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ANNUAL REPORT 2004 - 2005

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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
 PHONE : (033) 2248 2411, FAX : (033) 2243 0886
 EMAIL : ifgl@bajoria.com
 WEBSITE : www.ifglref.com

REGISTERED OFFICE & WORKS

SECTOR 'B',
 KALUNGA INDUSTRIAL ESTATE
 PO : KALUNGA - 770 031 (NEAR ROURKELA)
 DIST : SUNDERGARH (ORISSA)
 PHONE : (0661) 266 0195, FAX : (0661) 266 0173
 EMAIL : ifglworks@bajoria.com

REGISTRARS & SHARE TRANSFER AGENT

MAHESHWARI DATAMATICS PVT LTD
 6, MANGOE LANE, 2ND FLOOR
 KOLKATA - 700 001
 PHONE : (033) 2248 2248, FAX : (033) 2248 4787
 EMAIL : mdpl@cal.vsnl.net.in

Notice of Annual General Meeting

Notice is hereby given that Sixteenth Annual General Meeting of the Members of IFGL Refractories Limited will be held on Tuesday, 2nd August, 2005 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, 2005 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 on Equity Shares for financial year ended on 31st March, 2005.
3. To appoint a Director in place of Mr B P Bajoria, who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Mr T Ohashi, who retires by rotation and being eligible, offer himself for re-appointment.
5. 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

6. To consider and if thought fit, with or without modification(s), to pass the following resolution as a Special Resolution.
"Resolved that pursuant to provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 including Schedule XIII thereof, as amended to date, and other necessary approvals, Mr S K Bajoria be and is hereby re-appointed as the Managing Director of the Company for a period of 5 (five) years with effect from Friday, 1st April, 2005 on terms and conditions as set out in detail in draft of the Agreement proposed to be executed between the Company and Mr Bajoria, a copy whereof is placed before the meeting and for identification is initialled by the Chairman of the meeting of the Board of Directors held on Thursday, 14th April, 2005, which Agreement also authorises the Board of Directors, based on recommendation of the Remuneration Committee, to increase, reduce, alter or vary the remuneration and perquisites, including the monetary value thereof specified in the said Agreement at any time(s) and from time to time in such manner as the Board of Directors may in its absolute discretion deem fit within the maximum amount payable to Mr Bajoria, which shall not exceed 5% of the Net Profits of the Company, for each of relevant financial year or such other amount and perquisites as may be provided in Section I of Part II of Schedule XIII of the Act, as may be amended from time to time or any equivalent statutory re-enactment thereof.
Resolved further that in the event of loss or inadequate profits in any financial year during the term of Mr Bajoria's office as the Managing Director, he shall be paid remuneration and perquisites per month within the limit specified at Section II(C) of Part II of said Schedule as 'minimum remuneration'.
Resolved further that for the purpose of giving effect to above resolutions, the Board of Directors in consultation with and on recommendations of the Remuneration Committee be and is hereby authorised to do all such acts, deeds, matters and things as may be, in their absolute discretion, deemed necessary, expedient, usual or proper in the best interest of the Company".
7. To consider and if thought fit, with or without modification(s), to pass the following resolution as a Special Resolution.
"Resolved that pursuant to provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 including Schedule XIII thereof, as amended to date, and other necessary approvals, Mr P Bajoria be and is hereby re-appointed as the Director & Chief Executive of the Company for a period of 5 (five) years with effect from Friday, 1st April, 2005 on terms and conditions as set out in detail in draft of the Agreement proposed to be executed between the Company and Mr Bajoria, a copy whereof is placed before the meeting and for identification is initialled by the Chairman of the meeting of the Board of Directors held on Thursday, 14th April, 2005, which Agreement also authorises the Board of Directors, based on recommendation of the Remuneration Committee, to increase, reduce, alter or vary the remuneration and perquisites, including the monetary value thereof specified in the said Agreement at any time(s) and from time to time in such manner as the Board of Directors may in its absolute discretion deem fit within the maximum amount payable to Mr Bajoria, which shall not exceed 5% of the Net Profits of the Company for each of relevant financial year or such other amount and perquisites as may be provided in Section I of Part II of Schedule XIII of the Act, as may be amended from time to time or any equivalent statutory re-enactment thereof.
Resolved further that in the event of loss or inadequate profits in any financial year during the term of Mr Bajoria's office as the Director & Chief Executive, he shall be paid remuneration and perquisites per month within the limit specified at Section II(C) of Part II of said Schedule as 'minimum remuneration'.
Resolved further that for the purpose of giving effect to above resolutions, the Board of Directors in consultation with and on recommendations of the Remuneration Committee be and is hereby authorised to do all such acts, deeds, matters and things as may be, in their absolute discretion, deemed necessary, expedient, usual or proper in the best interest of the Company".

