

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	<u>2,772</u>	<u>6,065</u>
Less : Total Expenses	<u>2,400</u>	<u>5,287</u>
Profit before Finance Cost and Depreciation	372	778
Less : Finance Cost	47	68
Depreciation and Amortisation Expense	63	129
Profit before Tax	262	581
Less : Provision for Current Tax/Deferred Tax	88	183
Profit after Tax	174	398

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 :

- a) 5% on Preference Shares of ₹ 100/- each i.e. ₹ 5/- per Preference Share.
- b) 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.

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

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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 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 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. (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. (ii) Ratification/approval and waiver of excess remuneration paid to Mr P Bajoria for FY 2010-2011. (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, website of National Stock Exchange of India Limited i.e. www.nseindia.com, website of Bombay

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Stock Exchange Limited i.e. www.bseindia.com, and website of Corporate Filing and Dissemination System i.e. www.corpfiling.co.in

- Information relating to Shareholding pattern, entire Annual Report of the Company and its Subsidiaries and Corporate Announcements/Press Releases made by the Company are also uploaded on Company's website i.e. www.ifglref.com

7. General Shareholder Information

AGM Details

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

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

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 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
Total	20,301	100.00	34,610,472	100.00

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

Number of Shares	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Upto 500	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
Total	20,301	100.00	34,610,472	100.00

Dematerialisation of Shares and Liquidity

The Shareholders may have their holding of Equity Shares of the Company Dematerialized either with the NSDL or CDSL if Equity Shares are desired to be held in electronic mode.

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
Total	34,610,472	100.00

Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on Equity.	Not Applicable
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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) Dist. Sundergarh, Odisha, Phone : +91 661 2660195, Fax : +91 661 2660173 E-mail : ifglworks@bajoria.in
Head & Corporate Office	McLeod House, 3, Netaji Subhas Road, Kolkata 700 001. Phone : +91 33 22482411, Fax : +91 33 22430886, +91 33 22480482 E-mail : ifgl@bajoria.in and investorcomplaints@bajoria.in

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

ANNEXURE 'B' TO DIRECTOR'S REPORT (Contd.)
Form - A
Disclosure of particulars with respect to conservation of energy

	For the year ended 31st March 2012	For the year ended 31st March 2011
A. Power & Fuel Consumption		
1. Electricity		
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
2. Coal (Specify quality and where used)		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Average rate	Nil	Nil
3. LDO		
Quantity (Kilo Ltr)	Nil	Nil
Total Cost (₹ in Millions)	Nil	Nil
Average Rate (₹/Ltr)	Nil	Nil
4. LPG		
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
5. Others/Internal Generation		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate/Unit	Nil	Nil
B. Consumption per unit of production		
a) Products-Refractories		
Electricity (KWH/Pc)	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

Research & Development (R & D)	
1. Specific areas in which R & D carried out	<ul style="list-style-type: none"> a) Improvement in product quality and performance. b) Development of indigenous sources of raw materials including quality upgradation and substitutes. c) Increase of production capacity and capability.
2. Benefits derived as a result of above R & D	<ul style="list-style-type: none"> a) Improvement in customer satisfaction. b) Increased cost competitiveness. c) Improvement in product quality, productivity and performance.
3. Future plan of action	Continued efforts in areas of cost reduction, improvement of productivity, quality and performance, import substitution etc.
4. Expenditure on R & D	No major expenditure has been incurred on R & D.
Technology Absorption, Adaptation and Innovation	
1&2. Efforts, in brief, made towards technology absorption, adaptation and innovation and benefits derived as a result of above efforts e.g. product development, import substitution etc.	Technologies imported from time to time have been successfully absorbed. Changes were made, wherever necessary, in imported technologies with consent of the Collaborators to suit Indian conditions in your Company's own R & D.
3. Information regarding Imported Technology	
A. a) Technology Imported	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.