



# **IFB**

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# **AGRO**

**IFB AGRO INDUSTRIES LIMITED**

29th Annual Report 2010 - 2011

[ New Bottling Plant at Panagarh,  
West Bengal ]



**■ 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

Panagarh Bazar  
Bud Bud, Burdwan  
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

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## Notice to the Members

Notice is hereby given that the Twentyninth Annual General Meeting of IFB Agro Industries Limited will be held on Thursday the 28th day of July, 2011, at 3.00 PM at Eastern Zonal Cultural Centre, 1A-290, Sector-III, Salt Lake, Kolkata - 700 091 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 2011.
2. To appoint a Director in place of Mr H R Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. M K Vijay, 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 reappoint Mr A.K. Banerjee  
“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 reappointment of, and terms of remuneration of Mr. Arup Kumar Banerjee as Managing Director for a period of three years with effect from 30th July, 2011 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. Arup Kumar Banerjee provided however, such alterations are within the maximum limits laid down in the Companies Act, 1956 for the time being in force.”
6. “RESOLVED THAT subject to the provisions of Section 309(4), read with Section 198 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the payment of commission at a rate not exceeding one per cent of the net profit of the Company in any financial year for a period of five years commencing from the financial year 2011-12 to Directors who are neither Managing Directors nor in the whole-time employment of the Company, subject to such limits as may be decided by the Board from time to time.

Resolved further that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, proper or expedient in order to give effect to the above resolution.”

By Order of the Board

Registered Office:  
Plot No. IND-5, Sector - 1  
East Kolkata Township  
Kolkata - 700 107  
Date: 26th May, 2011.

Rahul Choudhary  
VP-Finance & Company Secretary

**NOTES:**

1. The Register of Members and Share Transfer Registers of the Company will remain closed from 21st July 2011 to 28th July, 2011 (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.

e) provide their e-mail address to the Registrar.

By Order of the Board

Registered Office:  
Plot No. IND-5, Sector - 1  
East Kolkata Township  
Kolkata - 700 107  
Date: 26th May, 2011.

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 26th May, 2011.

### 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. H R Agarwal</b>	<b>Mr. M K Vijay</b>
Date of Birth	10.10.1963	20.06.1966
Nationality	Indian	Indian
Date of Appointment on the Board	02.06.2008	02.06.2008
Qualification	B.Com (H), FCA, FCS, LLB	B.Com (H)
Experience in functional areas	A Law graduate and a fellow member of Institute of Chartered Accountants of India as well as of the Institute of Company Secretaries of India. Mr. Agarwal is an advisor in Accountancy and Income Tax matters to various body corporates.	20 years of experience in Accounts and Finance function
Shareholding in the Company	Nil	Nil
List of Directorship held in other Companies	ATN International Ltd.	Peterhouse Investments India Ltd UMIL Share & Stock Broking Service Ltd.. KGVK Agro Limited Usha Gases & Industries Ltd.
Committee Membership	Nil	Nil

### 2. Item No 5:

Mr. Arup Kumar Banerjee, a Honours graduate in Commerce and Diploma in Business Management from Calcutta University having experience of more than 38 years in the industry. Before joining the Company in the year 1995 he worked with IFB Industries Limited in various positions. He was appointed Whole-time Director at the Nineteenth Annual General Meeting of the Company held on 31st August 2001 for a period of three years with effect from 28th July 2001 and thereafter reappointed from time to time. He was designated as Managing Director on 30th July 2008. The existing terms of Mr Banerjee expires on 30th July, 2011. The Board of Directors in its meeting held on 26th May, 2011, on the recommendations of the Remuneration Committee, appointed Mr Banerjee for a further period of 3 years with effect from 30th July, 2011. 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 Arup Kumar Banerjee are as follows.

1. Period of appointment : Three years effective from 30th July, 2011.
2. Remuneration:
  - a) Salary : Rs.2,60,000/- (Rupees two lakhs sixty thousand) per month with the liberty to the Board to review and set the level from time to time.

- b) House Rent Allowance : Rs.1,30,000/- (Rupees One lakh thirty thousand only) per month.
- c) Commission : In addition to salary, perquisites and other allowances, one per cent 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.
- d) Perquisites : Classified into three categories A, B and C restricted to an amount equal to the annual salary.

**Part A**

- a) Medical Reimbursement : Actual medical expenses incurred by the Managing Director for self and members of the family.
- b) Leave Travel Allowance : For self and family once in a year incurred in accordance with the Rules of the Company.
- c) Club fees : At actuals excluding admission and life membership fees.
- d) Personal Accident Insurance: : Premium not to exceed Rs. 15,000/- per annum.

