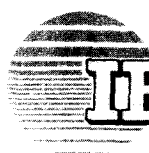


Annual Report 2008-2009



IFGL

Refractories Ltd



DEDICATED TO CLEAN STEEL

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FORWARD LOOKING STATEMENT

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

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

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



CORPORATE INFORMATION

BOARD OF DIRECTORS

B P Bajoria
K Dalmia
M Kusakabe
O Matsuura *(From 31.10.2008)*
D G Rajan
Prof A N Sadhu
K S B Sanyal
T Yazawa *(Upto 31.10.2008)*

MANAGING DIRECTOR

S K Bajoria

DIRECTOR & CHIEF EXECUTIVE

P Bajoria

COMPANY SECRETARY

R Agarwal

BANKERS

Hongkong Bank
HSBC Bank plc
ICICI Bank UK Ltd
State Bank of India

AUDITORS

Grant Thornton UK LLP
Price Waterhouse

HEAD & CORPORATE OFFICE

McLeod House, 3, Netaji Subhas Road, Kolkata - 700 001
Phone : +91 33 22482411, Fax : +91 33
22430886/22480482
E-mail : ifgl@bajoria.in
Website : www.ifglref.com

REGISTERED OFFICE & WORKS

Sector 'B', Kalunga Industrial Estate
PO : Kalunga - 770 031, Near Rourkela, Dist : Sundergarh
(Orissa)
Phone : +91 661 2660195, Fax : +91 661 2660173
E-mail : ifglworks@bajoria.in

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 20th Annual General Meeting of the Members of IFGL Refractories Limited will be held on Friday, 28th August 2009 at 11 AM at the Registered Office situated at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga 770 031, Dist. Sundergarh, Orissa to transact the following Business :

Ordinary Business :

1. To receive, consider and adopt Profit and Loss Account for financial year ended 31st March 2009 and Balance Sheet as on that date and Schedules and Notes forming part thereof and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr D G Rajan, who retires by rotation and being eligible, offer himself for re-appointment.
3. To appoint a Director in place of Mr K S B Sanyal, who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint Statutory Auditors and to authorise the Board to fix their remuneration including terms of payment. The retiring Auditors, Messrs Price Waterhouse, Chartered Accountants, being eligible offer themselves for re-appointment.

Special Business :

5. To consider and if thought fit, with or without modification(s), to pass the following resolution as an Ordinary Resolution :
 "Resolved that Mr Osamu Matsuura, who was appointed as an Additional Director as per provisions of Section 260 of the Companies Act, 1956 (the Act) in the meeting of Board of Directors of the Company held on Friday, 31st October 2008 and whose term expires at the ensuing Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Act, from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement by rotation."

By Order of the Board
For IFGL REFRACTORIES LIMITED

Kolkata
18th May 2009

R Agarwal
Company Secretary

NOTES

1. **A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. Proxies in order to be effective, must be lodged with the Company not less than 48 (forty eight) hours before the commencement of the ensuing Annual General Meeting (AGM).**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business set out at Item 5 above is annexed hereto.
3. Corporate Members are requested to send to the Company's Corporate and Head Office, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the AGM.
4. Brief profile of the Directors seeking re-appointment/appointment at the ensuing AGM is annexed hereto in compliance of Clause 49 of the Listing Agreement with Stock Exchanges.
5. Register of Members and Share Transfer Register will remain closed from Tuesday, 25th August 2009 to Friday, 28th August 2009 both days inclusive, in connection with ensuing AGM.
6. Pursuant to provisions of Section 205A, in force till 30th October 1998, of the Companies Act, 1956, all unclaimed/unpaid dividends for financial year ended 31st March 1995 of erstwhile Indo Flogates Ltd have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said year are requested to forward their claims in prescribed Form No. II of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to the Registrar of Companies, Orissa, Chalachitra Bhawan, 2nd Floor, Buxi Bazar, Cuttack 753 001.
7. Shareholders who have not yet encashed their Dividend Warrant(s) for financial years ended 31st March 2003, 31st March 2004, 31st March 2005, 31st March 2006, 31st March 2007 and 31st March, 2008 issued by the Company are requested to make their claims to the Company accordingly, without any delay.
8. Equity Shares of the Company are available for dematerialisation both with the National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL).

Members holding shares in physical form are requested to notify/send the following to the Registrars and Share Transfer Agent of the Company to facilitate better service :

- i) Any change in their address/mandate/bank details.

NOTICE OF ANNUAL GENERAL MEETING (Contd.)

- ii) Share Certificate(s), held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one account.

Members holding shares in Demat form are requested to give all instructions directly to their Depository Participants.

9. Members are requested to quote the Folio No. or Client ID and DP ID numbers in all communications with the Company.
10. Members can avail of the nomination facility, under Section 109A of the Companies Act, 1956, by submitting Form No. 2B of the Companies (Central Govt.'s) General Rules and Forms, 1956 with the Company. Blank forms will be supplied on request.
11. Listing Fees for the financial year 2009-2010 have been paid to Stock Exchanges. Presently Equity Shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
12. Reduction and consolidation of Equity Share Capital of the Company was carried out in the year 1996. Members still holding old Share Certificates are requested to surrender the same and obtain fresh Certificates in lieu thereof.
13. Persons who have become members of the Company consequent upon amalgamation of Indo Flogates Ltd, are requested to surrender Certificates relating to their holding in said Company for despatch of new Certificates relating to their shareholding in the Company.

Explanatory Statement pursuant to provisions of Section 173(2) of the Companies Act, 1956 in respect of Item 5 of the Notice

Mr Osamu Matsuura, a Graduate from Osaka University (Japan) and a Senior Executive of Sojitz Corporation, Japan having working experience of more than 20 years, was appointed by your Directors as an Additional Director as per provisions of Section 260 of the Companies Act, 1956 (the Act) of your Company on Friday, 31st October 2008. His term to hold said office expire at the ensuing Annual General Meeting. Your Company has however received a Notice under Section 257 of the Act, from a member proposing his candidature for the office of Director for further period liable to retire by rotation. Resolution mentioned at Item 5 of the Notice is meant for this purpose and your Directors recommend passing thereof unanimously. None of the Directors other than Mr Matsuura is concerned or interested in passing of proposed resolution.

Particulars relating to Directors seeking re-appointment/appointment pursuant to Clause 49(IV)(G)(i) of the Listing Agreement

Mr D G Rajan

Mr D G Rajan, aged about 68 years, is a Fellow Member of the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants of India. He was a Partner of Lovelock & Lewes, Chartered Accountants from 1967 and retired therefrom as a Senior Partner in 1990. He was also President of the Management Consultants Association of India, Chairman of the Southern Region of the Indian Paint Association, Chairman of Direct Tax Committee of Southern India Chamber of Commerce, Member of Board of Governors of The Doon School. Presently, he is Advisor and Management Consultant to many domestic and international Groups.

Apart from holding directorship in several Private Limited Companies, he holds office both of Director and Chairman/Member of Board Committees of following Public Limited Companies incorporated in India, apart from that of the Company.

Solvay Pharma India Limited

Lotte India Corporation Ltd.

Mr Rajan was appointed as a Director of the Company on Monday, 14th August 2000 and since then uninterruptedly holding said office. Presently, he is holding 8,190 Equity Shares of Rs. 10/- each fully paid-up of the Company.

Mr K S B Sanyal

Mr K S B Sanyal, aged about 76 years, is a Masters in Arts (English), Companion of the British Institute of Management and Fellow of the Institute of Petroleum, London. He has been the National Special Advisor to UNDP in India. He was the Sheriff of Kolkata in the year 1986 and 1987, Chairman and Managing Director of the Andrew Yule & Co. Ltd, President of the Bengal Chamber of Commerce and Industry, Chairman of the committee on Environment of the ASSOCHAM. Presently he is Director of several reputed Companies including Woodland Medical Centre Limited, Bhatpara Papers Ltd and Titagarh Papers Limited. He also hold office both of Director and Chairman/Member of Board Committees of following Companies apart from that of the Company.

Philips Carbon Black Limited

Titagarh Industries Limited

Mr Sanyal was appointed as a Director of the Company way back on Wednesday, 27th November 1991 and since then uninterruptedly holding said office. Presently, he is holding 350 Equity Shares of Rs. 10/- each fully paid-up of the Company.

Mr Osamu Matsuura

Mr Osamu Matsuura, aged about 44 years, is a Graduate from Osaka University (Japan). He is a Senior Executive of Sojitz Corporation, Japan and has working experience of more than 20 years. He does not hold office of Director of any Company incorporated in India apart from that of the Company. Presently, he does not hold any Equity Shares of the Company.

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

Dear Shareholders

Your Directors present the 20th Annual Report together with Profit and Loss Account for financial year ended on 31st March 2009 and Balance Sheet as on that date.

Financial Performance of your Company for financial year ended on 31st March 2009 on stand-alone and consolidated basis have been as follows :

(Rs. in Millions)

	Stand-alone		Consolidated	
Sales (Net of Excise Duty)	1,667.85		3,981.71	
Other Income	7.21	1,675.06	23.82	4,005.53
Less : Total Expenses	1,406.47		3,489.05	
Interest	51.14	1,457.61	95.48	3,584.53
Gross Profit after Interest but before Depreciation,		217.45		421.00
Exceptional Items and Taxation				
Less : Depreciation	42.17		74.22	
Exceptional Items :				
Foreign Exchange (Gain)/Loss	(24.90)		83.30	
Restatement of Foreign Currency Receivables/Payables	-		95.80	
Non-recoverable assets of an Employees Pension Fund	-	17.27	39.90	293.22
Profit before Tax		200.18		127.78
Less : Provision for Current Tax		68.00		67.29
Profit after Current Tax and before Deferred Tax and Fringe Benefit Tax		132.18		60.49
Less : Provision for Deferred Tax	1.78		(3.76)	
Less : Provision for Fringe Benefit Tax	3.52	5.30	3.52	(0.24)
Profit after Tax		126.88		60.73
Add : Minority Interest		-		0.38
Profit after Tax and Minority Interest		126.88		61.11
Add : Profit brought forward from previous year		343.69		589.32
Profit available for appropriation		470.57		650.43

The world economy has been affected by a downturn not seen in recent times and the world domestic product which was on a very healthy growth path till June 2008, suddenly plummeted, primarily due to the financial crisis originating in the US and spreading throughout the developed world in a record time. The impact on the steel industry was also instantaneous and in just 4 months the world production dropped by 30%. Economies like India and China were primarily hit due to the contraction in their respective export trade. As your Company's business is, to a great extent export oriented, this unprecedented slow down impacted stand alone as well as consolidated results.

However, because of very timely and pro-active steps taken by your Company, the extent of damage both short and long term was largely contained. Steps included very tight inventory and debtors management and curtailment of expenses all round including reduction in remuneration of the top managerial personnel. Due to the above, your Company has been able to achieve the aforesaid results despite very adverse conditions.

During the year and just before the global melt down set in, your Company acquired Hofmann Group of Companies based in Germany, with a manufacturing in Czech Republic also. With this IFGL as a Group took its first step to diversify in to the foundry industry. The all round economic situation has impacted the auto industry and consequentially foundries also. Your Directors feel that in the long term this diversification will be strategic.

Nevertheless, after a very sharp fall in the last quarter of 2008, it seems the worst is behind us, as the world steel production has reached a plateau and also the contraction of the US economy slowed down. The projection is of a very slow revival of the world economy, starting from second half of 2009 and taking most of 2010. Keeping the above in mind and exercising extreme caution, your Directors, with great regret, decided not to declare any Dividend for the year under review.

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

Manufacturing facilities of your Company are its primary locations and the **Segment Revenue, Segment Results and Capital Employed, on consolidated basis, in terms of Accounting Standard 17** of the Institute of Chartered Accountants of India (ICAI) are as follows :

(Rs. in Millions)

	For financial year ended 31st March 2009	For previous year ended 31st March 2008
Segment Revenue		
India	1,668	1,713
Outside India		
Asia (excluding India)	462	376
Europe	1,435	1,263
Americas	646	632
Total	4,211	3,984
Less : Inter Segment Adjustment	229	204
Total Segment Revenue	3,982	3,780
Segment Results (Profit before tax)		
India	251	316
Outside India		
Asia (excluding India)	52	47
Europe	(83)	91
Americas	23	52
Total (Profit before interest)	243	506
Add/(Less) : Inter Segment Adjustment	1	(5)
Less : Interest Expenses (Net)	96	82
Less : Unallocable Items	20	10
Profit before tax	128	409

(Rs. in Millions)

	As at 31st March 2009	As at 31st March 2008
Segment Capital Employed (Assets - Liabilities)		
India	888	1,008
Outside India		
Asia (excluding India)	154	114
Europe	418	399
Americas	196	177
Total	1,656	1,698
Less : Inter Segment Adjustment	12	13
Less : Liabilities	500	715
Total Capital Employed	1,144	970

CAPEXIL's Special Export Award for Refractories was also received for sixth consecutive year for financial year 2007-2008. During financial year 2008-2009 your Company effected exports (including indirect) aggregating to Rs 880.95 millions.

Subsidiary Companies

Because of global economic slowdown discussed earlier in this report, operations of your Company's operating subsidiaries particularly in Czech Republic, Germany, UK and USA were substantially affected during financial year 2008-2009. However, extent of damage was substantially contained by taking various steps for business model restructuring including deferment of capital expenditures.



DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

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

As reported earlier, the world economy after experiencing an unprecedented contraction in the second half of 2008 is expected to slowly recover during 2009-2010. The same holds good for the Steel Industry. During the course of recovery there is all likely hood of a substantial shift in regional output of steel. Based on indications available there will be an increase in production in China, India, Russia and Brazil and a reduction in the European Union and North America. Till such time these signals become clearer, your Company will tread on a cautious path. The setting up of the new CCR Plant at Kandla Special Economic Zone in Gujarat through our associate IFGL Exports Ltd has been postponed. Your Directors will review this on a regular basis so that the project work could be revived as soon as clearer positive signs are available.

Bio Ceramics

Your Company's facilities for manufacture of Bio Ceramic Products particularly Synthetic Hydroxyapatite Orbital Implant, Alumina based Femoral Head for Hip Joint and Bone substitute materials has started functioning. These Products are being manufactured as per know how developed by the Central Glass and Ceramic Research Institute, a National Laboratory of Council of Scientific and Industrial Research of India. Clinical performance of these Products have been found to be satisfactory and they are already being used by/at leading Doctors and Hospitals. Your Directors are of the view that use of Bio Ceramic Products will increase substantially because of their inherent advantages and benefits and hence, increased attention is being given to this business.

Corporate Governance/Internal Control System and their adequacy

During financial year 2008-2009 your Company continued to practice principles of good Corporate Governance to maximise value of its stakeholders. Terms of Reference of Audit Committee are commensurate with those provided in Clause 49 of the Listing Agreement. Internal Control Systems and frame work thereof are reviewed and strengthened from time to time and are adequate to identify risks, assess and or evaluate impact thereof and take steps for control and mitigation thereof. Risk Management Manual and Risks Register and Global Transfer Pricing Policy for transactions with Associated Enterprises have been adopted and are reviewed and updated periodically. A detailed Report on Corporate Governance Compliance duly certified by the Company's Statutory Auditors form part of this Report as **Annexure 'A'**.

Accounts of Subsidiary Companies

Your Company's application for approval under Section 212(8) of the Companies Act, 1956 (the Act), for exemption from the provisions of Section 212(1) of the Act for financial year 2008-2009 for attachment of statements of accounts of the subsidiaries to its accounts for said financial year, is pending before the Ministry of Corporate Affairs and your directors are confident to receive said approval within next few days*. Accordingly, as followed in past, a statement having requisite financial information of Subsidiary Companies is being attached as part of the Annual Report. Shareholders of the Company, 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.

* Received on 25th May 2009.

Directors' Responsibility Statement

Your Directors, in terms of Section 217(2AA) of the Companies Act, 1956 (the Act), state that :

- a) in preparation of statement of accounts for the financial year under review, the applicable Accounting Standards have been followed and in case of departures therefrom, proper explanations relating thereto have been given in the Notes forming part thereof.
- b) Accounting Policies selected have been applied consistently and judgments and estimates made are reasonable and prudent as they give true and fair state of affairs of the Company at the end of the financial year under review and of the profit and loss of the Company for that period.
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) Annual Accounts have been prepared on a going concern basis.

Your Company's Statutory Auditors, Messrs Price Waterhouse, Chartered Accountants have audited the statement of accounts in accordance with generally accepted Accounting Standards and Practices as indicated in their Report.

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT (Contd.)

Consolidated Financial Statements

In accordance with Accounting Standard 21, Consolidated Financial Statements form part of this Annual Report. Consolidated Financial Statements have been prepared based on Financial Statements (including Consolidated) of immediate two levels of Subsidiary Companies i.e. IFGL Worldwide Holdings Limited and IFGL Monocon Holdings Limited, as approved by their respective Boards.

Directors

Director due to retire by rotation are Mr D G Rajan and Mr K S B Sanyal who, being eligible, offer themselves for re-appointment for further period.

Mr Osamu Matsuura was appointed as an Additional Director of your Company on Friday, 31st October 2008. He ceases to hold his office at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment as Director, liable to retire by rotation and your Directors recommend his re-appointment.

Profile of these Directors form part of the Notice to the Shareholders of ensuing Annual General Meeting.

Human Resources and Industrial Relations

Your Company continue to provide most conducive working environment to its human resource and empower them by periodical trainings on latest techniques and practices. Compensation packages and benefits provided are most competitive and comparable to the best offered in the Refractory Industry in India. During financial year 2008-2009, Industrial Relations remained most cordial.

Particulars of remuneration paid in excess of limit specified for the purpose of Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, amended to date are given in **Annexure 'B'**.

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 'C'**.

Auditors' Report

Report of the Auditors, including references made therein to the Notes forming part of the Statement of Accounts, are self explanatory and does not require to be elucidated further.

Auditors

Messrs Price Waterhouse, Auditors will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

Acknowledgement

Your Directors place on record sincere appreciation for continued support received from all concerned particularly from the shareholders, banks and employees.

On behalf of the Board of Directors

Kolkata
18th May 2009

S K Bajoria
Managing Director

P Bajoria
Director & Chief Executive

ANNEXURE 'A' TO DIRECTORS' REPORT – REPORT ON CORPORATE GOVERNANCE

1. Your Company's philosophy is to continue to enhance customers' satisfaction and stakeholders' value by following the best practices of Corporate Governance.

