

**■ BOARD OF DIRECTORS**

Mr. Bijon Nag *Chairman*  
Mr. Bikram Nag *Joint Executive Chairman*  
Mr. Arup Kumar Banerjee *Managing Director*

**DIRECTORS**

Mr. Nandan Bhattacharya  
Mr. Amitabha Kumar Nag  
Mr. H R Agarwal  
Mr. M K Vijay  
Mr. S K Mukherji

**■ VP - FINANCE & COMPANY SECRETARY**

Mr. Rahul Choudhary  
Tel : 033-3984-9627  
E-mail : [complianceifbagro@ifbglobal.com](mailto:complianceifbagro@ifbglobal.com)

**■ AUDITORS**

Haribhakti & Co.  
Chartered Accountants

**■ BANKERS**

Indian Overseas Bank  
IDBI Bank Ltd.

**■ REGISTERED OFFICE**

Plot No. IND-5, Sector-1  
East Kolkata Township, Kolkata - 700 107  
Website : [www.ifbagro.in](http://www.ifbagro.in)

**■ REGISTRAR & SHARE TRANSFER AGENT**

*(For both Physical & Dematerialised Shares)*  
CB Management Services (P) Ltd.  
P-22, Bondel Road, Kolkata - 700 019  
Tel : 4011 6700/11, 4011 6718/23  
E-mail: [rta@cbmsl.com](mailto:rta@cbmsl.com)

**■ WORKS**

Noorpur, P.S. Diamond Harbour  
Dist. : South 24 Parganas  
West Bengal

Durgapur  
Dist. : Burdwan  
West Bengal

Serampore  
Dist. : Hooghly  
West Bengal

Maheshtala  
Dist. : South 24 Parganas  
West Bengal

Dankuni  
Dist. : Hooghly  
West Bengal

Marine Product Processing Plant  
Kasba Industrial Estate  
East Kolkata Township  
Kolkata - 700 107

---

**Contents**

Notice	2
Directors' Report	7
Report on Corporate Governance	14
Auditors' Report	23
Balance Sheet	26
Profit & Loss Account	27
Schedules to Balance Sheet and Profit & Loss Account	28
Notes on Accounts	34
Cash Flow Statement	47

## Notice to the Members

Notice is hereby given that the Twenty eighth Annual General Meeting of IFB Agro Industries Limited will be held on Saturday, the 31st day of July 2010, at 10.00 A.M. at Eastern Zonal Cultural Centre, 1A-290, Sector-III, Salt Lake, Kolkata - 700 097 to transact the following:

### AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts together with Reports of Auditors and Directors thereon for the year ended 31st March 2010.
2. To appoint a Director in place of Mr. Nandan Bhattacharya, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. A K Nag, who retires by rotation and being eligible offers himself for re-appointment.
4. To reappoint M/s Haribhakti & Co., Chartered Accountants 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 and to fix their remuneration.

### AS SPECIAL BUSINESS:

5. To appoint a Director in place of Mr. Sudip Kumar Mukherji, who holds office upto the date of the Annual General Meeting by reason of Section 260 of the Companies Act, 1956, read with Article 83 of the Articles of Association of the Company, but, being eligible, offers himself for re-appointment and in respect of whom a notice has been received at the Registered Office of the Company by a Member signifying his intention to propose Mr. Sudip Kumar Mukherji as a candidate for the Office of Director under Section 257 of the said Act.
6. To consider and, if thought fit, to pass, with or without modification, the following Resolution which will be proposed as an Ordinary Resolution.

“RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the re-appointment of, and terms of remuneration of Mr. Bikram Nag, Joint Executive Chairman of the Company for a further period of three years with effect from 27th January 2010 on such terms and conditions as set out in Explanatory Statement, with liberty given to the Board of Directors to alter and vary the terms and conditions in such manner as may be agreed to by and between the Company and Mr. Bikram Nag provided however, such alterations are within the maximum limits laid down in the Companies Act, 1956 for the time being in force.”

All other terms and conditions of his appointment will remain unaltered.

By Order of the Board

Registered Office:  
Plot No. IND-5, Sector - 1  
East Kolkata Township  
Kolkata - 700 107  
Date: 29th May, 2010.

Rahul Choudhary  
VP-Finance & Company Secretary

**NOTES:**

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Sl.No.5 & 6 above setting out the material facts related thereto is annexed hereto. The relevant details as required by clause 49 of the Listing Agreements entered into with stock exchanges, of persons seeking appointment as Directors under Item No 2 & 3 are also annexed.
2. The Register of Members and Share Transfer Registers of the Company will remain closed from 24th July 2010 to 31st July 2010 (both days inclusive).
3. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.**

Proxies, in order to be effective, must be received at the Registered Office of the Company at least 48 hours before the meeting.

4. Members seeking any information or clarification on the Accounts are requested to send in written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries at the meeting only.
5. Consequent upon the amendment to Sec 205A, read with Sec 205C of the Companies Act 1956, the amount of applications money, Dividends etc remaining unclaimed for a period of seven years from the dates that they first became due for payment have been duly transferred to Investor Education and Protection Fund with Department of Company Affairs.
6. Members are requested to bring their copy of Annual Report to the Annual General Meeting.
7. Members/Proxies should bring the Attendance slip sent herewith, duly filled in, for attending the Annual General Meeting.
8. Members are requested to :
  - a) notify immediately any change in their address to the Company.
  - b) bring their copy of Annual Report in the meeting.
  - c) bring duly filled in attendance slips sent herewith for attending the meeting.
  - d) members holding shares in identical order of names in more than one Folio are requested to write to the Company's Registrar & Share Transfer Agent, CB Management Services (P) Limited enclosing their share certificates for consolidation of all such shareholdings into one folio for better investor service. CB Management Services (P) Limited is the Share Transfer Agent for shares in physical as well as dematerialized forms.

By Order of the Board

Registered Office:  
Plot No. IND-5, Sector - 1  
East Kolkata Township  
Kolkata - 700 107  
Date: 29th May, 2010.

Rahul Choudhary  
VP-Finance & Company Secretary

**Explanatory Statement Pursuant to section 173(2) of the Companies Act , 1956**

As required by section 173 of the Companies Act, 1956("Act") , the following explanatory statements set out all material facts relating to the business mentioned under items nos. 2, 3, 5 and 6 of the accompanying Notice dated 29th May, 2010.

**1. Item No 2 & 3**

Details of Directors seeking reappointment at the forthcoming Annual General Meeting (in pursuance of clause 49 of the Listing Agreement)

Name of the Director	<b>Mr. Nandan Bhattacharya</b>	<b>Mr. A K Nag</b>
Date of Birth	02.09.1940	23.06.1956
Nationality	Indian	Indian
Date of Appointment on the Board	03.09.1996	26.07.2003
Qualification	Electronic & Telecommunications Engineer	B.Com (H), M.Com., FCA
Experience in functional areas	Experience of over 35 years in different Industries. He was Managing Director of the West Bengal Electronics Industry Development Corporations Limited. He has also served on the Board of many reputed companies.	29 years of experience in Finance function
Shareholding in the Company	Nil	Nil
List of Directorship held in other Companies	Mishanti Engineers Ltd. Cadworld Infosystems Ltd. Titagarh Wagons Ltd.	Thai Automotive and Appliances Ltd.
Committee Membership	Nil	Nil

**2. Item No 5:**

Mr Sudip Kumar Mukherji, aged 60 years was appointed as an Additional Director on the Board of the Company with effect from 29th October, 2009 in terms of Section 260 of the Companies Act, 1956 (the Act) and will hold office upto the date of conclusion of the ensuing Annual General Meeting of the Company.

The Company has received a valid notice and requisite deposit from a member of the company under section 257 of the Act, proposing candidature of Mr Mukherji as director.

Mr Mukherji is a Commerce graduate and a fellow member of Institute of Chartered Accountants of India. Mr Mukherji is an advisor in Accountancy and Income Tax matters to various body corporates.

Your Directors recommend the resolution for approval of the members.

None of the Directors of the Company is in any way concerned or interested in the Resolution No.5 other than Mr Mukherji, which pertains to his appointment.

**3. Item No 6:**

Mr. Bikram Nag, a BBA from RICHMOND, U.K. was appointed as Director of the Company on 14th October, 1997. He has thirteen years of experience in the field of Marketing and Business Management. He has made several significant contributions to the Company's growth and implementation of investment plans and business strategies. His contributions have been invaluable.

Mr. Bikram Nag was appointed as the Executive Director of the Company at the Nineteenth Annual General Meeting held on 31st August 2001, for a period of three years with effect from 27th January 2001 which was further renewed from time to time. He was appointed as Joint Executive Chairman at the Annual General Meeting of the Company held on 3rd August, 2009. His term of appointment is valid till 26th January, 2010.

Since Mr. Nag's term expired on 27th January 2010, the Board of Directors of the Company had, at their meeting held on 29th May 2010 on the recommendation of the Remuneration Committee, reappointed Mr Nag as the Joint Executive Chairman of the Company for a further period of three years with effect from 27th January 2010.

The said appointment is subject to the approval of the members in the General Meeting. The terms and conditions of the reappointment including remuneration payable to Mr Bikram Nag remains unchanged. The existing terms & conditions are as follows:

1. Period of appointment : Three years effective from 27th January 2010.
2. Remuneration:
  - a) Salary : Rs.40,000/- (Rupees Forty thousand only) per month with the liberty to the Board to review and set the level from time to time.
  - b) Commission : In addition to salary, perquisites and other allowances, one percent commission based on net profit 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.
  - c) Other Allowances : `Rs.23,000/- per month.
  - d) Perquisites : Perquisites shall be restricted to an amount equal to the annual salary.

**Part A**

- a) Housing : The expenditure by the Company on hiring unfurnished accommodation will be subject to the following ceiling:
  - I : 60% of the salary.
  - II : In case the accommodation is owned by the Company ten per cent of the salary of the Joint Executive 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 the Housing - I.
- b) Medical Reimbursement: Expenses incurred for self and family subject to a ceiling of one month's salary in a year or 3 months salary over a period of 3 years.
- c) Leave Travel Allowance: For self and family once in a year incurred in accordance with the Rules of the Company.
- d) Club fees: Fees of club subject to a maximum of two clubs. This will not include admission and life membership fees.
- e) Personal Accident Insurance: Premium not to exceed Rs.4000/- per annum.

Explanation: For the purpose of this part, 'family' means the spouse and dependent children below 18 years.

**Part B**

- i) Gratuity as per the scheme of the Company.
- ii) Contribution to the Provident Fund, Superannuation Fund as per the scheme of the Company.
- iii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

**Part C**

- i) Car: Provision of car for use on Company's business will not be considered as perquisites. However, use of car for private purpose will be billed by the Company to the Joint Executive Chairman.
- ii) Telephone : Company will reimburse expenses in connection with telephone at residence. However, personal long distance calls will be billed by the Company.

The terms and conditions of the said appointment and/or the 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 of Directors 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 by giving three months' notice or salary in lieu thereof.

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

In compliance with the provisions of the Companies Act, 1956, the appointment and the terms of remuneration specified above are now placed before the Members in the Annual General Meeting for their approval. The Board recommends passing of the Ordinary Resolution in the best interests of the Company.

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. Bikram Nag and Mr. Bijon Nag is concerned or interested in the proposed resolution.

**INSPECTION OF DOCUMENTS**

The documents mentioned in Items no 5 and 6 are available for the inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day of the Company prior to the date of the meeting.

By Order of the Board

Registered Office:  
Plot No. IND-5, Sector - 1  
East Kolkata Township  
Kolkata - 700 107  
Date: 29th May, 2010.

Rahul Choudhary  
VP-Finance & Company Secretary

## Directors' Report

To the Shareholders,

Your Directors have pleasure in presenting the 28th Annual Report of the Company and the Audited Financial Statements for the year ended 31st March, 2010.

### 1. FINANCIAL RESULTS

	Year ended 31.03.2010 (Rs.'000)	Year ended 31.03.2009 (Rs.'000)
Sales and Other Income (incl. Excise Duty)	<b>41,19,657</b>	38,35,638
Profit prior to Finance charges & Depreciation	<b>1,73,868</b>	2,84,713
Less : Finance charges	<b>17,663</b>	21,172
Depreciation	<b>91,225</b>	65,995
Profit before Taxation	<b>64,980</b>	1,97,546
Less: Provision for Taxation:		
Current Tax	<b>18,547</b>	51,845
Deferred Tax	<b>3,160</b>	13,176
Fringe Benefit Tax	—	2,012
Less : Income Tax adjustment for earlier years	<b>(972)</b>	(18)
Profit after Tax	<b>44,245</b>	1,30,531
Balance carried to Balance Sheet	<b>44,245</b>	1,30,531

### 2. MANAGEMENT DISCUSSION & ANALYSIS

#### OVERALL PERFORMANCE

During the year under review your Company has recorded gross turnover of Rs.411.96 crores (as against Rs.383.56 crores in 2008-09) recording a growth of 7%.