**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) Provision of car for use on Company's business and telephone at residence at the cost of the Company.

The terms and conditions of the said appointment and/or agreement are subject to the provisions of Section 198 and Section 309 of the Companies Act, 1956 and may be altered, and varied from time to time by the Board 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.

In compliance with the provisions of the Companies Act, 1956 the appointment and the terms of remuneration specified above are now being 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 Arup Kumar Banerjee under Section 302 of the Companies Act, 1956.

No Director except Mr Arup Kumar Banerjee is concerned or interested in the proposed resolution.

**Item No. 6**

As per the provisions of Section 309 of the Companies Act, 1956 (hereinafter referred to as Act) approval of the members is required by a Special Resolution for payment of remuneration to non-Executive Directors by way of Annual Commission upto 1% of the net profits of the Company, computed in accordance with the Act, subject to such limits as may be decided by the Board from time to time.

With the changed business scenario and increased responsibilities and involvement of the non-Executive Directors in the affair of the Company and keeping in view the existing provisions of the Act, this Resolution is being proposed as an enabling resolution which shall be exercised by the Board in accordance with the provisions of the Act and any alterations may be made thereto from time to time.

The Board recommends the passing of this Special Resolution in the interest of the Company subject to its renewal at the end of the five years from the date of passing of this resolution.

Except Mr Arup Kumar Banerjee, Managing Director and Mr Bikram Nag, Joint Executive Chairman, all other Directors are concerned or interested in the proposed resolution.

**INSPECTION OF DOCUMENTS**

The documents mentioned in Items no 5 is 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: 26th May, 2011.

Rahul Choudhary  
VP-Finance & Company Secretary

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**IMPORTANT COMMUNICATION FOR SHAREHOLDERS**

The Ministry of Corporate Affairs (MCA) has issued Circular Nos 17/2011 dated 21-4-2011 & 18/2011 dated 29-4-2011 stating that the service of documents by a Company can be made through electronic mode. These circulars have been issued in pursuance of “Green Initiative in the Corporate Governance” taken by MCA.

Keeping in view the above circulars, it is proposed to send documents like Notice of the Annual General Meeting and Annual Reports in electronic form. These documents will be sent to those shareholders who have already provided their e-mail IDs unless they exercise their option to receive them in physical form by visiting the following Web page of our Registrar at the earliest.

Those who are holding shares in Demat mode but have not provided the e-mail address are requested to provide the same to their respective Depository Participants immediately. However, those who intend to receive the above documents in physical form, please exercise their option by visiting the following web page of our Registrar.

Shareholders, holding shares in physical mode are requested to visit the following web page and register their email IDs and also exercise their option immediately, if they intend to receive the documents in physical form.

click here [www.cbmsl.com/green.php](http://www.cbmsl.com/green.php)

Thanking you,

For IFB Agro Industries Limited

Rahul Choudhary  
VP Finance & Company Secretary

## Directors' Report

To the Shareholders,

Your Directors have pleasure in presenting the 29th Annual Report of the Company and the Audited Financial Statements for the year ended 31st March, 2011.

### 1. FINANCIAL RESULTS

	Year ended 31.03.2011 (Rs.'000)	Year ended 31.03.2010 (Rs.'000)
Sales and Other Income (incl. Excise Duty)	58,47,788	41,95,568
Profit prior to Finance charges & Depreciation	3,62,758	1,73,868
Less : Finance charges	18,411	17,663
Depreciation	82,057	91,225
Profit before Taxation	2,62,290	64,980
Less: Provision for Taxation:		
Current Tax	93,014	18,547
Deferred Tax	(8,976)	3,160
Less : Income Tax adjustment for earlier years	11	(972)
Profit after Tax	1,78,241	44,245
Balance carried to Balance Sheet	1,78,241	44,245

### 2. MANAGEMENT DISCUSSION & ANALYSIS

#### OVERALL PERFORMANCE

During the year under review your Company has recorded gross turnover of Rs.584.78 crores (as against Rs. 419.56 crores in 2009-10) recording a growth of 39%.

The Company has achieved profit before tax of Rs 26.22 crore as against Rs 6.50 crores, and net profit of Rs 17.82 crore as against Rs 4.42 crores in the previous year. The release of transport cost reimbursement pertaining to 2008-09 from the West Bengal Government has helped in improving profitability for the year.

There is a marginal increase in Bank finance charges due to export packing credit obtained for export of marine products during the year. The term loan availed for new IMFL bottling plant at Dankuni was prepaid out of the surplus funds generated during the year.

