

D E D I C A T E D   T O   C L E A N   M E T A L

2012  
ANNUAL REPORT



## FORWARD LOOKING STATEMENT

*In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospect and take informed investment decisions. This Report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.*

*We can not guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.*

*We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.*

## ACROSS THE PAGES

|                                   |    |                             |    |
|-----------------------------------|----|-----------------------------|----|
| Directors' Report                 | 09 | Corporate Governance Report | 13 |
| Auditors' Report                  | 27 | Balance Sheet               | 30 |
| Statement of Profit and Loss      | 31 | Cash Flow Statement         | 32 |
| Notes to the Financial Statements |    | 34                          |    |
| Section 212 Statement             | 60 | Consolidated Accounts       | 61 |

# CORPORATE INFORMATION



## ***Chairman Emeritus***

B P Bajoria (Upto 20.02.2012)

## ***Board of Directors***

D K Banerji

K Dalmia

S Khasnobis

Y Konno

Prof S Munshi

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

## ***Auditors***

Deloitte Haskins & Sells

Grant Thornton UK LLP

Crowe Horwath LLP

## ***Principal Bankers***

State Bank of India

The Hongkong & Shanghai  
Banking Corporation Ltd

HSBC Bank Plc

## ***Head & Corporate Office***

McLeod House, 3, Netaji Subhas Road  
Kolkata 700 001

Phone : +91 33 22482411

Fax : +91 33 22430886/22480482

E-mail : ifgl@bajoria.in

Website : www.ifglref.com

## ***Registered Office & Works***

Sector 'B', Kalunga Industrial Estate

PO : Kalunga 770 031, Near Rourkela

Dist : Sundergarh, Odisha

Phone : +91 661 2660195

Fax : +91 661 2660173

E-mail : ifglworks@bajoria.in

# 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 Presence



|  |         |
|--|---------|
| IFGL Refractories Ltd                          | India   |
| Monotec Refratarios Ltda                       | Brazil  |
| Tianjin Monocon Aluminous Refractories Co. Ltd | China   |
| Tianjin Monocon Refractories Co. Ltd           | China   |
| Hofmann Ceramic GmbH                           | Germany |
| Monocon International Refractories Ltd         | UK      |
| CUSC International Ltd                         | USA     |
| EI Ceramics LLC                                | USA     |
| Mono Ceramics Inc                              | USA     |

*Our new subsidiary : IFGL Exports Ltd., Kandla SEZ, India*



*Outside view*



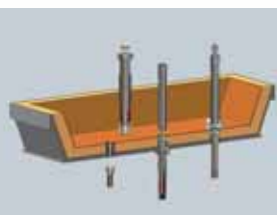
*Inside view*





# Our Product range

## ISOSTATIC REFRACTORIES



*Isostatic Refractories - Application*



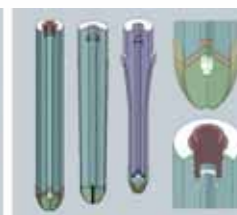
*Ladle Shroud*



*Subentry Shroud / Nozzle*



*Thin Slab SEN*



*Mono Block Stopper*

## SLIDE GATE REFRACTORIES

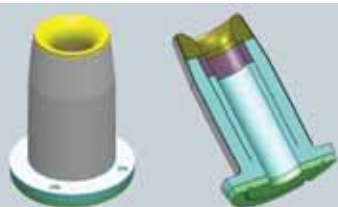


*Slide Gate Mechanism*

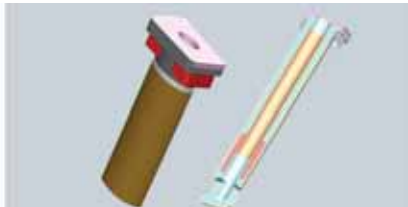


*Slide Gate Refractories*

## TUBE CHANGER SYSTEM & REFRACTORIES



*Tube Changer Nozzle*



*Tube Changer SES*

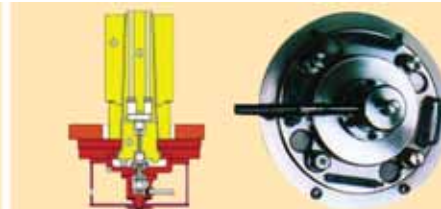


*Tube Changer Mechanism*

## PURGING SYSTEM & REFRACTORIES



*Ladle Purging Refractories*



*IPV - Purging System*

## CAST PRODUCTS & MONOLITHICS



Precast EAF Delta Roof

Precast Shapes

MONOBOX for Tundish

Tundish Spray Mass

Tundish Dry Vibratable Mass

Castables

## ZIRCON & ZIRCONIA NOZZLES



Zirconia Nozzles

Composite Zirconia Nozzles

Zircon Nozzles

Nozzle Changer Mechanism

## ENGINEERING DIVISION



Tundish Spray Machine

Ladle Monocator (Robotic Gunning)

EAF Monocator (Robotic Gunning)

Slag Control Darts & Machine

## FOUNDRY CERAMICS



Ceramic Filter for Foundry



Ceramic Filter and Crucibles



Wear resistant parts  
for wire and cable industries



## HEATING OVEN

## BIO CERAMICS FOR DENTAL, ORTHOPAEDIC AND OPHTHALMIC APPLICATIONS



Hydroxyapatite Coating



Synthetic Bone Graft



Alumina Ceramic Femoral Head



Hydroxyapatite Orbital Implant





Quality Policy



2010-11



2009-10



2008-09



ISO 9001 : 2008

## Awards our Quality



ISO 14001 : 2004



2007-08



2006-07



2005-06



CE Certificate



2004-05



CE Certificate



2003-04



2002-03

In order to achieve the highest quality of finished products, it is imperative to have quality control at all levels. We at IFGL Refractories have been accredited with ISO 9001:2008 and ISO 14001:2004, CE certifications. Assured quality of

the end products is ascertained with well defined quality systems.

We are receipt of CAPEXIL special export award for nine consecutive years, latest one being for financial year 2010-11.





## Touching lives everyday

IFGL Refractories views sustainability as a methodology that creates a positive impact within our arena of operations, beyond value editions that our enterprise offers various stakeholders.

We call this as an agenda for shared prosperity, so that the community in which we operate in, can equally participate in the benefits of our success.

Through our initiatives including health and safety, education, aforestation, we aim for the betterment of society and people around us.



*Bus stop shelter*



*Health check-up at Priyadarshini School, Kalunga*



*Tree plantation at Kalunga (India) facility*



*Public toilet under construction  
- IFGL/IDCO joint initiative*



*Free Health Check-up*



# Performance metrics



| Particulars                       | CONSOLIDATED  |               |          | STAND-ALONE   |               |          |
|-----------------------------------|---------------|---------------|----------|---------------|---------------|----------|
|                                   | 2011-12       |               | 2010-11  | 2011-12       |               | 2010-11  |
|                                   | £ in Millions | ₹ in Millions |          | £ in Millions | ₹ in Millions |          |
| <b>Income and Profit</b>          |               |               |          |               |               |          |
| Total Revenue                     | 79.22         | 6,064.86      | 4,757.81 | 36.21         | 2,772.09      | 2,111.26 |
| EBITDA                            | 10.17         | 778.26        | 473.95   | 4.86          | 372.26        | 203.90   |
| Finance Cost                      | 0.88          | 67.54         | 59.85    | 0.62          | 47.48         | 41.35    |
| Depreciation and Amortisation     | 1.69          | 129.11        | 87.22    | 0.82          | 62.49         | 52.85    |
| PBT                               | 7.60          | 581.61        | 326.88   | 3.42          | 262.29        | 109.70   |
| PAT                               | 5.20          | 398.28        | 242.64   | 2.28          | 174.28        | 73.72    |
| EPS                               | 0.15          | 11.28         | 6.87     | 0.06          | 4.79          | 1.99     |
| <b>Equity and Liabilities</b>     |               |               |          |               |               |          |
| Share Capital                     | 6.03          | 491.10        | 491.10   | 6.03          | 491.10        | 491.10   |
| Reserves and Surplus              | 21.21         | 1,727.85      | 1,265.98 | 9.54          | 776.90        | 671.39   |
| Long-term Borrowings              | 7.83          | 638.11        | 697.42   | 0.96          | 78.44         | 100.00   |
| Deferred Tax Liabilities (Net)    | 0.59          | 48.30         | 40.10    | 0.40          | 32.80         | 34.79    |
| Long Term Provisions              | 0.02          | 1.60          | 1.76     | 0.02          | 1.60          | 1.77     |
| Current Liabilities               | 19.17         | 1,561.97      | 1,362.16 | 10.99         | 895.55        | 848.62   |
| <b>Assets</b>                     |               |               |          |               |               |          |
| Fixed Assets                      | 14.26         | 1,161.81      | 817.96   | 5.34          | 435.48        | 456.60   |
| Goodwill arising on Consolidation | 13.43         | 1,093.91      | 980.95   |               |               |          |
| Non Current Investments           | 0.06          | 5.02          | 13.62    | 7.85          | 639.21        | 576.16   |
| Long Term Loans and Advances      | 0.13          | 10.81         | 12.18    | 0.07          | 6.04          | 12.18    |
| Other Non-Current Assets          | 0.05          | 3.80          | 2.30     | 0.05          | 3.80          | 2.30     |
| Current Assets                    | 27.78         | 2,263.39      | 2,035.38 | 14.63         | 1,191.86      | 1,100.43 |
| <b>Dividend/Share (%)</b>         |               |               |          |               |               |          |
|                                   |               |               | 2011-12  | 2010-11       |               |          |
| Equity                            |               |               | 15       | 5             |               |          |
| Preference                        |               |               | 5        | 5             |               |          |

*Our consolidated total income and profit before tax have increased by ₹ 3,750.76 millions (162%) and ₹ 298.59 millions (105%) respectively since financial year 2005-06 and it is our continued endeavor to grow both organically and inorganically.*

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

### *Dear Shareholders*

Your Directors are happy to present the 23rd Annual Report together with Statement of Profit and Loss for financial year ended on 31st March 2012 and Balance Sheet as on that date.

Financial Performance of your Company for financial year ended on 31st March 2012 on Stand-alone and Consolidated basis have been as follows :

|  | (₹ in Millions) |              |
|--|-----------------|--------------|
|  | Stand-alone     | Consolidated |
| Revenue from Operations (Net)                      | 2,748           | 6,039        |
| Other Income                                       | 24              | 26           |
| Total Revenue                                      | 2,772           | 6,065        |
| Less : Total Expenses                              | 2,400           | 5,287        |
| <b>Profit before Finance Cost and Depreciation</b> | <b>372</b>      | <b>778</b>   |
| Less : Finance Cost                                | 47              | 68           |
| Depreciation and Amortisation Expense              | 63              | 129          |
| <b>Profit before Tax</b>                           | <b>262</b>      | <b>581</b>   |
| Less : Provision for Current Tax/Deferred Tax      | 88              | 183          |
| <b>Profit after Tax</b>                            | <b>174</b>      | <b>398</b>   |

Total Revenue, both on Stand-alone and Consolidated basis, are higher by ₹ 661 Millions and ₹ 1,307 Millions compared to that of previous year ended on 31st March 2011. Similarly Profit before Tax is higher by 139% and 78% respectively. Profit after Tax on Stand-alone basis is higher by 136%, Profit after Tax and Minority Interest on Consolidated basis is higher by 64%. Earning per Share, on Stand-alone and Consolidated basis are ₹ 4.79 and ₹ 11.28 which compare favourably with ₹ 1.99 and ₹ 6.87 respectively for the year 2010-2011. Your Company had undertaken several measures to enhance overall operational efficiencies and results therefrom were yielded and reflected in above given financial performance.

### **Dividend**

As a result of a very good performance, your Directors are pleased to recommend payment of Dividend as follows for the year 2011-2012 subject to necessary approvals, including your approval at the ensuing Annual General Meeting :

- 5% on Preference Shares of ₹ 100/- each i.e. ₹ 5/- per Preference Share.
- 15% on Equity Shares of ₹ 10/- each i.e. ₹ 1.50 per Equity Share.

### **Indian Operations**

Production of Ceramic Filters for foundries as per Know-how of Hofmann Ceramic GmbH, Germany was stabilized and your Company started manufacturing Big Filters also.

Your Company continued to be recognized for exports and received CAPEXIL's Award for 9th consecutive year for the year

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

2010-2011. The value of exports (including indirect) for the year 2011-2012 aggregated to ₹ 1,443 Millions.

### **Subsidiary Companies**

Your Company's Subsidiaries are situated across 4 Continents, in Asia (PRC), Europe (Germany, United Kingdom, Czech Republic), North America (USA) and South America (Brazil), which are also engaged in manufacture of Specialized Refractories and Operating Systems for use in the Steel Plants and Foundries. Despite the economic scenario in some of the Western Countries not being too healthy, your Company's Subsidiaries except those in Brazil and Czech Republic performed satisfactorily inasmuch as they contributed 58% and 47% of Total Income and Profit after Tax respectively on Consolidated basis for the year 2011-2012.

IFGL Exports Ltd (IEL), which has become your Company's Subsidiary on and from 30th March 2012, has implemented facilities for manufacture of ISO products i.e. Continuous Casting Refractories (CCR) in the Special Economic Zone in Kandla, Gujarat. Trial production commenced on 1st November 2011 and the same has been stabilized inasmuch as commercial production has recently been started from Tuesday, 1st May 2012. Our long-term partners/Shareholders, Krosaki Harima Corporation (KHC), a Subsidiary of Nippon Steel Corporation of Japan, hold 20% Equity in IEL and also provide technology. This new manufacturing facility in the Western Coast of India will provide synergistical, logistical and operational advantages to your Company.

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

Your Directors continue to be optimistic about future of the Iron and Steel Industry both in India and abroad and envisage that going forward, there will be a greater thrust on "Clean Metal" and thus the demand for Specialized Refractories and Operating Systems produced by your Company will continue to grow barring unforeseen circumstances. Your Directors however continue to be concerned about steep increases in cost including manufacturing, selling and employees. Other areas of concern are scarcity of raw-materials and steep fluctuation in Foreign Exchange. As usual, all these factors would continue to be monitored closely and measures necessary will be taken as and when required.

Bio Ceramic business for health particularly Dental, Ophthalmic and Orthopaedic segments, being in the nature of a diversification project for your Company, remained at nascent stage during the year 2011-2012. Several steps however have been taken to up-scale the same and results therefrom are likely to be yielded in the current financial year.

### **Corporate Governance/Internal Control System and their adequacy**

Your Company's motto is to maximize value of its stakeholders and in connection therewith, practices best Corporate Governance policies and procedures, both statutory and otherwise. Terms of reference of Audit Committee are in line with those provided in Clause 49 of the Listing Agreement. Policies and systems for Internal Control, Risk Management and Transfer Pricing have also been adopted and are reviewed and updated from time to time as and when necessary. 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**

The Ministry of Corporate Affairs (MCA) has granted general exemption under Section 212(8) of the Act for attachment of Statement of the Subsidiaries to its accounts, subject to fulfilment of conditions specified vide General Circular No. 2/2011 dated 8th February 2011, amended to date. In accordance therewith, 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](http://www.ifglref.com).



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

### 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 of the Company for that period.
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with 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.

### CSR, Human Resources and Industrial Relations

Your Company is committed to discharge its responsibilities as a good Corporate and in pursuit of the same has taken several programmes for improving health, safety, environment and community adjoining its manufacturing operations. Besides operating free Homeo/Allopathy Clinics, extending financial sponsorship to an Upper Primary School, maintenance of public utilities like bus stand, tree plantation, a public toilet complex is being constructed on the land allotted for the purpose by Orissa Industrial Infrastructure Development Corporation, Rourkela.

In an Annexure forming part of this Report, particulars of employees of your Company drawing remuneration of ₹ 60 lacs or more per annum and ₹ 5 lacs or more per month, if employed for part of the year, are given as per provisions of Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975 as amended. However this Annual Report is being sent to Company's Shareholders and others entitled thereto excluding said Annexure in view of provisions of Section 219(1)(b)(iv) of the Act. Any Shareholder interested in obtaining such Annexure may write to the Company Secretary.

During financial year 2011-2012 also, 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 those offered in the Refractory Industry.

### 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 Subsidiary Companies i.e. IFGL Worldwide Holdings Limited and IFGL Exports Limited, as approved by their respective Boards.

### Directors

Directors due to retire by rotation are Prof Amar Nath Sadhu and Mr Kunal Dalmia, who being eligible, offer themselves for re-appointment for further period.

On and from Friday, 26th August 2011, Mr Sudhamoy Khasnobis was appointed as an Additional Director of your Company. On and from Saturday, 5th November 2011, Mr Yoshihiro Konno of Sojitz Corporation, Japan was appointed as a Casual Director of your Company in vacancy caused due to resignation of Mr Osamu Matsuura. Mr Khasnobis and Mr Konno hold

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

said offices until forthcoming Annual General Meeting only. Notices under provisions of Section 257 of the Act have been received proposing their candidature for the office of Director for further period liable to retire by rotation and they, being eligible, offer themselves for appointment as Director of your Company.

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

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

Information in accordance with provision of Section 217(1)(e) of the Act read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in **Annexure '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  
19th May 2012

**S K Bajoria**  
*Chairman*

**P Bajoria**  
*Managing Director*

## ANNEXURE 'A' TO DIRECTORS' REPORT - REPORT ON CORPORATE GOVERNANCE

1. Your Company's philosophy for Corporate Governance is to apply best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all 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.

The Board of Directors of the Company as on Saturday, 31st March 2012 consisted of 2 (two) Executive Directors, 3 (three) Non-Executive Directors and 6 (six) Non-Executive Independent Directors.

#### Composition, Category, their Directorship and Committee Memberships in other Companies

| Name of Directors | Category of Directors | Members of the Board of other Public Limited Companies incorporated in India | Total Number of Committee (e) Membership held in other Public Limited Companies [excluding Private Limited Companies, Foreign Companies and Companies of Section 25 of the Companies Act, 1956 (the Act)] |           |
|-------------------|-----------------------|--|---|-----------|
|                   |                       |  | As Chairman   | As Member |
| P Bajoria         | Executive             | 3  | —   | —         |
| S K Bajoria (a)   | Executive             | 3  | —   | —         |
| D K Banerji       | Non-Executive (d)     | —  | —   | —         |
| K Dalmia          | Non-Executive         | —  | —   | —         |
| S Khasnobis       | Non-Executive (d)     | —  | —   | —         |
| Y Konno (b)       | Non-Executive         | —  | —   | —         |
| Prof S Munshi     | Non-Executive (d)     | —  | —   | —         |
| D G Rajan         | Non-Executive (d)     | 3  | 3   | —         |
| Prof A N Sadhu    | Non-Executive (d)     | 4  | 2   | —         |
| K S B Sanyal      | Non-Executive (d)     | 4  | 1   | 1         |
| S Tateishi (c)    | Non-Executive         | —  | —   | —         |

None of the above Directors are related inter-se.

(a) Also Promoter.

(b) A Senior Executive of Sojitz Corporation, Japan.

(c) A Senior Executive of Krosaki Harima Corporation, Japan, being technical collaborator of your Company.

(d) Also Independent.

(e) Only 2 (two) Committees viz Audit Committee and Shareholders/Investors Grievance Committee are considered.

None of the Directors of the Company's Board hold the office of Director in more than the permissible number of Companies under the Companies Act, 1956. Also, the Committee Chairmanships/Memberships are within the limits laid down in Clause 49 of the Listing Agreement. 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.

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

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

During the Financial Year(FY) ended on 31st March 2012, meeting of the Board of Directors was held 5 (five) times i.e. on 25th May 2011, 6th August 2011, 5th November 2011, 12th February 2012 and 26th March 2012. The intervening period between two Board Meetings was well within the maximum gap of four months prescribed under Clause 49 of the Listing Agreement.

| Name of Directors | Number of Board Meetings |          | Attended last AGM<br>held on 26th August 2011 |
|-------------------|--------------------------|----------|---|
|                   | Held                     | Attended |   |
| P Bajoria         | 5                        | 5        | No  |
| S K Bajoria       | 5                        | 5        | No  |
| D K Banerji (f)   | 5                        | 3        | No  |
| K Dalmia          | 5                        | —        | No  |
| S Khasnabis (g)   | 4                        | 4        | No  |
| Y Konno (h)       | 3                        | —        | No  |
| O Matsuura (i)    | 3                        | —        | No  |
| Prof S Munshi (j) | 4                        | 3        | No  |
| D G Rajan         | 5                        | 4        | No  |
| Prof A N Sadhu    | 5                        | 5        | No  |
| K S B Sanyal      | 5                        | 5        | Yes   |
| S Tateishi        | 5                        | 2        | No  |

- (f) Appointed as Director with effect from 25th May 2011.  
 (g) Appointed as Additional Director with effect from 6th August 2011.  
 (h) Appointed as Director in Casual Vacancy with effect from 5th November 2011.  
 (i) Ceased to be Director with effect from 5th November 2011.  
 (j) Appointed as Director with effect from 23rd June 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

Your Company has four Board level Committees :

- Audit Committee
- Remuneration Committee
- Shareholders/Investors Grievance Committee and
- Investment 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 details of Meetings held during FY 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.



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

| 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.

During the FY ended on 31st March 2012, meeting of the Audit Committee were held on 25th May 2011, 6th August 2011, 5th November 2011 and 12th February 2012, which were attended by all the Committee members. 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   |

During FY ended on 31st March 2012, meeting of the Committee was held on 25th May 2011, 6th August 2011, 5th November 2011 and 12th February 2012, which were attended by all the Committee Members.

Details of remuneration paid/payable to the Executive Directors and Non-Executive Directors for FY 2011-2012 are as follows : (₹ in lacs)

| Name of Directors | Salary and other benefits               |            |   |                   | Sitting Fees   |                    |
|-------------------|---|------------|---|-------------------|----------------|--------------------|
|                   | Salary (including House Rent Allowance) | Commission | Contribution to Provident and other Funds | Other Perquisites | Board Meetings | Committee Meetings |
| P Bajoria (k)     | 93.60**                                 | 16.50      | 30.04                                     | 2.22              | -              | -                  |
| S K Bajoria (k)   | 81.00***                                | 28.50      | 29.89                                     | 1.00              | -              | -                  |
| D K Banerji       | -                                       | -          | -   | -                 | 0.60           | -                  |
| K Dalmia          | -                                       | -          | -   | -                 | -              | -                  |
| S Khasnobis       | -                                       | -          | -   | -                 | 0.80           | -                  |
| Y Konno           | -                                       | -          | -   | -                 | -              | -                  |
| O Matsuura        | -                                       | -          | -   | -                 | -              | -                  |
| Prof S Munshi     | -                                       | -          | -   | -                 | 0.60           | -                  |
| D G Rajan         | -                                       | -          | -   | -                 | 0.80           | 0.60               |
| Prof A N Sadhu*   | -                                       | -          | -   | -                 | -              | -                  |
| K S B Sanyal      | -                                       | -          | -   | -                 | 1.00           | 1.30               |
| S Tateishi        | -                                       | -          | -   | -                 | 0.40           | -                  |

\*Waived entitlement to Sitting Fees.

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

\*\* Without considering ₹ 10.12 lacs refunded to the Company, being in the nature of excess remuneration paid for FY 2010-2011 for which waiver in terms of Section 309(5B) not received from the Ministry of Corporate Affairs.

\*\*\* Without considering ₹ 13.25 lacs refunded to the Company, being in the nature of excess remuneration paid for FY 2010-2011 for which waiver in terms of Section 309(5B) not received from the Ministry of Corporate Affairs.

- (k) 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 - 1% of the 'Net Profit' eligible subject to total remuneration not exceeding 5% thereof for the FY.

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

### 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   |

During the FY ended on 31st March 2012, 14 (Fourteen) Meetings of the Committee were held and gap between two Meetings never exceeded 30 (thirty) days.

Role of the Committee include redressal of Shareholders' complaints relating to transfer/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 FY 2011-2012, 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 2011  | 0  |
| Number of complaints received during the FY        | 22 |
| Number of complaints redressed during the FY       | 22 |
| Number of complaints pending as on 31st March 2012 | 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.

### D. Investment Committee

An Investment Committee effective 12th February 2012 was constituted by the Board of Directors in their meeting held on that date inter alia to examine and recommend various opportunities for deployment of cash flow surpluses available. Following are the members of said Committee.

| Name of Directors | Position |
|-------------------|----------|
| S K Bajoria       | Chairman |
| P Bajoria         | Member   |
| S Khasnobis       | Member   |

No Meeting of said Committee was however held till 31st March 2012.

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

## 4. General Body Meetings

## Location and time, where last three AGMs were held

| AGM  | FY        | Date                     | Time  | Place   |
|------|-----------|--------------------------|-------|---|
| 20th | 2008-2009 | Friday, 28th August 2009 | 11 AM | Sector 'B', Kalunga Industrial Estate<br>P.O. Kalunga 770 031, Dist. Sundergarh, Odisha |
| 21st | 2009-2010 | Saturday, 31st July 2010 | 11 AM | -do-  |
| 22nd | 2010-2011 | Friday, 26th August 2011 | 11 AM | -do-  |

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

| FY        | Items   |
|-----------|---|
| 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.<br>(ii) Appointment of Mr P Bajoria as Whole Time Director of the Company with effect from Thursday, 1st April 2010.   |
| 2010-2011 | (i) Ratification/approval and waiver of excess remuneration paid to Mr S K Bajoria for FY 2010-2011.<br>(ii) Ratification/approval and waiver of excess remuneration paid to Mr P Bajoria for FY 2010-2011.<br>(iii) Holding of an office or place of profit by Mr Mihir Prakash Bajoria son of the Chairman, Mr S K Bajoria with Company's UK Subsidiary, Monocon International Refractories Limited |

## Postal Ballot

The Company did not conduct any business through Postal Ballot during FY under review.

The Company however is seeking consent of members of the Company through Postal Ballot as per provisions of Section 192A of the Companies Act, 1956 read with Company's (Passing of the Resolution by Postal Ballot) Rules, 2001 by passing Special Resolution for making investments in/giving loans to/providing securities and guarantees in connection with loans taken by IFGL Exports Limited.

Notice for Postal Ballot along with Postal Ballot Form and self addressed envelope will be sent to the Shareholders. Postage will be borne and paid by the Company. Results of Postal Ballot will be declared at the Company's Registered Office on Friday, 24th August 2012 at 10.30 AM.

