

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

### *Dear Shareholders*

Your Directors are pleased to present the 25th Annual Report together with Statement of Profit and Loss for financial year ended on 31st March 2014 and Balance Sheet as on that date along with Notes, Cash Flow Statement and Auditors' Report forming part thereof.

Performance of your Company for financial year ended on 31st March 2014 on Consolidated and Stand-alone basis have been as follows :

	(₹ in Millions)	
	<b>Consolidated</b>	<b>Stand-alone</b>
Total Revenue	<b>7,809.95</b>	<b>3,289.45</b>
Total Expenses	<b>6,680.02</b>	<b>2,823.95</b>
<b>EBIDTA</b>	<b>1,129.93</b>	<b>465.50</b>
Finance Cost	<b>69.45</b>	<b>23.00</b>
Depreciation and Amortisation Expense	<b>154.78</b>	<b>70.23</b>
<b>Profit before Tax</b>	<b>905.70</b>	<b>372.27</b>
Provision for Current Tax/Deferred Tax	<b>248.03</b>	<b>128.80</b>
<b>Profit after Tax excluding Minority Interest</b>	<b>657.67</b>	<b>243.47</b>
<b>Earning Per Share</b>	<b>18.25</b>	<b>6.79</b>

Total Revenue, Profit before Tax and Profit for the year on Consolidated basis, are higher by ₹ 1,052.80 Millions (15.6%), ₹ 492.52 Millions (119%) and ₹ 357.98 Millions (127%) respectively compared to that of previous year ended on 31st March 2013. Earning Per Share has more than doubled and is ₹ 18.25 compared to ₹ 7.91 of the previous year. Similarly, Total Revenue, Profit before Tax and Profit for the year on Stand-alone basis are higher by ₹ 203.58 Millions (6.6%), ₹ 118.47 Millions (47%) and ₹ 72.84 Millions (43%) respectively. Earning Per Share is ₹ 6.79 compared to ₹ 4.69 of the previous year.

The aforesaid strong performance is a result of an all round good performance, including your Subsidiary Companies. Rationalisation of Raw Material and major expenses, coupled with a more efficient management of working capital made your Company more competitive and profitable. Despite following a conservative policy of booking future Foreign Exchange, your Company still benefited from Rupee depreciation specially against Euro and Sterling Pound.

### **Dividend**

Your Directors are pleased to recommend payment of Dividend as follows for the year 2013-2014 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) 17.50% on Equity Shares of ₹ 10/- each i.e. ₹ 1.75 per Equity Share.

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

Dividend on Equity Shares has been recommended following your Company's Policy of distributing maximum profits amongst the Shareholders and is higher by 2.50% i.e. ₹ 0.25 per Equity Share than that paid for previous year.

### **Subsidiary Companies**

During financial year 2013-2014, Subsidiaries of your Company particularly in the UK and USA performed strong. Total Income, Profit before Tax and Profit after Tax of overseas operations increased by ₹ 686 Millions (18%), ₹ 221 Millions (106%) and ₹ 177.98 Millions (135%) respectively compared to that of the previous year.

Stabilizing the quality of Isostatic Refractories in a new production facility is very crucial and time consuming. Your Directors are very pleased to report that this has been achieved by your Indian Subsidiary, IFGL Exports Limited. This has resulted in satisfactory performance inasmuch as Total Revenue increased by ₹ 309.09 Millions (339%). Profit before Tax has been ₹ 34.73 Millions compared to a loss of ₹ 57.21 Millions of the previous year. Despite this Subsidiary having substantial carry forward losses, it has effected payment of Minimum Alternate Tax of ₹ 3.50 Millions.

Your Directors are pleased to report that one of your Subsidiaries in the USA (EIC) and the Indian Subsidiary are taking steps to expand their respective production capacity. Your Directors are confident that operations of Subsidiaries will further improve during current financial year 2014-2015 barring unforeseen circumstances.