Notice of Annual General Meeting (Contd.)

8. To consider and if thought fit, with or without modification(s), to pass the following resolution as an Ordinary Resolution.
- "Resolved that in terms of Section 293(1)(a) of the Companies Act, 1956 and other applicable provisions of law, if any, the consent of the Company be and is hereby accorded to the Board of Directors to create mortgage by deposit of Title Deeds by constructive delivery on the Company's immovable properties situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, P.O. Kalunga - 770 031, Dist. Sundergarh, Orissa, together with all buildings and structures thereon and all plant and machinery attached to the earth or permanently fastened to anything attached to the earth, collectively called as immovable properties, as security for the due repayment, discharge and redemption by the Company to the State Bank of India for working capital facilities extended from time to time by them, together with all interests, costs, charges, expenses and other moneys payable under the advance documents/memorandum of terms and conditions, as amended from time to time, subject to condition that the mortgage and charge so created in favour of said Bank shall always rank second and subservient to the charges created in favour of term lenders and/or trustees of the holders of the Debentures, if any, issued by the Company".

By Order of the Board
For IFGL Refractories Limited

R Agarwal
Company Secretary

Kolkata
14th April, 2005

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 Items 6 to 8 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 Wednesday, 27th July, 2005 to Tuesday, 2nd August, 2005 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, 8th August, 2005 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 Tuesday, 2nd August, 2005. **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 whereby the dividend will be directly credited electronically to their respective Bank Accounts. This will ensure speedier credit of dividend. You may use the enclosed '**ECS Mandate Form**' and forward necessary details to the **Company or its Registrars and Share Transfer Agent or Depository Participants**, as the case may be, to avail benefit from this service.
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 at 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, 1997 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 23rd August, 2004.

Shareholders who have not yet encashed their Dividend Warrant(s) for financial years ended 31st March, 2003 and 31st March, 2004 issued by the Company and financial year ended 31st March, 1998 issued by said Indo Flogates Ltd, are requested to make their claims to the Company accordingly, without any delay.

Notice of Annual General Meeting (Contd.)

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.
- 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 2005-2006, wherever request therefor was received, have been paid to Stock Exchanges. Presently Equity Shares of the Company are listed on the Bhubaneswar Stock Exchange, Calcutta Stock Exchange, Mumbai Stock Exchange and National Stock Exchange. The Company has however made applications for voluntary delisting of equity shares from Stock Exchanges at Bhubaneswar and Kolkata, which continues to remain pending.
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's Registrars 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 6 TO 8 OF THE NOTICE

Item No 6

Mr S K Bajoria was re-appointed as the Managing Director of the Company for a period of three years with effect from 1st April, 2002 on the terms and conditions approved by the Members at the Annual General Meeting held on 15th July, 2002 and subsequently modified and/or altered at the Annual General Meeting held on 29th July, 2003.

The Board of Directors, based on recommendations of the Remuneration Committee, at their meeting held on 14th April, 2005 have re-appointed Mr S K Bajoria as the Managing Director of the Company for a further period of five years from 1st April, 2005. The terms and conditions of his re-appointment and remuneration payable to him are set out in detail in draft of the Agreement proposed to be executed between the Company and him. As the Managing Director of the Company, Mr Bajoria will be responsible for overall management and affairs of the Company, subject to the superintendence, control and directions of the Board of Directors.

The terms of salary, commission and perquisites payable to Mr Bajoria are as under :

- (a) Salary of Rs. 5,00,000/- (Rupees five lacs only) per month inclusive of all allowances with the authority to the Board of Directors, based on recommendations of the Remuneration Committee, to grant such increments from time to time as it may decide in its absolute discretion.
- (b) Commission at the rate of 1(one) % per annum of the net profits with the authority to the Board of Directors, based on recommendations of the Remuneration Committee, to increase the same from time to time in its absolute discretion.
- (c) Perquisites :

Perquisites such as medical reimbursement for self and family, club fees (excluding admission and life membership fees), leave benefits, leave travel concessions for self and family, personal accident insurance and such other perquisites and on such terms and conditions as the Board of Directors, based on recommendation of the Remuneration Committee, may in its absolute discretion decide from time to time.