The 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

Your Company does not have a designated Chairman. The Board of Directors elect one of them as Chairman at each of the meetings.

The Board of Directors of the Company consist of 2 (two) Executive Directors, 4 (four) Non-executive Directors and 3 (three) 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
B P Bajoria (a)	Non-executive	5	1	2
S K Bajoria (a)	Executive	3	–	–
P Bajoria (a)	Executive	3	–	–
K Dalmia	Non-executive	1	–	–
M Kusakabe (b)	Non-executive	–	–	–
O Matsuura (c)	Non-executive	–	–	–
D G Rajan	Non-executive (d)	2	2	1
Prof A N Sadhu	Non-executive (d)	3	2	–
K S B Sanyal	Non-executive (d)	5	1	3

(a) Also Promoter. Relationship between Mr B P Bajoria and Mr S K Bajoria is that of father and son.

(b) A senior executive of Krosaki Harima Corporation, Japan, being technical collaborator of your Company.

(c) Appointed as director effective 31st October, 2008. A senior executive of Sojitz Corporation, Japan.

(d) Also Independent.

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

None of the Non-executive Directors have any pecuniary relationship and/or transaction with your Company other than payment of Sitting Fees (as indicated in paragraph 4 below) within the limit prescribed under the Companies Act, 1956, and/or reimbursement of expenses at actuals only, for attending meetings of the Board and/or Committee(s) thereof.

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

During the financial year ended on 31st March 2009, meeting of the Board of Directors was held 4 (four) times i.e. on 7th May 2008, 25th July 2008, 31st October 2008 and 30th January 2009. The gap between two meetings never exceeded four months.

Name of Directors	Number of Board Meetings		Attended Last AGM held on 22nd August 2008
	Held	Attended	
B P Bajoria	4	4	No
S K Bajoria	4	4	No
P Bajoria	4	4	Yes
M Kusakabe	4	–	No
T Yazawa (f)	3	–	No
O Matsuura	1	–	No
D G Rajan	4	4	No
Prof A N Sadhu	4	4	No
K S B Sanyal	4	4	Yes
K Dalmia	4	–	No

(f) T Yazawa ceased to be Director of the Company effective 31st October 2008.

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

3. Audit Committee

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

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

Terms of reference of the Committee include the powers and role including review of information, as specified in Clauses 49II(C), 49II(D) and 49II(E) of the Listing Agreement, of the Company as well as that of its subsidiary companies. The Company however, do not have any Indian subsidiary.

During the financial year ended on 31st March 2009, meetings of the Audit Committee were held on 7th May 2008, 25th July 2008, 31st October 2008 and 30th January 2009, which were attended by all the above 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. 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.

4. 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 following Non-executive Independent Directors.

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

During financial year ended on 31st March 2009, meeting of the Committee were held on 7th May 2008 and 16th February 2009 which were attended by all the committee members, except that D G Rajan did not attend meeting held on 16th February 2009.

Details of remuneration paid to the Executive Directors and Non-executive Directors for financial year 2008-2009 are as follows :

Name of Directors	Salary and other benefits (Rs.)				Sitting Fees (Rs.)	
	Salary (including House Rent Allowance)	Commission	Contribution to Provident and other Funds	Other Perquisites	Board Meetings	Committee Meetings
B P Bajoria	—	—	—	—	80,000/-	—
S K Bajoria (g)	6,150,000/-	—	1,951,463/-	—	NA	NA
P Bajoria (g)	6,240,000/-	—	1,993,504/-	96,950/-	NA	NA
M Kusakabe	—	—	—	—	—	—
T Yazawa	—	—	—	—	—	—
O Matsuura	—	—	—	—	—	—
D G Rajan	—	—	—	—	80,000/-	45,000/-
Prof A N Sadhu *	—	—	—	—	—	—
K S B Sanyal	—	—	—	—	80,000/-	1,09,000/-
K Dalmia	—	—	—	—	—	—

* Waived

- (g) i) Service Contract - 5 years (from 1st April 2005 to 31st March 2010).
 ii) Notice period - 3 months Notice from either side.
 iii) Severance Fees - 3 months salary in lieu of Notice.

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

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

5. 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

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

During the financial year ended on 31st March 2009, 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 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, R Agarwal. During the financial year 2008-2009, 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 2008	0
Number of complaints received during the year	234
Number of complaints redressed during the year	234
Number of complaints pending as on 31st March 2009	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 Ltd. with the Company on and from 1st April 1999, pursuant to Orders of the Hon'ble Orissa High Court of 5th November 1996 and 3rd August 2000 respectively, registration of transfer of Equity Shares, issuance of duplicate share certificates and non receipt of dividend warrants.

6. General Body Meetings

Location and time, where last three AGMs were held

Financial Year	Date	Time	Place
2005 - 2006	Tuesday, 29th August 2006	11 AM	Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa.
2006 - 2007	Friday, 24th August 2007	11 AM	- do -
2007 - 2008	Friday, 22nd August 2008	11 AM	- do -

Special Resolutions passed at last 3 (three) AGMs

Financial Year	Items
2005 - 2006	None
2006 - 2007	(i) To invest, give guarantees and counter guarantees as per Section 372A of the Companies Act, 1956 upto sum of Rs. 1000 crores. (ii) To issue securities of the Company to the extent of US\$ 100 Millions or the Rupee equivalent thereof.
2007 - 2008	None

No resolution was passed through Postal Ballot last year nor any proposed at the ensuing Annual General Meeting.

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.

7. Disclosures

- A Statement in summary form of transactions with related party in the ordinary course of business is placed periodically before the Audit Committee. The pricing of all the transactions with the related parties were on an arms length basis.

- The Company did not have any materially significant related party transactions, which may have potential conflict with the interest of the Company.
- While preparation of financial statements for the year under review, no accounting treatment which was different from that prescribed in the Accounting Standards was followed.
- For the list of disclosures of related party relationship and transactions as per Accounting Standard AS-18, "Related Party Disclosures", Note 12 on Schedule 15 to the Annual Audited Accounts of the Company for the year ended 31st March 2009 may be referred to.

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

7. Disclosures (Contd.)

- The Company, during the financial year under review, continued to supply Refractories (of unique/special nature) to a Company (where K Dalmia, a Director of the Company happens to hold directorship) as per the latter's requirements from time to time at prices, the terms of which were negotiated and mutually agreed. Necessary permission in this regard from the Regional Director, Eastern Region, Department of Company Affairs at Kolkata under Section 297 of the Companies Act, 1956, has been obtained for financial year ended on 31st March 2009.
- 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 Director & Chief Executive 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.
- 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 Director & Chief Executive and Chief Operating Officer (COO) of the Company in compliance of Clause 49(V) of the Listing Agreement.
- The Company has not made any public issues/rights issues and preferential issues during the period under review.
- The Company does not presently have a Whistle Blower Policy.
- 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 Rs. 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
B P Bajoria	Nil
D G Rajan	8,190
K S B Sanyal	350
K Dalmia	Nil
M Kusakabe	Nil
O Matsuura	Nil

8. Means of Communication

In compliance with the requirements of the Listing Agreements, the Company regularly intimates unaudited as well as audited financial results to the Stock Exchanges immediately after they are taken on record by the Board. Further coverage is given for the benefit of the shareholders and investors by publication of the financial results in the Business Standard / Business Line and Pragativadi, an Oriya newspaper widely circulating in the State of Orissa.

The Company however does not send half yearly reports to the individual Shareholders.

Audited/Unaudited financial results and other pertinent information are also available on the Company's website i.e. www.ifglref.com, website of National Stock Exchange of India Ltd. i.e. www.nse-india.com, website of Bombay Stock Exchange Ltd i.e. www.bseindia.com, EDIFAR website i.e. www.sebidifar.nic.in and website of Corporate Filing and Dissemination System i.e. www.corpfiling.co.in

A Management Discussion and Analysis Report has been included as a part of the Directors' Report to the Shareholders for the financial year ended 31st March 2009.

9. General Shareholder Information

AGM : Date, Time and Venue

- Ensuing Annual General Meeting will be held on Friday, 28th August 2009 at 11 AM at the Company's Registered Office at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa.

Financial Year

- 1st April to 31st March.

Date of Book Closure

- From Tuesday, 25th August 2009 to Friday, 28th August 2009, both days inclusive.

Dividend payment date

- In order to conserve resources for future, no dividend has been recommended by your Directors for financial year ended on 31st March 2009.

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 International Security Identification Number (ISIN) of the Company is INE023B01012.

Market Price Data

Months	Bombay Stock Exchange Limited (BSE)			
	Market Price (Rs.) - High Price		Market Price (Rs.) - Low Price	
April 2008	56.75	22.04.08	39.40	01.04.08
May 2008	61.95	15.05.08	51.00	30.05.08
June 2008	64.40	16.06.08	40.00	25.06.08
July 2008	61.40	28.07.08	41.60	02.07.08
August 2008	59.45	07.08.08	47.25	29.08.08
September 2008	54.00	12.09.08	36.00	29.09.08
October 2008	43.95	06.10.08	24.40	27.10.08
November 2008	30.25	05.11.08	22.60	26.11.08
December 2008	23.25	17.12.08	18.25	04.12.08
January 2009	27.40	06.01.09	16.15	30.01.09
February 2009	19.50	13.02.09	14.50	26.02.09
March 2009	19.00	24.03.09	13.30	03.03.09
	19.00	27.03.09		

Months	National Stock Exchange of India Limited (NSE)			
	Market Price (Rs.) - High Price		Market Price (Rs.) - Low Price	
April 2008	62.00	22.04.08	38.05	16.04.08
May 2008	65.85	22.05.08	47.90	02.05.08
June 2008	64.00	16.06.08	39.50	30.06.08
July 2008	62.00	28.07.08	42.00	01.07.08
			42.00	21.07.08
August 2008	59.30	07.08.08	40.55	20.08.08
September 2008	57.00	12.09.08	37.05	30.09.08
October 2008	43.50	08.10.08	25.25	27.10.08
November 2008	30.50	03.11.08	22.00	26.11.08
	30.50	05.11.08		
	30.50	06.11.08		
	30.50	07.11.08		
December 2008	26.00	01.12.08	18.15	23.12.08
January 2009	24.00	05.01.09	16.00	28.01.09
February 2009	19.95	02.02.09	13.60	03.02.09
March 2009	20.00	27.03.09	14.00	09.03.09
			14.00	12.03.09

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

Equity Shares of the Company are regularly traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. However, its market price does not substantially fluctuate with increase or decrease in the SENSEX/NIFTY.

Registrar and Share Transfer Agent

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

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

Share Transfer System

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

Distribution of shareholding as on 31st March 2009

Category	Number of Shareholders	% of Shareholders	Number of Shares	% of Shares
Promoter's Holding *	8	0.05	24,676,204	71.30
Financial Institutions/ Banks/ Mutual Funds/ UTI	16	0.09	3,253,471	9.40
Foreign Institutional Investors	2	0.01	340,581	0.98
NRIs/Trusts/Foreign National/Foreign Company	36	0.20	93,259	0.27
Private Body Corporate	282	1.60	2,215,508	6.40
Individuals	17,266	98.05	4,031,449	11.65
Total	17,610	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	16,648	94.54	2,241,278	6.48
501 to 1000	488	2.77	408,777	1.18
1001 to 2000	230	1.31	351,722	1.02
2001 to 3000	89	0.50	232,684	0.67
3001 to 4000	30	0.17	107,806	0.31
4001 to 5000	34	0.19	158,763	0.46
5001 to 10000	37	0.21	267,750	0.77
10001 and above	54	0.31	30,841,692	89.11
Total	17,610	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.

As on 31st March 2009, 78.37% of the Company's Equity Shares representing 27,123,877 Equity Shares were held in dematerialised mode and the balance 21.63% representing 7,486,595 Equity Shares were held in physical mode.

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

10. Status of Adoption of Non Mandatory Requirements

The Board

As stated hereinbefore, your Company's Board does not have a designated Chairman. Chairman is elected at each of the Board Meeting and travelling expenses etc incurred for performance of duties by Director elected as Chairman are borne wherever necessary by your Company. Furthermore 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 4 above.

Audit Qualification

The Company does not have any qualification pertaining to the Financial Statements of the year under review.

Other Items

Other Non Mandatory requirements such as **Shareholder Rights; Training of Board Members; Mechanism for evaluating performance of Non-executive Board Members** and **Whistle Blower Policy** will be implemented by your Company's Board as and when required and/or deemed necessary.

ANNEXURE 'B' TO DIRECTORS' REPORT

Statement of the employees pursuant to Section 217(2A) of the Companies Act, 1956

Name/Age	Remuneration (Rs.)	Designation/ Nature of duties	Qualification & Experience (Yrs)	Date of commencement of employment	Last employment
S K Bajoria (52)	61,50,000	Managing Director	B. Com (Hons) (33)	01.08.1991	Indo Flogates Ltd.
P Bajoria (49)	63,29,800	Director & Chief Executive	B. Com (Hons) (29)	14.08.2000	Indo Flogates Ltd.
V V Rajagopalan (52)	34,71,333	Chief - International Markets	B.Tech (Ceramic) (27)	01.09.1997	Orind Exports Ltd.
O P Agarwal (53)	28,09,000	Chief - Mergers and Acquisitions	B. Com (Hons), CA, CS, (28)	01.09.2006	Elque Polyesters Ltd
Kamal Sarda (46)	26,16,752	Chief Operating Officer	B. Com (Hons), LLB, CA (21)	09.06.1997	Self Employed

- Notes :
1. Nature of employment is contractual with usual terms and conditions.
 2. Mr S K Bajoria is related to Mr B P Bajoria, a Director of the Company.
 3. Remuneration includes salary, allowances and perquisites which have been evaluated on the basis of Income Tax Act, 1961 and the Rules framed thereunder.

ANNEXURE 'C' 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 2009

A. Conservation of Energy

a) Energy conservation measures taken :

1. Technologies adopted and equipments installed ensure low consumption of energy.
2. Avoid leakage of energy by regular preventive checks.
3. Installed stabilizers, capacitors and other energy saving devices to maintain voltage and power factor.
4. Use of alternate fuel.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy

This is being done on a continuous basis.

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 2008-2009. FOB value of exports effected during financial year 2008-2009 has been Rs. 497.61 Millions compared to Rs. 485.31 Millions for immediately preceeding financial year 2007-2008. CAPEXIL has also conferred to your Company, Special Export Award for Refractories for sixth successive financial year ended on 31st March 2008.

g) Total foreign exchange used and earned

(Rs. in Millions)

1. Foreign Exchange Outgo		
(i) CIF Value of Imports of Raw Materials, Stores and Spares, Trading goods and Capital goods		381.11
(ii) Others		71.48
2. Foreign Exchange Earnings		
(i) FOB Value of Exports		497.61
(ii) Commission		0.21

ANNEXURE 'C' TO DIRECTORS' REPORT (Contd.)
Form - A
Disclosure of particulars with respect to conservation of energy

	Year ended 31st March 2009	Year ended 31st March 2008
A. Power & Fuel Consumption		
1. Electricity		
a) Purchased		
Units (KWH)	4,106,888	4,026,715
Total Amount (Rs. in Millions)	15.26	14.62
Rate/Unit (Rs.)	3.72	3.63
b) Own Generation		
i) Through Diesel Generator		
Units (KWH)	391,904	362,728
Units per Ltr. of Diesel Oil	2.71	2.78
Cost/Unit (Rs.)	13.35	12.08
ii) Through Steam Turbine/Generator		
Units (KWH)	Nil	Nil
Units per Ltr. of Fuel Oil/Gas	Nil	Nil
Cost/Unit (Rs.)	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.)	90.853	183.272
Total Cost (Rs. in Millions)	3.69	5.75
Average Rate (Rs./Ltr.)	40.64	31.39
4. LPG		
Quantity (MT)	1,450.075	1,482.638
Total Cost (Rs. in Millions)	61.73	57.43
Average Rate (Rs./MT)	42,568.10	38,733.79
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)	8.87	7.42
LDO (Ltrs./Pc)	0.20	0.33
Coal	Nil	Nil
LPG (Kgs/Pc)	3.13	2.73
HSD (Ltrs./Pc)	0.37	0.24

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

Form - B

Disclosure of particulars with respect to technology absorption

Research & Development (R & D)

1. Specific areas in which R & D carried out
 - a) Improvement in product quality and performance.
 - b) Development of indigenous sources of raw materials including quality upgradation and substitutes.
 - c) Increase of production capacity and capability.
2. Benefits derived as a result of above R & D
 - a) Improvement in customers satisfaction.
 - b) 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 the 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 manufacture of Sliding Gate Equipment including accessories.
 - b) Year of Import - Financial year 2003-2004.
 - 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 - On going technical support for Refractory Components of Continuous Casting Alumina Graphite materials.
 - b) Year of Import - Financial year 2005-2006.
 - c) Has technology been fully absorbed - Yes, this will however be a continued endeavour.
 - d) If not absorbed, areas where this has not taken place, reasons therefor and future plan of action - Not applicable.
 - C. 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.
 - D. 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.



Declaration for Compliance of Clause 49I(D)(ii)

I, Pradeep Bajoria, son of Mr A L Bajoria, aged about 49 years, residing at 4/1, Alipore Park Road, Kolkata - 700 027 and presently Director & Chief Executive of IFGL Refractories Ltd. (the Company), do hereby declare that all members of the Board of Directors and Senior Management Personnel i.e. employees in the grades of General Manager and above, of the Company have affirmed compliance of its Code of Conduct for financial year ended 31st March 2009 and the same has been duly noted by the Company's Board in their meeting held on Monday, 18th May 2009.

