

creating a global enterprise





Corporate Information

CHAIRMAN EMERITUS

B P Bajoria

BOARD OF DIRECTORS

D K Banerji (w.e.f. 25th May 2011)

K Dalmia

O Matsuura

Prof S Munshi (w.e.f. 23rd June 2011)

D G Rajan

Prof A N Sadhu

K S B Sanyal

S Tateishi

CHAIRMAN

S K Bajoria

MANAGING DIRECTOR

P Bajoria

COMPANY SECRETARY

R Agarwal

PRINCIPAL BANKERS

State Bank of India

The Hongkong & Shanghai Banking Corporation Ltd

HSBC Bank PLC

ICICI Bank UK Ltd

AUDITORS

Deloitte Haskins & Sells

Grant Thornton UK LLP

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Website : www.ifglref.com

REGISTERED OFFICE & WORKS

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► mission statement



Who we are ...

IFGL is a leading manufacturer of specialised refractory and operating Systems.

We market our products and services worldwide with operations in India, Brazil, China, Czech Republic, Germany, UK and USA.

Our products have maintained a reputation for their technical supremacy and performance as they support and augment our customers' advancements and requirements. We have diversified into the field of bio ceramics.

Our Goal ...

To be the market leader in our area of business by creating a system of values and guidelines which will also bring about customer and colleague satisfaction.

Achieving our vision means reaching our goals :

- **Financial** : To focus on profitable company growth.
- **Customer satisfaction** : To meet our commitments to our customers and always aim to exceed their expectations.
- **Quality** : To achieve the highest possible standards through our passion for safety, continual improvement, innovation and excellence in every aspect of our business.
- **People** : To have the best trained and most motivated people in our industry.

Our decisions are based on our values :

Quality : We constantly seek to improve the quality of our products and services and the way in which we deliver. We believe in sustainable and equitable business policies

Leadership : We always have a positive attitude, accept individual responsibility but are always prepared to ask and listen.

Honesty : We believe in doing the right thing individually and collectively and always encourage others to do the right, honest and ethical thing. We strictly adhere to the laws of the lands in which our operations are based.

Ambition : We aspire for all our stakeholders to achieve their full potential and support them in their quest and on their journey.

Teamwork : We combine our skills, knowledge and experience for the benefit of our colleagues and our customers, thereby achieving results far beyond mere individual capabilities.

Enjoyment : We create a working environment which colleagues delight in, support them and create a one team ethic.

Health & Safety : We always regard health and safety as one of our highest priorities which we never compromise upon.

► our product mix

IFGL

ISOSTATICALLY PRESSED REFRACTORIES



MONOCON



HOFMANN



Technical Foundry Ceramics



Wear resistant parts for the
Wire and Cable industry

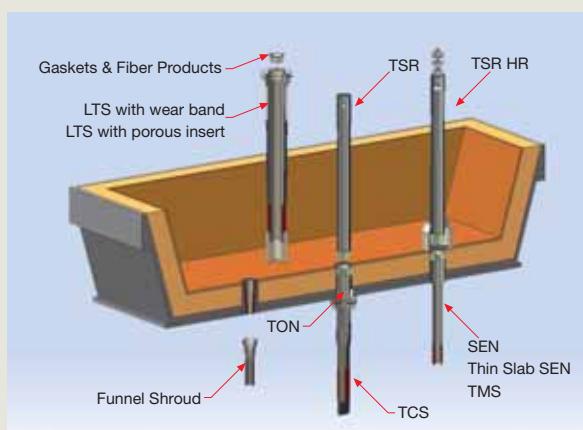


Refractories



Heating Oven

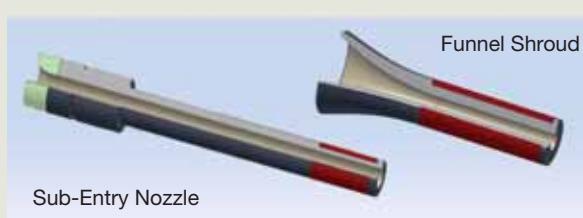
EI CERAMICS



Ladle Tundish Shroud
with wear band



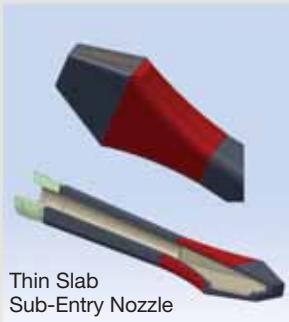
Ladle Tundish Shroud
with porous insert



Funnel Shroud



Sub-Entry Nozzle



Tundish Stopper
with Hanger Rod assembly

Thin Slab
Sub-Entry Nozzle

BIO CERAMICS



Micro Plasma Hydroxyapatite
Coated Implant



CeraEye Hydroxyapatite Orbital Implant



BioGraft - HABG Active



Cerahip - Alumina Ceramic Femoral Head for Hip Joint



EI Ceramics LLC, Cincinnati, USA



Hofmann Ceramics GmbH, Germany



IFGL Refractories Kalunga Works, India



Mono Ceramics Inc, Michigan, USA



Monocon International Refractories, Doncaster, UK



Monotec Refratorios Ltda, Brazil



TMARL Works, China



TMRL Works, China

► in four
continents

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT TO THE SHAREHOLDERS

Dear Shareholders

Your Directors present the 22nd Annual Report together with Profit and Loss Account for financial year ended on 31st March 2011 and Balance Sheet as on that date.

Performance of your Company for financial year ended on 31st March 2011 on stand-alone and consolidated basis have been as follows :

	(₹ in Millions)	
	Stand-alone	Consolidated
Sales (Net of Excise Duty)	2,081.99	4,689.44
Other Income	6.42	43.26
Total Income	<u>2,088.41</u>	<u>4,732.70</u>
Less : Total Expenses	<u>1,886.35</u>	<u>4,262.85</u>
Profit before Interest and Depreciation	202.06	469.85
Less : Interest	39.50	55.75
Depreciation	52.86	87.22
Profit before Tax	109.70	326.88
Less : Provision for Current Tax/Deferred Tax	35.98	84.24
Profit after Tax	73.72	242.64

Total Income, both on stand alone and consolidated basis, are higher by ₹ 330.76 Millions (19%) and ₹ 546.18 Millions (13%) compared to that of previous year ended on 31st March 2010. Profit before Tax and Profit after Tax are lower and major contributing factors are depreciation of Euro and increase in cost of raw materials, energy etc and other expenses. Your Directors took several actions to step up efficiencies and improve overall performance and pursue both organic and inorganic growth of your Company. Your Directors have largely been successful in doing so despite radical changes in market dynamics and achieved aforesaid financial performance, which strictly is not comparable with that of previous financial year for reasons appearing hereinafter. Earning per Share, on consolidated basis, for the year is ₹ 6.87 compared to ₹ 9.91 for previous year.

During the year, on 10th September 2010 your Company, acquired El Ceramics LLC (EIC) and CUSC International Limited (CUSC), both based in Cincinnati (Ohio), USA. EIC is engaged in manufacture of Isostatically pressed Alumina Graphite Continuous Casting Refractories and CUSC is its ancillary unit. EIC is a prominent supplier of CC Refractories to steel mills in USA and Canada. With these acquisitions your Company has production facilities for ISO products in not only two locations but in completely different geographies. This will also play a pivotal role in expansion plan of your Company as now also has a business model and team to provide the opportunity to grow customer base in USA.

During the year, your Company started commercial production of pressed Ceramic Filters for foundries as per know how of Hofmann Ceramic GmbH, Germany. Product response has been very encouraging and now all small filters for Indian market are supplied from Kalunga works. With success of this, your Company will shortly start manufacturing big filters also.

During the year a high temperature kiln was installed for slide gate production enhancing capability of your Company to supply full fired sliding gate plates for Indian and export markets.

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT TO THE SHAREHOLDERS (Contd.)

Various projects were undertaken to improve efficiency of Isostatically pressed products. These have resulted in cost savings, improved and consistent product.

Your Company during the year augmented funds by issue of 14,50,000 - 5% Non Cumulative Preference Shares of ₹ 100/- each for an amount aggregating to ₹ 145 Millions on a private placement basis.

Your Company is predominantly a manufacturer and trader of Specialised Refractories and Ceramics, accordingly a single business segment Company. The Company has adopted geographical location of its operations (where its products are produced or service rendering activities are based) as its primary segment in terms of Accounting Standard 17 'Segment Reporting' and the **Segment Revenue, Segment Results and Capital Employed**, on consolidated basis, in terms of said Accounting Standard are given at Note 15 forming part of Consolidated Statement of Accounts.

Your Company in recognition of exports made during financial year 2009-2010 received CAPEXIL's Award for eighth consecutive year. Exports effected (including indirect) by your Company during the year aggregated to ₹ 1,073.87 Millions.

Dividend

Your Directors are pleased to recommend payment of dividend as follows subject to necessary approvals, including your approval at the ensuing Annual General Meeting :

- a) 5% on Equity Shares of ₹ 10/- each i.e. ₹ 0.50 per Equity Share for the year.
- b) 5% on Preference Shares of ₹ 100/- each i.e. ₹ 2.88 per Preference Shares on pro-rata basis for the period from 3rd September 2010 (date of allotment) to 31st March 2011.

Subsidiary Companies

Subsidiaries of your Company have contributed more than 50% of total income and profits for the year and thus have performed well even under severe market conditions.

All subsidiaries have been reporting satisfactory profit figures except that in Brazil where also your directors are confident of reversing the trend during current financial year.

Current order book of all subsidiary is healthy and they are expected to do well barring unforeseen adverse market conditions.

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

Your Company continues to be focused on Iron and Steel Industry. With the sustainable growth in steel producing capacities particularly in India and increased demand for quality Iron and Steel particularly from manufacturing, construction and automobile sectors, it is expected that demand for refractories and operating systems therefor manufactured by your Company would continue to rise. Dampening factors are likely to be escalating manufacturing, selling and employee costs and likely scarcity of raw materials. Nevertheless, your Directors are optimistic about overall scenario going forward of the Iron and Steel Industry and particularly manufacturers and suppliers of niche Refractories thereto.

Accordingly, your Group Company, IFGL Exports Limited is going ahead full steam with setting up of new CCR Plant at new area of Kandla Special Economic Zone in Gujarat. Krosaki Harima Corporation (KHC), a subsidiary of Nippon Steel Corporation of Japan, being the technology provider to your Company has 20% equity participation in this company. Trial production is expected to start by September 2011 and commercial production by November 2011. Once this production facility will be on-stream, your Company along with its subsidiaries/associates will have production facilities for ISO products in three locations.

Bio Ceramics

Your Company continue to pursue Bio Ceramic business for health segment, being a diversification from producer of specialised Refractories for Iron and Steel Industry and have had reasonable success during the year. A collaborative project has been undertaken with National Metallurgical Laboratory, Jamshedpur for development of Nano-hydroxyapatite based Injectable Scaffold having applications in dental and orthopaedic segments. Technology for several new products for dental and orthopaedic segments have been tied up and would be launched in current financial year.

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT TO THE SHAREHOLDERS (Contd.)

Corporate Governance / Internal Control System and their adequacy

Your Company is committed to and practices principles of good Corporate Governance to maximise value of its stakeholders. Terms of Reference of Audit Committee are commensurate with those provided in Clause 49 of the Listing Agreement. Internal Control Systems and frame work thereof are reviewed and strengthened from time to time and are adequate to identify risks, assess and or evaluate impact thereof and take steps for control and mitigation thereof. Risk Management Manual and Risks Register and Global Transfer Pricing Policy for transactions with Associated Enterprises have been adopted and are reviewed and updated periodically. A detailed Report on Corporate Governance Compliance duly certified by the Company's Statutory Auditors form part of this Report as **Annexure 'A'**.

Accounts of Subsidiary Companies

Vide General Circular No. 2/2011 dated 8th February 2011, the Ministry of Corporate Affairs (MCA) has granted general exemption under Section 212(8) of the Act for attachment of statement of accounts of the subsidiaries to its accounts, subject to fulfilment of conditions mentioned therein. A statement having financial information of subsidiary Companies form part of this Annual Report. Shareholders of the Company, and those of Subsidiary Companies who are desirous of having complete statement of accounts and related detailed information of subsidiary companies, may send their request therefor either to the Company's registered office or to head and corporate office. The same are being kept for inspection at Head Offices of your Company and subsidiary companies and also available on your Company's website i.e. www.ifglref.com.

Directors' Responsibility Statement

Your Directors, in terms of Section 217(2AA) of 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, Messers Deloitte Haskins & Sells, Chartered Accountants have audited the statement of accounts in accordance with Generally Accepted Accounting Standards and Practices as indicated in their Report.

Consolidated Financial Statements

In accordance with Accounting Standard 21 and General Circular No. 2/2011 dated 8th February 2011 of MCA, Consolidated Financial Statements duly audited by Statutory Auditors, Messers Deloitte Haskins & Sells form part of this Annual Report. Consolidated Financial Statements have been prepared based on Financial Statements (including Consolidated) of immediate two levels of Subsidiary Companies i.e. IFGL Worldwide Holdings Limited and IFGL Monocon Holdings 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-appointment for further period.

On and from Wednesday, 25th May 2011, Mr Debal Kumar Banerji has been appointed as an Additional Director of your Company. He will shall cease to hold said office at the conclusion of forthcoming Annual General Meeting. Notice under provisions of Section 257 of the Act has been received proposing his candidature for the office of Director for further period liable to retire by rotation and he, being eligible, offer himself for appointment as Director of your Company.

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT TO THE SHAREHOLDERS (Contd.)

Profile of all your Directors seeking re-appointment/appointment is forming part of Notice to the Shareholders of ensuing Annual General Meeting.

CSR, Human Resources and Industrial Relations

Your Company recognizes its responsibilities towards health, safety, environment and community adjoining its operations. In this regard, several programmes have been undertaken, some of them being Free Homeo/Allopathy Clinics, sponsoring operations of an Upper Primary School, maintenance of public utilities like Bus Shelter, tree plantation etc. and these would be a continued endeavour.

During financial year 2010-2011, Industrial Relations remained most cordial. Your Company continued to provide conducive working environment to its team members and empowered them by trainings on latest techniques and practices. Compensation packages and benefits provided compared favourably with best offered in the Refractory Industry.

Save and except Whole-time Directors being Chairman, Mr S K Bajoria and Managing Director, Mr P Bajoria, none of the employees of your Company was in receipt of remuneration of ₹ 60 lacs or more per annum, for the year under review. Particulars of their remuneration are appearing under Clause 3B of the Corporate Governance Report and also in the Annexure forming part of this Report as per provisions of Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975 as amended. Having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding said Annexure is being sent to all the shareholders of the Company and others entitled thereto. Any Shareholder interested in obtaining such Annexure may write to the Company Secretary.

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

Information in accordance with provisions 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 'B'**.

Auditors' Report

Report of the Auditors, including references made therein to the Notes forming part of the Statement of Accounts, are self explanatory.

Auditors

Messers Deloitte Haskins & Sells, Auditors will retire at conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

Acknowledgement

Your Directors place on record their sincere appreciation for the continued support received from all the stakeholders particularly you the shareholders.

On behalf of the Board of Directors

Kolkata
25th May 2011

S K Bajoria
Chairman

P Bajoria
Managing Director

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 Company thus provides detailed information on various issues concerning its business and financial performance, to its stakeholders.

The Report on compliance of conditions of the Corporate Governance in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges by your Company is given below.

2. Board of Directors

Mr S K Bajoria is designated as the Chairman of the Company with effect from Monday, 10th May 2010.

The Board of Directors of the Company as on Wednesday, 25th May 2011 consists of 2 (two) Executive Directors, 3 (three) Non-executive Directors and 4 (four) 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 (f) 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
S K Bajoria (a)	Executive	3	–	–
P Bajoria	Executive	3	–	–
K Dalmia	Non-executive	–	–	–
S Tateishi (b)	Non-executive	–	–	–
O Matsuura (c)	Non-executive	–	–	–
D G Rajan	Non-executive (e)	4	5	–
Prof A N Sadhu	Non-executive (e)	3	2	–
K S B Sanyal	Non-executive (e)	4	1	2
D K Banerji (d)	Non-executive (e)	–	–	–

- (a) Also Promoter.
- (b) A senior executive of Krosaki Harima Corporation, Japan, being technical collaborator of your Company.
- (c) A senior executive of Sojitz Corporation, Japan
- (d) Appointed as Additional Director with effect from 25th May 2011
- (e) Also Independent.
- (f) Only 2 (two) Committees viz Audit Committee and Shareholders Grievance Committee are considered.

None of the Directors of the Company's Board is a member of more than 10 Committees or Chairman of more than 5 Committees (Committees being Audit Committee and Shareholders Grievance Committee) across all the Companies in which he is Director and neither of them hold office of Director in more than 15 Public Limited Companies. All Non-executive Directors are liable to retire by rotation. The appointment of the Executive Directors, including Tenure and Terms of Remuneration are also approved by the Members.

Non-executive Directors (other than Mr K Dalmia) do not have any pecuniary relationship and/or transaction with your Company other than payment of Sitting Fees (as indicated in paragraph 3B below) within the limit prescribed under the Companies Act, 1956 and/or reimbursement of out-of-pocket expenses for attending meetings of the Board and/or Committee(s) thereof. For Mr K Dalmia's pecuniary relationship, please refer to paragraph 5 below.

Attendance of Directors at the Board Meetings and at the last Annual General Meeting (AGM)

During the financial year ended on 31st March 2011, meeting of the Board of Directors was held 5 (five) times i.e. on 10th May 2010, 25th May 2010, 9th August 2010, 8th November 2010 and 4th February 2011. The intervening period between two Board Meetings was well within the maximum gap of four months prescribed under Clause 49 of the Listing Agreement

ANNEXURE 'A' TO DIRECTORS' REPORT - REPORT ON CORPORATE GOVERNANCE (Contd.)