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Cost, at actual of Personal long distance telephone calls and use of car for private purposes shall be billed by the Company to Mr Bajoria.

The monetary value of perquisites will be determined in accordance with the relevant rules laid down in this regard under the Income Tax Act. In the absence of such rules, the monetary value of such perquisites shall be determined at cost.

Notice of Annual General Meeting (Contd.)

(d) Retirement Benefits :

Company's contribution to Provident Fund, Superannuation Fund and Gratuity at the end of the tenure, as per Company's Rules.

Total remuneration payable to Mr Bajoria including salary, commission, perquisites and retirement benefits shall at no time exceed 5 (five) % of the net profits of the Company for each of relevant financial year or such other amount and perquisites as may be provided in Section I of Part II of Schedule XIII of the Act as may be amended from time to time or any equivalent statutory re-enactment thereof.

Notwithstanding anything stated hereinabove, where in any financial year during Mr Bajoria's tenure, the Company has no profits or its profits are inadequate, he shall be paid remuneration by way of salary, commission and perquisites referred to above as also retirement benefits, subject to the limit specified at Section II(C) of Part II of Schedule XIII and other applicable provisions, if any, of the Act in force from time to time as 'minimum remuneration'.

Mr Bajoria will not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof of the Company. His services are liable to be terminated by giving three months' notice from either side or by giving three months' salary in lieu of notice.

The Board of Directors are of the opinion that re-appointment of Mr Bajoria as Managing Director is in the interest of the Company. Under his leadership, the Company has achieved unprecedented performance and profitability.

In compliance of provisions of Section 309 and other applicable provisions, if any, of the Act, the terms of re-appointment of Mr Bajoria as Managing Director of the Company are placed before the Members in General Meeting for approval and the Board of Directors recommend passing of the resolution proposed therefor unanimously.

None of the Directors other than Mr Bajoria himself and Mr B P Bajoria is, either directly or indirectly, concerned or interested in passing of proposed resolution.

This explanation together with the proposed resolution is and should be treated as an abstract under Section 302 of the Act.

Item No 7

Mr P Bajoria was appointed as the Director and Chief Executive of the Company for a period of five years with effect from 14th August, 2000 on the terms and conditions approved by the Members at the Annual General Meeting held on 28th October, 2000 and subsequently modified and or altered at the Annual General Meeting held on 15th July, 2002.

The Board of Directors, based on recommendation of the Remuneration Committee, at their meeting held on 14th April, 2005 have superseded existing contract of Mr Bajoria on and from 1st April, 2005 by a new contract and thereby re-appointed him as the Director & Chief Executive of the Company for a period of five years from that date. The terms and conditions of re-appointment and remuneration payable to him are set out in detail in draft of the Agreement proposed to be executed between the Company and him. As the Director & Chief Executive of the Company, Mr Bajoria will be responsible for management and affairs of the Company, subject to the superintendence, control and directions of the Board of Directors and Managing Director.

The terms of salary, commission and perquisites payable to Mr Bajoria are as under :

- (a) Salary of Rs. 4,00,000/- (Rupees four lacs only) per month with the authority to the Board of Directors, based on recommendation of the Remuneration Committee, to grant such increments from time to time as it may decide in its absolute discretion.
- (b) Commission at the rate of 1(one) % per annum of the net profits with the authority to the Board of Directors, based on recommendation of the Remuneration Committee, to increase the same from time to time in its absolute discretion.
- (c) Perquisites :

Perquisites such as House Rent Allowance equivalent to 20% of the Salary, provision of gas, electricity, water and furnishings and medical reimbursement for self and family, club fees (excluding admission and life membership fees), leave benefits, leave travel concessions for self and family once in a year outside India, personal accident insurance and such other perquisites and on such terms and conditions as the Board of Directors, based on recommendation of the Remuneration Committee, may in its absolute discretion decide from time to time.

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Cost, at actual of Personal long distance telephone calls and use of car for private purposes shall be billed by the Company to him.

The monetary value of perquisites will be determined in accordance with the relevant rules laid down in this regard under the Income Tax Act. In the absence of such rules, the monetary value of such perquisites shall be determined at cost.

(d) Retirement Benefits :

Company's contribution to Provident Fund, Superannuation Fund and Gratuity at the end of the tenure, as per Company's Rules.

Notice of Annual General Meeting (Contd.)

