

trust technology innovation
health freedom quality
efficient easy modern

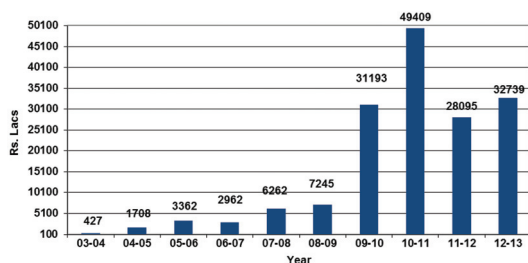


Annual Report
2012-2013

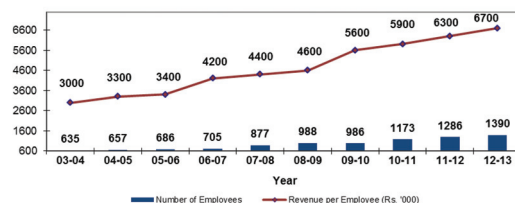
IFB Industries Limited

10 YEAR HIGHLIGHTS

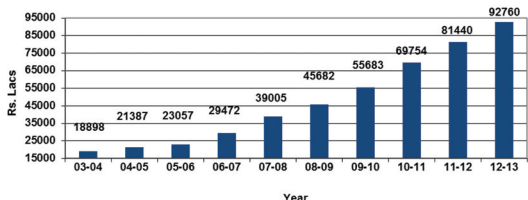
MARKET CAPITALISATION (Rs in lacs)



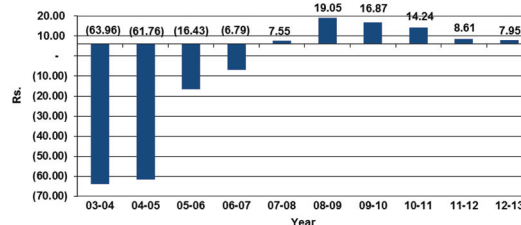
EMPLOYEES AND PRODUCTIVITY



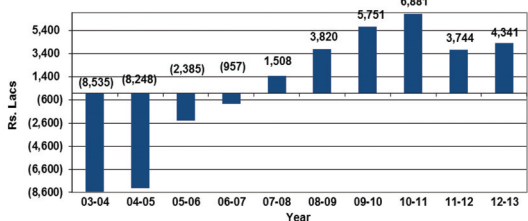
REVENUES (Rs in lacs)



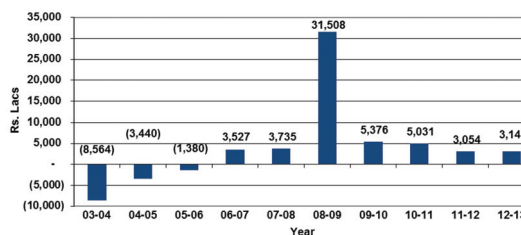
BASIC EPS BEFORE EXTRAORDINARY (Rs)



PROFIT BEFORE TAX BEFORE EXTRAORDINARY AND PRIOR PERIOD (Rs in lacs)



PROFIT AFTER TAX (Rs in lacs)



BOARD OF DIRECTORS

Executive Chairman

Mr. Bijon Nag

Joint Executive Chairman & Managing Director

Mr. Bikram Nag

Directors

Dr. Rathindra Nath Mitra

Dr. Tridibesh Mukherjee

Mr. Radharaman Bhattacharya

Mr. R. Muralidhar

Mr. Sudip Banerjee

Mr. Prabir Chatterjee

AUDIT COMMITTEE

Chairman

Dr. Rathindra Nath Mitra

Members

Mr. Radharaman Bhattacharya

Mr. Prabir Chatterjee

COMPANY SECRETARY

Mr. G. Ray Chowdhury

AUDITORS

B S R & Co.

Chartered Accountants

REGISTRAR AND SHARE TRANSFER AGENTS

CB Management Services (P) Ltd.

P 22, Bondel Road, Kolkata - 700 019

Tel : (091) (33) 2280 6692/2282 3643, 4011 6700

Fax : (091) (33) 4011 6739

E-mail : rta@cbmsl.com

REGISTERED OFFICE

14, Taratolla Road

Kolkata – 700 088

Tel : (091) (33) 3048 9299, 3048 9219

Fax : (091) (33) 3048 9230

CORPORATE OFFICE

Plot No. IND-5, Sector – I

East Kolkata Township

Kolkata – 700 107

Tel : (091) (33) 3984 9524

Fax : (091) (33) 3984 9676

E-mail : g_raychowdhury@ifbglobal.com

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IFB INDUSTRIES LTD.

Regd. Office : 14, Taratolla Road

Kolkata – 700 088

NOTICE

NOTICE is hereby given that the 37th Annual General Meeting of the members of IFB Industries Limited will be held on Friday, the 26th day of July 2013 at 10.00 AM at Ecohub Conclave Club Eco Space (IT Park), Plot No. 2F/ 11, New Town, Rajarhat, North 24- Parganas, Kolkata- 700 156 to transact the followings:

ORDINARY BUSINESS

1. To Consider and adopt the Audited Balance Sheet as at March 31, 2013, the statement of Profit and Loss for the year ended on that date and reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Rathindra Nath Mitra, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr.Radharaman Bhattacharya who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s) the following resolution as special resolution:
“RESOLVED THAT Messrs B S R & Co., Chartered Accountants having registration No. 101248W allotted by The Institute of Chartered Accountants of India (ICAI) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors of the Company based on the recommendation of the Audit Committee, in addition to reimbursement of all out-of-pocket expenses as may be incurred in connection with the audit of the accounts of the Company.”

SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution, with or without modification(s), as Ordinary Resolution:-
“RESOLVED that Mr. Prabir Chatterjee, who was appointed as an additional director during the year be and is hereby appointed as a director of the Company whose office shall be liable for retirement by rotation.”
6. To consider and if thought fit to pass the following resolution, with or without modification(s) as Special Resolution:
“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendments or modifications thereof consent of the Company be and is hereby accorded to increase the remuneration payable to Mr. Bijon Nag, Executive Chairman of the Company with effect from 1 June 2013 within the limits prescribed in Section II, Paragraph (1)(B) of Part II of Schedule XIII of the Companies Act, 1956 as set out in the Explanatory Statement attached to this Notice.”
“FURTHER RESOLVED THAT the Board (the term “Board” referred hereinafter includes Board of Directors of Company and Remuneration Committee) be and is hereby authorized to vary and/or modify the terms and conditions including remuneration, benefits and perquisites payable/made available to the appointee in such manner as may be agreed upon between the Board and the appointee.”
“FURTHER RESOLVED THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings, as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or to any director or to any employee of the Company to give effect to the aforesaid resolutions.”
“FURTHER RESOLVED THAT in the event of loss, absence or inadequacy of profits of the Company in any financial year during the term of the office of the appointee, the remuneration as mentioned in the Explanatory Statement shall be paid to him as minimum remuneration.”

7. To consider and if thought fit, to pass the following resolution, with or without modification(s), as Special Resolution:

“RESOLVED THAT in pursuance of the provisions contained in Sections 198, 269, 309 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification thereof, approval of the Company be and is hereby accorded to the re-appointment of Mr. Bikram Nag designated as Joint Executive Chairman & Managing Director of the Company for a period of 3 (three) years with effect from 1 November 2013, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of appointment.

“FURTHER RESOLVED THAT the Board (the term “Board” referred hereinafter includes Board of Directors of Company and Remuneration Committee) be and is hereby authorized to vary and/or modify the terms and conditions including remuneration, benefits and perquisites payable/ made available to the appointee in such manner as may be agreed upon between the Board and the appointee.”

“FURTHER RESOLVED THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings, as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or to any director or to any employee of the Company to give effect to the aforesaid resolution.”

“FURTHER RESOLVED THAT in the event of loss, absence or inadequacy of profits of the Company in any financial year during the term of the office of the appointee, the remuneration as mentioned in the Explanatory Statement shall be paid to him as minimum remuneration.”

8. To consider and if thought fit to pass the following resolution, with or without modification(s) as Special Resolution:

“RESOLVED THAT in pursuance of accordance with the provisions contained in Sections 198, 269, and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification(s) or thereof, consent of the Company be and is hereby accorded to the appointment of Mr. Prabir Chatterjee designated as Director & Chief Financial Officer of the Company for a period of 3 (three) years with effect from 1 April 2013, on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to this Notice convening this Meeting.

“FURTHER RESOLVED THAT the Board (the term “Board” referred hereinafter includes Board of Directors of Company and Remuneration Committee) be and is hereby authorized to vary and/or modify the terms and conditions including remuneration, benefits and perquisites payable/ made available to the appointee in such manner as may be agreed upon between the Board and the appointee.”

“FURTHER RESOLVED THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings, as may be required, and to delegate all or any of its powers herein conferred to any Committee of Directors or to any director or to any employee of the Company to give effect to the aforesaid resolutions.”

“FURTHER RESOLVED THAT in the event of loss, absence or inadequacy of profits of the Company in any financial year during the term of the office of the appointee, the remuneration as mentioned in the Explanatory Statement shall be paid to him as minimum remuneration.”

Registered. Office :
14, Taratolla Road
Kolkata - 700 088
Date: 29 May 2013

By Order of the Board

G Ray Chowdhury
Company Secretary

NOTES :

- i) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE ON A POLL ON HIS BEHALF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OR WITH THE REGISTRARS AND SHARE TRANSFER AGENTS OF THE COMPANY, M/S CB MANAGEMENT SERVICES (P) LTD., NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- ii) The Registrar of Members of the Company and the Share Transfer Register shall remain closed from 24 July 2013 to 26 July 2013 (both days inclusive).
- iii) The members are requested to
 - a) notify immediately any change in their address to the Company.
 - b) bring their copy of the Annual Report to the meeting.
 - c) write to the Company's Registrar & Share Transfer Agents, M/s CB Management Services (P) Ltd enclosing their share certificates for consolidation into one folio for better investor service, if they have more than one folio in identical order of name(s).
- iv) Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors recommended by the Board of Directors for appointment/re-appointment at the Annual General Meeting is appearing in the Report and Accounts.
- v) Explanatory Statements under Section 173(2) of the Companies Act, 1956 for resolution nos.4, 5, 6, 7 & 8 are annexed hereto.
- vi) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN details to the Company/Registrars and Transfer Agents CB Management Services (P) Ltd.

Details of Directors seeking appointment/re-appointment in Annual General Meeting (in pursuance of clause 49 of the Listing Agreement)

Name of Director	Dr. Rathindra Nath Mitra	Mr. Radharaman Bhattacharya	Mr. Prabir Chatterjee
Date of birth	06.09.1946	12.04.1933	18.06.1955
Nationality	Indian	Indian	Indian
Date of Appointment on the board	21.06.2003	21.06.2003	01.04.2013
Qualification	Post Graduate from IIT & PHD from IIT.	BSC, FCA	BSC, AICWA
Experience in functional areas	Business Executive	Practising Chartered Accountant	Business Executive
Shareholding in the Company	Nil	2030	25,000
List of Directorship held in other Companies	Nil	Nil	One
Committee Membership	Three	One	Two

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Resolution No. 4

As the Company is a widely held Company and its shares are traded on the Stock Exchanges regularly, a part of its share capital is sometimes held by the financial institutions who now routinely invest in the stock market. As this could attract the provisions of Section 224A of the Companies Act, 1956, the Company proposes as a matter of abundant caution to appoint the Auditors by Special Resolution.

The Board recommends passing of this Special Resolution.

None of the Directors is interested/ concerned in the resolution.

Resolution No. 5

Mr. Prabir Chatterjee was appointed by the Board as an Additional Director of the Company w.e.f. 1 April 2013 and accordingly holds office of a director upto this meeting. Notice under Section 257 of the Companies Act, 1956 has been duly received from a member stating therein his intention to propose appointment of Mr. Prabir Chatterjee as a director of the Company whose office shall be liable to retirement by rotation. Consent from Mr. Prabir Chatterjee has been received in accordance with Sec 264 (1) of the Act. The members are requested to approve the appointment of Mr. Prabir Chatterjee. The information details pertaining to Mr. Prabir Chatterjee has been furnished in the statement of Corporate Governance.

The Board recommends passing of this Ordinary Resolution.

Except Mr. Chatterjee none of the directors is in any way concerned or interested in the resolution.

Resolution No. 6

Mr. Bijon Nag is the Promoter and Executive Chairman of the Company. Mr. Nag is a mechanical engineer and a prominent industrialist having more than three decades of vast experience in machine tool and engineering industries. Mr. Bijon Nag is also Chairman of IFB Agro Industries Ltd and director of IFB Automotive Pvt. Ltd., and Maruti Insurance Broking Pvt Ltd.

His directorships and/or memberships in other companies/committees are provided in Corporate Governance Report, which forms part of this Annual Report.

Mr. Bijon Nag holds 157869 nos equity shares in the Company.

The Board of Directors and the Remuneration Committee at their meeting held on 29 May 2013 approved the revision of remuneration of Executive Chairman subject to the approval of Members w.e.f. 1 June 2013. The terms and conditions with respect to revision in remuneration are given below. The terms and conditions of the appointment including remuneration payable to Mr. Nag are:

1. Remuneration :

- a) **Salary :** Rs. 150000/- (Rupees one lac fifty thousand only) per month.
- b) **Commission :** In addition to salary, perquisites and other allowances, 0.5% commission based on net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to the provisions of Section 198 and Section 309 and other applicable provisions, if any of the Companies Act, 1956, but not exceeding an amount equal to half of annual salary paid during the financial year.
- c) **Housing :** The expenditure by the Company on hiring unfurnished accommodation will be subject to the following ceiling:
 - I. Sixty percent of the salary
 - II. In case the accommodation is owned by the Company, ten percent of the salary of the Chairman shall be deducted by the Company.
 - III. In case no accommodation is provided by the Company, entitlement to house rent allowance will be subject to the ceiling laid down as in I above.

- d) **Medical Reimbursement** : Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- e) **Leave Travel Concession** : For self and family once in a year incurred in accordance with the Rules of the Company.
- f) **Club Fees** : Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
- g) **Personal Accident Insurance** : As per the rules of the Company.
- h) **Gas & Electricity** : As per the rules of the Company.
- i) **Car** : Provision of car for use on Company's Business will not be considered as perquisite. However, use of car for private purpose will be billed by the Company to the Chairman.
- j) **Telephone** : Company will reimburse expenses in connection with telephone at residence & mobile connections used for official purposes as per the rules of the Company.

Explanation : For the purpose of this part, 'family' means the spouse, the dependent children and dependent parents.

2. Other Benefits

- i) **Gratuity** : As per the rules of the Company.
- ii) **Contribution to the provident Fund, Superannuation Fund or Annuity Fund** : As per the rules of the Company.
- iii) **Encashment of leave** : As per the rules of the Company.

Apart from the aforesaid remuneration, he will be entitled to reimbursement of all expenses incurred in connection with the business of the Company.

The above remuneration will be payable as the minimum remuneration in the case of loss or inadequacy of profits in any financial year during the term of appointment and will be subjected to the provisions of Section II, paragraph (1)(B) of Part II of Schedule XIII of the Companies Act, 1956 i.e., not exceeding Rs 4,00,000/- month.

The appointee shall not be entitled to any sitting fees for Board / Committee meetings.

The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modifications or re-enactment thereof; and in the absence of any such rules, perquisite and allowances shall be evaluated at actual cost. The Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax law, gratuity payable and encashment of leave shall not be included for the purpose of computation of the overall ceiling of remuneration.

Payment of remuneration is approved by a resolution passed by the Remuneration Committee.

The terms and conditions of the said appointment and/or agreement are subject to the provisions of Section 198 and section 309 of the Companies Act, 1956 and may be altered and varied from time to time by the Board as it may in its discretion deem fit within the maximum amount of remuneration payable in accordance with the applicable rules and regulations.

The agreement may be terminated by either party giving the other six months' notice .