The Company has achieved profit before tax of Rs 6.50 crore as against Rs 19.75 crores, and net profit of Rs 4.42 crore as against Rs 13.05 crores in the previous year. The decline in profit is mainly due to loss in molasses distillery due to high prices of molasses during the year as well as due to non-receipt of transport cost reimbursement from the State Government. The profits were also affected due to closure of Marine exports due to delayed receipt of renewed export license from the Statutory Authorities.

The strict control on working capital has helped in reduction on Interest expenses by 17%. The term loans were availed during the year to finance the new IMFL bottling plant set up by the Company. The unsecured Short term loans were borrowed from Bank to meet the short term working capital requirements of the Company.

Earning per equity share is Rs.5.53 as compared to Rs.16.58 per share in previous year due to decline in the profitability during the year.

#### REVIEW OF DIVISIONAL PERFORMANCES

##### *Alcohol:*

The molasses distillery was operated at a much lower capacity due to non-availability of sufficient molasses which is the basic raw materials for the distillery. The Company has to depend on imports from Thailand, Indonesia etc for its molasses requirements. Due to high price of molasses and non-receipt of transportation cost from the Government, Molasses distillery suffered a loss of Rs.19 crores during the financial year. Due to the uncertainty of reimbursement and till realization of claims, further running of molasses distillery is uncertain.

The increase in the grain price in the second half of the year has put the margins of the grain distillery under tremendous pressure. Due to high price of broken grain in the local areas of West Bengal, the Company has to source the materials from other states which has increased the transportation cost.

The margin in the country liquor segment has reduced due to non-revision of bottling charges by the State Government in line with the increase in the input and other manufacturing costs. Due to non-availability of space in the bottling plants and for future expansion, the management is on the look out for new facilities.

**IMFL:**

On IMFL, your Company has strengthened its position in West Bengal and Orissa. During the year, the Company has sold 5.17 lacs cases of IMFL products in West Bengal, Orissa, Bihar and Assam. The Company has carried out wide promotion for 'Volga' Vodka in West Bengal, Orissa and North East, and is receiving encouraging results from the same. Bihar being a small market for Vodka, the sale has not picked up to the desired extent and the Company has decided to close down the operation in the state and concentrate on its stronghold areas. The Division is continuously improving the standard of its products with better quality spirit produced at its own grain based distillery.

The new state-of-art bottling plant at Dankuni, West Bengal, started its operation during the last quarter of the year. The commencement of the production got delayed almost by a year due to delay in receiving approvals from the State Government. The plant is producing brands of Diageo India (P) Limited and United Spirits Limited.

**Marine :**

The Marine Process plant could not perform due to shut down of exports during the year. The export license for the marine product which was cancelled/expired got reinstated during the last quarter of the financial year. The exports are expected to start from the current financial year and from the ensuing season. The feed trading business has recorded a growth of 25%.

The domestic business is becoming more challenging and more competitive with new entrants who have done backward integration into prawn cultivation/farming. The Company has to penetrate a lot more into the retail market in order to establish its presence on a pan India basis.

**CDM Project:**

During the year your Company has been successful in getting the approval from UNFCCC under Kyoto Protocol for its Project, "Avoidance of waste water and onsite energy use emissions and renewal energy generation in distillery unit". The Company has received approval for issuance of CER for the year 2007 and 2008 for 65,411 ton and 56,418 ton CO<sub>2</sub> respectively by UNFCCC, CDM Executive Board.

**OPPORTUNITIES & CHALLENGES:**

The current accounting year will again be another year of tough challenges. The non-availability of molasses and ban on export by all the sugar producing States is expected to continue and resulting into abnormal increase in the prices of molasses. Secondly, the delay in release of transport cost reimbursement by the State Government has put the Company in a very difficult situation. Due to non-availability of molasses in India, the Company has to depend fully on imports from Thailand, Indonesia and other sugar producing countries. Import of molasses has created a huge pressure on the working capital of the Company.

The sudden increase in prices of grains has increased the raw material prices for grain spirit resulting into lower margins.

The Company is continuing its efforts to attain further efficiencies in fermentation and distillation, improve upon its bio-gas generation to reduce fuel cost, and to further improve power generation to reduce the cost of production and to attain the zero discharge norms. The Company is giving continuous emphasis to cut costs on inputs, minimise wastages and make optimal use of human resources on all fronts.

In IMFL, the Company visualises ample opportunity for the growth as the demand in the industry is growing at 20%. The Company being a regional player in the industry faces a stiff competition from the large Indian houses as well as multinational companies.

The Company expects better demand for its Marine products in the export market due to overall global economic growth and better demand of the frozen sea food. Adverse fluctuation in foreign exchange and the exorbitant increase in the raw material prices have put the exports in a challenging situation. In the domestic market, the Company plans to focus on aggressive marketing its products in order to penetrate into the institutional as well as retail segment in India.



***Human Resources:***

For the development of the human resources number of training programmes were organized during the year with outside faculties. Employees were also sent to the renowned technical institutes for continuous update on its knowledge and skill. However, the same is not sufficient considering the complexity of the today's business environment. The Company plans to organize more such training programmes for the overall development of our people. Total number of employees in the Company was 449 as on 31st March 2010 as against 421 as on 31st March 2009.

***Internal Control System:***

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, compliance with applicable laws and regulations.

***Cautionary Statement:***

Statements in the Management's discussion and analysis describing the Company's projections, expectations or predictions may be 'forward - looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include raw material prices, changes in government regulations, tax regimes and economic developments within the country and weather patterns.

**3. DIVIDEND**

Your Directors have decided not to recommend any dividend for the financial year under review to conserve the resources for working capital and some capital expenditure projects.

**4. DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 read with Articles of Association of the Company, Mr Nandan Bhattacharya and Mr A K Nag retire by rotation and being eligible, offer themselves for re-appointment.

The details about their qualification, other directorships etc. as per Clause 49 of the Listing Agreement are provided separately and annexed to the notice.

Mr Sudip Kumar Mukherji was appointed as Additional Director on the Board at the Meeting of the Board of Directors of the Company held on 29.10.2009. In terms of section 260 of the Companies Act, 1956, Mr Mukherji will hold office as Director till the date of the forthcoming Annual General Meeting and is eligible for reappointment.

**5. DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956.**

The Directors, having ensured through the Officer designated for the purpose, hereby confirm:

- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. That 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 profit of the Company for that period.
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors have prepared the annual accounts on a going concern basis.

**6. CORPORATE GOVERNANCE**

Pursuant to clause 49 of the Listing Agreement, a report on Corporate Governance and the Auditors' Certificate in this regard form part of this report and are annexed herewith.

**7. AUDITORS & AUDITORS' REPORT**

The Auditors of the Company M/s Haribhakti & Co., Chartered Accountants retire at the ensuing Annual General Meeting have given their consent for appointment and have also confirmed that their appointment, if made, would be within the limits as prescribed under Section 224(1B) of the Companies Act, 1956.

Observations made in the Auditors' Reports have been adequately dealt with in the notes to the financial statements annexed to the Balance Sheet and Profit & Loss Account.

**8. SUBSIDIARY**

The Company has no subsidiary as at the end of the financial year.

**9. PERSONNEL**

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

**10. HUMAN RESOURCE**

The Board of Directors expresses its appreciation for sincere efforts made by the employees of your Company at all levels during the year and for their co-operation.

The information required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report.

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

Your Company has in place a system for controlling and monitoring pollutants at all factories in order to comply with environmental standards and legislation. Your Company is committed to ensuring green and pollution free environment as well as clean and safe workplace at all the plant locations.

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

**12. ACKNOWLEDGEMENT**

Your Directors express their sincere thanks and place on record their deep appreciation for the patronage extended by the shareholders, valued customers, financial institutions, bankers, government authorities and the investors for their continued support and confidence in the Company.

On behalf of the Board

Bikram Nag

*Joint Executive Chairman*

A K Banerjee

*Managing Director*

Kolkata, 29th May, 2010

**Annexure I to the Directors' Report**

**Information as per section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) rules 1975, and forming part of the Directors' Report for the year ended March 31, 2010**

Employee name	Designation	Qualification	Age	Joining Date	Experience (Years)	Gross remuneration (Rs)	Previous Employment - Designation
Arup Kumar Banerjee	Managing Director	B.Com (H), Diploma in General Management	58 years	28.07.2001	37	48,54,034	IFB Industries Ltd – GM - Commercial

Note :

Remuneration includes basic salary, allowances, taxable value of perquisites as per Income Tax Rules and Company's contribution to Provident Fund and Superannuation Fund. The term remuneration has the meaning assigned to it in the Explanation to section 198 of the Companies Act, 1956.

None of the employees are related to any of the directors of the Company.

None of the employees own more than 2% of the outstanding shares of the Company as on March 31, 2010.

The nature of employment is contractual in the above case.

On behalf of the Board

Kolkata, 29th May, 2010

Bikram Nag  
Joint Executive Chairman

A. K. Banerjee  
Managing Director

**Annexure II to Directors' Report****STATEMENT PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.****[A] CONSERVATION OF ENERGY****a) Energy conservation measures taken:**

1. Installed 'Areva' make 1750KVA new high efficient transformer system with automatic OLTC (On load tap changer) for ultimate improvement in input power quality through stabilization of voltage. This has a positive impact in reducing power factor loss compared to last year.
2. Maximization of Operating 3 co-generation plants for reduction of energy costs. Distillery division has recorded about 344MWh extra power generation compared to similar period last year. Year 08-09--/3881.76 MWh, Year 09-10-/4225.13 MWh.
3. Plate Heat Exchangers for heat recovery from waste hot water have been installed.
4. Successfully Modified evaporation cum spray drying plant by installation of additional 2Nos.of forced recirculation based calandria system, towards achieving "Zero Discharge" of effluent.
5. Incorporation of self propelled power free "Turbo ventilator" system for effective cooling of turbine and electrical distribution panel room.
6. Installation of water level controller to reduce wastage of water.
7. Installation of high efficient decanter centrifuge machine of 20MT capacity which has enhanced revenue from by-product sale substantially.

**b) Additional investment proposals, if any, being implemented for further reduction of Energy Consumption:**

1. Incorporation of temperature based controllers for cooling tower fans.
2. Installation of a 2.5 MWh multistage energy efficient turbine to cater higher power demand due to enhanced capacity utilization of distillery and to achieve further reduction in power cost.
3. Study is being made to replace all street lights inside factory premises with new generation "LED" lamps.
4. Exploring the possibilities to have "Harmonics study" for all critical electrical installations to detect and rectify defect of neutral current leakage, if any.
5. Waste steam/condensate recovery system incorporation.
6. Installation of AR-AFFF type foam based fire fighting system with higher surface covering features to control water wastage.
7. Installation of effluent (concentrate) incinerator boiler to generate additional steam and to achieve zero discharge.

**c) Impact of measures of (a) & (b) above for reduction of energy consumption and consequent impact on cost of production of goods:**

The impact of above measures undertaken for reduction of energy consumption through the optimization of production process is Rs 7.50 crores (approximately).

**[B] TECHNOLOGY ABSORPTION****a) Efforts made in technology absorption as per Form B****1. Research & Development (R&D)**

- 1.1 Improvement of fermentation and distillation efficiencies, with reduction in consumption of chemicals and specialty chemicals.
- 1.2 For the first time in India, we were able to successfully develop a product from distillery effluent concentrate (DEC) through two stage evaporation of post biomethanated effluent which has been accepted by 'Ferro Alloy' industries as an alternate binding material for billet processing.
- 1.3 The earlier tie-up with Food & Biochemical Engineering department of Jadavpur University for biochemical researches involving enzyme production and utilization of waste as a cheaper source of raw material is continuing.
- 1.4 For water conservation a process was developed for removal of smell and increasing the transparency of the condensate from the Biomethanated effluent concentration plant, to make it suitable for recycling.
- 1.5 Suitability of Biodigested effluent as an input to the already installed RO unit is being established to achieve water conservation by purifying this waste water through reverse osmosis process for recycling.
- 1.6 After successful development of a special Organic manure under brand name of 'Nabajiban' suitable for 'organic farming' utilizing the treated distillery effluent concentrate along with other natural additives, R&D Department is actively persuading to develop another value added potassium rich, import substitute low cost product, simultaneously solving disposal problem of a sizeable solid waste generated in house.
- 1.7 The R & D Department is conducting laboratory trials for producing value added various grades of pure white silica conforming to BIS Standards utilizing rice husk ash (RHA).

