



# ANNUAL REPORT 2003 - 2004

**CONTENTS**

Board of Directors/Bankers/Auditors	1
Notice	2
Directors' Report	5
Corporate Governance Report	7
Management Discussion and Analysis Report	15
Auditors' Report	18
Balance Sheet	20
Profit and Loss Account	21
Cash Flow Statement	22
Schedules to the Balance Sheet	24
Schedules to the Profit and Loss Account	27
Notes on Accounts	29
Balance Sheet Abstract and Company's General Business Profile	36

**BOARD OF DIRECTORS**

B P BAJORIA  
 K DALMIA  
 M KUSAKABE  
 T OHASHI  
 D G RAJAN  
 A N SADHU  
 K S B SANYAL  
 S K BAJORIA, *Managing Director*  
 P BAJORIA, *Director & Chief Executive*

**BOARD COMMITTEES****AUDIT COMMITTEE**

K S B SANYAL, *Chairman*  
 D G RAJAN  
 A N SADHU

**SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

K S B SANYAL, *Chairman*  
 S K BAJORIA  
 P BAJORIA

**REMUNERATION COMMITTEE**

A N SADHU, *Chairman*  
 D G RAJAN  
 K S B SANYAL

**COMPANY SECRETARY**

R AGARWAL

**BANKER**

STATE BANK OF INDIA

**AUDITORS**

PRICE WATERHOUSE  
*Chartered Accountants*

**HEAD & CORPORATE OFFICE**

MCLEOD HOUSE  
 3, NETAJI SUBHAS ROAD  
 KOLKATA 700 001  
 EMAIL : ifgl@bajoria.com  
 WEBSITE : www.ifglref.com

**REGISTERED OFFICE & WORKS**

SECTOR 'B',  
 KALUNGA INDUSTRIAL ESTATE  
 PO : KALUNGA 770 031 (NEAR FOURKELA)  
 DIST : SUNDERGARH (ORISSA)  
 EMAIL : ifglworks@bajoria.com

**REGISTRARS & SHARE TRANSFER AGENT**

MAHESHWARI DATAMATICS PVT LTD  
 6, MANGOE LANE, 2ND FLOOR  
 KOLKATA 700 001



## Notice of Annual General Meeting

Notice is hereby given that Fifteenth Annual General Meeting of IFGL Refractories Limited will be held on Monday, 2nd August, 2004 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 the year ended 31st March, 2004 and Balance Sheet as on that date and Schedules and Notes forming part thereof and the Reports of Directors and Auditors thereon.
2. To declare Dividend for the financial year ended 31st March, 2004.
3. To appoint a Director in place of Prof A N Sadhu, who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint 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 Masa Kusakabe, who was appointed as a Director as per provisions of Section 262 of the Companies Act, 1956 (the Act) in the meeting of Board of Directors of the Company held on 30th July, 2002 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."
6. To consider and if thought fit, with or without modification(s), to pass the following resolution as an Ordinary Resolution.  
 "Resolved that Mr Kunal Dalmia, 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 29th January, 2004 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."

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By Order of the Board  
For IFGL Refractories Limited

R Agarwal  
Company Secretary

Kolkata, 4th May, 2004

### 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 meeting.**
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of business set out at Items 5 and 6 above is annexed hereto. Brief profile of the Directors seeking re-appointment at the ensuing AGM is also annexed hereto.
3. The Register of Members and Share Transfer Register will remain closed from Tuesday, 27th July, 2004 to Monday, 2nd August, 2004, both days inclusive, in connection with ensuing AGM and Dividend proposed to be declared thereat.
4. If dividend, as recommended by the Board of Directors, is declared at the ensuing AGM, the payment, subject to provisions of Section 206A of the Companies Act, 1956, will be made on or after Monday, 9th August, 2004 to those shareholders whose names shall appear on the Company's Register of Members and who are notified as beneficiaries by the Depositories viz. National Securities Depository Ltd. and Central Depository Services (India) Limited as on Monday, 2nd August, 2004. **Dividend will be rounded off to nearest Rupee pursuant to provisions of Rule 23 of the Companies (Central Govt's) General Rules and Forms, 1956.**
5. In order to avoid the risk of loss/interception of dividend warrants in postal transit and/or fraudulent encashment of dividend warrants, Shareholders are advised to avail of **ECS** facility at Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi and Thiruvananthapuram, whereby the dividend will be directly credited electronically to their respective Bank Accounts. '**ECS Mandate Form**' may be obtained in this regard, from the Company and forwarded duly filled and signed either to the **Company or its Registrar and Share Transfer Agent or Depository Participant**, as the case may be.