Name of Directors	Number of Board Meetings		Attended last AGM held on 31st July 2010
	Held	Attended	
B P Bajoria*	1	1	No
S K Bajoria	5	5	No
P Bajoria	5	4	No
K Dalmia	5	-	No
M Kusakabe*	1	-	No
O Matsuura	5	1	No
S Tateishi**	4	1	No
D G Rajan	5	3	No
Prof A N Sadhu	5	5	No
K S B Sanyal	5	5	Yes
D K Banerji ***	-	-	-

* Ceased to be Director with effect from 10th May 2010.

**Appointed as Director with effect from 10th May 2010.

***Appointed as Additional Director with effect from 25th May 2011

Information placed before the Board

Board Meetings of the Company are governed by a structured agenda. The Board members, in consultation with the Chairman may bring up any matter for consideration of the Board. All major Agenda items are backed by comprehensive background information to enable the Board to take informed decisions.

The required information as enumerated in Annexure IA to Clause 49 of the Listing Agreement is made available to the Board Members for discussion and consideration at Board Meetings.

3. Committees of the Board

Currently, there are three Board Committees - the Audit Committee, the Remuneration Committee and the Shareholders/Investors Grievance Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Minutes of Board Committee meetings are placed in subsequent Board Meetings for the information of the Board. The role and composition of these Committees including meetings held during the financial year and the attendance thereof are provided hereinbelow :

A. Audit Committee

Your Company has an Audit Committee comprising of following three Non-executive Independent Directors. All of them are financially literate and have accounting or related financial management expertise.

Name of Directors	Position
K S B Sanyal	Chairman
D G Rajan	Member
Prof A N Sadhu	Member

Terms of reference of the Committee include the powers and role including review of information, as specified in Clauses 49II(C), 49II(D) and 49II(E) of the Listing Agreement, of the

Company as well as that of its subsidiary companies. The Company however, do not have any Indian subsidiary.

During the financial year ended on 31st March 2011, meetings of the Audit Committee were held on 10th May 2010, 9th August 2010, 8th November 2010 and 4th February 2011, which were attended by all the above members excepting meeting held on 4th February 2011 which was not attended by Mr D G Rajan. The gap between two meetings never exceeded four months.

Head of Finance, Internal Auditors and Statutory Auditors also attended said meetings as and when required by the Committee. Mr R Agarwal, Company Secretary, is the Secretary to the Committee.

Unaudited quarterly and audited 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.

B. Remuneration Committee

The role of the Remuneration Committee inter alia is to determine on behalf of the Board of Directors and on behalf of the shareholders, the Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment and/or to recommend remuneration including perquisites payable by the Company on their appointment and/or re-appointment. Remuneration Committee comprises of following Non-executive Independent Directors.

Name of Directors	Position
Prof A N Sadhu	Chairman
D G Rajan	Member
K S B Sanyal	Member

ANNEXURE 'A' TO DIRECTORS' REPORT - REPORT ON CORPORATE GOVERNANCE (Contd.)

During financial year ended on 31st March 2011, meeting of the Committee was held on 10th May 2010, which was attended by all the Committee members.

Details of remuneration paid/payable to the Executive Directors and Non-executive Directors for financial year 2010-2011 are as follows :

Name of Directors	Salary and other benefits (₹ in lacs)				Sitting Fees (₹ in lacs)	
	Salary (including House Rent Allowance)	Commission	Contribution to Provident and other Funds	Other Perquisites	Board Meetings	Committee Meetings
B P Bajoria	-	-	-	-	0.20	-
S K Bajoria (g)	75.00	-	32.92	0.41	-	-
P Bajoria (g)	79.20	-	31.12	1.54	-	-
K Dalmia	-	-	-	-	-	-
M Kusakabe	-	-	-	-	-	-
O Matsuura	-	-	-	-	0.20	-
S Tateishi	-	-	-	-	0.20	-
D G Rajan	-	-	-	-	0.60	0.35
Prof A N Sadhu*	-	-	-	-	-	-
K S B Sanyal	-	-	-	-	1.00	1.10

* Waived entitlement to sitting fees.

- (g) i) Service Contract - 5 years (from 1st April 2010 to 31st March 2015).
- ii) Notice period - 3 months Notice from either side
- iii) Severance Fees - 3 months salary in lieu of Notice
- iv) Commission is 1% of the Net Profit. In view of inadequate profit, no commission is paid/payable for 2010-2011.
- v) The Company's application to the Central Government for approving the excess remuneration aggregating ₹ 86.94 lacs, paid to Mr S K Bajoria and Mr P Bajoria, is awaited.

There is no stock option given to Directors during the year.

C. Shareholders/Investors Grievance Committee

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

Name of Directors	Position
K S B Sanyal	Chairman
S K Bajoria	Member
P Bajoria	Member

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

During the financial year ended on 31st March 2011, 13 (Thirteen) meetings of the Committee were held and gap between two meetings generally never exceeded 30 (thirty) days.

Role of the Committee include redressal of shareholders' complaints relating to transfer/transmission 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 2010-2011, Mr R Agarwal attended to Share Transfer formalities on a fortnightly basis and same was ratified at the immediately succeeding meeting of the Committee. Status of complaints of shareholders/investors is as under :

Number of complaints pending as on 1st April 2010	0
Number of complaints received during the year	22
Number of complaints redressed during the year	22
Number of complaints pending as on 31st March 2011	0

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 Limited 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/transmission of Equity Shares, issuance of duplicate share certificates, non receipt of dividend warrants and annual reports.

ANNEXURE 'A' TO DIRECTORS' REPORT - REPORT ON CORPORATE GOVERNANCE (Contd.)
4. General Body Meetings
Location and time, where last three AGMs were held

AGM	Financial Year	Date	Time	Place
19th	2007 - 2008	Friday, 22nd August 2008	11 AM	Sector 'B'; Kalunga Industrial Estate P.O. Kalunga 770 031 Dist. Sundergarh, Orissa.
20th	2008 - 2009	Friday, 28th August 2009	11 AM	-do-
21st	2009 - 2010	Saturday, 31st July 2010	11 AM	-do-

Special Resolutions passed at the last 3 (three) AGMs.

Financial Year	Items
2007 - 2008	None
2008 - 2009	None
2009 - 2010	(i) Appointment of Mr S K Bajoria as Whole Time Director of the Company with effect from Thursday, 1st April 2010. (ii) Appointment of Mr P Bajoria as Whole Time Director of the Company with effect from Thursday, 1st April 2010.

During financial year 2010-2011, Mr S M Gupta of M/s S M Gupta & Co. Company Secretaries was appointed as scrutinizer for conducting the Postal Ballot Process.

Following resolutions were passed through Postal Ballot on Saturday, 31st July 2010.

Special Resolutions for : (1) Making Investments in/giving loans to/providing Securities and Guarantees in connection with loans taken by IFGL Exports Limited (2) Creating/Extending Securities/Providing loans/guarantees etc in favour of lenders either of Company or its subsidiaries (3) Making loans/giving guarantees/providing securities in connection with loans made to/acquiring by way of subscription, purchase etc securities of any body corporate (4) Alteration of Articles of Association of the Company (5) Ordinary Resolution for Increase of Authorised Share Capital of the Company from ₹ 40 Crores to ₹ 60 Crores and (6) Special Resolution for Issuance and Allotment of 2,000,000 - 5% Non Cumulative Redeemable Preference Shares of ₹ 100 each to such persons (including Bodies Corporate), it may deem fit, proper and necessary, whether or not such persons are members of the Company, by way of Private Placement, respectively.

A	Number of the postal ballot forms received		186
	(i) Valid		185
	(ii) Invalid		1
No. of votes			%
B	Number of votes cast for Resolution No. 1		
	(i) Votes cast in favour of Resolution	19,719,374	99.96
	(ii) Votes cast against Resolution	7,225	0.04
Total Number of votes cast for Resolution No. 1			100.00
C	Number of votes cast for Resolution No. 2		
	(i) Votes cast in favour of Resolution	19,717,429	99.96
	(ii) Votes cast against Resolution	7,000	0.04
Total Number of votes cast for Resolution No. 2			100.00

ANNEXURE 'A' TO DIRECTORS' REPORT - REPORT ON CORPORATE GOVERNANCE (Contd.)

	No. of votes	%
D. Number of votes cast for Resolution No. 3		
(i) Votes cast in favour of Resolution	19,716,889	99.96
(ii) Votes cast against Resolution	8,065	0.04
Total Number of votes cast for Resolution No. 3	19,724,954	100.00
E. Number of votes cast for Resolution No. 4		
(i) Votes cast in favour of Resolution	19,716,804	99.96
(ii) Votes cast against Resolution	7,555	0.04
Total Number of votes cast for Resolution No. 4	19,724,359	100.00
F. Number of votes cast for Resolution No. 5		
(i) Votes cast in favour of Resolution	19,717,269	99.96
(ii) Votes cast against Resolution	7,590	0.04
Total Number of votes cast for Resolution No. 5	19,724,859	100.00
G. Number of votes cast for Resolution No. 6		
(i) Votes cast in favour of Resolution	19,716,944	99.96
(ii) Votes cast against Resolution	8,020	0.04
Total Number of votes cast for Resolution No. 6	19,724,964	100.00

5. Disclosures

- A Statement in summary form of transactions with related party in the ordinary course of business is placed periodically before the Audit Committee. 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 preparing 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 18, "Related Party Disclosures", Note 11 on Schedule 15 to the Annual Audited Accounts of the Company for the year ended 31st March 2011 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 happens to hold directorship) as per the latter's requirements from time to time at prices and terms which were negotiated and mutually agreed. Necessary permission in this regard from the Regional Director, Eastern Region, Ministry of Corporate Affairs at Kolkata under section 297 of the Companies Act, 1956, has been obtained for financial year ended 31st March 2011.

- Resume and other information of the Directors proposed to be appointed/re-appointed (including those retiring by rotation) at the ensuing Annual General Meeting are given in the Notice relating thereto to the Shareholders as required under Clause 49 IV(G) of the Listing Agreement.
- Subsequent to elevation of Executive Director, Mr S K Bajoria as Chairman of the Company on and from 10th May 2010, the Board should have comprised of 50% of non-executive independent directors. However Mr D K Banerji, a Senior Advocate practicing in Hon'ble Supreme Court of India has been appointed as Additional Director of the Company on and from 25th May 2011 only.
- A Management Discussion and Analysis Report has been included as a part of the Directors' Report to the Shareholders for financial year ended 31st March 2011.
- 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 Managing Director is appended as a separate Annexure to this Report. This Code of Conduct has also been posted on Company's website.
- No strictures were imposed on the Company by any regulatory authority on any matter related to capital markets during the last three years.

ANNEXURE 'A' TO DIRECTORS' REPORT - REPORT ON CORPORATE GOVERNANCE (Contd.)

- The Company does not have any Indian Subsidiary Company and hence provision of an Independent Director of the Company on the Board of such Subsidiary Company is not applicable. Minutes of foreign subsidiaries, however, are placed before the Board of the Company and attention of the Directors is drawn to the significant transactions and arrangement entered into by said subsidiary companies.
- The Company has laid down procedures to inform the Board Members about the risk assessment and minimisation procedures. These procedures are periodically reviewed to ensure that executive management control risks through means of a properly defined framework.
- In accordance with the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992, as amended in February 2002, the Board of Directors of the Company has formulated the Code of Conduct for prevention of insider trading in Equity Shares of the Company by its Directors and employees.
- The Board of Directors of the Company have received a Certificate from the Managing Director of the Company in compliance of Clause 49(V) of the Listing Agreement.
- The Company has issued and allotted 1,450,000 - 5% Non Cumulative Preference Shares of ₹ 100/- each on private placement basis on 3rd September 2010.
- The Company has adopted Whistle Blower Policy in Board Meeting of the Company held on 25th May 2011.
- All Mandatory requirements have been appropriately complied with and the Non Mandatory requirements are dealt with at the end of the Report.
- Particulars of Equity Shares of ₹ 10/- each of the Company held by Non-Executive Directors (both own or held by/for other person on a beneficial basis) are as follows :

Name of Directors	Number of shares held
Prof A N Sadhu	850
D G Rajan	8,894
K S B Sanyal	350
K Dalmia	Nil
S Tateishi	Nil
O Matsuura	Nil
D K Banerji	Nil

6. Means of Communication

Timely disclosure of consistent, comparable, relevant and reliable information on corporate financial performance is the core of good governance. Towards this end -

- The quarterly results of the Company are announced within 45 days of the completion of the quarter and audited annual results are announced within 60 days of end of last quarter and Stock Exchanges are immediately intimated after the same is 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/Business Line/Financial Express and Pragativadi, an Oriya newspaper widely circulating in the State of Orissa. The Company however does not send half yearly reports to the individual Shareholders.
- Audited/Unaudited financial results and other pertinent information are also available on the Company's website i.e. www.ifglref.com, website of National Stock Exchange of India Limited i.e. www.nse-india.com, website of Bombay Stock Exchange Limited i.e. www.bseindia.com, and website of Corporate Filing and Dissemination System i.e. www.corpfiling.co.in.
- Information relating to shareholding pattern, entire Annual Report of the Company and its subsidiaries and corporate announcements/press releases made by the Company are also uploaded on Company's website i.e. www.ifglref.com.

7. General Shareholder Information

AGM Details

Date	Friday, 26th August 2011
Venue	Company's Registered Office at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga 770 031, Dist. Sundergarh, Orissa.
Time	11AM
Book Closure Dates	Tuesday, 23rd August 2011 to Friday, 26th August 2011
Dividend Payment Date	On and after Wednesday, 31st August 2011

Financial Calendar

The Company follows 1st April to 31st March as its Financial Year. The unaudited results for every quarter beginning from 1st April are declared within 45 days of the end of following quarter except for the last quarter, audited annual financial results whereof are declared within May as permitted under the Listing Agreement.

ANNEXURE 'A' TO DIRECTORS' REPORT - REPORT ON CORPORATE GOVERNANCE (Contd.)

Listing on Stock Exchanges

Name of the Stock Exchange	Address	Stock Code
National Stock Exchange of India Limited	'Exchange Plaza', C-1, Block G, Bandra-Kurla Complex Bandra(E), Mumbai 400 051	IFGLREFRAC(EQ)
Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	532133

The Listing Fees for the financial year 2011-2012 has been paid to the Stock Exchanges

The International Security Identification Number (ISIN) allotted to the Company's Share under the Depository System is INE023B01012. The annual custody fee for the financial year 2011-2012 has been paid to NSDL and CDSL, the Depositories.

Market Price Data

Months	Bombay Stock Exchange Limited (BSE)			
	Market Price (₹) - High Price		Market Price (₹) - Low Price	
April 2010	70.50	30.04.10	55.00	01.04.10
May 2010	73.40	10.05.10	53.75	26.05.10
June 2010	56.80	03.06.10 18.06.10 21.06.10	51.00	11.06.10 14.06.10
July 2010	61.80	29.07.10	50.10	08.07.10
August 2010	58.80	02.08.10	46.10	30.08.10 31.08.10
September 2010	64.50	15.09.10	46.70	01.09.10
October 2010	61.00	07.10.10	51.00	29.10.10
November 2010	54.95	01.11.10	40.05	29.11.10
December 2010	46.00	03.12.10	38.80	09.12.10
January 2011	47.75	04.01.11	35.00	31.01.11
February 2011	37.95	04.02.11	28.30	10.02.11 11.02.11
March 2011	33.45	10.03.11	28.00	30.03.11

Months	National Stock Exchange of India Limited (NSE)			
	Market Price (₹) - High Price		Market Price (₹) - Low Price	
April 2010	70.50	30.04.10	55.20	01.04.10
May 2010	73.05	10.05.10	48.50	21.05.10
June 2010	57.90	18.06.10	50.70	08.06.10
July 2010	61.25	29.07.10	49.95	08.07.10
August 2010	58.70	02.08.10	45.50	30.08.10
September 2010	64.50	15.09.10	46.05	01.09.10
October 2010	61.00	07.10.10	50.50	29.10.10
November 2010	55.00	05.11.10	37.20	26.11.10
December 2010	46.40	06.12.10	35.00	13.12.10
January 2011	47.00	04.01.11	35.20	31.01.11
February 2011	40.00	02.02.11	28.10	10.02.11
March 2011	33.90	03.03.11	27.40	16.03.11

ANNEXURE 'A' TO DIRECTORS' REPORT - REPORT ON CORPORATE GOVERNANCE (Contd.)

Equity Shares of the Company are regularly traded on the BSE and NSE. However, its market price does not substantially fluctuate with increase or decrease in the SENSEX/NIFTY.

Registrar and Share Transfer Agent

Maheshwari Datamatics Private Limited of 6, Mangoe Lane (Surendra Mohan Ghosh Sarani), 2nd Floor, Kolkata 700 001, Phone : +91 33 22482248, Fax No : +91 33 22484787, E-mail : mdpl@cal.vsnl.net.in is presently Registrar and Share Transfer Agent of the Company, both for Physical and Demat Segments.

Accordingly, all communications on matters relating to Share transfers, dividend etc may be sent directly to them. Complaints, if any, on these matters may also be sent to investorcomplaints@bajoria.in or to the Company Secretary, Mr R Agarwal at 3, Netaji Subhas Road, Kolkata 700 001, Phone: +91 33 22482411, Fax : +91 33 22430886, E-mail: ragarwal@bajoria.in.

Share Transfer System

Share transfers are presently registered within a maximum period of 15(fifteen) days from the date of receipt provided the documents are complete in all respects. All share transfers are approved by the Company Secretary under the authority delegated to him by the Shareholders/Investors Grievance Committee.

Secretarial Audit

- Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, Certificates , on half year basis , have been issued by a Company Secretary-in-Practice for due compliance of Share Transfer formalities by the Company.
- A Chartered Accountant in full time practice carried out Reconciliation of Share Capital Audit to reconcile total admitted capital with NSDL and CDSL and the total issued and listed capital. The Audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

Distribution of Equity Shareholding as on 31st March 2011

Category	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Promoter's Holding*				
- Indian Promoters	6	0.03	19,669,248	56.83
- Foreign Promoters	2	0.01	5,006,956	14.47
Financial Institutions/Banks/Mutual Funds/UTI	14	0.07	1,001,122	2.89
Foreign Institutional Investors	1	0.00	1,300	0.00
NRIs/Trusts/Clearing Member	163	0.78	179,490	0.52
Private Body Corporate	363	1.74	2,596,707	7.50
Individuals	20,310	97.37	6,155,649	17.79
Total	20,859	100.00	34,610,472	100.00

* Shares held by the Promoters have not been pledged or otherwise encumbered in any manner.