Mr. Bijon Nag shall perform such duties and exercise such powers as are entrusted to him by the Board.

The above may be treated as an abstract of the terms of contract between the Company and Mr. Bijon Nag under Section 302 of the Companies Act, 1956.

No Director except Mr. Bijon Nag and Mr. Bikram Nag are concerned or interested in the proposed resolution.

Resolution no. 7

Mr. Bikram Nag (39) is a BBA from Richmond College, U.K. He has more than seventeen years of experience in the field of business management. Mr. Nag is also Joint Executive Chairman of IFB Agro Industries Ltd and director of IFB Automotive Pvt. Ltd., Travel Systems Ltd. and Thai Automotive & Appliances Ltd.

His directorships and/or memberships in other companies/committees are provided in Corporate Governance Report, which forms part of this Annual Report.

Mr. Nag holds 3,000 equity shares in the Company.

The Board of Directors of the Company and the remuneration committee at their meeting held on 29 May 2013 has subject to the approval of Members reappointed Mr. Bikram Nag as Joint Executive Chairman & Managing Director of the Company for a period of three years with effect from 1 November 2013. Since Mr Nag has declined to take any remuneration no provision is being made for his remuneration except for reimbursement of all expenses incurred in connection with the business of the Company.

The appointee shall not be entitled to any sitting fees for Board / Committee meetings.

The terms and conditions of the said appointment and/or agreement are subject to the provisions of Section 198 and section 309 of the Companies Act, 1956, if any and may be altered and varied from time to time by the Board as it may in its discretion deem fit within the maximum amount of remuneration payable in accordance with the applicable rules and regulations.

The agreement may be terminated by either party giving the other six months' notice.

Mr. Bikram Nag shall perform such duties and exercise such powers as are entrusted to him by the Board.

The above may be treated as an abstract of the terms of contract between the Company and Mr. Bikram Nag under Section 302 of the Companies Act, 1956.

No Director except Mr. Bijon Nag and Mr. Bikram Nag are concerned or interested in the proposed resolution.

Resolution No 8

Mr. Prabir Chatterjee, the Chief Financial Officer of the Company was appointed as an additional director of the company with effect from 1 April 2013. Being in employment of the Company, the Remuneration Committee and the Board of Directors of the Company at their meeting held on 29 May 2013 has subject to the approval of the members ratified the appointment of Mr. Prabir Chatterjee as Additional Director & Chief Financial Officer of the Company for a period of three years with effect from 1 April 2013.

Mr. Chatterjee is also a director of Travel Systems Ltd.

His directorships and/or memberships in other companies/committees are provided in Corporate Governance Report, which forms part of this Annual Report.

Mr. Chatterjee holds 25,000 equity shares in the Company.

The terms and conditions of the appointment including remuneration payable to Mr. Chatterjee are:

1. Remuneration :

- a) Salary : Rs. 200,000/- (Rupees two lacs only) per month with liberty to the Board/Audit Committee to review and set the level from time to time.
- b) HRA : Rs.100,000/- (Rupees one lac only) per month
- c) Medical Reimbursement : Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

- d) Leave Travel Concession : For self and family once in a year incurred in accordance with the Rules of the Company.
- e) Personal Accident Insurance : As per the rules of the Company
- f) Car : Provision of car for use on Company's Business will not be considered as perquisite. However, use of car for private purpose will be billed by the Company
- g) Telephone : Company will reimburse expenses in connection with telephone at residence & mobile connections used for official purposes as per the rules of the Company.

Explanation : For the purpose of this part, 'family' means the spouse, the dependent children and dependent parents.

2. Other Benefits

- i) Gratuity : As per the rules of the Company.
- ii) Contribution to the provident Fund, Superannuation Fund or Annuity Fund : As per the rules of the Company.
- iii) Encashment of leave: As per the rules of the Company.

Apart from the aforesaid remuneration, he will be entitled to reimbursement of all expenses incurred in connection with the business of the Company.

The above remuneration will be payable as the minimum remuneration in the case of loss or inadequacy of profits in any financial year during the term of appointment and will be subjected to the provisions of Section II, paragraph (1)(B) of Part II of Schedule XIII of the Companies Act, 1956 i.e., not exceeding Rs 4,00,000/- month.

The appointee shall not be entitled to any sitting fees for Board / Committee meetings.

The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modifications or re-enactment thereof; and in the absence of any such rules, perquisite and allowances shall be evaluated at actual cost. The Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax law, gratuity payable and encashment of leave shall not be included for the purpose of computation of the overall ceiling of remuneration.

Payment of remuneration is approved by a resolution passed by the Remuneration Committee.

The terms and conditions of the said appointment and/or agreement are subject to the provisions of Section 198 and section 309 of the Companies Act, 1956 and may be altered and varied from time to time by the Board as it may in its discretion deem fit within the maximum amount of remuneration payable in accordance with the applicable rules and regulations.

The agreement may be terminated by either party giving the other three months' notice.

Mr. Prabir Chatterjee shall perform such duties and exercise such powers as are entrusted to him by the Board and Managing Director.

The above may be treated as an abstract of the terms of contract between the Company and Mr. Prabir Chatterjee under Section 302 of the Companies Act, 1956.

No Director except Mr. Prabir Chatterjee is concerned or interested in the proposed resolution

STATEMENT GIVING INFORMATION AS ARE REQUIRED UNDER SECTION II, CLAUSE (1)(B) OF PART II OF SCHEDULE XIII OF THE COMPANIES ACT 1956 FOR ITEM NOS. 6 & 8.

I General Information:

- (1) Nature of Industry: Company is engaged in manufacturing and marketing of fully automatic washing machines, dryers mainly in domestic market as well as trading of dishwashers, microwave ovens, split air conditioners,

refrigerators, cooker hoods, built in hobs and modular kitchens. The Company is also engaged in manufacture and sale of fine blanked auto components.

- (2) Date or expected date of commencement of commercial production: Commercial production of fine blanked components started from March 1977 and washing machine plant at Goa started from March 1990.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.
- (4) Financial performance based on the given indicators: For the year 2012-13, Income was Rs 927.60 crores and Profit after tax was Rs 31.45 crores.
- (5) Export performance and net foreign exchange collaborations: During the year 2012-13, export of the Company was Rs 2.22 crores.
- (6) Foreign investments or collaborations, if any : Nil

II. Information about the appointees

- (1) Back ground details: Brief resume of the appointees are provided in the report on Corporate Governance forming part of this Annual Report.
- (2) Past remuneration of appointees from the Company
Mr. Bijon Nag : Maximum Rs 1.72 lacs per month inclusive of all perquisite.
Mr. Prabir Chatterjee: Maximum Rs 3.19 lacs per month inclusive of all perquisite.
- (3) Job Profile and his suitability:
Mr. Bijon Nag: He is responsible for over all management of the Company and maintaining business relation with prestigious customers & exercising his specialized knowledge in advising on maintaining technological competitiveness.
Mr. Prabir Chatterjee: He is in-charge of finance, accounts, budgeting, costing, direct & indirect taxation functions of the Company and work subject to the superintendence, control and direction of Board of Directors and perform all such functions as may be delegated to him by the Board of Directors/ Managing Director from time to time.
- (4) Remuneration proposed to all appointees: Not to exceed Rs 400,000 per month inclusive of all perquisites for each of them.
- (5) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin) : With globalization and liberalization taking roots in India, the demand for the knowledge and skill in various fields are on the rise and there has been a phenomenal growth in the remuneration package for key positions in the last couple of years.
- (6) Pecuniary relationship directly with the Company or relationship with the managerial personnel, if any: Mr. Bijon Nag is the promoter of the Company. Apart from the remuneration he does not have any pecuniary relationship with the Company or with the managerial personnel of the Company.
Apart from remuneration, Mr. Prabir Chatterjee does not have any pecuniary relationship with the Company or with the managerial personnel of the Company.

III. Other Information

Reasons of loss or inadequate profits : During the year 2012-13, the Company has made profit after tax of Rs 31.45 crores. However, accumulated loss of the Company is Rs 7.81 crores. Although the net worth of the Company was wiped away in the year 1999-2000, however, the Company started earning profit since 2006-07.

IV. Disclosures

(1) Remuneration package of the managerial person: Remuneration not to exceed Rs 400,000/- pm. inclusive of perquisites as mentioned above.

(2) The disclosures of remuneration is reported in Corporate Governance Report attached to the Directors' Report.

Mr. Bijon Nag and Mr Bikram Nag are interested in resolution no 6. None of the other Directors of the Company, is in any way, concerned or interested in the said resolution.

Mr. Prabir Chatterjee is interested in resolution no 5 & 8. None of the other Directors of the Company, is in any way, concerned or interested in the said resolutions.

The above explanatory statement sets out an abstract of material terms and conditions of the appointment and hence the same may be treated as an abstract of memorandum of interest in accordance with Section 302 of the Companies Act 1956.

Registered Office :
14, Taratolla Road
Kolkata - 700 088
Date: 29 May 2013

By Order of the Board

G Ray Chowdhury
Company Secretary

Important Communication to Member

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. However, those who intend to receive the above documents in physical form, please exercise their option by visiting the Web Page www.cbmsl.com/green.php of our Registrars. Members who hold shares in Physical form are also requested to visit Web Page www.cbmsl.com/green.php and register their email IDs and also to exercise their option, if they intend to receive the documents in physical form.

DIRECTORS' REPORT to the Shareholders

Dear Shareholders,

Your Directors present the 37th Annual Report and Accounts for the Financial Year ended 31st March, 2013.

1. FINANCIAL RESULTS

	(Rs. in lacs)	
	For the Year ended 31st March, 2013	For the Year ended 31st March, 2012
Sales and other income	92,760	81,440
Profit prior to finance charges & depreciation / amortisation	6,193	5,114
Less:		
Finance charges	20	32
Depreciation	1,832	1,488
Profit before taxation	4,341	3,594
Less: Provision for taxation		
Current tax	804	684
Minimum alternate tax credit	(26)	(684)
Deferred tax	418	540
Profit after tax	3,145	3,054
Balance brought forward from previous year	(3,926)	(6,980)
Balance carried to reserves & surplus	(781)	(3,926)

2. DIVIDEND

In view of the accumulated loss, the Board regrets its inability to recommend any dividend to equity shareholders for the year.

3. REVIEW OF OPERATION

Your Company completed another year of modest performance with strong topline growth. All business segments posted sound growth in revenues and enhanced their market standing. Gross Turnover for the year grew by 16.8% to Rs 1,097.87 crores. Net Turnover other than service income, other operating revenue & other income at Rs 863.39 crores grew by 14.9%. Steady performance by Appliance business

grew by 15.8%. However, due to precarious market condition Engineering division grew only by 6.4%. However, due to adverse material cost variance, forex loss, product mix etc the Pretax Profit as compared to last year could only grow by 15.9 % to Rs 43.41 crores. Earnings Per Share for the year stand at Rs 7.95.

4. MANAGEMENT DISCUSSION AND ANALYSIS

A) Industry Structure & Developments:

Although the global economy remained gloomy, consumer appliances industry in India achieved sustained growth. India continued to be the second fastest growing economy in the world, and the benefits of sustained growth by way of higher disposable incomes, greater media exposure and increased retail penetration reached the vast middle class of rural and semi-urban markets. Penetration of information technology and the internet into smaller cities and rural areas led to increased exposure to appliances among the vast majority of the population, boosting demand for consumer appliances. However, the increase in excise duty and service tax from 10% to 12% in the union budget of 2012 had an immediate impact on end consumers. Increased taxes led manufacturers to hike the prices of their appliances, passing the additional costs onto the consumers. This response from manufacturers was also to offset the impact of a depreciating rupee and rising input costs. Price increase varied depending on the import content of the products. Inflation in petroleum products and freight charges added to the cost. However, despite the hike in prices, volume sales managed to maintain stable growth as compared to last year. Innovations enabled the entry of new categories into the country and led to the premiumisation of existing categories. Such initiatives also broadened consumer choices while manufacturers enjoyed stronger returns. Japanese players are more aggressive in investments in both manufacturing and marketing than earlier years. Players like LG, Bosch and Samsung are investing in manufacturing facilities for Front Load Washing Machines.

The Indian Auto Component Industry did possess competitive advantage due to its quality produce,

timely delivery, dependable and low cost capabilities. The increase in input costs and threat from imports are two major concerns currently. The auto component industry created substantial capacity in the wake of expectation of a sustained automobile industry's growth. The current financial year has seen one of the worst growths in the Indian automobile industry's history and in fact in 2012-13, the growth has plunged to lowest in the last decade. The capacity as created has put immense pressures in the auto component industry's bottom line due to the increased amount of interest and depreciation. The expectation of growth in 2013-14 is also not encouraging

B) Opportunities & Threats

Appliance Business

Opportunities

Increase in disposable income and spending : The economic growth, enhancing employment and business opportunities in turn increased disposable income with higher propensity to consume.

Technological updates: Consumers tend to look for technological improvement in products when it comes to choosing products. Newer variants of our products will help the company in getting the attention of consumers who look for innovation.

New Products

Opportunities for the appliances division are in the new categories of Air conditioners and Refrigerators which are to be launched in the new fiscal year.

Threats

Rising Input costs: Rising Input cost of major raw material (metal) would put huge pressure on the profit margin. Further increase in excise duty will also burden the input cost for us, there may be times when cost's cannot be passed on.

Exchange fluctuation: The foreign exchange rate fluctuations are one of the biggest threats for the fiscal year ahead.

Higher oil prices : Despite economic buoyancy, high inflation and rising oil prices would put pressure on household budgets which could put pressure on demand.

Lack of Industry status: Due to absence of ' industry

status', organized retail in India faces difficulties in procurement of organized financing and fiscal incentives.

Poor Infrastructure : Poor infrastructure is one of the reasons to hold back the durable industry. Regular power supply is imperative for any consumer electronics product but that remains a major issue in India.

Rural Distribution: About 65 % of Indian population that lives in villages still remain relevant for consumer durable companies. So the approach of products and foraging into these rural markets has considerable cost thereto.

Customer power with respect to availability of choice : The availability of a wide product line on account of most products being homogeneous, poses a threat for the company. Customers have the choice of both domestically produced and imported goods, with similar features.

Engineering Business

Automobile Industry, the major customer segment for engineering division has not grown as per the expectation at the beginning of the financial year. The Automobile industry since Apr'12 has consistently cut down its growth projection for 2012-13. SIAM (The Society of Indian Automobile Manufacturers) had projected a growth rate of 11%-13% at the beginning of the year , reduced to 5%-7% in Sep'12, 1% in Dec'12. During the period of Jan'13-Mar'13 , the Automobile Industry has further de-grown and in Mar'13 growth rate plummeted to 26 year low. The slowing demand is due to subdued rise in disposable income (inflation adjusted) at the hand of the consumers, higher vehicle and fuel prices. The higher interest rate regime during the period of Apr'12-Mar'13 has also affected the automobile industry as vehicle sales are dependent on vehicle loans.

The long term growth story of the Indian Automobile industry remains strong. As per SIAM, 2013-14 may experience moderate growth. All the major automobile companies are going ahead with their major capitalisation plan. At present, your company is not present in all the major automobile players. Your company is trying to increase its customer base

and therein lies the opportunity. The threats that the company is facing are:

- Strong pricing pressures from the competitors.
- Intense cost pressures due to fuel price increases.
- Record fuel prices, high inflation and interest rates may impact the sales in FY 2013-14.
- Obsolescencies of automobile models.
- Recent wage increases in most of the automobile industry poses great threat as there will be extreme pressures on the ancillary industry to reduce the price of components.
- Increase in the capital investment amount due to the depreciation in the Indian currency.
- Fluctuation in volumes in the automobile sector exerts pressures in meeting inventory and debtors.

C) Segment wise performance

The Home Appliance Division has improved its turnover as compared to last year. Washing machine sale in value term for the year recorded a growth of 16.83% over last year. Out of which front load washing machine sale has grown by 20.8 % and top load washing machines have grown by 11.29% over last year. Microwave oven sale in value term recorded a growth of 11.40% over last year. The PBDIT for the division raised by 27.4% as compared to last year.