2. Benefits derived as a result of R&D:
  - 2.1 Improved efficiency and yield irrespective of molasses quality.
  - 2.2 Better product quality and market acceptability.
  - 2.3 Cost saving.
  - 2.4 Generating wealth from byproducts.
3. Projects under Implementation to Improve Productivity, Water Conservation, Environmental Protection & Safety:
  - 3.1 Rain water harvesting for water conservation.
  - 3.2 Usage of River water for preservation of ground water.
  - 3.3 Optimizing the generation of Biogas for savings in fuel consumption.
  - 3.4 Incineration of effluent.
  - 3.5 Sodium silicate of textile/ detergent grade.
4. Expenditure on R&D:
 

4.1 Capital	:	Rs 43.10 lakhs
4.2 Recurring	:	Rs 46.14 lakhs
4.3 Total	:	Rs 89.24 lakhs
4.4 Percentage on turnover	:	0.72%

#### **Technology Absorption, Adaptation & Innovation**

1. Efforts:
  - (a) Adoption of Reverse Osmosis Technology for waste water treatment.
  - (b) Innovative ideas suggested by in-house Research & Development and by technical collaborators/consultants are being implemented in the area of optimum waste utilization techniques and for environmental protection.
  - (c) Adoption of forced recirculation type evaporation process for two stage evaporation process of post biomethanated effluent to achieve 'zero discharge'.
  - (d) Introduction of new generation genetically modified enzymes of bacterial origin for cost effective conversion of the grain.
2. Benefits:
  - (a) Improvement in fermentation & Distillation efficiencies.
  - (b) Reduction in conversion cost.
  - (c) Improved quality, productivity and yield in the both molasses and grain spirit.
  - (d) Better utilization and development of value added by-products.
  - (e) Protection of environment by achieving "Zero Discharge" of effluent
  - (f) Improvement in Water conservation.

#### **[C] FOREIGN EXCHANGE EARNINGS AND OUTGO:**

##### **1. Total Foreign Exchange earned and used:**

	<b>31.03.2010</b> <b>(Rs.'000)</b>	<b>31.03.2009</b> <b>(Rs.'000)</b>
a) Foreign Exchange Earnings		
– Exports (FOB Value)	<b>18,368</b>	3,22,157
– Sale of CER	<b>82,321</b>	10,835
	<b>1,00,689</b>	<b>3,32,992</b>
b) Foreign Exchange Outgo:		
– Raw Materials (CIF Value)	<b>3,18,444</b>	1,18,097
– Components & Spare Parts	<b>—</b>	918
– Traveling & consultancy	<b>971</b>	2,737
	<b>3,19,415</b>	<b>1,21,752</b>

On behalf of the Board

Kolkata, 29th May, 2010

Bikram Nag  
Joint Executive Chairman

A K Banerjee  
Managing Director

**ANNEXURE III to Directors' Report****Report on Corporate Governance**

(Pursuant to Clause 49 of Listing Agreement)

**1) Company's philosophy on code of Governance**

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, empowerment, accountability, motivation in all operations and all interactions with its shareholders, investors, lenders, employees and customers.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

**2) Board of Directors**

A) The composition of the Board of Directors as at 31st March 2010 is as follows:

Sl. No.	Name of Director	Category	Number of other*	
			Directorship	Committee Membership
1.	Mr Bijon Nag (Chairman)	Non-Executive	1	—
2.	Mr Bikram Nag (Joint Executive Chairman)	Executive Director	3	—
3.	Mr N. Bhattacharya	Non-Executive & Independent	3	—
4.	Mr A.K. Banerjee	Managing Director	—	—
5.	Mr A.K. Nag	Non-Executive	1	—
6.	Mr H. R. Agarwal	Non-Executive & Independent	1	—
7.	Mr M. K. Vijay	Non-Executive & Independent	4	—
8.	Mr S. K. Mukherji	Non-Executive & Independent	—	—

\*Number includes only public limited companies.

The Board comprised of seven directors during the period from 1.4.2009 to 28.10.2009, out of which 3 directors were independent. Since promoter is non-executive Chairman of the Company total strength of independent directors should be 50% of the total Board Members. The Company has appointed Mr. S. K. Mukherji on 29.10.2009 as non-executive & independent director and complied with the provision of the Listing Agreement.

**B) Composition of the Board of Directors:**

The Board comprises of three Independent Directors.

No Director is a member of more than ten Committees or Chairman of more than five Committees across all Companies in which they are Directors.

**C) Meetings held in the financial year 2009-2010 and attendance of Directors**

The Board meets at least once in a quarter in order to consider amongst other business, the quarterly performance of the Company and its financial results. The gap between any two meetings does not exceed 4 months.

The Company held four Board Meetings in the year 2009-10 that is on 20th May 2009, 30th July 2009, 29th October, 2009 and 27th January, 2010. The attendance of each Director at these meetings was as follows:

Sl. No.	Name of the Director	No. of Board Meeting attended	Attendance at the last AGM
1	Mr. Bijon Nag (Chairman)	1	Not Present
2	Mr. Bikram Nag	4	Present
3	Mr. N. Bhattacharya	4	Present
4	Mr. A.K. Banerjee	4	Present
5	Mr. A.K. Nag	4	Present
6	Mr. H. R. Agarwal	4	Present
7	Mr. M. K. Vijay	4	Present
8	Mr. S. K. Mukherji	2	Not Present

### 3) Audit Committee

Composition of Audit Committee and attendance of each Director during meetings held in financial year 2009-10:

Sl. No.	Name of Members of the Audit Committee	No. of meeting attended
1	Mr. Nandan Bhattacharya	4
2	Mr. A.K. Nag	4
3	Mr. H. R. Agarwal	4

Mr. Rahul Choudhary, Company Secretary acts as Secretary to the Committee. During the year 2009-10, the Committee met four times viz. 20th May 2009, 30th July 2009, 29th October 2009 and 27th January 2010.

Mr. Nandan Bhattacharya acts as Chairman of the Committee.

Brief description of the terms of reference to the Audit Committee:-

- Overview of Company's Financial Reporting process & disclosure of its Financial Information to ensure that Financial Statement reflects true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment, re-appointment of and removal of external auditor, fixation of Audit Fees and approval for payment of other services.
- Reviewing with the management, external & internal auditors of the adequacy of Internal Control System.
- Reviewing the adequacy of Internal Audit functions.
- To review the unaudited quarterly/half yearly and annual financial statements before submission to the Board, focusing on
  - Any changes in accounting policies and practices.
  - Major Accounting entries based on exercise of judgment by management.
  - Qualifications in draft Audit Report
  - Disclosure of related party transaction.
  - Significant adjustments arising out of Audit.
  - The Going Concern assumption.
  - Compliance with Accounting Standards.
  - Matters required to be included as per section 217(2AA) of the Companies Act, 1956.
  - Compliance with Stock Exchange and Legal Requirements concerning financial statements.
- Reviewing the Company's financial and risk management policies.

### 4) Remuneration Committee:

Composition of Remuneration Committee:

Sl. No.	Name of Members of the Remuneration Committee	Member/ Chairman
1	Mr. Nandan Bhattacharya	Chairman
2	Mr. A. K. Nag	Member
3	Mr. M. K. Vijay	Member
4	Mr. H. R. Agarwal	Member

The Committee has reviewed and recommended the remuneration package for Executive and Managing Directors including annual increments, pension rights, compensation payments, if any. One meeting was held during the year.

**Remuneration/ Commission paid to Directors during the financial year 2009-10 :**

(In Rupees)

Name of Director	Sitting Fees				Salary & Perquisites	Guarantee Commission	Total
	Board Meeting	Audit Committee	Remuneration Committee	Shareholders Grievance Committee			
Mr. Bijon Nag	5000	–	–	–	–	1918877	1923877
Mr. Nandan Bhattacharya	20000	20000	1000	1000	–	–	42000
Mr. A.K. Nag	20000	20000	1000	1000	–	–	42000
Mr H.R. Agarwal	20000	20000	–	–	–	–	40000
Mr M.K. Vijay	20000	–	1000	1000	–	–	22000
Mr. S. K. Mukherji	10000	–	–	–	–	–	10000
Mr. Bikram Nag	–	–	–	–	1306933*	–	1306933
Mr. A.K. Banerjee	–	–	–	–	4926686	–	4926686

\* Subject to approval of shareholders at the forthcoming Annual General Meeting.

**5) Shareholders/Investors Grievance Committee :**

The Shareholders/Investors Grievance Committee comprises of the following members:

Sl. No.	Name of the Director	Member/Chairman
1	Mr. Nandan Bhattacharya	Chairman
2	Mr. A. K. Nag	Member
3	Mr. M. K. Vijay	Member

In view of compulsory trading of shares in Demat form and consequent lowering of volume of physical transfers there were very few complaints which were sufficiently addressed to at the level of the Compliance Officer and CB Management Services (P) Ltd., the Registrar & Transfer Agent of the Company for shares both in physical and demat modes. One meeting was convened during the year.

No. of shareholders complaints received so far & resolved	– 3	}
No. of complaints not solved to the satisfaction of shareholders	– Nil	
No. of pending complaints	– Nil	

Name, Designation & Address of the Compliance Officer:

**Mr. Rahul Choudhary**

Company Secretary

**IFB Agro Industries Limited**

Plot No- IND 5, Sector-1,

East Kolkata Township, Kolkata-700 107

Tel: 033 39849627 • Fax: 033 24421003

E-Mail: [complianceifbagro@ifbglobal.com](mailto:complianceifbagro@ifbglobal.com)

**6) Code of Conduct for Board members and Senior Management:**

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



## 7) General Body Meetings:

- a. Location & time where last 3 AGMs were held:

For the year	Date	Venue of the AGM	Time
2008-09 (27th AGM)	3.8.2009	Eastern Zonal Cultural Centre, Bidhannagar , 1A-290, Sector-III, Salt Lake, Kolkata - 700 091	10.00 A.M
2007-08 (26th AGM)	29.8.2008	Paschimbanga Bangla Academy Rabindra Okakura Bhawan 27/A/1, D D Block, Sector -1, Salt Lake, Kolkata 700 064	10.00 A.M
2006-07 (25th AGM)	7.9.2007	Eastern Zonal Cultural Centre, Bidhannagar , 1A-290, Sector-III, Salt Lake, Kolkata - 700 091	10.00 A.M

- b. Whether any special resolution passed in the previous 3 AGMs : Yes
- c. Whether any special resolution during last year:
- Passed through postal ballot : No
- Details of voting pattern : N.A.
- Person who conducted the postal ballot exercise : N.A.
- d. Whether any special resolution is proposed to be conducted through postal ballot: No
- e. Procedure for postal ballot: Your Company will comply with the requirements of postal ballot as and when such matter arises requiring approval of the Shareholders by such process under the Companies (Passing of Postal Ballot) Rules, 2001.

## 8) Disclosure:

- a. Disclosure on materially significant related party transactions that may have potential conflict with the interest of the Company at large:
- None of the transactions with any of the related parties were in conflict with interests of the Company. Transactions with the related parties are disclosed in Note No.20 of Schedule 13 "Notes to Accounts" annexed to the Financial Statements for the year.
- b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities on any matter related to capital markets during the last 3 years : *None*.
- c. The financial statements for the year 2009-10 have been prepared in accordance with the applicable accounting standards prescribed by The Institute of Chartered Accountants of India and there are no deviations.
- d. Public, Rights and other Issues : Nil.
- e. The Board has noted and reviewed the Compliance Reports of all laws applicable to the Company, which were placed before each of its meeting held during the year.
- f. Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.
- g. The Company has periodic review and reporting to the Board of Directors of risk assessment by senior executives with a view to minimise risk.

**h. Secretarial Audit**

A Qualified Practicing Company Secretary carried out Secretarial Audit during the year on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial Audit Report confirms that the Total Paid up Capital is in agreement with the total No. of Shares in physical form and the total No of Dematerialized shares held with NSDL and CDSL.

**9) Means of communication:**

The quarterly and half yearly results of the Company are forthwith communicated to the stakeholders with which 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 leading newspapers such as The Financial Express (English) and Sambad Pratidin (Bengali). No presentation was made to the institutional investors or analysts during the year.

**EDIFAR**

The quarterly financial results and other shareholders related information are also posted in SEBI EDIFAR site.

**10) General Shareholder information:****i) Twenty Eighth ANNUAL GENERAL MEETING**

Date : 31st July 2010

Time : 10.00 A.M.

Venue : Eastern Zonal Cultural Centre, IA-290, Sector-III, Salt Lake, Kolkata - 700 097.

**ii) Financial year - 2009-2010. Following are its highlights :**

Event	Date when approved by the Board for publication
First Quarter Results – ended 30.6.2009	30th July 2009
Half Yearly Results – ended 30.9.2009	29th October 2009
Third Quarter Results – ended 31.12.2009	27th January 2010
Final Audited Results – ended 31.3.2010	29th May 2010

iii) Book Closure date – 24th July 2010 to 31st July 2010 (both days inclusive)

iv) Dividend payment date – Not Applicable.

v) Profile of Directors retiring of rotation: Enclosed separately

vi) Listing on Stock Exchanges:

The Company's Equity Shares are listed on the Stock Exchanges in Mumbai and on National Stock Exchange. Listing fees for the period 2009-10 have been paid to these Stock Exchanges.