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

During financial year 2013-2014, Steel Industry both in India and abroad continued to go through the process of consolidation and/or stabilization. While Steel Industry in Americas did well, that of China, Europe and Asia Pacific are still trying to recover and factors like weakened economy, increased cost of inputs particularly employees and power and fuel, political instability etc. appears to have obstructed recovery of the same to a large extent. Your Directors are however optimistic and are of the view that during current financial year, performance of Iron and Steel Industry will improve and consequently results of industries ancillary to the same.

On a Consolidated basis, only about 20% of sales of your Company is from India and your Directors are of the view that the same will increase substantially with the Indian economy improving in the coming year, especially with the increased thrust on infrastructure development to give required boost to otherwise slackening economy.

Bio Ceramic business performed better than that for previous year. Focus on this business and also few more new identified products will be stepped up during current financial year.

For improved investor relation, your Company has taken steps to improve the communication with them.

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

A detailed Report on Corporate Governance Compliance duly certified by the Company's Statutory Auditors form part of this Report as **Annexure 'A'**. Corporate Governance policies and procedures practiced by your Company is one of the tenets of its philosophy for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.

The members of Audit Committee of Directors of your Company are in conformity with provisions of Section 177 of the Companies Act, 2013 (the Act) read with revised Clause 49 of the Listing Agreement and terms of reference thereof has been modified to include matters specified.

Whistle Blower Policy has been amended to include Vigil Mechanism provided in said Section. Policies and systems for Internal Control, Risk Management and Transfer Pricing are in place and are reviewed and updated from time to time as and when necessary.

### **Accounts of Subsidiary Companies**

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

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

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/group\\_account.php](http://www.ifglref.com/group_account.php)

### **Directors' Responsibility Statement**

Your Directors state that :

- a) In preparation of the annual accounts, the applicable Accounting Standards have been followed.
- b) Accounting Policies selected and applied are consistent and judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The annual accounts have been prepared on a Going Concern basis.
- e) Internal Financial Controls i.e. policies and procedures for ensuring orderly and efficient conduct of business, including adherence to Company's policies, safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information, have been laid down and that such controls are adequate and operating effectively.
- f) Proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and operating effectively.

Your Company's Statutory Auditors, M/s 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**

A Committee of Directors on Corporate Social Responsibility in accordance with provisions of Section 135 of the Act has been constituted and going forward CSR activities as per policy formulated and recommended by this Committee will be undertaken and sum prescribed will be spent on account thereof. Nevertheless, your Company during financial year 2013-2014 continued to pursue programmes for improvement of health, safety, education and environment in areas neighbouring its Indian manufacturing operations in Kalunga Industrial Estate (near Rourkela) in the State of Odisha and latest of such programme is setting up of a toilet complex at an Upper Primary School.

### **Disclosure of Employees Particulars**

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 in accordance with provision of the Companies (Appointment & Remuneration of Managerial Person) Rules, 2014. However, this Annual Report is being sent to Company's Shareholders and others entitled thereto without said Annexure and any Shareholder interested in obtaining such Annexure may write to the Company Secretary.

### **Industrial Relations**

During financial year 2013-2014, Industrial Relations continued to remain cordial. Your Company provide conducive working environment to its team members and empower 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 other relevant provisions, Consolidated Financial Statements duly audited by Statutory Auditors, M/s 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' REPORT AND  
MANAGEMENT DISCUSSION AND ANALYSIS REPORT TO THE SHAREHOLDERS** (Contd.)**Directors**

Independent Directors due to retire by rotation are Mr D K Banerji, Prof S Munshi and Prof A N Sadhu, who being eligible, offer themselves for re-appointment for a term of five consecutive years upto the conclusion of the 30th Annual General Meeting. Other Independent Directors, Mr D G Rajan, Mr K S B Sanyal and Mr S Khasnobis are being re-appointed for a term of five consecutive years upto the conclusion of the 30th Annual General Meeting. These re-appointments will be in conformity with relevant provisions including Sections 149, 150, 152 of the Act and Rules framed thereunder. Ordinary Resolutions and Explanatory Statement in respect of each of re-appointment of said Independent Directors form part of Notice of your ensuing Annual General Meeting.