Total remuneration to Mr Bajoria including salary, commission, perquisites and retirement benefits shall at no time exceed 5 (five) % of the net profits of the Company for each of relevant financial year or such other amount and perquisites as may be provided in Section I of Part II of Schedule XIII of the Act as may be amended from time to time or any equivalent statutory re-enactment thereof.

Notwithstanding anything stated hereinabove, where in any financial year during Mr Bajoria's tenure, the Company has no profits or its profits are inadequate, he shall be paid remuneration by way of salary, commission and perquisites referred to above as also retirement benefits, subject to the limit specified at Section II(C) of Part II of Schedule XIII and other applicable provisions, if any, of the Act in force from time to time as 'minimum remuneration'.

Mr Bajoria will not be entitled to sitting fees for attending meetings of the Board of Directors or Committees thereof of the Company. His services are liable to be terminated by giving three months' notice from either side or by giving three months' salary in lieu of notice.

The Board of Directors are of the opinion that re-appointment of Mr Bajoria as Director & Chief Executive is in the interest of the Company. Without his contributions, the Company may not have achieved unprecedented performance and profitability.

In compliance of provisions of Section 309 and other applicable provisions, if any, of the Act, the terms of re-appointment of Mr Bajoria as Director & Chief Executive of the Company are placed before the Members in General Meeting for approval and the Board of Directors recommend passing of the proposed resolution unanimously.

None of the Directors, other than Mr Bajoria himself, is, either directly or indirectly, concerned or interested in passing of proposed resolution.

This explanation together with the proposed resolution is and should be treated as an abstract under Section 302 of the Act.

Item No 8

State Bank of India has in recent past increased and renewed Working Capital facilities extended to the Company and conferred Gold Card Status to it. One of the terms and conditions agreed is that the Bank shall have second charge over all fixed assets, including land and other immovable properties, of the Company situated at Sectors 'A' and 'B' of Kalunga Industrial Estate, P. O. Kalunga - 770 031, Dist : Sundergarh (Orissa).

Proposed resolution is meant for aforesaid purpose and the Board of Directors recommend passing of the same. None of the Directors, either directly or indirectly, is concerned or interested in passing of said resolution.

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

Mr B P Bajoria

Mr B P Bajoria, aged about 75 years, is son of Late Sheth Nagarmull Bajoria. He is a well known Industrialist based at Kolkata. He is Non-executive Director of various companies including CESC Ltd, Texmaco Ltd and Kesoram Industries Ltd. He is also Honorary Consul General of Denmark in Kolkata.

Mr T Ohashi

Mr T Ohashi, aged about 52 years, is son of Mr Minoru Ohashi. He is associated with Nissho Iwai Corporation of Japan for more than 30 years and presently a Senior Executive of NN Chemical Corporation, Japan. He has wide spread experience in Sales and Marketing especially on Ceramics and Inorganic and Industrial Minerals.

Mr S K Bajoria

Mr S K Bajoria, aged about 48 years, is son of Mr B P Bajoria and a well known Industrialist. He is the Promoter of S K Bajoria Group based at Kolkata engaged in diversified business activities like manufacture of Specialised Refractories for the Steel Industry, Direct Insurance Broking, Third Party Administration for Health Insurance, provision of assistance to holders of Overseas Mediciam Insurance Policy in association with Coris International SA of France. He is Director of various Public and Private Companies including Phillips Carbon Black Ltd. He is also Honorary Vice Consul of Denmark in Kolkata. In past, he has been President of the Indian Chamber of Commerce, Director of West Bengal Industrial Development Corporation Ltd and Industrial Promotion & Investment Corporation of Orissa Ltd, President of Calcutta Racket Club and Secretary General of Squash Rackets Federation of India.

Mr P Bajoria

Mr P Bajoria, aged about 45 years, is son of Mr Anandilall Bajoria. He has been associated with S K Bajoria Group right from its inception in early 80's. He has been Director & Chief Executive of erstwhile Indo Flogates Ltd. He has more than 25 years of experience of Refractory Industry.

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

Your Directors are pleased to present the Sixteenth Annual Report together with the Profit and Loss Account for the financial year ended on 31st March, 2005 and Balance Sheet as on that date.