Kolkata
18th May 2009

P Bajoria
Director & Chief Executive

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of

IFGL Refractories Limited

We have examined compliance of conditions of Corporate Governance by IFGL Refractories Limited, for the year ended 31st March 2009, as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was carried out in accordance with Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Kolkata
18th May 2009

S K Deb
Partner
Membership Number - 13390
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

AUDITORS' REPORT

To the Members of
IFGL Refractories Limited

1. We have audited the Balance Sheet of IFGL Refractories Limited as at 31st March 2009, the relative Profit and Loss Account and the Cash Flow Statement for the year ended on that date, all of which have been signed by us under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - 4.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - 4.2 In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - 4.3 The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - 4.4 In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - 4.5 On the basis of representations received from the Directors and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on 31st March 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - 4.6 In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act, also give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

S K Deb
Partner

Membership Number - 13390

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

Kolkata
18th May 2009

ANNEXURE TO AUDITORS' REPORT

[REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF IFGL REFRACTORIES LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2009]

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by a firm of Chartered Accountants appointed by the management according to a phased programme *designed to cover all items over a period of three years* which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to such programme, a portion of the fixed assets has been physically verified during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of all categories of inventory other than work-in-progress, which as in earlier years has been determined by the management based on physical verification as mentioned in paragraph 2(a) above. The discrepancies noticed on physical verification of inventory as compared to book records (where applicable) were not material.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Act. Accordingly, the clauses (iii) (b), (iii) (c) and (iii) (d) of Paragraph 4 of the Order are not applicable.
- (b) The Company has taken unsecured loans from two companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan amounts to Rs. 975 lacs and Rs. Nil respectively.
- (c) In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.
- (d) According to the information and explanations given to us, the principal amounts were repayable on demand. The Company has been regular in payment of interest in respect of the aforesaid loans and the Company has, repaid the principal amounts during the year.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lacs in respect of any party during the year (other than transactions dealt in paragraph 3 above), have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, other than sale of goods which, as explained to us, are of special nature having no comparable market prices for determining reasonableness of the sale price.
6. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, for any of the products of the Company.
9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing during the year the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable, with the appropriate authorities. As at 31st March 2009, read with Note 6 on Schedule 15, there were no arrears in respect of the aforesaid dues for a period of more than six months from the date they became payable.

ANNEXURE TO AUDITORS' REPORT (Contd.)

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty and Cess as at 31st March 2009, which have not been deposited on account of a dispute (there being no such cases with regard to customs duty, wealth tax, excise duty and cess) are as follows :

Name of the Statute	Nature of dues	Amount (Rs. in lacs)	Forum where the dispute is pending
Sales Tax Central Sales Tax, 1956	Sales Tax dues for the year 1995-96	1.14	Sales Tax Tribunal
	Sales Tax dues for the year 1997-98	0.47	Additional Commissioner of Sales Tax
	Sales Tax dues for the year 1999-00	2.17	Orissa High Court
	Sales Tax dues for the year 2003-04	0.25	Assistant Commissioner of Sales Tax
Orissa Sales Tax Act, 1947	Sales Tax dues for the years 1996-97 and 1997-98	39.91	Orissa Sales Tax Tribunal
	Sales Tax dues for the year 1999-00	0.11	Orissa High Court
Income Tax			
The Income Tax Act, 1961	Income Tax dues for the Assessment Year 2005-06	15.88	Income Tax Appellate Tribunal, Kolkata
Service Tax			
Service Tax Rules, 1994	Service Tax dues for the years 2003-04 to 2006-07	16.81*	Commissioner (Appeals)

* Excluding Interest and Penalty

10. The Company has no accumulated losses as at 31st March 2009, and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of its dues to any bank at the Balance Sheet date. The Company has neither any outstanding dues to any financial institution or debenture holders at the beginning of the year nor has it obtained any loans from such parties during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks during the year, are not prejudicial to the interest of the Company.
16. In our opinion, and according to the information and explanations given to us, the term loan have been applied for the purpose for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has neither any outstanding debentures at the beginning of the year nor it has issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

S K Deb
Partner

Membership Number - 13390

For and on behalf of

PRICE WATERHOUSE
Chartered Accountants

Kolkata
18th May 2009

BALANCE SHEET As at 31st March 2009

(Rs. in lacs)

	Schedule	As at 31st March 2009		As at 31st March 2008	
SOURCES OF FUNDS					
Shareholders' Fund					
Capital	1	3,461.05		3,461.05	
Reserves and Surplus	2	5,157.47	8,618.52	3,888.70	7,349.75
Loan Funds					
Secured Loans	3A	4,034.09		5,163.79	
Unsecured Loans	3B	—	4,034.09	575.00	5,738.79
Deferred Tax Liabilities (Net) (Note 10 on Schedule 15)			333.40		315.57
TOTAL			12,986.01		13,404.11
APPLICATIONS OF FUNDS					
Fixed Assets					
Gross Block	4	7,609.43		6,923.38	
Less : Depreciation		4,334.68		3,926.54	
Net Block		3,274.75		2,996.84	
Capital Work-in-Progress		292.54	3,567.29	462.43	3,459.27
Investments	5		4,185.59		4,185.59
Current Assets, Loans and Advances					
Inventories	6	2,517.52		2,686.06	
Sundry Debtors	7	3,280.72		5,547.62	
Cash and Bank Balances	8	329.80		125.55	
Loans and Advances	9	626.23		1,078.77	
		6,754.27		9,438.00	
Less : Current Liabilities and Provisions					
Liabilities	10	1,430.93		2,811.36	
Provisions		90.21		867.39	
		1,521.14		3,678.75	
Net Current Assets			5,233.13		5,759.25
TOTAL			12,986.01		13,404.11
NOTES ON ACCOUNTS					
	15				

This is the Balance Sheet referred to in our report of even date.

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

S K Deb

Partner

Membership Number-13390

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

Kolkata

18th May 2009

On behalf of the Board of Directors

R Agarwal
Company Secretary

P Bajoria
Director & Chief Executive

S K Bajoria
Managing Director

PROFIT AND LOSS ACCOUNT For the year ended 31st March 2009

(Rs. in lacs)

	Schedule	Year ended 31st March 2009	Year ended 31st March 2008
INCOME			
Turnover (Gross)		17,926.05	18,597.49
Less : Excise Duty		1,247.52	1,463.25
Turnover (Net)		16,678.53	17,134.24
Other Income	11	72.08	81.87
		16,750.61	17,216.11
EXPENDITURE			
(Increase) / Decrease in Finished Goods and Work-in-Progress	12A	51.31	(180.26)
Raw Materials and Trading Goods	12B	8,082.91	7,867.35
Manufacturing and Other Expenses	13	4,553.91	4,882.13
Payments and Provisions for Employees	14	1,127.57	1,078.05
Interest (Note 9 on Schedule 15)		511.42	537.90
Depreciation		421.67	414.01
		14,748.79	14,599.18
Profit before Tax		2,001.82	2,616.93
Provision for Current Tax		680.00	900.00
Profit after Current Tax and before Deferred and Fringe Benefit Tax		1,321.82	1,716.93
Provision for Deferred Tax		17.83	(0.53)
Provision for Fringe Benefit Tax		35.22	32.32
Profit after Tax		1,268.77	1,685.14
Profit brought forward from previous year		3,436.91	2,688.01
Profit available for Appropriation		4,705.68	4,373.15
Transferred to General Reserve		—	126.39
Proposed Dividend		—	692.21
Tax on Proposed Dividend		—	117.64
		—	936.24
Balance carried to Balance Sheet		4,705.68	3,436.91
Earning per Share			
Basic and Diluted (Rs.) (Note 2 on Schedule 15)		3.67	4.87
NOTES ON ACCOUNTS	15		

This is the Profit and Loss Account referred to in our report of even date.

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

S K Deb
Partner

Membership Number-13390

For and on behalf of

PRICE WATERHOUSE
Chartered Accountants

Kolkata

18th May 2009

On behalf of the Board of Directors

R Agarwal
Company Secretary
P Bajoria
Director & Chief Executive
S K Bajoria
Managing Director

CASH FLOW STATEMENT For the year ended 31st March 2009

(Rs. in lacs)

	Year ended 31st March 2009	Year ended 31st March 2008
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extra-ordinary items	2,001.82	2,616.93
Adjustments for :		
Depreciation	421.67	414.01
Interest Expenses (net)	511.42	537.90
Liabilities no longer required written back	(65.34)	(39.34)
Bad Debts/Advances written off	140.62	61.18
Unrealised Foreign Exchange Gain (net)	(209.90)	(5.22)
Loss on Sale/Discard of Assets (net)	4.73	3.01
	803.20	971.54
Operating Profit before Working Capital changes	2,805.02	3,588.47
Adjustments for :		
Trade and other Receivables	2,594.05	(1,046.30)
Inventories	168.54	(861.10)
Trade Payables	(1,154.33)	628.95
	1,608.26	(1,278.45)
Cash generated from operations	4,413.28	2,310.02
Fringe Benefit Tax paid	(37.88)	(29.83)
Interest received on Income Tax Refund	—	1.02
Direct Taxes paid - Net	(645.54)	(884.61)
	(683.42)	(913.42)
Net Cash from Operating Activities	3,729.86	1,396.60
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(462.72)	(813.81)
Proceeds from Sale of Fixed Assets	—	3.27
Interest Received	14.89	11.65
	(447.83)	(798.89)
Net Cash used in Investing Activities	(447.83)	(798.89)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Interest Paid	(530.52)	(563.83)
Dividend Paid	(681.00)	(656.00)
Dividend Tax Paid	(117.64)	(102.94)
Proceeds from Long Term Borrowings	316.48	490.00
Repayment of Long Term Borrowings	(750.00)	(600.00)
Proceeds from Short Term Borrowings	400.00	300.00
Repayment of Short Term Borrowings	(975.00)	(325.00)
(Decrease)/Increase in Cash Credit Facilities	(740.10)	716.95
	(3,077.78)	(740.82)
Net Cash (used in)/from Financing Activities	(3,077.78)	(740.82)

CASH FLOW STATEMENT (Contd.)

(Rs. in lacs)

	Year ended 31st March 2009	Year ended 31st March 2008
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	<u>204.25</u>	<u>(143.11)</u>
Cash and Cash Equivalents (Opening Balance) - Schedule 8	125.55	268.66
Cash and Cash Equivalents (Closing Balance) - Schedule 8	<u>329.80</u>	<u>125.55</u>

Notes :

- (1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statement, prescribed under the Act.
- (2) Figures for the previous year have been re-arranged and re-grouped wherever necessary.

This is the Cash Flow Statement referred to in our report of even date.

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

S K Deb

Partner

Membership Number-13390

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

Kolkata

18th May 2009

On behalf of the Board of Directors

R Agarwal
Company Secretary

P Bajoria
Director & Chief Executive

S K Bajoria
Managing Director

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs in lacs)

	As at 31st March 2009	As at 31st March 2008
1. CAPITAL		
AUTHORISED		
3,99,95,000 Equity Shares of Rs. 10/- each	3,999.50	3,999.50
500 Redeemable Preference Shares of Rs. 100/- each	0.50	0.50
	4,000.00	4,000.00
ISSUED, SUBSCRIBED AND PAID-UP		
3,46,10,472 Equity Shares of Rs.10/- each fully paid up	3,461.05	3,461.05
Notes : Of the above shares -		
1. 1,83,20,973 shares are held by Bajoria Holdings Private Limited, the Holding Company.		
2. 1,66,00,872 shares were allotted as fully paid up other than in cash, pursuant to a Scheme of Amalgamation.		
2. RESERVES AND SURPLUS		
Capital Reserve	5.00	5.00
General Reserve		
At the commencement of the year	446.79	320.40
Add : Transfer from Profit and Loss Account	(0.00)	126.39
	446.79	446.79
Profit and Loss Account	4,705.68	3,436.91
	5,157.47	3,888.70
3. LOAN FUNDS		
A. SECURED LOANS		
Cash Credit/Packing Credit		
From State Bank of India	1,492.41	2,473.43
(Secured by hypothecation of stocks of raw materials, stock in process, finished goods, consumables, spares, stores, receivables and other liquid assets, merchandise covered under Letter of Credits and Counter Guarantees and by a second charge over all fixed assets of the Company, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela, ranking pari pasu with charge to be created in favour of Hongkong and Shanghai Banking Corporation Limited).		
From Hongkong & Shanghai Banking Corporation Ltd.	685.20	400.36
(To be secured by charge on current assets and second charge over all the fixed assets of the Company ranking pari pasu with that created in favour of State Bank of India).		
Term Loan		
From State Bank of India		
- Term Loan - I	1,200.00	1,800.00
(Secured by first charge over all the fixed assets of the Company, including land and other immovable properties, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by an extension of charge over the current assets)		
- Term Loan - II	450.00	490.00
(Secured by first charge over Plant and Machinery and other fixed assets acquired situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by first charge over all other fixed assets of the Company).		
- Term Loan - III	206.48	—
(Secured by first charge over Plant and Machinery and other fixed assets acquired/to be acquired in the project considered for financing, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by first charge over all other fixed assets and current assets of the Company).		
	4,034.09	5,163.79

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)
(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
3. LOAN FUNDS		
B. UNSECURED LOANS		
From a Body Corporate	—	575.00
	—	575.00

4. FIXED ASSETS
(Rs. in lacs)

DESCRIPTION OF THE ASSETS	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 31.03.08	Additions during the year	Deductions during the year	Total as at 31.03.09	Upto 31.03.08	For the year	Deductions during the year	Total upto 31.03.09	As at 31.03.09	As at 31.03.08
TANGIBLE										
Land - Lease hold (Note 1 below)	34.76	—	—	34.76	2.17	0.43	—	2.60	32.16	32.59
- Freehold	1.29	—	—	1.29	—	—	—	—	1.29	1.29
Buildings	928.43	41.56	2.48	967.51	317.99	32.27	0.96	349.30	618.21	610.44
Plant and Machinery	4,905.16	549.15	15.79	5,438.52	2,743.42	329.94	12.57	3,060.79	2,377.73	2,161.74
Computers	104.39	5.61	—	110.00	83.30	14.43	—	97.73	12.27	21.09
Furniture and Fixtures	89.41	0.24	—	89.65	73.75	4.11	—	77.86	11.79	15.66
Equipment	57.33	2.07	—	59.40	26.14	3.37	—	29.51	29.89	31.19
Vehicles	142.49	21.98	—	164.47	26.42	14.67	—	41.09	123.38	116.07
Sub Total - A	6,263.26	620.61	18.27	6,865.60	3,273.19	399.22	13.53	3,658.88	3,206.72	2,990.07
INTANGIBLE (acquired items)										
Goodwill arising on Amalgamation	503.06	—	—	503.06	503.06	—	—	503.06	—	—
Computer Software	6.96	1.52	—	8.48	6.23	1.49	—	7.72	0.76	0.73
Technical Know-how (Note 2 below)	150.10	82.19	—	232.29	144.06	20.96	—	165.02	67.27	6.04
Sub Total - B	660.12	83.71	—	743.83	653.35	22.45	—	675.80	68.03	6.77
Total (A+B)	6,923.38	704.32	18.27	7,609.43	3,926.54	421.67	13.53	4,334.68	3,274.75	2,996.84
Previous Year	6,443.02	492.59	12.23	6,923.38	3,518.48	414.01	5.95	3,926.54		
Capital Work-in-Progress									292.54	462.43
									3,567.29	3,459.27

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

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

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
5. INVESTMENTS		
Long Term		
(At cost less provision for permanent diminution, if any)		
Unquoted		
Fully paid Equity Shares in a subsidiary company		
53,50,000 Fully paid Equity Shares of GBP 1 each	4,185.59	4,185.59
in IFGL Worldwide Holdings Ltd.	4,185.59	4,185.59

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)
(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
6. INVENTORIES (At lower of cost and net realisable value)		
Stores and Spares	94.81	145.40
Raw Materials and Components	1,694.94	1,688.53
Raw Materials and Components in transit	1.63	63.12
Work-in-Progress	194.07	420.20
Finished Goods		
- Manufactured Goods	230.10	58.54
- Trading Goods	102.91	80.67
Stock with third parties		
- Manufactured Goods	181.35	178.09
- Trading Goods	17.71	51.51
	<u>2,517.52</u>	<u>2,686.06</u>
7. SUNDRY DEBTORS (*) (Unsecured, Considered Good)		
Debts outstanding for more than six months	444.04	415.36
Other Debts	<u>2,836.68</u>	<u>5,132.26</u>
	<u>3,280.72</u>	<u>5,547.62</u>
* Includes Rs. 108.43 (previous year - Rs. 104.46) not due for payment at the year end as per related terms of orders.		
8. CASH AND BANK BALANCES		
Cash in hand (Include cheques in hand Rs. 21.15 lacs, previous year - Rs. nil)	24.29	1.76
With Scheduled Banks		
- On Current Accounts	163.16	10.92
- On Dividend Accounts	53.24	42.06
- On Fixed Deposit Accounts (As margin on Letter of Credit and Bank Guarantee)	86.50	43.75
Remittance in Transit	2.61	27.06
	<u>329.80</u>	<u>125.55</u>
9. LOANS AND ADVANCES (Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	151.07	178.69
Accrued Export benefits under DEPB Scheme	304.56	505.01
Balance with Customs, Excise Authorities etc.	137.83	362.90
Other Deposits	32.77	32.17
Fringe Benefit Tax	Refer Schedule 10	Refer Schedule 10
Advance Tax/Tax Deducted at Source	Refer Schedule 10	Refer Schedule 10
	<u>626.23</u>	<u>1,078.77</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

(Rs. in lacs)

	As at 31st March 2009		As at 31st March 2008	
10. CURRENT LIABILITIES AND PROVISIONS				
Liabilities -				
Total Outstanding dues of micro enterprises and small enterprises (Note 8 on Schedule 15)	20.44		180.13	
Others				
- For goods	664.25		1,372.59	
- For expenses	553.58		998.63	
Balance with a Subsidiary Company	18.00		60.66	
Advance received from Customers	7.01		11.07	
Investor Education and Protection Fund shall be credited by Unpaid Dividend**	53.24		42.06	
Other Liabilities	114.41	1,430.93	146.22	2,811.36
Provisions -				
Taxation (Net of Advance Income Tax/Tax Deducted at Source Rs. 1,524.31, Previous year - Rs. 2,424.27)	79.55		45.57	
Fringe Benefit Tax (Net of Advance Fringe Benefit tax Rs. 87.85, Previous year - Rs. 93.62)	0.04		2.70	
Proposed Dividend	—		692.21	
Tax on Proposed Dividend	—		117.64	
Employee Benefits	10.62	90.21	9.27	867.39
		1,521.14		3,678.75

** No amount is due as on 31st March 2009 for credit to Investor Education and Protection Fund.

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	Year ended 31st March 2009	Year ended 31st March 2008
11. OTHER INCOME		
Commission	5.08	1.03
Liabilities no longer required written back	65.34	39.34
Bad Debt Recovery	—	29.79
Miscellaneous Income	1.66	11.71
	72.08	81.87

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

(Rs. in lacs)

	Year ended 31st March 2009		Year ended 31st March 2008	
12A. (INCREASE)/DECREASE IN FINISHED GOODS AND WORK-IN-PROGRESS				
Opening Work-in-Progress	420.20		316.99	
Opening Finished Goods	<u>236.63</u>	656.83	<u>159.58</u>	476.57
Less : Closing Work-in-Progress	194.07		420.20	
Closing Finished Goods	<u>411.45</u>	605.52	<u>236.63</u>	656.83
		<u>51.31</u>		<u>(180.26)</u>

12B. RAW MATERIALS AND TRADING GOODS				
Raw Materials consumed*		7,253.14		6 990.89
Opening Stock of Trading Goods	132.18		96.48	
Add : Purchases of Trading Goods	<u>818.21</u>		<u>912.16</u>	
	950.39		1,008.64	
Less : Closing Stock of Trading Goods	<u>120.62</u>	829.77	<u>132.18</u>	876.46
		<u>8,082.91</u>		<u>7,867.35</u>

* Net of Rs. 841.02 (Previous year - Rs. 798.61), being duty benefit pertaining to exports.