## 5. Disclosures

- A Statement in summary form of transactions with related party in ordinary course of business is placed periodically before the Audit Committee. All 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 interest of the Company.
- While preparing Financial Statements for the FY under review, no accounting treatment which was different from that prescribed in the Accounting Standard was followed.
- For list of disclosures of related party relationship and transactions as per Accounting Standard-18, "Related Party Disclosures", Note 33 to the Annual Audited Accounts of the Company for the FY ended 31st March 2012 may be referred to.
- The Company, during the FY 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 FY ended 31st March 2012.
- 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.
- A Management Discussion and Analysis Report has been included as a part of the Directors' Report to the Shareholders for FY ended 31st March 2012.
- 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

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

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.
- On and from Friday, 30th March 2012, IFGL Exports Limited (IEL) has become Subsidiary of the Company. Although said IEL is not a material Indian Subsidiary of the Company, following good principles of Corporate Governance, Mr K S B Sanyal, being one of the Independent Directors of the Company, has been nominated and appointed on and from Friday, 30th March 2012 as a Director on the Board of said IEL. Minutes of Foreign Subsidiaries, are placed before the Board of the Company from time to time and as and when necessary 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 and Chief Financial Officer of the Company in compliance of Clause 49(V) of the Listing Agreement.
- The Company has adopted Whistle Blower Policy by virtue of which employees, both permanent and temporary, who observe any unethical and improper practices or alleged wrongful conduct, actual or suspected fraud or violation of the Code of Conduct or ethics policy shall make a disclosure either to the Managing Director or Compliance Officer or the Audit Committee as soon as possible after becoming aware of the same. It is affirmed that in compliance of above policy no employee has been denied access to the Audit Committee.
- 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         | 8,704                 |
| K S B Sanyal      | 350                   |
| K Dalmia          | Nil                   |
| S Tateishi        | Nil                   |
| S Khasnobis       | Nil                   |
| D K Banerji       | Nil                   |
| Prof S Munshi     | Nil                   |
| Y Konno           | 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 and Pragativadi, an Odia newspaper widely circulating in the State of Odisha. 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](http://www.ifglref.com), website of National Stock Exchange of India Limited i.e. [www.nseindia.com](http://www.nseindia.com), website of Bombay



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

Stock Exchange Limited i.e. [www.bseindia.com](http://www.bseindia.com), and website of Corporate Filing and Dissemination System i.e. [www.corpfiling.co.in](http://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](http://www.ifglref.com)

## 7. General Shareholder Information

### AGM Details

|                              |   |
|------------------------------|---|
| <b>Date</b>                  | Friday, 24th August 2012  |
| <b>Venue</b>                 | Company's Registered Office at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Odisha. |
| <b>Time</b>                  | 11 AM   |
| <b>Book Closure Dates</b>    | Tuesday, 21st August 2012 to Friday, 24th August 2012   |
| <b>Dividend Payment Date</b> | On and after Wednesday, 29th August 2012  |

### 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.

### Listing on Stock Exchanges

| Name of the Stock Exchange            | Address  | Stock Code     |
|---------------------------------------|--|----------------|
| National Stock Exchange of India Ltd. | '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 FY 2012-2013 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 FY 2012-2013 has been paid to NSDL and CDSL, the Depositories.

In accordance with Clause 5A of the Listing Agreement, an Unclaimed Suspense Demat Account has been opened with HDFC Bank Ltd and all Equity Shares in physical form lying unclaimed pursuant to Public/Rights issued of the Company as well as by erstwhile Indo Flogates Ltd have been dematerialized and credited to said Demat Account. Whenever any request for said unclaimed Shares is received, Equity Shares either in electronic or physical forms is issued to the claimant concerned after debiting said Demat Account.

|  | No. of Shareholders | No. of Shares |
|--|---------------------|---------------|
| Aggregate number of Shareholders and the outstanding Shares credited to Unclaimed Suspense Demat Account during the FY | 52                  | 4,488         |
| Number of Shareholders who approached issuer for transfer of Shares from Suspense Account during the FY                | —                   | —             |
| Number of Shareholders to whom Shares were transferred from Suspense Account during the FY                             | —                   | —             |
| Aggregate number of Shareholders and the outstanding Shares in the Suspense Account lying at the end of the FY         | 52                  | 4,488         |

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

### Market Price Data

| Months         | Bombay Stock Exchange Limited (BSE) |               | National Stock Exchange of India Limited (NSE) |               |
|----------------|-------------------------------------|---------------|--|---------------|
|                | High Price (₹)                      | Low Price (₹) | High Price (₹)                                 | Low Price (₹) |
| April 2011     | 40.80                               | 30.60         | 41.15  | 30.40         |
| May 2011       | 37.60                               | 31.50         | 39.00  | 30.35         |
| June 2011      | 36.20                               | 31.05         | 36.45  | 30.10         |
| July 2011      | 36.00                               | 30.05         | 34.80  | 30.50         |
| August 2011    | 37.00                               | 27.75         | 38.00  | 27.00         |
| September 2011 | 36.40                               | 30.50         | 36.00  | 28.50         |
| October 2011   | 35.50                               | 30.00         | 35.20  | 28.00         |
| November 2011  | 40.10                               | 31.60         | 39.80  | 31.50         |
| December 2011  | 37.90                               | 28.25         | 37.95  | 30.30         |
| January 2012   | 42.40                               | 32.10         | 42.30  | 32.00         |
| February 2012  | 48.00                               | 38.85         | 48.10  | 36.00         |
| March 2012     | 42.90                               | 34.10         | 41.85  | 34.00         |

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 for Physical and Demat Segments

Maheshwari Datamatics Private Limited  
 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](mailto:mdpl@cal.vsnl.net.in)

### Compliance Officer

Mr Rajesh Agarwal, Company Secretary  
 3, Netaji Subhas Road, Kolkata 700 001  
 Phone : +91 33 40106114, Fax : +91 33 22430886  
 E-mail : [ragarwal@bajoria.in](mailto:ragarwal@bajoria.in)

All communications on matters relating to Share Transfers, Dividend etc may be sent directly to Registrar and Share Transfer Agent and Complaints, if any, on these matters may also be sent to [investorcomplaints@bajoria.in](mailto:investorcomplaints@bajoria.in) or to the Compliance Officer.

### Share Transfer System

Share Transfers are presently registered within a maximum period of 15 (fifteen) days from 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 total issued and listed capital. The Audit confirms that total issued/paid up capital is in agreement with aggregate of total number of Shares in physical form and total number of Shares in dematerialized form (held with NSDL and CDSL).

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

## Distribution of Equity Shareholding as on 31st March 2012

| Category                                      | Number of Shareholders | % of Shareholders | Number of Shares  | % of Shares   |
|---|------------------------|-------------------|-------------------|---------------|
| Promoter's Holding*                           |                        |                   |                   |               |
| - Indian Promoters                            | 5                      | 0.02              | 19,669,248        | 56.83         |
| - Foreign Promoters                           | 2                      | 0.01              | 5,006,956         | 14.47         |
| Financial Institutions/Banks/Mutual Funds/UTI | 14                     | 0.07              | 991,262           | 2.86          |
| Foreign Institutional Investors               | 1                      | 0.00              | 1,300             | 0.00          |
| NRIs/Clearing Member                          | 148                    | 0.73              | 171,770           | 0.50          |
| Private Body Corporate                        | 320                    | 1.58              | 2,618,982         | 7.57          |
| Individuals                                   | 19,811                 | 97.59             | 6,150,954         | 17.77         |
| <b>Total</b>                                  | <b>20,301</b>          | <b>100.00</b>     | <b>34,610,472</b> | <b>100.00</b> |

\*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         | 18,547                 | 91.36             | 2,629,809         | 7.60          |
| 501 to 1000      | 834                    | 4.11              | 699,213           | 2.02          |
| 1001 to 2000     | 453                    | 2.23              | 703,475           | 2.03          |
| 2001 to 3000     | 174                    | 0.86              | 450,885           | 1.30          |
| 3001 to 4000     | 76                     | 0.37              | 270,743           | 0.78          |
| 4001 to 5000     | 58                     | 0.29              | 274,986           | 0.80          |
| 5001 to 10000    | 87                     | 0.43              | 626,314           | 1.81          |
| 10001 and above  | 72                     | 0.35              | 28,955,047        | 83.66         |
| <b>Total</b>     | <b>20,301</b>          | <b>100.00</b>     | <b>34,610,472</b> | <b>100.00</b> |

## 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.

Pursuant to SEBI Circular dated 17th June 2011 bearing No. Cir/ISD/3/2011 and amendments made thereto, whole of the Promoter/Promoter Group Shareholding, save and except 3,425,546 Shares held by Sojitz Corporation, Japan, in the process of being Dematerialised, have been Dematerialised.

The Number of Shares held in Dematerialized and Physical Mode is as under :

|                                     | Number of Shares  | % of Shares   |
|-------------------------------------|-------------------|---------------|
| Held in Dematerialized Form in NSDL | 27,248,159        | 78.73         |
| Held in Dematerialized Form in CDSL | 1,886,288         | 5.45          |
| Held in Physical mode               | 5,476,025         | 15.82         |
| <b>Total</b>                        | <b>34,610,472</b> | <b>100.00</b> |

|   |                |
|---|----------------|
| Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on Equity. | Not Applicable |
|---|----------------|

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

### Addresses for correspondence

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

### Corporate Identity Number

The Corporate Identity Number (CIN) of the Company is L27202OR1989PLC002971

### 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* |
|----------------|---------------------------------|-------------------------------------|
| 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                          |
| 2010-2011      | 26.08.2011                      | 25.10.2018                          |

\*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 FY 2004-2005, it will not be possible to entertain claims received by the Company after Saturday, 1st September 2012.

### 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 FY under review.

#### Other Items

The Company has **Whistle Blower Policy** in place details whereof has already been given in Paragraph 5 above. 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 DIRECTOR'S 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 2012**

### A. Conservation of Energy

- a) Energy Conservation measures taken :
  1. Modified cycle of Dryer and Kilns for reduced consumption of LPG.
  2. Introduced wind operated ventilators.
  3. Installed energy efficient motors.
  4. Adopted energy efficient technologies and installed equipments.
  5. Avoided energy leakages by regular preventive checks.
  6. 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 2011-2012. FOB value of exports effected has been ₹ 820.36 Millions compared to ₹ 568.53 Millions for immediately preceding financial year 2010-2011. Your Company for ninth consecutive year received CAPEXIL Award in recognition of exports for financial year 2010-2011.
- g) Total Foreign Exchange used and earned (₹ in Millions)

|   |               |
|---|---------------|
| <b>1. Foreign Exchange Outgo</b>  |               |
| (i) CIF Value of Imports of Raw Materials, Stores and Spares, Trading goods and Capital goods | <b>648.91</b> |
| (ii) Others   | <b>148.70</b> |
| <b>2. Foreign Exchange Earnings</b>   |               |
| FOB Value of Exports  | <b>820.36</b> |

## ANNEXURE 'B' TO DIRECTOR'S REPORT (Contd.)

### Form - A

#### Disclosure of particulars with respect to conservation of energy

|   | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|---|---------------------------------------|---------------------------------------|
| <b>A. Power &amp; Fuel Consumption</b>          |                                       |                                       |
| <b>1. Electricity</b>                           |                                       |                                       |
| a) Purchased                                    |                                       |                                       |
| Units (KWH)                                     | 4,669,882                             | 4,873,276                             |
| Total Amount (₹ in Millions)                    | 26.29                                 | 22.81                                 |
| Rate/Unit (₹)                                   | 5.63                                  | 4.68                                  |
| b) Own Generation                               |                                       |                                       |
| i) Through Diesel Generator                     |                                       |                                       |
| Units (KWH)                                     | 801,404                               | 557,539                               |
| Units per Ltr of Diesel Oil                     | 3.08                                  | 2.47                                  |
| Cost/Unit (₹)                                   | 13.97                                 | 15.85                                 |
| ii) Through Steam Turbine/Generator             |                                       |                                       |
| Units (KWH)                                     | Nil                                   | Nil                                   |
| Units per Ltr of Fuel Oil/Gas                   | Nil                                   | Nil                                   |
| Cost/Unit (₹)                                   | Nil                                   | Nil                                   |
| <b>2. Coal (Specify quality and where used)</b> |                                       |                                       |
| Quantity  | Nil                                   | Nil                                   |
| Total Cost                                      | Nil                                   | Nil                                   |
| Average rate                                    | Nil                                   | Nil                                   |
| <b>3. LDO</b>                                   |                                       |                                       |
| Quantity (Kilo Ltr)                             | Nil                                   | Nil                                   |
| Total Cost (₹ in Millions)                      | Nil                                   | Nil                                   |
| Average Rate (₹/Ltr)                            | Nil                                   | Nil                                   |
| <b>4. LPG</b>                                   |                                       |                                       |
| Quantity (MT)                                   | 2,012.50                              | 2,013.15                              |
| Total Cost (₹ in Millions)                      | 111.05                                | 93.82                                 |
| Average Rate (₹/MT)                             | 55,181.78                             | 46,603.14                             |
| <b>5. Others/Internal Generation</b>            |                                       |                                       |
| Quantity  | Nil                                   | Nil                                   |
| Total Cost                                      | Nil                                   | Nil                                   |
| Rate/Unit                                       | Nil                                   | Nil                                   |
| <b>B. Consumption per unit of production</b>    |                                       |                                       |
| a) Products-Refractories                        |                                       |                                       |
| Electricity (KWH/Pc)                            | 9.42                                  | 7.99                                  |
| LDO (Ltrs/Pc)                                   | 0.00                                  | 0.00                                  |
| Coal  | Nil                                   | Nil                                   |
| LPG (Kgs/Pc)                                    | 3.48                                  | 2.95                                  |
| HSD (Ltrs/Pc)                                   | 0.50                                  | 0.37                                  |

## ANNEXURE 'B' TO DIRECTOR'S REPORT (Contd.)

## Form - B

## Disclosure of particulars with respect to Technology Absorption

| <b>Research &amp; Development (R &amp; D)</b>  |  |
|--|--|
| 1. Specific areas in which R & D carried out   | <ul style="list-style-type: none"> <li>a) Improvement in product quality and performance.</li> <li>b) Development of indigenous sources of raw materials including quality upgradation and substitutes.</li> <li>c) Increase of production capacity and capability.</li> </ul> |
| 2. Benefits derived as a result of above R & D   | <ul style="list-style-type: none"> <li>a) Improvement in customer satisfaction.</li> <li>b) Increased cost competitiveness.</li> <li>c) Improvement in product quality, productivity and performance.</li> </ul>   |
| 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.   |
| <b>Technology Absorption, Adaptation and Innovation</b>  |  |
| 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  | 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.  |
| B. 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.  |
| C. 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 2012.

Kolkata  
19th May 2012

**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 2012, 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned 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.

Kolkata  
19th May 2012

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

## 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 2012, the Statement of Profit and Loss 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 mis-statement. 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. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
  - (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 Statement of Profit and Loss 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 Statement of Profit and Loss 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 2012;
    - (ii) in the case of the Statement of Profit and Loss, 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.
5. On the basis of the written representations received from the Directors as on 31st March 2012 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Kolkata  
 19th May 2012



## 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 (vi), (x), (xii), (xiii), (xiv), (xviii), (xix) and (xx) 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 except material lying with third parties (which have substantially been confirmed) were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation 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 neither granted nor taken any loans, secured and unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (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 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) 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.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) 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 2012 for a period of more than six months from the date they became payable.

**ANNEXURE TO THE AUDITORS' REPORT (Contd.)**

- (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 2012 on account of disputes are given below :

| Statute   | Nature of Dues     | Forum where Dispute is pending                              | Period to which the amount relates | Amount involved (net of related payments) (₹ in lacs) |
|---|--------------------|---|------------------------------------|---|
| <b>Sales Tax</b><br>Central Sales Tax Act, 1956 | Sales Tax          | Sales Tax Tribunal  | 1995-1996                          | 1.14  |
|   | Sales Tax          | Additional Commissioner of Sales Tax                        | 1997-1998                          | 0.47  |
|   | Sales Tax          | Orissa High Court   | 1999-2000                          | 2.17  |
|   | Sales Tax          | Assistant Commissioner of Sales Tax                         | 2003-2004                          | 0.25  |
| Orissa Sales Tax Act, 1947                      | Sales Tax          | Orissa Sales Tax Tribunal                                   | 1996-1997 and 1997-1998            | 39.91   |
|   | Sales Tax          | Orissa High Court   | 1999-2000                          | 0.11  |
|   | <b>Total</b>       |   |                                    | <b>44.05</b>  |
| <b>Income Tax</b><br>The Income Tax Act, 1961   | Income Tax         | Income Tax Appellate Tribunal, Kolkata                      | Assessment Year 2005-2006          | 15.88   |
|   | Fringe Benefit Tax | Deputy Commissioner of Income Tax                           | Assessment Year 2007-2008          | 0.51  |
|   | Income Tax         | Deputy Commissioner of Income Tax                           | Assessment Year 2008-2009          | 61.25   |
|   | <b>Total</b>       |   |                                    | <b>77.64</b>  |
| <b>Service Tax</b><br>Service Tax Rules, 1994   | Service Tax        | Joint Commissioner of Central Excise, Customs & Service Tax | 2006-2007                          | 1.54  |

- (x) 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.
- (xi) 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.
- (xii) 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.
- (xiii) 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.
- (xiv) 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.

For **DELOITTE HASKINS & SELLS**

*Chartered Accountants*

(Registration No. 302009E)

**A Bhattacharya**

*Partner*

(Membership No. 054110)

Kolkata

19th May 2012

## BALANCE SHEET As at 31st March 2012

(₹ in lacs)

|                                   | Note No. | As at<br>31st March 2012 |           | As at<br>31st March 2011 |           |
|-----------------------------------|----------|--------------------------|-----------|--------------------------|-----------|
| I. EQUITY AND LIABILITIES         |          |                          |           |                          |           |
| 1 Shareholders' Funds             |          |                          |           |                          |           |
| a) Share Capital                  | 3        | 4,911.05                 |           | 4,911.05                 |           |
| b) Reserves and Surplus           | 4        | 7,769.03                 | 12,680.08 | 6,713.91                 | 11,624.96 |
| 2 Non-Current Liabilities         |          |                          |           |                          |           |
| a) Long-Term Borrowings           | 5        | 784.40                   |           | 1,000.00                 |           |
| b) Deferred Tax Liabilities (Net) | 6        | 327.95                   |           | 347.85                   |           |
| c) Long-Term Provisions           | 7        | 16.01                    | 1,128.36  | 17.66                    | 1,365.51  |
| 3 Current Liabilities             |          |                          |           |                          |           |
| a) Short-Term Borrowings          | 8        | 4,582.99                 |           | 4,321.00                 |           |
| b) Trade Payables                 | 9        | 3,095.86                 |           | 3,149.93                 |           |
| c) Other Current Liabilities      | 10       | 455.30                   |           | 707.06                   |           |
| d) Short-Term Provisions          | 11       | 821.32                   | 8,955.47  | 308.24                   | 8,486.23  |
| TOTAL                             |          |                          | 22,763.91 |                          | 21,476.70 |
| II. ASSETS                        |          |                          |           |                          |           |
| 1 Non-Current Assets              |          |                          |           |                          |           |
| a) Fixed Assets                   |          |                          |           |                          |           |
| (i) Tangible Assets               | 12       | 4,330.05                 |           | 4,397.61                 |           |
| (ii) Intangible Assets            | 13       | 24.77                    |           | 37.28                    |           |
| (iii) Capital Work-in-Progress    |          | —                        | 4,354.82  | 131.09                   | 4,565.98  |
| b) Non-Current Investments        | 14       |                          | 6,392.14  |                          | 5,761.59  |
| c) Long-Term Loans and Advances   | 15       |                          | 60.37     |                          | 121.76    |
| d) Other Non-Current Assets       | 16       |                          | 38.00     |                          | 23.00     |
| 2 Current Assets                  |          |                          |           |                          |           |
| a) Inventories                    | 17       | 3,978.21                 |           | 3,508.13                 |           |
| b) Trade Receivables              | 18       | 6,420.19                 |           | 6,202.21                 |           |
| c) Cash and Cash Equivalents      | 19       | 986.97                   |           | 310.16                   |           |
| d) Short-Term Loans and Advances  | 20       | 102.58                   |           | 95.35                    |           |
| e) Other Current Assets           | 21       | 430.63                   | 11,918.58 | 888.52                   | 11,004.37 |
| TOTAL                             |          |                          | 22,763.91 |                          | 21,476.70 |

The accompanying Notes form an integral part of these Financial Statements.

In terms of our Report attached.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

**A Bhattacharya**

Partner

Kolkata

19th May 2012

On behalf of the Board of Directors

**R Agarwal**  
Company Secretary

**P Bajoria**  
Managing Director

**S K Bajoria**  
Chairman

**STATEMENT OF PROFIT AND LOSS** For the year ended 31st March 2012

(₹ in lacs)

|  | Note No. | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--|----------|---------------------------------------|---------------------------------------|
| <b>I Revenue from Operations (Gross)</b>   | 22       | <b>28,740.50</b>                      | 22,478.12                             |
| Less : Excise Duty   |          | <u>(1,260.20)</u>                     | <u>(1,448.15)</u>                     |
| Revenue from Operations (Net)  |          | <b>27,480.30</b>                      | 21,029.97                             |
| <b>II Other Income</b>   | 23       | <b>240.58</b>                         | 82.64                                 |
| <b>III Total Revenue (I + II)</b>  |          | <b>27,720.88</b>                      | 21,112.61                             |
| <b>IV Expenses :</b>   |          |                                       |                                       |
| Cost of Materials and Components Consumed  | 24       | <b>14,170.98</b>                      | 10,659.61                             |
| Purchases of Stock-in-Trade  | 25       | <b>637.34</b>                         | 618.55                                |
| Changes in Inventories of Finished Goods,<br>Work-in-Progress and Stock-in-Trade | 26       | <b>(435.08)</b>                       | (250.76)                              |
| Employee Benefits Expense  | 27       | <b>2,229.78</b>                       | 1,920.03                              |
| Finance Costs  | 28       | <b>474.77</b>                         | 413.51                                |
| Depreciation and Amortisation Expense  | 13.2     | <b>624.94</b>                         | 528.55                                |
| Other Expenses   | 29       | <b>7,395.29</b>                       | 6,126.14                              |
| <b>Total Expenses</b>  |          | <b>25,098.02</b>                      | 20,015.63                             |
| <b>V Profit before Tax (III-IV)</b>  |          | <b>2,622.86</b>                       | 1,096.98                              |
| <b>VI Tax Expense :</b>  |          |                                       |                                       |
| (1) Current Tax  |          | <b>900.00</b>                         | 340.00                                |
| (2) Deferred Tax-(Credit)/Charge   |          | <u>(19.90)</u>                        | <u>19.80</u>                          |
|  |          | <b>880.10</b>                         | 359.80                                |
| <b>VII Profit for the Year (V-VI)</b>  |          | <b>1,742.76</b>                       | 737.18                                |
| <b>VIII Earnings per Equity Share :</b>  |          |                                       |                                       |
| (1) Basic  | 30       | <b>4.79</b>                           | 1.99                                  |
| (2) Diluted  | 30       | <b>4.79</b>                           | 1.99                                  |

The accompanying Notes form an integral part of these Financial Statements.

In terms of our Report attached.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

**A Bhattacharya**

Partner

Kolkata

19th May 2012

On behalf of the Board of Directors

**R Agarwal**  
Company Secretary

**P Bajoria**  
Managing Director

**S K Bajoria**  
Chairman

## CASH FLOW STATEMENT For the year ended 31st March 2012

*(₹ in lacs)*

|  | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--|---------------------------------------|---------------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>                |                                       |                                       |
| Net Profit before Tax and extra-ordinary items                 | 2,622.86                              | 1,096.98                              |
| Adjustments for :  |                                       |                                       |
| Depreciation and Amortisation                                  | 624.94                                | 528.55                                |
| Finance Costs  | 405.77                                | 395.04                                |
| Liabilities no longer required written back                    | (103.66)                              | (59.80)                               |
| Bad Debts/Advances written off                                 | 47.00                                 | 79.87                                 |
| Provision for Doubtful Debts                                   | 7.79                                  | 11.71                                 |
| Unrealised Foreign Exchange Gain (Net)                         | (41.85)                               | (16.96)                               |
| Loss on Sale/Discard of Assets (Net)                           | 10.45                                 | 1.41                                  |
|  | <u>950.44</u>                         | <u>939.82</u>                         |
| Operating Profit before Working Capital changes                | 3,573.30                              | 2,036.80                              |
| Adjustments for :  |                                       |                                       |
| Trade and other Receivables                                    | 275.58                                | (1,356.91)                            |
| Inventories  | (470.09)                              | (883.68)                              |
| Trade and other Payables                                       | 150.89                                | 681.32                                |
|  | <u>(43.62)</u>                        | <u>(1,559.27)</u>                     |
| Cash generated from Operations                                 | 3,529.68                              | 477.53                                |
| Income Taxes Paid (Net)  | (918.89)                              | (312.10)                              |
| Cash flows before extra-ordinary items                         | <u>2,610.79</u>                       | <u>165.43</u>                         |
| Net Cash Generated from Operating Activities (A)               | <u>2,610.79</u>                       | <u>165.43</u>                         |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>                |                                       |                                       |
| Capital Expenditure on Fixed Assets including Capital Advances | (326.65)                              | (1,167.89)                            |
| Proceeds from sale of Fixed Assets                             | 20.06                                 | 1.02                                  |
| Interest Received  | 52.23                                 | 14.89                                 |
| Purchase of Long Term Investments-Subsidiaries                 | (630.55)                              | (1,541.00)                            |
|  | <u>(884.91)</u>                       | <u>(2,692.98)</u>                     |
| Net Cash used in Investing Activities (B)                      | <u>(884.91)</u>                       | <u>(2,692.98)</u>                     |



**CASH FLOW STATEMENT** For the year ended 31st March 2012 *(Contd.)**(₹ in lacs)*

|  | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |                 |
|--|---------------------------------------|---------------------------------------|-----------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>          |                                       |                                       |                 |
| Proceeds from issue of Preference Shares                 | —                                     | 1,450.00                              |                 |
| Finance Costs  | (474.77)                              | (413.48)                              |                 |
| Dividend Paid  | (218.69)                              | (346.14)                              |                 |
| Tax on Dividend  | (36.18)                               | (57.49)                               |                 |
| Proceeds from Long-Term Borrowings                       | —                                     | 1,000.00                              |                 |
| Repayment of Long-Term Borrowings                        | (530.00)                              | (470.00)                              |                 |
| Proceeds from Short-Term Borrowings                      | 225.57                                | 2,007.42                              |                 |
| Repayment of Short-Term Borrowings                       | —                                     | (491.75)                              | 2,678.56        |
| <b>Net Cash (used in)/from Financing Activities (C)</b>  | <b>(1,034.07)</b>                     |                                       | <b>2,678.56</b> |
| <b>Net Increase in Cash and Cash Equivalents (A+B+C)</b> | <b>691.81</b>                         |                                       | <b>151.01</b>   |
| Cash and Cash Equivalents (Opening Balance)              | 310.16                                | 182.15                                |                 |
| Other Non-Current Assets (Opening Balance)               | 23.00                                 | —                                     |                 |
| <b>Total (Opening Balances)</b>                          | <b>333.16</b>                         |                                       | <b>182.15</b>   |
| Cash and Cash Equivalents (Closing Balance)              | 986.97                                | 310.16                                |                 |
| Other Non-Current Assets (Closing Balance)               | 38.00                                 | 23.00                                 |                 |
| <b>Total (Closing Balances)</b>                          | <b>1,024.97</b>                       |                                       | <b>333.16</b>   |

**Notes :**

- (1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- (2) Figures for the previous year have been re-arranged and re-grouped wherever necessary.
- (3) Cash and Cash Equivalents include ₹ 48.74 (31.03.2011 : ₹ 52.67) in respect of unpaid dividend accounts.