Number of Shares	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Upto 500	19,065	91.40	2,702,294	7.81
501 to 1000	896	4.30	750,861	2.17
1001 to 2000	440	2.11	679,873	1.96
2001 to 3000	168	0.80	434,749	1.25
3001 to 4000	87	0.42	311,943	0.90
4001 to 5000	56	0.27	265,452	0.77
5001 to 10000	76	0.36	559,871	1.62
10001 and above	71	0.34	28,905,429	83.52
Total	20,859	100.00	34,610,472	100.00

ANNEXURE 'A' TO DIRECTORS' REPORT - REPORT ON CORPORATE GOVERNANCE (Contd.)

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 2011, 79.51% of your Company's Equity Shares representing 27,518,431 Equity Shares were held in dematerialised mode and the balance 20.49 % representing 7,092,041 Equity Shares were held in physical mode.

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

Registered Office & Works	Sector 'B', Kalunga Industrial Estate, P.O. Kalunga 770 031 (Near Rourkela) Dist. Sundergarh, Orissa, Phone : +91 661 2660195, Fax : +91 661 2660173 E-mail : ifglworks@bajoria.in
Head & Corporate Office	McLeod House, 3, Netaji Subhas Road, Kolkata 700 001. Phone : +91 33 22482411, Fax : +91 33 22430886, +91 33 22480482 E-mail : ifgl@bajoria.in and investorcomplaints@bajoria.in

8. Unclaimed Dividend

Pursuant to Sections 205A and 205C of the Act, all unclaimed/unpaid dividend pertaining to the Company and erstwhile Indo Flogates Limited remaining unpaid or unclaimed for a period of seven years from the date they became due for payment, have been transferred to the Investors Education and Protection Fund (IEPF) established by the Central Government.

Following table gives information relating to outstanding dividend accounts and dates when due for transfer to IEPF

Financial Year	Date of Declaration of Dividend	Proposed Date for transfer to IEPF*
2003 - 2004	02.08.2004	01.10.2011
2004 - 2005	02.08.2005	01.10.2012
2005 - 2006	29.08.2006	28.10.2013
2006 - 2007	24.08.2007	23.10.2014
2007 - 2008	22.08.2008	21.10.2015
2009 - 2010	31.07.2010	29.09.2017

* Indicative dates. Actual dates may vary.

Persons who have not yet encashed their above outstanding Dividends may immediately send their claims to the Company. For Financial Year 2003-2004, it will not be possible to entertain claims received by the Company after Thursday, 1st September 2011.

9. Status of Adoption of the Non Mandatory Requirements

The Board

Tenure of some of the independent directors is also more than nine years in aggregate considering their respective initial date of induction on the Board.

Remuneration Committee

The Company has a Remuneration Committee as reported in paragraph 3 above.

Audit Qualification

The Company does not have any qualification pertaining to the Financial Statements of the year under review. However, Auditors have inserted emphasis of matter paragraph in their Audit Report regarding remuneration paid to the Chairman and Managing Director in excess of the limits laid down in the Companies Act, 1956 aggregating ₹ 86.94 lacs awaiting approval of the Central Government.

Other Items

The Company has adopted **Whistle Blower Policy** in Board Meeting of the Company held on 25th May 2011. Other Non Mandatory requirements such as **Shareholder Rights; Training of Board Members and Mechanism for evaluating performance** of non-executive Board Members will be implemented by your Company's Board as and when required and/or deemed necessary.

ANNEXURE 'B' 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 2011

A. Conservation of Energy

- a) Energy conservation measures taken :
 - 1. Replaced and/or modified Dust Collector Systems, Hammer Mills and other equipments/appliances wherever necessary.
 - 2. Adopted energy efficient technologies and installed equipments.
 - 3. Avoided energy leakages by regular preventive checks.
 - 4. Installed stabilizers, capacitors and other energy saving devices.
- b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy.
This is being done on a continuous basis, including by installation of new energy efficient equipments/appliances.
- c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
Efforts are being made on regular basis to reduce energy consumption and consequently achieve reduction in 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.

Thrust and focus on overseas markets continued during financial year 2010-2011. FOB value of exports effected has been ₹ 568.53 Millions compared to ₹ 474.07 Millions for immediately preceding financial year 2009-2010. Your Company for eighth consecutive year have received CAPEXIL Award in recognition of exports for financial year 2009-2010.

- g) Total foreign exchange used and earned (₹ in Millions)

1. Foreign Exchange Outgo	
(i) CIF Value of Imports of Raw Materials, Stores and Spares, Trading goods and Capital goods	572.36
(ii) Others	103.13
2. Foreign Exchange Earnings	
FOB Value of Exports	568.53

ANNEXURE 'B' TO DIRECTORS' REPORT (Contd.)

Form - A

Disclosure of particulars with respect to conservation of energy

	Year ended 31st March 2011	Year ended 31st March 2010
A. Power & Fuel Consumption		
1. Electricity		
a) Purchased		
Units (KWH)	4,873,276	3,827,773
Total Amount (₹ in Millions)	22.81	14.84
Rate/Unit (₹)	4.68	3.88
b) Own Generation		
i) Through Diesel Generator		
Units (KWH)	557,539	570,936
Units per Ltr of Diesel Oil	2.47	2.22
Cost/Unit (₹)	15.85	15.71
ii) Through Steam Turbine/Generator		
Units (KWH)	Nil	Nil
Units per Ltr of Fuel Oil/Gas	Nil	Nil
Cost/Unit (₹)	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)	Nil	1.62
Total Cost (₹ in Millions)	Nil	0.08
Average Rate (₹/Ltr)	Nil	46.51
4. LPG		
Quantity (MT)	2,013.15	1,636.98
Total Cost (₹ in Millions)	93.82	66.50
Average Rate (₹/MT)	46,603.14	40,622.96
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)	7.99	7.19
LDO (Ltrs/Pc)	0.00	0.00
Coal	Nil	Nil
LPG (Kgs/Pc)	2.95	3.08
HSD (Ltrs/Pc)	0.37	0.53

ANNEXURE 'B' TO DIRECTORS' REPORT (Contd.)

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 customer satisfaction.
 - b) Increased 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 consent of the Collaborators to suit Indian conditions in your Company's own R&D.

3. Information regarding Imported Technology
 - A. 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 however be a continued endeavour.
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 design, application, installation, reprocessing, commissioning, servicing, manufacture etc of Tube-Changer comprising of System and Refractories therefor, for Continuous Casting Slab Machines.
b) Year of Import : Financial year 2006-2007
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 - Know-how for manufacture of Refractories for Sliding Gate System.
b) Year of Import - Financial year 2006-2007
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.
 - D. a) Technology Imported - Know-how for design, manufacturing and application of Round Hole Pressed Filters, Siebkerne, Silicon Carbide Chill Plates and other refractory products mainly used in Foundries.
b) Year of Import - Financial year 2009-2010
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.

Annual Certificate under Clause 49(I)(D) of Listing Agreement with Stock Exchanges

DECLARATION

As required under Clause 49(I)(D) of the Listing Agreement with the Stock Exchanges, I hereby declare that all the Board members and senior management personnel i.e. employees in the grades of General Manager and above, of the Company have complied with the Code of Conduct of the Company for financial year ended 31st March 2011.

Kolkata
25th May 2011

P Bajoria
Managing Director

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA

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 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, subject to the following:

As stipulated in Clause I(A)(ii) of Clause 49 of the Listing Agreement, in case where the Chairman of the Board is an executive director, at least half of the Board should comprise of independent directors. During the year ended 31st March 2011, the Company did not comply with the requirement regarding independent directors.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No. 302009E
A Bhattacharya
Partner
Membership No. 54110

Kolkata
25th May 2011

AUDITORS' REPORT

To the Members of IFGL Refractories Limited

1. We have audited the attached Balance Sheet of IFGL Refractories Limited ("the Company") as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. 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 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our report, attention is invited to Note 12 (d) on Schedule 15 regarding remuneration paid to the Chairman and Managing Director in excess of the limits laid down in the Companies Act, 1956 aggregating ₹ 86.94 lacs awaiting approval of the Central Government.
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows :
 - (a) 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;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) 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;
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and 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 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. On the basis of the written representations received from the Directors as on 31st March 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **DELOTTE HASKINS & SELLS**
Chartered Accountants
Registration No. 302009E
A Bhattacharya
Partner
Membership No. 054110

Kolkata
25th May 2011

ANNEXURE TO THE AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)

- (i) Having regard to the nature of the Company's business/activities, clauses (x), (xii), (xiii) and (xiv) of CARO are not applicable.
- (ii) In respect of its fixed assets :
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory :
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
 In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us :
 - (a) The Company has taken and repaid loans aggregating ₹ 200 lacs from a party during the year. At the year-end, the outstanding balance of such loans taken aggregated ₹ Nil and the maximum amount involved during the year was ₹ 208.41 lacs (number of party - one).
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interests of the Company.
 - (c) The payments of principal amounts and interest in respect of such loans are as per stipulations.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us :
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time except

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

in respect of sale of certain goods for which comparable quotations are not available and in respect of which we are unable to comment.

- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. At the year end the Company had no unclaimed deposits in respect of any earlier years.
- (viii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (ix) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any of the products of the Company.
- (x) According to the information and explanations given to us in respect of statutory dues :
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March 2011 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March 2011 on account of disputes are given below :

Statute	Nature of Dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (₹ in lacs)
Sales Tax Central Sales Tax Act, 1956	Sales Tax	Sales Tax Tribunal	1995-96	1.14
	Sales Tax	Additional Commissioner of Sales Tax	1997-98	0.47
	Sales Tax	Orissa High Court	1999-00	2.17
	Sales Tax	Assistant Commissioner of Sales Tax	2003-04	0.25
Orissa Sales Tax Act, 1947	Sales Tax	Orissa Sales Tax Tribunal	1996-97 and 1997-98	39.91
	Sales Tax	Orissa High Court	1999-00	0.11
	Total			44.05
Income Tax The Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal, Kolkata	Assessment Year 2005-06	15.88
	Fringe Benefit Tax	Deputy Commissioner of Income Tax	Assessment Year 2007-08	0.51
	Income Tax	Deputy Commissioner of Income Tax	Assessment Year 2008-09	68.00
	Fringe Benefit Tax	Deputy Commissioner of Income Tax	Assessment Year 2008-09	1.19
	Total			85.58
Service Tax Service Tax Rules, 1994	Service Tax	Joint Commissioner of Central Excise, Customs & Service Tax	2006-07	1.54

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to any banks. The Company has neither any outstanding dues to any financial institutions or debenture holders at the beginning of the year nor has it obtained any loans from such parties during the year.
- (xii) 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 and financial institutions are not *prima facie* prejudicial to the interests of the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xv) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 at a price which is *prima facie* not prejudicial to the interests of the Company.
- (xvi) According to the information and explanations given to us, the Company has neither any outstanding debenture at the beginning of the year nor has it issued any debentures during the year.
- (xvii) The Company has not raised any money by public issues during the year.
- (xviii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

Kolkata
25th May 2011

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No. 302009E
A Bhattacharya
Partner
Membership No. 054110

BALANCE SHEET As at 31st March 2011

(₹ in lacs)

	Schedule	As at 31st March 2011		As at 31st March 2010	
SOURCES OF FUNDS					
Shareholders' Fund					
Capital	1	4,911.05		3,461.05	
Reserves and Surplus	2	6,713.91	11,624.96	6,226.33	9,687.38
Loan Funds					
Secured Loans	3		5,851.00		3,719.66
Deferred Tax Liabilities (Net) (Note 9 on Schedule 15)			347.85		328.05
TOTAL			17,823.81		13,735.09
APPLICATIONS OF FUNDS					
Fixed Assets	4				
Gross Block			9,725.84		8,397.99
Less : Depreciation			5,290.95		4,775.09
Net Block			4,434.89		3,622.90
Capital Work-in-Progress		131.09	4,565.98	169.60	3,792.50
Investments	5			5,761.59	
Current Assets, Loans and Advances					
Inventories	6	3,508.13		2,624.45	
Sundry Debtors	7	6,202.21		5,218.27	
Cash and Bank Balances	8	333.16		182.15	
Loans and Advances	9	1,105.63		910.85	
		11,149.13		8,935.72	
Less : Current Liabilities and Provisions	10				
Liabilities		3,293.84		2,763.24	
Provisions		359.05		450.48	
Net Current Assets		3,652.89	7,496.24	3,213.72	5,722.00
TOTAL			17,823.81		13,735.09
NOTES ON ACCOUNTS	15				

In terms of our Report attached.

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

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

A Bhattacharya

Partner

Kolkata

25th May 2011

On behalf of the Board of Directors

R Agarwal
Company Secretary

P Bajoria
Managing Director

S K Bajoria
Chairman

PROFIT AND LOSS ACCOUNT For the year ended 31st March 2011

	Schedule	Year ended 31st March 2011	Year ended 31st March 2010 (₹ in lacs)
INCOME			
Turnover (Gross)		22,268.09	18,407.00
Less : Excise Duty		1,448.15	884.22
Turnover (Net)		20,819.94	17,522.78
Other Income	11	64.16	53.70
		20,884.10	17,576.48
EXPENDITURE			
(Increase) / Decrease in Finished Goods and Work-in-Progress	12A	(237.94)	(91.55)
Raw Materials and Trading Goods	12B	11,265.34	8,385.05
Manufacturing and Other Expenses	13	5,916.10	4,911.23
Payments and Provisions for Employees	14	1,920.03	1,412.35
Interest (Note 8 on Schedule 15)		395.04	267.81
Depreciation		528.55	453.16
Profit before Tax		19,787.12	15,338.05
Less : Provision for Taxation		1,096.98	2,238.43
For Current Tax		340.00	770.00
For Deferred Tax-Charge/(Credit)		19.80	(5.35)
Profit after Tax		737.18	1,473.78
Profit brought forward from previous year		5,774.54	4,705.68
Profit available for Appropriation		6,511.72	6,179.46
Proposed Dividend			
on Equity Shares		173.05	346.10
on Non Cumulative Preference Shares		41.71	–
Tax on Dividend		34.84	58.82
Balance carried to Balance Sheet		249.60	404.92
Earning per Share		6,262.12	5,774.54
Basic and Diluted (₹) (Note 2 on Schedule 15)		1.99	4.26
NOTES ON ACCOUNTS	15		

In terms of our Report attached.

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

For DELOITTE HASKINS & SELLS

Chartered Accountants

A Bhattacharya

Partner

Kolkata

25th May 2011

R Agarwal
Company Secretary

On behalf of the Board of Directors

P Bajoria
Managing Director

S K Bajoria
Chairman

CASH FLOW STATEMENT For the year ended 31st March 2011

(₹ in lacs)

	Year ended 31st March 2011	Year ended 31st March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extra-ordinary items	1,096.98	2,238.43
Adjustments for :		
Depreciation	528.55	453.16
Interest Expenses (net)	395.04	267.81
Dividend Income	—	(0.11)
Liabilities no longer required written back	(59.80)	(32.42)
Bad Debts/Advances written off	79.87	51.60
Provision for Doubtful Debts	11.71	80.34
Unrealised Foreign Exchange (Gain)/Loss (net)	(16.96)	139.90
Loss on Sale/Discard of Assets (net)	1.41	0.11
	939.82	960.39
Operating Profit before Working Capital changes	2,036.80	3,198.82
Adjustments for :		
Trade and other Receivables	(1,356.91)	(2,336.23)
Inventories	(883.68)	(106.93)
Trade Payables	681.32	(1,559.27)
	477.53	1,377.79
Cash generated from Operations	477.53	2,133.45
Direct Taxes paid - Net	(312.10)	(818.59)
Cash flow before extra-ordinary items	165.43	1,314.86
Net Cash from Operating Activities	165.43	1,314.86
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(1,167.89)	(918.68)
Proceeds from sale of Fixed Assets	1.02	0.15
Interest Received	14.89	9.17
Dividend Received	—	0.11
Sale/(Purchase) of Long Term Investments	(1,541.00)	(2,692.98)
	(2,692.98)	(35.00)
Net Cash (used in) Investing Activities	(2,692.98)	(944.25)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of Preference Shares	1,450.00	—
Interest Paid	(413.48)	(279.93)
Dividend Paid	(346.14)	(0.56)
Dividend Tax Paid	(57.49)	—
Proceeds from Long Term Borrowings	1,000.00	553.52
Repayment of Long Term Borrowings	(470.00)	(1,410.00)
Proceeds from Short Term Borrowings	491.75	—
Repayment of Short Term Borrowings	(491.75)	—
Increase in Cash Credit Facilities	1,515.67	2,678.56
	2,678.56	618.71
Net Cash (used in)/from Financing Activities	2,678.56	(518.26)

CASH FLOW STATEMENT (Contd.)

	(₹ in lacs)	
	Year ended 31st March 2011	Year ended 31st March 2010
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	151.01	(147.65)
Cash and Cash Equivalents (Opening Balance) - Schedule 8	182.15	329.80
Cash and Cash Equivalents (Closing Balance) - Schedule 8 *	333.16	182.15

* includes fixed deposit held with banks as margin money of ₹ 46 (previous year - ₹ 53)

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 Statements.
- (2) Figures for the previous year have been re-arranged and re-grouped wherever necessary to make the same comparable with the current year's figure.

In terms of our Report attached.