The Engineering Division recorded growth in sales by 6.4% as compared to last year. However there was no growth in PBDIT of the division as compared to last year. To revamp and increase its capacity the company modernized its tool room at Bangalore and installed four new fine blanking machines during the year.

D) Outlook

The global economic turbulence that was witnessed during 2012-13 is expected to ease off by 2013. The Indian economy performed well even under economic duress and conditions improved alongside a recovering global economy. India registered a moderate growth rate of 5% in FY 2012-13 and demand for consumer appliances would continue to surge further.

Our focus would be to improve our service function as well as to invest in technology for better performance

and higher growth of top and bottom line. We already implemented SAP which helped us to keep a vigil on inventory as well as to react faster to market needs apart from bringing about other improvements. Our focus would also be to improve our distribution channel by penetrating deeper into smaller towns.

We have already completed our expansion-cum-modernization of our washing machine factory at Goa. This expansion have ensured state-of-the-art new generation washing machines of higher capacities and the excess capacity we would use to market for OEM sales through buyers in Europe, Africa, Asian countries, etc. We have started negotiating with different overseas parties and despite stiff competition, we hope that we shall be able to crack the overseas market. To increase efficiency of our Goa Plant, we are investing in Injection Moulding Plant. We are also investing into Top Loader project at Goa.

Our industrial equipment range is very large and comprehensive. In this fiscal, we have an opportunity to expand and specifically target high end hotels, restaurants and clubs for which we are currently participating in tenders in many places across the country.

The entry into ACs and Refrigerators in this year is an obvious opportunity to extend our market presence and enter large volume segments.

IFB has invested in its Fine Blanking operations in order to meet the growing demands of the Indian automobile industry. In the past two financial years we have invested heavily in presses, tool room etc. These we believe will help us in getting new value added orders from the customers. However, the investments were made at the bottom of the economic cycle and division will be benefited once the cycle turns up. We have also de-risked by marketing our fine blanked products to other industries which are also high growth. We are focusing on domestic demand and have built up capacities to meet the same. As a strategy, we are identifying areas where our business share is low and can be increased substantially to negate any de growth in automotive sector.

Liquidity position of the Company was comfortable and the company remain debt free. Company remained

focussed on its working capital management. Interest & dividend income from placement of temporary surplus funds with mutual funds increased on account of higher surplus fund to Rs 497 lacs as compared to Rs 457 lacs at the end of previous year. As in the past, the Company has maintained excellent relationship with its bankers.

E) Concerns

Our concern in the Fine Blanking business is pressure on prices from customers' end as well as pressure of higher material costs due to upward revision of commodity prices from time-to-time.

Over and above frequent raw material price increase and exchange fluctuation, our major concern in Appliances is threat from competitors in the area of pricing.

F) Internal Control Systems and their adequacy

The Company has adequate system of internal controls and checks and balances to ensure that its assets are safeguarded and protected against loss from unauthorized use. The strength of these systems is continuously being monitored by in-house internal auditors & external auditors. The adequacy of the internal control system has also been examined by the statutory auditors.

G) Human Resources

IFB is a knowledge-driven organization and its greatest asset is the experience and skill of its employees. Recognizing that the workforce will provide critical competitive edge in its growth endeavor, IFB has laid major emphasis on acquiring, maintaining and developing its human asset base. We offer wide range of career development programs including on the job training, job rotation etc. Our belief is that by investing in these programs we will have a highly motivated work force. Due to changes in Human Resource Policy the attrition rate of the executives of the company has been reduced to minimum.

The Company had 1390 nos. employees at the end of March 2013. As in the past, industrial relations continued to remain cordial at all locations in the Company.

H) Risk Management

Risk management is the process of minimizing or mitigating the risk. It starts with the identification and evaluation of risk followed by optimal use of resources to monitor and minimize the same. Risk generally results from uncertainty. Ideally in risk management, a risk prioritization process is followed in which those risks that pose the threat of great loss and have great probability of occurrence are dealt with first. Enterprise Risk Management (ERM) is one of the pre-requisite of Corporate Governance.

The Company is exposed to several risks. They can be categorised as operational risks and strategic risks. Some of the major risks in each category are described below. There are other risks that could have a material effect on the Company's performance and financial position. The Company has taken several mitigating actions, applied many strategies and introduced control and reporting systems to reduce and mitigate these risks.

Operational Risks

Environmental issue

The company has no pending material environment related issues. Since most of the Company's manufacturing process consist of the assembly of components, the environmental impact from the company's plants are remote.

However, environmental requirements are complex and tend to become more stringent with time & the Company will constantly innovate to keep up with requirements as per law.

Product warranty and recalls

It has become almost mandatory to incorporate such clause in International contracts. However, the Company has so far not accepted any contract with such draconian clause but in the event the company accepts contracts with such clause, the company is exposed to product liability and warranty clause in the event our product fails to perform as expected. A recall claim or a product liability claim brought against the Company in excess of the Company's coverage may have a material adverse effect on the Company's business. It has been decided that product warranty recalls will be accepted where they are limited to the value of the product supplied. This is limiting the risk but we may have to agree if it is made mandatory by regulating bodies.

Strategic Risks

Dependence on supplier

The company largely depends on vendors in order to meet its delivery commitments. Consequently, there is a risk that disruption in supply chain could lead to the company not being able to meet its delivery commitments and as a consequence to incur extra costs. To mitigate risks in sourcing of certain components we do have multiple vendors.

Product Costing

The Company's strategy is to reduce product costing by taking several actions such as re-design of products to reduce material content (as well as weight), material standardization and consolidating volumes to fewer suppliers but reliable ones.

Patent & Proprietary Technology

The Company's strategy is to protect its innovations with patents and to vigorously defend its trademarks and knowhow against infringements and unauthorized use. There can be no assurance that any patent now owned by the company will have protection against competitor that develop similar technology.

We are in the process of –

- Identification of the Risks of Business.
- Timely and effective Mitigation plan of risk of each function / sub function.
- To formulate Risk Management Strategy.
- To identify the Risk owner of each function/ sub function of the business & keep track of the same.
- Continuous periodic Review of the Risk & Mitigation Plans.

CAUTIONARY STATEMENT

Statement in this Management discussion and Analysis describing the Company's objectives, projection, estimates and expectations may be ' forward looking statement' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the company's operations include market competition, significant change in political & economic environment in India, litigation, exchange rate fluctuation, change in interest rates etc.

5. DIRECTORS' RESPONSIBILITY STATEMENT IN TERMS OF SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

To the best of our knowledge and belief and according to the confirmations and explanations obtained by them, your directors make the following statements in terms of Section 217(2AA) of the Companies Act, 1956:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) These accounts are prepared on a going concern basis.

6. CORPORATE GOVERNANCE

As stipulated by Clause 49 of the Listing Agreement, a Report on Corporate Governance along with a Certificate from the Auditors is given separately in this Annual Report.

7. DELISTING FROM DELHI STOCK EXCHANGE & CALCUTTA STOCK EXCHANGE

The applications for delisting from Delhi Stock Exchange & Calcutta Stock Exchange are pending.

8. AUDITORS AND AUDITORS' REPORT

M/s B S R & Co., Chartered Accountants, Statutory Auditors of the company, hold office until the conclusion of ensuing Annual General Meeting. They have offered themselves for reappointment as

Statutory Auditors of the company. The company has received letter from B S R & Co., to the effect that that their appointment, if made, would be within the prescribed limits under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for appointment within the meaning of Section 226 of the said Act. The matter is placed for consideration of members in AGM.

The notes on Financial statements referred to in the Auditor's Report are self explanatory and do not call for any further comments.

Cost Auditors

The most of the manufactured products of the company has come under the purview of Cost Audit w.e.f 1.04.2012. M/s Mani & Co, Cost Accountants have been appointed as Cost Auditor of the Company for 2013-14.

9. DIRECTORS

Mr. Somen Bal resigned from the board of the company on 28 March 2013. The board members expressed their gratitude for contribution made by Mr. Bal during his long association with the company.

Mr. Radharaman Bhattacharya, Director retiring by rotation and being eligible, offer himself for reappointment at the ensuing Annual General meeting.

Dr. Rathindra Nath Mitra, Director retiring by rotation and being eligible, offer himself for reappointment at the ensuing Annual General meeting.

The board inducted Mr. Prabir Chatterjee as Additional Director on the board of the company to hold office upto next AGM.

10. PREFERENTIAL ISSUE

During the year under review the company allotted 5,000,000 equity shares to promoter group companies. Out of the proceeds of the Issue of Rs 42 crores, Rs 20 crores were utilized towards capital expenditure and balance 22 crores were utilized towards working capital requirement of the company. Above utilization was in terms of the resolution passed in EGM towards preferential issue.

11. PERSONNEL

The Directors would like to place on record their appreciation of the dedication and hard work put in by employees at all levels.

Particulars of employees as required to be furnished pursuant to Section 217(2A) of the Companies Act, 1956, read with rules thereunder, forms part of this Report. However, as per the provision of Section 219(1) (b) (iv) of the Companies Act, 1956, the reports and accounts are being sent to all the shareholders of the Company excluding the statement of particular of employees. Any shareholder interested in obtaining a copy may write to the Company Secretary of the Company.

12. ESPS

The Company implemented the Employees Stock Purchase Scheme 2008 in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock The applicable disclosures as stipulated under the SEBI Guidelines as at 31 March 2013 (cumulative position) are given below:

- a) Total no of equity shares issued to employees in ESPS: 1,655,349
- b) Exercise price Rs 10/- per share to employees belonging to workers category and for rest of employees Rs.15/- per share, plus applicable taxes, as per law.
- c) Employee wise details of shares allotted under ESPS to:
 - i) Key Management person:

1. Mr. A.K.Nag	50,000
2. Mr. A.S.Negi	25,000
3. Mr. Ashok Hazra	6,250
4. Mr. Arup Das	12,500
5. Mr. B.M.Shetye	25,000
6. Mr. Dipak Mitra	50,000
7. Mr. Diptanil Saha	12,500
8. Mr. Gautam Dasgupta	50,000
9. Mr. G Ray Chowdhury	17,500
10. Mr. Jayanta Chanda	15,000

- | | |
|-----------------------------------|--------|
| 11. Mr. K.R.K. Prasad | 12,500 |
| 12. Mr. Prabir Chatterjee | 25,000 |
| 13. Mr. Rajshankar Ray | 15,000 |
| 14. Mr Ranjan Mohan Mathur | 7,000 |
| 15. Mr Susanta Das | 12,500 |
| 16. Mr Sukhdev Nag | 20,000 |
| 17. Mr Soumitra Goswami | 10,000 |
| 18. Mr T.R.Ramesh | 12,500 |
| 19. Mr Uma Shankar Ghosh Dastidar | 20,000 |
- ii) Any other employee who is issued shares in any one year amounting to 5 % or more shares during the year - Out of total 61,900 equity shares allotted during 2011-12 to 28 employees of the company, only 3 employees were allotted shares above 5%.
- iii) Identified employees, who were issued shares during any one year, equal to or exceeding 1% of the issued capital of the company at the time of issuance- Nil
- d) Diluted Earning Per share (EPS) pursuant to issuance of shares under ESPS Rs 7.95
- e) Consideration received against the issuance of shares Rs 244 lacs plus applicable taxes.

13. ENVIRONMENT, CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the relevant data are given in the Annexure to this Report.

14. ACKNOWLEDGMENTS

Your Directors would like to place on record their sincere appreciation to the employees, Customers, Shareholders, banks and also Central & State Government Offices and all others for their co-operation and support.

On behalf of the Board

Bikram Nag

*Joint Executive Chairman
& Managing Director*

Dr. R. N. Mitra

Director

Place : Kolkata
Dated : 29 May 2013

ANNEXURE TO DIRECTORS REPORT OF IFB INDUSTRIES LTD.

INFORMATION AS PER SECTION 217(1)(E) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

A CONSERVATION OF ENERGY

The Company's operations involve low energy consumption. However, the Company took adequate measures to optimise use of energy through improved operational methods.

Energy consumption at all points is monitored and statistical analysis is done for improvement. Power Audit was done by Schneider and recommendations have been implemented.

Energy consumption in areas like the paint shop has already been reduced with usage of LPG. Areas like AC usage in office areas have also been addressed.

Usage of movement sensitive lights for automatic cut-off in the absence of people.

B TECHNOLOGY ABSORPTION

The Company is a leader in its respective product category and this has become possible due to absorption of technology in the quickest possible time and for in house Research & Development. Further, development activities were carried out to make the products more suitable for Indian conditions, e.g. quality of water, fluctuating power supply and environmental pollution.

The Company's R&D activity focuses mainly on application of new materials, new process, latest electronic system and metal processing technology. The units could also indigenise critical electronic components, e.g. speed control unit, switches, thermostats, magnetic valves, etc. in shortest possible time. The Company is now actively involved in upgrading computer design software, wash lab equipment, development of new models, etc.

The company is working with International design partners and suppliers who have experience in working on future trends with related appliances, players.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the Company earned foreign exchange equivalent to Rs.231 Lacs. Details of Foreign exchange outgo on account of imports, expenditure on travelling, know-how, royalties etc and export earnings are shown in note no. 35 under the heading 'Other information' forming part of the Balance Sheet and Statement of Profit and Loss Account.

REPORT ON CORPORATE GOVERNANCE. **(Pursuant to Clause 49 of the Listing Agreement)**

Company's Philosophy on Corporate Governance.

The Company is committed to good Corporate Governance. The Company fully realizes the rights of its shareholders to information on the performance of the Company and considers itself a trustee of its shareholders. The Company is of the view that Good Corporate Governance is an optimum mix of regulatory compliances as well as voluntary disclosures and practices.

The Company is focused on attaining the highest levels of transparency, fairness, accountability and integrity in its dealings with all the constituents of its business i.e. the stakeholders. Towards this end, substantial disclosures on the Board of Directors and its Committees, financial and stock performance has been made in this Annual Report.

Board of Directors

At present the Board comprises eight directors – out of which five are Independent directors and three executive Directors. Composition of the Board and the category of the Directors as well as details of their directorships in other companies/committees are given below:

Director	Category	Number of other Directorships of Public Ltd Companies	Membership of Board Committees of other companies
Mr. Bijon Nag	Executive Chairman	1	-
Mr. Bikram Nag	Jt. Executive Chairman & MD	3	-
Dr. Rathindra Nath Mitra	Independent Director	-	-
Mr. R. Muralidhar	Independent Director	-	-
Dr. Tridibesh Mukherjee	Independent Director	6	3
Mr. Radharaman Bhattacharya	Independent Director	-	-
Mr. Somen Bal (resigned on 28 March 2013)	Non-Executive Director	1	-
Mr. Sudip Banerjee (joined on 4 April 2012)	Independent Director	-	-
Mr. Prabir Chatterjee (joined on 1 April 2013)	Executive Director	1	-

Attendance of Directors at Board Meetings and Annual General Meeting:

The Board of Directors met five times during the last financial year, on the following dates:

30.4.2012, 30.5.2012, 26.7.2012, 30.10.2012, 30.01.2013

The attendance at the Board Meetings and Annual General Meeting during the year were as follows:

Name of Directors	Attendance	
	Board Meeting	Annual General Meeting
Mr. Bijon Nag	3	Present
Mr. SomenBal	5	Present
Dr. Rathindra Nath Mitra	4	Absent
Mr. Radharaman Bhattacharya	5	Present
Mr. R. Muralidhar	5	Absent
Mr. Bikram Nag	4	Absent
Dr. Tridibesh Mukherjee	5	Absent
Mr. Sudip Banerjee	5	Present

Board Agenda

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions.

Remuneration of Directors

Remuneration committee consists of two Independent Directors. Dr. Rathindra Nath Mitra, Mr Somen Bal and Mr. Radharaman Bhattacharya were the members of the committee. One meeting was held during 2012-2013.