The Notes referred to above form an integral part of these Financial Statements.

In terms of our Report attached.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

**A Bhattacharya**

Partner

Kolkata

19th May 2012

On behalf of the Board of Directors

**R Agarwal**  
Company Secretary

**P Bajoria**  
Managing Director

**S K Bajoria**  
Chairman

## NOTES TO THE FINANCIAL STATEMENTS

(₹ in lacs)

### 1. GENERAL INFORMATION

IFGL Refractories Limited (the "Company") is a Public Limited Company, incorporated under the Companies Act, 1956. Its shares are listed on the National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE). The Company is primarily engaged in the manufacturing, trading and selling of Refractory Items used in Steel plants. The Company and its Subsidiaries have manufacturing plants in Asia (India and China), in Europe (Germany and United Kingdom), in North America (USA) and in South America (Brazil). The Company caters to both domestic and international market.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

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.

All Assets and Liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of Assets and Liabilities.

#### 2.2 USE OF ESTIMATES

The preparation of Financial Statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of Assets and Liabilities (including Contingent Liabilities) and the reported Income and Expenses during the year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

**2.3 Fixed Assets (including intangible assets)** 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.

**2.4 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.

**2.5 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.

**2.6 Revenue** from sale of products 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. Revenue from services are recognised when services are rendered and related costs are incurred. Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

**2.7 Current Investments** are stated at lower of Cost and Fair Value. Non-current investments are stated at cost less provision for diminution, other than temporary, if any, in value.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

**2.8 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.

**2.9 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 Statement of Profit and Loss. 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 Statement of Profit and Loss. In case of forward exchange contracts which are entered into to hedge the Foreign Currency risk of a trade receivable/trade payable recognized 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 recognized in the Statement of Profit and Loss. Forward Exchange contracts which are arranged to hedge the Foreign Currency risk of a firm commitment or a highly probable forecast transaction is marked to market at the year end and the resulting losses, if any, are charged to the Statement of Profit and Loss. The net gain, if any, based on the above evaluation, is not accounted for.

**2.10 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 capitalized as part of cost of such assets. All other borrowing costs are recognized as expenses in the period they are incurred.

**2.11 Employee Benefits :**

- i) The Undiscounted amount of Short-term Employee Benefits (i.e. benefits payable within one year) is recognized 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.
- 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.
- 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.
- vii) Accrued liability towards Compensated Absence, 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 Statement of Profit and Loss as income/expense for the year in which they occur.

**2.12 Provisions and Contingencies :** 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.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

### 3. SHARE CAPITAL

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>AUTHORISED</b>  |                          |                          |
| 40,000,000 (31.03.2011 : 40,000,000) Equity Shares of ₹ 10/- each  | <b>4,000.00</b>          | 4,000.00                 |
| 2,000,000 (31.03.2011 : 2,000,000) 5% Redeemable Non Cumulative Preference Shares of ₹ 100/- each                | <b>2,000.00</b>          | 2,000.00                 |
| <b>Total</b>   | <b>6,000.00</b>          | 6,000.00                 |
| <b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>  |                          |                          |
| 34,610,472 (31.03.2011 : 34,610,472) Equity Shares of ₹ 10/- each, fully paid up                                 | <b>3,461.05</b>          | 3,461.05                 |
| 1,450,000 (31.03.2011 : 1,450,000) 5% Redeemable Non Cumulative Preference Shares of ₹ 100/- each, fully paid up | <b>1,450.00</b>          | 1,450.00                 |
| <b>Total</b>   | <b>4,911.05</b>          | 4,911.05                 |

#### 3.1 RECONCILIATION OF NUMBER OF SHARES :

|   | Equity Shares     |                 | Preference Shares |                 |
|---|-------------------|-----------------|-------------------|-----------------|
|   | No. of shares     | ₹ in Lacs       | No. of shares     | ₹ in Lacs       |
| Shares outstanding on 01.04.2011        | 34,610,472        | 3,461.05        | 1,450,000         | 1,450.00        |
| <b>Shares outstanding on 31.03.2012</b> | <b>34,610,472</b> | <b>3,461.05</b> | <b>1,450,000</b>  | <b>1,450.00</b> |

#### 3.2 TERMS/RIGHTS ATTACHED TO EQUITY SHARES :

The Company has only one class of Equity Shares having a face value of ₹ 10/- each. Each holder of Equity Shares is entitled to one vote per Share. In the event of liquidation of the Company, the Equity Shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their Shareholding. The Company in the General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

#### 3.3 TERMS/RIGHTS ATTACHED TO REDEEMABLE NON CUMULATIVE PREFERENCE SHARES (RNCPS) :

The 5% Redeemable Non Cumulative Preference Shares are redeemable at par at the end of ten years from the date of allotment (i.e. 3rd September 2010) or any earlier date at the option of the Company except that the said Shares shall not be redeemed within the initial period of three years from the date of allotment. In the event of liquidation of the Company, the Preference Shareholders will have priority over Equity Shares in the payment of dividend and repayment of capital.

Every member holding Preference Share Capital shall have the right to vote in respect of all resolutions placed before the Company which directly affect the rights attached to Preference Shares.

#### 3.4 SHARES HELD BY THE HOLDING COMPANY AND SUBSIDIARIES OF THE HOLDING COMPANY :

| Name of Shareholder                        | Relationship         | Nature of Shares | As at 31st March 2012 |              | As at 31st March 2011 |              |
|--|----------------------|------------------|-----------------------|--------------|-----------------------|--------------|
|  |                      |                  | No. of Shares held    | % of Holding | No. of Shares held    | % of Holding |
| Bajoria Holdings Private Limited (BHPL)    | Holding Company      | Equity           | 18,320,973            | 52.93        | 18,320,973            | 52.93        |
| Bajoria Holdings Private Limited           |                      |                  | 640,000               | 44.14        | 640,000               | 44.14        |
| Bajoria Enterprises Limited                | Subsidiaries of BHPL | Preference       | 230,000               | 15.86        | 230,000               | 15.86        |
| Bajoria Financial Services Private Limited |                      |                  | 420,000               | 28.97        | 420,000               | 28.97        |
| Bajoria Service Providers Private Limited  |                      |                  | 160,000               | 11.03        | 160,000               | 11.03        |

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

## 3.5 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% OF THE AGGREGATE SHARES IN THE COMPANY :

| Name of Shareholder                        | Relationship     | Nature of Shares    | As at 31st March 2012 |              | As at 31st March 2011 |              |
|--|------------------|---------------------|-----------------------|--------------|-----------------------|--------------|
|  |                  |                     | No. of Shares held    | % of Holding | No. of Shares held    | % of Holding |
| Sojitz Corporation, Japan                  | Foreign Promoter | Equity              | 3,425,546             | 9.90         | 3,425,546             | 9.90         |
| Bajoria Holdings Private Limited           | Holding Company  |                     | 18,320,973            | 52.93        | 18,320,973            | 52.93        |
| Bajoria Holdings Private Limited           |                  | Fellow Subsidiaries | Preference            | 640,000      | 44.14                 | 640,000      |
| Bajoria Enterprises Limited                | 230,000          |                     |                       | 15.86        | 230,000               | 15.86        |
| Bajoria Financial Services Private Limited | 420,000          |                     |                       | 28.97        | 420,000               | 28.97        |
| Bajoria Service Providers Private Limited  | 160,000          |                     |                       | 11.03        | 160,000               | 11.03        |

## 4. RESERVES AND SURPLUS

|  | As at 31st March 2012 |        | As at 31st March 2011 |        |
|--|-----------------------|--------|-----------------------|--------|
| <b>Capital Reserve as at the beginning and end of the year</b> | 5.00                  |        | 5.00                  |        |
| <b>Capital Redemption Reserve</b>                              |                       |        |                       |        |
| Balance as at the beginning of the year                        | —                     |        | —                     |        |
| Add : Transferred from Statement of Profit and Loss            | 220.00                | 220.00 | —                     | —      |
| <b>General Reserve</b>   |                       |        |                       |        |
| Balance as at the beginning of the year                        | 446.79                |        | 446.79                |        |
| Add : Transfer from Statement of Profit and Loss               | 87.14                 | 533.93 | —                     | 446.79 |
| <b>Surplus in the Statement of Profit and Loss</b>             |                       |        |                       |        |
| Balance as at the beginning of the year                        | 6,262.12              |        | 5,774.54              |        |
| Add : Profit for the year                                      | 1,742.76              |        | 737.18                |        |
| Less : Transferred to Capital Redemption Reserve               | (220.00)              |        | —                     |        |
| Less : Transferred to General Reserve                          | (87.14)               |        | —                     |        |
| Less : Proposed Dividend on Preference Shares for the year     | (72.50)               |        | (41.71)               |        |
| Less : Proposed Dividend on Equity Shares for the year         | (519.16)              |        | (173.05)              |        |
| Less : Tax on Proposed Dividend for the year                   | (95.98)               |        | (34.84)               |        |
| <b>Total</b>   | <b>7,010.10</b>       |        | <b>6,262.12</b>       |        |
|  | <b>7,769.03</b>       |        | <b>6,713.91</b>       |        |

## 5. LONG-TERM BORROWINGS

|  | As at 31st March 2012 | As at 31st March 2011 |
|--|-----------------------|-----------------------|
| <b>SECURED</b>   |                       |                       |
| <b>Term Loans</b>  |                       |                       |
| <b>From Banks</b>  |                       |                       |
| - From The Hongkong and Shanghai Banking Corporation Limited | 750.00                | 1,000.00              |
| <b>Other Loans (Vehicle Loans)</b>                           |                       |                       |
| - From Axis Bank Limited                                     | 34.40                 | —                     |
| <b>Total</b>   | <b>784.40</b>         | <b>1,000.00</b>       |

## 5.1 NATURE OF SECURITY AND TERMS OF REPAYMENT OF SECURED BORROWINGS :

## a) From The Hongkong and Shanghai Banking Corporation Limited (HSBC)

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 (SBI).

Repayable in 12 Equated quarterly installments of ₹ 62.50 commencing from April 2012 at interest rate of 10.50% per annum.



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

### b) Vehicle Loans from Axis Bank Limited

Vehicle Loans are secured by hypothecation of respective vehicles.

Repayable over 1-3 Years at interest rate of 10-12 %.

### 6. DEFERRED TAX LIABILITIES (NET)

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| Tax Impact of –   |                          |                          |
| <b>Assets :</b>   |                          |                          |
| Accrued expenses deductible when paid                     | (35.13)                  | (36.51)                  |
| <b>Liabilities :</b>                                      |                          |                          |
| Difference between Tax Depreciation and Book Depreciation | 363.08                   | 384.36                   |
| <b>Net Liability</b>                                      | <u>327.95</u>            | <u>347.85</u>            |

### 7. LONG-TERM PROVISIONS

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>Provision for Employee Benefits</b> |                          |                          |
| Compensated Absence                    | 16.01                    | 17.66                    |
| <b>Total</b>                           | <u>16.01</u>             | <u>17.66</u>             |

### 8. SHORT-TERM BORROWINGS

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>SECURED</b>                            |                          |                          |
| <b>Loans from Banks</b>                   |                          |                          |
| Working Capital Loans repayable on demand |                          |                          |
| - From SBI                                | 3,064.34                 | 2,891.12                 |
| - From HSBC                               | 1,518.65                 | 1,429.88                 |
| <b>Total</b>                              | <u>4,582.99</u>          | <u>4,321.00</u>          |

**8.1** The Loan from SBI is secured by hypothecation of stocks of raw materials, stock in process, finished goods, consumables, spares, stores, receivables and other liquid assets etc including goods in transit and by a second charge over all fixed assets of the Company, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela, ranking pari pasu with HSBC.

**8.2** The Loan from HSBC is secured by charge on current assets and second charge over all the Fixed Assets of the Company ranking pari pasu with that created in favour of SBI.

### 9. TRADE PAYABLES

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| Other than Acceptances (Refer Note 9.1 below) | 3,095.86                 | 3,149.93                 |
| <b>Total</b>                                  | <u>3,095.86</u>          | <u>3,149.93</u>          |

### 9.1 DUES TO THE MICRO, SMALL AND MEDIUM ENTERPRISES :

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 2012 are as under :

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| 1. The principal amount remaining unpaid to suppliers as at the end of accounting year   | 86.51                    | 30.35                    |
| 2. The interest due thereon remaining unpaid to suppliers as at the end of accounting year   | —                        | 9.36                     |
| 3. The amount of interest paid in terms of Section 16, along with the amount of payment made to the suppliers beyond the appointment day during the year 2011-2012   | —                        | —                        |
| 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.  | —                        | —                        |

**10. OTHER CURRENT LIABILITIES**

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| Current maturities of Long-Term Debt (Refer Note 10.1 below) | 269.93                   | 530.00                   |
| Unpaid Dividends (Refer Note 10.2 below)                     | 48.74                    | 52.67                    |
| Other Payables (Refer Note 10.3 below)                       | 136.63                   | 124.39                   |
| <b>Total</b>   | <b>455.30</b>            | <b>707.06</b>            |

**10.1 Current maturities of Long-Term Debt** as at 31st March 2011 comprised of Term Loans from SBI, which were repaid during 2011-2012. The Company is in the process of releasing the charges created on specified Plant and Machinery to secure these loans.

**10.2** There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

**10.3 OTHER PAYABLES :**

|                            | As at<br>31st March 2012 | As at<br>31st March 2011 |
|----------------------------|--------------------------|--------------------------|
| Advance from Customers     | 19.51                    | 13.36                    |
| Statutory Liabilities      | 70.44                    | 41.45                    |
| Security Deposits received | 33.59                    | 36.43                    |
| Liability for Gratuity     | 13.09                    | 33.15                    |
| <b>Total</b>               | <b>136.63</b>            | <b>124.39</b>            |

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

### 11. SHORT-TERM PROVISIONS

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>Provision for Employee Benefits</b>                                   |                          |                          |
| - Compensated Absence  | 1.67                     | 0.51                     |
| - Provident Fund (Refer Note 27.3)                                       | 16.68                    | –                        |
| Others :   |                          |                          |
| Provision for Taxation   | 3,701.69                 | 2,801.68                 |
| Less : Advance Income Tax/Fringe Benefits Tax and Tax Deducted at Source | 3,663.77                 | 2,744.88                 |
|  | 37.92                    | 56.80                    |
| Proposed Dividend (Refer Note 11.1 below)                                |                          |                          |
| - On Equity Shares   | 519.16                   | 173.05                   |
| - On Preference Shares   | 72.50                    | 41.71                    |
| Tax on Proposed Dividend   | 95.98                    | 36.17                    |
| Entry Tax (Refer Note 11.2 below)  | 77.41                    | –                        |
| <b>Total</b>   | <b>821.32</b>            | <b>308.24</b>            |

#### 11.1 PROPOSED DIVIDEND :

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>On Equity Shares of ₹ 10/- Each</b>      |                          |                          |
| Amount of Dividend Proposed                 | 519.16                   | 173.05                   |
| Dividend Per Equity Share (₹)               | 1.50                     | 0.50                     |
| <b>On Preference Shares of ₹ 100/- Each</b> |                          |                          |
| Amount of Dividend Proposed                 | 72.50                    | 41.71                    |
| Dividend Per Preference Share (₹)           | 5.00                     | 2.88                     |

**11.2** During the year the Company has made provision for disputed liabilities relating to entry tax in Odisha, based on its own assessment of the amount it may be required to incur to meet such obligation.

### 12. TANGIBLE ASSETS

| OWN ASSETS                                  | GROSS BLOCK- AT COST       |                                 |                                  |                                   | DEPRECIATION              |                 |                                  |                                  | NET BLOCK                   |                             |
|---|----------------------------|---------------------------------|----------------------------------|-----------------------------------|---------------------------|-----------------|----------------------------------|----------------------------------|-----------------------------|-----------------------------|
|   | As at<br>1st April<br>2011 | Additions<br>during the<br>year | Deductions<br>during the<br>year | Total as at<br>31st March<br>2012 | Upto<br>1st April<br>2011 | For the<br>year | Deductions<br>during the<br>year | Total upto<br>31st March<br>2012 | As at<br>31st March<br>2012 | As at<br>31st March<br>2011 |
| Land (Leasehold)<br>(Refer Note 12.1 below) | 34.76                      | –                               | –                                | 34.76                             | 3.48                      | 0.44            | –                                | 3.92                             | 30.84                       | 31.28                       |
| Land (Freehold)                             | 1.29                       | –                               | –                                | 1.29                              | –                         | –               | –                                | –                                | 1.29                        | 1.29                        |
| Buildings                                   | 1,263.40                   | 15.51                           | –                                | 1,278.91                          | 417.81                    | 42.18           | –                                | 459.99                           | 818.92                      | 845.59                      |
| Plant and Equipment                         | 7,214.08                   | 431.26                          | –                                | 7,645.34                          | 3,865.38                  | 523.28          | –                                | 4,388.66                         | 3,256.68                    | 3,348.70                    |
| Furniture and Fixtures                      | 96.78                      | 1.35                            | –                                | 98.13                             | 83.09                     | 2.85            | –                                | 85.94                            | 12.19                       | 13.69                       |
| Vehicles                                    | 174.58                     | 110.49                          | 73.33                            | 211.74                            | 69.18                     | 20.22           | 42.82                            | 46.58                            | 165.16                      | 105.40                      |
| Office Equipments                           | 54.97                      | 1.07                            | 5.02                             | 51.02                             | 22.77                     | 3.42            | 4.18                             | 22.01                            | 29.01                       | 32.20                       |
| Computers                                   | 133.99                     | 7.67                            | 80.42                            | 61.24                             | 114.53                    | 11.08           | 80.33                            | 45.28                            | 15.96                       | 19.46                       |
| <b>Total</b>                                | <b>8,973.85</b>            | <b>567.35</b>                   | <b>158.77</b>                    | <b>9,382.43</b>                   | <b>4,576.24</b>           | <b>603.47</b>   | <b>127.33</b>                    | <b>5,052.38</b>                  | <b>4,330.05</b>             | <b>4,397.61</b>             |
| Previous Year Total                         | 7,654.16                   | 1,378.49                        | 58.80                            | 8,973.85                          | 4,080.58                  | 508.35          | 12.69                            | 4,576.24                         | 4,397.61                    |                             |

**12.1** Acquired under a lease of 99 years with a renewal option.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

## 13. INTANGIBLE ASSETS

| OWN ASSETS<br>(ACQUIRED)  | GROSS BLOCK- AT COST       |                                 |                                  |                                   | AMORTISATION              |                 |                                  |                                  | NET BLOCK                   |                             |
|---|----------------------------|---------------------------------|----------------------------------|-----------------------------------|---------------------------|-----------------|----------------------------------|----------------------------------|-----------------------------|-----------------------------|
|   | As at<br>1st April<br>2011 | Additions<br>during the<br>year | Deductions<br>during the<br>year | Total as at<br>31st March<br>2012 | Upto<br>1st April<br>2011 | For the<br>year | Deductions<br>during the<br>year | Total upto<br>31st March<br>2012 | As at<br>31st March<br>2012 | As at<br>31st March<br>2011 |
| Goodwill (arising on Amalgamation)  | 503.06                     | –                               | –                                | 503.06                            | 503.06                    | –               | –                                | 503.06                           | –                           | –                           |
| Computer Software   | 16.64                      | 8.96                            | –                                | 25.60                             | 12.24                     | 4.99            | –                                | 17.23                            | 8.37                        | 4.40                        |
| Intellectual Property Rights (Technical Know-how) (Refer Note 13.1 below) | 232.29                     | –                               | –                                | 232.29                            | 199.41                    | 16.48           | –                                | 215.89                           | 16.40                       | 32.88                       |
| <b>Total</b>  | <b>751.99</b>              | <b>8.96</b>                     | <b>–</b>                         | <b>760.95</b>                     | <b>714.71</b>             | <b>21.47</b>    | <b>–</b>                         | <b>736.18</b>                    | <b>24.77</b>                | <b>37.28</b>                |
| Previous Year Total   | 743.83                     | 8.16                            | –                                | 751.99                            | 694.51                    | 20.20           | –                                | 714.71                           | 37.28                       |                             |

**13.1** 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.

**13.2 DEPRECIATION AND AMORTISATION EXPENSE :**

|                                   | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|-----------------------------------|---------------------------------------|---------------------------------------|
| Depreciation on Tangible Assets   | 603.47                                | 508.35                                |
| Amortisation of Intangible Assets | 21.47                                 | 20.20                                 |
| <b>Total</b>                      | <b>624.94</b>                         | <b>528.55</b>                         |

## 14. NON-CURRENT INVESTMENTS

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>Trade Investments-Long Term (Valued at Cost unless stated otherwise)</b>  |                          |                          |
| <b>Unquoted Equity Investments</b>   |                          |                          |
| <i>Investment in Subsidiaries</i>  |                          |                          |
| - IFGL Worldwide Holdings Limited [6,350,000 (31.03.2011: 6,350,000) Fully paid Equity Shares of GBP 1 each]                                       | 5,625.39                 | 5,625.39                 |
| - IFGL Exports Limited [716,550 (31.03.2011: 136,000) Fully paid Equity Shares of ₹ 10 each]   | 716.55                   | –                        |
| <i>Others</i>  |                          |                          |
| - IFGL Exports Limited   | –                        | 136.00                   |
| - Krosaki IFGL Refractories Private Limited [2,000 (31.03.2011: 2,000) Fully paid Equity Shares of ₹ 10 each]                                      | 0.20                     | 0.20                     |
| <b>Other Investments (Valued at Cost unless stated otherwise)</b>  |                          |                          |
| <i>Quoted</i>  |                          |                          |
| - Investments in Debentures or Bonds [50 (31.03.2011: Nil) 8.09% Tax Free Bonds of Power Finance Corporation Limited of Face Value ₹ 100,000 each] | 50.00                    | –                        |
| <b>Total</b>   | <b>6,392.14</b>          | <b>5,761.59</b>          |
| Aggregate Amount of Quoted Investments   | 50.00                    | –                        |
| Aggregate Amount of Unquoted Investments   | 6,342.14                 | 5,761.59                 |
| Market Value of Quoted Investments   | 50.00                    | –                        |

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

**14.1** IFGL Exports Limited became a Subsidiary with effect from 30th March 2012.

**14.2** Shares of IFGL Exports Limited are pledged with Export Import Bank of India for loans granted by them to IFGL Exports Limited.

### 15. LONG-TERM LOANS AND ADVANCES

|                                   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|-----------------------------------|--------------------------|--------------------------|
| <b>Unsecured, Considered Good</b> |                          |                          |
| Capital Advances                  | 11.27                    | 75.51                    |
| Security Deposits                 | 49.10                    | 46.25                    |
| <b>Total</b>                      | <b>60.37</b>             | <b>121.76</b>            |

### 16. OTHER NON-CURRENT ASSETS

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>Others</b>   |                          |                          |
| - Long Term Deposits with Banks with original maturity period of more than 12 months* | 38.00                    | 23.00                    |
| <b>Total</b>  | <b>38.00</b>             | <b>23.00</b>             |

\*Kept under lien by Bank as margin money against non fund based facilities provided.

### 17. INVENTORIES

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>Valued at lower of Cost and Net Realizable Value</b>  |                          |                          |
| Raw Materials and Components<br>[includes in transit ₹ 300.35 (31.03.2011 : ₹ 415.06)]         | 2,236.14                 | 2,248.19                 |
| Work-in-Progress (Refer Note 17.1 below)   | 750.21                   | 554.50                   |
| Finished Goods [includes in transit ₹ 85.10 (31.03.2011 : ₹ 16.23)]<br>(Refer Note 17.2 below) | 647.33                   | 380.51                   |
| Stock of Traded Goods (Refer Note 17.3 below)  | 159.57                   | 187.02                   |
| Stores and Spares  | 184.96                   | 137.91                   |
| <b>Total</b>   | <b>3,978.21</b>          | <b>3,508.13</b>          |

#### 17.1 DETAILS OF WORK-IN-PROGRESS :

|                       | As at<br>31st March 2012 | As at<br>31st March 2011 |
|-----------------------|--------------------------|--------------------------|
| Shaped Refractories   | 503.89                   | 373.35                   |
| Unshaped Refractories | 246.32                   | 181.15                   |
| <b>Total</b>          | <b>750.21</b>            | <b>554.50</b>            |

#### 17.2 DETAILS OF FINISHED GOODS :

|                       | As at<br>31st March 2012 | As at<br>31st March 2011 |
|-----------------------|--------------------------|--------------------------|
| Shaped Refractories   | 505.39                   | 308.39                   |
| Unshaped Refractories | 141.94                   | 72.12                    |
| <b>Total</b>          | <b>647.33</b>            | <b>380.51</b>            |



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

## 17.3 DETAILS OF STOCK OF TRADED GOODS :

|                                    | As at<br>31st March 2012 | As at<br>31st March 2011 |
|------------------------------------|--------------------------|--------------------------|
| Operating Systems for Refractories | 14.61                    | 19.81                    |
| Others                             | 144.96                   | 167.21                   |
| <b>Total</b>                       | <b>159.57</b>            | <b>187.02</b>            |

## 18. TRADE RECEIVABLES

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>Unsecured</b>   |                          |                          |
| Outstanding for a period exceeding six months from the date they are due for payment |                          |                          |
| - Considered Good  | 79.55                    | 128.30                   |
| - Considered Doubtful  | 66.51                    | 92.05                    |
| Other Receivables  |                          |                          |
| - Considered Good  | 6,340.64                 | 6,073.91                 |
| Less : Provision for Doubtful Receivables  | (66.51)                  | (92.05)                  |
| <b>Total</b>   | <b>6,420.19</b>          | <b>6,202.21</b>          |

## 19. CASH AND CASH EQUIVALENTS

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>Balances with Banks</b>   |                          |                          |
| - In Current Accounts  | 427.07                   | 44.37                    |
| - In Deposit Accounts (with original maturity of less than 3 months)             | 500.00                   | —                        |
| <b>Cheques on Hand</b>   | —                        | 187.67                   |
| <b>Cash on Hand</b>  | 9.16                     | 2.45                     |
| <b>Other Bank Balances</b>   |                          |                          |
| - On Unclaimed Dividend Accounts   | 48.74                    | 52.67                    |
| - Deposits with original maturity of more than 3 months but less than 12 months* | 2.00                     | 23.00                    |
| <b>Total</b>   | <b>986.97</b>            | <b>310.16</b>            |

\* Above deposit are kept under lien by the Bank as margin money against non fund based facility provided.