The Company has already filed the requisite papers and in the process of de-listing from Delhi Stock Exchanges.

vii) Stock Code:

- |  |                 |
|--|-----------------|
| – The Stock Exchange, Mumbai                                 | – 507438        |
| – National Stock Exchange of India Ltd.                      | – IFB Agro EQ   |
| – ISIN No. allowed by NSDL and CDSL for shares in demat Mode | – INE 076CO1018 |

## viii) Market Price Data

Month	Stock Exchange, Mumbai		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2009	57.85	49.70	57.10	45.10
May 2009	69.20	47.05	67.35	45.25
June 2009	74.60	58.85	74.00	57.00
July 2009	76.80	51.00	76.90	48.30
August 2009	63.70	52.20	64.95	54.40
September 2009	81.70	58.15	82.60	58.00
October 2009	85.20	63.50	83.20	63.50
November 2009	81.00	62.00	79.40	63.00
December 2009	83.80	68.75	85.00	68.20
January 2010	102.50	71.25	109.90	71.50
February 2010	92.70	70.00	92.00	72.00
March 2010	92.00	74.00	93.00	73.00

## ix) Share price performance in comparison to broad based indices BSE Sensex and NSE Nifty

Month	Mumbai Stock Exchange		National Stock Exchange	
	Price	Sensex	Price	Nifty
April 2009	55.00	11403.25	45.10	3473.95
May 2009	66.90	14625.25	64.05	4448.95
June 2009	65.65	14493.84	65.55	4291.10
July 2009	63.80	15670.31	63.35	4636.45
August 2009	60.15	15666.64	59.50	4662.10
September 2009	74.00	17126.84	72.70	5083.95
October 2009	65.35	15896.28	67.90	4711.70
November 2009	74.20	16926.22	74.25	5032.70
December 2009	71.25	17464.81	71.45	5201.05
January 2010	82.60	16357.96	82.70	4882.05
February 2010	80.00	16429.55	79.00	4922.30
March 2010	89.10	17527.77	87.90	5249.10

## x) Share Transfer System

M/s CB Management Services (P) Ltd. of P-22, Bondel Road, Kolkata - 700 019, a SEBI registered Registrar is the Registrar of the Company both in physical and dematerialised segment.

Since the Company's shares can be traded only in demat mode, shareholders would be required to send their physical shares certificates, Demat Request Forms (DRF) etc. directly to the Share Transfer Agent, CB Management Services (P) Ltd. Shareholders would also have to ensure that their respective Depository participant do not delay in sending the DRF and physical share certificates to the aforesaid Share Transfer Agents so that no Demand requests from any shareholder remains pending with the Share Transfer Agent beyond a period of 30 days.

## xi) Distribution of Shareholding &amp; shareholding pattern:

## (a) Distribution of Shareholding as on 31.03.2010:

Range		No. of Shareholders	% of total	No. of Shares	% of total
From	To				
1	500	5653	92.64	750498	9.37
501	1000	243	3.98	190245	2.38
1001	2000	90	1.48	133486	1.67
2001	3000	32	0.52	80533	1.01
3001	4000	9	0.15	33174	0.41
4001	5000	11	0.18	51416	0.64
5001	10000	19	0.31	140929	1.76
10001	9999999	45	0.74	6626830	82.76
TOTAL		6102	100.00	8007111	100.00

## b) Shareholding Pattern as on 31st March 2010:

	No. of Shares	% of total	% Dematerialised
Indian Promoters	4420165	55.20	52.20
Mutual Funds	10000	0.12	—
Banks, Financial Institutions & Insurance Companies	95864	1.20	—
Private Corporate Bodies	1238787	15.47	15.37
Indian Public	2173346	27.14	21.17
Non - Resident Indians	63326	0.80	0.31
Clearing Members	5123	0.06	0.06
Office of the Custodian Special Court	500	0.01	—
<b>TOTAL</b>	<b>8007111</b>	<b>100.00</b>	<b>92.11%</b>

## xii) Dematerialisation of shares :

As on 31st March 2010, 92.11% of the Company's total shares representing 7375769 shares were held in dematerialised form and the balance 7.89% representing 631342 shares were held in physical mode.

## xiii) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity : The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

## xiv) Plant locations :

Alcohol plant	— Noorpur, P.S. Diamond Harbour, South 24-Parganas, West Bengal
IMFL	1) Maheshtala South 24-Parganas, West Bengal 2) Dankuni Dist. Hooghly, West Bengal
Country Spirit Bottling Plant	1) Serampore Dist. Hooghly, West Bengal 2) Durgapur Dist. Burdwan, West Bengal

Marine Product Processing plant — Kasba Industrial Estate, East Kolkata Township, Kolkata - 700 107

## xv) Address for correspondence :

Registered office — Plot No.IND-5, Sector-1, East Kolkata Township, Kolkata - 700 107  
Tel. : (033) 3984 9675 • Fax : (033) 2442 1003 • E-mail : ifbag@sify.com  
Website : www.ifbagro.in

 xvi) Registrar & Share Transfer Agent — CB Management Services (P) Ltd., P-22, Bondel Road, Kolkata - 700 019  
Tel: 4011 6700/11, 4011 6718/23 • Fax: 2287 0263 • E-mail: rta@cbmsl.com

**11) Adoption of non-mandatory requirements under Listing Agreement :****(i) The Board :-**

The Company does not pay the expenses of the Non-Executive Chairman's office incurred in the performance of his duties. The Company has not fixed the tenure of the Independent Directors on the Board.

**(ii) Remuneration Committee :-**

The details pertaining to Remuneration Committee have been provided in point no. 4 of this Report.

**(iii) Shareholders Rights :-**

The Company's quarterly and half-yearly results are published in newspapers and no individual communications are sent to the shareholders.

**(iv) Audit Qualifications**

There are no audit qualifications in the Auditor's Report on the accounts for the year 2009-10 except change in Accounting Policy as referred to in Note No. 7 of Schedule-13.

**(v) Others :-**

The Company has not adopted point nos. 5, 6 and 7 (*read with Para 8F of this report*) specified in Annexure I-D to the clause 49 of the Listing Agreement.

**Declaration :**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, it is hereby declared that all the Board Members and Senior Management Personnel of the Company have affirmed the compliance of Code of Conduct for the year ended 31st March, 2010.

Kolkata

Date : 29th May, 2010

Arup Kumar Banerjee

Managing Director

**Auditors' Certificate on Corporate Governance**

To the Members of

**IFB Agro Industries Limited**

We have examined the compliance of the conditions of Corporate Governance by IFB Agro Industries Limited, Plot No. IND-5, Sector-1, East Kolkata Township, Kolkata 700 107, for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the 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 and the representations made by the Directors and the Management, subject to the fact that the Company has appointed a non-executive independent director on 29.10.2009 to comply with the provision of Clause 49.1(A) of the Listing Agreement as the number of independent directors on the Board of the Company was only 3 from 01.04.2009 to 28.10.2009 which is less than the requirement of number of independent director i.e. 4, in terms of the Listing Agreement, since the non-executive Chairman is a promoter of the company, 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.

Kolkata

Dated : 29th May, 2010

For Haribhakti & Co.  
Chartered Accountants  
Firm Reg. No. 103523W  
Anand Kumar Jhunjunwala  
Partner  
Membership No. 56613

**Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification**

To the Board of Directors  
IFB Agro Industries Limited  
Kolkata

Dear Sirs,

Sub : **CEO & CFO Certificate**

We, A.K. Banerjee, Managing Director and Rahul Choudhary, VP-Finance & Company Secretary responsible for the finance function certify to the Board that :

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March 2010 and to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2010 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - ii) There has not been any significant change in accounting policies during the year except for accounting of Certified Emission Reduction (CER).
  - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Kolkata  
29th May 2010

A.K. Banerjee  
Managing Director

Rahul Choudhary  
VP-Finance & Company Secretary

## **Auditors' Report to the Members of IFB Agro Industries Limited.**

1. We have audited the attached Balance Sheet of IFB Agro Industries Limited, as at 31st March, 2010 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that :-
  - 3.1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets have been physically verified by the management during the year at reasonable intervals and as informed, no material discrepancies were noticed on such verification.
  - (c) There was no substantial disposal of fixed assets during the year.
  - 3.2 (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
  - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
  - 3.3 According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses (iii)(a) to (iii)(d) of the Order are not applicable to the Company.
    - e) The Company has taken interest bearing unsecured loan from two associate concerns aggregating to Rs.85,000 thousand.
    - f) In our opinion, the rate of interest and other terms and conditions, are not prima-facie prejudicial to the interest of the Company.
    - g) The principal amount including interest has been fully repaid during the year.
  - 3.4 In our opinion and according to the information and explanation given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, during the course of our audit we have not come across of any instances of major weaknesses in the internal control system, which would require corrective action, in respect of these areas.
  - 3.5 (a) On the basis of our examination of the books of account, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act, and exceeding the value of five lakh rupees in respect of any party have been entered in the register required to be maintained under that section.
  - (b) In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.



- 3.6 In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public within the purview of Section 58A of the Act and the Companies (Acceptance of Deposit) Rules, 1975 during the year under review.
- 3.7 In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
- 3.8 The Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for any of the products of the Company.
- 3.9 According to the books and records as produced and examined by us and also on the basis of management representations: -
- (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other statutory dues with the appropriate authorities and there are no undisputed amounts payable in respect of above, outstanding at the year end for a period of more than six months from the date they became payable. We are informed that the Company's application towards renewal of exemption from the operation of the Employees State Insurance Act at its factory at Noorpur is still pending, as indicated in Note No 10 of Schedule 13.
- (b) As at 31st March 2010, there are no dues of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and Cess, which have not been deposited on account of any dispute other than as stated below :

Name of Statute	Nature of Dues	Amount (Rs.' 000)	Period to which the amount relates	Forum where dispute is pending
West Bengal Sales Tax Act, 1994	Demand including interest & penalty	2,544	2004-05	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Sales Tax Act, 1994	Demand including interest & penalty	34,466	2005-06	Additional Commissioner of Commercial Taxes, West Bengal
Central Sales Tax Act, 1956	Demand including interest & penalty	908	2005-06	West Bengal Commercial, Taxes Appellate and, Revisional Board
West Bengal VAT Act, 2003	Demand including interest & penalty	1,221	2006-07	Additional Commissioner of Commercial Taxes, West Bengal
West Bengal Sales Tax Act, 1994	Demand including interest & penalty	4,138	2006-07	Additional Commissioner of Commercial Taxes, West Bengal
The Bengal Excise Act, 1909	Duty against transit wastage	1,095	1998-99	Commissioner, Department of Excise, Government of West Bengal

- 3.10 As per the books of account, the Company has neither accumulated loss as at 31st March 2010 nor it has incurred any cash loss either during the financial year ended on that date or in the immediately preceding financial year.
- 3.11 The Company has not defaulted during the year in repayment of its dues to any financial institution or bank. The Company does not have any debentures outstanding as on 31st March 2010.
- 3.12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 3.13 In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, clauses (xiii) (a) to (xiii) (d) of the Order are not applicable to the Company.