13. MANUFACTURING AND OTHER EXPENSES				
Consumable Stores and Spares		488.16		577.12
Power and Fuel		871.77		835.97
Repairs and Maintenance				
- Plant and Machinery	106.73		110.54	
- Buildings	6.74		9.46	
- Others	<u>30.35</u>	143.82	<u>31.39</u>	151.39
Rent		8.35		6.36
Rates and Taxes		15.90		20.35
Insurance		38.84		39.59
Postage, Telephone, Telex etc.		39.11		38.97
Travelling and Conveyance		406.69		417.32
Packing Expenses		484.14		485.41
Delivery and Forwarding Expenses		958.90		1 139.37
Professional Fees		92.91		74.79
Processing Charges		149.87		158.38
Royalty		122.77		143.89
Commission		264.65		241.64
Service Charges		100.90		89.48
Directors' Sitting Fees		3.94		2.16
Foreign Exchange (Gain)/Loss (Net) (Note 7 on Schedule 15)		(248.78)		34.27
Bad Debts/Advances written off		140.62		61.18
Loss on Sale/Discard of Fixed Assets (Net)		4.73		3.01
Other Expenses (Note 14 on Schedule 15)		466.62		361.48
		<u>4,553.91</u>		<u>4 882.13</u>

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

	Year ended 31st March 2009	Year ended 31st March 2008
14. PAYMENTS AND PROVISIONS FOR EMPLOYEES		
Salaries and Wages	940.48	900.37
Staff Welfare Expenses	65.18	61.12
Contribution to Funds :		
- Gratuity Fund	22.00	20.00
- Provident Fund and Pension Schemes	44.30	41.64
- Superannuation Fund	45.22	43.57
- Leave Encashment	1.76	2.65
- Employees State Insurance Fund etc.	8.63	8.70
	121.91	116.56
	1,127.57	1,078.05

15. NOTES FORMING PART OF THE ACCOUNTS
1. Summary of Significant Accounting Policies
(All figures are in Rs. in lacs)

- These Financial Statements** are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under Section 211(3C) of the Companies Act, 1956 (the Act) and the relevant provisions of the Act.
- Fixed Assets** (comprising both tangible and intangible items) are stated at cost less accumulated depreciation (including amortisation). The Company capitalises all costs (net of CENVAT credit) relating to acquisition and installation of Fixed Assets. An impairment loss is recognised wherever the carrying value of the fixed assets exceeds its market value or value in use, whichever is higher.
- Depreciation** on tangible assets (other than leasehold land and computers) is calculated on straight-line method at applicable rates prescribed in Schedule XIV of the Companies Act, 1956. Leasehold Land is amortised over the period of lease. Computers are depreciated over a period of three years, Intangible assets (other than Goodwill arising on amalgamation fully amortised in earlier years and Computer Software which are amortised over a period of two to five years) are amortised on straight-line method over a period of five years.
- Inventories** are valued at lower of cost and net realisable value. Cost is determined on the weighted average basis. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads.
- Sales** are exclusive of sales tax and returns and are recognised when significant risk and rewards of ownership of the goods is transferred to the buyer and the revenue is measurable at the time of sale and it is reasonable to expect ultimate collection of the sale consideration.
- Current investments** are stated at lower of cost and fair value determined on an individual investment basis. Long term investments are stated at cost less provision for permanent diminution, if any.
- Current tax** is determined as the amount of tax payable in respect of taxable income for the year based on applicable tax rates and laws. Deferred tax is recognised, subject to consideration of prudence in respect of deferred tax asset, on timing differences, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are periodically reviewed to reassess realisation thereof. Fringe Benefit tax is accounted for based on the estimation of the fringe benefit for the period as per the related provisions of the Income Tax Act, 1961.
- Transactions in foreign currencies** are recognised at the rates existing at the time of such transactions. Gain or losses resulting from the settlement of such transactions are recognised in the Profit and Loss Account. Year end balances of monetary items are translated at applicable forward contract/year-end rates and the resultant differences is recognised in the Profit and Loss Account.
- Derivatives losses/gains** are accounted for in the period in which they occur. All outstanding Derivative Contracts at the Balance Sheet date are marked-to-market. Losses, if any, are measured by either marking-to-market or determining mark-up, as the case may be, and the resulting losses are provided for. The net gain, if any, based on the above evaluation, is not accounted for.

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

(All figures are in Rs. in lacs)

j) **Borrowing cost** that are attributable to acquisition, construction or production of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalised as part of cost of such assets. All other borrowing costs are recognised as expenses in the period they are incurred.

k) **Employee Benefits :**

i) **Short-Term Employee Benefits**

The Undiscounted amount of Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

ii) **Post Employment Benefit Plans**

Contributions towards provident funds are recognised as expense. Provident fund contributions in respect of employees are made to Trust administered by the Company; the interest rate payable to the members of the Trust is not lower than the rate of interest declared annually by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, is to be made good by the Company. (Also refer note 11A below).

Contribution under Employees' Pension Scheme is made as per statutory requirements and charged as expenses for the year.

Contribution to Superannuation (Defined Contribution Plan) is made as per the approved Scheme and charged as expenses for the year (Refer Note 11C below).

Liability towards gratuity, superannuation (Defined Benefit Plan) covering eligible employees, is provided and funded on the basis of year-end actuarial valuation (Refer Note 11B and 11C below).

Actuarial gains/losses arising under Defined Benefit Plans are recognised immediately in the Profit and Loss Account as income/expense for the year in which they occur.

iii) **Other Long terms Employees Benefits (Leave encashment) – Unfunded**

Accrued liability towards leave encashment benefits, covering eligible employees, evaluated on the basis of year-end actuarial valuation is recognised as a charge.

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

		2008-2009	2007-2008
Profit after Tax attributable to the Equity shareholders	A	1,268.77	1,685.14
Basic/Weighted average of Equity Shares outstanding during the year (Nos.)	B	34,610,472	34,610,472
Diluted Potential Equity Shares		–	–
Nominal Value of each Equity Share (Rs.)		10	10
Basic/Diluted EPS (Rs.)	A/B	3.67	4.87

3. **Estimated amounts of Capital Commitments (net of advances) outstanding as at 31st March 2009 and not provided for is Rs. 2.11 (Previous year - Rs. 24.09).**

4. **Contingent Liabilities not provided for :**

	2008-2009	2007-2008
a) Claims against the Company not acknowledged as debts :		
i) Sales Tax matter under appeal [net of Rs. 5.49 (Previous year - Rs. 5.49) paid under protest]	44.06	44.06
ii) Income Tax matters under dispute	15.88	15.88
iii) Service tax matters under dispute (excluding interest and penalty)	16.81	–
iv) Others (Water Tax)	4.40	4.40
b) Letter of comfort/Guarantee given to banks against term loan, working capital and forward exchange contracts facility provided by them to a step down subsidiary [Limit GBP 13.16 million, (Previous year - GBP 6.75 million)]		
Utilized at year end [GBP 7.16 million, (Previous year - GBP 3.67 million)] converted at year end rate	5,288.31	2,887.64

5. Outstanding Bank Guarantees (net of margin money).	526.14	363.79
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15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)
(All figures are in Rs. in lacs)

6. The Company, in March 2004, withdrew its application for exemption under Para 39 of the Employees' Pension Scheme, 1995 (EPS, 95) pending with the Regional Provident Fund Commissioner (RPFC) at Rourkela. Subsequent thereto, from April 2004, the Company has been depositing contributions under EPS, 95 with the RPFC. A sum of Rs. 81.72 has been paid in earlier years to RPFC from the Company's Superannuation Fund towards contribution (as estimated by the Company) under EPS, 95 for the period 16th November 1995 to 31st March 2004 in respect of employees continuing in the Company's employment as on 31st March 2004. RPFC has however demanded contribution also for persons who ceased to be employees of the Company in said period, which has been disputed by the Company.

RPFC had raised a demand of Rs. 27.26 in March 1998 on the Company towards contribution under EPS, 95 for the period 16th November 1995 to 31st January 1998, which was stayed by the Hon'ble Orissa High Court in a petition filed before them by the Company. The matter has been disposed off by the Hon'ble High Court vide its Order dated 3rd March 2009. Hon'ble High Court, however, has granted liberty to RPFC to take steps for recovery of amount due, if the same was found not deposited.

7. The Company enters into specific derivative contracts as part of its overall strategy to manage the level of exposure to fluctuations in foreign currencies to mitigate or offset the risk that arises from its normal business activity. The Company recognises mark to market loss on outstanding derivative transactions entered into by the Company against its underlying foreign currency related exposures.

Exchange (gain)/loss as disclosed in Schedule 14 comprises of :

Particulars	2008-2009	2007-2008
Year end reinstatement of Foreign Currency Receivables/Payables (Net)	(33.52)	(200.08)
Realised (Gains)/Losses (Net)	(38.65)	39.35
Mark to market loss provided in earlier year, written back on cancellation of the derivative contract.	(176.61)	—
Mark to market loss on Derivatives	—	195.00
Total	(248.78)	34.27

8. Balance including interest thereon due to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006 as identified based on the available confirmations is Rs. 20.44 (Previous year - Rs. 180.13). No interest has been paid during the year. The amount of interest payable for the period of delay in making payment beyond the appointed day is Rs. 2.91 (Previous year - Rs. 3.83) and interest accrued and remaining unpaid at the year end is Rs. 6.74 (Previous year - Rs. 3.83).

9. (a) Interest paid/payable is net of interest received [Tax Deducted at Source Rs. 0.42 (Previous year - Rs. 0.22)] as detailed below :

	2008-2009	2007-2008
Interest on Bank Deposits	8.47	3.74
Interest on Customers' overdue bills	7.34	9.58
Interest from Employees and Others	3.19	2.58
Interest on Income tax Refund	—	1.02
Total	19.00	16.92

(b) Interest paid/payable includes interest on Fixed Loans during the year Rs. 240.70 (Previous year - Rs. 275.64).

(c) No interest was capitalised during the year.

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

	2008-2009	2007-2008
Tax Impact of -		
Accrued expenses deductible when paid	(3.98)	(3.32)
Difference between tax depreciation and book depreciation	337.38	318.89
	333.40	315.57

15. NOTES FORMING PART OF THE ACCOUNTS (Contd.)
(All figures are in Rs. in lacs)
11. Disclosure in respect of Employee Benefits in keeping with Accounting Standard 15

- A. In keeping with the Guidance on implementing Accounting Standard (AS) 15 on Employee Benefits issued by the Accounting Standards Board of the Institute of Chartered Accountants of India (ASB Guidance), employer established provident fund trusts are treated as Defined Benefit Plans since the Company is obligated to meet interest shortfall, if any, with respect to covered employees.

According to the actuary, actuarial valuation can not be applied to reliably measure provident fund liabilities in absence of guidance from Actuarial Society of India. Accordingly, the Company is currently not in a position to provide other related disclosures as required by the aforesaid AS 15 read with the ASB Guidance, however, having regard to the position of the Fund and the return on investments, the Company does not expect any deficiency in the foreseeable future.

- B. In keeping with the Company's gratuity scheme (a defined benefit plan), employees joined after 31st March 2003 are entitled to gratuity benefit (at one half months eligible salary for each completed year of service) on retirement/death/incapacitation/termination and there is no ceiling for employees joined before 31st March 2003. Also refer Note 1 (k) for accounting policy relating to gratuity.
- C. In keeping with the Company's Superannuation Scheme (applicable to employees joined before 31st March 2004), employees are entitled to superannuation benefit on retirement/death/incapacitation/termination. Superannuation Scheme was amended from Defined Benefit Plan to Defined Contribution Plan effective 1st April 2004 and the benefits under the Defined Benefit Plan were frozen as on 31st March 2004. Necessary formalities/approvals have been complied with/obtained. Also refer Note 1 (k) for accounting policy relating to superannuation.

11.1 Following are the further particulars with respect to defined benefit plans of the Company.

	Gratuity (Funded)		Superannuation (Funded)	
	2008-2009	2007-2008	2008-2009	2007-2008
Reconciliation of the opening and closing balances of present value of defined benefit obligation				
Present Value of obligation, as at the beginning of the year	215.13	171.76	179.85	188.96
Service Cost	12.77	13.49	—	—
Interest Cost	17.42	12.82	14.68	15.68
Actuarial (gains)/losses	(37.58)	18.74	(3.17)	(24.76)
Benefits paid	(10.43)	(1.68)	(1.61)	(0.03)
Present Value of obligation, as at the end of the year	197.31	215.13	189.75	179.85
Reconciliation of the opening and closing balances of the Fair Value of Plan Assets				
Fair Value of plan assets at the beginning of the year	222.64	182.45	310.49	281.37
Expected return of plan assets	18.96	14.37	25.39	23.35
Actuarial (gains)/losses	(9.42)	7.50	—	5.80
Contribution by the Company	22.00	20.00	—	—
Benefits paid	(10.43)	(1.68)	(1.61)	(0.03)
Fair Value of plan assets at the end of the year	243.75	222.64	334.27	310.49

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

	Gratuity (Funded)		Superannuation (Funded)	
	2008-2009	2007-2008	2008-2009	2007-2008
Reconciliation of the Benefit Value of obligation and Fair Value of the Plan Assets				
Fair Value of plan assets at the end of the year	243.75	222.64	334.27	310.49
Present Value of obligation at the end of the year	197.31	215.13	189.75	179.85
Assets/(Liabilities) as per Actuarial valuation	* 46.44	* 7.51	* 144.52	* 130.64
*Actual amount of Assets in the balance sheet Rs. Nil (Previous year Rs. Nil).				
Expense recognised in the Profit and Loss Account				
Current Service Cost	12.77	13.49	—	—
Interest Cost	17.42	12.82	14.68	15.68
Expected return of plan assets (gain)/loss	(18.96)	(14.37)	(25.39)	(23.35)
Actuarial (gain)/loss	(28.16)	11.24	(3.17)	(30.56)
Total Expense as per the Actuarial Valuation	# (16.93)	# 23.18	## (13.88)	## (38.23)

Actual expenses recognised Rs. 22.00 (Previous year Rs. 20.00)

Actual expenses recognised NIL.

The expenses for the above benefits are disclosed under 'Contribution to Funds' on Schedule 14 to Profit and Loss Account.

	Gratuity (Funded)		Superannuation (Funded)	
	2008-2009	2007-2008	2008-2009	2007-2008
Category of Plan Assets :				
GOI Securities	23.59	23.00	76.41	75.53
Bonds	36.58	41.53	68.22	83.15
State Government/State Government guaranteed securities	20.05	19.89	15.75	21.02
Units of Insurers	161.97	137.28	167.48	123.18
Others (including bank balances)	1.56	0.94	6.41	7.61
	243.75	222.64	334.27	310.49
Principal Actuarial Assumptions				
Discount rate (per annum) (%)	8.00	8.30	8.00	8.20
Rate of increase in salaries (%)	5.00	5.00	NA	NA
Expected rate of return on plan assets (%)	8.00	7.50	8.00	8.30
Remaining working life (in Years)	18.39	19.29	14.84	15.68
Methods used	Projected Accrued Benefit Method			
Actual Return on Plan Assets	9.54	21.87	25.39	29.15

Discount rate on Superannuation Fund has been determined based upon the market yield available on Government Bonds without considering salaries increase since the pension had been frozen based on salaries as at 31st March 2004 for the period of service upto 31st March 2004 and in case of other funds asked upon the market yield available on Government Bonds after considering salaries increase which takes into account inflation, seniority, promotion and other relevant factors.

Expected rate of return on plan assets is assumed to be same as the discount rate at the beginning of the year as the assets of the fund are primarily invested in Government Bonds.