Remuneration to non-executive Directors

Non-executive Directors are paid sitting fees of Rs 20,000/- for every meeting of Board and Rs 5000/- for every Audit Committee & Remuneration Committee meeting and Rs 1,000/- for other board committee meetings. However no sitting fee is paid to the members of committee of directors for attending share transfer / investors grievance committee

Remuneration of Executive Chairman & Joint Executive Chairman & MD

The remuneration of the Executive Chairman/ Joint Executive Chairman & MD is reviewed and recommended by the remuneration committee to the Board and approved by shareholders in General meeting. The Company does not have any Stock purchase plan for its Directors.

Details of remuneration paid to Directors for the year ended 31 March 2013 are as follows: (Rs.)

Director	Sitting Fees*	Salary & perquisites	Commission	Total
Mr. Bijon Nag		2,066,895		2,066,895
Mr. SomenBal	126,000	-	-	126,000
Dr. Rathindra Nath Mitra	101,000	-	-	101,000
Mr. Radharaman Bhattacharya	126,000	-	-	126,000
Mr. R. Muralidhar	100,000	-	-	100,000
Mr. Bikram Nag	-	-	-	-
Mr. Tridibesh Mukherjee	100,000	-	-	100,000
Mr. Sudip Banerjee	100,000	-	-	100,000

*Includes fees for Committee Meetings.

Mr. Somen Bal, non-executive director is holding 2030 nos equity shares of the Company. No other non-executive Director is holding any share of the Company.

Audit Committee

The Audit Committee comprises three directors, out of which two are independent at present. The Terms of Reference of this Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956. The Audit Committee is responsible for reviewing with the management the financial statements and adequacy of internal audit function and to discuss significant internal audit findings. The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

During the year four meetings were held on the following dates:

28.05.2012, 26.07.2012, 29.10.2012, 29.01.2013

The constitution of the Committee and the attendance of each member of the Committee is given below:

Name	Designation	Category	Profession	Committee Meetings attended
Dr. Rathindra Nath Mitra	Chairman	Independent Director	Professional	3
Mr. Somen Bal (resigned w.e.f. 28 March 2013)	Member	Non-executive Director	Professional	4
Mr. Radharaman Bhattacharya	Member	Independent Director	Professional	4
Mr. Prabir Chatterjee (appointed w.e.f. 1 April 2013)	Member	Executive Director	Professional	NA

Shareholders / Investors Grievance Committee

The Share Transfer and Investors Grievance Committee has been authorised to approve transfer of shares, etc. In order to expedite the process, the Board of Directors has also delegated the authority to approve the share transfers to the Company Secretary of the Company.

During the year sixteen meetings of the Committee were held on the following dates:

16.4.2012, 30.4.2012, 15.5.2012, 31.5.2012, 15.6.2012, 4.7.2012, 14.8.2012, 17.9.2012, 10.10.2012, 17.10.2012, 20.11.2012, 31.12.2012, 21.1.2013, 7.2.2013, 4.3.2013, 25.3.2013

The members of the Committee at present are as follows:

Name	Designation	Category
Mr. Somen Bal (Resigned w.e.f 28 March 2013)	Member	Non-Executive Director
Dr. Rathindra Nath Mitra	Member	Independent Director
Mr Prabir Chatterjee (Appointed w.e.f. 1 April 2013)	Member	Executive Director

Share Transfers

- ♦ All Shares have been transferred and returned within the prescribed time limit, provided the documents were complete.
- ♦ Total number of shares transferred during the year 2012-2013 was 6302 shares.

Investor Relations

The Company's Registrars and Share Transfer Agent CB Management Services Pvt. Ltd. are fully equipped to carry out the transfer of shares and redress investors' complaints. All complaints received from Shareholders have been cleared within the financial year. There is no complaint which has remained un-addressed.

General Body Meetings:

The location and time of the Annual General Meeting held during the last 3 years are as follows:

Annual General Meeting	Date	Time	Venue	No. of Special Resolutions passed
34th Annual General Meeting	30.07.2010	10.00 a.m.	Eastern Zonal Cultural Centre IA Sector III, Bidhannagar, Kolkata 700091	1
35th Annual General Meeting	29.07.2011	10.00 a.m.	Eastern Zonal Cultural Centre IA Sector III, Bidhannagar, Kolkata 700091	1
36th Annual General Meeting	27.07.2012	11.00 a.m.	Rabindra Okakura Bhawan Block DD- 27A/1, Sector-I, Salt Lake, Kolkata- 700 064	2

The special resolutions were usually passed on show of hands and mostly unanimously. There was no resolution passed by postal ballot last year. Presently the Company does not have any proposal for postal ballot.

Notes on Directors appointment / re-appointment :

Mr. Prabir Chatterjee (58) was appointed on 1st April 2013 as Additional Director u/s 260 of the Companies Act and shall continue upto ensuing AGM. A notice u/s 257 of the companies act has been received from one of the member's alongwith requisite fees recommending his appointment as Director of the company.

Mr. Prabir Chatterjee a bachelor of science from Ramakrishna Mission, Calcutta University and a Cost Accountant from ICWAI. He started his career in Dunlop India Limited as Cost Accountant and worked in difference capacities and got

elevated to the position of DGM Finance. He joined IFB Industries Limited on 17th August 2000 as GM-Finance and worked in different capacities and was elevated to the post of CFO in the year 2011. Mr. Chatterjee is holding 25,000 equity shares of IFB Industries Ltd.

Mr. Radharaman Bhattacharya (80) an Indian National has been a non-executive Independent Director since June, 2003. Mr. Bhattacharya is a senior Chartered Accountant and is having more than 48 years of rich professional experience.

Dr. Rathindra Nath Mitra (66) an Indian national has been a non-executive Director since June 2003. Dr. Mitra is a technocrat having post graduate degree from IIT Kharagpur. He is having more than 39 years of rich professional experience. Earlier he worked with Hindustan Copper Ltd.

Mr. Bikram Nag is (39) years of age. He is a BBA from Richmond College, U.K. He has more than 15 years' experience in the field of business management. Mr Nag is also Joint Executive Chairman of IFB Agro Industries Ltd and also holds Directorship of IFB Automotive Private Ltd, Travel Systems Ltd and Thai Automotive & Appliances Ltd.

Mr. Nag holds 3000 equity shares in the company.

CEO/CFO Certification :

Joint Executive Chairman & Managing Director and the Additional Director and Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of clause 49 of the Listing Agreement.

Code of Conduct :

The Board of IFB has laid down a code of conduct for all Board members and Senior Management of the Company. The Code of Conduct is available on the website of the Company. All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct.

Disclosures :

Related Party Transactions:

During the year under review, besides the transactions reported elsewhere in the Annual Report, the Company has not entered into any transaction of material nature, with its promoters, the Directors or the Management or relatives etc. that may have potential conflict with the interests of the Company at large.

During the last three years there were no penalties or strictures imposed on the Company by stock Exchanges or SEBI or any statutory authority for non-compliance of any matter related to capital market

Non mandatory requirement:

The Company does not have whistle blower policy. The Company has not complied with non-mandatory requirements regarding sending half yearly financial performance to each household of shareholders, training of Board members, mechanism for evaluating non-executive board members.

The Company has had no occasion so far to use the postal ballot.

Means of communication:

The quarterly and half yearly results of the Company are forthwith communicated to the stock exchanges with whom the Company has listing agreements as soon as the results are approved and taken on record by the board of directors of the Company. Further the results are generally published in Business Standard (English) and Sambadpratidin (Bengali). A presentation on quarterly performance is being shared with the stock exchanges and also displayed on the Company Website. The quarterly and half yearly results are also displayed in Company website.

General Shareholder Information.

a) Annual General Meeting

- | | |
|---------|--|
| - Date | : 26 July 2013 |
| - Time | : 10 A.M. |
| - Venue | : Ecohub Conclave Club Ecospace
(IT Park), Plot No. 2F/11, New Town, Rajarhat
North 24 Parganas, Kolkata- 700 156. |

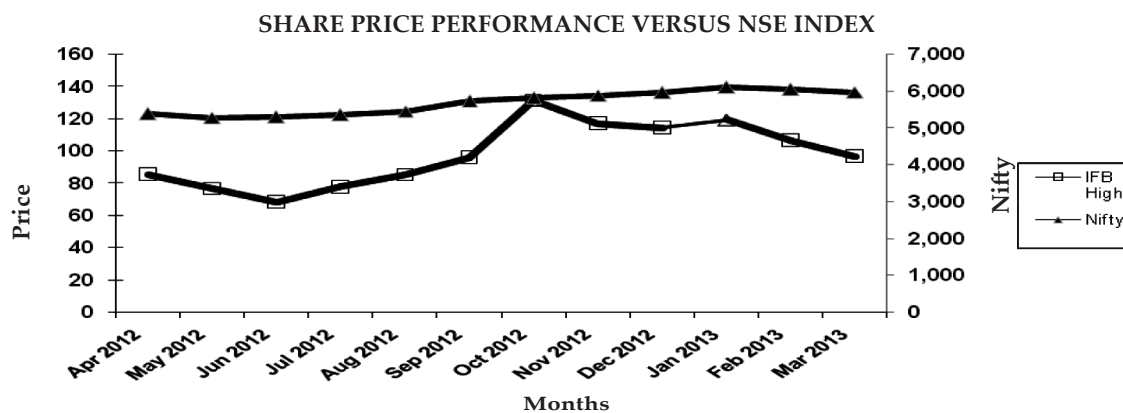
- b) **Financial Calendar** : April to March
Financial Reporting for –
- First quarter result : within 15th day of August
- Second quarter / half yearly result : within 15th day of November
- Third quarter result : within 15th day of February
c) **Date of Book Closure** : 24th July 2013 to 26th July 2013 (both days inclusive)
d) **Dividend payment date** : Dividend is not recommended
e) **Listing of Equity Shares on Stock Exchanges** :
 - National Stock Exchange of India Ltd., Mumbai
 - BSE Ltd.
 - The Calcutta Stock Exchange Ltd., Kolkata (Applied for Delisting).
 - Delhi Stock Exchange Ltd. (Applied for Delisting).

Stock Code : :National Stock Exchange of India Ltd., Mumbai - IFBIND
The Bombay Stock Exchange Ltd. – 505726
The Calcutta Stock Exchange Association Ltd., Kolkata - 10019067
ISIN No. : INE559A01017

f) **Stock Market Data :**

Stock Market Data:

NATIONAL STOCK EXCHANGE OF INDIA LIMITED			
Period	High (Rs.)	Low (Rs.)	Monthly Volume
April 2012	85.45	73.55	372,801
May 2012	76.50	60.75	162,901
June 2012	68.00	60.00	120,536
July 2012	77.60	55.20	472,384
August 2012	85.00	67.65	487,665
September 2012	96.00	77.00	1,732,187
October 2012	131.30	88.50	5,407,126
November 2012	116.85	97.50	2,184,693
December 2012	114.50	102.20	716,043
January 2013	119.35	93.00	2,071,107
February 2013	106.50	88.90	312,602
March 2013	96.50	75.10	244,315



g) Registrars and Share Transfer Agents:

CB Management Services (P) Ltd.

P 22 Bondel Road, Kolkata 700 019, Tel : (033) 4011 6700/2280

6692/ 22823643 Fax : (033) 40116739

E-mail : rta@cbmsl.com

h) Distribution of shareholding as on 31 March 2013

Slab of shareholdings in nominal value	Shareholders	Percentage	No. of Shares	Percentage
1-500	16,376	90.83	1,827,525	4.51
501-1000	737	4.09	603,269	1.49
1001-2000	391	2.17	607,589	1.50
2001-3000	169	0.94	438,840	1.08
3001-4000	75	0.42	267,883	0.66
4001-5000	67	0.37	321,813	0.79
5001-10000	105	0.58	776,985	1.92
10001 and above	109	0.60	35,674,892	88.05
Total	18,029	100.00	40,518,796	100.00

i) Shareholding Pattern as on 31 March 2013

Shareholder Category	Number of shares held	% of shareholding
1. Promoters Group	30,373,199	74.96
2. Mutual Funds and Unit Trust of India	412,787	1.02
3. Banks, Financial Institutions & Insurance Companies	21,335	0.05
4. Foreign Institutional Investors	17,812	0.04
5. Private Bodies Corporate	2,797,975	6.90
6. Indian Public	6,038,446	14.91
7. Non-Resident Indians/ OCBs	794,968	1.97
8. Clearing Members	62,274	0.15
Total:	40,518,796	100.00

j) Dematerialisation of Shares

As on 31 March 2013, 38,458,348 shares (94.91 % of the Company's total number of shares) are in the dematerialised form. At present the Company's shares are compulsorily traded in dematerialized form, as per notification issued by the Securities and Exchange Board of India (SEBI). The ISIN allotted for the Equity Shares of Company is INE559A01017.

k) Secretarial audit for reconciliation of capital

The Securities and Exchange Board of India has directed vide Circular No. D&CC/ FITTC /CIR-16/2002 dated December 31, 2002 that all issuer companies shall submit a capital integrity, reconciling the total shares held both in both the depositories, viz, NSDL and CDSL and in physical form with total issued and paid-up capital.

The said certificate, duly certified by the practicing Company Secretaries is submitted to the Stock Exchanges within 30 days of the end of each quarter.

- l) Outstanding GDRs / ADRs or any convertible instruments : There are no outstanding GDRs / ADRs or any other convertible instruments.
- m) Plant Location.
- 14 Taratolla Road, Kolkata - 700088.
 - JL-71, P.O. Bishnupur, Gangarampur, West Bengal.
 - L-1, Verna Electronic City, Verna, Selcete, Goa - 403722.
 - 62,64 & 66 CorlimIndl. Estate, Corlim, Ilhas, Goa - 403110.
 - E-3, New Indl. Area II, Mandideep, Bhopal, Dist. Raisen, M.P. - 462046.
 - 16/17, VisveswariahIndl. Estate, Whitefield Road, Bangalore - 560048.
- n) Investor Correspondence : **Corporate Office**
Plot No. IND 5, Sector I, East Calcutta, Township, Kolkata 700 107.
Tel.(033) 39849475 / Fax (033) 39849676
E-mail: g_raychowdhury@ifbglobal.com
- Registrar and Share Transfer Agent :**
CB Management Services (P) Ltd.
P 22 Bondel Road, Kolkata 700 019.
Tel : (033) 4011 6700/2280 6692/ 22823643
Fax : (033) 40116739 / E-mail : rta@cbmsl.com

On behalf of the Board

Place : Kolkata
Dated : 29 May 2013

Bikram Nag
*Joint Executive Chairman
& Managing Director*

Dr. R. N. Mitra
Director

AUDITORS' CERTIFICATE on Corporate Governance

To the Members of **IFB Industries Limited**

We have examined the compliance of conditions of corporate governance by IFB Industries Limited ('the Company'), for the year ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination 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 agreement.