## 20. SHORT-TERM LOANS AND ADVANCES

|                                     | As at<br>31st March 2012 | As at<br>31st March 2011 |
|-------------------------------------|--------------------------|--------------------------|
| <b>Unsecured, Considered Good</b>   |                          |                          |
| Loans and Advances to related party | 4.15                     | 1.82                     |
| Others Loans and Advances           |                          |                          |
| - Others (Refer Note 20.1 below)    | 62.81                    | 71.92                    |
| - Prepaid Expenses                  | 35.62                    | 21.61                    |
| <b>Total</b>                        | <b>98.43</b>             | <b>93.53</b>             |
|                                     | <b>102.58</b>            | <b>95.35</b>             |

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

### 20.1 LOANS AND ADVANCES - OTHERS :

|                             | As at<br>31st March 2012 | As at<br>31st March 2011 |
|-----------------------------|--------------------------|--------------------------|
| Advance to Suppliers        | 20.65                    | 18.86                    |
| Insurance Claims Receivable | 7.09                     | —                        |
| Advance for Expenses        | 35.07                    | 53.06                    |
| <b>Total</b>                | <b>62.81</b>             | <b>71.92</b>             |

### 21. OTHER CURRENT ASSETS

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>Unsecured, Considered Good</b>         |                          |                          |
| Interest Accrued on Fixed Deposits        | 16.79                    | 7.01                     |
| Accrued Export Benefits under DEPB Scheme | 238.71                   | 624.02                   |
| Balances with Excise Authorities etc.     | 175.13                   | 257.49                   |
| <b>Total</b>                              | <b>430.63</b>            | <b>888.52</b>            |

### 22. REVENUE FROM OPERATIONS

|  | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--|---------------------------------------|---------------------------------------|
| <b>Revenue From Sale of Products (Gross) :</b> |                                       |                                       |
| Finished Goods (Refer Note 22.1 below)         | 27,666.08                             | 21,591.20                             |
| Traded Goods (Refer Note 22.2 below)           | 813.24                                | 629.69                                |
|  | <b>28,479.32</b>                      | <b>22,220.89</b>                      |
| Less : Excise Duty                             | (1,260.20)                            | (1,448.15)                            |
| <b>Revenue From Sale of Products (Net) :</b>   | <b>27,219.12</b>                      | <b>20,772.74</b>                      |
| Service Income (Refer Note 22.3 below)         | 209.75                                | 210.04                                |
| Other Operating Revenue (Scrap Sales)          | 51.43                                 | 47.19                                 |
| <b>Total</b>                                   | <b>27,480.30</b>                      | <b>21,029.97</b>                      |

#### 22.1 DETAILS OF SALES OF FINISHED GOODS :

|                       | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|-----------------------|---------------------------------------|---------------------------------------|
| Shaped Refractories   | 23,185.59                             | 18,583.35                             |
| Unshaped Refractories | 4,480.49                              | 3,007.85                              |
| <b>Total</b>          | <b>27,666.08</b>                      | <b>21,591.20</b>                      |

#### 22.2 DETAILS OF SALES OF TRADED GOODS :

|                       | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|-----------------------|---------------------------------------|---------------------------------------|
| Shaped Refractories   | 573.23                                | 339.25                                |
| Unshaped Refractories | 240.01                                | 290.44                                |
| <b>Total</b>          | <b>813.24</b>                         | <b>629.69</b>                         |

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

**22.3 DETAILS OF SERVICE INCOME :**

|                                     | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|-------------------------------------|---------------------------------------|---------------------------------------|
| Mechanism and Installation Services | 209.75                                | 210.04                                |
| <b>Total</b>                        | <b>209.75</b>                         | <b>210.04</b>                         |

**23. OTHER INCOME**

|   | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|---|---------------------------------------|---------------------------------------|
| Interest Income (Refer Note 23.1 below)   | 69.00                                 | 18.47                                 |
| Liabilities no longer required written back   | 103.66                                | 59.80                                 |
| Other Non Operating Income (Net of Expenses directly attributable to such Income) (Refer Note 23.2 below) | 67.92                                 | 4.37                                  |
| <b>Total</b>  | <b>240.58</b>                         | <b>82.64</b>                          |

**23.1 DETAILS OF INTEREST INCOME :**

|                                      | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Interest on Bank Deposits            | 25.31                                 | 4.57                                  |
| Interest on Customers' overdue bills | 43.63                                 | 13.07                                 |
| Interest Others                      | 0.06                                  | 0.83                                  |
| <b>Total</b>                         | <b>69.00</b>                          | <b>18.47</b>                          |

No interest was capitalised during the year.

**23.2 OTHER NON OPERATING INCOME :**

|                    | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--------------------|---------------------------------------|---------------------------------------|
| Bad Debts Recovery | 33.33                                 | 0.38                                  |
| Insurance Claims   | 19.01                                 | 1.64                                  |
| Commission         | 13.43                                 | 1.59                                  |
| Sundry Receipts    | 2.15                                  | 0.76                                  |
| <b>Total</b>       | <b>67.92</b>                          | <b>4.37</b>                           |

**24. COST OF MATERIALS AND COMPONENTS CONSUMED**

|   | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|---|---------------------------------------|---------------------------------------|
| Raw Materials (Refer Notes 24.1 and 24.2 below) | 14,170.98                             | 10,659.61                             |
| <b>Total</b>                                    | <b>14,170.98</b>                      | <b>10,659.61</b>                      |

**24.1 DETAILS OF MATERIALS CONSUMED :**

|                      | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|----------------------|---------------------------------------|---------------------------------------|
| <b>Raw Materials</b> |                                       |                                       |
| Alumina              | 3,540.12                              | 2,956.38                              |
| Graphite             | 1,531.84                              | 848.59                                |
| Zirconia             | 2,229.84                              | 1,382.52                              |
| Resin                | 1,906.37                              | 1,456.91                              |
| Others               | 4,962.81                              | 4,015.21                              |
| <b>Total</b>         | <b>14,170.98</b>                      | <b>10,659.61</b>                      |

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

### 24.2 COST OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED :

|                     | For the year ended<br>31st March 2012 |               | For the year ended<br>31st March 2011 |               |
|---------------------|---------------------------------------|---------------|---------------------------------------|---------------|
|                     | Value                                 | %             | Value                                 | %             |
| Raw Materials :     |                                       |               |                                       |               |
| - Imported          | 7,613.17                              | 53.72         | 5,845.86                              | 54.84         |
| - Indigenous        | 6,557.81                              | 46.28         | 4,813.75                              | 45.16         |
| <b>Total</b>        | <b>14,170.98</b>                      | <b>100.00</b> | <b>10,659.61</b>                      | <b>100.00</b> |
| Stores and Spares : |                                       |               |                                       |               |
| - Imported          | 61.75                                 | 10.40         | 73.59                                 | 12.58         |
| - Indigenous        | 532.13                                | 89.60         | 511.27                                | 87.42         |
| <b>Total</b>        | <b>593.88</b>                         | <b>100.00</b> | <b>584.86</b>                         | <b>100.00</b> |

### 25. DETAILS OF PURCHASES OF TRADED GOODS

|                                    | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|------------------------------------|---------------------------------------|---------------------------------------|
| Operating Systems for Refractories | 28.20                                 | 49.79                                 |
| Refractories (Unshaped)            | 225.18                                | 291.01                                |
| Mechanism Spares                   | 383.96                                | 277.75                                |
| <b>Total</b>                       | <b>637.34</b>                         | <b>618.55</b>                         |

### 26. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

|  | For the year ended<br>31st March 2012 |                 | For the year ended<br>31st March 2011 |                 |
|--|---------------------------------------|-----------------|---------------------------------------|-----------------|
| <b>Opening Stock</b>                     |                                       |                 |                                       |                 |
| Finished Goods and Stock of Traded Goods | 567.53                                |                 | 491.59                                |                 |
| Work-in-Progress                         | 554.50                                | 1,122.03        | 379.68                                | 871.27          |
| <b>Less : Closing Stock</b>              |                                       |                 |                                       |                 |
| Finished Goods and Stock of Traded Goods | 806.90                                |                 | 567.53                                |                 |
| Work-in-Progress                         | 750.21                                | 1,557.11        | 554.50                                | 1,122.03        |
| <b>Total</b>                             |                                       | <b>(435.08)</b> |                                       | <b>(250.76)</b> |

### 27. EMPLOYEE BENEFITS EXPENSE

|  | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--|---------------------------------------|---------------------------------------|
| Salaries, Wages and Bonus (Refer Note 27.1 below)      | 2,002.23                              | 1,693.52                              |
| Contribution to Funds (Refer Note 27.2 and 27.3 below) | 188.48                                | 185.15                                |
| Staff Welfare Expenses                                 | 39.07                                 | 41.36                                 |
| <b>Total</b>   | <b>2,229.78</b>                       | <b>1,920.03</b>                       |

**NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

(₹ in lacs)

**27.1** The Company had paid remuneration in excess of the limits laid down in the Companies Act, 1956 aggregating to ₹ 86.94 to the Chairman and Managing Director during the year ended 31.03.2011. During the current year, orders from Central Government dated 17th February 2012 were received directing waiver of ₹ 63.57 and recovery of balance ₹ 23.37 from the Chairman and Managing Director of the Company. The said amounts have been recovered and credited to Salary, Wages and Bonus for the current year.

**27.2** The Company has recognised in the Statement of Profit and Loss for the year ended 31st March 2012 an amount of ₹ 154.19 (31.03.2011 : ₹ 131.76) as expenses under Defined Contribution Plans.

**27.3 PROVIDENT FUND (FUNDED) :**

Provident Fund contributions in respect of employees are made to Trust administered by the Company and it has the liability to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered interest rates are determined annually predominantly considering the social rather than economic factors. The contribution by the employer and employee together with the interest accumulated thereon are payable to the employees at the time of their separation from the Company or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee. Based on the final guidance for measurement of Provident Fund liabilities issued by the Actuarial Society of India, the Company's liability at the year end of ₹ 16.68 has been actuarially determined by an independent actuary and provided for.

The details of Fund position as at 31st March 2012 is given below :

|  | For the year ended<br>31st March 2012 |
|--|---------------------------------------|
| Present Value of benefit obligation at period end  | 16.68                                 |
| Cost of shortfall in Interest Rate Guarantee   | 16.68                                 |
| Assumptions used in determining the Present Value Obligation of the interest rate guarantee under the deterministic approach |                                       |
| Discount Rate  | 8.60%                                 |
| Expected Guaranteed Interest Rate  | 8.70%                                 |

**27.4 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 2.11 (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 2012.

**27.5 SUPERANNUATION (FUNDED) :**

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 2.11 (iv) and (vi) for accounting policy relating to Superannuation.

**27.6 COMPENSATED ABSENCE (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 2.11 (vii) above.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

**27.7 Following are the further particulars with respect to Defined Benefit Plans of the Company for the year ended 31st March 2012 :**

|   | Gratuity (Funded)                  |                                    | Superannuation (Funded)            |                                    | Leave Encashment (Unfunded)        |                                    |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   | For the year ended 31st March 2012 | For the year ended 31st March 2011 | For the year ended 31st March 2012 | For the year ended 31st March 2011 | For the year ended 31st March 2012 | For the year ended 31st March 2011 |
| <b>a) Reconciliation of the Opening and Closing Balances of Present Value of Defined Benefit Obligation :</b>   |                                    |                                    |                                    |                                    |                                    |                                    |
| Present Value of Obligation, as at the beginning of the year  | 372.92                             | 308.48                             | 205.57                             | 194.98                             | 18.17                              | 13.66                              |
| Service Cost  | 26.44                              | 22.99                              | –                                  | –                                  | 2.08                               | 2.07                               |
| Interest Cost   | 29.51                              | 24.04                              | 16.28                              | 15.58                              | 1.43                               | 1.06                               |
| Actuarial (Gains)/Losses  | 2.39                               | 33.41                              | (11.69)                            | (4.50)                             | (4.52)                             | 2.18                               |
| (Benefits Paid)   | (7.98)                             | (16.00)                            | (4.09)                             | (0.49)                             | (0.49)                             | (0.80)                             |
| Present Value of Obligation, as at the end of the year  | 423.28                             | 372.92                             | 206.07                             | 205.57                             | 16.67                              | 18.17                              |
| <b>b) Reconciliation of the Opening and Closing Balances of the Fair Value of Plan Assets :</b>                 |                                    |                                    |                                    |                                    |                                    |                                    |
| Fair Value of Plan Assets at the beginning of the year  | 339.77                             | 305.64                             | 398.28                             | 372.33                             | –                                  | –                                  |
| Expected return on Plan Assets  | 30.08                              | 25.62                              | 32.49                              | 30.51                              | –                                  | –                                  |
| Actuarial Gains/(Losses)  | (4.83)                             | 2.51                               | (6.26)                             | (4.07)                             | –                                  | –                                  |
| Contribution by the Company   | 53.15                              | 22.00                              | –                                  | –                                  | 0.49                               | 0.80                               |
| (Benefits Paid)   | (7.98)                             | (16.00)                            | (4.09)                             | (0.49)                             | (0.49)                             | (0.80)                             |
| Fair Value of Plan Assets at the end of the year  | 410.19                             | 339.77                             | 420.42                             | 398.28                             | –                                  | –                                  |
| <b>c) Reconciliation of the Present Value of Defined Benefit Obligation and Fair Value of the Plan Assets :</b> |                                    |                                    |                                    |                                    |                                    |                                    |
| Fair Value of Plan Assets at the end of the year  | 410.19                             | 339.77                             | 420.42                             | 398.28                             | –                                  | –                                  |
| Present value of Obligation, at the end of the year   | 423.28                             | 372.92                             | 206.07                             | 205.57                             | 16.67                              | 18.17                              |
| Assets/(Liabilities) recognised in the Balance Sheet  | (13.09)                            | (33.15)                            | 214.35 #                           | 192.71 #                           | (17.68)                            | (18.17)                            |

# Actual amount of Asset in the Balance Sheet Nil (31.03.2011 : Nil)



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

|  | Gratuity (Funded)                  |                                    | Superannuation (Funded)            |                                    | Leave Encashment (Unfunded)        |                                    |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|  | For the year ended 31st March 2012 | For the year ended 31st March 2011 | For the year ended 31st March 2012 | For the year ended 31st March 2011 | For the year ended 31st March 2012 | For the year ended 31st March 2011 |
| <b>d) Expense recognised in the Statement of Profit and Loss :</b> |                                    |                                    |                                    |                                    |                                    |                                    |
| Current Service Cost   | 26.44                              | 22.99                              | –                                  | –                                  | 2.08                               | 2.07                               |
| Interest Cost  | 29.51                              | 24.04                              | 16.28                              | 15.58                              | 1.43                               | 1.06                               |
| (Expected Return of Plan Assets)                                   | (30.08)                            | (25.62)                            | (32.49)                            | (30.51)                            | –                                  | –                                  |
| Actuarial (Gain)/Loss  | 7.22                               | 30.90                              | (5.43)                             | (0.43)                             | (4.52)                             | 2.18                               |
| Total Expense as per the Actuarial Valuation                       | 33.09                              | 52.31                              | (21.64)                            | (15.36)                            | (1.01)                             | 5.31                               |
| Actual Expenses Recognised   | **33.09                            | **52.31                            | –                                  | –                                  | –                                  | *5.31                              |

\* The Expenses for the above benefit are recognised under 'Salary, Wages and Bonus' on Note 27.

\*\*The Expenses for the above benefit are recognised under 'Contribution to Funds' on Note 27.

|   | Gratuity (Funded)                  |                                    | Superannuation (Funded)            |                                    | Leave Encashment (Unfunded)        |                                    |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   | For the year ended 31st March 2012 | For the year ended 31st March 2011 | For the year ended 31st March 2012 | For the year ended 31st March 2011 | For the year ended 31st March 2012 | For the year ended 31st March 2011 |
|   | %                                  | %                                  | %                                  | %                                  | %                                  | %                                  |
| <b>e) Category of Plan Assets</b>                       |                                    |                                    |                                    |                                    |                                    |                                    |
| GOI Securities  | 7                                  | 6                                  | 13                                 | 15                                 | NA                                 | NA                                 |
| Bonds   | 4                                  | 5                                  | 7                                  | 11                                 | NA                                 | NA                                 |
| State Government/State Government Guaranteed Securities | –                                  | 5                                  | 3                                  | 3                                  | NA                                 | NA                                 |
| Units of Insurers                                       | 87                                 | 84                                 | 76                                 | 69                                 | NA                                 | NA                                 |
| Others (including Bank Balances)                        | 2                                  | –                                  | 1                                  | 2                                  | NA                                 | NA                                 |
|   | 100                                | 100                                | 100                                | 100                                | NA                                 | NA                                 |
| <b>f) Principal Actuarial Assumptions</b>               |                                    |                                    |                                    |                                    |                                    |                                    |
| Discount Rate (per annum) (%)                           | 8.60                               | 8.00                               | 8.60                               | 8.00                               | 8.60                               | 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                               | NA                                 | NA                                 |
| Remaining Working Life (in years)                       | 18.74                              | 18.97                              | 13.63                              | 14.55                              | 14.81                              | 15.63                              |
| Mortality Rate  | LIC (1994-96) ultimate             |                                    |                                    |                                    |                                    |                                    |
| Method Used   | Projected Accrued Benefit Method   |                                    |                                    |                                    |                                    |                                    |
| Actual Return on Plan Assets                            | 25.25                              | 28.13                              | 26.23                              | 26.44                              | NA                                 | NA                                 |

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

**g) Other Disclosures :**

**Gratuity Scheme :**

| Experience History                                     | For the year ended 31st March 2012 | For the year ended 31st March 2011 | For the year ended 31st March 2010 | For the year ended 31st March 2009 | For the year ended 31st March 2008 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Defined Benefit Obligation at end of the period        | (423.28)                           | (372.92)                           | (308.48)                           | (197.31)                           | –                                  |
| Plan Assets at end of the period                       | 410.19                             | 339.77                             | 305.64                             | 243.75                             | –                                  |
| Funded Status  | (13.09)                            | (33.15)                            | (2.84)                             | 46.44                              | –                                  |
| Experience Gain/(Loss) adjustments on Plan Liabilities | (20.39)                            | (33.41)                            | (52.19)                            | –                                  | –                                  |
| Experience Gain/(Loss) adjustments on Plan Assets      | (4.83)                             | 2.51                               | 23.90                              | –                                  | –                                  |
| Actuarial Gain/(Loss) due to change on assumptions     | 18.00                              | –                                  | (24.85)                            | –                                  | –                                  |

**Superannuation Scheme :**

| Experience History                                     | For the year ended 31st March 2012 | For the year ended 31st March 2011 | For the year ended 31st March 2010 | For the year ended 31st March 2009 | For the year ended 31st March 2008 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Defined Benefit Obligation at end of the period        | (206.07)                           | (205.57)                           | (194.98)                           | (189.75)                           | –                                  |
| Plan Assets at end of the period                       | 420.42                             | 398.28                             | 372.33                             | 334.27                             | –                                  |
| Funded Status  | 214.35                             | 192.71                             | 177.35                             | 144.52                             | –                                  |
| Experience Gain/(Loss) adjustments on Plan Liabilities | 5.46                               | 4.50                               | 0.67                               | –                                  | –                                  |
| Experience Gain/(Loss) adjustments on Plan Assets      | (6.26)                             | (4.07)                             | 19.94                              | –                                  | –                                  |
| Actuarial Gain/(Loss) due to change on assumptions     | 6.23                               | –                                  | –                                  | –                                  | –                                  |

**Leave Encashment Scheme :**

| Experience History                                     | For the year ended 31st March 2012 | For the year ended 31st March 2011 | For the year ended 31st March 2010 | For the year ended 31st March 2009 | For the year ended 31st March 2008 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Defined Benefit Obligation at end of the period        | (16.67)                            | (18.17)                            | (13.66)                            | (10.62)                            | –                                  |
| Plan Assets at end of the period                       | –                                  | –                                  | –                                  | –                                  | –                                  |
| Funded Status  | (16.67)                            | (18.17)                            | (13.66)                            | (10.62)                            | –                                  |
| Experience Gain/(Loss) adjustments on Plan Liabilities | 3.64                               | (2.18)                             | 0.67                               | (6.96)                             | –                                  |
| Experience Gain/(Loss) adjustments on Plan Assets      | –                                  | –                                  | –                                  | –                                  | –                                  |
| Actuarial Gain/(Loss) due to change on assumptions     | 0.88                               | –                                  | (1.24)                             | 8.89                               | –                                  |

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.

### 28. FINANCE COSTS

|                      | For the year ended 31st March 2012 | For the year ended 31st March 2011 |
|----------------------|------------------------------------|------------------------------------|
| Interest             | 468.00                             | 405.10                             |
| Other Borrowing Cost | 6.77                               | 8.41                               |
| <b>Total</b>         | <b>474.77</b>                      | <b>413.51</b>                      |

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

## 29. OTHER EXPENSES

|  | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--|---------------------------------------|---------------------------------------|
| Consumption of Stores and Spare Parts (Refer Note 24.2)                                      | 593.88                                | 584.86                                |
| Power and Fuel   | 1,499.07                              | 1,262.46                              |
| Rent   | 24.05                                 | 22.43                                 |
| Rates and Taxes  | 31.17                                 | 28.39                                 |
| Repairs :  |                                       |                                       |
| - Plant and Machinery  | 148.70                                | 121.64                                |
| - Buildings  | 8.79                                  | 7.12                                  |
| - Others   | 68.99                                 | 48.75                                 |
| Insurance  | 82.81                                 | 53.02                                 |
| Payment to Auditors (Refer Note 29.1 below)  | 16.82                                 | 15.91                                 |
| Directors' Fees  | 6.10                                  | 3.65                                  |
| Provision for Doubtful Trade Receivables/Advances  | 24.00                                 | 11.71                                 |
| Sundry Debit Balances/Advances Written off   | 31.97                                 | 79.90                                 |
| Travelling and Conveyance  | 371.89                                | 377.60                                |
| Site Contractor Expenses   | 540.53                                | 462.86                                |
| Processing Charges   | 354.48                                | 272.60                                |
| Professional Charges   | 125.03                                | 104.94                                |
| Postage, Telephone, Telex etc.   | 45.06                                 | 52.39                                 |
| Royalty  | 134.34                                | 100.89                                |
| Service Charges  | 143.43                                | 104.68                                |
| Commission and Brokerage   | 575.15                                | 384.10                                |
| Despatching and Forwarding Expenses  | 815.07                                | 699.08                                |
| Delivery and Forwarding Expenses   | 1,172.80                              | 1,266.35                              |
| Net Loss on Sale/Discard of Fixed Assets   | 10.45                                 | 1.41                                  |
| Net Loss/(Gain) on Foreign Exchange Rate Fluctuation and Translation (Refer Note 29.2 below) | 298.43                                | (178.07)                              |
| Miscellaneous Expenses   | 272.28                                | 237.47                                |
| <b>Total</b>   | <b>7,395.29</b>                       | <b>6,126.14</b>                       |

## 29.1 AMOUNTS PAID/PAYABLE TO AUDITORS :

|                           | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|---------------------------|---------------------------------------|---------------------------------------|
| <b>As Auditors</b>        |                                       |                                       |
| For Statutory Audit       | 7.50                                  | 7.50                                  |
| For Tax Audit             | 2.50                                  | 2.50                                  |
| For Limited Reviews       | 3.00                                  | 3.00                                  |
| Other Certificates        | 3.07                                  | 2.50                                  |
| Reimbursement of expenses | 0.75                                  | 0.41                                  |

The above amount excludes Service Tax and Education Cess thereon.

29.2 Net loss of ₹ 298.43 includes Provision for 'Mark to Market' losses on Derivatives of ₹ 46.90 (31.03.2011 : Nil)

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

### 30. EARNINGS PER SHARE (EPS) – The numerators and denominators used to calculate Basic and Diluted EPS

|  | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--|---------------------------------------|---------------------------------------|
| Profit after Tax   | 1,742.76                              | 737.18                                |
| Less : Dividend on Preference Shares                         | 72.50                                 | 41.71                                 |
| Tax on Dividend on Preference Shares                         | 11.76                                 | 6.77                                  |
| Profit after Tax attributable to the Equity Shareholders (A) | 1,658.50                              | 688.70                                |
| Weighted Average number of Equity Shares (in numbers) (B)    | 34,610,472                            | 34,610,472                            |
| Nominal Value of Equity Shares (in ₹)                        | 10.00                                 | 10.00                                 |
| Dilutive potential Equity Shares                             | –                                     | –                                     |
| Basic/Diluted EPS (A/B)                                      | 4.79                                  | 1.99                                  |

### 31. CONTINGENT LIABILITIES

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>a) Claims against the Company not acknowledged as debts :</b>  |                          |                          |
| i) Sales Tax matter under appeal disputed relating to issues of applicability and classification [related payments ₹ 5.49 (31.3.2011 : ₹ 5.49)] | 49.54                    | 49.54                    |
| ii) Income Tax matters under dispute relating to issues of applicability and determination  | 77.64                    | 78.83                    |
| iii) Service Tax matters under dispute relating to issues of applicability and classification   | 1.54                     | 1.54                     |
| <b>b) Guarantees</b>  |                          |                          |
| Letter of Comfort/Corporate Guarantee given to Banks against Term Loan, Working Capital and Forward Exchange Contracts provided by them to :    |                          |                          |
| A) a Step down Subsidiary [limit ₹ 114.17 lacs (31.03.2011 : ₹ 166.51 lacs)]  |                          |                          |
| Utilised at year end ₹ 56.96 lacs (31.03.2011 : ₹ 84.55 lacs)- [Converted at year end rate]   | 4,640.22                 | 6,163.84                 |
| B) a Subsidiary [limit ₹ 3,700 (31.03.2011 : ₹ 2,700)]  |                          |                          |
| Utilised at year end  | 2,348.70                 | 962.20                   |

The Management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and result of operations.

The Company does not expect any reimbursements in respect of above Contingent Liabilities.