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

For **DELOTTE HASKINS & SELLS**

Chartered Accountants

A Bhattacharya

Partner

Kolkata

25th May 2011

R Agarwal
Company Secretary

On behalf of the Board of Directors

P Bajoria
Managing Director

S K Bajoria
Chairman

SCHEDULES FORMING PART OF THE BALANCE SHEET

(₹ in lacs)

	As at 31st March 2011	As at 31st March 2010
1. CAPITAL		
AUTHORISED		
40,000,000 (Previous year - 39,995,000) Equity Shares of ₹ 10/- each	4,000.00	3,999.50
2,000,000 (Previous year - 500) Redeemable Preference Shares of ₹ 100/- each	2,000.00	0.50
	6,000.00	4,000.00
ISSUED, SUBSCRIBED AND PAID-UP		
34,610,472 Equity Shares of ₹ 10/- each fully paid up (Note 1 below)	3,461.05	3,461.05
1,450,000 (Previous year - Nil) 5% Redeemable Non Cumulative Preference Shares of ₹ 100/- each fully paid up (Note 2 below)	1,450.00	—
	4,911.05	3,461.05

Notes : 1. Of the above Equity shares -

- 18,320,973 shares are held by Bajoria Holdings Private Limited, the Holding Company.
- 16,600,872 shares were allotted as fully paid up other than in cash, pursuant to a Scheme of Amalgamation.
- The 5% Redeemable Non Cumulative Preference Shares are redeemable at par at the end of ten years from date of allotment (i.e. 3rd September 2010) or any earlier date at the option of the Company except that said shares shall not be redeemed within the initial period of three years from the date of allotment.

2. RESERVES AND SURPLUS		
Capital Reserve	5.00	5.00
General Reserve	446.79	446.79
Profit and Loss Account	6,262.12	5,774.54
	6,713.91	6,226.33

3. LOAN FUNDS		
SECURED LOANS		
Cash Credit/Packing Credit		
From State Bank of India	2,891.12	1,562.26
(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 Company, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela, ranking pari passu with The Hongkong and Shanghai Banking Corporation Limited).		
From The Hongkong and Shanghai Banking Corporation Limited	1,429.88	1,157.40
(Secured by charge on current assets and second charge over all fixed assets of the Company ranking pari passu with that created in favour of State Bank of India)		
Term Loan		
From State Bank of India		
- Term Loan - I	—	300.00
(Secured by first charge over all 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)		

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(₹ in lacs)

	As at 31st March 2011	As at 31st March 2010
3. LOAN FUNDS (Contd.)		
- Term Loan - II (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 Company, ranking pari passu with The Hongkong and Shanghai Banking Corporation Limited).	150.00	225.00
- Term Loan - III (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 Company, ranking pari passu with The Hongkong and Shanghai Banking Corporation Limited).	380.00	475.00
From The Hongkong and Shanghai Banking Corporation Limited (To be secured by 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 Company, ranking pari passu with State Bank of India)	1,000.00	—
	5,851.00	3,719.66

4. FIXED ASSETS

DESCRIPTION OF THE ASSETS	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 31.03.10	Additions during the year	Deductions during the year	Total as at 31.03.11	Upto 31.03.10	For the year	Deductions during the year	Total upto 31.03.11	As at 31.03.11	As at 31.03.10
TANGIBLE										
Land - Lease hold (Note 1 below)	34.76	—	—	34.76	3.04	0.44	—	3.48	31.28	31.72
- Freehold	1.29	—	—	1.29	—	—	—	—	1.29	1.29
Buildings	1,036.66	226.74	—	1,263.40	381.44	36.37	—	417.81	845.59	655.22
Plant and Machinery	6,146.09	1,115.04	47.05	7,214.08	3,432.63	436.12	3.37	3,865.38	3,348.70	2,713.46
Computers	127.15	10.53	3.69	133.99	107.29	10.88	3.64	114.53	19.46	19.86
Furniture and Fixtures	89.65	7.13	—	96.78	80.20	2.89	—	83.09	13.69	9.45
Equipment	50.17	4.80	—	54.97	19.26	3.51	—	22.77	32.20	30.91
Vehicles	168.39	14.25	8.06	174.58	56.72	18.14	5.68	69.18	105.40	111.67
Sub Total - A	7,654.16	1,378.49	58.80	8,973.85	4,080.58	508.35	12.69	4,576.24	4,397.61	3,573.58
INTANGIBLE (acquired items)										
Goodwill arising on Amalgamation	503.06	—	—	503.06	503.06	—	—	503.06	—	—
Computer Software	8.48	8.16	—	16.64	8.48	3.76	—	12.24	4.40	—
Technical Know-how (Note 2 below)	232.29	—	—	232.29	182.97	16.44	—	199.41	32.88	49.32
Sub Total - B	743.83	8.16	—	751.99	694.51	20.20	—	714.71	37.28	49.32
Total (A+B)	8,397.99	1,386.65	58.80	9,725.84	4,775.09	528.55	12.69	5,290.95	4,434.89	3,622.90
Previous Year	7,609.43	801.57	13.01	8,397.99	4,334.68	453.16	12.75	4,775.09		
Capital Work-in-Progress									131.09	169.60
									4,565.98	3,792.50

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

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

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(₹ in lacs)

	As at 31st March 2011	As at 31st March 2010
5. INVESTMENTS		
Long Term - Trade Investment (At cost less provision for diminution in values, if any)		
Unquoted Subsidiary : IFGL Worldwide Holdings Limited [63,50,000 (previous year - 53,50,000) Fully paid Equity Shares of GBP 1 each]	5,625.39	4,185.59
Other Than Subsidiary : IFGL Exports Limited [1,36,000 (previous year - 35,000) Fully paid Equity Shares of ₹ 10/- each] [Subsequent to the year end, 100% shareholding pledged with Export Import Bank of India for loan granted to IFGL Exports Limited]	136.00	35.00
Krosaki IFGL Refractories Private Limited [2,000 (previous year - Nil) Fully paid Equity Shares ₹ 10/- each]	0.20	—
	5,761.59	4,220.59
6. INVENTORIES (Note 1(d) on Schedule 15)		
Stores and Spares	137.91	102.89
Raw Materials and Components	1,833.13	1,480.54
Raw Materials and Components in transit	415.06	169.75
Work-in-Progress	554.50	379.68
Finished Goods		
- Manufactured Goods	113.58	42.97
- Trading Goods	150.58	145.29
Stock with Third Parties		
- Manufactured Goods	266.93	274.42
- Trading Goods	36.44	28.91
	3,508.13	2,624.45
7. SUNDY DEBTORS (*) (Unsecured)		
Debts outstanding for more than six months		
Considered good	134.05	257.26
Considered Doubtful	92.05	80.34
	226.10	337.60
Other Debts	6,068.16	4,961.01
	6,294.26	5,298.61
Less : Provision for Doubtful Debts	92.05	80.34
	6,202.21	5,218.27

* Includes ₹ 75.15 (previous year - ₹ 109.95) not due for payment at the year end as per related terms of orders.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(₹ in lacs)

	As at 31st March 2011	As at 31st March 2010
8. CASH AND BANK BALANCES		
Cash in hand (Include cheques in hand - ₹ 187.67, previous year - ₹ 21.34)	190.12	23.72
With Scheduled Banks		
- On Current Accounts	23.65	52.75
- On Dividend Accounts	52.67	52.68
- On Fixed Deposit Accounts (As margin on Letter of Credit and Bank Guarantee)	46.00	53.00
With Other Bank on Current Account (Represents balance lying with Banca Nazionale Del Lavoro, Genova, Italy. Maximum balance outstanding during the year ₹ 48.40)	20.72	—
	333.16	182.15
9. LOANS AND ADVANCES (Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	176.05	240.83
Advances and Loans to subsidiaries	1.82	124.27
Accrued Export benefits under DEPB Scheme	624.02	383.93
Balance with Customs, Excise Authorities etc.	257.49	119.55
Other Deposits	46.25	42.27
	1,105.63	910.85
10. CURRENT LIABILITIES AND PROVISIONS		
Liabilities -		
Sundry Creditors		
Total Outstanding dues of micro enterprises and small enterprises (Note 7 on Schedule 15)	30.35	48.44
Total Outstanding dues of creditors other than micro enterprises and small enterprises	2,845.02	2,439.28
Balance with a Subsidiary Company	221.34	31.99
Advance Received from Customers	13.36	19.49
Investor Education and Protection Fund shall be credited by Unpaid Dividend **	52.67	52.68
Other Liabilities	131.10	3,293.84
	171.36	2,763.24
Provisions -		
Taxation (Net of Advance Income Tax/Tax Deducted at Source ₹ 2,657.03, previous year - ₹ 2,344.93)	56.76	28.86
Fringe Benefit Tax (Net of Advance Fringe Benefit Tax ₹ 87.85, previous year - ₹ 87.85)	0.04	0.04
Proposed Dividend	214.76	346.10
Tax on Proposed Dividend	36.17	58.82
Employee Benefits	51.32	16.66
	359.05	450.48
	3,652.89	3,213.72

** No amount is due as on 31st March 2011 for credit to Investor Education and Protection Fund.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(₹ in lacs)

	Year ended 31st March 2011	Year ended 31st March 2010
11. OTHER INCOME		
Commission	1.59	18.47
Dividend from Mutual Funds	–	0.11
Liabilities no longer required written back	59.80	32.42
Miscellaneous Income	2.77	2.70
	64.16	53.70
12A. INCREASE/DECREASE IN FINISHED GOODS AND WORK-IN-PROGRESS		
Opening Work-in-Progress	379.68	194.07
Opening Finished Goods	317.39	697.07
Less : Closing Work-in-Progress	554.50	379.68
Closing Finished Goods	380.51	317.39
	(237.94)	697.07
		(91.55)
12B. RAW MATERIALS AND TRADING GOODS		
Raw Materials consumed *	10,659.61	7,663.66
Opening Stock of Trading Goods	174.20	120.62
Add : Purchases of Trading Goods	618.55	774.97
	792.75	895.59
Less : Closing Stock of Trading Goods	187.02	605.73
	11,265.34	721.39
		8,385.05

** Net of ₹ 807.81 (previous year - ₹ 609.18), being duty benefit pertaining to exports.*

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT (Contd.)

(₹ in lacs)

	Year ended 31st March 2011	Year ended 31st March 2010
13. MANUFACTURING AND OTHER EXPENSES		
Consumable Stores and Spares	584.86	434.88
Power and Fuel	1,262.46	908.36
Repairs and Maintenance		
- Plant and Machinery	121.64	108.63
- Building	7.12	25.43
- Others	48.75	35.32
Rent	22.43	7.71
Rates and Taxes	28.39	19.16
Insurance	54.42	44.73
Postage, Telephone, Telex etc.	52.39	40.27
Travelling and Conveyance	377.60	394.98
Packing Expenses	699.08	497.14
Delivery and Forwarding Expenses	1,266.35	777.46
Professional Fees	121.76	105.46
Processing Charges	272.60	193.82
Royalty	100.89	109.21
Commission	384.10	280.27
Service Charges	104.68	113.68
Directors' Sitting Fees	3.65	4.15
Foreign Exchange Loss/(Gain)	(178.07)	126.62
Provision for Doubtful Debts	11.71	80.34
Bad Debts/Advances written off	79.87	51.60
Loss on Sale/Discard of Fixed Assets (net)	1.41	0.11
Site Contractors Expenses	252.82	177.29
Other Expenses (Note 13 on Schedule 15)	235.19	374.61
	5,916.10	4,911.23
14. PAYMENTS AND PROVISIONS FOR EMPLOYEES		
Salaries and Wages	1,592.14	1,165.02
Staff Welfare Expenses	142.74	126.32
Contribution to Funds :		
- Gratuity Fund	53.39	25.00
- Provident Fund and Pension Schemes	67.33	44.14
- Superannuation Fund	54.21	45.18
- Employees State Insurance Fund etc.	10.22	6.69
	185.15	121.01
	1,920.03	1,412.35

15. NOTES FORMING PART OF THE ACCOUNTS

(All figures are in ₹ in lacs)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) **These Financial Statements** are prepared under the historical cost convention on an accrual basis of accounting to comply in all material aspects with all the 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.
- b) **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 capitalised.
- c) **Depreciation** on tangible assets (other than Leasehold Land and Computers) is calculated on straight-line method at applicable rates and the manner prescribed in Schedule XIV of the Companies Act, 1956. Leasehold Land is amortised over the period of lease. Computers are depreciated over a period of three years. Intangible assets (other than Goodwill arising on amalgamation fully amortised in earlier years and Computer Software which are amortised over a period of two to five years) are amortised on straight-line method over a period of five years.
Spares capitalised are depreciated over a period not exceeding the useful lives of Plant and Machinery with which such spares can be used.
Assets individually costing ₹ 5,000 or less are fully depreciated in the year of acquisition.
- d) **Inventories** are valued at lower of cost and net realisable 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 present location and condition and includes, where applicable, appropriate overheads.
- e) **Sales** are exclusive of sales tax and returns and are recognised when significant risk and rewards of ownership of the goods is transferred to the buyer and the revenue is measurable at the time of sale and it is reasonable to expect ultimate collection of the sale consideration.
Export incentive under Duty Entitlement Pass Book Scheme is recognised on accrual basis.
Interest income is recognised 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. Long term investments are stated at cost less provision for diminution, other than temporary, if any, in value.
- g) **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.
- h) **Transactions in foreign currencies** are recognised at the rates existing at the time of such transactions. Gain or losses resulting from the settlement of such transactions are recognised 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.
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

15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

probable forecast transaction is marked to market at the year-end and the resulting losses, if any, are charged to the profit and loss account. The net gain, if any, based on the above evaluation, is not accounted for.

- 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) The undiscounted amount of Short-term Employee Benefits (i.e. benefits payable within one year) is recognised in the period in which employee services are rendered.
 - ii) Contributions towards provident fund are recognised as expense. Provident fund contributions in respect of employees are made to Trust administered by the Company; the interest rate payable to the members of the Trust is not lower than the rate of interest declared annually by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, is to be made good by the Company. (Also refer note 10A below).
 - iii) Contribution under Employees' Pension Scheme is made as per statutory requirements and charged as expenses for the year.
 - iv) Contribution to Superannuation (Defined Contribution Plan) is made as per the approved Scheme and charged as expenses for the year (Refer Note 10C below).
 - v) The Company also contributes to the Central Government administered Employees' State Insurance Scheme for its eligible employees which is a defined contribution plan.
 - vi) Liability towards Gratuity, Superannuation (Defined Benefit Plan) covering eligible employees, is provided and funded on the basis of year-end actuarial valuation (Refer Note 10B and 10C below).
 - vii) Accrued liability towards leave encashment benefits, covering eligible employees, evaluated on the basis of year-end actuarial valuation is recognised as a charge.
 - viii) Actuarial gains/losses arising under Defined Benefit Plans are recognised immediately in the Profit and Loss Account as income/expense for the year in which they occur.
- k) **Provisions, Contingent Liabilities and Contingent Assets** - Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2. Earnings Per Share (EPS) - The numerators and denominators used to calculate Basic and Diluted EPS :

	2010-2011	2009-2010
Profit after Tax	737.18	1,473.78
Less : Dividend on Preference Shares	41.71	-
Tax on Dividend on Preference Shares	6.77	-
Profit after Tax attributable to the Equity Shareholders (A)	688.70	1,473.78
Weighted Average number of Equity Shares (in numbers) (B)	34,610,472	34,610,472
Nominal Value of Equity Shares (in ₹)	10	10
Dilutive potential Equity Shares	-	-
Basic/Diluted EPS (A/B)	1.99	4.26

- 3. Estimated amounts of Capital Commitments (net of advances) outstanding as at 31st March 2011 and not provided for is ₹ 136.49 (Previous year - ₹ 893.93).

15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

4. Contingent Liabilities not provided for :

	2010-2011	2009-2010
a) Claims against the Company not acknowledged as debts :		
i) Sales tax matter under appeal [net of ₹ 5.49 (previous year - ₹ 5.49) paid under protest]	44.06	44.06
ii) Income tax matters under dispute	78.83	15.88
iii) Service tax matters under dispute	1.54	33.62
b) Letter of comfort/Corporate Guarantee given to banks against term loan, working capital and Forwards Exchange Contracts facility provided by them to a step down subsidiary [limit £ 16.65 million, (previous year - £ 12.98 million)] Utilised at year end £ 8.45 million, (previous year - £ 5.02 million) [Converted at year end rate]	12,138.90	8,949.89
c) Corporate Guarantee given to Exim Bank against term loan availed by a Body Corporate Utilised at year end	6,163.84	3,461.09
2,700.00	Nil	
962.20	Nil	
5. Outstanding Bank Guarantees (net of margin money).	383.04	388.97

6. 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, from April 2004, the Company has been depositing contributions under EPS, 95 with the RPFC. A sum of ₹ 81.72 has been paid in earlier years to RPFC from the Company's Superannuation 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 has however demanded contribution also for persons who ceased to be employees of the Company in said period, which has been disputed by the Company.

RPFC had raised a demand of ₹ 27.26 in March 1998 on the 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 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.

7. Information as required to be disclosed under The Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small Enterprises as at 31st March 2011 are as under :

	2010-2011	2009-2010
1. The principal amount remaining unpaid to supplier as at the end of accounting year [included in Item 1 to Schedule 10]	30.35	48.44
2. The interest due thereon remaining unpaid to supplier as at the end of accounting year	9.36	9.36
3. The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year 2010-2011	-	2.62
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
5. The amount of interest accrued during the year and remaining unpaid at the end of the accounting year [included in Item 1 to Schedule 10]	-	-

15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

8. (a) Interest paid/payable is net of Interest received [Tax Deducted at Source, ₹ 0.44 (previous year - ₹ 2.11)] as detailed below :

	2010-2011	2009-2010
Interest on Bank Deposits	4.57	7.58
Interest on Customers' overdue bills	13.07	7.07
Interest from Employees and Others	0.79	0.07
Total	18.43	14.72

(b) Interest paid/payable includes interest on Fixed Loans during the year ₹ 110.13 (previous year - ₹ 142.73).

(c) No interest was capitalised during the year.

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

	2010-2011	2009-2010
Tax Impact of –		
Accrued expenses deductible when paid	(36.51)	(32.73)
Difference between tax depreciation and book depreciation	384.36	360.78
Total	347.85	328.05

10. Disclosure 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 Plan since the Company is obligated to meet interest shortfall, if any, with respect to covered employees. However, there is no such interest shortfall at the year end.