Financial Performance

Performance of your Company for financial year ended on 31st March, 2005 has been satisfactory and as follows :

	(Rs. in lacs)	
Sales		11,292.20
Income from Service Charge (Net)		5.95
Other Income		89.31
		<u>11,387.46</u>
Less : Total Expenses	9,042.92	
Interest	<u>37.52</u>	<u>9,080.44</u>
Gross Profit after Interest but before Depreciation and Taxation		2,307.02
Less : Depreciation		<u>385.54</u>
Profit before Tax		1,921.48
Less : Provision for Current Tax		<u>680.00</u>
Profit after Current Tax and before Deferred Tax		1,241.48
Less : Provision for Deferred Tax		<u>46.27</u>
Profit after Tax		1,195.21
Add : Profit brought forward from previous year		<u>595.73</u>
Profit available for appropriation		<u>1,790.94</u>

Total Income and Profit before Tax has increased by 21.94% and 41.57% respectively compared to previous year ended on 31st March, 2004. Above financial performance is unprecedented and the best achieved till date by your Company.

In recognition of the outstanding performance in exports, CAPEXIL conferred a Special Award to your Company for the year 2003-04. Furthermore, the Export House status granted under the EXIM policy 2003-07 continues for the year as well.

Your Company's philosophy is to enhance customers' satisfaction and stakeholders value. In continuation of said philosophy, your Directors are pleased to recommend payment of Dividend at the rate of 15% i.e. Rs. 1.50 per Equity Share for financial year 2004-2005. Dividend recommended is higher by 20% i.e. Rs. 1.50 per Equity Share compared to Dividend of 12.5% i.e. Rs. 1.25 per Equity Share paid for financial year 2003-2004 and is subject to necessary approvals including approval of the shareholders at the ensuing Annual General Meeting.

Future Outlook

During financial year 2004-2005 bullish trend in the Steel Industry, both in India and abroad, continued. All apprehensions to the contrary were belied. The Indian economy is doing well and efforts for infrastructure building are on in full stream. Consumption of Steel is increasing and is evident by price increases effected by the Steel producers from time to time. Your Directors are of the view that aforesaid trend will continue in coming next few years barring unforeseen circumstances.

Your Company had imported technical know-how from Krosaki Harima Corporation of Japan for new generation of Slide Gate Equipment (including components) and operating Refractories therefor. Said technologies have been fully absorbed during financial year 2004-2005 and your Company has started commercial production of said new Products on and from 1st February, 2005.

Facilities for Ceramic based Prosthetic Implants, Orbital Implants and Hydroxyapatite Granules for Dental applications based on Know-how acquired from the Central Glass and Ceramic Research Institute, Kolkata have been fully implemented and commercial production commenced in September, 2004. Test marketing has been started and said Products are slowly and gradually gaining acceptability.

Delisting of Equity Shares

Applications made by your Company to Stock Exchanges at Bhubaneswar and Kolkata for delisting of its Equity Shares continue to remain pending with them.

Directors' Report (Contd.)

Corporate Governance

In continued pursuit of your Company's philosophy to enhance customers satisfaction and stakeholders value by practising the principles of good Corporate Governance, "Code of Conduct of the Board of Directors and Senior Management Personnel" and "Risk Assessment and Minimization Procedure" have been framed and put in place. Authority has also been delegated to the Company Secretary to attend to share transfer formalities at least once in a fortnight and report compliance thereof to the Shareholders/Investors Grievance Committee of the Board of Directors. A detailed report on Corporate Governance compliance duly certified by the Company's Statutory Auditors forms 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 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 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 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

Director due to retire by rotation are Mr B P Bajoria and Mr T Ohashi, who, being eligible, offer themselves for re-election for further period.

Appointment of Mr S K Bajoria as Managing Director of your Company expired on 31st March, 2005. Appointment of Mr P Bajoria as Director & Chief Executive was superseded by a new contract on and from that date. Based on recommendations of the Remuneration Committee, both of them have been re-appointed on and from 1st April, 2005 as Managing Director and Director & Chief Executive respectively of your Company, subject to your approval. Resolutions to be passed in this regard together with Explanatory Statement wherein particulars of remuneration, allowances, perquisites etc payable to them are given, form part of the Notice of your ensuing Annual General Meeting. Your Directors recommend that said proposed resolutions are unanimously passed as under their leadership, your Company has attained unprecedented heights of performance and profitability.

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

During financial year under review Industrial Relations continued to remain cordial. Your Directors sincerely appreciate continued support received from all concerned particularly from the shareholders, financial institutions, banks and all the employees.

On behalf of the Board of Directors

P Bajoria
Director & Chief Executive

S K Bajoria
Managing Director

Kolkata, 14th April, 2005