### 32. CAPITAL AND OTHER COMMITMENTS

#### 32.1 CAPITAL COMMITMENTS :

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| Estimated value of contracts on capital account remaining to be executed (net of advances) and not provided for | 56.59                    | 136.49                   |
| <b>Total</b>  | <b>56.59</b>             | <b>136.49</b>            |

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

## 32.2 OTHER COMMITMENTS :

## Derivatives related Commitments

## Hedged Position-Forward Contracts

|   | Purpose  | As at<br>31st March 2012 |        | As at<br>31st March 2011 |        |
|---|--|--------------------------|--------|--------------------------|--------|
|   |  | No. of<br>Contracts      | Amount | No. of<br>Contracts      | Amount |
| Forward Contracts to sell \$<br>\$ 12.50(31.03.2011 : \$ 17.50) | Hedge of Highly Probable<br>Foreign Currency Sales | 5.00                     | 647.33 | 3.00                     | 811.75 |
| Forward Contracts to sell €<br>€ Nil (31.03.2011 : € 5)         |  | —                        | —      | 1.00                     | 309.25 |

| PARTICULARS OF UNHEDGED POSITION          |             | As at<br>31st March 2012 |                         | As at<br>31st March 2011 |                         |
|---|-------------|--------------------------|-------------------------|--------------------------|-------------------------|
| A. Amounts receivable in Foreign Currency | FX Currency | FX Amount                | Total INR<br>Equivalent | FX Amount                | Total INR<br>Equivalent |
| Debtors Outstanding                       | \$          | 2.17                     | 96.52                   | 0.45                     | 19.75                   |
|   | €           | 49.58                    | 3,343.42                | 41.31                    | 2,578.66                |
|   | £           | 3.11                     | 251.01                  | 1.21                     | 85.94                   |
| B. Amounts payable in Foreign Currency    | FX Currency | FX Amount                | Total INR<br>Equivalent | FX Amount                | Total INR<br>Equivalent |
| Import of Goods and Services              | \$          | 3.12                     | 161.03                  | 6.94                     | 313.24                  |
|   | €           | 0.09                     | 5.89                    | 0.18                     | 11.52                   |
|   | £           | 0.66                     | 54.86                   | 0.87                     | 63.12                   |
| Loans Payable                             | \$          | 21.14                    | 1,089.15                | 17.71                    | 799.34                  |
|   | €           | 30.36                    | 2,096.60                | 23.09                    | 1,477.57                |

## 33. RELATED PARTY DISCLOSURES

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                | IFGL Worldwide Holdings Limited                        |
| (including Step down Subsidiaries ) | IFGL Exports Limited (with effect from 30.03.2012)     |
|                                     | IFGL Monocon Holdings Limited                          |
|                                     | Monocon International Refractories Limited             |
|                                     | Monocon Overseas Limited                               |
|                                     | Mono Ceramics Inc.                                     |
|                                     | Monotec Refratarios Ltda                               |
|                                     | Tianjin Monocon Refractories Company Limited           |
|                                     | Tianjin Monocon Aluminous Refractories Company Limited |
|                                     | Goricon Metallurgical Services Limited                 |
|                                     | IFGL GmbH  |
|                                     | Hofmann Ceramic GmbH                                   |
|                                     | Hofmann GmbH & Co. OHG                                 |
|                                     | Hofmann Ceramic CZ s.r.o.                              |
|                                     | Hofmann Ceramic Limited                                |

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

|   |  |
|---|--|
| Fellow Subsidiaries   | Hofmann Ceramic LLC<br>Hofmann Pyemetric LLC<br>IFGL Inc.<br>EI Ceramic LLC<br>CUSC International Limited  |
|   | Heritage Health TPA Private Limited<br>Bajoria Financial Services Private Limited<br>IFGL Bio Ceramics Limited<br>Ganges Art Gallery Private Limited<br>Bajoria Enterprises Limited<br>Bajoria Service Providers Private Limited |
| Others  |  |
| Key Management Personnel  | S K Bajoria (Chairman)<br>P Bajoria (Managing Director)  |
| Relatives of Key Management Personnel                                   | B P Bajoria (Father of Chairman) (Deceased on 20.02.2012)<br>Mihir Bajoria (Son of Chairman)<br>Akshay Bajoria (Son of Managing Director)<br>(Joined with effect from 02.01.2012)  |
| Enterprises in which key management personnel has significant influence | Heritage Insurance Brokers Private Limited<br>Coris Heritage Asia Pacific Private Limited<br>IFGL Exports Limited (Subsidiary with effect from 30.03.2012)   |

| Particulars of Transactions during the year and year end balances  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>(I) With Holding Company : Bajoria Holdings Private Limited</b> |                          |                          |
| Issue of 5% Non Cumulative Preference Share                        | —                        | 640.00                   |
| Rent for Office Premises   | 7.59                     | 7.59                     |
| Maintenance Charges  | 10.89                    | 10.89                    |
| Expenses Reimbursement/Incurred                                    | 11.35                    | 11.67                    |
| Interest on Loan   | —                        | 0.17                     |
| Loan taken during the year   | —                        | 200.00                   |
| Loan repaid  | —                        | 200.00                   |
| Purchase of Equity Shares of IFGL Exports Limited                  | 260.00                   | —                        |
|  | <b>289.83</b>            | <b>1,070.32</b>          |
| <b>Year end Balances (Trade Payable)</b>                           | <b>0.55</b>              | <b>0.45</b>              |
| <b>(II) With Subsidiaries including Step down Subsidiaries</b>     |                          |                          |
| <b>Purchase of Raw Materials</b>                                   |                          |                          |
| Monocon International Refractories Limited                         | 0.62                     | 209.22                   |
| Tianjin Monocon Refractories Company Limited                       | 977.51                   | 774.65                   |
| Tianjin Monocon Aluminous Refractories Company Limited             | 6.71                     | 52.45                    |
| EI Ceramics LLC  | 3.96                     | —                        |
| Hofmann Ceramic GmbH   | 0.95                     | 76.15                    |
|  | <b>989.75</b>            | <b>1,112.47</b>          |



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

| Particulars of Transactions during the year and year end balances | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>Purchase of Capital Goods</b>                                  |                          |                          |
| Hofmann Ceramic GmbH  | 56.76                    | 158.92                   |
| Monocon International Refractories Limited                        | 7.11                     | —                        |
|   | <u>63.87</u>             | <u>158.92</u>            |
| <b>Sale of Finished Goods</b>                                     |                          |                          |
| Monocon International Refractories Limited                        | 541.98                   | 464.76                   |
| Mono Ceramics Inc.  | 108.05                   | 141.48                   |
| Monotec Refratarios Ltda  | 1.69                     | 0.12                     |
| Tianjin Monocon Aluminous Refractories Company Limited            | 0.39                     | —                        |
| Hofmann Ceramic GmbH  | 23.39                    | 35.17                    |
| IFGL Pyemetric LLC  | —                        | 1.39                     |
|   | <u>675.50</u>            | <u>642.92</u>            |
| <b>Commission</b>   |                          |                          |
| Mono Ceramics Inc.  | 4.11                     | 2.55                     |
| Monotec Refratarios Ltda  | 54.75                    | 4.11                     |
|   | <u>58.86</u>             | <u>6.66</u>              |
| <b>Royalty</b>  |                          |                          |
| Hofmann Ceramic GmbH  | 4.19                     | 2.40                     |
|   | <u>4.19</u>              | <u>2.40</u>              |
| <b>Expenses Reimbursement/Incurred</b>                            |                          |                          |
| Monocon International Refractories Limited                        | —                        | 7.58                     |
| Mono Ceramics Inc.  | 0.92                     | 3.00                     |
| Monotec Refratarios Ltda  | —                        | 44.69                    |
|   | <u>0.92</u>              | <u>55.27</u>             |
| <b>Expenses Recovered/Received</b>                                |                          |                          |
| Monocon International Refractories Limited                        | 12.92                    | 10.88                    |
| Tianjin Monocon Refractories Company Limited                      | 0.67                     | 2.35                     |
| Mono Ceramics Inc.  | 0.01                     | 1.13                     |
| Tianjin Monocon Aluminous Refractories Company Limited            | —                        | 0.27                     |
|   | <u>13.60</u>             | <u>14.63</u>             |
| <b>Non-Current Investment (Purchased)</b>                         |                          |                          |
| IFGL Worldwide Holdings Limited                                   | —                        | 1,439.80                 |
|   | <u>—</u>                 | <u>1,439.80</u>          |
| <b>Year end Balances</b>  |                          |                          |
| <b>Trade Payables</b>   |                          |                          |
| Monocon International Refractories Limited                        | 7.11                     | 6.93                     |
| Tianjin Monocon Refractories Company Limited                      | 213.11                   | 219.28                   |
| Hofmann Ceramic GmbH  | 1.02                     | 3.95                     |
| IFGL Exports Limited  | 17.11                    | —                        |
|   | <u>238.35</u>            | <u>230.16</u>            |

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

| Particulars of Transactions during the year and year end balances | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>Commission Payable</b>   |                          |                          |
| Mono Ceramics Inc.  | 1.89                     | 2.76                     |
| Monotec Refratarios Ltda  | 6.27                     | 2.25                     |
|   | <u>8.16</u>              | <u>5.01</u>              |
| <b>Trade Receivables</b>  |                          |                          |
| Monocon International Refractories Limited                        | 219.33                   | 87.23                    |
| Mono Ceramics Inc.  | 36.37                    | 30.58                    |
| Tianjin Monocon Refractories Company Limited                      | 0.24                     | –                        |
| Hofmann Ceramic GmbH  | 1.20                     | 13.42                    |
| IFGL Exports Limited  | 69.77                    | –                        |
|   | <u>326.91</u>            | <u>131.23</u>            |
| <b>Loans and Advances</b>   |                          |                          |
| Monocon International Refractories Limited                        | 2.26                     | 0.11                     |
| Tianjin Monocon Refractories Company Limited                      | 0.42                     | 1.48                     |
| Tianjin Monocon Aluminous Refractories Company Limited            | –                        | 0.15                     |
| Mono Ceramics Inc.  | 0.08                     | 0.08                     |
| IFGL Exports Limited  | 1.39                     | –                        |
|   | <u>4.15</u>              | <u>1.82</u>              |
| <b>Non-Current Investment</b>                                     |                          |                          |
| IFGL Worldwide Holdings Limited                                   | 5,625.39                 | 5,625.39                 |
| IFGL Exports Limited  | 716.55                   | –                        |
|   | <u>6,341.94</u>          | <u>5,625.39</u>          |
| <b>Corporate Guarantee/Letter of Comfort</b>                      |                          |                          |
| Monocon International Refractories Limited                        | 4,640.22                 | 6,163.84                 |
| IFGL Exports Limited  | 2,348.70                 | 962.20                   |
|   | <u>6,988.92</u>          | <u>7,126.04</u>          |
| <b>(III) With Fellow Subsidiaries</b>                             |                          |                          |
| <b>Sale of Finished Goods</b>                                     |                          |                          |
| IFGL Bio Ceramics Limited   | 15.75                    | 21.92                    |
|   | <u>15.75</u>             | <u>21.92</u>             |
| <b>Expenses Reimbursement/Incurred</b>                            |                          |                          |
| Ganges Art Gallery Private Limited                                | 2.33                     | 1.08                     |
|   | <u>2.33</u>              | <u>1.08</u>              |
| <b>Expenses Recovered/Received</b>                                |                          |                          |
| Heritage Health TPA Private Limited                               | 3.37                     | 1.97                     |
| IFGL Bio Ceramics Limited   | 0.96                     | 0.67                     |
| Ganges Art Gallery Private Limited                                | 0.11                     | –                        |
|   | <u>4.44</u>              | <u>2.64</u>              |

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

| Particulars of Transactions during the year and year end balances                         | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>Purchase of Equity Shares of IFGL Exports Limited</b>                                  |                          |                          |
| Bajoria Financial Services Private Limited  | 220.00                   | —                        |
|   | <u>220.00</u>            | <u>—</u>                 |
| <b>Issue of 5% Non Cumulative Preference Share</b>  |                          |                          |
| Bajoria Enterprises Limited   | —                        | 230.00                   |
| Bajoria Financial Services Private Limited  | —                        | 420.00                   |
| Bajoria Service Providers Private Limited   | —                        | 160.00                   |
|   | <u>—</u>                 | <u>810.00</u>            |
| <b>Year end Balances</b>  |                          |                          |
| <b>Trade Receivables</b>  |                          |                          |
| IFGL Bio Ceramics Limited   | 15.35                    | 19.60                    |
|   | <u>15.35</u>             | <u>19.60</u>             |
| <b>(IV) With Key Management Personnel</b>   |                          |                          |
| <b>Director's Remuneration</b>  |                          |                          |
| S K Bajoria (Chairman)  | 98.64                    | 108.33                   |
| P Bajoria (Managing Director)   | 115.74                   | 111.86                   |
| Purchase of Equity Shares of IFGL Exports Limited from S K Bajoria                        | 100.55                   | —                        |
|   | <u>314.93</u>            | <u>220.19</u>            |
| <b>Director's Commission</b>  |                          |                          |
| S K Bajoria (Chairman)  | 28.50                    | —                        |
| P Bajoria (Managing Director)   | 16.50                    | —                        |
|   | <u>45.00</u>             | <u>—</u>                 |
| <b>(V) With Relative of Key Management Personnel</b>                                      |                          |                          |
| <b>Sitting Fees</b>   |                          |                          |
| B P Bajoria   | —                        | 0.20                     |
|   | <u>—</u>                 | <u>0.20</u>              |
| <b>Remuneration</b>   |                          |                          |
| Mihir Bajoria   | —                        | 0.61                     |
| Akshay Bajoria  | 0.74                     | —                        |
|   | <u>0.74</u>              | <u>0.61</u>              |
| <b>(VI) With Enterprise in which a Key Management Personnel has significant influence</b> |                          |                          |
| <b>Expenses Recovered/Received</b>  |                          |                          |
| Heritage Insurance Brokers Private Limited  | 0.71                     | 0.11                     |
| IFGL Exports Limited  | 1.94                     | 3.84                     |
|   | <u>2.65</u>              | <u>3.95</u>              |
| <b>Sale of Services</b>   |                          |                          |
| IFGL Exports Limited  | —                        | 18.00                    |
|   | <u>—</u>                 | <u>18.00</u>             |

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

| Particulars of Transactions during the year and year end balances | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>Non-Current Investment (Purchased)</b>                         |                          |                          |
| IFGL Exports Limited  | —                        | 101.00                   |
|   | —                        | 101.00                   |
| <b>Purchase of Trading Goods</b>                                  |                          |                          |
| IFGL Exports Limited  | 17.11                    | —                        |
|   | 17.11                    | —                        |
| <b>Sale of Finished Goods</b>                                     |                          |                          |
| IFGL Exports Limited  | 69.43                    | —                        |
|   | 69.43                    | —                        |
| <b>Year end Balances</b>  |                          |                          |
| <b>Non-Current Investment</b>                                     |                          |                          |
| IFGL Exports Limited  | —                        | 136.00                   |
|   | —                        | 136.00                   |

- 34. 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 5 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 Company are as follows :

|                               | As at<br>31st March 2012 | As at<br>31st March 2011 |
|-------------------------------|--------------------------|--------------------------|
| Within 1 Year                 | 7.59                     | 3.80                     |
| More than 1 Year upto 5 Years | 26.10                    | —                        |
| <b>Total</b>                  | <b>33.69</b>             | <b>3.80</b>              |

Lease Rentals recognised in this Statement of Profit and Loss amount to ₹ 7.59 (31.03.2011 : ₹ 7.59)

### 35. CIF VALUE OF IMPORTS

|                   | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|-------------------|---------------------------------------|---------------------------------------|
| Raw Materials     | 6,346.97                              | 5,392.45                              |
| Stores and Spares | 46.48                                 | 102.39                                |
| Trading Items     | 18.37                                 | 16.28                                 |
| Capital Goods     | 77.28                                 | 212.52                                |

### 36. EXPENDITURE IN FOREIGN CURRENCY

|                         | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|-------------------------|---------------------------------------|---------------------------------------|
| Salaries and Wages      | 466.22                                | 392.66                                |
| Travelling              | 172.62                                | 189.61                                |
| Commission              | 520.55                                | 351.96                                |
| Royalty                 | 134.31                                | 100.89                                |
| Interest                | 11.21                                 | 8.22                                  |
| Export Selling Expenses | 111.87                                | 124.10                                |
| Professional Fees       | 19.32                                 | 11.92                                 |
| Others                  | 50.88                                 | 41.57                                 |

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

## 37. EARNINGS IN FOREIGN EXCHANGE

|                      | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|----------------------|---------------------------------------|---------------------------------------|
| FOB value of Exports | 8,203.57                              | 5,685.25                              |
| <b>Total</b>         | <b>8,203.57</b>                       | <b>5,685.25</b>                       |

## 38. DIVIDEND REMITTED IN FOREIGN CURRENCY

|   | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|---|---------------------------------------|---------------------------------------|
| (a) Amount Remitted                     |                                       |                                       |
| - for the year 2010-2011                | 25.03                                 | —                                     |
| - for the year 2009-2010                | —                                     | 50.07                                 |
| (b) Number of Non-Resident Shareholders | 2                                     | 2                                     |
| (c) Number of Shares held by them       | 5,006,956                             | 5,006,956                             |

## 39. SEGMENT REPORTING

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 :

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>Revenue</b>                                    |                          |                          |
| India   | 13,287.58                | 10,373.93                |
| Outside India                                     |                          |                          |
| Direct Exports                                    | 8,630.21                 | 5,685.25                 |
| Indirect Exports                                  | 5,803.09                 | 5,053.43                 |
| <b>Total</b>                                      | <b>27,720.88</b>         | <b>21,112.61</b>         |
| <b>Carrying amount of Assets</b>                  |                          |                          |
| India   | 18,362.79                | 17,671.82                |
| Outside India                                     |                          |                          |
| Branch Assets in Italy                            | 41.44                    | 54.23                    |
| Debtors-Direct Exports                            | 2,173.22                 | 2,136.79                 |
| Debtors-Indirect Exports                          | 2,186.46                 | 1,613.86                 |
| <b>Total</b>                                      | <b>22,763.91</b>         | <b>21,476.70</b>         |
| <b>Purchase of Tangible and Intangible Assets</b> |                          |                          |
| India   | 444.98                   | 1,324.02                 |
| Outside India                                     | 0.24                     | 24.12                    |

## 40. PREVIOUS YEAR FIGURES

The revised Schedule VI has become effective from 1st April 2011 for the preparation of Financial Statements. This has significantly impacted the Disclosure and Presentation made in the Financial Statements. Previous year's figures have been re-grouped/re-classified wherever necessary to correspond with the current year's classification/disclosure.

Signatures to Note '1' to '40'

On behalf of the Board of Directors

**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 2012

| (₹ in lacs)   |          |          |              |                   |              |           |                          |                   |                         |                   |
|---|----------|----------|--------------|-------------------|--------------|-----------|--------------------------|-------------------|-------------------------|-------------------|
|   | Capital  | Reserves | Total Assets | Total Liabilities | Invest-ments | Turnover  | Profit/(Loss) before Tax | Provision for Tax | Profit/(Loss) after Tax | Proposed Dividend |
| Subsidiary  | 71.66    | 614.62   | 3,904.13     | 3,217.85          | —            | —         | (3.15)                   | —                 | (3.15)                  | —                 |
|   | 5,172.71 | 3,459.65 | 3,808.33     | —                 | —            | —         | 225.69                   | —                 | 225.69                  | —                 |
| Step Down Subsidiaries                                      |          |          |              |                   |              |           |                          |                   |                         |                   |
| CUSC International Ltd, USA                                 | 244.21   | 134.85   | 548.20       | 169.14            | —            | —         | 56.74                    | —                 | 56.74                   | —                 |
| EI Ceramics LLC, USA  | 468.11   | 762.10   | 2,325.61     | 1,095.39          | —            | 7,152.55  | 913.05                   | 292.38            | 620.67                  | —                 |
| Goricon Metallurgical Services Ltd, (Wales) UK              | 48.88    | 465.01   | 528.65       | 14.76             | —            | 70.29     | 24.88                    | 5.83              | 19.05                   | —                 |
| Hofmann Ceramic CZ s.r.o, Czech Republic                    | 46.90    | (534.97) | 238.99       | 727.05            | —            | 590.16    | (192.68)                 | —                 | (192.68)                | —                 |
| Hofmann Ceramic GmbH, Germany                               | 176.49   | 1,437.93 | 2,377.23     | 864.54            | —            | 7,606.22  | 391.90                   | 102.52            | 289.38                  | —                 |
| Hofmann Ceramic LLC, USA                                    | 14.50    | 47.63    | 74.94        | 12.80             | —            | —         | 37.94                    | 13.86             | 24.08                   | —                 |
| Hofmann Ceramic Limited, UK                                 | 0.08     | 0.00     | 0.08         | (0.00)            | —            | —         | 0.07                     | —                 | 0.07                    | —                 |
| Hofmann GmbH & Co. OHG, Germany                             | 79.07    | 1,008.89 | 1,482.47     | 394.52            | —            | —         | 55.61                    | 0.98              | 54.63                   | —                 |
| Hofmann Pyemetric LLC, USA                                  | 0.28     | 5.04     | 10.68        | 5.37              | —            | —         | 5.29                     | —                 | 5.29                    | —                 |
| IFGL GmbH, Germany  | 4,237.76 | (73.72)  | 32.03        | 74.83             | —            | —         | (5.12)                   | 11.06             | (16.18)                 | —                 |
| IFGL Inc, USA   | 2,036.40 | 41.70    | 207.82       | 3,760.56          | —            | —         | 42.18                    | (40.67)           | 82.85                   | —                 |
| IFGL Monocon Holdings Limited, UK                           | 4,073.00 | —        | —            | 20.37             | —            | —         | —                        | —                 | —                       | —                 |
| Mono Ceramics Inc, USA                                      | 2,122.89 | 2,220.81 | 2,754.80     | 610.04            | —            | 5,219.19  | 255.05                   | 55.64             | 199.41                  | —                 |
| Monocon International Refractories Limited, UK              | 0.08     | 5,517.26 | 5,672.11     | 8,002.78          | —            | 13,007.82 | 1,228.42                 | 441.09            | 787.33                  | —                 |
| Monocon Overseas Limited, UK                                | 0.81     | 6,606.32 | 3.67         | 523.70            | —            | —         | (5.60)                   | (0.00)            | (5.60)                  | —                 |
| Monotec Refratarios Ltda, Brazil                            | 223.99   | (27.49)  | 333.43       | 136.93            | —            | 485.41    | (143.10)                 | —                 | (143.10)                | —                 |
| Tianjin Monocon Aluminous Refractories Company Limited, PRC | 422.72   | 328.13   | 837.06       | 86.21             | —            | 1,145.78  | (46.55)                  | (1.68)            | (44.87)                 | —                 |
| Tianjin Monocon Refractories Company Limited, PRC           | 114.04   | 414.03   | 1,212.98     | 684.90            | —            | 4,170.55  | 285.53                   | 70.06             | 215.47                  | 414.93 @          |

@ Paid to Holding Company, IFGL Worlwide Holdings Limited, Isle of Man, out of Reserves

## NOTES :

- Balance Sheet figures have been converted into Indian Rupees by applying year end foreign exchange closing rate of ₹ 67.88 equivalent to 1 Euro, ₹ 81.46 equivalent to 1 GBP and ₹ 50.91 equivalent to 1 USD. Profit and Loss figures have however been converted into Indian Rupees by using Average Exchange Rate of ₹ 66.09 equivalent to 1 Euro, ₹ 76.56 equivalent to 1 GBP and ₹ 47.71 equivalent to 1 USD.
- Investments exclude investments made in Subsidiary Companies.



## CONSOLIDATED 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 2012, the Consolidated Statement of Profit and Loss 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 mis-statement. 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. (i) The Financial Statements of overseas Subsidiaries whose statements reflect Total Assets (Net) of ₹ 25,058.01 lacs as at 31st March 2012, Total Revenues of ₹ 32,968.62 lacs and net cash inflows amounting to ₹ 289.59 lacs for the year ended on that date have been audited by auditors in the respective countries.  
(ii) The Financial Statements of a Subsidiary whose statements reflect Total Assets (Net) of ₹ 3,907.39 lacs as at 31st March 2012, Total Revenues of ₹ Nil and net cash inflows amounting to ₹ 2.47 lacs for the year ended on that date have been audited by other auditor.  
  
The reports of those auditors 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 those auditors.
4. 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.
5. 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 2012;
  - (ii) in the case of the Consolidated Statement of Profit and Loss, 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  
19th May 2012

## CONSOLIDATED BALANCE SHEET As at 31st March 2012

(₹ in lacs)

|                                      | Note No. | As at<br>31st March 2012 |           | As at<br>31st March 2011 |           |
|--------------------------------------|----------|--------------------------|-----------|--------------------------|-----------|
| <b>I. EQUITY AND LIABILITIES</b>     |          |                          |           |                          |           |
| <b>1 Shareholders' Funds</b>         |          |                          |           |                          |           |
| a) Share Capital                     | 4        | 4,911.05                 |           | 4,911.05                 |           |
| b) Reserves and Surplus              | 5        | 17,278.47                | 22,189.52 | 12,659.77                | 17,570.82 |
|                                      |          |                          | 698.16    |                          | 38.68     |
| <b>2 Minority Interest</b>           |          |                          |           |                          |           |
| <b>3 Non-Current Liabilities</b>     |          |                          |           |                          |           |
| a) Long-Term Borrowings              | 6        | 6,381.08                 |           | 6,974.19                 |           |
| b) Deferred Tax Liabilities (Net)    | 7        | 482.97                   |           | 400.97                   |           |
| c) Long-Term Provisions              | 8        | 16.01                    | 6,880.06  | 17.66                    | 7,392.82  |
| <b>4 Current Liabilities</b>         |          |                          |           |                          |           |
| a) Short-Term Borrowings             | 9        | 4,895.92                 |           | 4,441.06                 |           |
| b) Trade Payables                    | 10       | 7,289.66                 |           | 7,345.37                 |           |
| c) Other Current Liabilities         | 11       | 1,941.51                 |           | 1,287.06                 |           |
| d) Short-Term Provisions             | 12       | 1,492.57                 | 15,619.66 | 548.10                   | 13,621.59 |
| <b>TOTAL</b>                         |          |                          | 45,387.40 |                          | 38,623.91 |
| <b>II. ASSETS</b>                    |          |                          |           |                          |           |
| <b>1 Non-Current Assets</b>          |          |                          |           |                          |           |
| a) Fixed Assets                      |          |                          |           |                          |           |
| (i) Tangible Assets                  | 13       | 11,134.65                |           | 7,931.46                 |           |
| (ii) Intangible Assets               | 14       | 30.90                    |           | 42.85                    |           |
| (iii) Capital Work-in-Progress       |          | 452.55                   | 11,618.10 | 205.32                   | 8,179.63  |
| b) Goodwill arising on Consolidation | 15       |                          | 10,939.10 |                          | 9,809.48  |
| c) Non-Current Investments           | 16       |                          | 50.20     |                          | 136.20    |
| d) Long-Term Loans and Advances      | 17       |                          | 108.14    |                          | 121.76    |
| e) Other Non-Current Assets          | 18       |                          | 38.00     |                          | 23.00     |
| <b>2 Current Assets</b>              |          |                          |           |                          |           |
| a) Inventories                       | 19       | 8,546.22                 |           | 7,018.19                 |           |
| b) Trade Receivables                 | 20       | 11,341.45                |           | 10,956.90                |           |
| c) Cash and Cash Equivalents         | 21       | 1,947.55                 |           | 978.66                   |           |
| d) Short-Term Loans and Advances     | 22       | 275.31                   |           | 448.21                   |           |
| e) Other Current Assets              | 23       | 523.33                   | 22,633.86 | 951.88                   | 20,353.84 |
| <b>TOTAL</b>                         |          |                          | 45,387.40 |                          | 38,623.91 |

The accompanying Notes form an integral part of these Financial Statements.