According to the actuary, actuarial valuation cannot be applied to reliably measure provident fund liabilities in absence of guidance from the Actuarial Society of India. Accordingly, the Company is currently not in a position to provide other related disclosures as required by the aforesaid AS 15 read with the ASB Guidance. During the year, the Company has contributed ₹ 35.57 (previous year - ₹ 27.67) to the Provident Fund.

B. Gratuity (Funded)

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. As per the Scheme, the Gratuity Trust fund makes payments to vested employees on retirement, death, incapacitation or termination of employment. For employees joining after 1st April 2003, the amount is based on the respective employee's eligible salary (half month's salary) depending on the tenure of the service subject to a maximum of ₹ 10 as per the Payment of Gratuity Act, 1972. For employees joining before 1st April 2003, the amount is calculated similarly as per the Payment of Gratuity Act, 1972 (with the cap of ₹ 10) or the Company's scheme, whichever is higher. Vesting occurs on completion of five years of service. Liabilities with regard to the Gratuity plan are determined by actuarial valuation as set out in Note 1 (j) (vi) above, based on which the Company makes contribution to the fund. The most recent actuarial valuation of the fund was carried out as at 31st March 2011.

C. In keeping with the 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. Also refer Notes 1 (j) (iv) and (vi) for accounting policy relating to superannuation.

D. Leave Encashment (Unfunded)

The Company provides for accumulated leave benefit for eligible employees (i.e. workmen) at the time of retirement, death, incapacitation or termination of employment, subject to a maximum of one hundred and twenty days based on the last drawn salary. Liabilities are determined by actuarial valuation as set out in Note 1 (j) (vii) above.

15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

10.1 Following are further particulars with respect to Defined Benefit Plans of the Company for year ended 31st March 2011 :

	Gratuity (Funded)		Superannuation (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
a) 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	308.48	197.31	194.98	189.75	13.66	10.62
Service Cost	22.99	21.29	—	—	2.07	1.72
Interest Cost	24.04	15.59	15.58	14.82	1.06	0.85
Plan Amendments Cost/(Credits)	—	2.20	—	—	—	—
Actuarial (gains)/losses	33.41	77.04	(4.50)	(0.67)	2.18	0.57
(Benefits paid)	(16.00)	(4.95)	(0.49)	(8.92)	(0.80)	(0.10)
Present Value of obligation, as at the end of the year	372.92	308.48	205.57	194.98	18.17	13.66
b) 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	305.64	243.75	372.33	334.27	N.A.	N.A.
Expected return on plan assets	25.62	20.94	30.51	27.04	N.A.	N.A.
Actuarial gains/(losses)	2.51	23.90	(3.94)	19.94	—	—
Contribution by the Company	22.00	22.00	—	—	0.80	0.10
Benefits paid	(16.00)	(4.95)	(0.49)	(8.92)	(0.80)	(0.10)
Fair Value of Plan Assets at the end of the year	339.77	305.64	398.41	372.33	—	—
c) Reconciliation of the Present Value of Defined Benefit Obligation and Fair Value of the Plan Assets :						
Fair Value of Plan Assets at the end of the year	339.77	305.64	398.41	372.33	—	—
Present value of obligation at the end of the year	372.92	308.48	205.57	194.98	18.17	13.66
Assets/(Liabilities) recognised in the Balance Sheet	(33.15)	(2.84)	192.84*	177.35*	(18.17)	(13.66)

* Actual amount of asset in the Balance Sheet ₹ Nil (previous year - ₹ Nil)

	Gratuity (Funded)		Superannuation (Funded)		Leave Encashment (Unfunded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
d) Expense recognised in the Profit and Loss Account :						
Current Service Cost	22.99	21.29	—	—	2.07	1.72
Interest Cost	24.04	15.59	15.58	14.82	1.06	0.85
Expected return of plan assets	(25.62)	(20.94)	(30.51)	(27.04)	—	—
Past Service cost	—	2.20	—	—	—	—
Actuarial (gain)/loss	30.90	53.14	(0.56)	(20.61)	2.18	0.57
Total Expense as per the Actuarial Valuation	52.31	71.28	(15.49)	(32.83)	5.31	3.14
Actual Expenses Recognised	52.31	@ 25	—	—	5.31	* 3.14

@ The expenses for the above benefit are recognised under 'Contribution to Provident and Other Funds' on Schedule 14.

* The Expenses for the above benefit are recognised under 'Staff Welfare' on Schedule 14.

15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

	Gratuity (Funded)		Superannuation (Funded)		Leave Encashment (Unfunded)	
	2010-11 %	2009-10 %	2010-11 %	2009-10 %	2010-11 %	2009-10 %
e) Category of Plan Assets :						
GOI Securities	6	7	15	18	NA	NA
Bonds	5	12	11	17	NA	NA
State Government/State Government guaranteed securities	5	5	3	4	NA	NA
Units of Insurers	84	76	69	60	NA	NA
Others (including bank balances)	-	-	2	1	NA	NA
	100	100	100	100	NA	NA
f) Principal Actuarial Assumptions :						
Discount rate (per annum) (%)	8.00	8.00	8.00	8.00	8.00	8.00
Rate of increase in salaries (%)	6.00	6.00	NA	NA	6.00	6.00
Expected rate of return on plan assets (%)	8.30	8.30	8.20	8.20	-	-
Remaining working life (in Years)	18.97	18.04	14.55	15.39	15.63	15.55
	LIC (1994-96) ultimate					
	Projected Accrued Benefit Method					
	Actual Return on Plan Assets	28.13	44.84	46.98	46.98	NA
g) Other Disclosures :						
Gratuity Scheme :						
Experience History				2010-11	2009-10	2008-09
1	Defined Benefit Obligation at end of the period	(372.92)	(308.48)	197.31	-	-
2	Plan Assets at end of the period	339.77	305.64	243.75	-	-
3	Funded Status	(33.15)	(2.84)	46.44	-	-
4	Experience Gain/(Loss) adjustments on plan liabilities	(33.41)	(52.19)	-	-	-
5	Experience Gain/(Loss) adjustments on plan assets	2.51	23.90	-	-	-
6	Actuarial Gain/(Loss) due to change on assumptions	-	(24.85)	-	-	-
Superannuation Scheme :						
Experience History				2010-11	2009-10	2008-09
1	Defined Benefit Obligation at end of the period	(205.57)	(194.98)	(189.75)	-	-
2	Plan Assets at end of the period	398.41	372.33	334.27	-	-
3	Funded Status	192.84	177.35	144.52	-	-
4	Experience Gain/(Loss) adjustments on plan liabilities	4.50	0.67	-	-	-
5	Experience Gain/(Loss) adjustments on plan assets	(3.94)	19.94	-	-	-
6	Actuarial Gain/(Loss) due to change on assumptions	-	-	-	-	-
Leave Encashment Scheme :						
Experience History				2010-11	2009-10	2008-09
1	Defined Benefit Obligation at end of the period	(18.17)	(13.66)	(10.62)	-	-
2	Plan Assets at end of the period	-	-	-	-	-
3	Funded Status	(18.17)	(13.66)	(10.62)	-	-
4	Experience Gain/(Loss) adjustments on plan liabilities	(2.18)	0.67	(6.96)	-	-
5	Experience Gain/(Loss) adjustments on plan assets	-	-	-	-	-
6	Actuarial Gain/(Loss) due to change on assumptions	-	(1.24)	8.89	-	-

15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

The basis used to determine overall expected return on assets and the major categories of Plan Assets are as follows :
The major portion of the assets is invested in units of Insurers and Government Bonds. Based on the asset allocation and prevailing yield rates on these asset classes, the long term estimate of the expected rate of return on the fund have been arrived at. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching Government Bonds.

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors.

10.2 The Company has recognised, in the Profit and Loss Account, an amount of ₹ 131.76 (previous year - ₹ 96.01) as expenses under defined contribution plans.

11. Related Party Disclosures in keeping with Accounting Standard-18 prescribed under 'the Act'.

a) List of Related Parties

Where Control exists :

Holding Company

Bajoria Holdings Private Limited

Subsidiary Companies (including step down subsidiaries)

IFGL Worldwide Holdings Limited

IFGL Monocon Holdings Limited

Monocon International Refractories Limited

Monocon Overseas Limited

Mono Ceramics Inc.

Monotec Refractories Ltda

Tianjin Monocon Refractories Company Limited

Tianjin Monocon Aluminous Refractories Company Limited

Goricon Metallurgical Services Limited

Goricon LLC

IFGL GmbH

Hofmann Ceramic GmbH

Hofmann GmbH & Co. OHG

Hofmann Ceramic CZ s.r.o.

Hofmann Ceramic Limited

Hofmann Ceramic LLC

Hofmann Pyemetric LLC

IFGL Pyemetric LLC

IFGL Inc.

EI Ceramic LLC (w.e.f. September 10, 2010)

CUSC International Limited (w.e.f. September 10, 2010)

Heritage Health TPA Private Limited

Bajoria Financial Services Private Limited

IFGL Bio Ceramics Limited

Ganges Art Gallery Private Limited

Bajoria Enterprises Limited

Bajoria Service Providers Private Limited

Fellow Subsidiaries

Others

Key Management Personnel

S K Bajoria (Chairman)

P Bajoria (Managing Director)

B P Bajoria

Mihir Bajoria

Relatives of Key Management Personnel

Heritage Insurance Brokers Private Limited

Enterprises in which key management personnel
has significant influence

Coris Heritage Asia Pacific Private Limited

IFGL Exports Limited

15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

	2010-2011	2009-2010
11.b) Particulars of Transactions during the year and year end balances		
(I) With Holding Company : Bajoria Holdings Private Limited		
Issue of 5% Non Cumulative Preference Share	640.00	–
Rent for Office Premises	7.59	6.83
Maintenance Charges	10.89	10.89
Expenses Reimbursement/incurred	11.67	15.88
Interest on loan	0.17	–
Loan taken during the year	200.00	–
Loan repaid	200.00	–
	1,070.32	33.60
Year end Balances (Accounts Payable)	0.45	–
(II) With Subsidiaries including Step down Subsidiaries		
Purchase of Raw Material		
Monocon International Refractories Limited	209.22	15.18
Tianjin Monocon Refractories Company Limited	774.65	349.83
Tianjin Monocon Aluminous Refractories Company Limited	52.45	105.01
Hofmann Ceramic GmbH	76.15	29.99
	1,112.47	500.01
Purchase of Capital Goods		
Hofmann Ceramic GmbH	158.92	56.95
	158.92	56.95
Sale of Finished Goods		
Monocon International Refractories Limited	464.76	591.35
Mono Ceramics Inc	141.48	102.11
Monotec Refractories Ltda	0.12	–
Tianjin Monocon Aluminous Refractories Company Limited	–	8.70
Hofmann Ceramic GmbH	35.17	11.34
IFGL Pyrometric LLC	1.39	–
	642.92	713.50
Commission		
Mono Ceramics Inc	2.55	–
Monotec Refractories Ltda	4.11	–
	6.66	–
Royalty		
Hofmann Ceramic GmbH	2.40	–
	2.40	–
Expenses Reimbursement/Incurred		
Monocon International Refractories Limited	7.58	9.18
Mono Ceramics Inc	3.00	1.63
Monotec Refractories Ltda	44.69	2.98
	55.27	13.79
Expenses Recovered/Received		
Monocon International Refractories Limited	10.88	1.63
Tianjin Monocon Refractories Company Limited	2.35	2.99
Mono Ceramics Inc	1.13	–
Tianjin Monocon Aluminous Refractories Company Limited	0.27	–
	14.63	4.62

15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

11.b) Particulars of Transactions during the year and year end balances (Contd.)

	2010-2011	2009-2010
Investment		
IFGL Worldwide Holdings Limited	1,439.80	—
	1,439.80	—
Advance paid against Capital Goods		
Hofmann Ceramic GmbH	—	124.27
	—	124.27
Corporate Guarantees/Letter of Comfort		
Monocon International Refractories Limited	6,161.26	3,461.09
	6,161.26	3,461.09
YEAR END BALANCES		
Sundry Creditors		
Monocon International Refractories Limited	6.93	13.77
Tianjin Monocon Refractories Company Limited	219.28	—
Monotec Refractories Ltda	2.25	2.98
Hofmann Ceramic GmbH	3.95	18.21
Mono Ceramics Inc	2.76	—
	235.17	34.96
Sundry Debtors		
Monocon International Refractories Limited	87.23	347.03
Mono Ceramics Inc	30.58	75.50
Hofmann Ceramic GmbH	13.42	0.93
	131.23	423.46
Loans and Advances		
Hofmann Ceramic GmbH	—	124.27
Monocon International Refractories Limited	0.11	—
Tianjin Monocon Refractories Company Limited	1.48	—
Tianjin Monocon Aluminous Refractories Company Limited	0.15	—
Mono Ceramics Inc	0.08	—
	1.82	124.27
Investment		
IFGL Worldwide Holdings Limited	5,625.39	4,185.59
	5,625.39	4,185.59
Corporate Guarantee/Letter of Comfort		
Monocon International Refractories Limited	6,161.26	3,461.09
	6,161.26	3,461.09
(III) With Fellow Subsidiaries		
Sale of Finished Goods		
IFGL Bio Ceramics Limited	21.92	18.49
	21.92	18.49
Expenses Reimbursement/Incurred		
Ganges Art Gallery Private Limited	1.08	1.54
	1.08	1.54
Expenses Recovered/Received		
Heritage Health TPA Private Limited	1.97	—
IFGL Bio Ceramics Limited	0.67	0.29
	2.64	0.29

15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

11.b) Particulars of Transactions during the year and year end balances (Contd.)

	2010-2011	2009-2010
5% Non Cumulative Preference Share		
Bajoria Enterprises Limited	230.00	-
Bajoria Financial Services Private Limited	420.00	-
Bajoria Service Providers Private Limited	160.00	-
	810.00	-
YEAR END BALANCES		
Sundry Debtors		
IFGL Bio Ceramics Limited	19.60	14.37
	19.60	14.37
(IV) With Key Management Personnel		
Director's Remuneration (Refer Note 12 below)		
S K Bajoria (Chairman)	108.33	95.07
P Bajoria (Managing Director)	111.86	101.74
	220.19	196.81
(V) With Relative of Key Management Personnel		
Sitting Fees		
B P Bajoria	0.20	0.80
	0.20	0.80
Remuneration		
Mihir Bajoria	0.61	1.29
	0.61	1.29
(VI) With Enterprise in which a key management personnel has significant influence		
Expenses Recovered/Received		
Heritage Insurance Brokers Private Limited	0.11	0.75
IFGL Exports Limited	3.84	1.15
	3.95	1.90
Sale of Services		
IFGL Exports Limited	18.00	-
	18.00	-
Investment		
IFGL Exports Limited	101.00	35.00
	101.00	35.00
YEAR END BALANCES		
Sundry Debtors		
Heritage Insurance Brokers Private Limited	-	0.72
	-	0.72
Investment		
IFGL Exports Limited	136.00	35.00
	136.00	35.00
Corporate Guarantee/Letter of Comfort		
IFGL Exports Limited	2,700.00	-
	2,700.00	-

15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

12. Managerial remuneration :

	2010-2011	2009-2010
a) Chairman and Managing Director		
Salaries	141.00	94.50
Commission	-	48.78
Contribution to Provident and other Funds	64.04	36.16
Other Perquisites	15.15	17.37
b) Non-executive Directors - Sitting Fees	3.65	4.15
Total Managerial Remuneration	223.84	200.96
c) Schedule of computation of Net Profit in accordance with Section 198/349 of the Companies Act, 1956 for the purpose of Managerial Remuneration :		
Profit before tax as per the Profit and Loss Account	1,096.98	2,238.43
Add : Directors' Remuneration	220.19	196.81
Directors' Sitting Fees	3.65	4.15
Provision for Doubtful Debts	11.71	—
Net Profit	1,332.53	2,439.39
Chairman's Commission - 1% of the Net Profit	*	24.39
Managing Director's Commission - 1% of the Net Profit	*	24.39
Total Commission	—	48.78
* in view of inadequate profit, no commission is payable.		
d) Computation of excess amount paid to Chairman and Managing Director		
Limit as per the Companies Act, 1956 - 10% of the Net Profit as per (c) above	133.25	
Amount actually paid	220.19	
Amount paid in excess over the limit #	86.94	
# The Company's application to the Central Government for approving the excess remuneration aggregating ₹ 86.94 paid to the Chairman and Managing Director, is awaited.		

13. Other Expenses (Schedule 13) includes :

Amounts paid/payable to Auditors as auditor :

	2010-2011	2009-2010
Audit Fees	7.50	7.00
For Tax Audit	2.50	2.50
For Limited Reviews	3.00	2.00
For Other Certificates	2.50	3.25
Reimbursement of expenses #	0.41 @	0.68

@ includes ₹ 0.35 to erstwhile auditors.

Exclusive of Service Tax ₹ 1.64 (previous year - ₹ 1.59) not routed through Profit and Loss Account during the year.

15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

14. Raw Materials Consumed :

	2010-2011		2009-2010	
	Qty. (M/T)	Value	Qty. (M/T)	Value
Alumina	7,384.47	2,956.38	6,028.74	2,444.10
Zirconia	850.60	1,382.52	641.27	1,031.88
Resin	1,334.99	1,456.91	1,100.41	902.47
Others*		4,863.80		3,285.21
		10,659.61		7,663.66

*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.