Appointment of Chairman, Mr S K Bajoria and Managing Director, Mr P Bajoria will also end on 31st March 2015 and your Directors recommend their re-appointment for a further period of 5 years effective 1st April 2015 by passing special resolutions proposed for the purpose and forming part of Notice of ensuing Annual General Meeting.

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

**Disclosure of Information**

Information regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo is given in **Annexure 'B'**. Particulars of contracts/arrangements entered into by your Company with related parties including those in ordinary course of business at arms length during financial year 2013-2014 are disclosed in the Financial Statements. Your Directors also propose to change terms and conditions including remuneration of Mr Akshay Bajoria, being son of the Managing Director, Mr P Bajoria on and from 1st April 2014. These require your approval and for the purpose, Special Resolutions and Explanatory Statement thereon form part of Notice of your ensuing Annual General Meeting, following provisions of Section 188 of the Act read with Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014.

**Auditors' Report and Auditors**

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

Auditors, M/s Deloitte Haskins & Sells, Chartered Accountant will retire at conclusion of the forthcoming Annual General Meeting and being eligible for re-appointment, have signified their willingness to be so appointed for a term of five consecutive years in accordance with provisions of Section 139 read with Rules framed thereunder.

**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  
10th May 2014

**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

#### Composition of Board of Directors as at 31st March 2014

Category	No. of Directors	%
Executive Directors	2	20
Non-Executive Directors	2	20
Non-Executive Independent Directors	6	60
	<b>10</b>	<b>100</b>

Mr S K Bajoria is designated as the Chairman of the Company.

#### 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 (d) 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 (c)	-	-	-
K Dalmia	Non-Executive	-	-	-
S Khasnobis	Non-Executive (c)	-	-	-
Prof S Munshi	Non-Executive (c)	-	-	-
D G Rajan	Non-Executive (c)	4	3	-
Prof A N Sadhu	Non-Executive (c)	4	2	-
K S B Sanyal	Non-Executive (c)	4	2	1
S Tateishi (b)	Non-Executive	-	-	-

None of the above Directors are related inter-se.

- Also Promoter.
- A Senior Executive of Krosaki Harima Corporation, Japan, being Foreign Promoter and technical collaborator of your Company.
- Also Independent.
- Only 2 (two) Committees viz Audit Committee and Stakeholders Relationship 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 Section 275 of 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.

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

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) and/or reimbursement of out-of-pocket expenses for attending meetings of the Board and/or Committee(s) thereof. The Company pays sitting fees as follows per meeting per Director for attending meeting of the Board/Committees.

Board Meeting	₹ 20,000/-
Audit Committee Meeting	₹ 10,000/-
Nomination and Remuneration Committee Meeting	₹ 5,000/-
Investment Committee Meeting	₹ 5,000/-
Stakeholders Relationship Committee Meeting	₹ 5,000/-

For Mr K Dalmia's pecuniary relationship, please refer to paragraph 5 below.

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

During the Financial Year (FY) ended on 31st March 2014, the Board met 4 (four) times. The details of Board Meetings held during the financial year 2013-2014 are as under :

Date of Board Meeting	No. of Directors present
11th May 2013	7
14th August 2013	7
9th November 2013	7
14th February 2014	7

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 23rd August 2013
	Held	Attended	
P Bajoria	4	3	No
S K Bajoria	4	4	No
D K Banerji	4	3	No
K Dalmia	4	–	No
S Khasnobis	4	4	No
Prof S Munshi	4	4	No
D G Rajan	4	4	No
Prof A N Sadhu	4	2	No
K S B Sanyal	4	4	No
S Tateishi	4	–	No

**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.

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

### 3. Committees of the Board

Your Company has four Board level Committees :

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders Relationship 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 herein below :

#### A. Audit Committee

Your Company has an Audit Committee (the Committee) comprising of following three Non-Executive Independent Directors. All of them are financially literate and have accounting or related Financial Management expertise.