We further 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.

for B S R & Co.
Chartered Accountants
Firm registration number: 101248W
Zubin Shekary
Partner
Membership No.: 048814
Kolkata
29 May 2013

10 Years' Highlights

	(Rs. million)									
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
SALES AND EARNINGS										
Sales & other income	1,890	2,139	2,306	2,947	3,901	4,568	5,568	6,975	8,144	9,276
Profit / loss (-) before tax	(856)	(344)	(131)	363	385	3,163	575	688	359	434
Profit / loss (-) after tax	(856)	(344)	(138)	353	373	3,151	538	503	305	315
Depreciation / amortisation	218	208	183	128	84	76	87	104	149	183
Dividends	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-
ASSETS & LIABILITIES										
Fixed assets (Gross)	3,595	3,630	3,674	3,744	3,799	3,884	4,029	4,469	4,162	3,878
Fixed assets (Net)	1,695	1,390	1,095	865	710	721	824	1,388	1,606	1,950
Total assets (Net)	1,972	1,618	1,240	904	818	1,122	1,575	2,212	2,576	3,451
Represented by										
Net worth	(3,654)	(3,984)	(3,939)	(3,552)	(3,132)	204	459	1,034	1,344	2,078
Total borrowings	5,548	5,171	4,731	3,983	3,445	-	-	-	-	99
RATIOS										
Earnings per share (Rs.) (after extraordinary)	(64.18)	(25.76)	(9.32)	20.20	21.08	165.94	16.87	14.24	8.61	7.95
Earnings per share (Rs.) (before extraordinary)	(63.96)	(61.76)	(16.43)	(6.79)	7.55	19.05	16.87	14.24	8.61	7.95
Net worth per equity share (Rs.)	(273.84)	(275.25)	(259.04)	(214.89)	(190.57)	1.51	13.22	29.15	37.83	51.28
OTHERS										
Number of employees	635	657	686	705	877	988	986	1,173	1,286	1,390
Rate of dividend (%)	-	-	-	-	-	-	-	-	-	-

INDEPENDENT AUDITORS' REPORT to the Members of **IFB Industries Limited**

Report on the financial statements

We have audited the accompanying financial statements of IFB Industries Limited ('the Company'), which comprise the balance sheet as at 31 March 2013, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial Statements give the information required by the Act in the manner so required and give a true and fair view

in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
- (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Other matters

The financial statements of the Company for the year ended 31 March 2012, were audited by the erstwhile statutory auditor Deloitte Haskins & Sells, Chartered Accountant, who expressed an unmodified opinion on those statements on 30 May 2012.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) 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;
 - (iii) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the balance sheet, the statement of profit and loss and cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act; and
 - (v) on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

for B S R & Co.
Chartered Accountants
Firm registration number: 101248W

Zubin Shekary
Partner

Kolkata, 29 May 2013

Membership No.: 048814

ANNEXURE to the Auditors' Report

The Annexure referred to in our Report to the members of IFB Industries Limited ('the Company') for the year ended 31 March 2013.

We report as follows:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were observed on such verification.
(c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- ii. (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year-end, written confirmations have been obtained.
(b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchase of certain items of inventories are for the Company's specialized requirement and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and with regard to the sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
- v. (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 Companies Act, 1956 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 contracts and arrangements referred to in (a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except for purchases of certain items of inventories which are for the Company's specialised requirements for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanations provided, the same appear reasonable.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of manufacture of white goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

- ix. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Sales-tax, Service tax, Customs duty, Excise duty and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Wealth tax and Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income tax, Sales tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.

According to the information and explanations given to us, the following Income tax, Service tax, Sales tax, Excise duty and Entry tax have not been deposited by the Company on account of dispute:

Name of the Statute	Nature of the Dues	Disputed Amount (Rs in lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax	104	2006-07 to 2009-10	CIT (Appeals)
Central Excise Act, 1944	Duty	22	2004-2005 to 2007-08 Jan 2006 to Jan 2010 Jul 2008 to Dec 2008	CESTAT
Central Excise Act, 1944	Duty and Penalty	10	2004-05 & 2005-06	CESTAT
Central Excise Act, 1944	Duty	6	July 2011 to Oct 2011 Nov 10 to March 11	Additional Commissioner
The Delhi Sales Tax Act, 1975	Tax	176	1991-95	VAT Officer
The Kerala General Sales Tax Act, 1963	Tax	62	2001-03	Assisstant Commissioner
The Orissa Sales Tax Act, 1947	Entry tax	2	2003-05	Sales Tax Tribunal
The Tamil Nadu General Sales Tax Act, 1959	Tax and penalty	198	1992-1994	DC (Appeals)
Central Sales Tax Act, 1956	Tax and interest	10	1996-97	Appellate & Review Board
The Delhi Sales Tax Act, 1975	Tax	1	2002-03	Assisstant Commissioner
The Kerala General Sales Tax Act, 1963	Tax and interest	8	2005-06	Kerala Sales Tax Appellate Tribunal Ernakulam
The Madhya Pradesh Vat Act, 2002	Tax	2	2010-11	Additional Commissioner

Name of the Statute	Nature of the Dues	Disputed Amount (Rs in lacs)	Period to which the amount relates	Forum where dispute is pending
The Madhya Pradesh Vat Act, 2002	Tax and interest	42	2009-10	Appellate Dy Commissioner, Bhopal
The West Bengal Value Added Tax Act, 2003	Tax	6	2008-09	Commissioner Appeal
Bombay Municipal Corporation Provisional Act - Cess on Entry of Goods in Navi Mumbai	Cess	98	2004-05/ 05-06/ 06-07/ 07-08 (upto Sep'07)	District Municipal Court
The Finance Act 1994	Tax	2	Sept 2004 to July 2005	CESTAT
The Finance Act 1994	Tax and penalty	319	Dec 2003 to Mar 2006 Jan 2009 to Sept 2009	CESTAT
The Finance Act 1994	Tax and penalty	218	Oct 2010 to March 2011 April 2011 to March 2012	Assisstant Commissioner
The Finance Act 1994	Tax	55	2005-06 to 2009-10 2011-2012	The Additional Commissioner of Service Tax
The Finance Act 1994	Tax and penalty	41	Apr 2006 to Mar 2008	Commissioner (Appeals) of Customs & Excise
The Finance Act 1994	Tax	0.2	April 2011 to March 2012	Superintendent Central Excise & Service Tax Karnal

- x. The accumulated losses at the end of the financial year are less than fifty percent of its net worth and the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institution or debenture holders during the year.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

- xvi. The Company did not have any term loans outstanding during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- xviii. According to the information and explanations given to us, the Company has made preferential allotment of shares to companies/firms/parties covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised any money by public issues during the year.
- xxi. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

for B S R & Co.
Chartered Accountants
Firm registration No: 101248W
Zubin Shekary
Partner
Membership No: 048814

Kolkata, 29 May 2013

Balance Sheet

	Notes	As at 31 March 2013 Rs. Lacs	As at 31 March 2012 Rs. Lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	4,128	3,628
Reserves and surplus	3	27,436	20,591
		<u>31,564</u>	<u>24,219</u>
Non-current liabilities			
Deferred tax liabilities (net)	4	1,960	1,542
Other long-term liabilities	5	635	656
Long-term provisions	6	2,729	2,823
		<u>5,324</u>	<u>5,021</u>
Current liabilities			
Short-term borrowings	7	985	-
Trade payables	8	11,986	10,905
Other current liabilities	9	3,611	3,688
Short-term provisions	6	364	279
		<u>16,946</u>	<u>14,872</u>
		<u>53,834</u>	<u>44,112</u>
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	10	17,795	14,777
- Intangible assets	11	881	833
- Capital work-in-progress		827	451
Non-current investments	12	-	-
Long-term loans and advances	13	4,522	4,125
Other non-current assets	14	4	4
		<u>24,029</u>	<u>20,190</u>
Current assets			
Current investments	15	5,677	997
Inventories	16	13,195	10,925
Trade receivables	17	4,790	4,663
Cash and bank balances	18	4,462	5,380
Short-term loans and advances	13	1,610	1,928
Other current assets	14	71	29
		<u>29,805</u>	<u>23,922</u>
		<u>53,834</u>	<u>44,112</u>
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **B S R & Co.**
Chartered Accountants
Firm registration number: 101248W
Zubin Shekary
Partner
Membership No.: 048814
Place : Kolkata
Date : 29 May 2013

For and on behalf of the Board of Directors of **IFB Industries Limited**
Joint Executive Chairman & Managing Director **Bikram Nag**
Director **Dr. R. N. Mitra**
Additional Director and Chief Financial Officer **Prabir Chatterjee**
Company Secretary **G. Ray Chowdhury**
Place : Kolkata
Date : 29 May 2013

Statement of Profit and Loss for the year ended

	Notes	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
INCOME			
Sale of manufactured products (gross)	19	71,226	60,002
Sale of traded products (gross)	19	38,561	33,990
Sale of products (gross)		109,787	93,992
Less: Trade scheme and discounts		16,583	13,915
Sale of products (net of trade scheme and discounts)		93,204	80,077
Sale of services	20	3,394	3,332
Other operating revenues:			
Scrap sales		1,999	1,867
Others		71	111
Revenue from operations (gross)		98,668	85,387
Less: Excise duty on sale of manufactured products		6,865	4,921
Less: Excise duty on scrap sales		212	171
Revenue from operations (net)		91,591	80,295
Other income	21	1,169	1,145
Total Revenue		<u>92,760</u>	<u>81,440</u>
EXPENSES			
Cost of raw materials consumed	22	34,469	30,359
Purchase of stock-in-trade	19	21,042	18,025
Increase in finished goods, work-in-progress and stock-in-trade	23	(1,796)	(1,318)
Cost of spares sold		1,179	471
Employee benefits expense	24	8,494	6,987
Finance costs	25	20	32
Depreciation/ amortisation	10 & 11	1,832	1,488
Other expenses	26	23,179	21,652
Total expenses		<u>88,419</u>	<u>77,696</u>
Profit before exceptional items and tax		4,341	3,744
Exceptional expense	27	-	150
Profit before tax		4,341	3,594
Tax expense:			
- Current tax		804	684
- Minimum alternate tax credit		(26)	(684)
- Deferred tax		418	540
Profit after tax		<u>3,145</u>	<u>3,054</u>
Earnings per equity share (face value of Rs. 10 each) (In Rs.)	28		
- Basic		7.95	8.61
- Diluted		7.95	8.61

Significant accounting policies

1

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **B S R & Co.**

Chartered Accountants

Firm registration number: 101248W

Zubin Shekary

Partner

Membership No.: 048814

Place : Kolkata

Date : 29 May 2013

For and on behalf of the Board of Directors of **IFB Industries Limited**

Joint Executive Chairman & Managing Director

Director

Additional Director and Chief Financial Officer

Company Secretary

Place : Kolkata

Date : 29 May 2013

Bikram Nag

Dr. R. N. Mitra

Prabir Chatterjee

G. Ray Chowdhury

Cash Flow Statement for the year ended

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,341	3,594
Adjustments for:		
Depreciation/ amortisation	1,832	1,488
(Gain)/ loss on disposal of fixed assets	(60)	24
Write off of fixed assets	110	127
Write off of debts/ advances	120	94
Provision for doubtful debts and advances	23	17
Expenses on Employee Stock Purchase Scheme	-	36
Dividend from mutual funds	(260)	(201)
Net gain on sale of mutual funds	(127)	(99)
Provision for diminution in value of mutual funds	35	-
Write back of liabilities no longer required	(344)	(129)
Write back of provisions no longer required	(29)	(75)
Recovery of advance written off in earlier years	-	(174)
Unrealised exchange loss / (gain)	(47)	11
Interest income on bank deposits and others	(110)	(157)
Finance costs	20	32
Operating cash flow before working capital changes	5,504	4,588
Increase in trade payables	1,462	2,461
(Decrease)/ increase in provisions	(9)	695
(Decrease)/ Increase in other liabilities	(73)	138
Increase in trade receivables	(141)	(750)
Decrease in other assets	1	117
Increase in loans and advances	(326)	86
Decrease/ (increase) in other bank balances	42	(184)
Increase in inventories	(2,270)	(2,040)
Cash generated from operations	4,190	5,111
Income taxes paid	(931)	(759)
Net cash generated from operating activities	3,259	4,352
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(5,178)	(5,881)
Proceeds from disposal of fixed assets	127	4
Purchase of mutual funds	(14,793)	(5,300)
Proceeds from sale/maturity of mutual funds	10,422	9,177
Interest received	110	129
Dividends received	-	47
Net cash used in investing activities	(9,312)	(1,824)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital	4,200	9
Proceeds from borrowings	997	-
Finance costs	(20)	(32)
Net cash generated from/(used in) financing activities	5,177	(23)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	(876)	2,505
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,126	2,621
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR [Refer Note 18]	4,250	5,126

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **B S R & Co.**
Chartered Accountants
Firm registration number: 101248W
Zubin Shekary
Partner
Membership No.: 048814
Place : Kolkata
Date : 29 May 2013

For and on behalf of the Board of Directors of **IFB Industries Limited**
Joint Executive Chairman & Managing Director **Bikram Nag**
Director **Dr. R. N. Mitra**
Additional Director and Chief Financial Officer **Prabir Chatterjee**
Company Secretary **G. Ray Chowdhury**
Place : Kolkata
Date : 29 May 2013

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

1. SIGNIFICANT ACCOUNTING POLICIES:

a. Background

IFB Industries Limited ("Company") is a Listed Public Limited and is incorporated under The Companies Act, 1956. The Company is primarily engaged in the business of manufacturing and trading of home appliances. Further, the Company is also engaged in manufacturing of fine blanking components. The Company has its registered office in Kolkata.

b. Basis of accounting and preparation of financial statements

The financial statements have been prepared to comply in all material respects with the applicable accounting principles in India, mandatory accounting standards notified by the Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act 1956 and the guidelines issued by the Securities and Exchange Board of India (SEBI). The Company follows the accrual method of accounting under historical cost convention modified by revaluation of certain fixed assets as and when undertaken. The accounting policies have been consistently applied by the Company. The financial statement are presented in Indian rupees and rounded off to nearest lac.

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Management to make judgements, estimates and assumptions that affect the application policies and reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

c. Revenue recognition

Revenue from sales of products is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customers, which generally coincides with their delivery to customers. Revenue from Sale of products is stated net of Value Added Tax/ Sales Tax and returns.

Revenue from services is recognised on a prorated basis over the period or as per the terms of the contract.

Interest on deposits is recognised on a time proportion basis taking into account the underlying interest rate.

Dividend income is recognised when the unconditional right to receive the income is established.

d. Tangible fixed assets

Tangible fixed assets are stated at the cost of acquisition/ construction or at the revalued amount less depreciation and impairment losses. The cost of an asset comprises its purchase price and any other attributable cost incurred for bringing the asset to its working condition for its intended use. Where a tangible fixed asset has been revalued upwards, the revalued amount is credited to owner's interest under revaluation reserves.

Capital work-in-progress includes cost of assets not ready for their intended use, items under installation and items in transit. In case of own manufactured items like tools, jigs, proportionate burden of overhead as applicable is also treated as part of cost.

Expenditure incurred on replacement/ modification to fixed asset is capitalized only when such expenditure results in increase in the economic life of such asset.

e. Intangible assets

Intangible assets are recorded at the consideration paid for acquisition less amortization.

All upgradation/enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

f. Borrowing costs

Borrowing costs directly attributable to acquisition or construction of those fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalized. Other borrowing costs are accounted as an expense.

g. Depreciation / amortisation

Depreciation is provided at the rates specified in Schedule XIV to the Companies Act, 1956 using the straight line method on all assets except building where the written down value method is followed.

The cost of leasehold land is amortised over the period of lease.

Assets whose actual cost does not exceed five thousand rupees are fully depreciated in the year of acquisition.

Intangible assets are amortised over the best estimate of its useful lives on a straight line basis. The estimated useful life currently ranges from of 3 to 5 years.

h. Impairment of fixed assets

The Company periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined.

i. Foreign currency transactions

Foreign exchange transactions are recorded at the rates of exchange prevailing on the date of the respective transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss account.

Monetary assets and liabilities denominated in foreign currency as at the balance sheet date are translated at the closing exchange rate on that date and the resultant exchange differences are recognized in the Statement of Profit and Loss account. Non-monetary items denominated in foreign currency are carried at cost.

j. Investments

Non-current investments are stated at cost less diminution in value, if any other than temporary, determined on specific identification basis.

Current investments are stated at lower of cost and fair value. The comparison of cost and fair value is carried out separately for each investment.

Profit or loss on sale of investment is determined as the difference between the sale price and carrying value of investment, determined individually for each investment.

k. Inventories

Inventory is valued at the lower of cost and net realizable value. Cost of inventories includes, cost of purchase, cost of conversion and all other expenses incurred in bringing the goods to their present location and condition. Cost is ascertained using the weighted average method.