11.2 Appropriate contribution for 2008-09 have been paid to the Employees Defined Benefit Plan during the year.

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

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

(a) List of Related Parties

Where Control exists

Holding Company

Bajoria Holdings Private Limited (BHPL)

Subsidiary Companies

IFGL Worldwide Holdings Limited (IWHL)

(including step down subsidiaries)

IFGL Monocon Holdings Limited (IMHL)

Monocon International Refractories Limited (MIRL)

Monocon Overseas Limited (MOL)

Mono Ceramics Inc. (MCI)

Monotec Refratarios Ltda (MRL)

Tianjin Monocon Refractories Co. Limited (TMRL)

Tianjin Monocon Aluminous Refractories Company Limited (TMARL)

Goricon Metallurgical Services Limited (GMSL)

Goricon LLC (GLLC)

IFGL GmbH. (IG)

Hofmann Ceramic GmbH (HCG)

Hofmann GmbH & Co. OHG (HGCO)

Hofmann Ceramic CZ s.r.o. (HCC)

Hofmann Ceramic Ltd. (HCL)

Hofmann Ceramic LLC (HCLL)

IFGL Pyemetric LLC (IPL)

Fellow Subsidiaries

Heritage Health TPA Private Limited (HHTPL)

Bajoria Financial Services Private Limited (BFSPL)

IFGL Bio Ceramics Limited (IFGL BCL)

Ganges Art Gallery Private Limited (GAGPL)

Bajoria Enterprises Ltd. (BEL)

IFGL Exports Ltd. (IEL)

Others

Key Management Personnel

S K Bajoria (Managing Director) (SKB)

P Bajoria (Director & Chief Executive) (PB)

Relative of Key Management Personnel

B P Bajoria, father of S K Bajoria (BPB)

Enterprises in which Key Management Personnel has significant influence

Heritage Insurance Brokers Private Limited (HIBPL)

Coris Heritage Asia Pacific Private Limited (CHAPPL)

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

12. (b) Particulars of Transactions during the year :

(All figures are in Rs. in lacs)

Sl.	Nature of Transactions	Holding Company	Subsidiaries including Step down Subsidiaries							Fellow Subsidiaries						Key Management Personnel			Relative of Key Management Personnel	Enterprise in which a Key management personnel has significant influence		
			BHPL	MCI	MIRL	MRL	TMRL	TMARL	IWHL	Total	HHTPL	IEL	BFSPL	GAGPL	IFGL BCL	Total	SKB	PB		Total	BPB	HIBPL
i)	Purchase of Raw Materials	—	—	1.62	—	318.80	31.55	—	351.97	—	—	—	—	—	—	—	—	—	—	—	—	—
		(—)	(—)	(59.80)	(—)	(30.14)	(17.97)	(—)	(107.91)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
ii)	Purchase of Services	—	—	53.35	—	—	—	—	53.35	—	—	—	—	—	—	—	—	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
iii)	Purchase of Capital Goods	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
		(—)	(—)	(59.40)	(—)	(—)	(—)	(—)	(59.40)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
iv)	Sale of Finished Goods	—	141.64	232.96	4.07	—	—	—	378.67	—	—	—	—	5.38	5.38	—	—	—	—	—	—	—
		(—)	(100.19)	(142.26)	(—)	(—)	(—)	(—)	(242.45)	(—)	(—)	(—)	(—)	(3.26)	(3.26)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
v)	Rent for Office Premises	6.08	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
		(6.08)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
vi)	Maintenance Charges	10.89	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
		(10.89)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
vii)	Reimbursement of Expenses	19.08	—	4.12	—	—	—	—	4.12	—	—	—	—	—	—	—	—	—	—	—	—	—
		(13.65)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
viii)	Recovery of Expenses	—	—	1.86	—	—	—	—	1.86	1.44	3.86	—	0.03	—	5.33	—	—	—	—	2.14	0.04	2.18
		(0.39)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(0.79)	(—)	(—)	(—)	(—)	(0.79)	(—)	(—)	(—)	(—)	(0.94)	(0.39)	(1.33)
ix)	Interest	42.84	—	—	—	—	—	—	—	—	—	6.78	—	—	6.78	—	—	—	—	—	—	—
		(49.33)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
x)	Sitting Fees	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0.80	—	—	—
		(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(0.40)	(—)	(—)	(—)
xi)	Loan taken during the year	—	—	—	—	—	—	—	—	—	—	400.00	—	—	400.00	—	—	—	—	—	—	—
		(300.00)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
xii)	Loan repaid during the year	575.00	—	—	—	—	—	—	—	—	—	400.00	—	—	400.00	—	—	—	—	—	—	—
		(325.00)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
xiii)	Guarantees/Letter of Comfort given	—	—	4,730.59	—	—	—	—	4,730.59	—	—	—	—	—	—	—	—	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
xiv)	Director's Remuneration	—	—	—	—	—	—	—	—	—	—	—	—	—	—	81.40	83.78	165.18	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(109.80)	(105.63)	(215.43)	(—)	(—)	(—)	(—)
	Total	653.89	141.64	5,024.50	4.07	318.80	31.55	—	5,520.56	1.44	3.86	806.78	0.03	5.38	817.49	81.40	83.78	165.18	0.80	2.14	0.04	2.18
		(705.34)	(100.19)	(261.46)	(—)	(30.14)	(17.97)	(—)	(409.76)	(0.79)	(—)	(—)	(—)	(3.26)	(4.05)	(109.80)	(105.63)	(215.43)	(0.40)	(0.94)	(0.39)	(1.33)
	Year end Balances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
i)	Unsecured Loan	(575.00)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
ii)	Sundry Creditors	(0.33)	(—)	(32.37)	(—)	18.00	(10.32)	(17.97)	(—)	(60.66)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
iii)	Investment	—	—	—	—	—	—	4,185.59	4,185.59	—	—	—	—	—	—	—	—	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(—)	(4,185.59)	(4,185.59)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
iv)	Sundry Debtors	—	—	80.38	4.07	—	—	—	84.45	—	—	—	—	1.47	1.47	—	—	—	—	—	—	—
		(—)	(79.63)	(—)	(—)	(—)	(—)	(—)	(79.63)	(—)	(—)	(—)	(—)	(2.67)	(2.67)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
v)	Loans and Advances	—	—	—	—	—	—	—	—	1.44	0.28	—	0.03	—	1.75	—	—	—	—	2.10	0.03	2.13
		(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(0.79)	(—)	(—)	(—)	(—)	(0.79)	(—)	(—)	(—)	(—)	(—)	(0.34)	(0.34)
vi)	Shortfall undertaking/Letter or Comfort/Corporate Guarantee	—	—	5,288.31	—	—	—	—	5,288.31	—	—	—	—	—	—	—	—	—	—	—	—	—
		(—)	(—)	(2,887.64)	(—)	(—)	(—)	(—)	(2,887.64)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)
vii)	Other Liabilities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
		(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(—)	(28.35)	(28.35)	(56.70)	(—)	(—)	(—)	(—)

Figures in brackets relate to previous year

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

	2008-2009	2007-2008
13. Managerial Remuneration :		
(a) Managing Director and Whole-time Director & Chief Executive		
Salaries	113.50	108.00
Commission	—	56.70
Contributions to Provident and other Funds	39.45	38.75
Other Perquisites	12.23	11.98
	165.18	215.43
(b) Non-executive Directors - Sitting Fees	3.94	2.16
Total Managerial Remuneration	169.12	217.59
(c) Schedule of computation of Net Profit in accordance with Sections 193/349 of the Companies Act, 1956 for the purpose of Directors' Remuneration :		
Profit before Tax as per the Profit and Loss Account	2,001.82	2,616.93
Add : Remuneration of Directors	165.18	215.43
Directors' Sitting Fees	3.94	2.16
	169.12	217.59
Net Profit	2,170.94	2,834.52
Managing Director's Commission - 1% of the Net Profit	*	28.35
Director & Chief Executive's Commission - 1% of the Net Profit	*	28.35
Total Commission	—	56.70

* Waived

14. Other Expenses (Schedule 13) includes :

(a) Amounts paid/payable to Auditors as Auditor :		
Audit Fees	* 7.50	6.50
For Tax Audit	2.50	2.50
For Limited Reviews	2.00	1.80
For Other Certificates	** 3.85	2.75
Reimbursement of expenses #	0.63	0.64
# Exclusive of Service Tax Rs. 1.91 (Previous year - Rs. 1.75) not routed through Profit and Loss Account during the year.		
* Including Rs. 0.50 relating to previous year.		
** Including Rs. 0.50 relating to previous year.		
(b) Discounting Charges	—	11.32

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

	Units	For the year ended 31st March 2009		For the year ended 31st March 2008	
		Quantity	Value	Quantity	Value
(i) Licensed Capacity		N.A.		N.A.	
(ii) Installed Capacity (as certified by the Management)					
Refractories (Shaped)	Pcs	776,000		776,000	
Refractories (Unshaped)	M/T	24,000		24,000	
Ceramics (Shaped)	Pcs	10,000		10,000	
Ceramics (Unshaped)	Kgs	3.00		3.00	

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

	Units	For the year ended 31st March 2009		For the year ended 31st March 2008	
		Quantity	Value	Quantity	Value
(iii) Opening Stock of Finished Goods					
At Factory					
Refractories (Shaped)	Pcs	3,736	58.54	2,889	46.47
Refractories (Unshaped)	M/T	—	—	—	—
With Third Party					
Refractories (Shaped)	Pcs	11,639	157.95	6,731	102.09
Refractories (Unshaped)	M/T	112	20.14	53	11.02
Total			236.63		159.58
(iv) Actual Production					
Refractories (Shaped)	Pcs	462,388	—	542,164	—
Refractories (Unshaped)	M/T	7,677	—	2,372	—
Ceramics (Shaped)	Pcs	386	—	265	—
Ceramics (Unshaped)	Kgs	0.47	—	0.50	—
(v) Sales*					
Refractories (Shaped)	Pcs	452,926	14,281.38	536,409	15,660.85
Refractories (Unshaped)	M/T	7,588	1,582.12	2,313	623.04
Ceramics (Shaped)	Pcs	386	4.87	265	2.94
Ceramics (Unshaped)	Kgs	0.47	0.50	0.50	0.32
Scrap			13.61		14.51
Total			15,882.48		16,301.66
(vi) Closing Stock of Finished Goods					
At Factory					
Refractories (Shaped)	Pcs	5,799	51.81	3,736	58.54
Refractories (Unshaped)	M/T	—	—	—	—
Stock in Transit **					
Refractories (Shaped)	Pcs	9,770	173.39	—	—
Refractories (Unshaped)	M/T	12	4.89	—	—
With Third Party					
Refractories (Shaped)	Pcs	9,268	130.50	11,639	157.95
Refractories (Unshaped)	M/T	189	50.85	112	20.14
Total			411.44		236.63

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

Opening Stock					
At Factory					
Operating Systems for Refractories	Sets	15	7.10	12	7.00
Others #			73.57		60.36
With Third Party					
Refractories (Unshaped)	M/T	325	37.95	152	16.87
Others #			13.56		12.25
			132.18		96.48
Purchases					
Operating Systems for Refractories	Sets	126	35.82	98	60.32
Refractories (Unshaped)	M/T	2,509	594.99	4,418	594.99
Others #			187.40		256.85
			818.21		912.16
Sales*					
Operating Systems for Refractories	Sets	129	50.65	95	122.10
Refractories (Unshaped)	M/T	2,744	309.33	4,245	456.18
Others #			436.07		254.30
			796.05		832.58
Closing Stock					
At Factory					
Operating Systems for Refractories	Sets	12	5.35	15	7.10
Others #			97.56		73.57
With Third Party					
Refractories (Unshaped)	M/T	90	8.86	325	37.95
Others #			8.85		13.56
			120.62		132.18

* Inclusive of quantities supplied free of cost. Sales figures are net of excise duty. ** Corresponding Sales Value Rs. 351.05
As none of the items exceed 10% of Purchases / Sales / Stock, the quantitative details have not been provided.

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

	2008-2009		2007-2008	
	Qty. (M/T)	Value	Qty. (M/T)	Value
16. Raw Materials Consumed :				
Aluminium Oxides	6,149.77	2,310.70	6,466.81	2,379.69
Graphite	1,358.51	515.41	1,766.79	524.05
Magnesites	1,232.52	480.92	1,349.10	468.10
Zirconia	666.12	915.76	857.65	1,065.15
Resin	1,061.00	1,006.40	1,370.32	1,193.77
Others *		2,023.95		1,360.13
		7,253.14		6,990.89

* As none of other items individually exceed 10% of the total value of the raw materials consumed, the quantitative details have not been provided.

	2008-2009		2007-2008	
	Value	%	Value	%
17. Value of Imported and Indigenous Raw Material and Stores and Spares consumed :				
Raw Materials :				
Imported	3,627.00	50.01	3,288.93	47.05
Indegenous	3,626.14	49.99	3,701.96	52.95
	7,253.14	100.00	6,990.89	100.00
Stores and Spares :				
Imported	42.65	8.74	54.27	9.40
Indigenous	445.51	91.26	522.85	90.60
	488.16	100.00	577.12	100.00

18. Operating Lease Commitments - The Company entered into non-cancelable operating lease agreements in connection with certain office spaces. Tenure of lease is for a period of 3 years. Terms of the lease include operating terms of renewal, reimbursement of maintenance charges, increase in future maintenance charges, etc. The future minimum lease commitments of the Company are as follows :

	2008-2009	2007-2008
Within 1 Year	6.08	3.04
More than 1 Year up to 5 years	9.11	—
Total	15.19	3.04

Note : Lease rentals recognised in this profit and loss account amount to Rs. 6.08 (Previous year Rs. 6.08)

19. CIF Value of Imports :		
Raw Materials	3,517.27	3,954.76
Stores and Spares	60.73	84.36
Trading Items	41.27	46.70
Capital Goods	191.80	318.69

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

	2008-2009	2007-2008
20. Expenditure in Foreign Currency (on payment basis)		
Salary and Wages	37.90	10.43
Travelling	116.46	114.85
Commission	294.33	156.58
Royalty (Net of tax)	136.04	112.96
Technical Know-how Fees (Net of tax)	—	46.12
Export Selling Expenses	76.18	96.01
Professional Fees	52.65	3.51
Others (Exhibition etc.)	1.25	3.41

21. Earnings in Foreign Exchange		
FOB value of Exports	4,976.05	4,853.11
Commission	2.10	1.03
Others	0	11.88

22. Remittance in Foreign Currency on account of Dividend to Non-Resident Shareholders :		
(a) Amount Remitted		
— for the year 2007-2008	100.14	—
— for the year 2006-2007	—	87.62
— for the year 2005-2006	—	59.94
(b) Number of Non-Resident Shareholders	2	2
(c) Number of Shares held by them	50,06,956	50,06,956

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

Sales Revenue		
India	7,869.00	7,028.83
Outside India		
Direct Exports	5,251.41	5,248.74
Indirect Exports	3,558.12	4,856.67
Total	16,678.53	17,134.24
Carrying amount of Assets		
India	12,890.03	12,913.37
Outside India (Debtors)		
Direct Exports	803.38	1,866.39
Indirect Exports	813.74	2,303.10
Total	14,507.15	17,082.86
Purchase of Tangible and Intangible Assets		
India	534.43	839.96

24. Expenses include reimbursements to/by the Company.

25. Previous year's figures have been re-arranged and re-grouped wherever necessary.

Signatures to Schedules 1 to 15

Kolkata
18th May 2009

R Agarwal
Company Secretary

On behalf of the Board of Directors

P Bajoria
Director & Chief Executive

S K Bajoria
Managing Director

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(a) Registration Details

Registration No. L 0 0 1 5 3 O R 1 9 8 9 P L C 0 0 2 9 7 1

Balance Sheet Date 3 1 0 3 2 0 0 9
D D M M Y Y Y Y

(b) Capital raised during the year :

(Rs. in lacs)

Public Issue N I L Right Issue N I L

Bonus Issue N I L Private Placement N I L

(c) Position of Mobilisation and Deployment of Funds :

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

(d) Performance of the Company :

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

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

Item Code No.

6 9 0 2 2 0 2 0

6 9 0 3 2 0 9 0

6 9 0 3 1 0 9 0 7 6 9 0 3 2 0 9 0

3 8 1 6 0 0 0 0

3 8 1 6 0 0 0 0

9 0 2 1 3 9 0 0

3 0 0 6 4 0 0 0

Product Description

Slide Gate Refractories for Ladles and Furnace.

Refractories for Injectall Purgemeister Valve.

Refractory Nozzle, Plugs, Rods, Tubes, Pipes.

Spraying/Gunning Masses, Coatings, Filler Mix.

Mortar, Castables and other Refractory Cements.

Hydroxyapatite based Orbital Implants and Alumina based Femoral Head for Hip Joint Prosthesis.

Hydroxyapatite Powder for Dental Application/Bone filling powder.

On behalf of the Board of Directors

Kolkata
18th May 2009

R Agarwal
Company Secretary

P Bajoria
Director & Chief Executive

S K Bajoria
Managing Director

STATEMENT U/S 212 OF THE COMPANIES ACT, 1956 REGARDING SUBSIDIARY COMPANIES As at 31st March 2009

(Rs. in lacs)

	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	Proposed Dividend
Subsidiary										
IFGL Worldwide Holdings Limited, Isle of Man	3,901.76	1,408.85	820.22	0.00	0.00	0.00	441.11	0.00	441.11	0.00
Step Down Subsidiaries										
Goricon LLC, USA	0.00	121.05	201.50	80.45	0.00	665.72	89.61	47.78	41.83	0.00
Goricon Metallurgical Services Ltd,(Wales),UK	43.76	330.33	414.64	40.56	0.00	476.33	(122.71)	(32.76)	(89.96)	0.00
Hofmann Ceramic CZ s.r.o, Czech Republic	46.66	(232.06)	409.91	595.32	0.00	496.06	(91.69)	0.00	(91.69)	0.00
Hofmann Ceramic GmbH, Germany	175.58	1,011.47	1,715.13	629.28	0.00	5,169.41	(97.39)	(13.06)	(84.33)	0.00
Hofmann Ceramic LLC, USA	12.99	21.42	38.50	4.09	0.00	0.00	11.42	3.88	7.53	0.00
Hofmann Ceramic Limited, UK	0.07	59.30	66.44	7.06	0.00	122.09	4.39	1.23	3.16	0.00
Hofmann GmbH & Co. OHG, Germany	78.66	43.89	761.91	639.36	0.00	0.00	46.47	3.58	42.89	0.00
IFGL GmbH, Germany	4,215.91	(26.44)	45.33	10.08	0.00	0.00	(20.35)	5.49	(25.84)	0.00
IFGL Monocon Holdings Limited, UK	3,646.50	0.00	0.00	18.23	0.00	0.00	0.00	0.00	0.00	0.00
IFGL Pyemetric LLC, USA	43.76	(2.73)	54.57	13.54	0.00	0.00	(15.02)	0.00	(15.02)	0.00
Mono Ceramics Inc, USA	4.50	1,498.86	1,684.35	284.91	0.00	4,278.85	(26.67)	(33.66)	6.99	986.57 #
Monocon International Refractories Limited, UK	0.07	1,865.25	3,191.06	8,638.07	0.00	8,608.61	(1,014.03)	(184.80)	(829.23)	0.00
Monocon Overseas Limited, UK	0.73	5,908.47	1,424.48	0.04	0.00	0.00	985.77	0.00	985.77	0.00
Monotec Refratarios Ltda, Brazil	200.54	104.69	426.49	121.25	0.00	1,511.57	190.50	55.55	134.95	0.00
Tianjin Monocon Aluminous Refractories Company Limited, PRC	378.46	357.66	887.84	151.72	0.00	990.95	55.05	0.00	55.05	40.94 @
Tianjin Monocon Refractories Company Limited, PRC	102.10	689.63	1,225.38	433.65	0.00	3,626.39	460.42	84.21	376.20	399.17 @

Paid to holding company, Monocon Overseas Limited, UK.

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

NOTES :

- (a) Balance Sheet figures have been converted into Indian Rupees by applying year end foreign exchange closing rate of Rs 72.93 equivalent to 1 GBP and Rs 67.53 equivalent to 1 Euro. Profit and Loss Account figures have however been converted into Indian Rupees by using Yearly Average exchange rate of Rs 78.54 equivalent to 1 GBP and Rs 66.00 equivalent to 1 Euro.
- (b) Investments exclude investments in subsidiary companies.



