstanding Bank Guarantees (net of margin money) - 153,067 (Previous year-100,000).
- 5) The breakup of Deferred Tax (Assets) and Liabilities at the yearend into major components of respective balances is as follows:

Particulars	2010-2011	2009-2010
Tax Impact of-		
Accelerated Capital allowances	84,730	79,321
Other Timing Differences	(10,400)	(11,785)
Total	74,330	67,536

6) The movement of Deferred Tax during the year is as under:

Particulars	2010-2011	2009-2010
Opening Balance	67,536	67,798
Added / (reversed) during the year	6,794	(262)
Closing Balance	74,330	67,536

7.1) Following table set out the status of the GMSL Retirement Benefit Scheme as at 31st March, 2011:

Retirement Benefit Scheme (Funded)		
	2010-2011	2009-2010
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	2,494,000	1,497,000
Service Cost		-
Interest Cost	134,000	100,000
Actuarial (gains)/losses	(87,000)	897,000
Benefits paid	(113,000)	-
Present Value of obligation, as at the end of the year	2,428,000	2,494,000
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	2,694,955	2,005,000
Expected return of plan assets	134,000	100,000
Actuarial gains/(losses)	(10,000)	588,000
Contribution by the Company	-	1,955
Benefits paid	(113,000)	-
Fair Value of plan assets at the end of the year	2,705,955	2,694,955
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	2,705,955	2,694,955
Present value of obligation at the end of the year	2,428,000	2,494,000
Assets/(Liabilities) as per Actuarial valuation	* 277,955	* 200,955

* Actual amount of Assets in the balance sheet Rs. Nil [Previous year Rs. Nil]

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(All figures are in GBP)

	Retirement Benefit Scheme (Funded)	
	2010-2011	2009-2010
Expense recognised in the Profit and Loss Account		
Current Service Cost		-
Interest Cost	134,000	100,000
Expected return of plan assets (gain)/loss	(134,000)	(100,000)
Actuarial (gain)/loss	(77,000)	308,955
Unrecognised Surplus	77,000	(307,000)
Total Expense as per the Actuarial Valuation	# -	# 1,955

Charged to Profit & Loss Account.

Category of Plan Assets:	Retirement Benefit Scheme (Funded)	
	2010-2011	2009-2010
Scottish Mutual with Profit Deferred Annuity	2,706,000	2,695,000

Principal Actuarial Assumptions		
	2010-2011	2009-2010
Discount rate (per annum) (%)	5.50	5.50
Rate of increase in salaries (%)	N/A	N/A
Return on plan assets (%)	5.50	6.70
Pension in payment increases on Pension accrued from 6th April 1997 (price inflation with a maximum of 5% p.a.	3.50	3.70
Revaluation in deferment (price inflation with a maximum of 5% p.a.	3.50	3.70
Methods used	Discounted Income Approach	
Actual Return on Plan Assets	124,000	688,000
The mortality assumptions adopted at 31st March 2011 imply the following future life expectancies:		
Male Currently age 65 in 2031	25.2	25.1
Female currently age 65 in 2031	27.6	27.5
Male Currently age 65	23.2	23.1
Female currently age 65	25.7	25.6

7.2 The basis used to determine overall expected rate of return on assets and the effect on major categories of Plan Assets is as follows:

The expected return on plan assets 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 Company's policy for plan asset management and other relevant factors.

7.3 The estimate of future salary increases take into account inflation, seniority, promotion and other relevant reasons.

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(All figures are in GBP)

- 8) During the year, Hofmann Pyemetric LLC was incorporated on 8th June, 2010, as a step down subsidiary of Monoceramics Inc, and has been consolidated from 8th June, 2010 to 31st March, 2011
- 9) During the year, the step down subsidiaries MCI acquired EI Ceramics Group. The acquisitions were made on 10th September, 2010 through incorporation of new company IFGL Inc in United States of America.

The carrying amount of Net Assets as at 31st March, 2011 and results of the companies from the date of acquisition /incorporation till 31st March, 2011 are as under-

	IFGL INC	EICLLC	CUSCIL	HPLLC
Carrying Amount of Net Assets	2,427,486	885,425	388,592	2,344
Net Profit / (Loss)	56,986	314,314	90,646	1,771

- 10) Operating Lease Commitments - The Group entered into various non-cancellable operating lease agreements in connection with certain Properties, Plant & Equipment and vehicles in the earlier years. 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:

Particulars	As at 31st March, 2011	As at 31st March, 2010
Within 1 Year	544,030	446,076
More than 1 Year up to 5 years	1,092,618	933,093
More than 5 Years	-	-
Total	1,636,648	1,379,169

Lease rentals recognized in this profit & loss account amount to GBP 566,631 (Previous Year GBP 466,439).

- 11) The movement of Minority Interest during the year is as under:

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Notes forming part of the Financial Statement

(All figures are in GBP)

	2010-2011	2009-2010
Opening Balance	55,153	112,366
Add:		
Further acquisition of Shares from minority	281	-
Share of Profit/(Loss) for the year	(3,431)	(5,264)
Share of Exchange Gain on translation	397	1,132
	52,399	108,234
Less:		
Further acquisition of Shares from minority	-	(25,513)
Adjusted during the year	-	(27,568)
Closing Balance	52,399	55,153

13) Statement of transaction with IFGL Refractories Limited-

Transaction	Company	2010-2011	2009-2010
Sale of finished goods by	MIRL	270,662	20,871
	TMRL	1,096,621	464,776
	TMARL	74,251	139,512
	HCG	107,795	39,850
Cost of finished goods sold by	MIRL	258,833	20,871
	TMRL	986,959	418,298
	TMARL	66,826	125,561
	HCG	91,626	33,872
Sale of Capital Goods by	HCG	224,975	83,514
Cost of Capital Goods sold by	HCG	213,726	50,943
Purchase of finished goods at	MIRL	663,387	780,887
	MCI	200,282	135,660
	TMARL	-	11,562
	MRL	165	-
	IPL	1,962	-
	HCG	49,786	15,063
Recovery of expenses by	MIRL	10,081	12,191
	MCI	4,242	2,171
	MRL	63,264	3,958
Reimbursement of expenses by	MIRL	15,403	2,167
	TMRL	3,327	3,967

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Notes forming part of the Financial Statement

(All figures are in GBP)

Advance from Customers	HCG	-	182,235
Stock of IFGL goods at the end of the year	MIRL	540,902	498,187
	MCI	98,207	120,602
Balance receivable / (payable) from/ (to) IFGL	MIRL	(110,526)	(446,242)
	MCI	(39,296)	(110,715)
	HCG	(13,253)	(156,894)
	TMRL	306,818	-
	MRL	3,149	4,369

- 14) The company had taken a loan denominated in US Dollar and entered into a fully hedged loan swap contract such that the repayments are made in GBP. The loan is translated in GBP at the hedged rate. Foreign Exchange (gain)/loss as disclosed in Schedule 12 include (gain)/ loss of GBP 74 (Previous Year GBP (38,729)), which is arrived as follows-

Particulars	As at 31st March, 2011	As at 31st March, 2010
Year end translation (Gain)/Loss	(136,865)	(194,856)
(Gain)/ Loss on Swap transaction	136,939	156,127
Net (Gain)/ Loss recognised	74	(38,729)

- 15) Previous year figures have been regrouped and rearranged, wherever necessary.