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

	Units	For the year ended 31st March 2011		For the year ended 31st March 2010	
		Quantity	Value	Quantity	Value
(i) Licensed Capacity			N.A.		N.A.
(ii) Installed Capacity (as certified by the management)					
Refractories (Shaped)	Pcs.	776,000		776,000	
Refractories (Unshaped)	M/T	24,000		24,000	
Ceramics (Filters)	Pcs.	5,700,000		—	
Ceramics (Shaped)	Pcs.	10,000		10,000	
Ceramics (Unshaped)	Kgs	50.00		50.00	
(iii) Opening Stock of Finished Goods					
At Factory					
Refractories (Shaped)	Pcs.	2,325	38.38	5,799	51.82
Refractories (Unshaped)	M/T	—	—	—	—
Stock in Transit **					
Refractories (Shaped)	Pcs.	1,122	4.59	9,770	173.39
Refractories (Unshaped)	M/T	—	—	12	4.89
With Third Party					
Refractories (Shaped)	Pcs.	15,443	206.22	9,268	130.50
Refractories (Unshaped)	M/T	768.78	68.20	188.66	50.85
	Total		317.39		411.45
(iv) Actual Production					
Refractories (Shaped)	Pcs.	674,487	—	530,375	—
Refractories (Unshaped)	M/T	11,660.66	—	8,099.04	—
Ceramics (Filters)	Pcs.	1,589,024	—	—	—
Ceramics (Shaped)	Pcs.	1,673	—	903	—
Ceramics (Unshaped)	Kgs	26.68	—	14.65	—
(v) Sales *					
Refractories (Shaped)	Pcs.	674,294	17,015.83	536,322	14,593.08
Refractories (Unshaped)	M/T	11,691.60	2,994.12	7,530.92	2,155.01
Ceramics (Filters)	Pcs.	1,589,024	152.43	—	—
Ceramics (Shaped)	Pcs.	1,673	8.19	903	10.01
Ceramics (Unshaped)	Kgs	26.68	13.73	14.65	8.48
Scrap			5.95		14.22
	Total		20,190.25		16,780.80

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

	Units	For the year ended 31st March 2011		For the year ended 31st March 2010	
		Quantity	Value	Quantity	Value
(vi) Closing Stock of Finished Goods					
At Factory					
Refractories (Shaped)	Pcs.	3,650	97.35	2,325	38.38
Refractories (Unshaped)	M/T	–	–	–	–
Stock in Transit **					
Refractories (Shaped)	Pcs.	3,516	16.23	1,122	4.59
Refractories (Unshaped)	M/T	–	–	–	–
With Third Party					
Refractories (Shaped)	Pcs.	11,917	194.81	15,443	206.22
Refractories (Unshaped)	M/T	737.84	72.12	768.78	68.20
	Total			380.51	317.39

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

	Units	For the year ended 31st March 2011		For the year ended 31st March 2010	
		Quantity	Value	Quantity	Value
Opening Stock					
At Factory					
Operating Systems for Refractories	Sets	63	21.94	12	5.35
Others #			123.35		97.56
With Third Party					
Refractories (Unshaped)	M/T	185.39	9.06	89.91	8.86
Others #			19.85		8.85
	Total			174.20	120.62
Purchases					
Operating Systems for Refractories	Sets	72	49.79	120	20.47
Refractories (Unshaped)	M/T	1,625.29	291.01	2,019.99	336.56
Others #			313.69		417.94
	Total			654.49	774.97
Sales *					
Operating Systems for Refractories	Sets	83	40.36	69	67.83
Refractories (Unshaped)	M/T	1,611.86	290.44	1,925.19	320.82
Others #			298.89		353.33
	Total			629.69	741.98
Closing Stock					
At Factory					
Operating Systems for Refractories	Sets	52	19.81	63	21.94
Others #			130.77		123.35
With Third Party					
Refractories (Unshaped)	M/T	198.82	12.31	185.39	9.06
Others #			24.13		19.85
	Total			187.02	174.20

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

** Corresponding Sales Value ₹ 40.99

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

15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

16. Value of Imported and Indigenous Raw Materials and Stores and Spares consumed -

	2010-2011		2009-2010	
	Value	%	Value	%
Raw Materials				
- Imported	5,845.86	54.84	4,011.83	52.35
- Indigenous	4,813.75	45.16	3,651.83	47.65
Total	10,659.61	100.00	7,663.66	100.00
Stores and Spares				
- Imported	73.59	12.58	31.13	7.16
- Indigenous	511.27	87.42	403.75	92.84
Total	584.86	100.00	434.88	100.00

17. Operating Lease Commitments - The Company 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, reimbursement of maintenance charges, increase in future maintenance charges, etc. The future minimum lease commitments of the Company are as follows :

	2010-2011	2009-2010
Within 1 Year	3.80	7.59
More than 1 Year upto 5 Years	—	3.80
Total	3.80	11.39

Lease rentals recognised in this profit and loss account amount to ₹ 7.59 (previous year - ₹ 6.83)

18. CIF Value of Imports

	2010-2011	2009-2010
Raw Materials	5,392.45	3,101.13
Stores and Spares	102.39	28.70
Trading Items	16.28	36.92
Capital Goods	212.52	80.00

19. Expenditure in Foreign Currency (on payment basis)

	2010-2011	2009-2010
Salaries and wages	392.66	87.21
Travelling	187.76	146.91
Commission	230.28	177.19
Royalty (Net of tax)	97.45	80.31
Selling Expenses	69.64	24.57
Professional Fees	11.92	2.64
Others	41.57	14.48

20. Earnings in Foreign Exchange

	2010-2011	2009-2010
FOB Value of Exports	5,685.25	4,740.73

15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

21. Remittance in Foreign Currency on account of Dividend to Non-Resident Shareholders

	2010-2011	2009-2010
(a) Amount Remitted		
- For the year 2009-2010	50.07	–
- For the year 2008-2009	–	–
(b) Number of Non-Resident Shareholders	2	2
(c) Number of Shares held by them	5,006,956	5,006,956

22. In terms of Accounting Standard 17 'Segment Reporting' prescribed under 'the Act', segment information has been presented in the consolidated financial statements of the Company included in the Annual Report. Given below is the information relating to Geographical market of the Company :

	2010-2011	2009-2010
Sales Revenue		
India	10,081.26	9,510.68
Outside India		
Direct Exports	5,685.25	5,051.60
Indirect Exports	5,053.43	2,960.50
Total	20,819.94	17,522.78
Carrying amount of Assets		
India	17,671.82	14,137.15
Outside India		
Branch Assets in Italy	54.23	–
Direct Exports	2,136.79	1,590.60
Indirect Exports	1,613.86	1,221.06
Total	21,476.70	16,948.81
Purchase of Tangible and Intangible Assets		
India	1,324.02	678.61
Outside India	24.12	–

23. Expenses include reimbursements to/by the Company.

24. Previous year's figures have been re-arranged and re-grouped wherever necessary to make the same comparable with the current year's figures.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(a) Registration Details

Company Identification No. L 2 7 2 0 2 O R 1 9 8 9 P L C 0 0 2 9 7 1

Balance Sheet Date 3 1 0 3 2 0 1 1
D D M M Y Y Y Y

(₹ in lacs)

(b) Capital raised during the year

Public Issue	█ █ █ █ N I L	Right Issue	█ █ █ █ N I L
Bonus Issue	█ █ █ █ N I L	Private Placement	█ █ █ 1 4 5 0

(c) Position of Mobilisation and Deployment of Funds

Total Liabilities	2 1 4 7 6 . 7 0	Total Assets	2 1 4 7 6 . 7 0
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Sources of Funds		Application of Funds	
Paid-up-Capital	4 9 1 1 . 0 5	Net Fixed Assets (Including Goodwill)	4 5 6 5 . 9 8
Reserves and Surplus	6 7 1 3 . 9 1	Investments	5 7 6 1 . 5 9
Secured Loans	5 8 5 1 . 0 0	Net Current Assets	7 4 9 6 . 2 4
Unsecured Loans	█ █ █ N I L	Miscellaneous Expenditure	█ █ █ N I L
Deferred Tax Liabilities (Net)	3 4 7 . 8 5		

(d) Performance of the Company

Total Income	2 0 8 8 4 . 1 0	Total Expenditure	1 9 7 8 7 . 1 2
Profit/(Loss) before Tax	1 0 9 6 . 9 8	Profit/(Loss) after Tax	7 3 7 . 1 8
Earning Per Share (in ₹)	█ █ █ 1 . 9 9	Dividend Rate (%)	5 . 0 0

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

Item Code No.

6 9 0 2 2 0 2 0	Slide Gate Refractories for Ladles and Furnace.
6 9 0 3 2 0 9 0	Refractories for Injectall Purgemeister Valve.
6 9 0 3 1 0 9 0 / 6 9 0 3 2 0 9 0	Refractory Nozzle, Plugs, Rods, Tubes, Pipes.
3 8 1 6 0 0 0 0	Spraying/Gunning Masses, Coatings, Filler Mix.
3 8 1 6 0 0 0 0	Mortar, Castables and other Refractory Cements.
9 0 2 1 3 9 0 0	Hydroxyapatite based Orbital Implants and Alumina based Femoral Head for Hip Joint Prosthesis.
3 0 0 6 4 0 0 0	Hydroxyapatite Powder for Dental Application/Bone filling powder.

On behalf of the Board of Directors

Kolkata
25th May 2011

R Agarwal
Company Secretary

P Bajoria
Managing Director

S K Bajoria
Chairman

STATEMENT U/S 212 OF THE COMPANIES ACT, 1956 REGARDING SUBSIDIARY COMPANIES As at 31st March 2011

	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	(₹ in lacs)
Subsidiary										
Step Down Subsidiaries										
IFGL Worldwide Holdings Limited, Isle of Man	4,538.35	2,824.68	2,962.54	—	—	—	(12.48)	—	(12.48)	—
CUSC International Ltd, USA	212.94	64.78	511.20	233.48	—	252.61	84.15	17.90	66.24	—
El Ceramics LLC, USA	408.16	224.63	1,640.63	1,007.84	—	3,324.11	292.49	62.80	229.69	—
Goricon LLC, USA	—	15.87	16.41	0.54	—	289.83	1.58	0.54	1.05	—
Goricon Metallurgical Services Ltd, (Wales) UK	42.88	390.20	502.01	68.93	—	127.78	38.77	11.36	27.41	—
Hofmann Ceramic CZ s.r.o, Czech Republic	43.70	(309.58)	436.69	702.57	—	404.24	(15.47)	—	(15.47)	—
Hofmann Ceramic GmbH, Germany	164.45	1,062.91	2,038.53	905.96	—	6,696.23	284.57	38.13	246.45	—
Hofmann Ceramic LLC, USA	12.73	19.08	32.41	0.60	—	—	19.36	6.01	13.35	—
Hofmann Ceramic Limited, U.K	0.07	54.00	54.23	0.16	—	—	(0.46)	—	(0.46)	—
Hofmann GmbH & Co. OHG, Germany	73.68	203.23	742.35	465.45	—	—	77.26	7.00	70.27	—
Hofmann Pyemetric LLC, USA	0.24	1.90	4.64	0.44	—	—	3.74	—	3.74	—
IFGL GmbH, Germany	3,948.70	(53.21)	0.04	24.44	—	—	(3.63)	10.54	(14.17)	—
IFGL Inc, USA	1,775.60	(40.73)	725.36	3,900.19	—	—	(67.44)	(25.80)	(41.64)	—
IFGL Monocon Holdings Limited, UK	3,573.50	—	—	17.87	—	—	—	—	—	—
IFGL Pyemetric LLC, USA	21.87	(58.40)	51.53	88.06	—	55.66	(35.82)	(12.18)	(23.64)	—
Mono Ceramics Inc, USA	1,862.55	1,803.99	2,124.88	418.56	—	4,114.49	161.73	53.72	108.01	—
Monocon International Refractories Limited, UK	0.07	4,017.78	5,861.01	9,009.11	—	11,482.70	1,172.86	270.55	902.31	—
Monocon Overseas Limited, UK	0.71	5,801.37	3.20	454.23	—	—	11.09	—	11.09	—
Monotec Refractories Ltda, Brazil	196.52	126.12	507.47	184.83	—	917.44	(149.65)	0.63	(150.28)	—
Tianjin Monocon Aluminous Refractories Company Limited, PRC	370.88	310.05	803.31	122.37	—	1,453.77	61.75	5.04	56.71	135.83 @
Tianjin Monocon Refractories Company Limited, PRC	100.06	532.17	1,347.74	715.51	—	3,502.88	142.46	37.35	105.11	154.46 @

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

NOTES :

(a) Balance Sheet figures have been converted into Indian Rupees by applying year end foreign exchange closing rate of ₹ 63.25 equivalent to 1 Euro, ₹ 71.47 equivalent to 1 GBP and ₹ 44.39 equivalent to 1 USD. Profit and Loss Account figures have however been converted into Indian Rupees by using yearly Average exchange rate of ₹ 60.30 equivalent to 1 Euro, ₹ 70.64 equivalent to 1 GBP and ₹ 45.39 equivalent to 1 USD

(b) Investments exclude investments made in subsidiary companies.

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 (the Company and its subsidiaries constitute "the Group") as at 31st March 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 subsidiaries, whose financial statements reflect total assets of ₹ 22,772.61 lacs as at 31st March 2011, total revenues of ₹ 26,233.42 lacs and net cash outflows amounting to ₹ 443.97 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. Without qualifying our Report, attention is invited to Note 13(b)(iii) on Schedule 15 regarding remuneration paid to the Chairman and Managing Director in excess of the limits laid down in the Companies Act, 1956 aggregating to ₹ 86.94 lacs awaiting approval of the Central Government.
5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
6. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

Registration No. 302009E

A Bhattacharya

Partner

Membership No. 054110

Kolkata

25th May 2011

CONSOLIDATED BALANCE SHEET As at 31st March 2011

(₹ in lacs)

	Schedule	As at 31st March 2011		As at 31st March 2010
SOURCES OF FUNDS				
Shareholders' Fund				
Capital	1	4,911.05		3,461.05
Reserves and Surplus	2	12,659.77	17,570.82	<u>10,256.52</u>
Minority Interest			38.68	37.61
Loan Funds				
Secured Loans	3A	12,425.42		7,746.18
Unsecured Loans	3B	99.83	12,525.25	<u>182.26</u>
Deferred Tax Liabilities (Net) (Note 12 on Schedule 15)			400.97	374.10
TOTAL			30,535.72	<u>22,057.72</u>
APPLICATIONS OF FUNDS				
Fixed Assets	4			
Gross Block		27,378.96		19,660.34
Less : Depreciation		9,595.17		<u>8,640.21</u>
Net Block		17,783.79		11,020.13
Capital Work-in-Progress		205.32	17,989.11	<u>278.82</u>
Investment	5		136.20	11,298.95
Current Assets, Loans and Advances				35.00
Inventories	6	7,018.19		5,924.90
Sundry Debtors	7	10,956.90		8,948.56
Cash and Bank Balances	8	1,001.66		1,203.23
Loans and Advances	9	1,521.85		1,325.16
Less : Current Liabilities and Provisions	10	20,498.60		<u>17,401.85</u>
Liabilities		7,489.27		6,077.05
Provisions		598.92		601.03
Net Current Assets		8,088.19	12,410.41	<u>6,678.08</u>
TOTAL			30,535.72	<u>22,057.72</u>
NOTES ON ACCOUNTS	15			

In terms of our Report attached.

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

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
A Bhattacharya
Partner
Kolkata
25th May 2011

R Agarwal
Company Secretary

On behalf of the Board of Directors

P Bajoria
Managing Director

S K Bajoria
Chairman

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31st March 2011

(₹ in lacs)

	Schedule	Year ended 31st March 2011	Year ended 31st March 2010
INCOME			
Turnover (Gross)		48,342.58	42,407.52
Less : Excise Duty		1,448.15	884.21
Turnover (Net)		46,894.43	41,523.31
Other Income	11	432.61	341.86
		47,327.04	41,865.17
EXPENDITURE			
(Increase)/Decrease in Finished Goods and Work-in-Progress	12A	(13.89)	(763.23)
Raw Materials and Trading Goods	12B	24,711.06	21,608.89
Manufacturing and Other Expenses	13	11,484.61	9,513.63
Payments and Provisions for Employees	14	6,605.69	5,386.60
Interest (Note 11 on Schedule 15)		557.47	452.39
Depreciation		872.23	752.22
Adjustment for items capitalised		(158.92)	(56.95)
Profit before Tax and Minority Interest		44,058.25	36,893.55
Less : Provision for Taxation		3,268.79	4,971.62
For Current Tax		817.76	1,550.72
For Deferred Tax-Charge / (Credit)		24.60	(5.55)
Profit after Tax and before Minority Interest		2,426.43	3,426.45
Less : Minority Interest		(1.20)	(3.96)
Profit after Tax and Minority Interest		2,427.63	3,430.41
Profit brought forward from previous year		9,470.44	6,504.36
Profit available for Appropriation		11,898.07	9,934.77
Transferred to General Reserve		—	—
Proposed Dividend			
on Equity Shares		173.05	346.10
on Non Cumulative Preference Shares		41.71	—
Tax on Proposed Dividend		91.17	118.23
Balance carried to Balance Sheet		305.93	464.33
Earning per Share		11,592.14	9,470.44
Basic and Diluted (₹) (Note 6 on Schedule 15)		6.87	9.91
NOTES ON ACCOUNTS	15		

In terms of our Report attached.

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

For DELOITTE HASKINS & SELLS

Chartered Accountants

A Bhattacharya

Partner

Kolkata

25th May 2011

On behalf of the Board of Directors

R Agarwal
Company Secretary**P Bajoria**
Managing Director**S K Bajoria**
Chairman

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31st March 2011

(₹ in lacs)

	Year ended 31st March 2011	Year ended 31st March 2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and Minority Interest	3,268.79	4,971.62
Adjustments for :		
Depreciation and Amortisation	872.23	752.22
Interest Expenses (Net)	557.47	452.39
Dividend Income	—	(0.11)
Liabilities no Longer required written back	(59.80)	(32.42)
Loss on Sale/Discard of Fixed Assets (Net)	5.50	1.17
Bad Debts/Advances written off	114.73	191.04
Unrealised Exchange (Gain)/Loss (Net)	(233.52)	(6.43)
Effect of change in Foreign Exchange Translation	7.01	57.88
	1,263.62	1,415.74
	4,532.41	6,387.36
Operating Profit before Working Capital changes		
Adjustments for :		
Trade and other Receivables	(1,835.93)	(3,297.49)
Inventories	(773.37)	(790.13)
Trade Payables	1,149.07	2,663.67
Cash generated from Operations	3,072.18	4,963.41
Direct Taxes paid - Net	(700.55)	(1,375.81)
Cash flow before extra-ordinary items	2,371.63	3,587.60
Net Cash from Operating Activities	2,371.63	3,587.60
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(1,570.51)	(1,197.97)
Proceeds from Sale of Fixed Assets	34.53	45.33
Acquisition of step down subsidiary companies	(5,175.31)	—
Further Acquisition of shares in step down subsidiary company	—	(30.24)
Sale/(Purchase) of Long Term Investments	(101.20)	(35.00)
Interest Received	37.41	23.87
Dividend Received	—	0.11
Net Cash (used in) Investing Activities	(6,775.08)	(1,193.90)

CONSOLIDATED CASH FLOW STATEMENT (Contd.)