- 3.14 In our opinion proper records have been maintained of the transactions and contracts for investments and timely entries have been made therein. The shares and securities, which are held by the Company, are in the Company's name.
- 3.15 The Company has given corporate guarantees for exposure taken by associate companies from financial institutions and overseas corporate. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interests of the Company.
- 3.16 On the basis of review of utilisation of funds pertaining to term loans on overall basis and related information as made available to us, the term loans taken by the Company have been applied for the purposes for which they are obtained.
- 3.17 On the basis of review of utilisation of funds on overall basis, related information as made available to us and as represented to us by the management, the funds raised on short term basis have not been applied during the year for long term investments.
- 3.18 The Company has not made during the year any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- 3.19 The Company has not issued any debentures and accordingly the question of creation of security or charge in this regard does not arise.
- 3.20 The Company has not raised any money through a public issue during the year.
- 3.21 During the course of examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.
4. Further to our comments in the paragraph 3 above, we report that :
- 4.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- 4.2 In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- 4.3 The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- 4.4 In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been in compliance with the applicable accounting standards referred to in Section 211(3C) of the Act;
- 4.5 On the basis of written representation received from the Directors, read with No.17 of Schedule 14 and taken on record by the Board of Directors, we report that none of the Directors are prima-facie disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- 4.6 Attention is drawn to Note No 7 of Schedule-13 regarding change in accounting policy of Certified Emission Reduction (CER). Pursuant to above an amount of Rs. 36,829 thousand has been additionally credited in Profit and Loss Account.
- 4.7 Attention is drawn to Note No. 16 of Schedule 13 regarding managerial remuneration of one director which is subject to approval of the members in the forthcoming Annual General Meeting.
- 4.8 In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon 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:
- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010,
  - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Haribhakti & Co.  
*Chartered Accountants*  
Firm Reg. No. 103523W

Anand Kumar Jhunjhunwala  
*Partner*  
Membership No.56613

Kolkata  
Date: 29th May, 2010

## Balance Sheet as at 31st March, 2010

	Schedule	31st March, 2010		Rs in '000 31st March, 2009	
<b>I. SOURCES OF FUNDS</b>					
<b>1. Shareholders' Funds</b>					
a) Share Capital	1	80,071		80,071	
b) Reserves & Surplus	2	608,274	688,345	564,029	644,100
<b>2. Loan Funds</b>					
a) Secured Loans	3	130,136		99,383	
b) Unsecured Loans	4	184,002	314,138	24,002	123,385
<b>3. Deferred Tax Liability</b> (Refer Note 3 of Schedule 13)			92,255		89,095
<b>TOTAL</b>			<b>1,094,738</b>		<b>856,580</b>
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>	5				
a) Gross Block		1,237,108		1,197,071	
b) Less: Depreciation		569,412		486,519	
c) Net Block		667,696		710,552	
d) Capital Work-in-progress		9,849	677,545	11,795	722,347
<b>2. Investments</b>	6		29,617		29,617
<b>3. Current Assets, Loans &amp; Advances</b>	7				
<b>a) Current Assets</b>					
Inventories		285,461		187,609	
Sundry Debtors		100,423		100,256	
Cash & Bank Balances		147,055		22,252	
Other Current Assets		6,359		6,085	
		539,298		316,202	
<b>b) Loans &amp; Advances</b>		219,259		107,265	
		758,557		423,467	
<b>Less : Current Liabilities &amp; Provisions</b>	8	370,981		318,851	
<b>Net Current Assets</b>			387,576		104,616
<b>TOTAL</b>			<b>1,094,738</b>		<b>856,580</b>
<b>NOTES ON ACCOUNTS</b>	13				
<b>ACCOUNTING POLICIES</b>	14				

The Schedules referred to above form an integral part of the Balance Sheet.  
This is the Balance Sheet referred to in our report of even date.

For Haribhakti & Co.  
Chartered Accountants  
Firm Reg. No. 103523W  
Anand Kumar Jhunjhunwala  
Partner  
Membership No: 56613  
Kolkata, 29th May, 2010

For and on behalf of the  
Board of Directors

Bikram Nag  
Arup Kumar Banerjee  
Rahul Choudhary

Joint Executive Chairman  
Managing Director  
VP-Finance &  
Company Secretary

## Profit & Loss Account for the year ended 31st March, 2010

	Schedule	31st March, 2010	Rs in '000 31st March, 2009
<b>INCOME</b>			
Sales Gross		<b>3,951,788</b>	3,751,286
Less : Excise Duty		<b>1,172,291</b>	989,541
Net Sales		<b>2,779,497</b>	2,761,745
Other Income	9	<b>167,869</b>	84,352
		<b>2,947,366</b>	2,846,097
<b>EXPENDITURE</b>			
Material Costs	10	<b>1,717,576</b>	1,647,105
Manufacturing & Other Expenses	11	<b>1,055,922</b>	914,279
Depreciation		<b>91,225</b>	65,995
Interest	12	<b>17,663</b>	21,172
		<b>2,882,386</b>	2,648,551
Profit before Taxation		<b>64,980</b>	197,546
Provision for Taxes:			
Current Tax		<b>18,547</b>	51,845
Deferred Tax		<b>3,160</b>	13,176
Fringe Benefit Tax		—	2,012
Income Tax Adjustment for earlier years		<b>(972)</b>	(18)
Profit after Taxation		<b>44,245</b>	130,531
Balance Brought Forward		<b>451,478</b>	320,947
Balance Carried to Balance Sheet		<b>495,723</b>	451,478
Basic and diluted earnings per equity share (Rs.) (Refer Note No 25 of Schedule 13)		<b>5.53</b>	16.58

**NOTES ON ACCOUNTS** 13

**ACCOUNTING POLICIES** 14

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

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

For Haribhakti & Co.  
Chartered Accountants  
Firm Reg. No. 103523W

Anand Kumar Jhunjhunwala  
Partner  
Membership No: 56613  
Kolkata, 29th May, 2010

For and on behalf of the  
Board of Directors

Bikram Nag  
Arup Kumar Banerjee  
Rahul Choudhary

Joint Executive Chairman  
Managing Director  
VP-Finance &  
Company Secretary

## Schedules to Balance Sheet and Profit and Loss Account

<b>SCHEDULE-1</b>	<b>31.03.2010</b> <b>Rs. '000</b>	<b>31.03.2009</b> <b>Rs. '000</b>
<b>Share Capital</b>		
<b>Authorised</b>		
1,20,00,000 Equity Shares of Rs.10 each (Previous year 1,20,00,000 Equity Shares of Rs.10 each )	<b>120,000</b>	<b>120,000</b>
<b>Issued, Subscribed &amp; Paid up</b>		
80,07,111 (Previous year 80,07,111) Equity Shares of Rs 10 each. (Refer Note 1 of Schedule 13)	<b>80,071</b>	<b>80,071</b>
	<b>80,071</b>	<b>80,071</b>

<b>SCHEDULE-2</b>	<b>31.03.2010</b>			<b>31.03.2009</b>		
<b>Reserves &amp; Surplus</b>	<b>Opening Balance Rs. '000</b>	<b>Increase/ (Decrease) Rs. '000</b>	<b>Closing Balance Rs. '000</b>	<b>Opening Balance Rs. '000</b>	<b>Increase/ (Decrease) Rs. '000</b>	<b>Closing Balance Rs. '000</b>
Capital Reserve	777	–	777	777	–	777
Share Premium	83,280	–	83,280	66,180	17,100	83,280
Investment Allowance Reserve	490	–	490	490	–	490
General Reserve	28,004	–	28,004	28,004	–	28,004
Profit & Loss Account	451,478	44,245	495,723	320,947	130,531	451,478
	<b>564,029</b>	<b>44,245</b>	<b>608,274</b>	<b>416,398</b>	<b>147,631</b>	<b>564,029</b>

<b>SCHEDULE-3</b> (Refer Note 2 of Schedule 13)	<b>31.03.2010</b> <b>Rs. '000</b>	<b>31.03.2009</b> <b>Rs. '000</b>
<b>Secured Loans</b>		
Term Loans - Bank	<b>95,400</b>	<b>66,571</b>
Cash Credit (including export packing credit)		
– Banks (Net of Debit Balance of Rs. Nil Previous year Rs. 12,885 thousand)	<b>34,736</b>	<b>32,812</b>
	<b>130,136</b>	<b>99,383</b>

<b>SCHEDULE-4</b>		
<b>Unsecured Loans</b>		
Short Term From Banks	<b>160,000</b>	<b>–</b>
Other Loan	<b>24,002</b>	<b>24,002</b>
	<b>184,002</b>	<b>24,002</b>

**SCHEDULE - 5**
**Fixed Assets**

( Refer Note 4 of Schedule 13 )

*Rs '000*

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 1.04.2009	Addition During the year	Sales/ adjust- ments during the year	As at 31.03.2010	Upto 31.03.2009	For the year	Sales/ Adjust- ments + / (-)	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Freehold Land	13,367	10	—	13,377	—	—	—	—	13,377	13,367
Leasehold Land	13,370	—	—	13,370	—	—	—	—	13,370	13,370
Buildings	191,943	17,252	—	209,195	69,616	12,441	—	82,057	127,138	122,327
Plant & Machinery	881,400	29,630	5,148	905,882	357,643	75,097	4,271	428,469	477,413	523,757
Furniture & fittings	14,353	1,552	662	15,243	9,296	1,400	298	10,398	4,845	5,057
Office Equipment	15,640	1,644	4,241	13,043	10,213	1,447	3,763	7,897	5,146	5,427
Vehicles	6,843	—	—	6,843	3,598	840	—	4,438	2,405	3,245
Leased Assets :										
Plant & Machinery	60,155	—	—	60,155	36,153	—	—	36,153	24,002	24,002
	1,197,071	50,088	10,051	1,237,108	486,519	91,225	8,332	569,412	667,696	710,552
Capital Work in Progress	11,795	28,117	30,063	9,849	—	—	—	—	9,849	11,795
Total	1,208,866	78,205	40,114	1,246,957	486,519	91,225	8,332	569,412	677,545	722,347
Previous year	963,390	358,228	112,752	1,208,866	425,387	65,995	4,863	486,519	722,347	—

**SCHEDULE -6**
**Investments**

( Long term other than Trade - At Cost )

**Quoted - In fully paid up equity shares**

90,000 shares of Rs 10 each in CPL Projects Ltd.	<b>185</b>	185
Market Value - Rs Nil (Previous year Rs Nil )		
1,72,733 shares of Rs 10 each in IFB Industries Ltd.	<b>1,131</b>	1,131
Market Value - Rs 15494 thousand (Previous year Rs 4284 thousand)		
5,000 shares of Rs 10 each in Tamil Nadu Newsprint Ltd.	<b>472</b>	472
Market Value - Rs 448 thousand (Previous year Rs 284 thousand)		
<b>Total I</b>	<b>1,788</b>	1,788

	31.03.2010 Rs. '000	31.03.2009 Rs. '000
<b>SCHEDULE -6 (Contd.)</b>		
<b>Unquoted - In fully paid up equity shares</b>		
2,60,000 shares of Rs 10 each in Zenith Investments Ltd.	260	260
23,900 shares of Rs 100 each in Asansol Bottling & Packaging Co. Pvt. Ltd.	2,390	2,390
1,45,000 shares of Rs 10 each in Nurpur Gases Pvt. Ltd.	1,450	1,450
9,55,998 shares of Rs 10 each in IFB Automotive Pvt. Ltd.	23,729	23,729
<b>Total II</b>	<b>27,829</b>	<b>27,829</b>
<b>Total Investments ( I+II )</b>	<b>29,617</b>	<b>29,617</b>
Aggregate Market Value of Quoted Investments	15,942	4,568

## SCHEDULE 7

### Current Assets, Loans & Advances

#### a) Current Assets

##### i) Inventories

Raw Materials	200,794	96,185
Finished Goods	71,844	79,798
Work-in-Progress	7,670	5,396
Stores and Spares	5,153	6,230
	<b>285,461</b>	<b>187,609</b>

##### ii) Sundry Debtors

Unsecured		
Outstanding over six months		
– Considered Good	—	557
– Considered Doubtful	—	—
	—	557
Other Debts (Considered Good)	100,423	99,699
	<b>100,423</b>	<b>100,256</b>

	31.03.2010 Rs. '000	31.03.2009 Rs. '000
<b>SCHEDULE -7 (Contd.)</b>		
<b>iii) Cash and Bank Balance</b>		
Cash in hand	493	481
Cheques in hand	500	4,295
Balances with Scheduled Banks :		
Current Accounts	38,074	9,557
Fixed Deposits (Rs. 8,540 thousand under lien with banks - Previous Year Rs. 2000 thousand)	107,988	7,919
	147,055	22,252
<b>iv) Other Current Assets</b>		
Prepaid Expenses	6,310	5,649
Interest Accrued on Deposits	49	436
	6,359	6,085
<b>b) Loans &amp; Advances</b>		
Unsecured Considered Good		
i) Advances recoverable in cash or in kind or for value to be received	181,609	74,820
ii) Advance payment of Income Tax (Net of Provision Rs 95,937 thousand -Previous Year Rs 1,07,902 thousand)	10,883	7,139
iii) Deposit with Port Trust, Excise & Others	26,767	25,306
	219,259	107,265
<b>Total</b>	<b>758,557</b>	<b>423,467</b>

## SCHEDULE 8

### Current Liabilities & Provisions

#### Liabilities

Sundry Creditors (Refer Note 12 of Schedule 13)

– Dues to Micro, Small and Medium Enterprise	—	—
– Dues to others	151,042	175,627
Other Liabilities	214,958	139,168