Fixed production overheads are allocated on the basis of normal capacity of production facilities.

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

l. Employee benefits

Contribution payable for provident fund and superannuation fund, which are defined contribution schemes are recognized as employee benefit expense in the statement of profit and loss.

Post-employment benefits (Gratuity), which is a defined benefit scheme, and other long term employee benefits (leave encashment and accumulated sick leave) are recognized as an expense in the statement of profit and loss in the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using the projected unit credit method carried out by an independent actuary. Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the statement of profit and loss.

m. Taxes on income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Minimum Alternate Tax (MAT) credit entitlement is recognized only to the extent there is convincing evidence that the Company will pay normal tax during the period specified by the Income Tax Act, 1961. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India the said asset is created by way of credit to the statement of profit and loss. The company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period

The Company offsets the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

n. Provision and contingent liabilities

The Company recognizes a provision when there is a present obligation as a result of an obligating event that probably requires outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure of contingent liability is made.

o. Government grants

Grants received from the Government authorities with reference to investments under investment subsidy schemes and no repayment are ordinarily expected in respect thereof are treated as capital reserve.

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

p. Segment

The Company discloses Business segment as the Primary segment. Segments have been identified taking into account the nature of products, the different risks and returns, the organisation structure and internal reporting system. The Company's operation predominantly relates to manufacture of home appliances and fine blanking business. The Company primarily caters to the domestic market and export sales are not significant and accordingly there is no reportable secondary segment

q. Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

r. Warranty

Warranty costs are estimated by the Management on the basis of a technical evaluation and based on past experience. Provision is made for estimated liability in respect of warranty cost in the year of sale of goods. Provision for warranty is expected to be utilized over a period of one to five years.

s. Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash on hand, current account bank balances and bank deposit account balances (with maturity of three months or less as at the balance sheet date).

t. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and weighted average number of equity shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

u. Forward exchange contracts

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

2. Share capital

	31 March 2013	31 March 2012
	Rs. Lacs	Rs. Lacs
Authorised		
65,000,000 (31 March 2012: 65,000,000) equity shares of Rs.10 each	6,500	6,500
30,000,000 (31 March 2012: 30,000,000) cumulative redeemable preference shares of Rs.10 each	3,000	3,000
	9,500	9,500
Issued, subscribed and paid-up		
40,518,796 (31 March 2012: 35,518,796) equity shares of Rs.10 each, fully paid-up	4,052	3,552
Forfeited shares		
3,050,000 (31 March 2012: 3,050,000) equity shares of Rs 10 each, Rs. 2.50 paid-up	76	76
	4,128	3,628

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the year.

	31 March 2013	31 March 2012
	Nos	Nos
At the beginning of the year	35,518,796	35,456,896
Issued during the year - Employees Stock Purchase Scheme (ESPS)	-	61,900
Issued during the year - Preferential allotment	5,000,000	-
At the end of the year	40,518,796	35,518,796

b. Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company.

Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c. Details of shareholders holding more than 5% equity shares in the Company

	31 March 2013	31 March 2012
	%	%
1. IFB Automotive Private Limited	46.54%	41.55%
2. Nurpur Gases Private Limited	14.83%	16.92%
3. Asansol Bottling & Packaging Company Pvt. Ltd.	8.31%	6.94%

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

d. Shares issued under Employees Stock Purchase Scheme

During the year, the Company has issued Nil (31 March 2012: 61,900) fully paid equity shares of Rs. 10 each to its employees under IFB Industries Limited – Employees Stock Purchase Scheme 2008 at premium of Rs 5 per share.

e. Shares issued on Preferential Basis

During the year, the Company issued and allotted 4,100,000 (31 March 2012: Nil) equity shares of Rs. 10 each to IFB Automotive Private Limited and 900,000 (31 March 2012: Nil) equity shares of Rs. 10 each to Asansol Bottling & Packaging Company Private Limited, both promoter group companies on preferential basis at a premium of Rs. 74 per share after complying with the requirements of Companies Act, 1956 and Securities and Exchange Board of India (SEBI).

Out of the proceeds from preferential issue amounting to Rs. 4,200 Lacs, Rs. 2,000 Lacs have been utilized for capital expenditure and Rs. 2,200 Lacs has been utilised for working capital as per the objects stated in the resolution passed in the general meeting dated 30 April 2012.

f. The Company has not allotted any fully paid-up equity shares by way of bonus shares, or in pursuant to contract without payment being received in cash nor has bought back any class of equity shares during the period of five years immediately preceeding the balance sheet date.

3. Reserves and surplus

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Capital Reserve	25	25
Debt Restructuring Reserve	8,981	8,981
Capital Redemption Reserve	1,605	1,60
Share Premium Account		
At the beginning of the year	13,733	13,694
Add: Expenses on ESPS	-	36
Add: Premium on shares issued on ESPS	-	3
Add: Premium on preferential allotment	3,700	-
At the end of the year	17,433	13,733
Revaluation Reserve	173	173
Surplus/(deficit) in the statement of profit and loss		
At the beginning of the year	(3,926)	(6,980)
Profit for the year	3,145	3,054
At the end of the year	(781)	(3,926)
	27,436	20,591

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

4. Deferred tax liabilities (net)

		31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Deferred tax liabilities			
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged as per books		2,247	1,858
Total	(A)	<u>2,247</u>	<u>1,858</u>
Deferred tax assets			
Timing difference on account of			
Unabsorbed depreciation		-	94
Provision for doubtful debts and advances		24	25
Provision for employee benefits		183	132
Provision for sales tax and cess		68	65
Provision for diminution in value of mutual funds		12	-
Total	(B)	<u>287</u>	<u>316</u>
Deferred tax liabilities (net)	(A)-(B)	<u><u>1,960</u></u>	<u><u>1,542</u></u>

5. Other long-term liabilities

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Unearned revenue on annual maintenance contracts and extended warranty services	494	531
Security deposits	141	125
	<u><u>635</u></u>	<u><u>656</u></u>

6. Provisions

	Long-term		Short-term	
	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Gratuity (refer note 31)	233	127	-	-
Leave encashment (refer note 31)	376	276	61	24
Sick leave	77	91	19	15
Warranty	2,043	2,329	284	240
Total	<u><u>2,729</u></u>	<u><u>2,823</u></u>	<u><u>364</u></u>	<u><u>279</u></u>

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Provision for warranty		
As at the beginning of the year	2,569	2,030
Additional provision during the year	304	979
Provision utilised during the year	546	440
As at the end of the year	<u><u>2,327</u></u>	<u><u>2,569</u></u>

During the year ended 31 March 2013, following the changeover from old CRM to new CRM, the Company has carried out a detailed evaluation of the warranty provisioning policy in line with actual warranty claims. This has resulted in a write back of Rs 577 lacs during last quarter of the year ended 31 March 2013 which has been recorded as reduction from warranty expense (grouped under other expenses) during the year ended 31 March 2013.

Management believes that the current refinement more appropriately reflects the current business environment and the cost associated with servicing warranty.

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

7. Short-term borrowings

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Secured		
Buyers credit (refer note 10 and 11)	985	-
	<u>985</u>	<u>-</u>

8. Trade payables

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Payable for goods (refer note 30)	8,510	6,958
Payable for expenses (refer note 30)	3,476	3,947
	<u>11,986</u>	<u>10,905</u>

9. Other current liabilities

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Unearned revenue on annual maintenance contracts and extended warranty services	1,800	1,796
Security deposits	34	35
Advance from customers	415	500
Statutory liabilities	1,286	1,256
Capital creditors	76	101
	<u>3,611</u>	<u>3,688</u>

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

10. Tangible assets

Rs. Lacs

Particulars of Assets	Gross Block				Depreciation				Net Block	
	As at 1 April 2012	Additions	Adjustments/ disposals	As at 31 March 2013	As at 1 April 2012	For the year	Adjustments/ disposals	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
Freehold land (@)	719	-	-	719	-	-	-	-	719	719
Leasehold land	233	-	-	233	192	6	-	198	35	41
Leasehold land	220	-	-	220	182	6	-	188	32	38
R and D leasehold land	13	-	-	13	10	-	-	10	3	3
Building	5,073	251	-	5,324	2,808	217	-	3,025	2,299	2,265
Building	4,395	251	-	4,646	2,705	159	-	2,864	1,782	1,690
R and D building	678	-	-	678	103	58	-	161	517	575
Plant and machinery	32,064	4,120	(8,158)	28,026	21,095	1,113	(7,998)	14,210	13,816	10,969
Plant and machinery	30,796	4,113	(8,158)	26,751	21,050	1,053	(7,998)	14,105	12,646	9,746
R and D plant and machinery	1,268	7	-	1,275	45	60	-	105	1,170	1,223
Computer	657	121	(35)	743	302	90	(32)	360	383	355
Computer	592	121	(34)	679	268	84	(31)	321	358	324
R and D computer	65	-	(1)	64	34	6	(1)	39	25	31
Furniture and fixtures	891	188	(97)	982	480	55	(83)	452	530	411
Furniture and fixtures	856	188	(97)	947	467	53	(83)	437	510	389
R and D furniture and fixtures	35	-	-	35	13	2	-	15	20	22
Motor vehicle	147	-	(5)	142	130	4	(5)	129	13	17
Total	39,784	4,680	(8,295)	36,169	25,007	1,485	(8,118)	18,374	17,795	14,777
Previous year	42,005	4,673	(6,894)	39,784	30,570	1,174	(6,737)	25,007	14,777	

(@) Gross Block includes an amount of Rs. 173 Lacs (Previous Year : Rs. 173 Lacs) resulting from revaluation in an earlier year.

11. Intangible assets

Rs. Lacs

Particulars of Assets	Gross Block				Amortisation				Net Block	
	As at 1 April 2012	Additions	Adjustments/ disposals	As at 31 March 2013	As at 1 April 2012	For the year	Adjustments/ disposals	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
Computer software	570	395	-	965	334	184	-	518	447	236
Computer software	494	395	-	889	308	159	-	467	422	186
R and D computer software	76	-	-	76	26	25	-	51	25	50
Technical knowhow	814	-	-	814	217	163	-	380	434	597
R and D technical knowhow	814	-	-	814	217	163	-	380	434	597
Total	1,384	395	-	1,779	551	347	-	898	881	833
Previous year	1,227	157	-	1,384	237	314	-	551	833	

Note :

- (a) R and D denotes research and development
- (b) For sanction of import letter of credit (including buyers credit) amounting to Rs 2,500 lacs by Standard Chartered Bank, following securities have been created:
 - (i) Exclusive charge on plant & machinery financed by the bank.
 - (ii) First charge on existing movable fixed assets of Goa (Verna) plant (except exclusive charge to term lenders).
 - (iii) First charge over company's immovable properties, all that piece and parcel of non-agricultural land bearing at No. L1 situated within the village panchayat of Nagoa, Verna Plateau, Verna Industrial Estate, Taluka Salcete, District South Goa and registration sub district ILHAS in the state of Goa containing by admeasuring 48695 square meters together with all buildings and structures thereon or to be thereon and the plant and machinery attached to the earth or permanently fastened to anything attached to the earth, both present and future.
- (c) For sanction of import letter of credit (including buyers credit) amounting to Rs 4,000 lacs by Standard Chartered Bank, following securities have been created:
 - (i) First charge on all current assets, both present and future.
 - (ii) Second charge on existing movable fixed assets of Goa unit (except exclusive charge to term lenders) and company's immovable properties, all that piece and parcel of non-agricultural land bearing at No. L1 situated within the village panchayat of Nagoa, Verna Plateau, Verna Industrial Estate, Taluka Salcete, District South Goa and registration sub district ILHAS in the state of Goa containing by admeasuring 48695 square meters together with all buildings and structures thereon or to be thereon and the plant and machinery attached to the earth or permanently fastened to anything attached to the earth, both present and future.

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

12. Non-Current Investments

	31 March 2013		31 March 2012	
	Nos	Rs. Lacs	Nos	Rs. Lacs
NON-TRADE INVESTMENT (AT COST)				
Investment in equity shares (quoted)	-	-	1,500	-
Ashok Leyland Limited (face value of Re. 1/-)				
Total	-	-	1,500	-
Aggregate market value of quoted investment		-		-
(Face value of Rs.10/- per share subdivided into 10 shares of Re.1/- fully paid up w.e.f. July 7 2004)				

13. Loans and advances

	Non-current		Current	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
Unsecured, considered good				
Capital advances	533	831	-	-
Deposits with customs and others	609	571	87	84
Loans and advances to related parties	-	-	43	70
Deposits with related parties	220	219	-	-
Advances recoverable in cash or kind or for value to be received	1,107	604	1,480	1,774
MAT credit entitlement	1,848	1,822	-	-
Advance income-tax [net of provision for income tax of Rs. 3,849 Lacs (31 March 2012: Rs. 3,044 Lacs)]	203	76	-	-
Advance fringe benefits tax [net of provision for fringe benefits tax of Rs. 122 Lacs (31 March 2012: Rs. 122 Lacs)]	2	2	-	-
	4,522	4,125	1,610	1,928
Unsecured, considered doubtful				
Advances recoverable in cash or kind/deposit with customs, port trust, excise and others	29	21	-	-
Provision for doubtful advances	(29)	(21)	-	-
	-	-	-	-
	4,522	4,125	1,610	1,928
Loans and advances / deposits to related parties include:				
Advances/ deposit to a private company in which the Company directors are directors	50	50	3	39

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

14. Other assets

	Non-current		Current	
	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Interest accrued on fixed deposits	4	4	28	28
Dividend receivable	-	-	43	-
Unamortised premium of forward contracts	-	-	-	1
	<u>4</u>	<u>4</u>	<u>71</u>	<u>29</u>

15. Current investments

	31 March 2013		31 March 2012	
	Nos	Rs. Lacs	Nos	Rs. Lacs
Unquoted mutual funds (valued at lower of cost and fair value)				
1. UTI Short Term Income Fund - Institutional Option Growth Plan (face value Rs. 10/-)	4,294,703	600	-	-
2. ICICI Prudential Money Market Fund Option Direct Plan Daily Dividend (face value Rs. 10/-)	481,824	482	-	-
3. Reliance Regular Savings Fund - Debt Plan - Growth Plan - Growth Option (face value Rs. 10/-)	3,200,021	500	-	-
4. DWS Banking & PSU Debt Fund - Regular Plan - Growth (face value Rs. 10/-)	5,965,955	600	-	-
5. Reliance Floating Rate Fund - Short Term Plan - Daily Dividend Reinvestment Plan (face value Rs. 10/-)	-	-	9,767,481	997
6. Reliance Dynamic Bond Fund - Growth Plan - Growth Option (face value Rs. 10/-)	3,247,524	480	-	-
7. Reliance Dynamic Bond Fund - Dividend Plan - Payout (face value Rs. 10/-)	3,524,204	500	-	-
8. ICICI Prudential Regular Saving Fund - Regular Plan - Growth (face value Rs. 10/-)	3,280,840	400	-	-
9. ICICI Prudential Money Market Fund Regular Plan Daily Dividend (face value Rs. 10/-)	129,152	129	-	-
10. ICICI Prudential Short Term Regular Plan - Monthly Dividend Reinvest (face value Rs. 10/-)	12,681,830	1,520	-	-
11. IDFC Dynamic Bond Fund Growth (face value Rs. 10/-)	3,551,402	501		
Aggregate amount of unquoted investments		<u>5,712</u>		<u>997</u>
Less: Provision for diminution in value of mutual funds				
1. Reliance Dynamic Bond Fund - Dividend Plan - Payout (face value Rs. 10/-)		31		-
2. ICICI Prudential Short Term Plan Monthly Dividend Reinvest (face value Rs. 10/-)		4		-
		<u>35</u>		<u>-</u>
		<u>5,677</u>		<u>997</u>

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

16. Inventories (valued at lower of cost and net realizable value)

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Raw materials and components [includes in transit Rs. 436 Lacs (31 March 2012: Rs 309 Lacs)]	2,831	2,743
Work-in-progress	663	627
Finished goods (refer note 23)	2,160	2,462
Stock-in-trade [includes in transit Rs. 1,526 Lacs (31 March 2012: Rs. 555 Lacs) (refer note 23)]	5,376	3,314
Stores and spare parts [includes in transit Rs. 56 Lacs (31 March 2012: Rs. 55 Lacs)]	2,120	1,565
Gifts and point of purchase materials	45	214
	<u>13,195</u>	<u>10,925</u>

17. Trade receivables

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Trade receivables (unsecured):		
Outstanding for a period exceeding six months from the date they are due for payment Considered good	188	174
Considered doubtful	<u>42</u>	<u>51</u>
	230	225
Provision for doubtful receivables	<u>(42)</u>	<u>(51)</u>
	(A) 188	174
Other receivables		
Considered good	4,602	4,489
Considered doubtful	<u>-</u>	<u>6</u>
	4,602	4,495
Provision for doubtful receivables	<u>-</u>	<u>(6)</u>
	(B) 4,602	4,489
	(A + B) <u>4,790</u>	<u>4,663</u>
Trade receivable include:		
Dues from a private limited company in which the Company directors are directors	250	346

18. Cash and bank balances

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Cash and cash equivalents:		
Balances with bank:		
Current accounts	2,496	3,099
Deposit accounts	1,516	1,802
Cheques on hand	205	180
Cash on hand	<u>33</u>	<u>45</u>
	4,250	5,126
Other bank balances (*)		
Balance with bank in deposit accounts	112	157
Margin money deposits	<u>100</u>	<u>97</u>
	212	254
	<u>4,462</u>	<u>5,380</u>

(*) Other bank balances includes **Rs. 53 Lacs** (31 March 2012: Rs. 138 Lacs) with a maturity term of more than 12 months.

