

ANNEXURE – B

CORPORATE GOVERNANCE

I. Company's philosophy on code of Corporate Governance

The Company's philosophy on corporate governance is to attain the highest levels of transparency, accountability and responsibility in all operations and interactions with its shareholders, investors, lenders, employees and Government. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall stakeholders value over a sustained period of time.

II. Board of Directors

a) Composition

Name	Category	No. of Directorships Held in other Companies*	No. of Board Committee Membership held in other Companies.
1. Mr. Vijay Kumar Agarwal Chairman	Non-Executive Director	-	-
2. Mr. B.P. Jalan	- do -	-	-
3. Mr. Sushil Kr. Agarwal	- do -	-	-
4. Mr. T.B. Singh Managing Director	Executive Director	-	-
5. Mr. Vimal Prakash	Non-Executive Director	-	-
6. Mr. Kamal Prakash	- do -	-	-
7. Mr. Saket Agarwal	- do -	-	-
8. Mr. Niraj Agarwal	- do -	-	-
9. Mr. Rajkumar Bajoria	Independent Director	-	-
10. Mr. S.C. Mishra	- do -	-	-
11. Mr. P.K. Gupta	- do -	-	-

- Excluding Private, Foreign and Companies registered under Section 25 of the Companies Act, 1956.

b) Meeting and attendance:

During the year 2007 – 08 seven Board Meetings took place on the following dates:

30th June, 2007
31st July, 2007
29th September 2007
8th October, 2007
31st October, 2007
31st January, 2008
17th March, 2008

Attendance of Directors at Board Meeting and Annual General Meeting (29th September, 2007)

Name of the Director	No. of Board Meetings Attended	Whether attended the AGM
Mr. Vijay Kumar Agarwal	7	Yes
Mr. B.P. Jalan	5	No
Mr. Sushil Kumar Agarwal	5	No
Mr. T.B. Singh	7	Yes
Mr. Vimal Prakash	4	No
Mr. Kamal Prakash	5	Yes
Mr. Saket Agarwal	3	No
Mr. Niraj Jalan	3	No
Mr. Raj Kumar Bajoria	4	No
Mr. S.C. Mishra	3	No
Mr. P.K. Gupta	3	No

III. Audit Committee

(i) Brief description of the terms of reference:

The Audit Committee reviews, acts and reports to the Board of Directors with respect to :-

- the appointment of Statutory Auditors of the Company,
- provide Board with additional assurance as to reliability of financial information and statutory financial statements and as to the adequacy of internal accounting and control systems, including setting up of terms of reference for Internal Auditors
- it acts as a link between the management, Internal Auditors, Statutory auditors and the Board of Directors,
- Company's compliance with the legal and statutory requirements.

(ii) The Audit Committee, presently consists of 3 (three) Independent Members. The following Directors are the present Members of the Committee:

<u>Name of the Member</u>	<u>Designation</u>	<u>Nature of Membership</u>
1. Mr.Raj Kumar Bajoria	Director	Independent Non-Executive
2. Mr.S.C.Mishra	Director	Independent Non-Executive
3. Mr.P.K.Gupta	Director	Independent Non-Executive

All the Members of the Audit Committee are financially literate and Mr. S.C.Mishra Chairman possesses necessary long managerial experience.

(iii) Meetings held and attendance during the year.

During the financial year 2007-08, the Audit Committee met thrice i.e. on 29.06.2007, 30.10.2007 & 30.01.2008.

<u>Members of Audit Committee</u>	<u>No. of Meetings held</u>	<u>No. of Meetings Attended</u>
Mr Raj Kumar Bajoria	3	3
Mr.S.C.Mishra	3	3
Mr.P.K.Gupta	3	3

iv) Remuneration Committee:

Details of sitting fees, remuneration etc. paid to Directors:

No sitting fee has been paid to any Director.

Remuneration has been paid to Managing Director during the year as approved by the remuneration committee.

The Company has only one Managing Director, whose appointment and remuneration has been fixed by the Board duly approved and passed by the shareholders of the Company in EOGM.

v) Code of Conduct

The Board has laid down a code of conduct for All Board Members and designated senior management of the Company. All Board Members and senior management personnel have affirmed compliance with the code of conduct. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

vi) The last three Annual General Meetings were held at Hotel Sishmo, Bhubaneswar as under :-

<u>Year</u>	<u>Location</u>	<u>Date</u>	<u>Time</u>
2005	Hotel Sishmo, Bhubaneswar	25.07.2005	12.30 PM
2006	Hotel Sishmo, Bhubaneswar	28.09.2006	12.30 PM
2007	Hotel Sishmo, Bhubaneswar	29.09.2007	12.30 PM

No special resolution was adopted through postal ballot.

vii) EOGM 03.09.07.