In terms of our Report attached.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

**A Bhattacharya**

Partner

Kolkata

19th May 2012

On behalf of the Board of Directors

**R Agarwal**  
Company Secretary

**P Bajoria**  
Managing Director

**S K Bajoria**  
Chairman

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS** For the year ended 31st March 2012

(₹ in lacs)

|  | Note No. | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--|----------|---------------------------------------|---------------------------------------|
| <b>I Revenue from Operations (Gross)</b>   | 24       | <b>61,645.25</b>                      | 48,552.62                             |
| Less : Excise Duty   |          | <b>(1,260.20)</b>                     | (1,448.15)                            |
| Revenue from Operations (Net)  |          | <b>60,385.05</b>                      | 47,104.47                             |
| <b>II Other Income</b>   | 25       | <b>263.55</b>                         | 473.61                                |
| <b>III Total Revenue (I + II)</b>  |          | <b>60,648.60</b>                      | 47,578.08                             |
| <b>IV Expenses :</b>   |          |                                       |                                       |
| Cost of Materials and Components Consumed  | 26       | <b>31,044.21</b>                      | 23,890.51                             |
| Purchases of Stock-in-Trade  | 27       | <b>676.19</b>                         | 833.37                                |
| Changes in Inventories of Finished Goods,<br>Work-in-Progress and Stock-in-Trade | 28       | <b>(1,341.47)</b>                     | (26.71)                               |
| Employee Benefits Expense  | 29       | <b>8,431.34</b>                       | 6,605.69                              |
| Finance Costs  | 30       | <b>675.40</b>                         | 598.47                                |
| Depreciation and Amortisation Expense  | 14.2     | <b>1,291.07</b>                       | 872.23                                |
| Other Expenses   | 31       | <b>14,119.68</b>                      | 11,694.65                             |
| Adjustment for items Capitalised   |          | <b>(63.87)</b>                        | (158.92)                              |
| <b>Total Expenses</b>  |          | <b>54,832.55</b>                      | 44,309.29                             |
| <b>V Profit before Tax (III-IV)</b>  |          | <b>5,816.05</b>                       | 3,268.79                              |
| <b>VI Tax Expense :</b>  |          |                                       |                                       |
| (1) Current Tax  |          | <b>1,764.36</b>                       | 817.76                                |
| (2) Deferred Tax   |          | <b>68.89</b>                          | 24.60                                 |
|  |          | <b>1,833.25</b>                       | 842.36                                |
| <b>VII Profit for the Year (V-VI)</b>  |          | <b>3,982.80</b>                       | 2,426.43                              |
| <b>VIII Earnings per Equity Share :</b>  |          |                                       |                                       |
| (1) Basic  | 32       | <b>11.28</b>                          | 6.87                                  |
| (2) Diluted  | 32       | <b>11.28</b>                          | 6.87                                  |

The accompanying Notes form an integral part of these Financial Statements.

In terms of our Report attached.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

**A Bhattacharya**

Partner

Kolkata

19th May 2012

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 2012

(₹ in lacs)

|  | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--|---------------------------------------|---------------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>                |                                       |                                       |
| Net Profit before Tax and Minority Interest                    | 5,816.05                              | 3,268.79                              |
| <b>Adjustments for :</b>                                       |                                       |                                       |
| Depreciation and Amortisation                                  | 1,291.07                              | 872.23                                |
| Finance Costs  | 594.08                                | 557.47                                |
| Liability no longer required written back                      | (139.20)                              | (59.80)                               |
| Loss on Sale/Discard of Assets (Net)                           | 22.92                                 | 5.50                                  |
| (Bad Debt Recoveries)/Bad Debts/Advances written off           | (14.19)                               | 114.73                                |
| Unrealised Foreign Exchange Gain (Net)                         | (36.46)                               | (233.52)                              |
| Effect of change in Foreign Exchange Translation               | (561.58)                              | 7.01                                  |
| <b>Operating Profit before Working Capital Changes</b>         | <b>6,972.69</b>                       | <b>4,532.41</b>                       |
| <b>Adjustments for :</b>                                       |                                       |                                       |
| Trade and other Receivables                                    | 251.52                                | (1,835.93)                            |
| Inventories  | (1,351.02)                            | (773.37)                              |
| Trade and other Payables                                       | 674.46                                | 1,149.07                              |
| <b>Cash generated from Operations</b>                          | <b>6,547.65</b>                       | <b>3,072.18</b>                       |
| Income Taxes Paid (Net)  | (1,351.85)                            | (700.55)                              |
| Cash flow before extra-ordinary items                          | 5,195.80                              | 2,371.63                              |
| <b>Net Cash Generated from Operating Activities (A)</b>        | <b>5,195.80</b>                       | <b>2,371.63</b>                       |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>                |                                       |                                       |
| Capital Expenditure on Fixed Assets including Capital Advances | (487.14)                              | (1,570.51)                            |
| Proceeds from sale of Fixed Assets                             | 61.87                                 | 34.53                                 |
| Further Acquisition of Shares in Step down Subsidiary Company  | (716.55)                              | (5,175.31)                            |
| Change in Long-Term Investments (Net)                          | 86.00                                 | (101.20)                              |
| Interest Received  | 71.55                                 | 37.41                                 |
| <b>Net Cash used in Investing Activities (B)</b>               | <b>(984.27)</b>                       | <b>(6,775.08)</b>                     |

**CONSOLIDATED CASH FLOW STATEMENT** For the year ended 31st March 2012 *(Contd.)*

(₹ in lacs)

|   | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |          |
|---|---------------------------------------|---------------------------------------|----------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                         |                                       |                                       |          |
| Proceeds from issue of Preference Shares                              | –                                     | 1,450.00                              |          |
| Proceeds from Long-Term Borrowings                                    | <b>679.51</b>                         | 5,552.23                              |          |
| Repayment of Long-Term Borrowings                                     | <b>(3,425.20)</b>                     | (3,022.37)                            |          |
| Proceeds from Short-Term Borrowings                                   | <b>429.53</b>                         | 1,732.28                              |          |
| Repayment of Short-Term Borrowings                                    | <b>(105.12)</b>                       | (574.18)                              |          |
| Proceeds from Minority on formation of New Company                    | –                                     | 0.20                                  |          |
| Finance Costs   | <b>(675.40)</b>                       | (598.43)                              |          |
| Dividend Paid   | <b>(214.76)</b>                       | (346.13)                              |          |
| Tax on Dividend   | <b>(36.17)</b>                        | (113.81)                              | 4,079.79 |
| <b>Net Cash (used in)/from Financing Activities (C)</b>               | <b>(3,347.61)</b>                     |                                       | 4,079.79 |
| <b>D. EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY</b>     | <b>117.50</b>                         |                                       | 30.69    |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C+D)</b> | <b>981.42</b>                         |                                       | (292.97) |
| Cash and Cash Equivalents (Opening Balance)                           | <b>978.66</b>                         | 1,203.23                              |          |
| Other Non-Current Assets (Opening Balance)                            | <b>23.00</b>                          | –                                     |          |
| Add : Taken over consequent upon acquisition of Subsidiary            | <b>2.47</b>                           | 91.40                                 |          |
| <b>Total (Opening Balances)</b>                                       | <b>1,004.13</b>                       |                                       | 1,294.63 |
| Cash and Cash Equivalents (Closing Balance)                           | <b>1,947.55</b>                       | 978.66                                |          |
| Other Non Current Assets (Closing Balance)                            | <b>38.00</b>                          | 23.00                                 |          |
| <b>Total (Closing Balances)</b>                                       | <b>1,985.55</b>                       |                                       | 1,001.66 |

**Notes :**

- (1) The above Consolidated Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- (2) Figures for the previous year have been re-arranged and re-grouped wherever necessary.
- (3) Cash and Cash Equivalents include ₹ 48.74 (31.03.2011 : ₹ 52.67) in respect of unpaid dividend accounts.

The Notes referred to above form an integral part of these Financial Statements.

In terms of our Report attached.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants

**A Bhattacharya**

Partner

Kolkata

19th May 2012

On behalf of the Board of Directors

**R Agarwal**  
Company Secretary

**P Bajoria**  
Managing Director

**S K Bajoria**  
Chairman

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ 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. PRINCIPLES OF CONSOLIDATION

- 2.1 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 :

- a) The Financial Statements of the Parent Company and its Subsidiaries (listed below in Note 2.2) 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.
- b) 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 3 below, are presented to the extent possible, in the same manner as the Parent Company's separate Financial Statements.
- c) 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.
- d) 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 Reserve) by the Parent Company until the disposal of investment.
- e) Minority interest in the CFS 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.
- f) Monotec Refratarios Ltda, Tianjin Monocon Refractories Company Limited and Tianjin Monocon Aluminous Refractories Company Limited (Step down Subsidiaries), each has an accounting period end of 31st December 2011. These Subsidiaries have been consolidated using the Financial Statements for the year ended on that date adjusted for movements to 31st March 2012.

- 2.2 The Subsidiaries (including Step down Subsidiaries) considered in the CFS 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            |
| IFGL Exports Limited                                | India                     | 51%                              | 31st March            |
| <b>Step down Subsidiaries</b>                       |                           |                                  |                       |
| IFGL Monocon Holdings Limited (IMHL)                | United Kingdom (UK)       | 100%                             | 31st March            |
| Tianjin Monocon Refractories Company Limited (TMRL) | Peoples Republic of China | 100%                             | 31st December         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

| Name of the Subsidiary   | Country of Incorporation       | Proportion of Ownership Interest | Accounting Year Ended |
|--|--------------------------------|----------------------------------|-----------------------|
| Tianjin Monocon Aluminous Refractories Company Limited (TMARL) | Peoples Republic of China      | 100%                             | 31st December         |
| Monotec Refratarios Ltda (MRL)                                 | Brazil                         | 95%                              | 31st December         |
| Monocon International Refractories Limited (MIRL)              | UK                             | 100%                             | 31st March            |
| Monocon Overseas Limited (MOL)                                 | UK                             | 100%                             | 31st March            |
| Mono Ceramics Inc (MCI)  | United States of America (USA) | 100%                             | 31st March            |
| Goricon Metallurgical Services Limited (GMSL)                  | UK                             | 100%                             | 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            |
| Hofmann Ceramic CZ s.r.o. (HCC)                                | Czech Republic                 | 98.78%                           | 31st March            |
| Hofmann Ceramic Limited (HCL)                                  | UK                             | 100%                             | 31st March            |
| Hofmann Ceramic LLC (HCLLC)                                    | USA                            | 100%                             | 31st March            |
| Hofmann Pyemetric LLC (HPLLC)                                  | USA                            | 51%                              | 31st March            |
| IFGL Inc (IFGL INC)  | USA                            | 100%                             | 31st March            |
| EI Ceramics LLC (EICLLC)                                       | USA                            | 100%                             | 31st March            |
| CUSC International Ltd (CUSCIL)                                | USA                            | 100%                             | 31st March            |

3. Accounting policies for the group are same as followed by the Parent Company as indicated in Note 2 of Parent Company's Accounts for the Year Ended 31st March 2012, except as follows :

3.1 Fixed Assets of Operating Step down Subsidiaries are depreciated under Straight Line Method and also under Written Down Value method, over the 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              | Upto 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  |

Depreciation charge for the year and year end Accumulated Depreciation pertaining to the aforesaid Subsidiaries amount to ₹ 666.13 (31.03.2011 : ₹ 343.68) and ₹ 5,365.21 (31.03.2011 : ₹ 4,236.39) 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.

3.2 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

### 4. SHARE CAPITAL

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>AUTHORISED</b>  |                          |                          |
| 40,000,000 (31.03.2011 : 40,000,000) Equity Shares of ₹ 10/- each  | <b>4,000.00</b>          | 4,000.00                 |
| 2,000,000 (31.03.2011 : 2,000,000) 5% Redeemable Non Cumulative Preference Shares of ₹ 100/- each                | <b>2,000.00</b>          | 2,000.00                 |
| <b>Total</b>   | <b>6,000.00</b>          | 6,000.00                 |
| <b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b>  |                          |                          |
| 34,610,472 (31.03.2011 : 34,610,472) Equity Shares of ₹ 10/- each, fully paid up                                 | <b>3,461.05</b>          | 3,461.05                 |
| 1,450,000 (31.03.2011 : 1,450,000) 5% Redeemable Non Cumulative Preference Shares of ₹ 100/- each, fully paid up | <b>1,450.00</b>          | 1,450.00                 |
| <b>Total</b>   | <b>4,911.05</b>          | 4,911.05                 |

#### 4.1 RECONCILIATION OF NUMBER OF SHARES :

|   | Equity Shares     |                 | Preference Shares |                 |
|---|-------------------|-----------------|-------------------|-----------------|
|   | No. of shares     | ₹ in Lacs       | No. of shares     | ₹ in Lacs       |
| Shares outstanding on 01.04.2011        | 34,610,472        | 3,461.05        | 1,450,000         | 1,450.00        |
| <b>Shares outstanding on 31.03.2012</b> | <b>34,610,472</b> | <b>3,461.05</b> | <b>1,450,000</b>  | <b>1,450.00</b> |

#### 4.2 TERMS/RIGHTS ATTACHED TO EQUITY SHARES :

The Company has only one class of Equity Shares having a face value of ₹ 10/- each. Each holder of Equity Shares is entitled to one vote per share. In the event of liquidation of the Company, the Equity Shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding. The Company in the General meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

#### 4.3 TERMS/RIGHTS ATTACHED TO REDEEMABLE NON CUMULATIVE PREFERENCE SHARES (RNCPS) :

The 5% Redeemable Non Cumulative Preference Shares are redeemable at par at the end of ten years from the date of allotment (i.e. 3rd September 2010) or any earlier date at the option of the Company except that the said shares shall not be redeemed within the initial period of three years from the date of allotment. In the event of liquidation of the Company, the Preference Shareholders will have priority over Equity Shares in the payment of dividend and repayment of capital.

Every member holding Preference Share Capital shall have the right to vote in respect of all resolutions placed before the Company which directly affect the rights attached to Preference Shares.

#### 4.4 SHARES HELD BY THE HOLDING COMPANY AND SUBSIDIARIES OF THE HOLDING COMPANY :

| Name of Shareholder                        | Relationship         | Nature of Shares | As at 31st March 2012 |              | As at 31st March 2011 |              |
|--|----------------------|------------------|-----------------------|--------------|-----------------------|--------------|
|  |                      |                  | No. of Shares held    | % of Holding | No. of Shares held    | % of Holding |
| Bajoria Holdings Private Limited (BHPL)    | Holding Company      | Equity           | 18,320,973            | 52.93        | 18,320,973            | 52.93        |
| Bajoria Holdings Private Limited           |                      |                  | 640,000               | 44.14        | 640,000               | 44.14        |
| Bajoria Enterprises Limited                | Subsidiaries of BHPL | Preference       | 230,000               | 15.86        | 230,000               | 15.86        |
| Bajoria Financial Services Private Limited |                      |                  | 420,000               | 28.97        | 420,000               | 28.97        |
| Bajoria Service Providers Private Limited  |                      |                  | 160,000               | 11.03        | 160,000               | 11.03        |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

## 4.5 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% OF THE AGGREGATE SHARES IN THE COMPANY :

| Name of Shareholder                        | Relationship        | Nature of Shares | As at 31st March 2012 |              | As at 31st March 2011 |              |
|--|---------------------|------------------|-----------------------|--------------|-----------------------|--------------|
|  |                     |                  | No. of Shares held    | % of Holding | No. of Shares held    | % of Holding |
| Sojitz Corporation, Japan                  | Foreign Promoter    | Equity           | 3,425,546             | 9.90         | 3,425,546             | 9.90         |
| Bajoria Holdings Private Limited           | Holding Company     |                  | 18,320,973            | 52.93        | 18,320,973            | 52.93        |
| Bajoria Holdings Private Limited           | Fellow Subsidiaries | Preference       | 640,000               | 44.14        | 640,000               | 44.14        |
| Bajoria Enterprises Limited                |                     |                  | 230,000               | 15.86        | 230,000               | 15.86        |
| Bajoria Financial Services Private Limited |                     |                  | 420,000               | 28.97        | 420,000               | 28.97        |
| Bajoria Service Providers Private Limited  |                     |                  | 160,000               | 11.03        | 160,000               | 11.03        |

## 5. RESERVES AND SURPLUS

|  | As at 31st March 2012 |          | As at 31st March 2011 |        |
|--|-----------------------|----------|-----------------------|--------|
| <b>Capital Reserve as at the beginning and end of the year</b>   | 5.00                  |          | 5.00                  |        |
| <b>Capital Redemption Reserve</b>                                |                       |          |                       |        |
| Balance as at the beginning of the year                          | —                     |          | —                     |        |
| Add : Transferred from the Statement of Profit and Loss          | 220.00                | 220.00   | —                     | —      |
| <b>General Reserve</b>   |                       |          |                       |        |
| Balance as at the beginning of the year                          | 446.79                |          | 446.79                |        |
| Add : Transfer from the Statement of Profit and Loss             | 87.14                 | 533.93   | —                     | 446.79 |
| <b>Foreign Exchange Translation Reserve</b>                      |                       |          |                       |        |
| Balance as at the beginning of the year                          | 615.84                |          | 334.29                |        |
| Add : Net addition during the year                               | 1,319.52              | 1,935.36 | 281.55                | 615.84 |
| <b>Surplus in the Statement of Profit and Loss</b>               |                       |          |                       |        |
| Balance as at the beginning of the year                          | 11,592.14             |          | 9,470.44              |        |
| Add : Profit for the year  | 3,982.80              |          | 2,426.43              |        |
| Less : Transferred to Capital Redemption Reserve                 | (220.00)              |          | —                     |        |
| Less : Transferred to General Reserve                            | (87.14)               |          | —                     |        |
| Add : Minority Interest  | 4.02                  |          | 1.20                  |        |
| Less : Dividend on Non Cumulative Preference Shares for the year | (72.50)               |          | (41.71)               |        |
| Less : Dividend on Equity Shares for the year                    | (519.16)              |          | (173.05)              |        |
| Less : Tax on Proposed Dividend for the year                     | (95.98)               |          | (91.17)               |        |
| <b>Total</b>   | 14,584.18             |          | 11,592.14             |        |
|  | 17,278.47             |          | 12,659.77             |        |

## 6. LONG-TERM BORROWINGS

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>SECURED</b>   |                          |                          |
| <b>Term Loans</b>  |                          |                          |
| <b>From Banks</b>  |                          |                          |
| - From Export Import Bank of India                           | 2,213.61                 | —                        |
| - From The Hongkong and Shanghai Banking Corporation Limited | 750.00                   | 1,000.00                 |
| - From ICICI Bank UK Limited                                 | —                        | 320.82                   |
| - From HSBC Bank Plc   | 3,110.35                 | 5,301.98                 |
| - From Sparkasse   | —                        | 25.45                    |
| - From Volksbank Dill eG                                     | 272.72                   | 301.86                   |
| - From Commerzbank   | —                        | 18.27                    |
| <b>Other Loans (Vehicle loans)</b>                           |                          |                          |
| - From Barclays Bank   | —                        | 5.81                     |
| - From Axis Bank   | 34.40                    | —                        |
| <b>Total</b>   | 6,381.08                 | 6,974.19                 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

### 6.1 NATURE OF SECURITY AND TERMS OF REPAYMENT OF SECURED BORROWINGS :

#### a) Term Loan from Export Import Bank of India

Term Loan from Export Import Bank of India is secured by a first charge over entire movable and immovable Fixed Assets, both present and future and second charge on the entire Current Assets including receivables, both present and future of IFGL Exports Limited and further secured by the following Collateral Securities :

- i) Pledge of 716,550 Equity Shares of IFGL Exports Limited held by the Parent Company and
- ii) Default payment guarantee of the Parent Company

Repayable in 17 quarterly equal installments commencing from November 2013.

#### b) From The Hongkong and Shanghai Banking Corporation Limited (HSBC)

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 Parent Company, ranking pari passu with State Bank of India (SBI).

Repayable in 12 equated quarterly installments of ₹ 62.50 commencing from April 2012 at interest rate of 10.50% per annum.

#### c) The Term Loan from HSBC Bank Plc comprises of 2 Term Loans of £ 0.30 million and £ 3.52 million (due after 1 year) secured by

- i) Debentures comprising fixed and floating charges over all the Assets and Undertakings of IMHL, MOL, MIRL, GMSL and IWHL, including all present and future freehold and leasehold property, books and other debts, chattels, goodwill and uncalled capital.
- ii) Letter of priority to HSBC over all Currents Assets of IMHL, MOL, MIRL, GMSL and IWHL.
- iii) Composite Company Guarantee from MIRL, IMHL, MOL, GMSL and IWHL, limited to € 5.3 million and \$ 10 million to secure all liabilities.
- iv) Company Guarantee from the Parent Company, limited to € 5.3 million and \$ 10 million to secure all liabilities.

#### Additional security for USD Currency Loan only

- i) Mortgage over the property owned by CUSCIL in favour of the Bank.
- ii) Company Guarantees from EICLLC and CUSCIL in favour of the Bank to secure all liabilities of the Borrower.
- iii) Pledge of the membership units of EICLLC and CUSCIL and any other stock or notes held by MCI in favour of the Bank from MCI.
- iv) Pledge Agreements by each of EICLLC and CUSCIL pledging any stock or notes held by such entities in favour of the Bank.
- v) Security Agreements from EICLLC and CUSCIL and MCI granting Security interests in all personal property of each of the entities.

The 1st Term Loan is repayable in 1 installment and the 2nd Term loan is repayable in 9 equated quarterly installments.

#### d) Term Loan (Euro Currency) from Sparkasee, Dillenberg is secured against specific Plant and Machinery.

#### e) Term Loan (Euro Currency) from Volksbank Dill eG of HGCO is secured by

- i) Mortgage of small investments and investments in HCC Plant.
- ii) Specific Plant and Machineries.

Volksbank Dill eG Loan repayable in 1-5 Years.

#### f) Term loan (Euro Currency) from Commerzbank Aktiengesellschaft is secured against specific Plant and Machinery.

#### g) Vehicle Loans from Axis Bank Limited

Vehicle Loans are secured by hypothecation of respective vehicles.

Repayable over 1-3 Years at interest rate of 10-12 %.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

## 7. DEFERRED TAX LIABILITIES (NET)

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| Tax Impact of –   |                          |                          |
| <b>Assets :</b>   |                          |                          |
| Accrued expenses deductible when paid                     | (41.62)                  | (43.95)                  |
| <b>Liabilities :</b>                                      |                          |                          |
| Difference between Tax Depreciation and Book Depreciation | 524.59                   | 444.92                   |
| <b>Net Liability</b>                                      | <b>482.97</b>            | <b>400.97</b>            |

## 8. LONG-TERM PROVISIONS

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>Provision for Employee Benefits</b> |                          |                          |
| Compensated Absence                    | 16.01                    | 17.66                    |
| <b>Total</b>                           | <b>16.01</b>             | <b>17.66</b>             |

## 9. SHORT-TERM BORROWINGS

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>SECURED</b>                              |                          |                          |
| <b>Loans from Banks</b>                     |                          |                          |
| Working Capital Loans repayable on demand   |                          |                          |
| - From CSOB Radlicka (Refer Note 9.1 below) | 14.94                    | 20.23                    |
| - From SBI (Refer Note 9.2 below)           | 3,064.34                 | 2,891.12                 |
| - From HSBC Bank Plc (Refer Note 9.3 below) | 162.86                   | –                        |
| - From HDFC Bank (Refer Note 9.4 below)     | 135.13                   | –                        |
| - From HSBC (Refer Note 9.5 below)          | 1,518.65                 | 1,429.88                 |
| <b>UNSECURED</b>                            |                          |                          |
| <b>Loans from Banks</b>                     |                          |                          |
| - From Volksbank Dill eG                    | –                        | 28.49                    |
| - From Postbank                             | –                        | 48.27                    |
| - From Commerzbank                          | –                        | 23.07                    |
| <b>Total</b>                                | <b>4,895.92</b>          | <b>4,441.06</b>          |

9.1 The Loan from CSOB Bank is Secured by Blank Promissory Note.

9.2 The Loan from SBI is secured by hypothecation of stocks of raw materials, stock in process, finished goods, consumables, spares, stores, receivables and other liquid assets etc including goods in transit and by a second charge over all Fixed Assets of the Company, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela, ranking pari passu with HSBC.

9.3 The Working Capital Loan from HSBC Bank Plc is secured by :

- i) Debentures comprising fixed and floating charges over all the Assets and Undertakings of IMHL, MOL, MIRL and GMSL, including all present and future freehold and leasehold property, books and other debts, chattels, goodwill and uncalled capital.
- ii) Letter of priority to HSBC over all Currents Assets of IMHL, MOL, MIRL and GMSL.
- iii) Composite Company Guarantee from MIRL, IMHL, MOL and GMSL.
- iv) Company Guarantee from the Parent Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

### 9.4 Cash Credit from HDFC Bank Limited is secured by

- i) First charge on all the Current Assets of IFGL Exports Limited (both present and future) and a second charge on Fixed Assets.
- ii) Corporate Guarantee of the Parent Company.

### 9.5 The Loan from HSBC is secured by charge on Current Assets and second charge over all the Fixed Assets of the Parent Company ranking pari pasu with that created in favour of SBI.

### 10. TRADE PAYABLES

|                        | As at<br>31st March 2012 | As at<br>31st March 2011 |
|------------------------|--------------------------|--------------------------|
| Other than Acceptances | 7,289.66                 | 7,345.37                 |
| <b>Total</b>           | <b>7,289.66</b>          | <b>7,345.37</b>          |

### 11. OTHER CURRENT LIABILITIES

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| Current maturities of Long-Term Debt (Refer Note 11.1 below) | 1,755.11                 | 1,110.00                 |
| Unpaid Dividends (Refer Note 11.2 below)                     | 48.74                    | 52.67                    |
| Other Payables (Refer Note 11.3 below)                       | 137.66                   | 124.39                   |
| <b>Total</b>   | <b>1,941.51</b>          | <b>1,287.06</b>          |

**11.1 Current maturities of Long-Term Debt** as at 31st March 2011 comprised of Term Loans from SBI, which were repaid during 2011-2012. The Parent Company is in the process of releasing the charges created on specified Plant and Machinery to secure these loans.