### Notice of Annual General Meeting (Contd.)

6. Pursuant to provisions of Section 205A, in force till 30th October, 1998, of the Companies Act, 1956, all unclaimed/unpaid dividends for the 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 period 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. Consequent upon the introduction of Section 205C by the Companies (Amendment ) Act, 1999, which came into effect from 31st October, 1998 and Notification dated 1st October, 2001 issued in respect of Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001, the amount of dividend relating to financial year ended 31st March, 1996 remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of erstwhile Indo Flogates Ltd was transferred to the Investor Education and Protection Fund set up by the Government of India on 29th September, 2003.  
Shareholders who have not yet encashed their Dividend Warrant(s) for financial year ended 31st March, 2003 issued by the Company and financial years ended 31st March, 1997 and 31st March, 1998 issued by said Indo Flogates Ltd., are requested to make their claims to the Company 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 Registrar and Share Transfer Agent of the Company to facilitate better service :
  - i) Any change in their address/mandate/bank details.
  - 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 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.
10. Listing Fees for the financial year 2004-2005, wherever request therefor was received, have been paid to Stock Exchanges.
11. **Reduction and consolidation of Equity Share Capital of the Company was carried out in the year 1995. Members still holding old Share Certificates are requested to surrender the same and obtain fresh Certificates in lieu thereof.**
12. **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, to the Company or its Registrar and Share Transfer Agent for despatch of new Certificates relating to their shareholding in the Company.**

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF BUSINESS SET OUT AT ITEMS 5 AND 6 OF THE NOTICE

#### Item 5

Mr Masa Kusakabe, a Senior Executive of Krosaki Harima Corporation, Japan, was appointed as a Director of the Company by the Board of Directors in their meeting held on 30th July, 2002 in the casual vacancy, as per provisions of Section 262 of the Companies Act, 1956 (the Act). He hold said office till conclusion of ensuing Annual General Meeting only. Your Company however has received a Notice under provisions of Section 257 of the Act proposing the candidature of Mr Kusakabe for the office of Director liable to retirement by rotation.

Mr Kusakabe is associated with Krosaki Harima Corporation, Japan for last thirteen years and have indepth knowledge about Refractory Industry, particularly Refractories used by the Steel Industry. Your Directors, therefore, recommend that he is re-appointed as a Director of the Company liable to retirement by rotation. Resolution proposed is meant for aforesaid purpose only.

None of the Directors, other than Mr Kusakabe, is concerned or interested in passing of proposed resolution.

#### Item 6

Mr Kunal Dalmia was appointed as an Additional Director of the Company by the Board of Directors in their meeting held on 29th January, 2004 and accordingly, he hold said office upto the conclusion of ensuing Annual General Meeting as per provisions of Section 260 of the Companies Act, 1956 (the Act). Your Company however has received a Notice under provisions of Section 257 of the Act proposing the candidature of Mr Dalmia for the office of Director liable to retirement by rotation.



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**Notice of Annual General Meeting (Contd.)**

Mr Dalmia is a well known businessman based in Kolkata. Till recently, he has also been a Director of the State Bank of Bikaner and Jaipur, one of the Public Sector Banks in India. Your Directors, therefore, recommend that he is appointed as a Director of the Company liable to retirement by rotation. Resolution proposed is meant for aforesaid purpose only.

None of the Directors, other than Mr Dalmia, is concerned or interested in passing of proposed resolution.

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**Brief profile of the Directors seeking re-appointment at the ensuing Annual General Meeting**

**Prof A N Sadhu**

Prof A N Sadhu, aged about 65 years, is a Fellow of the Institute of Chartered Accountants of India and the Institute of Chartered Accountants of England and Wales. He was a Partner of Price Waterhouse, Chartered Accountants and retired therefrom as Managing Partner in the year 1996. Presently, he is Professor in Finance with Vinod Gupta School of Management, IIT situated at Kharagpur (West Bengal). He is also a Director of following Public Limited Companies.

Tega Industries Limited

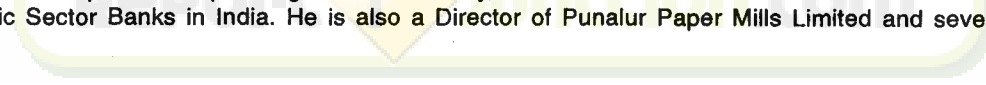
Munters India Limited

**Mr Masa Kusakabe**

Mr Masa Kusakabe, aged about 50 years, is a Faculty of Industrial Engineering from Hiroshima University. He has experience of more than twenty five years in Overseas Sales and Marketing. Presently, he is a Senior Executive of Krosaki Harima Corporation, Japan.