(₹ in lacs)

	Year ended 31st March 2011	Year ended 31st March 2010
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Preference Shares	1,450.00	—
Proceeds from Long Term Borrowings	5,552.23	553.52
Repayment of Long Term Borrowings	(3,022.37)	(3,434.42)
Proceeds from Short Term Borrowings	491.75	116.30
Repayment of Short Term Borrowings	(574.18)	—
Increase/(Decrease) in Cash Credit Facilities	1,240.53	891.97
Proceeds from minority on formation of new company	0.20	—
Interest Paid	(598.43)	(472.57)
Dividend Paid	(346.13)	(0.57)
Dividend Tax paid	(113.81)	(59.41)
Net Cash (used in)/from Financing Activities	4,079.79	(2,405.18)
D. EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY		
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C+D)	30.69	(70.98)
Cash and Cash Equivalents as at 31st March 2010 (Schedule 8)	1,203.23	(292.97)
Add : Taken over consequent upon acquisition of Subsidiary	91.40	1,285.69
Cash and Cash Equivalents as at 31st March 2011 (Schedule 8)*	1,294.63	1,285.69
	1,001.66	1,203.23

* includes fixed deposit held with banks as margin money of ₹ 76.76 (previous year - ₹ 200.16)

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 Statements.
- (2) Previous year's figures have been re-grouped/re-arranged wherever necessary, to make the same comparable with the current year's figures.

In terms of our Report attached.

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

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

A Bhattacharya

Partner

Kolkata

25th May 2011

R Agarwal
Company Secretary

On behalf of the Board of Directors

P Bajoria
Managing Director

S K Bajoria
Chairman

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(₹ in lacs)

		As at 31st March 2011	As at 31st March 2010
1. CAPITAL AUTHORISED			
40,000,000	(Previous year - 39,995,000) Equity Shares of ₹ 10/- each	4,000.00	3,999.50
2,000,000	(Previous year - 500) Redeemable Preference Shares of ₹ 100/- each	2,000.00	0.50
		6,000.00	4,000.00
ISSUED, SUBSCRIBED AND PAID-UP			
34,610,472	Equity Shares of ₹ 10/- each fully paid up (Note 1 below)	3,461.05	3,461.05
1,450,000	(Previous year - Nil) 5% Redeemable Non Cumulative Preference Shares of ₹ 100/- each fully paid up (Note 2 below)	1,450.00	-
		4,911.05	3,461.05

- Notes : 1. Of the above Equity Shares -
a. 18,320,973 shares are held by Bajoria Holdings Private Limited, the Holding Company.
b. 16,600,872 shares were allotted as fully paid up other than in cash, pursuant to a Scheme of Amalgamation.
2. 5% Redeemable Non Cumulative Preference Shares are redeemable at par at the end of ten years from date of allotment (i.e. 3rd September 2010) or any earlier date at the option of the Company except that said shares shall not be redeemed within the initial period of three years from date of allotment.

2. RESERVES AND SURPLUS			
Capital Reserve		5.00	5.00
General Reserve			
At the commencement of the year		446.79	446.79
Add : Transfer from Profit and Loss Account		—	446.79
Foreign Exchange Translation Adjustment Account			
At the commencement of the year		334.29	937.73
Add : Net addition/(deletion) during the year		281.55	(603.44)
Profit and Loss Account		615.84	334.29
		11,592.14	9,470.44
		12,659.77	10,256.52

3. LOAN FUNDS			
A. SECURED LOANS			
Cash Credit/Packing Credit			
- From State Bank of India		2,891.12	1,562.26
- From The Hongkong and Shanghai Banking Corporation Limited (HSBC)		1,429.88	1,157.40
- From ICICI Bank UK Limited		—	275.20
- From CSOB Radlicka		20.23	20.17
Term Loan			
From State Bank of India		530.00	1,000.00
Term Loan		1,000.00	—
- From HSBC Bank		320.82	1,181.87
- From ICICI Bank UK Limited		5,752.98	1,966.36
- From HSBC Bank Plc		5.81	14.58
- From Barclays Bank		66.45	101.82
- From Sparkasse		363.86	399.55
- From Volksbank Dill eG		44.27	66.97
- From Commerzbank		12,425.42	7,746.18

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

(₹ in lacs)

		As at 31st March 2011	As at 31st March 2010
3. LOAN FUNDS (Contd.)			
B. UNSECURED LOANS			
Short Term			
- From Volksbank Dill eG		28.49	54.43
- From Postbank		48.27	-
- From Commerzbank		23.07	20.79
- From Sparkasse		-	107.04
		99.83	182.26

4. FIXED ASSETS

DESCRIPTION OF THE ASSETS	GROSS BLOCK - AT COST						DEPRECIATION					NET BLOCK	
	As at 01.04.10	Addition on Acquisition of Subsidiaries	Additions during the year	Deduc- tions during the year	Exchange Difference	Total as at 31.03.11	As at 01.04.10	For the year	On Dedu- ctions	Exchange Difference	Total upto 31.03.11	As at 31.03.11	As at 01.04.10
TANGIBLE													
Land - Lease hold (Note 1 below)	34.76	-	-	-	-	34.76	3.03	0.43	-	-	3.46	31.30	31.73
- Freehold	169.95	76.92	-	-	2.73	249.60	-	-	-	-	-	249.60	169.95
Buildings	2,723.42	493.54	226.75	-	38.49	3,482.20	1,076.46	108.41	-	23.75	1,208.62	2,273.58	1,646.96
Plant and Machinery (Note 2 below)	9,772.60	413.64	1,482.07	81.50	94.43	11,681.24	6,009.40	661.66	22.54	73.11	6,721.63	4,959.61	3,763.20
Computers	341.86	-	20.69	3.69	9.28	368.14	316.00	15.94	3.64	8.93	337.23	30.91	25.86
Furniture and Fixtures	259.22	11.92	26.81	-	7.45	305.40	249.33	10.68	-	7.84	267.85	37.55	9.89
Equipments	188.96	-	20.95	-	4.26	214.17	132.49	14.07	-	3.47	150.03	64.14	56.47
Vehicles	315.19	139.27	29.91	30.38	(0.34)	453.65	133.65	38.38	5.68	2.53	168.88	284.77	181.54
Sub Total - A	13,805.96	1,135.29	1,807.18	115.57	156.30	16,789.16	7,920.36	849.57	31.86	119.63	8,857.70	7,931.46	5,885.60
INTANGIBLE													
Goodwill arising on amalgamation	503.06	-	-	-	-	503.06	503.06	-	-	-	503.06	-	-
Goodwill arising on acquisition	12.79	-	-	5.95	0.48	7.32	12.79	-	5.95	0.48	7.32	-	-
Goodwill arising on consolidation	5,077.29	4,520.62	-	-	211.57	9,809.48	-	-	-	-	-	9,809.48	5,077.29
Computer Software	19.76	-	8.30	-	0.44	28.50	18.56	4.59	-	0.43	23.58	4.92	1.20
Technical Know-how (Note 3 below)	241.48	-	-	-	(0.04)	241.44	185.44	18.07	-	-	203.51	37.93	56.04
Sub Total - B	5,854.38	4,520.62	8.30	5.95	212.45	10,589.80	719.85	22.66	5.95	0.91	737.47	9,852.33	5,134.53
TOTAL (A + B)	19,660.34	5,655.91	1,815.48	121.52	368.75	27,378.96	8,640.21	872.23	37.81	120.54	9,595.17	17,783.79	11,020.13
Previous Year	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		
Capital Work-in-Progress											205.32	278.82	
											17,989.11	11,298.95	

- 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 ₹ 48.72 (previous year - ₹ 46.49) and ₹ 14.74 (previous year - ₹ 21.40) 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.

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

(₹ in lacs)

	As at 31st March 2011	As at 31st March 2010
5. INVESTMENTS		
Long Term-Trade Investment (at cost less provision for diminution in value, if any)		
Unquoted		
IFGL Exports Limited [1,36,000 (previous year - 35,000) Fully paid Equity Shares of ₹ 10/- each] [Subsequent to the year end, shares pledged with Export Import Bank of India for loan granted to IFGL Exports Limited]	136.00	35.00
Krosaki IFGL Refractories Private Limited [2,000 (previous year - Nil) Fully paid Equity Shares ₹ 10/- each]	0.20	-
	136.20	35.00
6. INVENTORIES		
Stores and Spares	137.91	102.89
Raw Materials and Components	2,976.36	2,337.34
Raw Materials and Components-in-Transit	415.06	169.75
Work-in-Progress	891.32	611.86
Finished Goods		
- Manufactured Goods	2,143.59	2,254.44
- Trading Goods	150.58	145.29
Stock with third parties		
- Manufactured Goods	266.93	274.42
- Trading Goods	36.44	28.91
	7,018.19	5,924.90
7. SUNDAY DEBTORS (Unsecured)		
Debts outstanding for more than six months	739.86	838.73
Other Debts		
- Considered Good	10,217.04	8,109.83
- Considered Doubtful	318.91	273.39
	11,275.81	9,221.95
Less : Provision for Doubtful Debts	318.91	273.39
	10,956.90	8,948.56

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

(₹ in lacs)

	As at 31st March 2011	As at 31st March 2010
8. CASH AND BANK BALANCES		
Cash on hand (Include cheques in hand - ₹ 187.67, previous year - ₹ 21.34)	196.29	33.51
With Banks -		
- On Current Accounts	675.94	916.88
- On Dividend Accounts	52.67	52.68
- On Fixed Deposit Accounts (As margin on Letter of Credit and Bank Guarantee)	76.76	200.16
	1,001.66	1,203.23
9. LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	530.73	715.42
Accrued Export benefits under DEPB Scheme	624.02	383.93
Balance with Customs and Excise Authorities etc	257.48	119.55
Other Deposits	109.62	106.26
	1,521.85	1,325.16
10. CURRENT LIABILITIES AND PROVISIONS		
Liabilities -		
Sundry Creditors	6,365.80	4,705.31
Advance Received from Customers	13.36	12.92
Investor Education and Protection Fund shall be credited by		
Unpaid Dividend *	52.67	52.68
Other liabilities	1,057.44	7,489.27
	1,057.44	1,306.14
		6,077.05
Provisions -		
Taxation (Net of Advance Income Tax / Tax Deducted at Source ₹ 2,657.03, previous year - ₹ 2,344.93)	296.62	179.41
Fringe Benefit Tax (Net of Advance Fringe Benefit tax ₹ 87.85, previous year - ₹ 87.85)	0.04	0.04
Proposed Dividend	214.76	346.10
Tax on Proposed Dividend	36.18	58.82
Employee Benefits	51.32	598.92
	51.32	16.66
		601.03
	8,088.19	6,678.08

* No amount is due as on 31st March 2011 for credit to Investor Education and Protection Fund.

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
(₹ in lacs)

	Year ended 31st March 2011	Year ended 31st March 2010	
11. OTHER INCOME			
Commission	1.59		18.47
Dividend from Mutual Funds	–		0.11
Liabilities no longer required written back	59.80		32.42
Miscellaneous Income	371.22		290.86
	432.61		341.86
12A. INCREASE / DECREASE IN FINISHED GOODS AND WORK IN-PROGRESS			
Opening Work-in-Progress**	759.10		423.04
Opening Finished Goods	2,528.86	3,287.96	1,954.45
Less : Closing Work-in-Progress	891.88		611.86
Closing Finished Goods	2,409.97	3,301.85	2,528.86
	(13.89)		3,140.72
			(763.23)
12B. RAW MATERIALS AND TRADING GOODS			
Raw Materials Consumed ***	23,890.51		20,584.51
Opening Stock of Trading Goods	174.20		120.62
Add : Purchases of Trading Goods	833.37		1,077.96
	1,007.57		1,198.58
Less : Closing Stock of Trading Goods	187.02	820.55	174.20
	24,711.06		1,024.38
			21,608.89

** includes ₹ 147.24 on acquisition of EI Ceramics LLC and CUSC International Ltd during the year.

*** Net of ₹ 807.81 (previous year - ₹ 609.18), being duty benefit pertaining to exports

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

(₹ in Lacs)

	Year ended 31st March 2011	Year ended 31st March 2010
13. MANUFACTURING AND OTHER EXPENSES		
Consumable Stores and Spares	964.60	606.12
Power and Fuel	1,762.79	1,286.79
Repairs and Maintenance		
- Plant and Machinery	386.21	255.04
- Building	20.69	47.70
- Others	204.38	611.28
Rent	446.56	167.66
Rates and Taxes	111.46	470.40
Insurance	167.19	281.99
Postage, Telephone, Telex, etc.	169.55	59.29
Travelling and Conveyance	765.25	161.02
Packing and Material Handling Expenses	1,640.68	712.02
Delivery and Forwarding Expenses	1,942.85	1,473.82
Professional Fees	595.36	1,295.42
Processing Charges	281.37	513.61
Royalty	99.03	202.81
Commission	862.37	112.75
Service Charges	272.23	893.11
Directors' Sitting Fees	3.65	259.99
Foreign Exchange (Gain)/Loss (net) (Note 5 on Schedule 15)	(300.38)	4.15
Bad Debts/Advances written off	79.87	(233.96)
Provision for Doubtful Debts	34.86	89.55
Loss on Sale/Discard of Fixed Assets (Net)	5.50	101.49
Site Contractors expenses	252.82	1.17
Other Expenses	715.72	177.30
	11,484.61	878.78
		9,513.63
14. PAYMENTS AND PROVISIONS FOR EMPLOYEES		
Salaries and Wages	5,749.93	4,742.15
Staff Welfare Expenses	362.99	231.59
Contribution to Provident and other Funds :		
- Gratuity	53.39	25.00
- Provident Fund and Employees Pension Schemes	98.69	78.82
- Superannuation Fund	54.21	45.18
- Employees State Insurance Fund etc.	286.48	492.77
	6,605.69	263.86
		412.86
		5,386.60

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(All figures are in ₹ 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 comprises of 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 Act, 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/losses.
- 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, and 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 impairment loss, if any.
- The translation of functional currencies into Indian Rupees (reporting currency) is performed for equity in foreign subsidiary (being non integral operation), 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 Refractories 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 2010. These subsidiaries have been consolidated using the financial statements for the year ended on that date adjusted for management account movements to 31st March 2011.

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

- 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			
Monotec Refractories Ltda (MRL)	Brazil	95 %	31st December
Tianjin Monocon Refractories Company Limited (TMRL)	Peoples Republic of China	100 %	31st December
Tianjin Monocon Aluminous Refractories Company Limited (TMARL)	Peoples Republic of China	100 %	31st December
Hofmann Ceramic CZ s.r.o. (HCC)	Czech Republic	98.78%	31st March
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
IFGL Monocon Holdings Limited (IMHL)	United Kingdom (UK)	100 %	31st March
Monocon International Refractories Limited (MIRL)	UK	100 %	31st March
Monocon Overseas Limited (MOL)	UK	100 %	31st March
Goricon Metallurgical Services Limited (GMSL)	UK	100 %	31st March
Hofmann Ceramic Limited (HCL)	UK	100 %	31st March
Mono Ceramics Inc (MCI)	United States of America (USA)	100 %	31st March
Goricon LLC (GLLC)	USA	100 %	31st March
Hofmann Ceramic LLC (HCLL)	USA	100 %	31st March
IFGL Pyemetric LLC (IPL)	USA	100%	31st March
Hofmann Pyemetric LLC (HPLLC) (incorporated during the year)	USA	51%	31st March
IFGL Inc (IFGL INC) (incorporated during the year)	USA	100%	31st March
EI Ceramics LLC (EICLLC) (acquired during the year)	USA	100%	31st March
CUSC International Ltd (CUSCIL) (acquired during the year)	USA	100%	31st March

3. 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 2011, 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 useful lives prescribed under Schedule XIV to the Companies Act, 1956 of India except in case of Buildings), as indicated below :

Building	Up to 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 - 10 years

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

Depreciation charge for the year and year-end Accumulated Depreciation pertaining to the aforesaid subsidiaries amount to ₹ 343.68 (previous year - ₹ 299.06) and ₹ 4,236.39 (previous year - ₹ 3,797.31) 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.

4. For the purpose of valuation, cost at MIRL and MCI, FIFO Method is used unlike the Parent Company, where weighted average method is used. However, had the weighted average method been used at these subsidiaries, the impact on inventory valuation is likely to be not material.
5. As per Accounting Standard 11, the effect of changes in Foreign Exchange Rates resulted in a year-end translation loss of ₹ 30.85 (previous year - ₹ 122.76) 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 ₹ 22.95 (previous year - ₹ 115.27). 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 off 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

	2010-2011	2009-2010
Profit after Tax	2,427.63	3,430.41
Less : Dividend on Preference Shares	41.71	-
Tax on Dividend on Preference Shares	6.77	-
Profit after Tax attributable to the Equity Shareholders (A)	2,379.15	3,430.41
Weighted Average number of Equity Shares (in number) (B)	34,610,472	34,610,472
Nominal Value of Equity Shares (in ₹)	10	10
Dilutive Potential Equity Shares	-	-
Basic/Diluted EPS (A/B)	6.87	9.91

7. Estimated amounts of Capital Commitments (net of advances) outstanding as at 31st March 2011 and not provided for is ₹ 136.49 (previous year - ₹ 893.93).
8. Contingent Liabilities not provided for :

	2010-2011	2009-2010
a) Claims against the Parent Company not acknowledged as debts :		
i) Sales Tax matter under appeal [net of ₹ 5.49 (previous year - ₹ 5.49) paid under protest]	44.06	44.06
ii) Income Tax matters under dispute	78.83	15.88
iii) Service Tax matters under dispute	1.54	33.62
b) Corporate Guarantee given to Exim Bank against Term Loan availed by a Body Corporate	2,700.00	Nil
Utilised at year end	962.20	Nil
9. Outstanding Bank Guarantees (net of margin money)	383.04	388.97

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

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 ₹ 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.