**11.2** There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

### 11.3 OTHER PAYABLES :

|                            | As at<br>31st March 2012 | As at<br>31st March 2011 |
|----------------------------|--------------------------|--------------------------|
| Advance from Customers     | 19.51                    | 13.36                    |
| Statutory Liabilities      | 70.44                    | 41.45                    |
| Security Deposits received | 33.59                    | 36.43                    |
| Liability for Gratuity     | 14.12                    | 33.15                    |
| <b>Total</b>               | <b>137.66</b>            | <b>124.39</b>            |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

**12. SHORT-TERM PROVISIONS**

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>Provision for Employee Benefits</b>                                      |                          |                          |
| - Compensated Absence   | 1.67                     | 0.51                     |
| - Provident Fund  | 16.68                    | —                        |
| Others :  |                          |                          |
| Provision for Taxation  | 4,372.94                 | 3,041.54                 |
| Less : Advance Income Tax/Fringe Benefits Tax and<br>Tax Deducted at Source | 3,663.77                 | 2,744.88                 |
|   | 709.17                   | 296.66                   |
| Proposed Dividend (Refer Note 12.1 below)                                   |                          |                          |
| - On Equity Shares  | 519.16                   | 173.05                   |
| - On Preference Shares  | 72.50                    | 41.71                    |
| Tax on Proposed Dividend  | 95.98                    | 36.17                    |
| Entry Tax   | 77.41                    | —                        |
| <b>Total</b>  | <b>1,492.57</b>          | <b>548.10</b>            |

**12.1 PROPOSED DIVIDEND :**

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>On Equity Shares of ₹ 10/- Each</b>      |                          |                          |
| Amount of Dividend Proposed                 | 519.16                   | 173.05                   |
| Dividend Per Equity Share (₹)               | 1.50                     | 0.50                     |
| <b>On Preference Shares of ₹ 100/- Each</b> |                          |                          |
| Amount of Dividend Proposed                 | 72.50                    | 41.71                    |
| Dividend Per Preference Share (₹)           | 5.00                     | 2.88                     |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

### 13. TANGIBLE ASSETS

| OWN ASSETS                                  | GROSS BLOCK- AT COST |   |                           |                            |                               |                     |                             | DEPRECIATION        |   |                 |                            |                               |                     |                            | NET BLOCK             |                       |
|---|----------------------|---|---------------------------|----------------------------|-------------------------------|---------------------|-----------------------------|---------------------|---|-----------------|----------------------------|-------------------------------|---------------------|----------------------------|-----------------------|-----------------------|
|   | As at 1st April 2011 | Addition on Acquisition of Subsidiaries | Additions during the year | Deductions during the year | Adjustments (Refer Note 13.3) | Exchange Difference | Total as at 31st March 2012 | Upto 1st April 2011 | Addition on Acquisition of Subsidiaries | For the year    | Deductions during the year | Adjustments (Refer Note 13.3) | Exchange Difference | Total upto 31st March 2012 | As at 31st March 2012 | As at 31st March 2011 |
| Land (Leasehold) (Refer Note 13.1 below)    | 34.76                | -                                       | -                         | -                          | -                             | -                   | 34.76                       | 3.46                | -                                       | 0.43            | -                          | -                             | -                   | 3.89                       | 30.87                 | 31.30                 |
| Land (Freehold)                             | 249.60               | -                                       | -                         | -                          | -                             | 31.62               | 281.22                      | -                   | -                                       | -               | -                          | -                             | -                   | -                          | 281.22                | 249.60                |
| Buildings                                   | 3,482.20             | -                                       | 1,128.25                  | -                          | -                             | 280.50              | 4,890.95                    | 1,208.62            | 14.14                                   | 304.51          | -                          | (17.42)                       | 94.64               | 1,604.49                   | 3,286.46              | 2,273.58              |
| Plant and Equipment (Refer Note 13.2 below) | 11,681.24            | -                                       | 2,818.59                  | 82.95                      | (86.50)                       | 581.64              | 14,912.02                   | 6,721.63            | 43.50                                   | 857.62          | 81.00                      | (40.19)                       | 379.40              | 7,880.96                   | 7,031.06              | 4,959.61              |
| Furniture and Fixtures                      | 305.40               | 1.15                                    | 56.11                     | 1.26                       | 10.15                         | 32.41               | 403.96                      | 267.85              | 1.60                                    | 14.66           | 1.26                       | 3.88                          | 27.77               | 314.50                     | 89.46                 | 37.55                 |
| Vehicles                                    | 453.65               | 10.76                                   | 157.15                    | 153.87                     | -                             | 26.87               | 494.56                      | 168.88              | 8.65                                    | 61.48           | 71.96                      | -                             | 12.60               | 179.65                     | 314.91                | 284.77                |
| Office Equipments                           | 214.17               | 0.11                                    | 17.07                     | 6.83                       | (14.37)                       | 16.19               | 226.34                      | 150.03              | 0.09                                    | 10.38           | 5.99                       | (4.14)                        | 16.73               | 167.10                     | 59.24                 | 64.14                 |
| Computers                                   | 368.14               | 1.13                                    | 27.05                     | 80.42                      | -                             | 34.24               | 350.14                      | 337.23              | 1.40                                    | 18.40           | 80.33                      | -                             | 32.01               | 308.71                     | 41.43                 | 30.91                 |
| <b>Total</b>                                | <b>16,789.16</b>     | <b>13.15</b>                            | <b>4,204.22</b>           | <b>325.33</b>              | <b>(90.72)</b>                | <b>1,003.47</b>     | <b>21,593.95</b>            | <b>8,857.70</b>     | <b>69.38</b>                            | <b>1,267.48</b> | <b>240.54</b>              | <b>(57.87)</b>                | <b>563.15</b>       | <b>10,459.30</b>           | <b>11,134.65</b>      | <b>7,931.46</b>       |
| Previous Year Total                         | 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              |                       |

**13.1** Acquired under a lease of 99 years with a renewal option.

**13.2** The Gross Block and Net Block of Plant and Equipment includes an amount of Nil (31.03.2011 : ₹ 48.72) and Nil (31.03.2011 : ₹ 14.74) respectively in respect of Assets held under Hire Purchase Contract.

**13.3** Goricon LLC and IFGL Pymetric LLC has been merged with MCI on 01.04.2011 and the Gross Block and Accumulated Depreciation has been adjusted.

### 14. INTANGIBLE ASSETS

| OWN ASSETS (Acquired)   | GROSS BLOCK- AT COST |   |                           |                            |                               |                     |                             | AMORTISATION        |   |              |                            |                               |                     |                            | NET BLOCK             |                       |
|---|----------------------|---|---------------------------|----------------------------|-------------------------------|---------------------|-----------------------------|---------------------|---|--------------|----------------------------|-------------------------------|---------------------|----------------------------|-----------------------|-----------------------|
|   | As at 1st April 2011 | Addition on Acquisition of Subsidiaries | Additions during the year | Deductions during the year | Adjustments (Refer Note 13.3) | Exchange Difference | Total as at 31st March 2012 | Upto 1st April 2011 | Addition on Acquisition of Subsidiaries | For the year | Deductions during the year | Adjustments (Refer Note 13.3) | Exchange Difference | Total upto 31st March 2012 | As at 31st March 2012 | As at 31st March 2011 |
| Goodwill (arising on Amalgamation)  | 503.06               | -                                       | -                         | -                          | -                             | -                   | 503.06                      | 503.06              | -                                       | -            | -                          | -                             | -                   | 503.06                     | -                     | -                     |
| Goodwill (arising on Acquisition)   | 7.32                 | -                                       | -                         | 6.45                       | -                             | 0.97                | 1.84                        | 7.32                | -                                       | -            | 6.45                       | -                             | 0.97                | 1.84                       | -                     | -                     |
| Computer Software   | 28.50                | 0.26                                    | 11.17                     | -                          | -                             | 0.87                | 40.80                       | 23.58               | 0.45                                    | 5.39         | -                          | -                             | 0.85                | 30.27                      | 10.53                 | 4.92                  |
| Intellectual Property Rights (Technical Know-how) (Refer Note 14.1 below) | 241.44               | -                                       | 8.61                      | -                          | (7.98)                        | 0.64                | 242.71                      | 203.51              | -                                       | 18.20        | -                          | -                             | 0.63                | 222.34                     | 20.37                 | 37.93                 |
| <b>Total</b>  | <b>780.32</b>        | <b>0.26</b>                             | <b>19.78</b>              | <b>6.45</b>                | <b>(7.98)</b>                 | <b>2.48</b>         | <b>788.41</b>               | <b>737.47</b>       | <b>0.45</b>                             | <b>23.59</b> | <b>6.45</b>                | <b>-</b>                      | <b>2.45</b>         | <b>757.51</b>              | <b>30.90</b>          | <b>42.85</b>          |
| Previous Year Total   | 777.09               | -                                       | 8.30                      | 5.95                       | -                             | 0.88                | 780.32                      | 719.85              | -                                       | 22.66        | 5.95                       | -                             | 0.91                | 737.47                     | 42.85                 |                       |

**14.1** Technical Know-how represents technical drawings, designs etc. relating to manufacture of the Group's products and acquired pursuant to various agreements conferring the right to usage only.

### 14.2 DEPRECIATION AND AMORTISATION EXPENSE :

|                                   | For the year ended 31st March 2012 | For the year ended 31st March 2011 |
|-----------------------------------|------------------------------------|------------------------------------|
| Depreciation on Tangible Assets   | 1,267.48                           | 849.57                             |
| Amortisation of Intangible Assets | 23.59                              | 22.66                              |
| <b>Total</b>                      | <b>1,291.07</b>                    | <b>872.23</b>                      |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

## 15. GOODWILL ON CONSOLIDATION

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| Balance at the beginning of the year                            | 9,809.48                 | 5,077.29                 |
| Add : Goodwill arising out of acquisitions made during the year | 28.66                    | 4,520.62                 |
| Less : Write down of Goodwill                                   | (253.94)                 | —                        |
| Add : Adjustment due to Exchange Difference                     | 1,354.90                 | 211.57                   |
| Closing Balance at the end of the year                          | <u>10,939.10</u>         | <u>9,809.48</u>          |

## 16. NON-CURRENT INVESTMENTS

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>Trade Investments-Long Term (Valued at Cost unless stated otherwise)</b>   |                          |                          |
| <b>Unquoted Equity Investments</b>  |                          |                          |
| Others  |                          |                          |
| - IFGL Exports Limited  | —                        | 136.00                   |
| - Krosaki IFGL Refractories Private Limited<br>[2,000 (31.03.2011 : 2,000) Fully paid Equity Shares of ₹ 10 each]   | 0.20                     | 0.20                     |
| <b>Other Investments (Valued at Cost unless stated otherwise)</b>   |                          |                          |
| Quoted  |                          |                          |
| - Investments in Debentures or Bonds<br>[50 (31.03.2011 : Nil) 8.09% Tax Free Bonds of Power Finance<br>Corporation Limited of Face Value ₹ 100,000 each] | 50.00                    | —                        |
| <b>Total</b>  | <u>50.20</u>             | <u>136.20</u>            |
| Aggregate Amount of Quoted Investments  | 50.00                    | —                        |
| Aggregate Amount of Unquoted Investments  | 0.20                     | 136.20                   |
| Market Value of Quoted Investments  | 50.00                    | —                        |

**16.1** IFGL Exports Limited became a Subsidiary of the Group with effect from 30th March 2012.

**16.2** Shares of IFGL Exports Limited are pledged with Export Import Bank of India for loans granted by them to the Subsidiary.

## 17. LONG-TERM LOANS AND ADVANCES

|                                   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|-----------------------------------|--------------------------|--------------------------|
| <b>Unsecured, Considered Good</b> |                          |                          |
| Capital Advances                  | 32.00                    | 75.51                    |
| Security Deposits                 | 76.14                    | 46.25                    |
| <b>Total</b>                      | <u>108.14</u>            | <u>121.76</u>            |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

### 18. OTHER NON-CURRENT ASSETS

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>Others</b>   |                          |                          |
| - Long Term Deposits with Banks with original maturity period of more than 12 months* | 38.00                    | 23.00                    |
| <b>Total</b>  | <u>38.00</u>             | <u>23.00</u>             |

\*Kept under lien by bank as margin money against non fund based facilities provided.

### 19. INVENTORIES

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>Valued at lower of Cost and Net Realizable Value</b> |                          |                          |
| Raw Materials and Components (includes in transit)      | 3,501.55                 | 3,391.42                 |
| Work-in-Progress  | 1,202.96                 | 891.32                   |
| Finished Goods (includes in transit)                    | 3,467.81                 | 2,410.52                 |
| Stock of Traded Goods                                   | 159.57                   | 187.02                   |
| Stores and Spares                                       | 214.33                   | 137.91                   |
| <b>Total</b>  | <u>8,546.22</u>          | <u>7,018.19</u>          |

### 20. TRADE RECEIVABLES

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>Unsecured</b>   |                          |                          |
| Outstanding for a period exceeding six months from the date they are due for payment |                          |                          |
| - Considered Good  | 363.70                   | 420.95                   |
| - Considered Doubtful  | <u>352.14</u>            | <u>318.91</u>            |
| Other Receivables  | 715.84                   | 739.86                   |
| - Considered Good  | 10,977.75                | 10,535.95                |
| Less : Provision for Doubtful Receivables  | <u>(352.14)</u>          | <u>(318.91)</u>          |
| <b>Total</b>   | <u>11,341.45</u>         | <u>10,956.90</u>         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

## 21. CASH AND CASH EQUIVALENTS

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>Balances with Banks</b>   |                          |                          |
| - In Current Accounts  | 1,379.54                 | 675.94                   |
| - In Deposit Accounts (with original maturity of less than 3 months)             | 500.00                   | 30.76                    |
| <b>Cheques on Hand</b>   | —                        | 187.67                   |
| <b>Cash on Hand</b>  | 17.27                    | 8.62                     |
| <b>Other Bank Balances</b>   |                          |                          |
| - On Unclaimed Dividend Accounts   | 48.74                    | 52.67                    |
| - Deposits with original maturity of more than 3 months but less than 12 months* | 2.00                     | 23.00                    |
| <b>Total</b>   | <b>1,947.55</b>          | <b>978.66</b>            |

\*Above deposit are kept under lien by the bank as margin money against non fund based facility provided.

## 22. SHORT-TERM LOANS AND ADVANCES

|                                   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|-----------------------------------|--------------------------|--------------------------|
| <b>Unsecured, Considered Good</b> |                          |                          |
| Others Loans and Advances         |                          |                          |
| - Others (Refer Note 22.1 below)  | 222.99                   | 376.28                   |
| - Prepaid Expenses                | 52.32                    | 71.93                    |
| <b>Total</b>                      | <b>275.31</b>            | <b>448.21</b>            |

## 22.1 LOANS AND ADVANCES-OTHERS :

|                             | As at<br>31st March 2012 | As at<br>31st March 2011 |
|-----------------------------|--------------------------|--------------------------|
| Advance to Suppliers        | 20.65                    | 18.86                    |
| Insurance Claims Receivable | 7.09                     | —                        |
| Advance for Expenses        | 195.25                   | 357.42                   |
| <b>Total</b>                | <b>222.99</b>            | <b>376.28</b>            |

## 23. OTHER CURRENT ASSETS

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| <b>Unsecured, Considered Good</b>         |                          |                          |
| Interest Accrued on Fixed Deposits        | 16.79                    | 7.01                     |
| Accrued Export Benefits under DEPB Scheme | 238.71                   | 624.02                   |
| Balances with Excise Authorities etc.     | 175.13                   | 257.48                   |
| Security Deposits                         | 92.70                    | 63.37                    |
| <b>Total</b>                              | <b>523.33</b>            | <b>951.88</b>            |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

### 24. REVENUE FROM OPERATIONS

|  | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--|---------------------------------------|---------------------------------------|
| <b>Revenue From Sale of Products (Gross) :</b> |                                       |                                       |
| Finished Goods                                 | 53,660.12                             | 41,180.82                             |
| Traded Goods                                   | 7,203.85                              | 6,650.24                              |
|  | <u>60,863.97</u>                      | <u>47,831.06</u>                      |
| Less : Excise Duty                             | (1,260.20)                            | (1,448.15)                            |
| <b>Revenue From Sale of Products (Net) :</b>   | <u>59,603.77</u>                      | <u>46,382.91</u>                      |
| Service Income                                 | 729.85                                | 674.37                                |
| Other Operating Revenue (Scrap Sales)          | 51.43                                 | 47.19                                 |
| <b>Total</b>                                   | <u>60,385.05</u>                      | <u>47,104.47</u>                      |

### 25. OTHER INCOME

|   | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|---|---------------------------------------|---------------------------------------|
| Interest Income (Refer Note 25.1 below)   | 81.33                                 | 41.00                                 |
| Liabilities no longer required written back   | 139.20                                | 59.80                                 |
| Other Non Operating Income (Net of Expenses directly attributable to such Income) (Refer Note 25.2 below) | 43.02                                 | 372.81                                |
| <b>Total</b>  | <u>263.55</u>                         | <u>473.61</u>                         |

#### 25.1 DETAILS OF INTEREST INCOME :

|                                      | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Interest on Bank Deposits            | 25.31                                 | 4.57                                  |
| Interest on Customers' overdue bills | 43.63                                 | 13.07                                 |
| Interest Others                      | 12.39                                 | 23.36                                 |
| <b>Total</b>                         | <u>81.33</u>                          | <u>41.00</u>                          |

No interest was capitalised during the year.

#### 25.2 OTHER NON OPERATING INCOME :

|                    | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--------------------|---------------------------------------|---------------------------------------|
| Bad Debts recovery | 33.33                                 | 0.38                                  |
| Commission         | 71.63                                 | 1.59                                  |
| Sundry Receipts    | (61.94)                               | 370.84                                |
| <b>Total</b>       | <u>43.02</u>                          | <u>372.81</u>                         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

**26. COST OF MATERIALS AND COMPONENTS CONSUMED**

|               | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|---------------|---------------------------------------|---------------------------------------|
| Raw Materials | <u>31,044.21</u>                      | 23,890.51                             |
| <b>Total</b>  | <u>31,044.21</u>                      | <u>23,890.51</u>                      |

**27. DETAILS OF PURCHASES OF TRADED GOODS**

|                                    | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|------------------------------------|---------------------------------------|---------------------------------------|
| Operating Systems for Refractories | 28.20                                 | 49.79                                 |
| Refractories (Unshaped)            | 225.18                                | 291.01                                |
| Mechanism Spares                   | 422.81                                | 492.57                                |
| <b>Total</b>                       | <u>676.19</u>                         | <u>833.37</u>                         |

**28. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

|  | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--|---------------------------------------|---------------------------------------|
| <b>Opening Stock</b>                     |                                       |                                       |
| Finished Goods and Stock of Traded Goods | 2,596.99                              | 2,703.06                              |
| Work-in-Progress                         | <u>891.88</u>                         | <u>759.10</u>                         |
|  | <b>3,488.87</b>                       | <b>3,462.16</b>                       |
| <b>Less : Closing Stock</b>              |                                       |                                       |
| Finished Goods and Stock of Traded Goods | 3,627.38                              | 2,596.99                              |
| Work-in-Progress                         | <u>1,202.96</u>                       | <u>891.88</u>                         |
|  | <b>4,830.34</b>                       | <b>3,488.87</b>                       |
| <b>Total</b>                             | <u>(1,341.47)</u>                     | <u>(26.71)</u>                        |

**29. EMPLOYEE BENEFITS EXPENSE**

|   | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|---|---------------------------------------|---------------------------------------|
| Salaries, Wages and Bonus                     | 7,345.19                              | 5,749.93                              |
| Contribution to Funds (Refer Note 29.1 below) | 573.48                                | 492.77                                |
| Staff Welfare Expenses                        | 512.67                                | 362.99                                |
| <b>Total</b>                                  | <u>8,431.34</u>                       | <u>6,605.69</u>                       |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

### 29.1 PROVIDENT FUND (FUNDED) :

Provident Fund contributions in respect of employees of the Parent Company are made to Trust administered by the Parent Company and it has the liability to fund any shortfall on the yield of the trust's investments over the administered interest rates on an annual basis. These administered interest rates are determined annually predominantly considering the social rather than economic factors. The contribution by the employer and employee together with the interest accumulated thereon are payable to the employees at the time of their separation from the Parent Company or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee. Based on the final guidance for measurement of Provident Fund liabilities issued by the Actuarial Society of India, the Parent Company's liability at the year end of ₹ 16.68 has been actuarially determined by an independent actuary and provided for. The Parent Company has recognised in the Statement of Profit and Loss for the year ended 31st March 2012 an amount of ₹ 154.19 (31.03.2011 : ₹ 131.76) as expenses under Defined Contribution Plans.

### 29.2 GRATUITY (FUNDED) :

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 Parent 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 makes contribution to the Fund. The most recent actuarial valuation of the Fund was carried out as at 31st March 2012.

### 29.3 SUPERANNUATION (FUNDED) :

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.

### 29.4 COMPENSATED ABSENCE (UNFUNDED) :

The Parent 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.

### 29.5 PLANS AT SUBSIDIARIES :

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 Statement of Profit and Loss 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

**29.6 Following are further particulars with respect to Defined Benefit Plans of the Group for the year ended 31st March 2012 :**

|   | Gratuity (Funded)     |                       | Superannuation (Funded) |                       | Leave Encashment (Unfunded) |                       | Step down Subsidiary Benefit Scheme (Funded) |                       |
|---|-----------------------|-----------------------|-------------------------|-----------------------|-----------------------------|-----------------------|--|-----------------------|
|   | As at 31st March 2012 | As at 31st March 2011 | As at 31st March 2012   | As at 31st March 2011 | As at 31st March 2012       | As at 31st March 2011 | As at 31st March 2012                        | As at 31st March 2011 |
| <b>a) Reconciliation of the Opening and Closing Balances of Present Value of Defined Benefit Obligation :</b>   |                       |                       |                         |                       |                             |                       |  |                       |
| Present Value of Obligation, as at the beginning of the year  | 372.92                | 308.48                | 205.57                  | 194.98                | 18.17                       | 13.66                 | 1,735.28                                     | 1,700.64              |
| Service Cost  | 26.44                 | 22.99                 | —                       | —                     | 2.08                        | 2.07                  | —  | —                     |
| Interest Cost   | 29.51                 | 24.04                 | 16.28                   | 15.58                 | 1.43                        | 1.06                  | 100.29                                       | 94.66                 |
| Plan Amendments Cost/(Credits)  | —                     | —                     | —                       | —                     | —                           | —                     | —  | —                     |
| Actuarial (Gains)/Losses  | 2.39                  | 33.41                 | (11.69)                 | (4.50)                | (4.52)                      | 2.18                  | (43.64)                                      | (61.46)               |
| (Benefits Paid)   | (7.98)                | (16.00)               | (4.09)                  | (0.49)                | (0.49)                      | (0.80)                | (71.20)                                      | (79.82)               |
| Exchange Differences on Foreign Plans   | —                     | —                     | —                       | —                     | —                           | —                     | 241.64                                       | 81.26                 |
| Present Value of Obligation, as at the end of the year  | 423.28                | 372.92                | 206.07                  | 205.57                | 16.67                       | 18.17                 | 1,962.37                                     | 1,735.28              |
| <b>b) Reconciliation of the Opening and Closing Balances of the Fair Value of Plan Assets :</b>                 |                       |                       |                         |                       |                             |                       |  |                       |
| Fair Value of Plan Assets at the beginning of the year  | 339.77                | 305.64                | 398.28                  | 372.33                | —                           | NA                    | 1,933.96                                     | 1,837.69              |
| Expected Return on Plan Assets  | 30.08                 | 25.62                 | 32.49                   | 30.51                 | —                           | NA                    | 100.29                                       | 94.66                 |
| Actuarial Gains/(Losses)  | (4.83)                | 2.51                  | (6.26)                  | (4.07)                | —                           | —                     | 288.63                                       | (7.06)                |
| Contribution by the Company   | 53.15                 | 22.00                 | —                       | —                     | 0.49                        | 0.80                  | —  | —                     |
| (Benefits Paid)   | (7.98)                | (16.00)               | (4.09)                  | (0.49)                | (0.49)                      | (0.80)                | (71.20)                                      | (79.82)               |
| Exchange Differences on Foreign Plans   | —                     | —                     | —                       | —                     | —                           | —                     | 290.69                                       | 88.49                 |
| Fair Value of Plan Assets at the end of the year  | 410.19                | 339.77                | 420.42                  | 398.28                | —                           | —                     | 2,542.37                                     | 1,933.96              |
| <b>c) Reconciliation of the Present Value of Defined Benefit Obligation and Fair Value of the Plan Assets :</b> |                       |                       |                         |                       |                             |                       |  |                       |
| Fair Value of Plan Assets at the end of the year  | 410.19                | 339.77                | 420.42                  | 398.28                | —                           | —                     | 2,542.37                                     | 1,933.96              |
| Present value of Obligation, at the end of the year   | 423.28                | 372.92                | 206.07                  | 205.57                | 16.67                       | 18.17                 | 1,962.37                                     | 1,735.28              |
| Assets/(Liabilities) recognised in the Balance Sheet  | (13.09)               | (33.15)               | 214.35 #                | 192.71 #              | (17.68)                     | (18.17)               | 580.00 #                                     | 198.68 #              |

# Actual amount of Asset in the Balance Sheet Nil (Previous Year Nil)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

|  | Gratuity<br>(Funded)     |                          | Superannuation<br>(Funded) |                          | Leave Encashment<br>(Unfunded) |                          | Step down Subsidiary<br>Benefit Scheme (Funded) |                          |
|--|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------------|--------------------------|---|--------------------------|
|  | As at 31st<br>March 2012 | As at 31st<br>March 2011 | As at 31st<br>March 2012   | As at 31st<br>March 2011 | As at 31st<br>March 2012       | As at 31st<br>March 2011 | As at 31st<br>March 2012                        | As at 31st<br>March 2011 |
| <b>d) Expense recognised in the<br/>Statement of Profit and Loss :</b> |                          |                          |                            |                          |                                |                          |   |                          |
| Current Service Cost   | 26.44                    | 22.99                    | –                          | –                        | 2.08                           | 2.07                     | –   | –                        |
| Interest Cost  | 29.51                    | 24.04                    | 16.28                      | 15.58                    | 1.43                           | 1.06                     | 100.29  | 94.66                    |
| (Expected Return of Plan Assets)                                       | (30.08)                  | (25.62)                  | (32.49)                    | (30.51)                  | –                              | –                        | (100.29)  | (94.66)                  |
| Past Service Cost  | –                        | –                        | –                          | –                        | –                              | –                        | –   | –                        |
| Actuarial (Gain)/Loss  | 7.22                     | 30.90                    | (5.43)                     | (0.43)                   | (4.52)                         | 2.18                     | (332.27)  | (54.40)                  |
| Non Recoverable assets written off                                     | –                        | –                        | –                          | –                        | –                              | –                        | 332.27  | 54.40                    |
| Total Expense as per the<br>Actuarial Valuation                        | 33.09                    | 52.31                    | (21.64)                    | (15.36)                  | (1.01)                         | 5.31                     | –   | –                        |
| Actual Expenses Recognised   | <b>**33.09</b>           | <b>**52.31</b>           | –                          | –                        | –                              | *5.31                    | –   | –                        |

\* The Expenses for the above benefit are recognised under 'Salary, Wages and Bonus' on Note 29.