**Mr Kunal Dalmia**

Mr Kunal Dalmia, aged about 40 years, is a Graduate from Madras University and presently undergoing a course in Business Management from Harvard Business School. He is a well known businessman based in Kolkata. He has extensive knowledge of business related to export and import of goods. Till recently, he has been a Director of the State Bank of Bikaner and Jaipur, one of the Public Sector Banks in India. He is also a Director of Punalur Paper Mills Limited and several Private Limited Companies.



## Report of the Directors' to the Shareholders of IFGL Refractories Limited

Your Directors are pleased to present the Fifteenth Annual Report together with the Profit and Loss Account for the financial year ended 31st March, 2004 and Balance Sheet as on that date and Schedules and Notes forming part thereof.

### Performance

Financial Performance of your Company for the financial year 2003-2004 has been as follows :

	(Rs. in 000's)
Sales	930,396
Other Income	3,466
	<u>933,862</u>
Less : Total Expenses	750,179
Interest	5,004
	<u>755,183</u>
Gross Profit after Interest but before Depreciation, Misc. Expenses written off and Taxation	178,679
Less : Depreciation and Misc. Expenses written off	42,957
Profit before Tax	135,722
Less : Provision for Current Tax	37,100
Profit after Current Tax and before Deferred Tax	98,622
Less : Provision for Deferred Tax	12,540
Profit after Tax	86,082
Add: Profit brought forward from previous year	24,449
Profit available for appropriation	<u>110,531</u>

Compared to previous year ended 31st March, 2004, above financial performance is satisfactory. Total Income and Profit before Tax has increased by 25.16% and 125.09% respectively.

During the year under review, your Company has received Special Award from CAPEXIL in recognition of outstanding export performance in respect of Refractories for the year 2002-2003. Furthermore, the status of Export House as per provisions of EXIM Policy has also been conferred.

Your Directors are pleased to recommend payment of dividend at the rate of 12.5% i.e. Rs. 1.25 per Equity Share, for financial year under review. Dividend recommended is higher by 25% i.e. Rs. 1.25 per Equity Share, compared to Dividend of 10% i.e. Re. 1 per Equity Share, paid for previous year and is subject to necessary approval of the shareholders at the ensuing Annual General Meeting.

### Future Outlook

During the year under review, Steel Industry, both in India and abroad continued to perform well and your Company has also been benefited from the up trend.

Your Directors are of the view that this trend in the Indian economy and Steel Industry, in particular, is likely to remain for the near future.

During the year under review, your Directors strengthened further your Company technically in as much as an Agreement with Krosaki Harima Corporation, Japan was entered into for know-how for Sliding Gate Equipment. Facilities for manufacture of Ceramic based Hip-Joint Prostheses, Hydroxyapatite based Integrated Orbital Implants and Hydroxyapatite Granules for Dental applications are in advance stage of implementation.

### Listing / Delisting of Equity Shares

Equity Shares of your Company has been listed with National Stock Exchange of India Limited on and from 8th January, 2004 and Symbol allotted is "IFGLREFRAC".

Pursuant to resolution passed at the last Annual General Meeting held on Tuesday, 29th July, 2003, Equity Shares of your Company have been delisted from Stock Exchanges at Ahmedabad and New Delhi. Similar applications made to Stock Exchanges at Bhubaneswar and Kolkata are presently pending.





## Directors' Report (Contd.)

### Corporate Governance

Your Company's philosophy is to enhance customers' satisfaction and shareholders' value by practising the principles of good Corporate Governance and thus continues to adopt and implement best of the Corporate Governance Practices. A detailed Report on Corporate Governance compliance duly certified by the Company's Statutory Auditors form part of this Report as Annexure 'A'. The Management Discussion and Analysis Report also form part of this Report of your Directors as Annexure 'B'.

### 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 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 judgements and estimates made are reasonable and prudent as they give true and fair view of state of affairs of the Company at the end of the year under review and of the profit of the Company for that period.
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with 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

Director due to retire by rotation is Prof A N Sadhu, who, being eligible, offer himself for re-election.

Mr Masa Kusakabe and Mr Kunal Dalmia were appointed as Director of your Company on 30th July, 2002 and 29th January, 2004 respectively and they cease to hold their office at the ensuing Annual General Meeting. Notices under provisions of Section 257 of the Act have been received proposing their candidature for the office of Director for further period liable to retire by rotation and they, being eligible, offer themselves for re-appointment as Director of your Company.

During the year under review, Mr T Sunahara ceased to be an Alternate Director to Mr M Kusakabe. Your Directors record their sincere appreciation for the support and co-operation received from him.

### Particulars of Employees

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 'C'.

### 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 'D'.

### Auditors' Report

The Auditors in their Report have referred to the Notes forming part of accounts, which are self explanatory.