RPFC had raised a demand of ₹ 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 it's 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.

11. (a) Interest paid/payable is net of Interest Received as detailed below :

	2010-2011	2009-2010
Interest on Bank Deposits	27.10	15.66
Interest on Customers' Overdue Bills	13.07	7.07
Interest from Employees and Others	0.79	0.07
Total	40.96	22.80

(b) Interest paid/payable includes Interest on Fixed Loans during the year ₹ 311.42 (previous year - ₹ 320.95)

(c) No interest was capitalised during the year.

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

	2010-2011	2009-2010
Tax Impact of -		
Accrued expenses deductible when paid	(43.95)	(40.77)
Difference between Tax Depreciation and Book Depreciation	444.92	414.87
Total	*400.97	*374.10

* Includes gain/(loss) of ₹ (2.44) (previous year - gain of ₹ 3.20) on account of exchange fluctuations due to re-statement of year end Deferred Tax assets and liabilities.

13. Related Party Disclosures of Parent Company in keeping with Accounting Standards 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 Private Limited
Bajoria Financial Services Private Limited
IFGL Bio Ceramics Limited
Ganges Art Gallery Private Limited
Bajoria Enterprises Limited
Bajoria Service Providers Private Limited

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

II) Others	
Key Management Personnel	S K Bajoria (Chairman) P Bajoria (Managing Director)
Relatives of Key Management Personnel	B P Bajoria Mihir Bajoria
Enterprises in which Key Management Personnel has significant influence	Coris Heritage Asia Pacific Private Limited Heritage Insurance Brokers Private Limited IFGL Exports Limited

13. b) Particulars of Transactions during the year and year end balances

	2010-2011	2009-2010
(I) With Holding Company : Bajoria Holdings Private Limited		
Issue of 5% Non Cumulative Preference Share	640.00	–
Rent for Office Premises	7.59	6.83
Maintenance Charges	10.89	10.89
Expenses Reimbursement / Incurred	11.67	15.88
Interest on Loan	0.17	–
Loan taken during the year	200.00	–
Loan Repaid	200.00	–
	1,070.32	33.60
YEAR END BALANCES (Accounts Payable)	0.45	–
(II) With Fellow Subsidiaries		
Sale of Finished Goods		
IFGL Bio Ceramics Limited	21.92	18.49
	21.92	18.49
Expenses Reimbursement / Incurred		
Ganges Art Gallery Private Limited	1.08	1.54
	1.08	1.54
Expenses Recovered/Received		
Heritage Health TPA Private Limited	1.97	–
IFGL Bio Ceramics Limited	0.67	0.29
	2.64	0.29
5% Non Cumulative Preference Share		
Bajoria Enterprises Limited	230.00	–
Bajoria Financial Services Private Limited	420.00	–
Bajoria Service Providers Private Limited	160.00	–
	810.00	–
YEAR END BALANCES		
Sundry Debtors		
IFGL Bio Ceramics Limited	19.60	14.37
	19.60	14.37

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

	2010-2011	2009-2010
(III) With Key Management Personnel		
Director's Remuneration		
S K Bajoria (Chairman)	108.33	95.07
P Bajoria (Managing Director)	111.86	101.74
	220.19 *	196.81
* Includes ₹ 86.94 paid in excess of the limits laid down in the Companies Act, 1956. The Company's application to the Central Government for approving the excess remuneration is awaited.		
(IV) With Relative of Key Management Personnel		
Sitting Fees		
B P Bajoria	0.20	0.80
	0.20	0.80
Remuneration		
Mihir Bajoria	14.67	1.29
	14.67	1.29
(V) With Enterprise in which a Key Management Personnel has significant influence		
Expenses Recovered/Received		
Heritage Insurance Brokers Private Limited	0.11	0.75
IFGL Exports Limited	3.84	1.15
	3.95	1.90
Sale of Services		
IFGL Exports Limited	18.00	-
	18.00	-
Investment		
IFGL Exports Limited	101.00	35.00
	101.00	35.00
YEAR END BALANCES		
Sundry Debtors		
Heritage Insurance Brokers Private Limited	-	0.72
	-	0.72
Investment		
IFGL Exports Limited	136.00	35.00
	136.00	35.00
Corporate Guarantee/Letter of Comfort		
IFGL Exports Limited	2,700.00	-
	2,700.00	-

14. Disclosure 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 Plan since the Parent Company is obligated to meet interest shortfall, if any, with respect to covered employees. However, there is no such interest shortfall at the year end. According to the actuary, actuarial valuation cannot be applied to reliably measure provident fund liabilities in absence of guidance from the 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. During the year, the Parent Company has contributed ₹ 35.57 (previous year - ₹ 27.67) to the Provident Fund.

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

- (b) The Parent Company provides for gratuity, a defined benefit retirement plan covering eligible employees. As per the Scheme, the Gratuity Trust fund makes payments to vested employees on retirement, death, incapacitation or termination of employment. For employees joining after 1st April 2003, the amount is based on the respective employee's eligible salary (half month's salary) depending on the tenure of the service subject to a maximum of ₹ 10 as per the Payment of Gratuity Act, 1972 For employees joining before 1st April 2003, the amount is calculated similarly as per the Payment of Gratuity Act, 1972 (with the cap of ₹10) or the Company's scheme, whichever is higher. Vesting occurs on completion of five years of service. Liabilities with regard to the Gratuity plan are determined by actuarial valuation, based on which the Parent Company makes contribution to the fund. The most recent actuarial valuation of the fund was carried out as at 31st March 2011.
- (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) **Leave Encashment (Unfunded)**
The Parent Company provides for accumulated leave benefit for eligible employees at the time of retirement, death, incapacitation or termination of employment, subject to a maximum of one hundred and twenty days based on the last drawn salary. Liabilities are determined by actuarial valuation.
- (e) 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.

14. 1) Following are the further particulars with respect to defined benefit plans of the Group

	Gratuity (Funded)		Superannuation (Funded)		Leave Encashment (Unfunded)		Step down subsidiary Retirement Benefit Scheme (Funded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
a) 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	308.48	197.31	194.98	189.75	13.66	10.62	1,700.64	1,091.75
Service Cost	22.99	21.29	–	–	2.07	1.72	–	–
Interest Cost	24.04	15.59	15.58	14.82	1.06	0.85	94.66	75.27
Plan Amendments Cost/(Credits)	–	2.20	–	–	–	–	81.26	–
Actuarial (gains) / losses (Benefits Paid)	33.41 (16.00)	77.04 (4.95)	(4.50) (0.49)	(0.67) (8.92)	2.18 (0.80)	0.57 (0.10)	(61.46) (79.82)	675.17 –
Exchange differences on foreign plans	–	–	–	–	–	–	–	(141.55)
Present Value of obligation, as at the end of the year	372.92	308.48	205.57	194.98	18.17	13.66	1,735.28	1,700.64

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

	Gratuity (Funded)		Superannuation (Funded)		Leave Encashment (Unfunded)		Step down subsidiary Retirement Benefit Scheme (Funded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
b) 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	305.64	243.75	372.33	334.27	NA	NA	1,837.69	1,462.25
Expected return on Plan Assets	25.62	20.94	30.51	27.04	NA	NA	94.66	75.27
Actuarial gains / (losses)	2.51	23.90	(3.94)	19.94	—	—	(7.06)	442.59
Contribution by the Company (Benefits Paid)	22.00	22.00	—	—	0.80	0.10	—	1.47
(Benefits Paid)	(16.00)	(4.95)	(0.49)	(8.92)	(0.80)	(0.10)	(79.82)	—
Exchange differences on foreign plans	—	—	—	—	—	—	88.49	(143.89)
Fair Value of Plan Assets at the end of the year	339.77	305.64	398.41	372.33	—	—	1,933.96	1,837.69
c) Reconciliation of the Present Value of Defined Benefit Obligation and Fair Value of the Plan Assets :								
Fair Value of Plan Assets at the end of the year	339.77	305.64	398.41	372.33	—	—	1,933.96	1,837.69
Present Value of Obligation at the end of the year	372.92	308.48	205.57	194.98	18.17	13.66	1,735.28	1,700.64
Assets / (Liabilities) recognised in the Balance Sheet	(33.15)	(2.84)	192.84*	177.35*	(18.17)	(13.66)	198.68	137.05**

* Actual amount of Assets in the Balance Sheet ₹ Nil (previous year - ₹ Nil)

** Actual amount of Assets in the Balance Sheet.

	Gratuity (Funded)		Superannuation (Funded)		Leave Encashment (Unfunded)		Step down subsidiary Retirement Benefit Scheme (Funded)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
d) Expense recognised in the Profit and Loss Account								
Current Service Cost	22.99	21.29	—	—	2.07	1.72	—	—
Interest Cost	24.04	15.59	15.58	14.82	1.06	0.85	94.66	75.27
(Expected return of plan assets)	(25.62)	(20.94)	(30.51)	(27.04)	—	—	(94.66)	(75.27)
Past Service Cost	—	2.20	—	—	—	—	—	—
Actuarial (gain) / loss	30.90	53.14	(0.56)	(20.61)	2.18	0.57	(54.40)	232.58
Non Recoverable Assets Written off	—	—	—	—	—	—	(54.40)	(231.11)
Total Expense as per the Actuarial Valuation	52.31	71.28	(15.49)	(32.83)	5.31	3.14	—	1.47
Actual Expenses Recognised	52.31 @	25.00 @	—	—	5.31 *	3.14 *	0 **	1.47 **

@ The expenses for the above benefits are recognised under 'Contribution to Provident and Other Funds' on Schedule 14.

* The Expenses for the above benefit are recognised under 'Staff Welfare' on Schedule 14.

** Includes exchange translation loss of ₹ Nil (previous year - ₹ 2.34)

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

	Gratuity (Funded)		Superannuation (Funded)		Leave Encashment (Unfunded)		Step down subsidiary Retirement Benefit Scheme (Funded)			
	2010-11 %	2009-10 %	2010-11 %	2009-10 %	2010-11 %	2009-10 %	2010-11 %	2009-10 %		
e) Category of Plan Assets :										
GOI Securities	6	7	15	18	NA	NA	—	—		
Bonds	5	12	11	17	NA	NA	—	—		
State Government / State Government										
Guaranteed Securities	5	5	3	4	NA	NA	—	—		
Units of Insurers	84	76	69	60	NA	NA	—	—		
Others (including bank balances)	—	—	2	1	NA	NA	—	—		
Scottish Mutual with Profit	—	—	—	—	NA	NA	100	100		
	100	100	100	100	NA	NA	100	100		
f) Principal Actuarial Assumptions :										
Discount Rate (per annum) (%)	8.00	8.00	8.00	8.00	8.00	8.00	8.00	5.50		
Rate of Increase in Salaries (%)	6.00	6.00	NA	NA	6.00	6.00	6.00	NA		
Expected Rate of Return on Plan Assets (%)	8.30	8.30	8.20	8.20	—	—	—	6.70		
Remaining Working Life (in Years)	18.97	18.04	14.55	15.39	15.63	15.55	As per table below @			
Mortality Rate					LIC (1994-96) ultimate					
Method Used					Projected Accrued Benefit Method					
Actual Return on Plan Assets	28.13	44.84	46.98	46.98	NA	NA	NA	517.86		
g) Other Disclosures :										
Gratuity Scheme :										
Experience History					2010-11	2009-10	2008-09	2007-08		
1) Defined Benefit Obligation at end of the period					(372.92)	(308.48)	(197.31)	—		
2) Plan Assets at end of the period					339.77	305.64	243.75	—		
3) Funded Status					(33.15)	(2.84)	46.44	—		
4) Experience Gain / (Loss) adjustments on plan liabilities					(33.41)	(52.19)	—	—		
5) Experience Gain / (Loss) adjustments on plan assets					2.51	23.90	—	—		
6) Actuarial Gain / (Loss) due to change on assumptions					—	(24.85)	—	—		
Superannuation Scheme :										
Experience History					2010-11	2009-10	2008-09	2007-08		
1) Defined Benefit Obligation at end of the period					(205.57)	(194.98)	(189.75)	—		
2) Plan Assets at end of the period					398.41	372.33	334.27	—		
3) Funded Status					192.84	177.35	144.52	—		
4) Experience Gain / (Loss) adjustments on plan liabilities					4.50	0.67	—	—		
5) Experience Gain / (Loss) adjustments on plan assets					(3.94)	19.94	—	—		
6) Actuarial Gain / (Loss) due to change on assumptions					—	—	—	—		
Leave Encashment Scheme :										
Experience History					2010-11	2009-10	2008-09	2007-08		
1) Defined Benefit Obligation at end of the period					(18.17)	(13.66)	(10.62)	—		
2) Plan Assets at end of the period					—	—	—	—		
3) Funded Status					(18.17)	(13.66)	(10.62)	—		
4) Experience Gain / (Loss) adjustments on plan liabilities					(2.18)	0.67	(6.96)	—		
5) Experience Gain / (Loss) adjustments on plan assets					—	—	—	—		
6) Actuarial Gain / (Loss) due to change on assumptions					—	(1.24)	8.89	—		

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

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

The major portion of the assets is invested in units of Insurers and Government Bonds. Based on the asset allocation and prevailing yield rates on these asset classes, the long term estimate of the expected rate of return on the fund have been arrived at. Assumed rate of return on assets is expected to vary from year to year reflecting the returns on matching Government Bonds.

The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.

14. 2) The Company has recognised, in the Profit and Loss Account, an amount of ₹ 439.38 (previous year - ₹ 387.87) as expenses under defined contribution plan.
15. Segment Information for the year ended 31st March 2011 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 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)	20,177.03 16,809.29	14,587.93 13,534.64	4,114.24 5,379.56	8,015.23 5,799.82	46,894.43 41,523.31
Inter Segment Sales	642.91 713.50	3,651.76 4,226.10	842.40 522.85	612.01 583.16	5,749.08 6,045.61
Segment Revenues	20,819.94 17,522.79	18,239.69 17,760.74	4,956.64 5,902.41	8,627.24 6,382.98	52,643.51 47,568.92
Segment Result	1,492.02 2,506.25	1,661.24 1,938.45	204.21 784.14	357.90 522.16	3,715.37 5,751.00
Segment Assets	15,851.30 12,763.21	7,890.40 7,883.73	2,151.05 2,098.48	4,459.08 2,696.61	30,351.83 25,442.03
Segment Liabilities	3,345.19 2,779.89	3,528.25 3,647.46	828.60 625.66	1,131.52 591.20	8,833.56 7,644.21
Capital Expenditure (Net)	1,379.10 768.93	91.14 321.69	160.93 38.38	184.30 77.56	1,815.47 1,206.56
Depreciation	528.55 453.17	148.62 185.76	78.31 67.10	116.75 46.19	872.23 752.22
Non cash expenses other than depreciation	91.58 131.94	23.15 1.17	- 29.70	- 28.23	114.73 191.04

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

IV) Reconciliation of Reportable Segments with the Financial Statements

	Revenues	Net Profit	Assets	Liabilities @
Total of Reportable Segments	52,643.51 47,568.92	3,715.37 5,751.00	30,351.83 25,442.03	8,833.56 7,644.21
Corporate - Unallocated (Net)/Adjustments	432.61 341.86	110.89 (326.99)	8,272.08 3,293.77	12,180.85 7,336.41
Inter Segment Sales	(5,749.08) (6,045.61)	— —	— —	— —
Interest (Net)	— —	(557.47) (452.39)	— —	— —
Provision for Taxation				
- Current	—	(817.76) (1,550.72)	— —	— —
- Deferred	— —	(24.60) 5.55	— —	— —
As per Financial Statements	47,327.04 41,865.17	2,426.43 @@ 3,426.45	38,623.91 28,735.80	21,014.41 14,980.62

@ Excluding Shareholders' Funds and Minority Interest

@@ Profit after Taxation and before Minority Interest

V) Revenue from sales to external customers for customer based Geographical Segments

	Total
India	10,159.67 9,810.78
United Kingdom	4,067.57 4,322.89
Europe other then United Kingdom	14,927.00 12,561.44
Asia Excluding India	4,380.22 4,736.22
Americas	9,678.70 6,985.00
Others	3,681.27 3,106.98
Total Sales	46,894.43 41,523.31

Figures in Bold type relate to current year

15. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(All figures are in ₹ in lacs)

16. The carrying amount of Net Assets and results of the Subsidiary Companies, as referred to in Note 2 above, from the date of Acquisition/Incorporation are as under :

	IFGL INC	EICLLC	CUSCIL	HPLLC
Carrying amount of Net Assets	1,734.92	632.81	277.73	1.68
Net Profit / (Loss)	40.25	222.03	64.03	1.25

17. 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 2011	As at 31st March 2010
Within 1 Year	388.82	304.18
More than 1 Year up to 5 years	780.89	636.28
More than 5 Years	—	—
Total	1,169.71	940.46

Lease rentals recognised in this Profit and Loss Account amount to ₹ 400.27 (previous year - ₹ 351.09)

- 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 2011	As at 31st March 2010
Within 1 Year	3.80	7.59
More than 1 Year up to 5 years	—	3.80
Total	3.80	11.39

Lease rentals recognised in this Profit and Loss Account amount to ₹ 7.59 (previous year - ₹ 6.83)

18. Previous years figures have been re-grouped/re-arranged wherever necessary. However, in view of formation of two subsidiaries and acquisition of two subsidiaries referred to in Note 2(b) above, current year's figures are not comparable with the previous year.



REFRACTORIES LIMITED

NOTES

► sustainability adding longevity to SUCCESS



Sustainability is the true measure of success for any business. At IFGL every aspect of value creation is benchmarked to sustainability. The quest of sustained growth helps us balance the interest of all our stakeholders. We believe that businesses must voluntarily share created value with the community they operate in. We deploy the combined reach of our manufacturing locations to outreach the surrounding communities with our CSR initiatives through healthcare, education, afforestation, safety, community development programmes, etc.





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