#### Provision

Provision for Leave Encashment	4,981	4,056
	370,981	318,851

	31.03.2010 Rs. '000	31.03.2009 Rs. '000
<b>SCHEDULE-9</b>		
<b>Other Income</b>		
Export Incentive	19,842	41,959
Income from Certified Emission Reduction (CER)	82,321	10,835
Interest (Gross) (TDS Rs 377 thousand, Previous year Rs 901 thousand)	3,918	4,518
Insurance Claim	4,971	35
Miscellaneous Receipt	18,953	16,945
Rent	20,038	8,920
Gain on exchange fluctuation	4,433	406
Liability no longer required written back	13,171	27
Profit on sale of Investments (net)	—	401
Profit on Sale of Fixed Assets	222	306
	<b>167,869</b>	<b>84,352</b>
<b>SCHEDULE-10</b>		
<b>Raw Materials and Finished Goods</b>		
I. Raw Materials Consumed		
Opening Stock	96,185	72,543
Add : Purchase	1,508,258	1,428,638
	<b>1,604,443</b>	<b>1,501,181</b>
Less : Closing Stock	200,794	96,185
	<b>1,403,649</b>	<b>1,404,996</b>
II. Merchanting Goods		
Opening Stock	9,299	4,279
Add : Purchases	308,247	251,510
	<b>317,546</b>	<b>255,789</b>
Less : Closing Stock	9,459	9,299
	<b>308,087</b>	<b>246,490</b>
<b>Total ( I + II )</b>	<b>1,711,736</b>	<b>1,651,486</b>
III. (Increase)/Decrease in Finished Goods, WIP		
Opening Stock		
– Finished Goods	70,499	69,351
– WIP	5,396	2,163
Less: Closing Stock		
– Finished Goods	62,385	70,499
– WIP	7,670	5,396
(Increase)/Decrease in Finished Goods, WIP	<b>5,840</b>	<b>(4,381)</b>
<b>Total ( I + II + III )</b>	<b>1,717,576</b>	<b>1,647,105</b>



	31.03.2010 Rs. '000	31.03.2009 Rs. '000
<b>SCHEDULE-11</b>		
<b>Manufacturing and Other Expenses</b>		
Salary, Wages and Bonus	119,207	117,977
Staff Welfare	16,737	14,202
Contribution to Provident Fund & Gratuity Fund	15,866	11,453
Stores & Spares consumed	16,779	27,597
Rates and Taxes	527,718	413,872
Power and Fuel	115,176	88,519
Rent	11,815	16,017
Office Expenses	34,845	36,224
Travelling	10,252	13,567
Insurance	6,301	5,738
Freight, Octroi and Carriage	41,041	56,647
Repairs:		
Building	6,311	4,160
Plant & Machinery	7,351	11,080
Others	6,953	7,834
Sales Promotion	51,562	48,689
Advertisement & Publicity	485	578
Miscellaneous Expenses	66,471	38,596
Loss on Sale of Fixed Assets	887	57
Bad Debt written off	165	1,472
	<u>1,055,922</u>	<u>914,279</u>

**SCHEDULE-12**
**Interest**

On Term Loans	14,590	14,378
On Others	3,073	6,794
	<u>17,663</u>	<u>21,172</u>

**SCHEDULE-13****NOTES ON ACCOUNTS****1. Share Capital (Schedule 1)**

- a) Out of the Issued and Subscribed Capital, 104,000 Equity Shares of Rs.10 each were issued as fully paid Bonus Shares by capitalisation of Reserves and Surplus in earlier years.

**2. Secured Loans (Schedule 3)**

- a) Term Loan other than short term loan is secured by (i) exclusive first charge on existing entire fixed assets and assets to be created in the project of the Company, and (ii) second charge on the current assets of the Company, (iii) Corporate Guarantee of one Associate Company.
- b) Cash Credit including FCNR loans from Banks are secured by (i) hypothecation charges ranking pari passu inter se on the Company's entire current assets, (ii) second charge ranking pari passu inter se on the Company's fixed assets and (iii) Personal Guarantee of one Director.
- c) Export Packing Credits from Banks are secured by (i) hypothecation of exportable stocks (ii) Personal Guarantee of one Director.

**3. Deferred Tax**

The break up of net deferred tax liability as at 31st March 2010 is as under: -

	<b>31.03.2010</b> <b>Rs.'000</b>	31.03.2009 Rs.'000
Deferred Tax Liabilities :		
Timing difference on account of difference between Book Depreciation and Depreciation under Income Tax Act.	<b>93,948</b>	90,473
Less: Deferred Tax Assets :		
Leave Encashment (Tax Effect)	<u><b>1,693</b></u>	<u>1,378</u>
Net Deferred Tax Liability	<u><b>92,255</b></u>	<u>89,095</u>

**4. Fixed Assets (Schedule 4)**

- a) The factory buildings at Noorpur and Dankuni, West Bengal have been constructed on land leased/rented by associate concerns.
- b) Company's Marine Product Processing Plant, Kolkata has been erected on land worth Rs. 7,877 thousand, obtained under lease for ninety nine years valid upto 9th August, 2093 through license from Calcutta Metropolitan Development Authority, for which formal lease deed is yet to be executed.
- c) Plant & Machinery includes electrical installation and laboratory equipment.
- d) Building worth Rs. 159,499 thousand (previous year Rs. 143,436 thousand) has been constructed on leasehold land.
5. The Lease Agreement entered with Rajasthan State Electricity Board (RSEB) expired on 28th February, 2004. In terms of the said agreement, the residual value of the leased assets acquired from RSEB amounting to Rs. 24,002 thousand is required to be adjusted against the corresponding amount of interest free security deposit obtained from RSEB. As Company's appeal towards certain claims against RSEB is pending before the Jaipur High Court, adjustments as mentioned above and further income arising therefrom, have not yet been considered in these accounts.
6. Sundry Debtors, Advances, Deposits and Creditors are subject to confirmation.
7. Sale of Certified Emission Reduction (CER) has been accounted for on execution of sale contract during the year which hitherto was accounted for on cash basis in earlier years. The surplus of Rs. 36,829 thousand arising due to the fact stated above has been credited in the Profit and Loss Account.

**SCHEDULE-13 (Contd.)**
**8. Employee Retirement Benefits:**
**Defined Contribution Plans:**

The Company has recognized as expense the following amounts:

(Rs'000)

	<b>For the year ended March 31,2010</b>	For the year ended March 31,2009
Employer's Contribution to Provident & Family Pension Fund	<b>5,856</b>	5003
Employer's Contribution to Superannuation Fund	<b>3,750</b>	3,466
Employer's Contribution to Gratuity Fund	<b>3,996</b>	2,372
<b>Total</b>	<b>13,602</b>	10,841

**Defined Benefit Plan in respect of Leave Encashment:**
**A. Change in Defined Benefit Obligations**

1	Present Value of Obligation as at the beginning of the year	<b>4,056</b>	3,399
2	Current Service cost	<b>385</b>	329
3	Interest cost	<b>361</b>	298
4	Curtailment cost/(credit)	—	—
5	Settlement cost/(credit)	—	—
6	Employee contribution	—	—
7	Plan amendments	—	—
8	Acquisitions	—	—
9	Actuarial (gains)/ losses	<b>680</b>	184
10	Benefits paid	<b>(501)</b>	(154)
11	Present Value of Obligation as at the end of the year	<b>4,981</b>	4,056

**B. Change in the Fair Value of Plan Assets**

1	Plan assets as at the beginning of the year	—	—
2	Actual return on plan assets	—	—
3	Actual Company contributions	<b>501</b>	154
4	Employee contributions	—	—
5	Benefits paid	<b>(501)</b>	(154)
6	Plan assets as at the end of the year	—	—

**SCHEDULE-13 (Contd.)**

(Rs'000)

For the year ended  
March 31,2010      For the year ended  
March 31,2009

**C. Net Asset/(Liability) recognised in the Balance Sheet**

1.	Funded Status		
	1. Present value of Defined Benefit Obligation	4,981	4,056
	2. Fair value of plan assets	—	—
	3. Funded status [Surplus/(Deficit)]	(4,981)	(4,056)
	4. Effect of balance sheet asset limit	—	—
	5. Unrecognised Past Service Costs	—	—
<b>II.</b>	<b>Net asset/(liability) recognised in balance sheet</b>	<b>(4,981)</b>	<b>(4,056)</b>
	1. Net asset/(liability) recognised in balance sheet at beginning of the period	(4,056)	(3,399)
	2. Employer expense	1,426	811
	3. Benefits paid	(501)	(154)
	4. Net asset/(liability) recognised in balance sheet at end of the period	(4,981)	(4,056)

**D. Total expense recognised in the Statement of Profit & Loss**

I.	Components of employer expense		
	1. Current Service cost	385	329
	2. Interest cost	361	298
	3. Expected return on plan assets	—	—
	4. Curtailment cost/(credit)	—	—
	5. Settlement cost/(credit)	—	—
	6. Amortization of Past Service Cost	—	—
	7. Actuarial Losses/(Gains)	680	184
	8. <b>Total expense recognised in the Statement of Profit &amp; Loss</b>	<b>1,426</b>	<b>811</b>
<b>II.</b>	<b>Actual Contributions and Benefit Payments for the year</b>	<b>—</b>	<b>—</b>
	1. Actual benefit payments	501	154
	2. Actual Contributions	501	154

**E. Principal Actuarial Assumptions used as at the Balance Sheet date**

	%	%
Discount Rate per annum Compound	8.00	8.00
Rate of increase in salaries	5.00	5.00
Expected Average remaining working lives of employees (years)	15.98	15.87

Scheme is not funded through any trust fund and therefore no assumption regarding expected rate of return on assets is applicable.

9. The Company had entered into arrangements with distillery tie-up units in Assam, Orissa & Bihar for production and marketing of its own IMFL brands. The production in the premises of tie-up units is carried out under its close supervision. The marketing is entirely the responsibility of the Company. The Company is also required to ensure adequate finance to their tie-up units. Though

**SCHEDULE-13 (Contd.)**

under the agreements, the production and sale are accounted for by and in the books of the tie-up units, the Company promotes its brands through this arrangement. Accordingly, it is considered appropriate to disclose the following quantitative and value information for the year, as furnished by the tie-up units:

- i) Loss from tie-up operations detailed as under is included in the Miscellaneous Expenses of Schedule 11 :-

	<b>31.03.2010</b> <b>Rs.'000</b>	31.03.2009 Rs.'000
Net Sales	<b>248,772</b>	213,109
Cost of Sales	<b>206,322</b>	169,904
Gross Profit	<b>42,450</b>	43,205
Expenses	<b>53,386</b>	41,975
Income / (Loss)	<b>(10,936)</b>	1,230

- ii) Quantitative information for tie-up operations: -

	<b>31.03.2010</b>		31.03.2009	
Potable Alcohol	<b>Qty.</b> <b>(Cases)</b>	<b>Value</b> <b>Rs.'000</b>	Qty. (Cases)	Value Rs.'000
a) Opening Stock	<b>3,855</b>	<b>13,376</b>	2,945	3,380
b) Production	<b>176,355</b>	—	163,635	—
c) Sales	<b>178,531</b>	<b>248,772</b>	162,725	213,109
d) Closing Stock	<b>1,679</b>	<b>7,329</b>	3,855	13,376

- iii) The balance due from tie-up units, of Rs. 44,147 thousand (previous year Rs. 41,092 thousand) is included under advances recoverable. This is on account of the financing by the company of inventories, debtors and other current assets net of current liabilities on behalf of the units.

10. Pending renewal of exemption of the Employees' State Insurance Scheme at its factory at Noorpur since the year 1997-98, no deduction or deposit in respect thereof has been made. (Please also refer to Note No. 13(e)).
11. Compensation received towards higher transportation cost of molasses has been recognized on a consistent basis as per procedure followed by the Government towards granting rebate on excise duty payable on matching concept basis and accounting convention followed by the Company. Accordingly, the Company has recognized and adjusted Rs. 69,761 thousand (Previous Year Rs. 2,16,246 thousand) during the year based on credit adjustment availed.
12. No supplier at the year end has intimated the company about its status as a micro, medium or small enterprise or its registration under Micro Small and Medium Enterprise Development Act, 2006.