### Auditors

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

### Acknowledgement

Industrial Relations continued to remain cordial during the year under review. Your Directors place on record their appreciation for support received from all concerned.

On behalf of the Board of Directors

Kolkata, 4th May, 2004

P Bajoria  
Director & Chief Executive

S K Bajoria  
Managing Director



## Annexure 'A' to Directors' Report

### Report on Corporate Governance

Your Company's philosophy is to enhance customers' satisfaction and shareholders' value by practising principles of good Corporate Governance.

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

#### 1. Board of Directors

The Company does not have any Chairman. The Chairman is being elected in every Board Meeting. The Board of Directors consists 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

Composition of the Board of your Company as at 31st March, 2004 was as follows.

Name of Directors	Category of Directors	Members of the Boards 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
Mr B P Bajoria	Non-executive	5	2	4
Mr S K Bajoria	Executive	4	None	None
Mr P Bajoria	Executive	2	None	None
Mr M Kusakabe (c)	Non-executive	None	None	None
Mr T Ohashi (b)	Non-executive	None	None	None
Mr D G Rajan	Non-executive (a)	2	1	2
Prof A N Sadhu	Non-executive (a)	2	None	None
Mr K S B Sanyal	Non-executive (a)	2	3	5
Mr Kunal Dalmia (d)	Non-executive	1	None	None

(a) Also Independent.

(b) A senior executive of NN Chemical Corporation, Japan.

(c) A senior executive of Krosaki Harima Corporation, Japan, being Technical Collaborator and one of the Promoters of your Company.

(d) Mr Kunal Dalmia was appointed as an Additional Director effective 29th January, 2004.

(e) Only 3 (three) Committees viz. Audit Committee, Shareholders Grievance Committee and Remuneration Committee are considered.

#### Name of Alternate Directors

Mr T Sunahara (Alternate to Mr M Kusakabe)		None	None	None
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Mr Sunahara ceased to hold his office of Alternate Director effective 18th July, 2003.



## Annexure 'A' to Directors' Report

### Report on Corporate Governance (Contd.)

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

During the financial year ended on 31st March, 2004, meetings of the Board of Directors were held 4 (four) times i.e. on 25th April, 2003, 28th July, 2003, 31st October, 2003 and 29th January, 2004. The time gap between two meetings never exceeded 4 months.

Director	Number of Board Meetings		Attended Last AGM held on 29th July, 2003
	Held	Attended	
Mr B P Bajoria	4	4	No
Mr S K Bajoria	4	4	No (f)
Mr P Bajoria	4	4	Yes
Mr M Kusakabe	4	None	No
Mr T Ohashi	4	None	No
Mr D G Rajan	4	4	No
Prof A N Sadhu	4	4	No
Mr K S B Sanyal	4	4	Yes
Mr T Sunahara (g)	4	None	No
Mr Kunal Dalmia (h)	4	1	N.A.

(f) Mr S K Bajoria was out of the country on business.

(g) Ceased to be an Alternate Director effective 18th July, 2003.

(h) Appointed as an Additional Director effective 29th January, 2004.

None of the Independent Directors has any pecuniary relationship and/or transaction with your Company other than receiving Sitting Fees and/or reimbursement of expenses, if any, incurred for attending meetings of the Board and/or Committees thereof.

#### 2. Audit Committee

Terms of reference of the Audit Committee include the powers as specified in Clause 49II(C) of the Listing Agreement and the role as laid out in Clause 49II(D) of the Listing Agreement.

Composition and other details of the Audit Committee are given below.

During the financial year 2003-2004, meetings of the Audit Committee were held 4 (four) times i.e. on 25th April, 2003, 28th July, 2003, 31st October, 2003 and 29th January, 2004.

The Audit Committee Meeting was held on 25th April, 2003 to consider and review draft final accounts of 2002-03 before recommending the same to the Board.

The unaudited quarterly and half yearly financial results are reviewed, analysed and confirmed by the Audit Committee before being approved by the Board of Directors for submission to the Stock Exchanges and required publication.

Name of Chairman/Member	Meetings held	Meetings attended
Mr K S B Sanyal, Chairman	4	4
Mr D G Rajan, Member	4	4
Prof A N Sadhu, Member	4	4

The Audit Committee consists of persons of erudition and repute. While Mr Sanyal is a Management Consultant, Mr Rajan and Prof Sadhu are eminent Chartered Accountants and accordingly, have the expertise in finance, accounts and related areas. All of them are independent directors of your Company.

Mr R Agarwal, Company Secretary, is the Secretary to the Committee.

The Audit Committee of the Company is attended by the head of finance, Internal Auditors and as and when required by the Statutory Auditors.

The Chairman of the Audit Committee, Mr K S B Sanyal attended the last Annual General Meeting held on 29th July, 2003.