Name of Directors	Position	No. of Meetings	
		Held	Attended
K S B Sanyal	Chairman	4	4
D G Rajan	Member	4	4
Prof A N Sadhu	Member	4	2

During the FY ended on 31st March 2014, meeting of the Committee were held on 11th May 2013, 14th August 2013, 9th November 2013 and 14th February 2014. 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.

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.

#### B. Nomination and Remuneration Committee

The role of the Nomination and Remuneration Committee (the 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.

The Committee comprises of following Non-Executive Independent Directors.

Name of Directors	Position	No. of Meetings	
		Held	Attended
Prof A N Sadhu	Chairman	4	2
D G Rajan	Member	4	4
K S B Sanyal	Member	4	4

During the FY ended on 31st March 2014, meeting of the Committee were held on 11th May 2013, 14th August 2013, 9th November 2013 and 14th February 2014.

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

Details of remuneration paid/payable to the Executive Directors and Non-Executive Directors for FY 2013-2014 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 (e)	122.40	40.00	32.91	5.11	–	–
S K Bajoria (e)	93.00	40.00	29.49	15.26	–	–
D K Banerji	–	–	–	–	0.60	–
K Dalmia	–	–	–	–	–	–
S Khasnobis	–	–	–	–	0.80	0.20
Prof S Munshi	–	–	–	–	0.80	–
D G Rajan	–	–	–	–	0.80	0.60
Prof A N Sadhu*	–	–	–	–	–	–
K S B Sanyal	–	–	–	–	0.80	1.25
S Tateishi	–	–	–	–	–	–

\*Waived entitlement to Sitting Fees.

- (e) 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. Stakeholders Relationship Committee**

The Stakeholders Relationship Committee (the Committee) comprises of following Directors.

Name of Directors	Position	No. of Meetings	
		Held	Attended
K S B Sanyal	Chairman	13	13
S K Bajoria	Member	13	9
P Bajoria	Member	13	9

During the FY ended on 31st March 2014, 13 (thirteen) 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 subject to ratification 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 2013	–
Number of complaints received during the FY	13
Number of complaints redressed during the FY	13
Number of complaints pending as on 31st March 2014	–



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

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 (the Committee) comprises of following Directors.

Name of Directors	Position	No. of Meetings	
		Held	Attended
S K Bajoria	Chairman	4	4
P Bajoria	Member	4	3
S Khasnobis	Member	4	4

During the FY ended on 31st March 2014, meeting of the Committee were held on 11th May 2013, 14th August 2013, 9th November 2013 and 14th February 2014.

Role of the Committee is to inter alia examine and recommend various opportunities for deployment of cash flow surpluses available with the Company.

### 4. General Body Meetings

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

AGM	FY	Date	Time	Place
22nd	2010-2011	Friday, 26th August 2011	11 AM	Sector 'B', Kalunga Industrial Estate P.O. Kalunga 770 031, Dist. Sundergarh, Odisha
23rd	2011-2012	Friday, 24th August 2012	11 AM	-do-
24th	2012-2013	Friday, 23rd August 2013	11 AM	-do-

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

FY	Items
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.
2011-2012	None.
2012-2013	i) Change in remuneration and payment of minimum remuneration to Mr S K Bajoria.
	ii) Payment of minimum remuneration to Mr P Bajoria.

### Postal Ballot

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

### 5. Disclosures :

- A Statement in summary form of transactions with related parties in the 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.