REFRATORIES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT

To the Board of Directors of
IFGL Refractories Limited

1. We have audited the attached Consolidated Balance Sheet of IFGL Refractories Limited (IFGL) and its subsidiaries (the IFGL Group), as at 31st March 2009, the Consolidated Profit and Loss Account for the year ended on that date and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, all of which we have signed under reference to this report. These financial statements are the responsibility of the IFGL's management and have been prepared by the IFGL's management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respects, in accordance with an identified financial reporting framework and are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary companies, whose Financial Statements reflect total assets of Rs. 15,554.45 lacs as at 31st March 2009, total revenue of Rs. 24,088.64 lacs and cash flows of Rs. 364.54 lacs for the year ended on that date. These financial statements and other financial information have been audited by other auditors except for two overseas subsidiaries, the financial statements of which reflect total assets of Rs. 481.06 Lacs as at 31st March, 2009, total revenues of Rs. 1511.57 Lacs and cash flows of Rs. 62.45 Lacs for the year ended on that date, of which one was subject to analytical review by the other auditors based on the records available and both subsidiaries were not considered material by the said auditors. The report of the other auditors has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the aforesaid subsidiaries, is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the IFGL's management in accordance with the requirements of Accounting Standard 21 on "Consolidated Financial Statements" prescribed under Section 211(3C) of the Companies Act, 1956.
5. Based on our audit and on consideration of report of other auditors referred to in paragraph 3 above on separate financial statements and other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the IFGL Group as at 31st March 2009;
 - (b) in the case of the Consolidated Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

S K Deb

Partner

Membership Number – 13390

For and on behalf of

Price Waterhouse

Chartered Accountants

Kolkata

18th May 2009

CONSOLIDATED BALANCE SHEET As at 31st March 2009

(Rs. in lacs)

	Schedule	As at 31st March 2009	As at 31st March 2008
SOURCES OF FUNDS			
Shareholders' Fund			
Capital	1	3,461.05	3,461.05
Reserves and Surplus	2	7,893.88	6,225.86
		11,354.93	9,686.91
Minority Interest		81.95	9.58
Loan Funds			
Secured Loans	3A	9,968.12	8,117.10
Unsecured Loans	3B	65.95	575.00
		10,034.07	8,692.10
Deferred Tax Liabilities (Net) (Note 14 on Schedule 14)		382.85	406.40
TOTAL		21,853.80	18,794.99
APPLICATIONS OF FUNDS			
Fixed Assets			
Gross Block	4	19,477.10	14,559.32
Less : Depreciation		8,270.88	6,865.96
Net Block		11,206.22	7,693.36
Capital Work-in-Progress		526.48	462.42
		11,732.70	8,155.78
Current Assets, Loans and Advances			
Inventories	5	5,134.77	4,735.93
Sundry Debtors	6	5,963.55	10,014.84
Cash and Bank Balances	7	1,285.69	770.57
Loans and Advances	8	1,213.22	1,521.91
		13,597.23	17,043.25
Less : Current Liabilities and Provisions	9		
Liabilities		3,458.85	5,385.78
Provisions		17.28	1,018.26
		3,476.13	6,404.04
Net Current Assets		10,121.10	10,639.21
TOTAL		21,853.80	18,794.99
NOTES ON ACCOUNTS	14		

This is the Consolidated Balance Sheet referred to in our report of even date.

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

S K Deb
Partner

Membership Number-13390

For and on behalf of

PRICE WATERHOUSE
Chartered Accountants

Kolkata

18th May 2009

On behalf of the Board of Directors

R Agarwal
Company Secretary
P Bajoria
Director & Chief Executive
S K Bajoria
Managing Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31st March 2009

(Rs. in lacs)

	Schedule	Year ended 31st March 2009	Year ended 31st March 2008
INCOME			
Turnover (Gross)		41,064.59	39,263.99
Less : Excise Duty		1,247.52	1,463.25
Turnover (Net)		39,817.07	37,800.74
Other Income	10	238.18	179.07
		40,055.25	37,979.81
EXPENDITURE			
(Increase)/Decrease in Finished Goods and Work-in-Progress	11 A	215.25	(160.68)
Raw Materials and Trading Goods	11 B	20,615.49	18,552.11
Manufacturing and Other Expenses	12	10,360.85	9,236.76
Payments and provisions for Employees	13	5,888.92	4,874.31
Interest (Note 13 on Schedule 14)		954.77	816.16
Depreciation		742.20	631.78
Adjustments for items capitalised		-	(59.40)
		38,777.48	33,891.04
Profit before Tax and Minority Interest		1,277.77	4,088.77
Provision for Current Tax		672.86	1,263.77
Profit after Current Tax and before Deferred and Fringe Benefit Tax		604.91	2,825.00
Deferred Tax Credit		(37.59)	(63.47)
Provision for Fringe Benefit Tax		35.22	32.32
Profit after Tax and before Minority Interest		607.28	2,856.15
Minority Interest		(3.85)	7.38
Profit after Tax and Minority Interest		611.13	2,848.77
Profit brought forward from previous year		5,893.23	3,980.70
Profit Available for Appropriation		6,504.36	6,829.47
Transferred to General Reserve		-	126.39
Proposed Dividend		-	692.21
Tax on Proposed Dividend		-	117.64
		-	936.24
Balance carried to Balance Sheet		6,504.36	5,893.23
Earning per Share			
Basic and Diluted (Rs.)			
(Note 8 on Schedule 14)		1.77	8.23
NOTES ON ACCOUNTS	14		

This is the Consolidated Profit and Loss Account referred to in our report of even date.

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

S K Deb

Partner

Membership Number-13390

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

Kolkata

18th May 2009

On behalf of the Board of Directors

R Agarwal
Company Secretary

P Bajoria
Director & Chief Executive

S K Bajoria
Managing Director

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31st March 2009

(Rs. in lacs)

	Year ended 31st March 2009		Year ended 31st March 2008	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net Profit before tax and Minority Interest		1,277.77		4,088.77
Adjustments for :				
Depreciation and Amortisation	742.20		631.78	
Interest Expenses (net)	954.77		816.16	
Liability no longer required written back	(65.34)		(98.37)	
Loss on Sale / Discard of Fixed Assets (net)	4.74		(34.07)	
Bad Debts / Advances written off	249.52		65.56	
Pension Assets Written off	398.98		—	
Unrealised Exchange Loss (Net)	781.66		231.80	
Effect of change in Foreign Exchange Translation	1,786.31	4,852.84	192.38	1,805.24
		6,130.61		5,894.01
Operating Profit before Working Capital changes				
Adjustments for :				
Trade and other receivables	5,593.11		(1,958.42)	
Inventories	350.29		(715.19)	
Trade payables	(3,038.63)	2,904.77	817.44	(1,856.17)
Cash generated from operations		9,035.38		4,037.84
Fringe Benefit Tax Paid	(37.88)		(29.83)	
Interest received on Income Tax Refund	—		1.02	
Direct Taxes paid - Net	(862.20)	(900.08)	(1,158.47)	(1,187.28)
Net Cash from Operating Activities		8,135.30		2,850.56
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	(992.73)		(943.87)	
Proceeds from sale of Fixed Assets	0.01		65.60	
Part consideration received on disposal of investment in a step down subsidiary company	—		238.07	
Acquisition of step down subsidiary companies	(4,383.78)		—	
Interest received	22.24	(5,354.26)	26.50	(613.70)
Net Cash used in Investing Activities		(5,354.26)		(613.70)

CONSOLIDATED CASH FLOW STATEMENT (Contd.)

(Rs. in lacs)

	Year ended 31st March 2009	Year ended 31st March 2008
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowings	3,360.02	490.00
Repayment of Long Term Borrowings	(2,701.20)	(1,342.70)
Proceeds from Short Term Borrowings	400.00	300.00
Repayment of Short Term Borrowings	(909.05)	(325.00)
Decrease in cash credit facilities	(822.66)	(101.97)
Interest paid	(981.22)	(868.06)
Dividend paid	(681.00)	(656.00)
Dividend tax paid	(117.64)	(102.94)
Dividend paid by a step down subsidiary company to Minority Shareholders	—	(7.63)
	<u>(2,452.75)</u>	<u>(2,614.30)</u>
Net Cash used in Financing Activities	(2,452.75)	(2,614.30)
D. EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN CURRENCY		
	<u>(86.77)</u>	<u>(50.68)</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C+D)	241.52	<u>(428.12)</u>
Cash and Cash equivalents as at 31st March, 2008 (Schedule 7)	770.57	1,198.69
Add : Taken over consequent upon acquisition of Subsidiary (Refer Note 4 & 5 on Schedule 14)	273.60	—
	<u>1,044.17</u>	<u>1,198.69</u>
Cash and Cash equivalents as at 31st March, 2009 (Schedule 7)	1,285.69	770.57

Notes :

- (1) The above Consolidated Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statements, prescribed under the Act.
- (2) Previous year's figures have been re-grouped/re-arranged wherever necessary.

This is the Consolidated Cash Flow Statement referred to in our report of even date.

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

S K Deb

Partner

Membership Number-13390

For and on behalf of

PRICE WATERHOUSE

Chartered Accountants

Kolkata

18th May 2009

On behalf of the Board of Directors

R Agarwal
Company Secretary

P Bajoria
Director & Chief Executive

S K Bajoria
Managing Director

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
1. CAPITAL		
AUTHORISED		
3,99,95,000 Equity Shares of Rs. 10/- each	3,999.50	3,999.50
500 Redeemable Preference Shares of Rs. 100/- each	0.50	0.50
	<u>4,000.00</u>	<u>4,000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP		
3,46,10,472 Equity Shares of Rs.10/- each fully paid up	<u>3,461.05</u>	<u>3,461.05</u>

Notes : Of the above shares -

- 1,83,20,973 shares are held by Bajoria Holdings Private Limited, the Holding Company.
- 1,66,00,872 shares were allotted as fully paid up other than in cash, pursuant to a Scheme of Amalgamation.

2. RESERVES AND SURPLUS		
Capital Reserve	5.00	5.00
General Reserve		
At the commencement of the year	446.79	320.40
Add : Transfer from Profit and Loss Account	-	126.39
	<u>446.79</u>	<u>446.79</u>
Foreign Exchange Translation Adjustment Account		
At the commencement of the year	(119.16)	76.88
Add : Net addition/(deletion) during the year	<u>1,056.89</u>	<u>(196.04)</u>
	937.73	(119.16)
Profit and Loss Account	<u>6,504.36</u>	<u>5,893.23</u>
	<u>7,893.88</u>	<u>6,225.86</u>

3. LOAN FUNDS		
A. SECURED LOANS		
Cash Credit/Packing Credit		
- From State Bank of India (Note 3(i) on Schedule 14)	1,492.41	2,473.43
- From HSBC Bank (Note 3(ii) on Schedule 14)	685.20	400.36
- From ICICI Bank Ltd. UK (Note 3(iii) on Schedule 14)	-	104.69
- From CSOB Radlicka (Note 3(iv) on Schedule 14)	22.11	-
Term Loan		
From State Bank of India		
- Term Loan I (Note 3(v) on Schedule 14)	1,200.00	1,800.00
- Term Loan II (Note 3(vi) on Schedule 14)	450.00	490.00
- Term Loan III (Note 3(vii) on Schedule 14)	206.48	-
- From ICICI Bank Ltd., UK (Note 3(iii) on Schedule 14)	2,282.24	2,812.64
- From HSBC Bank Plc (Note 3(viii) on Schedule 14)	2,907.91	-
- From Barclays Bank (Note 3(ix) on Schedule 14)	24.61	35.98
- From Sparkasse (Note 3(x & xi) on Schedule 14)	152.72	-
- From Volksbank Dill eG (Note 3(xii) on Schedule 14)	443.15	-
- From Commerzbank (Note 3(xiii) on Schedule 14)	101.29	-
	<u>9,968.12</u>	<u>8,117.10</u>
B. UNSECURED LOANS		
Short Term		
- From Volksbank Dill eG	6.93	-
- From Postbank	21.21	-
- From Sparkasse	37.81	-
- From a body corporate	-	575.00
	<u>65.95</u>	<u>575.00</u>

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

4. FIXED ASSETS

(Rs. in lacs)

DESCRIPTION OF THE ASSETS	GROSS BLOCK						DEPRECIATION						NET BLOCK	
	As at 01.4.08	Addition on Acquisition of Subsidiaries	Additions during the year	Deduction during the year	Exchange Difference	Total as at 31.3.09	As at 01.4.08	Addition on Acquisition of Subsidiaries	For the year	On Deduction	Exchange Difference	Total upto 31.3.09	As at 31.3.09	As at 01.4.08
TANGIBLE														
Land - Lease hold (Note 1 below)	34.76	-	-	-	-	34.76	2.17	-	0.43	-	-	2.60	32.16	32.59
- Freehold	130.83	60.05	-	-	(6.00)	184.88	-	-	-	-	-	-	184.88	130.83
Buildings	2,114.73	375.04	75.16	4.63	6.29	2,566.59	674.64	336.58	60.75	3.11	10.91	1,079.77	1,486.82	1,440.09
Plant and Machinery	7,703.35	1,189.82	743.27	613.33	355.96	9,378.77	4,815.48	603.20	586.84	610.41	260.61	5,655.72	3,723.05	2,887.87
Computers	359.08	3.36	11.50	23.86	(7.65)	342.43	321.81	2.78	22.55	23.86	(7.02)	316.26	26.17	37.27
Furniture and Fixtures	285.48	-	0.42	-	(14.50)	271.40	260.11	-	7.95	-	(14.41)	253.65	17.75	25.37
Equipments	111.79	94.48	8.38	15.51	12.82	211.96	65.65	73.74	13.95	15.50	10.11	147.95	64.01	46.14
Vehicles	195.38	47.83	26.20	16.48	6.51	259.44	66.05	34.85	26.01	16.48	3.66	114.09	145.35	129.33
Total : A	10,935.40	1,770.58	864.93	674.11	353.43	13,250.23	6,205.91	1,051.15	718.48	669.36	263.86	7,570.04	5,680.19	4,729.49
INTANGIBLE														
Goodwill arising on amalgamation	503.06	-	-	-	-	503.06	503.06	-	-	-	-	503.06	-	-
Goodwill arising on acquisition	6.70	7.85	-	-	(0.59)	13.96	6.70	7.85	-	-	(0.59)	13.96	-	-
Goodwill arising on consolidation	2,957.10	3,173.10	-	-	(710.68)	5,419.52	-	-	-	-	-	-	5,419.52	2,957.10
Computer Software	6.96	10.88	2.94	-	(0.15)	20.63	6.22	8.58	2.76	-	(0.01)	17.55	3.08	0.74
Technical Know-how (Note 2 below)	150.10	1.25	121.14	-	(2.79)	269.70	144.07	1.25	20.96	-	(0.01)	166.27	103.43	6.03
Total : B	3,623.92	3,193.08	124.08	-	(714.21)	6,226.87	660.05	17.68	23.72	-	(0.61)	700.84	5,526.03	2,963.87
GRAND TOTAL (A + B)	14,559.32	4,963.66	989.01	674.11	(360.78)	19,477.10	6,865.96	1,068.83	742.20	669.36	263.25	8,270.88	11,206.22	7,693.36
Previous Year	14,503.26	-	1,064.14	432.41	(575.67)	14,559.32	6,861.98	-	631.78	400.88	(226.92)	6,865.96	-	-
Capital Work in Progress													526.48	462.42
													11,732.70	8,155.78

- Notes :** (1) Acquired under a lease of 99 years with a renewal option
 (2) Technical know how represents technical drawings, designs, etc. relating to manufacture of group's products and acquired pursuant to various agreements conferring the right to usage only.
 (3) The gross block and net block of plant and machinery includes an amount of Rs 54.23 (Previous year - Rs 54.23) and Rs 30.74 (Previous year - Rs 40.00) respectively in respect of assets held under Hire Purchase Contract.

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
5. INVENTORIES		
(At lower of cost and net realisable value)		
Stores and Spares	94.84	160.57
Raw Materials and Components	2,540.19	2,434.03
Raw Materials and Components in transit	1.63	63.12
Work-in-Progress	423.04	512.42
Finished Goods		
- Manufactured Goods	1,773.10	1,255.52
- Trading Goods	102.91	80.67
Stock with third parties		
- Manufactured Goods	181.35	178.09
- Trading Goods	17.71	51.51
	5,134.77	4,735.93

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

(Rs. in lacs)

	As at 31st March 2009	As at 31st March 2008
6. SUNDRY DEBTORS (Unsecured)		
Debts outstanding for more than six months	793.85	435.68
Other Debts		
- Considered good	5,169.70	9,579.16
- Considered doubtful	189.28	80.64
	<u>6,152.83</u>	<u>10,095.48</u>
Less : Provision for Doubtful Debts	189.28	80.64
	<u>5,963.55</u>	<u>10,014.84</u>
7. CASH AND BANK BALANCES		
Cash in hand	30.54	8.87
(Include Cheques in hand - Rs 21.51 Previous year - Rs Nil)		
With Scheduled Banks -		
- On Current Accounts	1,030.67	648.60
- On Dividend Accounts	53.24	42.06
- On Fixed Deposit Accounts	168.63	43.98
(as margin on Letter of Credit and Bank Guarantee)		
Remittance in Transit	2.61	27.06
	<u>1,285.69</u>	<u>770.57</u>
8. LOANS AND ADVANCES (Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	586.11	565.08
Accrued Export benefits under DEPB Scheme	304.56	505.01
Balance with Customs and Excise Authorities	137.83	362.90
Other Deposits	184.72	88.92
Fringe Benefit Tax	Refer Schedule 9	Refer Schedule 9
Advance Tax / Tax Deducted at Source	Refer Schedule 9	Refer Schedule 9
	<u>1,213.22</u>	<u>1,521.91</u>
9. CURRENT LIABILITIES AND PROVISIONS		
Liabilities -		
Outstanding dues of micro and small enterprises for Goods (Note 15 on Schedule 14)	20.44	180.13
Others		
- for goods	1,288.00	2,526.62
- for expenses	1,245.61	2,363.65
Advance Received from Customers	22.15	11.07
Investor Education and Protection Fund shall be credited by Unpaid Dividend**	53.24	42.06
Other Liabilities	829.41	262.25
	<u>3,458.85</u>	<u>5,385.78</u>
Provisions -		
Taxation (Net of Advance Income Tax / Tax Deducted at Source Rs.1,524.13, previous year Rs. 2,424.27)	6.62	196.44
Fringe Benefit Tax (Net of Advance Fringe Benefit tax Rs. 87.85, previous year - 93.62)	0.04	2.70
Proposed Dividend	-	692.21
Tax on Proposed Dividend	-	117.64
Employee Benefits	10.62	9.27
	<u>17.28</u>	<u>1,018.26</u>
	<u>3,476.13</u>	<u>6,404.04</u>

** No amount is due as on 31st March, 2009 for credit to Investor Education and Protection Fund

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rs. in lacs)

	Year ended 31st March 2009	Year ended 31st March 2008
10. OTHER INCOME		
Commission	5.08	2.18
Liabilities no longer required written back	65.34	98.37
Bad Debt Recovery	—	29.79
Miscellaneous Income	167.76	48.73
	<u>238.18</u>	<u>179.07</u>

11A. (INCREASE) / DECREASE IN FINISHED GOODS AND WORK-IN-PROGRESS		
Opening Work-in-Progress*	553.37	421.03
Opening Finished Goods**	<u>2,039.37</u>	<u>1,364.32</u>
	2,592.74	1,785.35
Less : Closing Work-in-Progress	423.04	512.42
Closing Finished Goods	<u>1,954.45</u>	<u>1,433.61</u>
	2,377.49	1,946.03
	<u>215.25</u>	<u>(160.68)</u>

* Includes Rs. 40.95 on acquisition of step down subsidiaries referred to in Note 5 on Schedule 14.