This Company has called 1 (One) Extra Ordinary General Meeting during the financial year 2007 – 08 on 03.09.2007. In the above meeting Change in the capital clause and consequently Articles 6 of the company was considered.

viii) Disclosures

Disclosures on materially significant related party transaction of the Company of material nature with its promoters, the director or the management or their subsidiaries or relatives etc. potentially conflicting with the interest of the Company at large during the year.

Details provided in item No 21 of Schedule O of the notes forming part of the Accounts.

No penalty, strictures were imposed by the Stock Exchanges or SEBI or any statutory authorities on any matter related to capital markets during the last 3 years.

ix) Means of Communication:

- In compliance with the requirements of Listing Agreement the Company intimates quarterly financial results to the Stock Exchanges after they are taken on record by the Board. The financial results are normally published in Samay and Indian Express, Bhubaneswar edition. The results are not sent individually to the shareholders. The annual audited results are communicated to the shareholders along with the Annual Report.
- Management Discussion and Analysis Report forms part of the report of the Directors.

x) General Information for Shareholders

- Date, time and Venue of the Annual General Meeting of the Company. September 30th, 2008 at 12.30 PM at Hotel Sishmo, Bhubaneswar, Dist.Khurda, Orissa.
- Financial Calendar 2008-09 Board Meeting to be taken on record
Unaudited Provisional Financial Results.
For Quarter ending 30-06-2008 Last week of July, 2008
For Quarter ending 30-09-2008 Last week of October 2008
For Quarter ending 31-12-2008 Last week of January 2009
Audited Accounts Last week of June, 2009.
- Book Closure Date 25th September to 30th September, 2008
- Dividend : Since the Company is incurring losses no dividend has been declared.
- Listing on Stock Exchanges
The Calcutta Stock Exchange Association Ltd.,
7, Lyons Range, Kolkata – 700 001
The Stock Exchange, Mumbai, Code No 502294.
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400 001

The Company has paid listing fees to both the Stock Exchanges upto financial year 2007-08.

The Company's shares are not actively traded in Stock Exchanges.

6. Share Transfer System

Share Transfer is normally affected within a maximum period of 30 days from the date of receipt, if the documents submitted are in order. The Share Transfer Committee approves share transfers. Share Transfers are done in physical form. The Company is taking steps to offer to the Shareholders facility of dematerialization shares and trading in the depository system.

During the year ended 31st March, 2008, 187523 Nos. shares under 23 Nos. Transfers were affected. The share Transfer Committee met 2 times during the financial year 2007-08.

7. Shareholding Pattern as on 31st March, 2008.

Sl.No.	Category	No. of shares	Percentage of Shareholding(%)
1.	Promoters	6057254	88.29
2.	Banks, Financial Institutions and Insurance Companies	389946	5.68



3	Mutual Funds	-	-
4	Private Corporate Bodies (Excluding Promoters)	2050	0.03
5	Indian Public	412200	6.00
6	NRI/OCBs	-	-
7	GRDs	-	-
	Total	6861450	100

8 Distribution of Shareholding as on 31st March, 2008.

<u>Range</u>	<u>Number of</u>	<u>% to Total</u>	<u>Total shares</u>	<u>% to Total</u>
Upto 500	2955	95.72	314900	4.59
500 – 1000	90	2.96	69750	1.02
1001-2000	19	0.63	27550	0.40
2001-3000	1	0.03	2050	0.03
3001-4000	-	-	-	-
4001-5000	-	-	-	-
5001-10000	-	-	-	-
10001 and above	21	0.69	6447200	93.96
Total	3086	100.00	6861450	100.00

Address for correspondence:

The Shareholders may address their communications/suggestions/grievances/queries to:-

The Vice-Chairman & Managing Director,
Nilachal Refractories Ltd., Plot No.P/597, BJB Nagar, Lewis Road,
Bhubaneswar 751 014

Tel No. 0674-2433317, 2433389, Fax No.0674-2433317

Dated: 30th June 2008

For and on behalf of the Board of Directors

Vijay Kumar Agarwal
(Chairman)

To:

The Board of Directors,
Nilachal Refractories Ltd.,
Regd.Office: Plot No.P/597, BJB Nagar, Lewis Road, Bhubaneswar-751014, Orissa.

Dear Sirs,

I do hereby certify that all the Members of the Board of Directors of the Company and the Senior Management Personnel have affirmed their compliance with the Code of Conduct laid down by the Board of Directors of the Company in their meeting held on 30-06-2008.

This certificate is being given in compliance with the requirements of Clause 49(i)D(ii) of the Listing Agreement entered into with the Stock Exchanges.

Dated: 30-06-2008

Place: Kolkata

Amitava Choudhury
Chief Executive Officer