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

- 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 2014 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 2014.
- Resume and other information of the Directors, retiring by rotation proposed to be re-appointed at the ensuing Annual General Meeting are given in the Notice relating thereto to the Shareholders as required under Clause 49 IV(G)(i) 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 2014.
- In accordance with the requirement of Corporate Governance the Board of Directors of the Company has formulated a Code of Conduct for Directors and Senior Management Personnel of the Company and the compliance thereof has been affirmed by all concerned. The required declaration to this effect signed by the Managing Director is appended as a separate Annexure to this Report. This Code of Conduct has also been posted on Company's website.
- No strictures were imposed on the Company by any regulatory authority on any matter related to capital markets during the last three years.
- IFGL Exports Limited (IEL) is a non material Indian Subsidiary of the Company. Following principles of good Corporate Governance, Mr K S B Sanyal, being one of the Independent Directors of the Company, is also a Director on the Board of said IEL.
- Minutes of Subsidiaries, are placed before the Board of the Company and attention of the Directors is drawn to the significant transactions and arrangement entered into by said Subsidiary Companies.
- The Company has laid down procedures to inform the Board Members about the risk assessment and minimisation procedures. These procedures are periodically reviewed to ensure that Executive Management control risks through means of a properly defined framework.
- In accordance with the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulation, 1992, as amended in February 2002, the Board of Directors of the Company has formulated the Code of Conduct for prevention of Insider Trading in Equity Shares of the Company by its Directors and Employees.
- The Board of Directors of the Company have received a Certificate from the Managing Director 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 complied with except that Chairman of the Audit Committee could not attend last Annual General Meeting of the members of the Company. Compliance of non mandatory requirements are dealt with at the end of the Report.

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

- The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.
- No Director of the Company is related to any other Director of the Company.
- Particulars of Equity Shares of ₹ 10/- each of the Company held by Non-Executive Directors (both own or held by/for other person on a beneficial basis) are as follows :

Name of Directors	Number of Shares held
Prof A N Sadhu	850
D G Rajan	8,894
K S B Sanyal	Nil
K Dalmia	Nil
S Tateishi	Nil
S Khasnobis	Nil
D K Banerji	Nil
Prof S Munshi	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) and website of Bombay Stock Exchange Limited i.e. [www.bseindia.com](http://www.bseindia.com)
- 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

<b>Date</b>	Friday, 22nd August 2014
<b>Time</b>	11 AM
<b>Venue</b>	Company's Registered Office at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga 770 031, Dist. Sundergarh, Odisha.
<b>Financial Calendar 2014-2015</b> (tentative and subject to change)	<ul style="list-style-type: none"> <li>Financial Year - April to March</li> <li>First Quarter Results - by second week of August 2014</li> <li>Second Quarter Results - by second week of November 2014</li> <li>Third Quarter Results - by second week of February 2015</li> <li>Audited Results for the year ending 31st March 2015 - by last week of May 2015</li> </ul>
<b>Book Closure Period</b>	Tuesday, 19th August 2014 to Friday, 22nd August 2014
<b>Dividend Payment Date</b>	On and after Wednesday, 27th August 2014

**ANNEXURE 'A' TO DIRECTORS' REPORT - REPORT ON CORPORATE GOVERNANCE (Contd.)**
**Listing on Stock Exchanges**

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

The Listing Fees for the FY 2014-2015 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 2014-2015 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 Limited and all Equity Shares in physical form lying unclaimed pursuant to Public/Rights Issues of the Company as well as by erstwhile Indo Flogates Limited 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 in the Suspense Account lying at the beginning of 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

**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 2013	35.40	31.20	38.45	31.10
May 2013	35.35	28.25	37.95	27.90
June 2013	30.00	25.85	30.00	26.00
July 2013	30.00	26.00	32.70	25.80
August 2013	29.90	24.00	30.00	23.45
September 2013	35.90	27.60	33.55	27.30
October 2013	37.45	30.50	37.45	30.05
November 2013	67.90	34.25	68.45	34.65
December 2013	62.00	55.10	61.65	54.30
January 2014	67.60	57.20	67.75	55.65
February 2014	66.00	58.00	65.45	56.65
March 2014	65.50	51.25	65.50	50.50

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

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

### Registrar and Share Transfer Agent 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 : [rajesh.agarwal@ifgl.in](mailto:rajesh.agarwal@ifgl.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@ifgl.in](mailto:investorcomplaints@ifgl.in) or to the Compliance Officer.