**SCHEDULE-13 (Contd.)**

13. Contingent Liabilities	31.03.2010 Rs.'000	31.03.2009 Rs.'000
a) Counter Guarantees given to Bankers against Guarantees issued by them.	18,775	14,637
b) Letters of Credit issued by Bankers	66,625	66,695
c) Corporate Guarantees given in favour of other bodies corporate	21,700	35,178
d) Show Cause Notice issued by Customs Department against the Marine Division of the Company. The Company had filed suitable reply and also faced personal hearing. The adjudication order is still awaited. The Company is of considered view that demand is not sustainable.	21,053	21,053
e) ESI liability for the period April 1997 – March 2010 pending renewal of exemption.	1,557	3,696
f) Demand raised by Excise Department for payment of duty not acknowledged by the Company being not sustainable. Matter pending with Commissioner of Excise, Government of West Bengal.	1,095	1,095
g) Demand raised by Sales Tax Department under West Bengal Sales Tax Act 1994 for the year 2004-05, 2005-06 and 2006-07, Central Sales Tax Act, 1956 for 2005-06 and under West Bengal VAT Act 2003 for the year 2006-07 for payment of duty including interest and penalty not acknowledged by the company being not sustainable. Matter pending under appeal with West Bengal Commercial Taxes Appellate and Revisional Board / Additional Commissioner of Commercial Taxes, West Bengal.	43,276	406
h) Bills discounted and remaining unpaid	—	23,169
	<b>174,081</b>	<b>165,929</b>
There is no possibility of any reimbursement in respect of the above.		
14. Outstanding Capital Commitments (net of advance) are estimated at Rs.Nil (Previous Year Rs. 10, 940 thousand).		
15. Auditors' Remuneration (including service tax wherever applicable):		
a) Statutory Audit fees	662	552
b) In other capacity :		
– Tax Audit	165	110
– Taxation matter	—	53
– Other services (issuing various certificates and reports)	58	77
– Reimbursement of expenses	20	20
	<b>905</b>	<b>812</b>

**SCHEDULE-13 (Contd.)**

		<b>31.03.2010</b> <b>Rs.'000</b>	<b>31.03.2009</b> <b>Rs.'000</b>
16. Managerial Remuneration:			
a) i) Directors' fees	(A)	<b>161</b>	162
ii) Other remuneration:			
Salary		<b>3,216</b>	2,758
Estimated value of perquisites		<b>2,151</b>	1,809
Commission to Executive & Managing Directors		—	4,000
Commission to Non-executive Directors		—	558
Contribution to Provident & Superannuation Fund		<b>794</b>	670
	(B)	<b>6,161</b>	9,795
	(A+B)	<b>6,322</b>	9,957

The computation of profits under section 349 of the Companies Act, 1956 has not been given as no commission is payable to the directors. Remuneration includes remuneration to an executive director for the period 27th January, 2010 to 31st March, 2010 which is subject to approval of members in the forthcoming Annual General Meeting.

**17. Exchange Fluctuations**

Amount of net exchange gain / (loss) has been credited/debited to the Profit & Loss Account under the following heads:

	<b>31.03.2010</b> <b>(Rs.'000)</b>	<b>31.03.2009</b> <b>(Rs.'000)</b>
Raw Material Import	<b>3,010</b>	(1,764)
On FCNR Account	<b>493</b>	(1,084)
Finished goods export	<b>(34)</b>	406
Certified Emission Reduction Credit	<b>964</b>	—
	<b>4,432</b>	(2,442)

**18. According to the Company and in terms of Article 76 of the Memorandum & Articles of Association of the Company, Mr Bijon Nag is permanent Director on the Board of the Company. As this Director does not seek reappointment by rotation, the provisions of Section 274(1)(g) of the Companies Act, 1956 are not applicable to him.**

**SCHEDULE-13 (Contd.)**
**19. Segment Information:**
**A) Primary Business Segments for the year ended 31st March 2010**
**Rs.'000**

	Spirit, Liquor, Spirituos Beverages	Marine	Unallocated	Total
<b>Revenue</b>				
External	<b>2,415,122</b> (2,098,749)	<b>525,932</b> (739,928)	– (–)	<b>2,941,054</b> (2,838,677)
Internal – segment	–	–	–	–
Total revenue	<b>2,415,122</b> (2,098,749)	<b>525,932</b> (739,928)	– (–)	<b>2,941,054</b> (2,838,677)
<b>Results</b>				
Segment Results	<b>54,412</b> (172,000)	<b>21,919</b> (39,298)	– (–)	<b>76,331</b> (211,298)
Unallocated expenditure	– (–)	– (–)	– (–)	– (–)
Interest expense	<b>10,622</b> (9,764)	<b>287</b> (2,763)	<b>6,754</b> (8,645)	<b>17,663</b> (21,172)
Other income	– (–)	– (–)	<b>6,312</b> (7,420)	<b>6,312</b> (7,420)
<b>Profit before taxation and exceptional items</b>	<b>43,790</b> (162,236)	<b>21,632</b> (36,535)	<b>-442</b> (-1225)	<b>64,980</b> (197,546)
<b>Other information:</b>				
Segment assets	<b>1,049,424</b> (951,830)	<b>163,003</b> (120,666)	<b>253,292</b> (206,095)	<b>1,465,719</b> (1,278,591)
Segment liabilities	<b>536,014</b> (378,611)	<b>76,235</b> (14,040)	<b>165,125</b> (241,840)	<b>777,374</b> (634,491)
Capital expenditure	<b>56,462</b> (227,598)	<b>2,562</b> (23,543)	<b>174</b> (3,750)	<b>59,198</b> (254,891)
Depreciation	<b>81,357</b> (58,273)	<b>6,370</b> (4,973)	<b>3,498</b> (2,749)	<b>91,225</b> (65,995)
Non-cash expenses other than depreciation	– (–)	– (–)	<b>2,477</b> (1,895)	<b>2,477</b> (1,895)

**\*Previous year's figures in brackets.**
**Notes:**

1. The Company's operations are diversified into two main business segments, namely :
  - a) Spirit, Liquor and Spirituous beverages comprising of rectified spirit, country liquor and Indian made foreign liquor.
  - b) Marine division comprising of marine products processing & exports, domestic selling and marine feed trading.



**SCHEDULE-13 (Contd.)**

2. Segments have been identified and reported taking into account, the nature of products and services, different risks and returns reporting systems.
3. Segment Revenue in each of the above domestic business segments primarily includes sales, processing charges and export incentives in the respective segments.
4. Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

**B. Secondary Segment reporting (by geographical segments)**

	Domestic (Rs.'000)	Exports (Rs.'000)	Total (Rs.'000)
Revenues	<b>2,922,686</b> (2,516,520)	<b>18,368</b> (322,157)	<b>2,941,054</b> (2,838,677)
Total Assets	<b>1,318,967</b> (1,167,963)	<b>146,752</b> (110,682)	<b>1,465,719</b> (1,278,646)
Capital Expenditure	<b>56,636</b> (231,348)	<b>2,562</b> (23,543)	<b>59,198</b> (254,890)

\*Previous year's figure in brackets.

**20. Related Party Disclosures**

As per AS-18 issued by the Institute of Chartered Accountants of India, disclosures of transactions with the related parties in terms of Accounting Standard are as follows :-

**A. List of related parties:**
**Associates:**

Nurpur Gases Private Limited  
IFB Automotive Private Limited  
Asansol Bottling & Packaging Co. Private Limited  
CPL Industries Limited  
CPL Projects Limited  
Travel Systems Limited  
IFB Industries Limited  
Special Drinks Private Limited  
Zenith Investments Limited

**Key Management Personnel:**

Mr. Bikram Nag  
Mr. A.K. Banerjee  
Mr. Bijon Nag  
Mr. Rahul Choudhary

Note: Related parties' relationships as identified by the Company and relied upon by the Auditors.

**SCHEDULE-13 (Contd.)**

- B. During the year, the Company entered into transactions with related parties. Those transactions along with related balances as at 31st March, 2010 and for the year ended are presented in the following table:-

Nature of transactions	31.03.2010 ( Rs. '000)		31.03.2009 ( Rs. '000)	
	Associates	Key Management Personnel	Associates	Key Management Personnel
Purchase of goods & Services	1,116	—	1,070	—
Sales, Services and Other Income	102,558	—	323,837	—
Purchase of Fixed Assets	9	—	50	—
Sale of Investments	—	—	5,625	—
Issue of Equity shares	—	—	20,100	—
Loan taken and repaid including interest	88,369	—	191,708	—
Expenditure on Lease rent and Services	2,727	—	4,028	—
Remuneration	—	8,456	—	11,797
Guarantee Commission	—	1,919	—	1,685
Outstanding Receivables	19,242	—	37,796	—
Outstanding Payables	10,391	—	10,248	—

	31.03.2010 ( Rs. '000)	31.03.2009 ( Rs. '000)
21. Value of Imports on CIF basis :		
Raw Materials	318,444	118,097
Components and Spare Parts	—	918
22. Expenditure in Foreign Currency :		
Travelling	971	2,737
23. Earnings in Foreign Exchange :		
FOB Value of Export	18,368	322,157
Certified Emission Reduction (CER)	82,321	10,835
24. Particulars regarding Capacity, Stocks, Sale of Finished Goods and Raw Materials & Stores Consumed:		

	Unit of Measurement	31.03.2010			31.03.2009		
		Licenced Capacity	Installed Capacity	Actual Production	Licenced Capacity	Installed Capacity	Actual Production
a) <b>Particulars regarding capacity and production :</b>							
Alcohol	LPL '000	N.A.	59,472	49,691	N.A.	59,472	51,784
Indian Made Foreign Liquor	LPL '000	N.A.	7,483	2,983	N.A.	6,480	2,432
Marine Products	M.T.	N.A.	2,520	281	N.A.	2,520	1,116

**Note:** Installed Capacity is as certified by the Management.

**SCHEDULE-13 (Contd.)**

		31.03.2010			31.03.2009		
	Unit of Measurement	Opening Stock	Sales	Closing Stock	Opening Stock	Sales	Closing Stock
b) Stock and Sale of Finished Goods :							
Alcohol	LPL '000	1,818*	49,852	1,657	2,097	52,063	1,818*
	Rs. '000	23,457	2,827,553	32,509	36,795	2,564,504	23,457
Indian Made Foreign Liquor	LPL '000	33	2,890	126	128	2,527	33
	Rs. '000	4,084	623,468	10,149	12,641	481,498	4,084
Marine Products	M.T.	144	350	75	73	1,046	144
	Rs. '000	42,958	133,809	19,727	19,915	409,925	42,958
Total :	Rs. '000	70,499	3,584,830	62,385	69,351	3,455,927	70,499

\*Includes 776349 LPL of grain spirit which is not suitable for consumption.

**c) Trading Business :**

	Opening stock Value Rs. '000	Purchase Value Rs. '000	Sales Value Rs. '000	Closing Stock Value Rs. '000
Others	2,468	16,393	20,998	3,361
Marine Feed (M.T.)	150	6,864	6,869	145
Value (Rs.'000)	6,831	291,854	345,960	6,098
Total	9,299	308,247	366,958	9,459
	(4,279)	(251,510)	(295,359)	(9,299 *

\* The Previous year's figures are in bracket.

			31.03.2010		31.03.2009		
			Unit	Quantity	Value	Quantity	Value
					(Rs.'000)		(Rs.'000)
d) Consumption of Raw materials							
i)	Molasses	M.T.	41,641	390,505	65,734	449,418	
ii)	Grain	M.T.	44,886	469,482	33,809	309,960	
iii)	Extra Neutral Alcohol (Rectified Spirit)	LPL'000	3,245	189,890	2,392	158,667	
iv)	Marine Products	MT	391	83,571	1,662	363,903	
v)	Others			270,021	–	123,048	
	Total			1,403,649		1,404,996	

**SCHEDULE-13 (Contd.)**

	31.03.2010		31.03.2009	
	Rs.'000	Percentage of total consumption	Rs.'000	Percentage of total consumption
<b>e) Consumption of Raw materials, Spare Parts and Components</b>				
Raw material : Imported	289,956	20.41	70,923	4.95
Stores & Spares: Imported	—	—	918	0.06
<b>Sub-total</b>	<b>289,956</b>	<b>20.41</b>	<b>71,841</b>	<b>5.01</b>
Raw material : Indigenous	1,113,693	78.40	1,334,073	93.13
Stores & Spares: Indigenous	16,779	1.19	26,679	1.86
<b>Sub-total</b>	<b>1,130,472</b>	<b>79.59</b>	<b>1,360,752</b>	<b>94.99</b>
<b>Total</b>	<b>1,420,428</b>	<b>100.00</b>	<b>1,432,593</b>	<b>100.00</b>
	<b>31.03.2010</b>		<b>31.03.2009</b>	
	<b>Rs '000</b>		<b>Rs '000</b>	
<b>25. Computation of Earnings per Share :</b>				
Profit for the year after tax	44,245		130,531	
Add/(Less) : Exceptional Items (Net of Tax Expense)	—		—	
Profit for Earnings per share before Exceptional Item	44,245		130,531	
Profit for Earnings per share after Exceptional Item	44,245		130,531	
Weighted Average number of equity shares outstanding	8,007		7,872	
Basic and diluted earning per equity share before exceptional item	5.53		16.58	
Basic and diluted earning per equity share after exceptional item	5.53		16.58	

26. Previous year's figures have been regrouped and rearranged wherever necessary.

**SCHEDULE-14****SIGNIFICANT ACCOUNTING POLICIES****1. Accounting Conventions**

The accounts are prepared under historical cost convention based on generally accepted accounting principles and applicable Accounting Standards in India. The Company follows accrual system of accounting and recognition of Income and Expenditure is on accrual basis except for export incentives and claims from Government for higher cost of molasses, which are accounted for on cash basis consistently.

**2. Revenue Recognition**

Sale is recognized in the accounts on passing of title to the goods. Dividend income is accounted for when the right to receive payment is established. Sale of Certified Emission Reduction (CER) is accounted for on the basis of execution of sale contract.

**3. Fixed Assets**

Fixed Assets are capitalized at cost inclusive of installation and related expenses.