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

19. Details of gross sales and purchases of finished goods/ stock-in-trade

	Gross sales		Purchases	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	Rs. Lacs	Rs. Lacs	Rs. Lacs	Rs. Lacs
Finished goods:				
Press tools and dies	235	262	-	-
Fine blanked components	15,836	14,506	-	-
Motor	31	38	-	-
Home appliances:				
- Washing machines	51,814	42,029	-	-
- Dryers	1,109	1,253	-	-
- Dishwashers	1,424	1,337	-	-
- Others	777	577	-	-
Stock-in-trade:				
Home appliances:				
- Microwave ovens	16,385	14,707	8,383	6,525
- Washing machines	8,910	8,654	4,985	6,222
- Accessories and additives	5,745	5,006	2,858	2,643
- Dishwashers	2,772	2,681	1,736	1,703
- Air conditioners	1,226	-	2,317	4
- Others	884	1,774	763	928
- Spares	2,639	1,168	-	-
	<u>109,787</u>	<u>93,992</u>	<u>21,042</u>	<u>18,025</u>

20. Sale of services

	31 March 2013	31 March 2012
	Rs. Lacs	Rs. Lacs
Annual maintenance/ service contract income	2,974	2,837
Extended warranty income	92	173
Others	328	322
	<u>3,394</u>	<u>3,332</u>

21. Other income

	31 March 2013	31 March 2012
	Rs. Lacs	Rs. Lacs
Interest income on bank deposits and others	110	157
Dividend from mutual funds	260	201
Net gain on sale of mutual funds	127	99
Insurance claims received	30	3
Rental income	85	87
Gain on disposal of fixed assets	60	-
Write back of liabilities no longer required	344	129
Write back of provision no longer required	29	75
Recovery of advance written off in earlier years	-	174
Other income	124	220
	<u>1,169</u>	<u>1,145</u>

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

22. Cost of raw materials consumed

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Raw material stock as at the beginning of the year	2,743	2,579
Add: Purchases during the year	34,557	30,523
	37,300	33,102
Less: Raw material stock as at the end of the year	2,831	2,743
Cost of raw materials consumed	34,469	30,359
Details of cost of raw materials consumed (refer note 36):		
Imported steel	478	1,124
Imported others	9,035	7,623
Indigenous steel	9,519	7,646
Indigenous others	15,437	13,966
	34,469	30,359
Expenditure related to research and development at Verna, Goa included in above Note 22 are:		
Cost of raw materials consumed	56	39
	56	39

23. (Increase)/ decrease in finished goods, work-in-progress and stock-in-trade

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Inventory as at the end of the year		
Stock-in-trade	5,376	3,314
Work-in-progress	663	627
Finished goods	2,160	2,462
(A)	8,199	6,403
Inventory as at the beginning of the year		
Stock-in-trade	3,314	2,585
Work-in-progress	627	824
Finished goods	2,462	1,676
(B)	6,403	5,085
(B - A)	(1,796)	(1,318)
Details of inventory:		
Stock-in-trade		
- Microwave ovens	1,802	1,026
- Washing machines	992	1,421
- Accessories and additives	245	309
- Dishwashers	313	361
- Air conditioners	1,511	3
- Others	513	194
	5,376	3,314
Finished goods		
- Washing Machines	1,601	1,979
- Dryers	64	103
- Dishwashers	63	148
- Fine blanked components	213	91
- Press tools and dies	119	37
- Others	100	104
	2,160	2,462

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

24. Employee benefits expense

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Salaries, wages and bonus	6,952	5,719
Contribution to provident and other funds	790	594
Expenses on ESPS	-	36
Workmen and staff welfare	752	638
	<u>8,494</u>	<u>6,987</u>
Expenditure related to research and development at Verna, Goa included in above Note 24 are:		
Salaries, wages and bonus	272	215
Contribution to provident and other funds	22	18
Workmen and staff welfare	11	8
	<u>305</u>	<u>241</u>

25. Finance costs

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Interest expenses	20	32
	<u>20</u>	<u>32</u>

26. Other expenses

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Consumption of stores and spares	3,688	2,787
Rent	740	635
Insurance	100	83
Freight, octroi and carriage	2,783	2,550
Power and fuels	998	835
Ancillary cost	2,537	2,440
Rates and taxes	474	271
Office expenses	1,728	1,559
Advertisement and sales promotion	4,444	3,781
Travelling	1,823	1,621
Repairs :		
Buildings	35	66
Plant and machinery	250	305
Others	193	198
Excise duty on differential stock	-	94
Loss on disposal of fixed assets	-	24
Loss on exchange fluctuation	29	669
Write off of fixed assets	110	127
Write off of debts/ advances	120	94
Provision for doubtful debts and advances	23	17
Provision for diminution in value of mutual funds	35	-
Bank charges	154	149
Directors' sitting fees	7	6
Service expenses	1,310	1,336
Warranty expenses	304	979
Miscellaneous expenses	1,294	1,026
	<u>23,179</u>	<u>21,652</u>

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Payment to statutory auditors included under office expenses (excluding service tax of Rs. 6 lacs (31 March 2012: Rs. 6 lacs))		
As auditors:		
Audit fees	30	31
Tax audit fees	10	10
Others	8	9
Reimbursement of expenses	<u>2</u>	<u>2</u>
	<u>50</u>	<u>52</u>
Expenditure related to research and development at Verna, Goa included in above Note 26 are:		
Insurance	-	2
Power and fuels	13	-
Ancillary cost	5	5
Office expenses	31	25
Travelling	58	43
Repairs :		
Buildings	-	4
Plant and machinery	-	2
Others	2	1
Miscellaneous expenses	<u>101</u>	<u>90</u>
	<u>210</u>	<u>172</u>

27. Exceptional expense

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
Settlement of past claims	<u>-</u>	<u>150</u>
	<u>-</u>	<u>150</u>

The Company entered into a mutual compromise settlement in respect of one of the past claims on the company, pertaining to a business discontinued since year 1999-2000. As per the terms of settlement, the Company has paid a sum of **Rs. Nil lacs** (31 March 2012: Rs. 150 lacs). This amount has been recognised as an exceptional expense in the previous year.

28. Earnings per share

	31 March 2013 Rs. Lacs	31 March 2012 Rs. Lacs
(a) Profit after taxes available to equity shareholders (Rs. Lacs)	<u>3,145</u>	<u>3,054</u>
(b) Weighted average number of equity shares outstanding	39,546,193	35,477,750
(c) Basic and Diluted earnings per equity share of face value Rs 10 each (in' Rs)	7.95	8.61

29. Leases

The Company is obligated under cancellable leases for residential, office premises, warehouses, etc. Total rental expense under cancellable operating lease amounted to **Rs. 740 Lacs** (31 March 2012: Rs. 635 Lacs).

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

30. Dues to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2013 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Rs. Lacs

Details	31 March 2013	31 March 2012
Balance of trade payables and payable for expenses as on		
-Principal amount due to micro, small and medium enterprises	368	459
-Principal amount due to others-	11,612	10,440
Interest accrued and dues as on		
-Interest on payments due to micro, small and medium enterprises	6	6
-Interest on payments due to others	-	-
-Interest due and payable on amounts paid during the year to micro, small and medium enterprises beyond the appointed date	-	-
Paid during the year		
Principal amount (including interest) paid to micro, small and medium enterprises beyond the appointed date		
-Principal amount	-	-
-Interest thereon	-	-
Principal amount (excluding interest) paid to micro, small and medium enterprises beyond the appointed date	-	-
Others		
Interest accrued in prior year and paid during the year	-	-
Interest accrued during the year and paid during the year	-	-

31. Employee benefits

(a) Gratuity and leave encashment

The employee's gratuity fund scheme, determined as post-employment benefit, is managed through Insurance Companies under a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for unfunded leave encashment determined as other long term benefit plan is recognized in the same manner as gratuity.

The following tables sets out the status of the gratuity plans and leave encashment under AS 15 - Employee benefits

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

I. Reconciliation of Opening and Closing balances of Defined Benefit obligation:

Rs. Lacs

	Gratuity (funded)					Leave Encashment (Unfunded)				
	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Defined benefit obligation at the beginning of the year	744	626	521	364	393	300	253	225	182	216
Current Service Cost	72	85	48	44	41	34	48	49	39	56
Interest Cost	62	48	40	28	30	23	19	16	13	17
Acquisitions Cost / (Credit)	6	19	-	-	-	4	8	-	-	-
Plan Amendments Cost / (Credit)	-	-	34	-	-	-	9	-	-	-
Actuarial losses / (gains)	194	11	31	98	(84)	147	7	16	20	(78)
Benefits Paid	(33)	(45)	(48)	(13)	(16)	(71)	(44)	(53)	(29)	(29)
Defined Benefit obligation at the end of the year	1,045	744	626	521	364	437	300	253	225	182

II. Reconciliation of opening and closing balances of fair value of plan assets:

Rs. Lacs

	Gratuity (funded)					Leave Encashment (Unfunded)				
	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Fair value of plan assets at beginning of the year	617	502	396	321	270	-	-	-	-	-
Acquisition adjustment	-	19	-	-	-	-	-	-	-	-
Expected return on plan assets	53	43	35	26	25	-	-	-	-	-
Contributions	127	124	125	43	52	71	(44)	(53)	(29)	(29)
Actuarial gain/(loss)	48	(26)	(6)	19	(10)	-	-	-	-	-
Benefits settled	(33)	(45)	(48)	(13)	(16)	(71)	(44)	(53)	(29)	(29)
Fair value of plan assets at the end of year	812	617	502	396	321	-	-	-	-	-
Actual return on plan assets	101	17	29	45	15	-	-	-	-	-

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

III. Reconciliation of fair value of assets and obligation:

Rs. Lacs

	Gratuity (funded)					Leave encashment (Unfunded)				
	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Net liability at the beginning of the year	(127)	(124)	(125)	(43)	(123)	(300)	(253)	(225)	(182)	(216)
Employer gains/(expense)	(227)	(127)	(124)	(125)	28	(204)	(83)	(81)	(72)	5
Contributions	127	124	125	43	52	71	44	53	29	29
Acquisitions/business combinations	(6)	-	-	-	-	(4)	(8)	-	-	-
Net liability at the end of the year	(233)	(127)	(124)	(125)	(43)	437	(300)	(253)	(225)	(182)

IV. Expense recognized during the year:

Rs. Lacs

	Gratuity (funded)					Leave encashment (Unfunded)				
	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Current service cost	72	85	48	44	41	34	48	49	39	56
Interest cost	62	48	40	28	30	23	19	16	13	17
Expected return on plan assets	(53)	(43)	(35)	(26)	(25)	-	-	-	-	-
Past service cost	-	-	34	-	-	-	9	-	-	-
Actuarial losses/(gains)	146	37	37	79	(74)	147	7	16	20	(78)
Net gratuity / leave encashment expense / (income)	227	127	124	125	(28)	204	83	81	72	(5)

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

V. Actuarial assumptions:

Rs. Lacs

	Gratuity (funded)					Leave encashment (Unfunded)				
	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Discount rate	8.00%	8.60%	8.00%	8.00%	7.80%	8.00%	8.60%	8.00%	8.00%	7.80%
Expected return on assets	8.00%	8.00%	8.00%	8.00%	7.80%	-	-	-	-	-
Salary escalation	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality	Indian Assured Live Mortality (2006-08) Ultimate	LIC 1994-96 Ultimate	LIC 1994-96 ultimate	LIC 1994-96 ultimate	LIC 1994-96 ultimate	Indian Assured Live Mortality (2006-08) ultimate	LIC 1994-96 ultimate	LIC 1994-96 ultimate	LIC 1994-96 ultimate	LIC 1994-96 ultimate

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

VI. Percentage of each category of plan assets to the fair value of plan assets as at 31 March 2013

The plan assets of the trust has been invested 100% (previous year 100%) with the schemes of insurance companies.

VII Net asset / (liability) recognized in Balance Sheet (including experience adjustment impact)

Rs. Lacs

	Gratuity (funded)					Leave Encashment (Unfunded)				
	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Defined benefit obligation at end of the period	(1045)	(744)	(626)	(521)	(364)	(436)	(300)	(253)	(225)	(182)
Plan assets at end of the period	812	617	502	396	321	-	-	-	-	-
Funded status	(233)	(127)	(124)	(125)	(43)	(436)	(300)	(253)	(225)	(182)
Experience gain / (loss) adjustments on plan liabilities	(70)	(47)	(31)	(108)	NA	(103)	(23)	(16)	(24)	(25)
Experience gain / (loss) adjustments on plan assets	48	(26)	(6)	19	NA	-	-	-	-	-
Actuarial gain / (loss) due to change on assumptions	(124)	36	-	10	NA	(45)	16	-	4	103

(b) Provident Fund, Superannuation Fund and other defined contribution schemes:

The company contributed **Rs. 560 lacs** (31 March 2012: Rs. 467 lacs) to defined contribution scheme (Provident fund, superannuation fund and others) during the year ended 31 March 2013.

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

32. Commitments and contingent liabilities:

Rs. Lacs

		31 March 2013	31 March 2012
i)	Outstanding capital commitments for tangible assets	3,037	2,258
ii)	Outstanding capital commitments for intangible assets	893	17
iii)	Disputed sales tax matters, excise matters, income tax matters and other matters contested in appeals (These disputes mostly relate to arbitrary disallowances of claims of the Company under various state laws, which are under appeal. The management is of the view that these demands are not sustainable in law and is hopeful of succeeding in appeals.)	1,445	689
iv)	Other claims against the Company not acknowledged as debts (#)	116	76
v)	Corporate guarantee to bank on behalf of associate company	-	100

(#) The Company obtained a bank guarantee of Rs. 16 lacs in connection with execution of a civil contract awarded by State Health Department, Government (Govt.) of West Bengal. Following a dispute, the State Health Department, Govt. of West Bengal invoked the said Bank Guarantees whereupon the Company challenged such invocation by way of a writ petition before the Hon'ble Calcutta High Court. The Hon'ble High Court allowed an interim order of injunction dated 22 May 2003 restraining the respondent not to give any effect to the invocation of the guarantee till further order with the condition that the guarantee shall be renewed from time to time. The bank guarantee expired and has not been renewed since the case has been dismissed by the Hon'ble Calcutta High Court. The amount has been included in Claims against the Company not acknowledged as debts as at 31 March 2013 and 31 March 2012.