### Share Transfer System

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

### Secretarial Audit

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

### Distribution of Equity Shareholding as on 31st March 2014

Category	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Promoter's Holding*				
- Indian Promoters	5	0.03	19,669,248	56.83
- Foreign Promoter	1	0.01	5,006,956	14.47
Financial Institutions/Banks/ Mutual Funds/UTI	12	0.06	362,885	1.05
Foreign Institutional Investors	1	0.01	1,300	0.00
NRIs/Clearing Member/Trust	148	0.80	171,639	0.50
Private Body Corporate	263	1.42	3,167,397	9.15
Individuals	18,061	97.67	6,231,047	18.00
<b>Total</b>	<b>18,491</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.

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

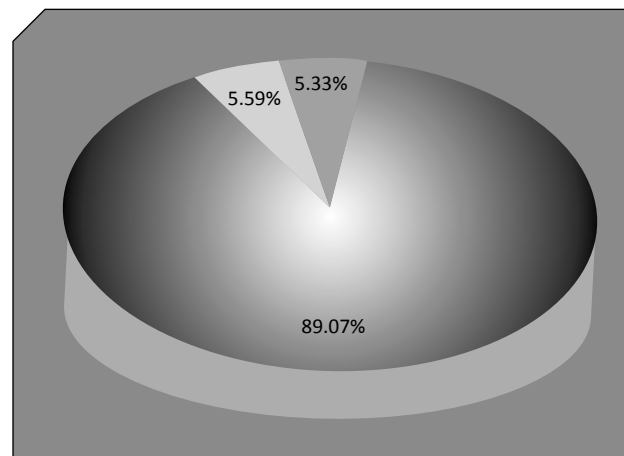
Number of Shares	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Upto 500	16,978	91.82	2,331,476	6.74
501 to 1000	695	3.76	584,968	1.69
1001 to 2000	374	2.02	582,514	1.68
2001 to 3000	131	0.71	339,820	0.98
3001 to 4000	65	0.35	228,661	0.66
4001 to 5000	46	0.25	217,151	0.63
5001 to 10000	107	0.58	778,755	2.25
10001 and above	95	0.51	29,547,127	85.37
<b>Total</b>	<b>18,491</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 Dematerialised either with the NSDL or CDSL if Equity Shares are desired to be held in electronic mode.

Shares held in Physical and Dematerialised Form as on 31st March 2014 :

- Shares held in Physical Form : 1,936,268 (5.59%)
- Shares held in Dematerialised Form in NSDL : 30,828,401 (89.07%)
- Shares held in Dematerialised Form in CDSL : 1,845,803 (5.33%)



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

Registered Office & Works	Sector 'B', Kalunga Industrial Estate, P.O. Kalunga 770 031 Dist. Sundergarh, Odisha, Phone : +91 661 2660195, Fax : +91 661 2660173 E-mail : <a href="mailto:ifgl.works@ifgl.in">ifgl.works@ifgl.in</a>
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 : <a href="mailto:ifgl.ho@ifgl.in">ifgl.ho@ifgl.in</a> and <a href="mailto:investorcomplaints@ifgl.in">investorcomplaints@ifgl.in</a>

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

### 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

FY	Date of Declaration of Dividend	Proposed Date for transfer to IEPF*
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
2011-2012	24.08.2012	23.10.2019
2012-2013	23.08.2013	22.10.2020

\*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 2006-2007, it will not be possible to entertain claims received by the Company on and after Tuesday, 23rd September 2014.

### 9. Status of Adoption of the Non Mandatory Requirements :

#### Non-Executive Chairman's Office

The Chairman of the Company is the Executive Chairman and hence this provision is not applicable.