** Includes Rs. 605.76 on acquisition of step down subsidiaries referred to in Note 5 on Schedule 14.

11B. RAW MATERIALS AND TRADING GOODS		
Raw Materials Consumed *	19,069.52	17,428.90
Opening Stock of Trading Goods	132.18	96.49
Add : Purchases of Trading Goods	<u>1,534.41</u>	<u>1,158.90</u>
	1,666.59	1,255.39
Less : Closing Stock of Trading Goods	<u>120.62</u>	<u>132.18</u>
	1,545.97	1,123.21
	<u>20,615.49</u>	<u>18,552.11</u>

* Net of Rs. 841.02 (Previous year - Rs. 798.61), being duty benefit pertaining to exports.

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

	Year ended 31st March 2009	Year ended 31st March 2008
12. MANUFACTURING AND OTHER EXPENSES		
Consumable Stores and Spares	649.50	625.15
Power and Fuel	1,287.53	1,048.71
Repairs and Maintenance		
- Plant and Machinery	265.71	223.21
- Building	13.58	35.69
- Others	133.80	80.37
Rent	413.09	339.27
Rates and Taxes	240.59	259.37
Insurance	77.09	64.84
Postage, Telephone, Telex etc.	136.74	181.80
Travelling and Conveyance	165.88	161.25
Packing and Material Handling Expenses	721.24	792.19
Delivery and Forwarding Expenses	1,513.55	1,628.50
Professional Fees	1,403.54	1,393.03
Processing Charges	461.17	282.45
Royalty	161.42	158.38
Commission	125.46	152.78
Service Charges	675.08	802.36
Directors' Sitting Fees	276.23	241.93
Foreign Exchange / Loss (net) (Note 7(b) on Schedule 14)	3.94	2.16
Bad Debts / Advances written off	833.04	234.06
Provision for Doubtful Debts	140.62	61.18
Loss on Sale / Discard of fixed assets (net)	108.89	4.38
Other Expenses	4.74	(34.07)
	961.51	837.04
	10,360.85	9,236.76
13. PAYMENTS AND PROVISIONS FOR EMPLOYEES		
Salaries and Wages	5,044.94	4,397.39
Staff Welfare Expenses	205.18	171.12
Contribution to Provident and Other Funds :		
- Gratuity Fund	22.00	20.00
- Provident Fund and Employees Pension Schemes	298.05	180.64
- Superannuation Fund	45.22	43.57
- Leave Encashment	1.76	2.62
- Employees State Insurance Fund etc.	271.77	58.97
	638.80	305.80
	5,888.92	4,874.31

14. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

(All figures are in Rs. in lacs)

1. These Consolidated Financial Statements (CFS) are prepared to comply in all material aspects with all applicable accounting principles in India, the applicable accounting standards notified under Section 211 (3C) of the Companies Act, 1956 (the Act) and the relevant provisions of the Act.

2. (a) Principles of Consolidation

The CFS comprise the financial statements of IFGL Refractories Limited (Parent Company) and its subsidiary companies (Group). The Consolidated Financial Statements are in conformity with Accounting Standard 21 on "Consolidated Financial Statements" notified under Section 211 (3C) of the Companies Act, 1956 and are prepared on the following basis :

- The financial statements of the Parent Company and its subsidiaries (listed below) have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after adjustments /elimination of intra Group balances and intra Group transactions and resulting unrealised profits. Unrealised losses resulting from intra Group transactions are eliminated unless cost cannot be realised.
- The CFS are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances in all material respect, except as indicated in the Note 6 below, are presented to the extent possible, in the same manner as the Parent Company's separate Financial Statements.
- The excess of cost to the Parent Company of its investment in the subsidiaries (including step down subsidiaries) over parent's portion of equity of subsidiaries at the dates they become subsidiaries is recognised in the financial statements as goodwill. Goodwill arising on consolidation is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment loss.
- The translation of functional currencies into Indian Rupees (reporting currency) is performed for equity in foreign subsidiary, assets and liabilities using the closing exchange rate at the balance sheet date, for revenues, costs and expenses using average exchange rate prevailing during the year. The resultant exchange difference arising out of such translations is recognised as part of equity (Foreign Currency Translation Adjustment Account) by the Parent Company until the disposal of investment.
- Minority interest in the consolidated financial statements is identified and recognised after taking into consideration :
 - The amount of equity attributable to minorities at the date on which investment in subsidiary is made.
 - The minority's share of movement in equity since the date parent – subsidiary relationship came into existence.
 - Losses applicable to the minority in excess of the minority's interest, if any, in the subsidiary's equity are allocated against the interest of the Group.
- Monotec Refratarios Ltda, Tianjin Monocon Refractories Company Limited, Hofmann Ceramic CZ, s.r.o and Tianjin Monocon Aluminous Refractories Company Limited (step down subsidiaries), each has an accounting period end of 31st December 2008. These subsidiaries have been consolidated using the financial statements for the year ended on that date adjusted for management account movements to 31st March 2009.

b) The subsidiaries (including step down subsidiaries) considered in the consolidated financial statements are :

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Accounting Year Ended
IFGL Worldwide Holdings Limited (IWHL)	Isle of Man	100%	31st March
Step down subsidiaries			
IFGL Monocon Holdings Limited (IMHL)	United Kingdom	100 %	31st March
Tianjin Monocon Refractories Company Limited (TMRL)	Peoples Republic of China	100 %	31st December
Monotec Refratarios Ltda (MRL)	Brazil	95 %	31st December
Monocon International Refractories Limited (MIRL)	United Kingdom	100 %	31st March
Monocon Overseas Limited (MOL)	United Kingdom	100 %	31st March
Mono Ceramics Inc (MCI)	United States of America	100 %	31st March
Goricon Metallurgical Services Limited (GMSL)	United Kingdom	100 %	31st March
Goricon LLC (GLLC)	United States of America	100 %	31st March
Tianjin Monocon Aluminous Refractories Company Limited (TMARL)	Peoples Republic of China	100 %	31st December
IFGL GmbH (IG)*	Germany	100 %	31st March
Hofmann Ceramic GmbH (HCG)*	Germany	96.16 %	31st March
Hofmann GmbH & Co. OHG (HGCO)*	Germany	100 %	31st March
Hofmann Ceramic CZ s.r.o. (HCC)*	Czech Republic	98.78 %	31st December
Hofmann Ceramic Ltd (HCL)*	United Kingdom	100 %	31st March
Hofmann Ceramic LLC (HCLL)*	United States of America	100 %	31st March
IFGL Pyemetric LLC (IPL) (Refer Note 4 below)	United States of America	51 %	31 March

* Refer Note 5 below

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

(All figures are in Rs. in lacs)

3. Details of Securities provided to Banks against Loans

- i) Cash Credit/Packing Credit from State Bank of India is secured by hypothecation of stocks of raw materials, stock in process, finished goods, consumables, spares, stores, receivables and other liquid assets, merchandise covered under letter of credits and counter guarantees and by a second charge over all fixed assets of the Parent Company, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela, ranking pari passu with charge to be created in favour of Hongkong and Shanghai Banking Corporation Limited.
 - ii) Cash Credit/Packing Credit from Hongkong and Shanghai Banking Corporation Ltd., is to be secured by charge on current assets and second charge over all the fixed assets of the Parent Company ranking pari passu with that created in favour of State Bank of India.
 - iii) The Term Loan and Cash Credit (Euro and US dollar currencies) from ICICI Bank UK Ltd. is secured by :
 - (a) mortgage of movable & immovable assets (including intangibles) of MIRL
 - (b) mortgage of movable & immovable assets of MCI, a subsidiary of MOL.
 - (c) shortfall undertaking from IFGL Refractories Limited
 - (d) pledge of IWHL's holding in IMHL.
 - (e) pledge of IMHL's holding in MIRL
 - (f) pledge of MIRL's holding in MOL
 - (g) non-disposal undertaking from IWHL for its holding in subsidiaries in China and Brazil.
 - iv) Overdraft facility from CSOB Radlicka is secured by Blank Promissory Note by HCC.
 - v) Term Loan from State Bank of India is secured by first charge over all the fixed assets of the Company, including Land and other immovable properties, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by an extension of charge over the current assets of the Parent Company.
 - vi) Term Loan from State Bank of India is secured by first charge over Plant and Machinery and other fixed assets acquired, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by first charge over all other fixed assets of the Parent Company.
 - vii) Term Loan from State Bank of India is secured by first charge over Plant and Machinery and other fixed assets acquired/to be acquired in the project considered for financing, situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, near Rourkela and by first charge over all other fixed assets and current assets of the Parent Company.
 - viii) The Term Loan (Euro Currency) from HSBC Bank plc is secured by :
 - (a) Debentures comprising fixed and floating charges over all the assets and undertakings of IMHL, MOL, MIRL, GMSL and IWHL, including all present and future freehold and leasehold property, books and other debts, chattels, goodwill and uncalled capital, both present and future.
 - (b) Letter of priority to HSBC from ICICI Bank over all current assets of MIRL.
 - (c) Company Guarantees from IWHL to secure all liabilities of the Borrower.
 - (d) Composite Company Guarantee from MIRL, IMHL, MOL and GMSL to secure liabilities of each other.
 - (e) Company Guarantee from IFGL Refractories Ltd. limited to Euro 5,300,000 to secure all liabilities.
 - ix) Term loan from Barclays Bank is secured against specific plant and machinery taken on hire purchase by GMSL.
 - x) Term loan (Euro Currency) from Sparkasee, Dillenberg is secured against specific plant and machinery of HGCO.
 - xi) Term loan (Euro Currency) from Sparkasee, Dillenberg is secured against specific plant and machinery of HCG.
 - xii) Term loan (Euro Currency) from Volksbank Dill eG of HGCO is secured by:
 - a) Mortgage of small investments and investments in HCC plant.
 - b) Specific plant and machineries.
 - xiii) Term loan (Euro Currency) from Commerzbank Aktiengesellschaft is secured against specific plant and machinery of HGCO.
4. During the year, IPL was incorporated on 29th August 2008, as a step down subsidiary of MCI, and has been consolidated from 29th August 2008 to 31st March 2009.
 5. During the year, the step down subsidiary MIRL acquired Hofmann Group. The acquisitions were made on 4th July 2008 through incorporation of new company IG in Germany and has been consolidated from 4th July 2008 to 31st March 2009.

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

(All figures are in Rs. in lacs)

6. Accounting policies for the Group are same as followed by the Parent Company as indicated in Note 1 on the Schedule 15 of Parent Company's Accounts for the year ended 31st March 2009, except as follows :

Fixed Assets of operating step down subsidiaries are depreciated under Straight Line Method and also under Written Down Value method, over their estimated useful lives (being lower than the useful lives prescribed under Schedule XIV to the Companies Act, 1956 of India except in case of Buildings), as indicated below :

Building	50 years
Plant and Machinery	3 – 10 years
Fixtures and Fittings	1 – 10 years
Office Equipments	1 – 4 years
Computers	1 – 4 years
Motor Vehicles	4 years

Depreciation charge for the year and year-end Accumulated Depreciation pertaining to the aforesaid subsidiaries amount to Rs 320.54 (Previous year Rs 217.77) and Rs 3,936.20 (Previous year Rs 2,939.44) respectively.

Had the operating subsidiaries followed the depreciation rates only under Straight Line Method prescribed under Schedule XIV to the Companies Act, 1956 of India the amount by which the net depreciation charge would have been lower is not ascertainable at this stage.

7. a) As per Accounting Standard – 11, the effect of changes in Foreign Exchange Rates resulted in a year-end translation loss of Rs. 349.37 lacs on USD foreign currency loan (fully hedged through swap contract for GBP repayments). As per the confirmation received from the bank contracting the swap, the liability has in effect been converted to GBP and the company has to pay GBP only for repayment of loan and interest. The mark-to-market valuation of this swap contract at the year-end resulted in a gain of Rs.326.75 lacs. In line with the Accounting Standard – 11 and the announcement by the Council of the Institute of Chartered Accountants of India on accounting of derivatives dated 29th March 2008, the mark-to-market gain has not been accounted for. Had the gain been netted off against the translation loss, the year-end profit and the year-end net worth of the company would have been higher to that extent.
- b) The Group enters into specific derivative contracts as part of its overall strategy to manage the level of exposure to fluctuations in foreign currencies to mitigate or offset the risk that arises from its normal business activity. The company recognises mark to market loss on outstanding derivative transactions entered into by the Company against its underlying foreign currency related exposures.

Exchange (gain)/loss as disclosed in Schedule 12 comprises of :

Particulars	2008-2009	2007-2008
Year end reinstatement of Foreign Currency Receivables/Payables	958.04	(35.79)
Realised (Gains)/Losses (Net)	51.61	2.14
Mark to market loss provided in earlier year, written back on cancellation of the derivative contract.	(176.61)	–
Mark to market loss on Derivatives	–	267.71
Total	833.04	234.06

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

		2008-2009	2007-2008
Profit after Tax and Minority Interest attributable to the Equity shareholders	A	611.13	2,848.77
Basic/Weighted average of Equity Shares outstanding during the year (Nos.)	B	34,610,472	34,610,472
Diluted Potential Equity Shares		–	–
Nominal Value of each Equity Share (Rs.)		10	10
Basic/Diluted EPS (Rs.)	A/B	1.77	8.23

14. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)
(All figures are in Rs. in lacs)

9. Estimated amounts of Capital Commitments (net of advances) outstanding as at 31st March 2009 and not provided for is Rs. 2.11 (Previous year Rs. 24.09.)

10. Contingent Liabilities not provided for :

	2008-2009	2007-2008
a) Claims against the Company not acknowledged as debts :		
i) Sales Tax matter under appeal net of Rs 5.49 (Previous year Rs 5.49) paid under protest	44.06	44.06
ii) Income Tax matters under dispute	15.88	15.88
iii) Service Tax matters under dispute (excluding interest and penalty)	16.81	—
iv) Others (Water Tax)	4.40	4.40
11. Outstanding Bank Guarantees (net of margin money)	526.14	363.79

12. The Parent Company, in March 2004, withdrew its application for exemption under Para 39 of the Employees' Pension Scheme, 1995 (EPS, 95) pending with the Regional Provident Fund Commissioner (RPFC) at Rourkela. Subsequent thereto, from April 2004, the Parent Company has been depositing contributions under EPS, 95 with the RPFC. A sum of Rs. 81.72 has been paid in earlier year to RPFC from the Parent Company's Superannuation Fund towards contribution (as estimated by the Parent Company) under EPS, 95 for the period 16th November 1995 to 31st March 2004 in respect of employees continuing in the Parent Company's employment as on 31st March 2004. RPFC has however demanded contribution also for persons who ceased to be employees of the Parent Company in said period, which has been disputed by the Company.

RPFC had raised a demand of Rs. 27.26 in March 1998 on the Parent Company towards contribution under EPS, 95 for the period 16th November, 1995 to 31st January 1998, which was stayed by the Hon'ble Orissa High Court in a petition filed before them by the Parent Company. The matter has been disposed off by the Hon'ble High Court vide its Order dated 3rd March 2009. Hon'ble High Court, however, has granted liberty to RPFC to take steps for recovery of amount due, if the same was found not deposited.

13. (a) Interest paid/payable is net of Interest Received [Tax Deducted at Source Rs 0.42 (Previous year Rs.0.22)], as detailed below :

	2008-2009	2007-2008
Interest on Bank Deposits	18.33	18.59
Interest on Customers' overdue bills	7.34	9.58
Interest from Employees and Others	3.19	2.58
Interest on Income Tax Refunds	—	1.02
Total	28.86	31.77

(b) Interest paid/ payable includes interest on Fixed Loans during the year Rs. 691.96 (Previous year Rs. 508.96)

(c) No interest was capitalised during the year.

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

	2008-2009	2007-08
Tax Impact of -		
Accrued expenses deductible when paid	(20.10)	(31.69)
Difference between tax depreciation and book depreciation	402.95	382.63
Other Items	—	55.46
Total	*382.85	*406.40

* Includes loss of Rs 14.03 (Previous year gain of Rs 11.01) on account of exchange fluctuations due to re-statement of year end deferred tax assets and liabilities.

15. Balance including interest thereon due to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006 (as identified based on the available confirmations) is Rs. 20.44 (Previous year Rs. 180.13). No interest has been paid during the year. The amount of interest payable for the period of delay in making payment beyond the appointed day is Rs.2.91 (Previous year Rs. 3.83) and interest accrued and remaining unpaid at the year end is Rs. 6.74 (Previous year Rs.3.83).

14. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)
(All figures are in Rs. in lacs)
16. Related Party Disclosures of Parent Company in keeping with Accounting Standards – 18 prescribed under 'the Act'
a) List of Related Parties
i) Where Control exists

Holding Company

Fellow Subsidiaries

Bajoria Holdings Private Limited (BHPL)

Heritage Health TPA Pvt Limited (HHTPL) • Bajoria Financial Services Pvt Limited (BFSPL) • IFGL Bio Ceramics Limited (IFGL BCL) • Ganges Art Gallery Pvt Limited (GAGPL) • Bajoria Enterprises Ltd. (BEL) • IFGL Exports Ltd. (IEL)

ii) Others

Key Management Personnel

Relatives of Key Management Personnel

Enterprises in which key Management personnel has significant influence

S K Bajoria (Managing Director) • P Bajoria (Director and Chief Executive)

B P Bajoria (BPB)

Coris Heritage Asia Pacific Private Limited (CHAPPL)

Heritage Insurance Brokers Private Limited (HIBPL)

16 b) Particulars of Transactions during the year

Sl	Nature of Transactions	Holding Company	Fellow Subsidiaries						Key Management Personnel			Relative of Key management Personnel	Enterprise in which a key management personnel has significant influence		
		BHPL	HHTPL	IEL	BFSPL	GAGPL	IFGL BCL	Total	S K Bajoria	P Bajoria	Total	BPB	HIBPL	CHAPPL	Total
i)	Purchase of Raw Material	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii)	Purchase of Services	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
iii)	Purchase of Capital Goods	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iv)	Sale of Finished Goods	(-)	(-)	(-)	(-)	(-)	5.38	5.38	(-)	(-)	(-)	(-)	(-)	(-)	(-)
v)	Rent for Office Premises	6.08	-	-	-	-	-	-	-	-	-	-	-	-	-
vi)	Maintenance Charges	(6.08)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
vii)	Reimbursement of Expenses	10.89	-	-	-	-	-	-	-	-	-	-	-	-	-
		(10.89)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
viii)	Recovery of Expenses	19.08	-	-	-	-	-	-	-	-	-	-	-	-	-
		(13.65)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		-	1.44	3.86	-	0.03	-	5.33	-	-	-	-	2.14	0.04	2.18
		(0.39)	(0.79)	(-)	(-)	(-)	(-)	(0.79)	(-)	(-)	(-)	(-)	(0.94)	(0.39)	(1.33)
ix)	Interest	42.84	-	-	6.78	-	-	6.78	-	-	-	-	-	-	-
		(49.33)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
x)	Sitting Fees	-	-	-	-	-	-	-	-	-	-	0.80	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(0.40)	(-)	(-)	(-)
xi)	Loan taken during the year	-	-	-	400.00	-	-	400.00	-	-	-	-	-	-	-
		(300.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
xii)	Loan repaid during the year	575.00	-	-	400.00	-	-	400.00	-	-	-	-	-	-	-
		(325.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
xiii)	Guarantees/Letter of Comfort given	-	-	-	-	-	-	-	-	-	-	-	-	-	-
xiv)	Director's Remuneration	(-)	(-)	(-)	(-)	(-)	(-)	(-)	81.40	83.78	165.18	(-)	(-)	(-)	(-)
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(109.80)	(105.63)	(215.43)	(-)	(-)	(-)	(-)
	Total	653.89	1.44	3.86	806.78	0.03	5.38	817.49	81.40	83.78	165.18	0.80	2.14	0.04	2.18
		(705.34)	(0.79)	(-)	(-)	(-)	(3.26)	(4.05)	(109.80)	(105.63)	(215.43)	(0.40)	(0.94)	(0.39)	(1.33)
Year end Balances															
i)	Unsecured Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(575.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
ii)	Sundry Creditors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(0.33)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
iii)	Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iv)	Sundry Debtors	(-)	(-)	(-)	(-)	(-)	1.47	1.47	(-)	(-)	(-)	(-)	(-)	(-)	(-)
		(-)	(-)	(-)	(-)	(-)	(2.67)	(2.67)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
v)	Loans and Advances	-	1.44	0.28	-	0.03	-	1.75	-	-	-	-	2.10	0.03	2.13
		(-)	(0.79)	(-)	(-)	(-)	(-)	(0.79)	(-)	(-)	(-)	(-)	(-)	(0.34)	(0.34)
vi)	Shortfall undertaking/ Letter of Comfort/ Corporate Guarantee	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
vii)	Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(28.35)	(28.35)	(56.70)	(-)	(-)	(-)	(-)

Figures in brackets relate to previous year

14. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)
(All figures are in Rs. in lacs)
17. Disclosure in respect of Employee Benefits in keeping with Accounting Standard 15

- (a) In keeping with the Guidance on implementing Accounting Standard (AS) 15 on Employee Benefits issued by the Accounting Standards Board of the Institute of Chartered Accountants of India (ASB Guidance), employer established provident fund trusts are treated as Defined Benefit Plans since the Parent Company is obligated to meet interest shortfall, if any, with respect to covered employees. According to the actuary, actuarial valuation cannot be applied to reliably measure provident fund liabilities in absence of guidance from Actuarial Society of India. Accordingly, the Parent Company is currently not in a position to provide other related disclosures as required by the aforesaid AS 15 read with the ASB Guidance, however, having regard to the position of the Fund and the return on investments, the Parent Company does not expect any deficiency in the foreseeable future.
- (b) In keeping with the Parent Company's gratuity scheme (a defined benefit plan), employees joined after 31 March 2003 are entitled to gratuity benefit (at one half months eligible salary for each completed year of service) on retirement / death / incapacitation / termination and there is no ceiling for employees joined before 31st March 2003.
- (c) In keeping with the Parent Company's Superannuation Scheme (applicable to employees joined before 31st March 2004), employees are entitled to superannuation benefit on retirement / death / incapacitation / termination. Superannuation Scheme was amended from Defined Benefit Plan to Defined Contribution Plan effective 1st April 2004 and the benefits under the Defined Benefit Plan were frozen as on 31st March 2004. Necessary formalities/approvals have been complied with/obtained.
- (d) With regard to subsidiaries, including step down subsidiaries, they operate a defined contribution pension scheme for the benefit of the employees and contributions payable are charged to the profit and loss account in the period they are payable. Only Goricon Metallurgical Services Limited (GMSL), a step down subsidiary operates a defined benefit pension scheme. Scheme assets are measured by the actuary at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. A net surplus is recognised only to the extent that it is recoverable by the Company. The current service costs and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included in finance costs. The scheme is closed effective from 1st April 2003 to new members.

17.1) Following are the further particulars with respect to defined benefit plans of the Group

	Gratuity (Funded)		Superannuation Fund (Funded)		Step down subsidiary Retirement Benefit Scheme (Funded)	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Reconciliation of the opening and closing balances of Present Value of Defined Benefit obligation						
Present Value of obligation, as at the beginning of the year	215.13	171.76	179.85	188.96	1,214.73	2,137.28
Service Cost	12.77	13.49	—	—	3.14	10.48
Interest Cost	17.42	12.82	14.68	15.68	77.75	94.31
Actuarial (gains)/losses	(37.58)	18.74	(3.17)	(24.76)	61.26	94.31
Benefits paid	(10.43)	(1.68)	(1.61)	(0.03)	(165.72)	(963.35)
Exchange differences on foreign plan	—	—	—	—	(99.40)	(158.31)
Present Value of obligation as at the end of the year	197.31	215.13	189.75	179.85	1,091.76	1,214.72
Reconciliation of the Opening and Closing balances of the Fair Value of Plan Assets						
Fair Value of plan assets at the beginning of the year	222.64	182.45	310.49	281.37	1,412.81	2,436.72
Actual return of plan assets	18.96	14.37	25.39	23.35	80.90	104.79
Actuarial gains/(losses)	(9.42)	7.50	—	5.80	246.62	—
Contribution by the Company	22.00	20.00	—	—	18.06	13.70
Benefits paid	(10.43)	(1.68)	(1.61)	(0.03)	(165.72)	(976.19)
Exchange differences on foreign plan	—	—	—	—	(130.42)	(166.21)
Fair Value of plan assets at the end of the year	243.75	222.64	334.27	310.49	1,462.25	1,412.81

14. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)
(All figures are in Rs. in lacs)

	Gratuity (Funded)		Superannuation Fund (Funded)		Step down subsidiary Retirement Benefit Scheme (Funded)	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Reconciliation of the Benefit Value of obligation and Fair Value of the Plan Assets						
Fair Value of plan assets at the end of the year	243.75	222.64	334.27	310.49	1,462.25	1,412.81
Present value of obligation at the end of the year	197.31	215.13	189.75	179.85	1,091.76	1,214.72
Assets/(Liabilities) as per Actuarial Valuation	*46.44	*7.51	*144.52	*130.64	***370.49	***198.09
* Actual amount of Asset in the balance sheet Rs. Nil [Previous year Rs. Nil]						
*** Actual amount of Assets in the balance sheet Rs. Nil [Previous year Rs. 198.09]						
Expense recognised in the Profit and Loss Account						
Current Service Cost	12.77	13.49	—	—	3.14	10.48
Interest Cost	17.42	12.82	14.68	15.68	77.75	94.31
Expected return of plan assets	(18.96)	(14.37)	(25.39)	(23.35)	(80.90)	(104.79)
Actuarial (gain)/loss	(28.16)	11.24	(3.17)	(30.56)	(185.35)	94.31
Non recoverable assets written off	—	—	—	—	***398.98	—
Total expense as per the Actuarial Valuation	*(16.93)	*23.18	** (13.88)	** (38.23)	213.62	94.31

* Actual expenses recognised Rs 22.00 [Previous year Rs.20.00]

** Actual expenses recognised NIL

*** Includes exchange translation loss of Rs 28.50

Expenses for the above benefit are disclosed under 'Contribution to Funds' on Schedule 13 to Profit and Loss Account.

	Gratuity (Funded)		Superannuation Fund (Funded)		Step down subsidiary Retirement Benefit Scheme (Funded)	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Category of Plan Assets :						
GOI Securities	23.59	23.00	76.41	75.53	—	—
Bonds	36.58	41.53	68.22	83.15	—	—
State Government/State Government guaranteed securities	20.05	19.89	15.75	21.02	—	—
Units of Insurers	161.97	137.28	167.48	123.18	—	—
Others (including bank balances)	1.56	0.94	6.41	7.61	—	—
Scottish Mutual with Profit Deferred Annuity Policy	—	—	—	—	1,462.25	1,412.81
	243.75	222.64	334.27	310.49	1,462.25	1,412.81

14. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)
(All figures are in Rs. in lacs)

	Gratuity (Funded)		Superannuation Fund (Funded)		Step down subsidiary Retirement Benefit Scheme (Funded)	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Principal Actuarial Assumptions :						
Discount rate (per annum) (%)	8.00	8.30	8.00	8.20	6.70	6.80
Rate of increase in salaries (%)	5.00	5.00	NA	NA	NA	NA
Expected rate of return on plan assets (%)	8.00	7.50	8.00	8.30	5.80	4.58
Remaining working life (in Years)	18.39	19.29	14.84	15.68		@ as per Table below
Pension in payment increases on pension accrued from 6th April 1997 (price inflation with a maximum of 5% p.a)	—	—	—	—	3.00	3.50
Revaluation in deferment (price inflation with a maximum of 5% p.a)	—	—	—	—	3.00	3.50
Methods used	Projected Accrued Benefit Method					
Actual Return on Plan Assets	9.54	21.87	25.39	29.15	327.51	104.79
@ The mortality assumptions adopted at 31st March 2009 imply the following future life expectancies :						
Male currently age 40						43 Years
Female currently age 40						46 Years
Male currently age 65					23 Years	19 Years
Female currently age 65					26 Years	22 Years

- Discount rate on Superannuation Fund has been determined based upon the market yield available on Government Bonds without considering salaries increase since the pension had been frozen based on salaries as at 31 March 2004 for the period of service upto 31 March 2004 and in case of other funds based upon the market yield available on Government Bonds after considering salaries increase which takes into account inflation, seniority, promotion and other relevant factors.
- Expected rate of return on plan assets is assumed to be same as the discount rate at the beginning of the year as the assets of the fund are primarily invested in Government Bonds.
- Expected return on plan assets of GMSL Retirement Benefit Scheme is determined after taking into consideration composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets, the Parent Company's policy for plan asset management and other relevant factors. The estimate of future salary increases take into account inflation, seniority, promotion and other relevant reasons.
- Appropriate contribution for 2008-09 have been paid to the Employees Defined Benefit Plan during the year.

18. Segment Information for the year ended 31st March 2009 in accordance with AS -17 prescribed under the Act.

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

i) Composition of Geographical Segments

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

ii) Inter Segment Transfer Pricing

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

14. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)
(All figures are in Rs. in lacs)
iii) Segment Revenues, Result and Other Information

	India	Europe	Asia excluding India	Americas	Total of Reportable Segments
External Sales (Net of Excise Duty)	16,299.86 16,724.57	13,767.18 11,867.17	4,240.76 3,743.79	5,509.27 5,465.21	39,817.07 37,800.74
Inter Segment Sales	378.67 409.67	585.92 760.35	376.58 14.74	946.86 854.11	2,288.03 2,038.87
Segment Revenues	16,678.53 17,134.24	14,353.10 12,627.52	4,617.34 3,758.53	6,456.13 6,319.32	42,105.10 39,839.61
Segment Result	2,513.26 3,154.83	(829.84) 905.30	515.47 474.82	235.24 518.72	2,434.13 5,053.67
Segment Assets	10,321.57 12,897.27	5,673.15 6,275.58	2,113.22 1,785.05	2,275.37 2,134.99	20,383.31 23,092.89
Segment Liabilities	1,441.55 2,820.63	1,493.80 2,280.54	572.82 648.22	318.53 363.61	3,826.70 6,113.00
Capital Expenditure (Net)	534.44 839.96	132.91 89.41	53.49 13.54	98.29 15.18	819.13 958.09
Depreciation	421.67 414.01	176.10 104.01	61.99 43.21	82.44 70.55	742.20 631.78
Non cash expenses other than depreciation	145.36 61.18	66.69 —	— —	42.20 4.38	254.25 65.56

iv) Reconciliation of Reportable Segments with the Financial Statements

	Revenues	Net Profit	Assets	Liabilities @
Total of Reportable Segments	42,105.10 39,839.61	2,434.13 5,053.67	20,383.31 23,092.89	3,826.70 6,113.00
Corporate - Unallocated (Net)/Adjustments	238.18 179.09	(194.25) (148.74)	4,946.62 2,106.14	10,066.35 9,389.54
Inter Segment Sales	(2,288.03) (2,038.89)	— —	— —	— —
Interest (Net)	— —	(962.11) (816.16)	— —	— —
Provision for Taxation	— —	(672.86) (1,263.77)	— —	— —
- Current	— —	(35.22) (32.32)	— —	— —
- Fringe Benefit	— —	37.59 63.47	— —	— —
- Deferred	— —	— —	— —	— —
As per Financial Statements	40,055.25 37,979.81	607.28 @@ 2,856.15	25,329.93 25,199.03	13,893.05 15,502.54

@ Excluding Shareholders' Funds and Minority Interest

@@ Profit after Taxation and before Minority Interest

14. NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)
(All figures are in Rs. in lacs)
v) Revenue from sales to external customers for customer based Geographical Segments

	Total
India	8,083.27
	7,077.12
United Kingdom	4,547.72
	5,586.44
Europe other then United Kingdom	12,062.38
	8,045.04
Asia excluding India	3,858.74
	4,223.65
Americas	6,949.89
	7,614.36
Others	4,315.07
	5,254.13
Total Sales	39,817.07
	37,800.74

Figures in Bold type relate to current year
19. The carrying amount of Net Assets and results of the Subsidiary Companies, as referred to in Note 4 and 5 above, from the date of Acquisition/ Incorporation are as under :

	IG	HCG	HGCO	HCC	HCL	HCLLC	IPL
Carrying Amount of Net Assets	4,189.33	1,322.40	750.28	(163.28)	59.41	34.41	41.03
Net Profit / (Loss)	(25.84)	(81.09)	42.89	(91.69)	3.16	7.53	(7.66)

20. Operating Lease Commitments

- a) The Group entered into various non-cancelable operating lease agreements in connection with certain Properties, Plant and Equipment and Vehicles. Tenure of lease generally varies between 1 and 3 years. Terms of the lease includes operating term of renewal, increase in rent in future periods, terms of cancellation, etc. The future minimum lease commitments of the Group are as follows :

	As at 31st March, 2009	As at 31st March, 2008
Within 1 Year	271.17	179.63
More than 1 Year up to 5 years	238.06	163.48
More than 5 Year	-	-
Total	509.23	343.11

Note : Lease rentals recognised in this profit and loss account amount to Rs. 265.73 (Previous year Rs. 211.30)

- b) The Group has also entered into non-cancelable operating lease agreements in connection with certain office spaces. Tenure of lease is for a period of 3 years. Terms of the lease include operating terms of renewal, re-imbursement of maintenance charges, increase in future maintenance charges, etc. The future minimum lease commitments of the Parent Company is as follows :

	As at 31st March, 2009	As at 31st March, 2008
Within 1 Year	6.08	3.04
More than 1 Year up to 5 years	9.11	-
Total	15.19	3.04

Note : Lease rentals recognised in this profit and loss account amount to Rs 6.08 (Previous year Rs.6.08)

21. Monotec Refratrios Ltda was served with notice from the Brazilian Government to relocate its manufacturing operations by the end of 2008. The Government has extended the time limit for a further period of 1 year ending on 31st December 2009. The Company is in process of finalising an alternative location which is expected to be completed within September 2009.

22. Previous years figures have been re-grouped / re-arranged wherever necessary.

Signatures to Schedules 1 to 14.

On behalf of the Board of Directors

Kolkata
18th May 2009

R Agarwal
Company Secretary

P Bajoria
Director & Chief Executive

S K Bajoria
Managing Director



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

Name _____	Folio No./Client ID No. _____
Address _____	

JH 1 _____	_____
JH 2 _____	_____

Attendance slip

20th Annual General Meeting

I/We hereby record my/our presence at the 20th Annual General Meeting of the Company held on Friday, 28th August, 2009 at 11 AM at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa.

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

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



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

PROXY

20th Annual General Meeting

I/We of
.....being member/members of
IFGL REFRACTORIES LIMITED hereby appoint
ofor failing
him/herof
.....as my/our proxy to vote for me/us
on my/our behalf at the 20th Annual General Meeting of the Company to be held on Friday, 28th August, 2009 at 11 AM at Sector 'B', Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa and at any adjournment thereof.

Signed on this.....day of.....2009

Folio No.

DP ID No.

Client ID No.

Signed this.....

Affix here
Revenue
Stamp

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

Book Post

If undelivered, please return to :
MAHESHWARI DATAMATICS PVT. LTD.
UNIT : IFGL REFRACTORIES LIMITED
6, MANGOE LANE, 2ND FLOOR
KOLKATA - 700 001



MONOCON

IFGL Refractories Ltd

hofmann
CERAMIC

Head & Corporate Office :

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

Registered Office & Works :

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

www.ifglref.com

www.bajoria.in