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

33. Segment reporting- Information pursuant to Primary Business segment

Rs. Lacs

	Year ended 31 March 2013			
	Engineering	Home Appliances	Unallocated	Total
Revenue from Operations - external	15,596	75,995	-	91,591
	14,661	65,634	-	80,295
Other income - external	212	488	469	1,169
	116	459	570	1,145
Total revenue	15,808	76,483	469	92,760
	14,777	66,093	570	81,440
Segment results before finance cost	1,149	3,783	(571)	4,361
	1,399	2,852	(625)	3,626
Less: finance cost				20
				32
Profit before tax				4,341
				3,594
Segment assets	11,937	31,871	10,026	53,834
	9,248	29,037	5,827	44,112
Segment liabilities	2,783	16,602	2,885	22,270
	2,824	14,755	2,314	19,893
Other segment information:				
Depreciation/ amortisation	569	1,132	131	1,832
	355	1,006	127	1,488
Tangible capital expenditure	3,525	1,522	9	5,056
	1,496	2,092	77	3,665
Intangible capital expenditure	8	161	226	395
	56	76	25	157
Non cash expenditure other than depreciation / amortisation	47	201	40	288
	69	191	14	274

(figures for the previous year, 31 March 2012, have been shown below each item)

The Company is primarily engaged in business of home appliances and engineering components. Accordingly the Company considers the above business segment as the primary segment. Segment revenue, segment result, segment asset and segment liabilities include the respective amount identifiable to each of the segments as also amounts allocated on reasonable basis. The expenses, which are not directly relatable to the business segment, are shown as unallocable corporate cost and grouped as "Unallocated". Assets and liabilities that cannot be allocated between the segments are shown as unallocable corporate assets and liabilities and are grouped as "Unallocated".

There is no geographical segment identified by the Company.

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

34. Related party transactions

The Company has the following related parties in accordance with Accounting Standard 18 "Related Party Disclosures" notified under Section 211 (3C) of the Companies Act, 1956.

Investor Company:	IFB Automotive Private Limited
Associate Company:	IFB Agro Industries Limited, Travel Systems Limited, Thai Automotive and Appliances Limited, Global Automotive and Appliances Limited, IFB Appliances Limited
Key Management Personnel:	<p>Mr. Bijon Nag, <i>Executive Chairman</i></p> <p>Mr. Bikram Nag, <i>Joint Executive Chairman and Managing Director</i></p> <p>Mr. Prabir Chatterjee, <i>Additional Director and CFO</i></p> <p>Mr. Dipak Mitra, <i>President – Legal</i></p> <p>Mr. A. K. Nag, <i>Sr. Vice President, Corporate Affairs</i></p> <p>Mr. Gautam Dasgupta, <i>Mentor</i></p> <p>Mr. Rajshankar Ray, <i>CEO, Home Appliances</i></p> <p>Mr. A.S. Negi, <i>National Service Head, Home Appliances</i></p> <p>Mr. Partha Sen, <i>CEO, Kolkata Engineering Factory</i></p> <p>Mr. K.R.Krishna Prasad, <i>CEO, Bangalore Engineering Factory</i></p> <p>Mr. B.M. Shetye, <i>Vice President, R & D, Home Appliances</i></p> <p>Mr. Dipak Sen, <i>Vice President, Corporate Affairs & Strategies</i></p> <p>Mr. G. Ray Chowdhury, <i>Company Secretary</i></p> <p>Mr. Susanta Das, <i>Head of Personnel and Administration</i></p> <p>Mr. Uma Shankar Ghosh Dastidar, <i>Head – Taxation</i></p> <p>Mr. Sukhdev Nag, <i>Product Head, Microwave Ovens, Dishwasher</i></p> <p>Mr. Arup Das, <i>Head Marketing , Engineering</i></p> <p>Mr. Diptanil Saha, <i>DGM, Corporate Affairs</i></p> <p>Mr. T.R. Ramesh, <i>Regional Manager, East</i></p> <p>Mr. Ranjan Mohan Mathur, <i>Regional Manager, North</i></p> <p>Mr. Jayanta Chanda, <i>Finance Head, Goa Factory</i></p> <p>Mr. Soumitra Goswami, <i>DGM, Accounts and Finance</i></p> <p>Mr. Ashok Hazra, <i>AGM - Accounts, Bangalore Engineering</i></p> <p>Mr. Ritesh Agarwal, <i>Deputy Company Secretary & Head Banking</i></p>

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

34. (a) Transactions with related parties:

Rs. Lacs

		Key Management Personnel		Investor Company/ Associate Companies		Total	
		31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012
i)	Sales, Service and Other Income	-	-	3,668	3,413	3,668	3,413
ii)	Purchases	-	-	422	561	422	561
iii)	Allotment of Shares including share premium	-	-	3,444	-	3,444	-
iv)	Outstanding Balances:						
	Trade receivables	-	-	253	354	253	354
	Deposits given	2	1	218	218	220	219
	Advances given	5	7	38	63	43	70
	Trade payables	-	-	121	48	121	48
	Other payables	-	-	-	1	-	1
	Deposits taken	-	-	1	1	1	1
v)	Remuneration	924	606	-	-	924	606
vi)	Expenditures on other services	-	-	2,464	755	2,464	755
vii)	Advance written off	-	-	1	-	1	-
viii)	Corporate Guarantee	-	-	-	100	-	100

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

34 (b) Disclosure in respect of material related party transactions:

Rs. Lacs

		31 March 2013	31 March 2012
i)	Sales, service and other income (a) IFB Automotive Private Limited	3,631	3,389
ii)	Purchases (a) IFB Agro Industries Limited (b) Thai Automotive and Appliances Limited (c) IFB Automotive Private Limited	22 243 157	268 219 74
iii)	Outstanding balances: trade receivables (a) IFB Automotive Private Limited	250	346
iv)	Outstanding balances: deposits given (a) IFB Agro Industries Limited (b) IFB Automotive Private Limited	168 50	168 50
(v)	Outstanding balances: advances given (a) IFB Agro Industries Limited (b) IFB Automotive Private Limited (c) Travel Systems Limited	18 3 17	11 39 9
(vi)	Outstanding balances: trade payables (a) IFB Automotive Private Limited (b) Travel Systems Limited (c) IFB Appliances Limited	6 27 86	41 2 5
(vii)	Outstanding balances: other payables (a) IFB Automotive Private Limited	-	1
(viii)	Outstanding balances: deposits taken (a) IFB Agro Industries Limited	1	1
(ix)	Expenditure on other services (a) IFB Automotive Private Limited (b) Travel Systems Limited (c) IFB Appliances Limited	134 621 1,695	93 594 55
(x)	Corporate guarantee (a) Travel Systems Limited	-	100
(xi)	Allotment of shares including premium (a) IFB Automotive Private Limited	3,444	-

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

35. Other information

Rs. Lacs

		31 March 2013	31 March 2012
a)	Value of imports on CIF basis:		
	Raw materials and components	8,382	7,474
	Stores and spares	815	792
	Capital goods	2,864	1,248
b)	Expenditure in foreign currency (on accrual basis) on account of:		
	Foreign travel	122	109
	Professional fees	180	100
	Repairs and maintenance	12	8
	Others	19	9
c)	Earnings in foreign currency (on accrual basis) on account of:		
	FOB value of exports	222	189
	Others	9	46

36. Imported and indigenous raw materials and stores and spares consumed

	31 March 2013	31 March 2013	31 March 2012	31 March 2012
	% of total Consumption	Rs. Lacs	% of total Consumption	Rs. Lacs
Imported:				
Raw material	27.60%	9,513	28.81%	8,747
Stores and spares	19.58%	953	11.66%	380
Indigenous				
Raw material	72.40%	24,956	71.19%	21,612
Stores and spares	80.42%	3,914	88.34%	2,878
Total				
Raw material	100.00%	34,469	100.00%	30,359
Stores and spares (*)	100.00%	4,867	100.00%	3,258

(*) Includes consumption of spares as stated in note 26 amounting to **Rs. 3,688 lacs** (31 March 2012: Rs. 2,787 lacs) and cost of spares sold as stated in the statement of profit and loss amounting to **Rs. 1,179 lacs** (31 March 2012: Rs. 471 lacs)

Notes to the financial statements for the year ended 31 March 2013 (Contd...)

37. Disclosure requirement for Derivatives Instruments

The Company uses foreign currency hedges to manage its risks associated with foreign currency fluctuations relating to certain existing foreign currency payables. The Company does not use derivative contracts for trading or speculative purposes.

The outstanding forward exchange contracts entered into by the company on account of payables are :

	31 March 2013	31 March 2012
No of Contracts	-	3
USD in 'lacs	-	4
Rs. 'lacs	-	219

The year end foreign currency exposures that have not been hedged are :

Particulars	USD	Rs	EURO	Rs	JPY	Rs	RMB	Rs	CHF	Rs	Total Rs
	Lacs	Lacs	Lacs	Lacs	Lacs	Lacs	Lacs	Lacs	Lacs	Lacs	Lacs
Amount Receivable											
31 March 13	-	12	1	49	-	-	-	-	-	-	61
31 March 12	5	255	3	228	258	160	-	3	-	2	648
Amount Payable											
31 March 13	37	2,008	7	517	-	-	1	11	-	-	2,536
31 March 12	15	771	12	827	-	-	-	-	-	-	1,598

38. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Section 92-92F and Specified Domestic Transactions' (SDT) under Section 92BA of the Income Tax Act 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions and specified domestic transaction entered into with the associated enterprises during the financial year. The management is of the opinion that its international transactions with associated enterprises are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation to be recognised.

39. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification.

As per our report of even date attached

for **B S R & Co.**
Chartered Accountants
Firm registration number: 101248W

Zubin Shekary
Partner
Membership No.: 048814
Place : Kolkata
Date : 29 May 2013

For and on behalf of the Board of Directors of **IFB Industries Limited**
Joint Executive Chairman & Managing Director **Bikram Nag**
Director **Dr. R. N. Mitra**
Additional Director and Chief Financial Officer **Prabir Chatterjee**
Company Secretary **G. Ray Chowdhury**
Place : Kolkata
Date : 29 May 2013

This image shows a full page of blank white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page, providing a template for writing or drawing. There are no margins, text, or other markings present.



IFB INDUSTRIES LTD.

Regd. Office : 14, TARATALA ROAD, KOLKATA – 700 088

Name, Address & Folio No./DPID No. of Shareholder(s)

ATTENDANCE SLIP

37TH ANNUAL GENERAL MEETING

on 26th July, 2013 at 10:00 a.m. at

Ecohub Conclave Club, Eco Space (IT Park) Plot
No. 2F/11, New Town, Rajarhat, North 24
Parganas, Kolkata - 700 156

A member/proxy wishing to attend the Meeting must complete this Slip before coming to the Meeting and hand it over at the entrance.

If you intend to appoint a proxy, please complete the Proxy Form below and deposit it at the Company's Registered Office, **at least 48 hours before the Meeting.**

Please bring your copy of the Annual Report to the Meeting.

I record my presence at the
37th Annual General Meeting

Name of Proxy in BLOCK LETTERS (if the Proxy attends
instead of the member)

Signature of Member/Proxy



IFB INDUSTRIES LTD.

Regd. Office : 14, TARATALA ROAD, KOLKATA – 700 088

PROXY FORM

I/We.....

of

being a member/members of the above named Company hereby appoint

Mr./Mrs./Miss

of

or failing him/her

of

or failing him/her

as my/our proxy to vote for me/us on my/our behalf at the 37th Annual General Meeting of the Company to be held on the 26th day of July, 2013 and at any adjournment thereof.

Signed this day of 2013.

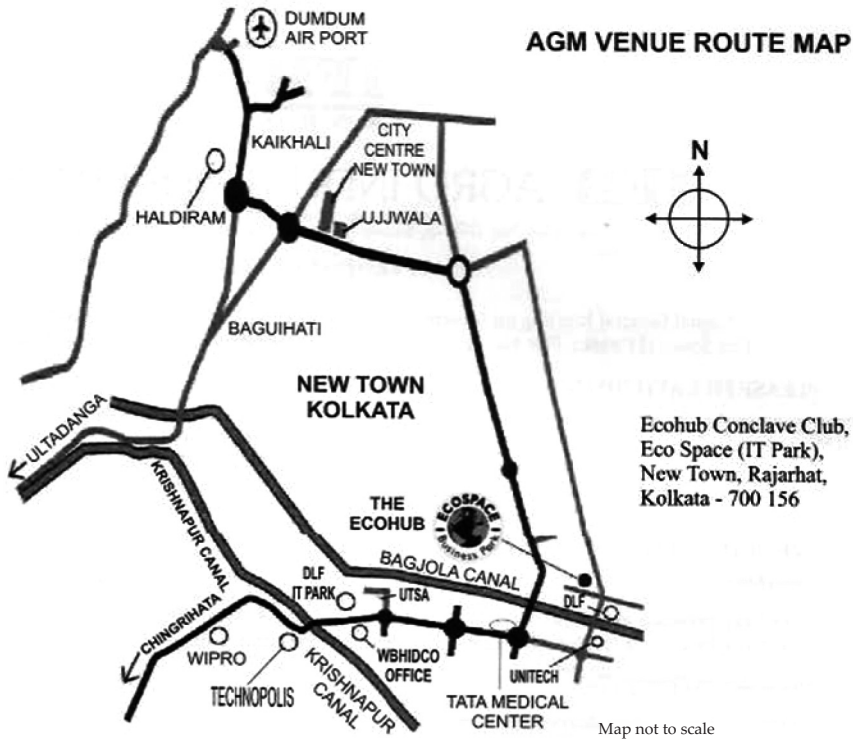
Regd. Folio/DPID/BEN No. :

No. of Shares :

Signature

Re. 1/-
Revenue
Stamp

Note : This instrument of Proxy shall be deposited at the Registered Office of the Company not less than 48 (FORTY EIGHT) hours before the time of holding the Meeting.



Ecohub Address :

The Ecohub Ecospace (Business Park),
Ambuja Realty, Plot No. 2F/11, New
Town Rajarhat, North 24 Parganas,
Kolkata - 700 156.

Route from Saltlake :

Cross Technopolis, DLF, Home Town,
Techno India College, Tata Memorial
Hospital and before hitting Bengal
Unitech, turn left, cross the flyover and
reach Eco space.

Route from Airport :

Cross Space Town residence flyover,
cross New Town City Centre, go
straight and turn left, go straight till
Narkel Bagan and turn left, cross
Techno India College, Tata Memorial
Hospital and before hitting Bengal
Unitech, turn left and cross the flyover
and reach Eco space.



Good night,

switch on an IFB Air Conditioner and

sleep right.



With 6 Stage Filtration, IFB Air Conditioners deliver air free from micro particles, dust, allergens and bacteria. Climate control manages humidity to keep you comfortable. A powerful fan delivers 30% more cooling while high air flow reaches every corner of your room. Sleep tight with the IFB bedroom Air Conditioner.



smart space for more

Everything easily fits into 3 large shelves, 2 voluminous vegetable trays, fresh lock and bread boxes, convenient bottle rack, water dispenser, quick freeze zone and the convertible box. Preserve food for longest with blast freezing at -30°C.

IFB Refrigerators
start at a luxurious
335L capacity

12 eggs

5 strawberry boxes

1kg butter

4L French wine

1 orange souffle

5kg meat

2 yoghurt tubs

6 ready to fry snacks

2L milk

16 sauces

4kg frozen peas

12 bananas

40L vegetable space

2 bread loaves

8L chilled water

4kg fish

12 chicken sausages

6 energy drink cans

2 cakes

5 chocolates

5 ice cream tubs



BOOK POST



If undelivered please return to

IIFB

IIFB Industries Limited

Plot No IND-5, Sector 1, East Kolkata Township, Kolkata 700107