#### Tenure of Independent Directors

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.

#### Nomination and Remuneration Committee

The Company has a Nomination and 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.

The Company following provisions of the Companies Act, 2013 (2013 Act) and Rules framed thereunder and also revised Clause 49 of the Listing Agreement amongst others have modified terms of reference of the Audit Committee, constituted CSR Committee, expanded scope of Whistle Blower Policy to include Vigil Mechanism, adopted a Remuneration Policy, formulated criteria for evaluation of Independent Directors and the Board including adoption of Schedule IV of the Act dealing with Code of Conduct.

### 10. Auditors' Certificate on Corporate Governance

As required under Clause 49 of the Listing Agreement, Statutory Auditors Certificate that the Company has complied with the conditions of Corporate Governance is attached.

## ANNEXURE 'B' TO DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for financial year ended on 31st March 2014

### A. Conservation of Energy

a) Energy Conservation measures taken :

Energy is of significant cost in manufacturing activities of the Company and hence being monitored closely for efficient use and conservation thereof and several steps including replacement of vaporizers, D G sets, equipments etc. have been taken with regard thereto.

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 2013-2014. FOB value of exports effected has been ₹ 1,104.97 Millions compared to ₹ 926.03 Millions for immediately preceding financial year 2012-2013.

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>759.62</b>
ii) Others	<b>186.90</b>
<b>2. Foreign Exchange Earnings</b>	
FOB Value of Exports	<b>1,104.97</b>



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

### Form - A

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

	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>A. Power &amp; Fuel Consumption</b>		
1. <b>Electricity</b>		
a) Purchased		
Units (KWH)	4,848,786	4,833,576
Total Amount (₹ in Millions)	30.02	29.21
Rate/Unit (₹)	6.19	6.04
b) Own Generation		
i) Through Diesel Generator		
Units (KWH)	402,813	639,796
Units per Ltr of Diesel Oil	2.90	2.95
Cost/Unit (₹)	18.84	15.39
ii) Through Steam Turbine/Generator		
Units (KWH)	Nil	Nil
Units per Ltr of Fuel Oil/Gas	Nil	Nil
Cost/Unit (₹)	Nil	Nil
2. <b>Coal (Specify quality and where used)</b>		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Average Rate	Nil	Nil
3. <b>LDO</b>		
Quantity (Kilo Ltr)	Nil	Nil
Total Cost (₹ in Millions)	Nil	Nil
Average Rate (₹/Ltr)	Nil	Nil
4. <b>LPG</b>		
Quantity (MT)	1,589.23	1,848.23
Total Cost (₹ in Millions)	111.32	119.92
Average Rate (₹/MT)	70,043.99	64,881.62
5. <b>Others/Internal Generation</b>		
Quantity	Nil	Nil
Total Cost	Nil	Nil
Rate/Unit	Nil	Nil
<b>B. Consumption per unit of production</b>		
Products-Refractories		
Electricity (KWH/Pc)	8.61	9.33
LDO (Ltrs/Pc)	Nil	Nil
Coal	Nil	Nil
LPG (Kgs/Pc)	2.57	3.20
HSD (Ltrs/Pc)	0.25	0.42

**ANNEXURE 'B' TO DIRECTORS' REPORT (Contd.)**
**Form - B**
**Disclosure of particulars with respect to Technology Absorption**
**Research & Development (R & D) :**

1. Specific areas in which R & D carried out	a) Improvement in product quality and performance
2. Benefits derived as a result of above R & D	b) Development of indigenous sources of raw materials including quality upgradation and substitutes.
3. Future plan of action	c) Increase of production capacity and capability.
4. Expenditure on R & D	Improvement in customer satisfaction, increased cost competitiveness and improvement in product quality, productivity and performance.
	Continued efforts in areas of cost reduction, improvement of productivity, quality and performance, import substitution etc.
	Excepting for few testing instruments, 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) 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.