\*\*The Expenses for the above benefit are recognised under 'Contribution to Funds' on Note 29.

|  | Gratuity<br>(Funded)             |                          | Superannuation<br>(Funded) |                          | Leave Encashment<br>(Unfunded) |                          | Step down Subsidiary<br>Benefit Scheme (Funded) |                          |
|--|----------------------------------|--------------------------|----------------------------|--------------------------|--------------------------------|--------------------------|---|--------------------------|
|  | As at 31st<br>March 2012         | As at 31st<br>March 2011 | As at 31st<br>March 2012   | As at 31st<br>March 2011 | As at 31st<br>March 2012       | As at 31st<br>March 2011 | As at 31st<br>March 2012                        | As at 31st<br>March 2011 |
|  | %                                | %                        | %                          | %                        | %                              | %                        | %   | %                        |
| <b>e) Category of Plan Assets :</b>                                    |                                  |                          |                            |                          |                                |                          |   |                          |
| GOI Securities   | 7                                | 6                        | 13                         | 15                       | NA                             | NA                       | –   | –                        |
| Bonds  | 4                                | 5                        | 7                          | 11                       | NA                             | NA                       | –   | –                        |
| State Government/State<br>Government Guaranteed Securities             | –                                | 5                        | 3                          | 3                        | NA                             | NA                       | –   | –                        |
| Units of Insurers  | 87                               | 84                       | 76                         | 69                       | NA                             | NA                       | –   | –                        |
| Others (including Bank Balances)                                       | 2                                | –                        | 1                          | 2                        | NA                             | NA                       | –   | –                        |
| Scottish Mutual with Profit<br>Deferred Annuity                        | –                                | –                        | –                          | –                        | NA                             | NA                       | 100   | 100                      |
|  | 100                              | 100                      | 100                        | 100                      | NA                             | NA                       | 100   | 100                      |
| <b>f) Principal Actuarial Assumptions</b>                              |                                  |                          |                            |                          |                                |                          |   |                          |
| Discount Rate (per annum) (%)  | 8.60                             | 8.00                     | 8.60                       | 8.00                     | 8.60                           | 8.00                     | 4.80  | 5.50                     |
| Rate of Increase in Salaries (%)                                       | 6.00                             | 6.00                     | NA                         | NA                       | 6.00                           | 6.00                     | NA  | NA                       |
| Expected Rate of Return on<br>Plan Assets (%)                          | 8.30                             | 8.30                     | 8.20                       | 8.20                     | NA                             | NA                       | 5.50  | 5.50                     |
| Remaining Working Life (in years)                                      | 18.74                            | 18.97                    | 13.63                      | 14.55                    | 14.81                          | 15.63                    | 3.25  | 3.50                     |
| Revaluation in Deferment (price<br>inflation with a maximum of 5% p.a) | NA                               | NA                       | NA                         | NA                       | NA                             | NA                       | 3.25  | 3.50                     |
| Mortality Rate   | LIC (1994-96) ultimate           |                          |                            |                          |                                |                          | @   |                          |
| Method used  | Projected Accrued Benefit Method |                          |                            |                          |                                |                          | Discounted Income<br>Approach                   |                          |
| Actual Return on Plan Assets   | 25.25                            | 28.13                    | 26.23                      | 26.44                    | NA                             | NA                       | NA  | NA                       |

@ The mortality assumptions adopted as at 31st March 2012 imply following future life expectancies :

|                         |      |      |
|-------------------------|------|------|
| Male Currently age 65   | 23.3 | 23.2 |
| Female Currently age 65 | 25.8 | 25.7 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

## g) Other Disclosures

## Gratuity Scheme :

| Experience History                                     | As at 31st<br>March 2012 | As at 31st<br>March 2011 | As at 31st<br>March 2010 | As at 31st<br>March 2009 | As at 31st<br>March 2008 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Defined Benefit Obligation at end of the period        | (423.28)                 | (372.92)                 | (308.48)                 | (197.31)                 | –                        |
| Plan Assets at end of the period                       | 410.19                   | 339.77                   | 305.64                   | 243.75                   | –                        |
| Funded Status  | (13.09)                  | (33.15)                  | (2.84)                   | 46.44                    | –                        |
| Experience Gain/(Loss) adjustments on Plan Liabilities | (20.39)                  | (33.41)                  | (52.19)                  | –                        | –                        |
| Experience Gain/(Loss) adjustments on Plan Assets      | (4.83)                   | 2.51                     | 23.90                    | –                        | –                        |
| Actuarial Gain/(Loss) due to change on assumptions     | 18.00                    | –                        | (24.85)                  | –                        | –                        |

## Superannuation Scheme :

| Experience History                                     | As at 31st<br>March 2012 | As at 31st<br>March 2011 | As at 31st<br>March 2010 | As at 31st<br>March 2009 | As at 31st<br>March 2008 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Defined Benefit Obligation at end of the period        | (206.07)                 | (205.57)                 | (194.98)                 | (189.75)                 | –                        |
| Plan Assets at end of the period                       | 420.42                   | 398.28                   | 372.33                   | 334.27                   | –                        |
| Funded Status  | 214.35                   | 192.71                   | 177.35                   | 144.52                   | –                        |
| Experience Gain/(Loss) adjustments on Plan Liabilities | 5.46                     | 4.50                     | 0.67                     | –                        | –                        |
| Experience Gain/(Loss) adjustments on Plan Assets      | (6.26)                   | (4.07)                   | 19.94                    | –                        | –                        |
| Actuarial Gain/(Loss) due to change on assumptions     | 6.23                     | –                        | –                        | –                        | –                        |

## Leave Encashment Scheme :

| Experience History                                     | As at 31st<br>March 2012 | As at 31st<br>March 2011 | As at 31st<br>March 2010 | As at 31st<br>March 2009 | As at 31st<br>March 2008 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Defined Benefit Obligation at end of the period        | (16.67)                  | (18.17)                  | (13.66)                  | (10.62)                  | –                        |
| Plan Assets at end of the period                       | –                        | –                        | –                        | –                        | –                        |
| Funded Status  | (16.67)                  | (18.17)                  | (13.66)                  | (10.62)                  | –                        |
| Experience Gain/(Loss) adjustments on Plan Liabilities | 3.64                     | (2.18)                   | 0.67                     | (6.96)                   | –                        |
| Experience Gain/(Loss) adjustments on Plan Assets      | –                        | –                        | –                        | –                        | –                        |
| Actuarial Gain/(Loss) due to change on assumptions     | 0.88                     | –                        | (1.24)                   | 8.89                     | –                        |

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.

## 30. FINANCE COSTS

|                      | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|----------------------|---------------------------------------|---------------------------------------|
| Interest             | 666.14                                | 573.79                                |
| Other Borrowing Cost | 9.26                                  | 24.68                                 |
| <b>Total</b>         | <b>675.40</b>                         | <b>598.47</b>                         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

### 31. OTHER EXPENSES

|  | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--|---------------------------------------|---------------------------------------|
| Consumption of Stores and Spare Parts  | 1,249.41                              | 964.60                                |
| Power and Fuel   | 2,169.38                              | 1,762.79                              |
| Rent   | 525.14                                | 446.56                                |
| Rates and Taxes  | 123.29                                | 111.46                                |
| Repairs :  |                                       |                                       |
| - Plant and Machinery  | 431.44                                | 386.21                                |
| - Buildings  | 49.90                                 | 20.69                                 |
| - Others   | 257.54                                | 204.38                                |
| Insurance  | 738.88                                | 611.28                                |
| Payment to Auditors  | 189.56                                | 167.19                                |
| Directors' Fees  | 64.27                                 | 51.73                                 |
|  | 6.10                                  | 3.65                                  |
| Provision for Doubtful Trade Receivables/Advances  | (11.65)                               | 34.86                                 |
| Sundry Debit Balances/Advances written off   | 30.80                                 | 79.87                                 |
| Travelling and Conveyance  | 883.16                                | 765.25                                |
| Site Contractor Expenses   | 528.11                                | 462.86                                |
| Processing Charges   | 357.46                                | 281.37                                |
| Professional Charges   | 583.54                                | 543.63                                |
| Postage, Telephone, Telex etc.   | 187.78                                | 169.55                                |
| Royalty  | 132.43                                | 99.03                                 |
| Service Charges  | 327.30                                | 272.23                                |
| Commission and Brokerage   | 1,176.64                              | 862.37                                |
| Despatching and Forwarding Expenses  | 1,864.04                              | 1,640.68                              |
| Delivery and Forwarding Expenses   | 1,866.07                              | 1,942.85                              |
| Net Gain/Loss on Sale/Discard of Fixed Assets  | 22.92                                 | 5.50                                  |
| Net Loss/(Gain) on Foreign Exchange Rate Fluctuation and Translation (Refer Note 31.1 below) | 269.16                                | (300.38)                              |
| Miscellaneous Expenses   | 835.89                                | 715.72                                |
| <b>Total</b>   | <b>14,119.68</b>                      | <b>11,694.65</b>                      |

**31.1** Net loss of ₹ 269.16 includes Provision for 'Mark to Market' losses on derivatives of ₹ 46.90 (31.03.2011 : Nil)

### 32. EARNINGS PER SHARE (EPS) – The numerators and denominators used to calculate Basic and Diluted EPS

|  | For the year ended<br>31st March 2012 | For the year ended<br>31st March 2011 |
|--|---------------------------------------|---------------------------------------|
| Profit after Tax and Minority Interest                       | 3,986.82                              | 2,427.63                              |
| Less : Dividend on Preference Shares                         | 72.50                                 | 41.71                                 |
| Tax on Dividend on Preference Shares                         | 11.76                                 | 6.77                                  |
| Profit after Tax attributable to the Equity Shareholders (A) | 3,902.56                              | 2,379.15                              |
| Weighted Average number of Equity Shares (in numbers) (B)    | 34,610,472                            | 34,610,472                            |
| Nominal Value of Equity Shares (in ₹)                        | 10.00                                 | 10.00                                 |
| Dilutive potential Equity Shares                             | —                                     | —                                     |
| Basic/Diluted EPS (A/B)                                      | 11.28                                 | 6.87                                  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

## 33. CONTINGENT LIABILITIES

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>a) Claims against the Parent Company not acknowledged as debts :</b>  |                          |                          |
| i) Sales Tax matter under appeal disputed relating to issues of applicability and classification [related payments ₹ 5.49 (31.03.2011 : ₹ 5.49)] | 49.54                    | 49.54                    |
| ii) Income Tax matters under dispute relating to issues of applicability and determination   | 77.64                    | 78.83                    |
| iii) Service Tax matters under dispute relating to issues of applicability and classification  | 1.54                     | 1.54                     |
| <b>b) Claims against the Subsidiaries not acknowledged as debts</b>  | <b>27.92</b>             | <b>—</b>                 |

## 34. CAPITAL AND OTHER COMMITMENTS

## 34.1 CAPITAL COMMITMENTS :

|   | As at<br>31st March 2012 | As at<br>31st March 2011 |
|---|--------------------------|--------------------------|
| Estimated value of contracts on capital account remaining to be executed (net of advances) and not provided for | 56.59                    | 136.49                   |
| <b>Total</b>  | <b>56.59</b>             | <b>136.49</b>            |

## 35. RELATED PARTY DISCLOSURE

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   |
| Fellow Subsidiaries   | Heritage Health TPA Private Limited<br>Bajoria Financial Services Private Limited<br>IFGL Bio Ceramics Limited<br>Ganges Art Gallery Private Limited<br>Bajoria Enterprises Limited<br>Bajoria Service Providers Private Limited |
| Others :  |  |
| Key Management Personnel  | S K Bajoria (Chairman)<br>P Bajoria (Managing Director)  |
| Relatives of Key Management Personnel                                   | B P Bajoria (Father of Chairman) (Deceased on 20.02.2012)<br>Mihir Bajoria (Son of Chairman)<br>Akshay Bajoria (Son of Managing Director)<br>(Joined with effect from 02.01.2012)  |
| Enterprises in which Key Management Personnel has significant influence | Heritage Insurance Brokers Private Limited<br>Coris Heritage Asia Pacific Private Limited<br>IFGL Exports Limited (Subsidiary with effect from 30.03.2012)   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

| Particulars of Transactions during the year and year end balances  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>(I) With Holding Company : Bajoria Holdings Private Limited</b> |                          |                          |
| Issue of 5% Non Cumulative Preference Share                        | —                        | 640.00                   |
| Rent for Office Premises   | 7.59                     | 7.59                     |
| Maintenance Charges  | 10.89                    | 10.89                    |
| Expenses Reimbursement/Incurred                                    | 11.35                    | 11.67                    |
| Interest on Loan   | —                        | 0.17                     |
| Loan taken during the year   | —                        | 200.00                   |
| Loan repaid  | —                        | 200.00                   |
| Purchase of Equity Shares of IFGL Exports Limited                  | 260.00                   | —                        |
|  | <b>289.83</b>            | <b>1,070.32</b>          |
| <b>YEAR END BALANCES</b>   |                          |                          |
| Trade Payable  | 0.55                     | 0.45                     |
| Minority Interest  | 47.31                    | —                        |
|  | <b>47.86</b>             | <b>0.45</b>              |
| <b>(II) With Fellow Subsidiaries</b>                               |                          |                          |
| <b>Sale of Finished Goods</b>                                      |                          |                          |
| IFGL Bio Ceramics Limited  | 15.75                    | 21.92                    |
|  | <b>15.75</b>             | <b>21.92</b>             |
| <b>Expenses Reimbursement/Incurred</b>                             |                          |                          |
| Ganges Art Gallery Private Limited                                 | 2.33                     | 1.08                     |
|  | <b>2.33</b>              | <b>1.08</b>              |
| <b>Expenses Recovered/Received</b>                                 |                          |                          |
| Heritage Health TPA Private Limited                                | 3.37                     | 1.97                     |
| IFGL Bio Ceramics Limited  | 0.96                     | 0.67                     |
| Ganges Art Gallery Private Limited                                 | 0.11                     | —                        |
|  | <b>4.44</b>              | <b>2.64</b>              |
| <b>5% Non Cumulative Preference Share</b>                          |                          |                          |
| Bajoria Enterprises Limited  | —                        | 230.00                   |
| Bajoria Financial Services Private Limited                         | —                        | 420.00                   |
| Bajoria Service Providers Private Limited                          | —                        | 160.00                   |
|  | <b>—</b>                 | <b>810.00</b>            |
| <b>Purchase of Equity Shares of IFGL Exports Limited</b>           |                          |                          |
| Bajoria Financial Services Private Limited                         | 220.00                   | —                        |
|  | <b>220.00</b>            | <b>—</b>                 |
| <b>YEAR END BALANCES</b>   |                          |                          |
| <b>Trade Receivables</b>   |                          |                          |
| IFGL Bio Ceramics Limited  | 15.35                    | 19.60                    |
|  | <b>15.35</b>             | <b>19.60</b>             |
| <b>Minority Interest</b>   |                          |                          |
| Bajoria Enterprises Limited  | 0.10                     | —                        |
|  | <b>0.10</b>              | <b>—</b>                 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

| Particulars of Transactions during the year and year end balances                      | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>(III) With Key Management Personnel</b>   |                          |                          |
| <b>Director's Remuneration</b>   |                          |                          |
| S K Bajoria (Chairman)   | 98.64                    | 108.33                   |
| P Bajoria (Managing Director)  | 115.74                   | 111.86                   |
|  | <u>214.38</u>            | <u>220.19</u>            |
| <b>Director's Commission</b>   |                          |                          |
| S K Bajoria (Chairman)   | 28.50                    | —                        |
| P Bajoria (Managing Director)  | 16.50                    | —                        |
|  | <u>45.00</u>             | <u>—</u>                 |
| <b>Year end Balances</b>   |                          |                          |
| Minority Interest  | 351.26                   | —                        |
|  | <u>351.26</u>            | <u>—</u>                 |
| <b>(IV) With Relative of Key Management Personnel</b>                                  |                          |                          |
| <b>Sitting Fees</b>  |                          |                          |
| B P Bajoria  | —                        | 0.20                     |
|  | <u>—</u>                 | <u>0.20</u>              |
| <b>Remuneration</b>  |                          |                          |
| Mihir Bajoria  | —                        | 14.67                    |
| Akshay Bajoria   | 0.74                     | —                        |
|  | <u>0.74</u>              | <u>14.67</u>             |
| <b>Year end Balances</b>   |                          |                          |
| Minority Interest  | 0.10                     | —                        |
|  | <u>0.10</u>              | <u>—</u>                 |
| <b>(V) With Enterprise in which Key Management Personnel has significant influence</b> |                          |                          |
| <b>Expenses Recovered/Received</b>   |                          |                          |
| Heritage Insurance Brokers Private Limited   | 0.71                     | 0.11                     |
| IFGL Exports Limited   | —                        | 3.84                     |
|  | <u>0.71</u>              | <u>3.95</u>              |
| <b>Sale of Services</b>  |                          |                          |
| IFGL Exports Limited   | —                        | 18.00                    |
|  | <u>—</u>                 | <u>18.00</u>             |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

|  | As at<br>31st March 2012 | As at<br>31st March 2011 |
|--|--------------------------|--------------------------|
| <b>Sale of Finished Goods</b>                |                          |                          |
| IFGL Exports Limited                         | 69.43                    | —                        |
|  | <u>69.43</u>             | <u>—</u>                 |
| <b>Investment</b>                            |                          |                          |
| IFGL Exports Limited                         | 580.55                   | 101.00                   |
|  | <u>580.55</u>            | <u>101.00</u>            |
| <b>Year end Balances</b>                     |                          |                          |
| <b>Investment</b>                            |                          |                          |
| IFGL Exports Limited                         | —                        | 136.00                   |
|  | <u>—</u>                 | <u>136.00</u>            |
| <b>Corporate Guarantee/Letter of Comfort</b> |                          |                          |
| IFGL Exports Limited                         | —                        | 962.20                   |
|  | <u>—</u>                 | <u>962.20</u>            |

- 36. OPERATING LEASE COMMITMENTS** - The Group entered into various non-cancelable operating lease agreements in connection with certain Property, Plant and Equipment and Vehicles in the earlier years. Tenure of lease generally varies between 1 and 5 years. Terms of the lease includes operating terms of renewal, increase in rent in future period, re-imbursement of maintenance charges, terms of cancellation etc. The future minimum lease commitments of the Company are as follows :

|                               | As at<br>31st March 2012 | As at<br>31st March 2011 |
|-------------------------------|--------------------------|--------------------------|
| Within 1 Year                 | 475.14                   | 388.82                   |
| More than 1 Year upto 5 Years | 925.24                   | 780.89                   |
| <b>Total</b>                  | <u>1,400.38</u>          | <u>1,169.71</u>          |

Lease rentals recognised in this Statement of Profit and Loss amount to ₹ 454.74 (31.03.2011 : ₹ 407.86)

- 37. Segment Information for the year ended 31st March 2012 in accordance with AS-17 prescribed under the Act.**

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

*I) Composition of Geographical Segments*

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

*II) Inter Segment Transfer Pricing*

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

## III) Segment Revenues, Result and Other Information

|  | India                         | Europe                        | Asia<br>Excluding<br>India  | Americas                     | Total of<br>Reportable<br>Segments |
|--|-------------------------------|-------------------------------|-----------------------------|------------------------------|------------------------------------|
| External Sales (Net of Excise Duty)          | <b>26,804.80</b><br>20,387.07 | <b>20,207.13</b><br>14,587.93 | <b>577.34</b><br>4,114.24   | <b>12,795.78</b><br>8,015.23 | <b>60,385.05</b><br>47,104.47      |
| Inter Segment Sales                          | <b>675.50</b><br>642.90       | <b>466.62</b><br>3,651.76     | <b>4,738.99</b><br>842.40   | <b>80.77</b><br>612.01       | <b>5,961.88</b><br>5,749.07        |
| Segment Revenues                             | <b>27,480.30</b><br>21,029.97 | <b>20,673.75</b><br>18,239.69 | <b>5,316.33</b><br>4,956.64 | <b>12,876.55</b><br>8,627.24 | <b>66,346.93</b><br>52,853.54      |
| Segment Result                               | <b>3,094.48</b><br>1,510.49   | <b>1,528.88</b><br>1,683.74   | <b>238.98</b><br>204.21     | <b>1,129.99</b><br>357.90    | <b>5,992.33</b><br>3,756.34        |
| Segment Assets                               | <b>20,300.73</b><br>15,851.30 | <b>8,320.74</b><br>7,890.40   | <b>2,050.04</b><br>2,151.05 | <b>5,419.85</b><br>4,459.08  | <b>36,091.36</b><br>30,351.83      |
| Segment Liabilities                          | <b>4,180.79</b><br>3,345.19   | <b>2,999.68</b><br>3,528.25   | <b>751.82</b><br>828.60     | <b>1,601.14</b><br>1,131.52  | <b>9,533.43</b><br>8,833.56        |
| Capital Expenditure (Net)                    | <b>566.71</b><br>1,379.10     | <b>114.00</b><br>91.14        | <b>23.29</b><br>160.93      | <b>173.92</b><br>184.30      | <b>877.92</b><br>1,815.47          |
| Depreciation                                 | <b>624.94</b><br>528.55       | <b>359.39</b><br>148.62       | <b>102.00</b><br>78.31      | <b>204.74</b><br>116.75      | <b>1,291.07</b><br>872.23          |
| Non cash expenses other<br>than depreciation | <b>54.79</b><br>91.58         | —<br>23.15                    | —<br>—                      | <b>12.46</b><br>—            | <b>67.25</b><br>114.73             |

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

|   | Revenues                        | Net Profit                     | Assets                        | Liabilities @                 |
|---|---------------------------------|--------------------------------|-------------------------------|-------------------------------|
| Total of Reportable Segments            | <b>66,346.93</b><br>52,853.54   | <b>5,992.33</b><br>3,756.34    | <b>36,091.36</b><br>30,351.83 | <b>9,533.43</b><br>8,833.56   |
| Corporate-Unallocated (Net)/Adjustments | <b>263.55</b><br>473.61         | <b>499.12</b><br>110.92        | <b>9,296.04</b><br>8,272.08   | <b>12,966.29</b><br>12,180.85 |
| Inter Segment Sales                     | <b>(5,961.88)</b><br>(5,749.07) | —<br>—                         | —<br>—                        | —<br>—                        |
| Interest (Net)                          | —<br>—                          | <b>(675.40)</b><br>(598.47)    | —<br>—                        | —<br>—                        |
| <b>Provision for Taxation</b>           |                                 |                                |                               |                               |
| - Current                               | —<br>—                          | <b>(1,764.36)</b><br>(817.76)  | —<br>—                        | —<br>—                        |
| - Deferred                              | —<br>—                          | <b>(68.89)</b><br>(24.60)      | —<br>—                        | —<br>—                        |
| As per Financial Statements             | <b>60,648.60</b><br>47,578.08   | <b>3,982.80</b><br>@@ 2,426.43 | <b>45,387.40</b><br>38,623.91 | <b>22,499.72</b><br>21,014.41 |

@ Excluding Shareholders' Funds and Minority Interest

@@ Profit after Taxation and before Minority Interest

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(₹ in lacs)

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

|                                  | Total                         |
|----------------------------------|-------------------------------|
| India                            | <b>14,291.55</b><br>10,369.71 |
| United Kingdom                   | <b>7,967.63</b><br>4,067.57   |
| Europe other than United Kingdom | <b>18,316.93</b><br>14,927.00 |
| Asia excluding India             | <b>2,525.54</b><br>4,380.22   |
| Americas                         | <b>15,099.10</b><br>9,678.70  |
| Others                           | <b>2,184.30</b><br>3,681.27   |
| <b>Total Sales</b>               | <b>60,385.05</b><br>47,104.47 |

Figures in Bold type relate to current year

38. The carrying amount of Net Assets and results of the Subsidiary Company acquired during the year, from the date of acquisition are as under :

|                               | IFGL Exports Limited |
|-------------------------------|----------------------|
| Carrying amount of Net Assets | 1,345.65             |
| Net Loss                      | (1.61)               |

### 39. PREVIOUS YEAR FIGURES

The revised Schedule VI has become effective from 1st April 2011 for the preparation of Financial Statements. This has significantly impacted the Disclosure and Presentation made in the Financial Statements. Previous year's figures have been re-grouped/re-classified wherever necessary to correspond with the current year's classification/disclosure.

### Signatures to Note '1' to '39'

On behalf of the Board of Directors

**R Agarwal**  
Company Secretary

**P Bajoria**  
Managing Director

**S K Bajoria**  
Chairman

## NOTES

[illegible]

## NOTES

[illegible]



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

|               |                               |
|---------------|-------------------------------|
| Name_____     | Folio No./Client ID No. _____ |
| Address _____ |                               |
| _____         |                               |
| JH 1 _____    | _____                         |
| JH 2 _____    | _____                         |

**Attendance slip**

**23rd Annual General Meeting**

I/We hereby record my/our presence at the 23rd Annual General Meeting of the Company held on Friday, 24th August 2012 at 11 AM at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga 770 031, Dist. Sundergarh, Odisha.

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

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



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

**PROXY**

**23rd Annual General Meeting**

I/We ..... of .....  
.....being member/members of  
IFGL REFRATORIES LIMITED hereby appoint .....  
of .....or failing  
him/her .....of .....  
.....as my/our proxy to vote for me/us  
on my/our behalf at the 23rd Annual General Meeting of the Company to be held on Friday, 24th August 2012 at 11 AM at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga 770 031, Dist. Sundergarh, Odisha and at any adjournment thereof.

Signed on this.....day of.....2012

Folio No.

DP ID No.

Client ID No.

Signed this.....

Affix here  
Revenue  
Stamp

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



***Head & Corporate Office :***

3, Netaji Subhas Road, Kolkata - 700 001, India  
Phone : +91 33 2248 2411, Fax : +91 33 2243 0886, E-mail : ifgl@bajoria.in

***Registered Office & Works :***

Sector 'B' Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Odisha, India  
Phone : +91 661 2660195/583/584, Fax : +91 661 2660173, E-mail : ifglworks@bajoria.in

[www.ifglref.com](http://www.ifglref.com)

[www.bajoria.in](http://www.bajoria.in)