**4. Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**5. Impairments**

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any indication exists, the assets recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

**6. Depreciation**

Depreciation after impairment, if any, has been provided on written down value method, at the applicable rates specified in Schedule XIV of the Companies Act, 1956. Depreciation on leased assets at cost less residual value is provided for on written down value method over the primary period of lease.

**7. Investments**

Investments are stated at cost. Provision for diminution in the value of long term investments is made only, if, such a decline is other than temporary nature, in the opinion of the management.

**8. Inventories**

Raw materials, work-in-progress, stores and spares and finished goods are valued at lower of cost and net realizable value. Cost of Inventories is computed on a weighted average/FIFO basis.

**9. Foreign Currency Translation**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Foreign currency backed assets and liabilities covered by forward contracts are stated at the forward contract rates while those not covered by forward contracts are restated at rates ruling at the year end. Exchange differences relating to fixed assets and any other differences are dealt with in the Profit and Loss Account.

**SCHEDULE-14****10. Employee Retirement Benefits:****a) Defined Contribution Plans:**

The Company has Defined Contribution Plans for post employment benefits in the form of Provident Fund, Superannuation fund and Gratuity administered by Regional Provident Fund Commissioner and Life Insurance Corporation respectively. The Company's contributions to Defined Contribution Plans are charged to the Profit and Loss Account as and when incurred. Provident Fund, Superannuation fund and Gratuity are classified as defined contribution plans as the Company has no further obligation beyond making the contributions.

**b) Defined Benefit Plans:**

Liability for Compensated Absence is provided on the basis of valuation as at the Balance Sheet date carried out by independent actuary. Projected Unit Credit (PUC) actuarial method is used to measure the Plan's liabilities, including those to death-in-service and incapacity benefits. The Plan Liability is the actuarial present value of the 'projected accrued benefits' as of the beginning of the year for active members.

Termination benefits are recognised as an expense as and when incurred. Actuarial gains and losses arising during the year are recognised in the Profit & Loss Account of the year.

**11. Prior Period & Extraordinary items.**

Expenses/Income (net) relating to earlier period and extraordinary items of material nature are shown separately.

**12. Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**13. Provision**

A provision is recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provision is not discounted to its present value and is determined on the best estimate required to settle the obligation at the year end date. These are reviewed at each year end date and adjusted to reflect the best current estimate.

**14. Contingent Liabilities**

Contingent Liabilities are not provided for in the books and are disclosed by way of a note in the accounts.

Signatories to Schedules 1 to 14

As per our attached report of even date.

For Haribhakti & Co.  
Chartered Accountants  
Firm Reg. No. 103523W

Anand Kumar Jhunjhunwala  
Partner  
Membership No: 56613  
Kolkata, 29th May, 2010

For and on behalf of the  
Board of Directors

Bikram Nag	Joint Executive Chairman
Arup Kumar Banerjee	Managing Director
Rahul Choudhary	VP-Finance & Company Secretary

## Cash Flow Statement for the Year ended 31st March, 2010

	2009-2010	2008-2009
	Rs.'000	Rs.'000
<b>Cash flow from Operating Activities :</b>		
Net Profit Before Tax & Extraordinary items	64,980	197,546
<i>Adjustment for :</i>		
Depreciation	91,225	65,995
Bad Debts Written Off	165	1,472
Profit on sale of Fixed Assets (Net)	665	(249)
Profit on sale of Investments (Net)	—	(401)
Dividend received	(23)	(13)
Provision for leave encashment	1,426	811
Foreign exchange gain/loss (Net)	(4,433)	866
Liability no longer required written back	(13,171)	(27)
Interest income	(3,918)	(4,518)
Interest expenses	17,663	21,172
	<b>89,599</b>	<b>85,108</b>
<b>Operating Profit Before Working Capital changes</b>	<b>154,579</b>	<b>282,654</b>
<i>Adjustment for :</i>		
Inventories	(97,852)	(34,811)
Trade & Other Receivables	(108,312)	(30,538)
Trade Payable	66,541	101,044
	<b>(139,623)</b>	<b>35,695</b>
<b>Cash Generated from Operation</b>	<b>14,956</b>	<b>318,349</b>
Direct Tax Paid (net of refund)	(20,976)	(57,061)
	<b>(20,976)</b>	<b>(57,061)</b>
<b>Net Cash from Operating Activities-A</b>	<b>(6,020)</b>	<b>261,288</b>
<b>Cash flow from Investing Activities :</b>		
Addition to Fixed Assets	(47,438)	(254,891)
Sale of Fixed Assets	350	4,801
Interest Received	4,305	4,082
Dividend Received	23	13
Sale of Investments	—	140,358
Purchase of Investments	—	(137,457)
	<b>(42,760)</b>	<b>(243,094)</b>
<b>Net cash from / (used) in Investing Activities-B</b>		
<b>Cash flow from Financing Activities :</b>		
Proceeds from Long Term Borrowing (net of repayments)	28,829	(34,064)
Cash Credit ( including EPC )	2,417	(2,386)
Proceeds from Short Term Borrowing (net of repayments)	160,000	(150,000)
Interest Paid	(17,663)	(21,172)
Proceeds from Equity Share issue	—	20,100
	<b>173,583</b>	<b>(187,522)</b>
<b>Net Cash from/ (used ) in Financing Activities-C</b>		
Net Increase /(Decrease ) in Cash & Cash Equivalents(A+B+C)	<b>124,803</b>	<b>(169,328)</b>
Cash & Cash Equivalents as at 1st April, 2009	<b>22,252</b>	<b>191,580</b>
Cash & Cash Equivalents as at 31st March, 2010	<b>147,055</b>	<b>22,252</b>

### NOTES:

1. Cash and Cash equivalents represents cash and bank balances only.
2. Previous year's figures have been recast/regrouped wherever necessary to conform to the current year's classification.

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

For Haribhakti & Co.  
Chartered Accountants  
Firm Reg. No. 103523W  
Anand Kumar Jhunjhunwala  
Partner  
Membership No. 56613  
Kolkata, 29th May, 2010

For and on behalf of the  
Board of Directors

Bikram Nag  
Arup Kumar Banerjee  
Rahul Choudhary

Joint Executive Chairman  
Managing Director  
VP-Finance &  
Company Secretary

## Information pursuant to Part IV of Schedule VI of the Companies Act, 1956

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. Registration Details

Registration No. 

3	4	5	9	0
---	---	---	---	---

 State Code : 

2	1
---	---

Balance Sheet Date 

3	1
---	---

0	3
---	---

2	0	1	0
---	---	---	---

Date                      Month                      Year

#### II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue 

N	I	L
---	---	---

 Rights Issue 

N	I	L
---	---	---

Bonus Issue 

N	I	L
---	---	---

 Private Placement 

N	I	L
---	---	---

#### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities 

1	4	6	5	7	1	9
---	---	---	---	---	---	---

 Total Assets 

1	4	6	5	7	1	9
---	---	---	---	---	---	---

**Source of Funds**

Paid up Capital 

8	0	0	7	1
---	---	---	---	---

 Reserves & Surplus 

6	0	8	2	7	4
---	---	---	---	---	---

Secured Loans 

1	3	0	1	3	6
---	---	---	---	---	---

 Unsecured Loans 

1	8	4	0	0	2
---	---	---	---	---	---

Net Deferred Tax Liability 

9	2	2	5	5
---	---	---	---	---

**Application of Funds**

Net Fixed Assets 

6	7	7	5	4	5
---	---	---	---	---	---

 Investments 

2	9	6	1	7
---	---	---	---	---

Net Current Assets 

3	8	7	5	7	6
---	---	---	---	---	---

 Misc. Expenditure 

	N	I	L	
--	---	---	---	--

Accumulated Losses 

	N	I	L	
--	---	---	---	--

#### IV. Performance of the Company (Amount in Rs. Thousands)

Turnover\* 

4	1	1	9	6	5	7
---	---	---	---	---	---	---

 Total Expenditure 

4	0	5	4	6	7	7
---	---	---	---	---	---	---

✓ Profit before tax 

+	-	6	4	9	8	0
---	---	---	---	---	---	---

 ✓ Profit after tax 

+	-	4	4	2	4	5
---	---	---	---	---	---	---

Earning per Share (in Rs.) 

5	.	5	3
---	---	---	---

 Dividend rate % 

-	-
---	---

\*Including other income and excise duty

#### V. Generic Names of Three Principal Products of Company (as per monetary terms)

Product Description 

Item Code No.						
2 2 0 8 . 1 0						
0 0 0 2 2 0 8						
0 3 0 6 . 1 3						

i) Spirits and spirituous beverages

ii) Whisky/Rum/Gin etc.

iii) Frozen shrimps & prawns

Previous year's figures have been regrouped/re-arranged wherever necessary.





# IFB AGRO INDUSTRIES LIMITED

Regd. Office : Plot No. IND-5, Sector-1, East Kolkata Township, Kolkata - 700 107

## ATTENDANCE SLIP

Annual General Meeting on Saturday, 31st July, 2010 at 10.00 A.M. at Eastern Zonal Cultural Centre, IA-290, Sector-III, Salt Lake, Kolkata - 700 097

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DPID* :
Client ID* :

Registered Folio No. :

FULL NAME OF THE MEMBER (in Block Letters) : .....  
No. of Share(s) held : .....

I hereby record my presence at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company at the Eastern Zonal Cultural Centre, IA-290, Sector-III, Salt Lake, Kolkata - 700 097 on Saturday, 31st July, 2010.

Signature of the Member/Proxy .....

\*Applicable for members holding shares in electronic form.

----- (TEAR HERE). -----

# IFB AGRO INDUSTRIES LIMITED

Regd. Office : Plot No. IND-5, Sector-1, East Kolkata Township, Kolkata - 700 107

## PROXY FORM

DPID* :
Client ID* :

Registered Folio No. :

I/We ..... of .....

..... being a member/members of IFB AGRO INDUSTRIES

LIMITED hereby appoint ..... of .....

or failing him/her ..... of ..... as my/our Proxy

to attend and vote for me/us on my/our behalf at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company to be held on Saturday, the 31st July, 2010 at 10.00 A.M. and at any adjournment thereof.

Signed ..... day of ..... 2010.

Place .....

Signature .....

Affix  
Revenue  
Stamp

\*Applicable for Members holding shares in electronic form

- Note :
- The form should be signed across the stamp as per specimen signature registered with the Company.
  - The Proxy Form duly completed must be deposited at the Company's Registered Office not less than 48 hours before the time fixed for holding the aforesaid meeting.
  - The proxy need not be a member of the Company.

## Ten Years' Financial Summary

*Rs in lacs*

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Sales	25930.52	14525.43	16059.61	16536.41	19010.83	22579.94	26671.46	32146.58	37512.86	39517.88
Profit before Interest and Tax (after extraordinary items)	99.82	476.28	364.68	288.51	350.80	260.70	569.58	1241.62	2187.18	826.43
Profit after Tax and Extraordinary Items	(290.98)	138.40	104.35	138.07	183.08	187.31	281.60	786.90	1,290.34	442.45
Net Worth*	3981.87	4183.54	4334.64	4398.92**	4628.43**	4715.71**	4846.51**	5693.87**	7336.15**	7806**
Total Debts	1329.95	760.06	521.62	360.02	500.02	530.46	1230.34	2,746.37	905.73	3141.38
Net Fixed Assets	4119.30	3879.21	3938.58	3454.30	3354.73	3522.61	4898.19	5,380.03	7,223.47	6775.45
Net Working Capital	1908.12	1576.57	1337.13	1382.55	1821.14	1790.17	1567.63	3,080.18	1,050.36	3875.76
Dividend (%)	—	—	—	—	—	—	—	—	—	—
Earnings per share (Rs.)	(3.78)	1.80	1.35	1.79	2.38	2.43	3.65	10.21	16.40	5.53
Book value per share (Rs.)*	51.67	54.28	56.24	57.08	60.05	61.19	62.88	73.88	91.62	97.49
<b>Key Ratios:</b>										
Return on Capital Employed	1.88	9.63	7.51	6.06	6.84	4.97	9.37	15.48	28.55	7.55
Return on Sales (after Tax)(%)	(1.12)	0.95	0.65	0.83	0.96	0.83	1.06	2.45	3.44	1.12
Fixed Assets Turnover	6.29	3.75	4.08	4.79	5.67	6.41	5.45	5.98	5.19	5.83
Working Capital Turnover	13.58	9.21	12.01	11.96	10.44	12.61	17.01	10.44	35.71	10.20
Debt Equity Ratio	0.33	0.18	0.12	0.08	0.11	0.11	0.25	0.48	0.12	0.45
Current Ratio	1.23	1.31	1.27	1.63	1.53	1.59	1.28	2.07	1.21	2.04

\* Without Revaluation Reserve

\*\* Includes deferred tax liability, which is a reserve for payment of income tax in future, if any.