Earning per equity share is Rs.22.26 as compared to Rs.5.53 per share in previous year.

#### REVIEW OF DIVISIONAL PERFORMANCES

##### *Alcohol and Bottling :*

The molasses distillery was operated at a much lower capacity and faced intermittent stoppage due to non availability of sufficient molasses at the economical price which is basic raw material of the Distillery. The discontinuation of the molasses transportation cost reimbursement policy by the State Government effective December 2010 has made the operation of the Distillery un-viable as the landed cost of Rectified Spirit from other States like Uttar Pradesh is cheaper.

With the increased price of grain along with the prices of fuel like husk, coal etc and electricity charges has affected the margins of the Grain Distillery. Due to non-availability of the broken rice in the local areas of West Bengal, the Company has to source the materials from other states which has increased transportation cost. To mitigate the risk of dependency on one grain i.e rice, the distillery during the year used other grains like jawar, bazra, maize etc which has given good results. The Company could not obtain CDM benefits due to non availability of rice husk within the state.

Due to abolition of Privilege area by the State Government from December 2010 onwards in the Country Spirit segment along with formulation of MRP based pricing and introduction of own brands have created market competition among the existing Bottlers to enhance the market share. All the existing bottling plants of the Company are operating at full capacity and do not have space for expansion. In view of the huge potential demand the Company has established a new bottling plant at Panagarh, West Bengal, the operation of which could not be started, though the plant is complete in all respect, due to delay in receipt of necessary license from West Bengal Government. The removal of privilege area concept will lead to new entrants in the industry which is likely to increase competition.

On IMFL, your Company has strengthened its position in West Bengal, Orissa and Assam. During the year, the Company has sold 5.51 lacs cases of IMFL products. 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. For the future growth and huge potential demand of Rum and Brandy, the Company has launched 'Jubilation' Rum in Bengal and 'Benjamin' brandy in Orissa. The Division is continuously improving quality of its product and packaging to enhance market share.

#### **Marine :**

The Marine Division has performed well during the year. To increase export of value added products the Company has modernised its plant with new IQF Machines and expanded cold room facility.

The Shrimp Feed trading business has recorded a growth of 65% in value and has a market share of 48% in West Bengal. Around 10,000 franchise farmers are benefited from the services provided by Company's Aqua culturists.

"IFB ROYAL" Retail Brand of frozen Marine Products are now available in major Metros in the country, sale recorded a growth of 25% in value. The Company is in the process of developing more value added products for the Retail Consumers in the country.

#### **OPPORTUNITIES & CHALLENGES:**

The current accounting year will again be another year of tough challenges. The un-viability of molasses distillery, pressure on margins in the grain distillery and competition in the country liquor segment is likely to bring about stiff challenge in future. Study is being conducted for conversion of the Molasses distillery into Grain distillery to produce Rectified Spirit and ENA.

The increased bottling capacity, once the Panagarh plant becomes operational will bring good opportunity to the Company by way of volume growth and market share in the Country Liquor segment.

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. 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 large Indian as well as multinational companies.

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

***Human Resources:***

For the development of the human resources number of training programmes was 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 people. Total number of employees in the Company was 430 as on 31st March 2011 as against 449 as on 31st March 2010.

***Internal Control System:***

The Company maintains a system of internal control 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 H R Agarwal and Mr M K Vijay 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.

**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 year.
- 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 financial year.

**9. 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.

**10. 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.

**11. 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

A K Nag  
*Director*

A K Banerjee  
*Managing Director*

Kolkata, 26th May, 2011

## 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, 2011

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	59 years	28.07.2001	38	60,94,593	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, 2011.

The nature of employment is contractual in the above case.

On behalf of the Board

Kolkata, 26th May, 2011

A K Nag  
*Director*

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. Successfully Introduced High Gravity Fermentation using special yeast strain. This has led to substantial reduction in energy cost (10%) and water conservations (10-12% reduction in water usage).
2. Downsizing of various motors of Bore wells, grain floor shifter machine, ETP pumps etc were done as per actual duty condition, thus imparting significant power savings.
3. Maximization of Operating 3 co-generation plants for reduction of energy costs. Distillery division has recorded 3922.3MWH power generation. Contribution of incidental power has increased to 0.17KWH per BL (10-11) compared to 0.14KWH per BL last year(09-10).
4. Introduced TD steam traps for minimizing steam vent losses.
5. Variable Frequency Drive(VFD) control drive installed for ID Fan motor, thus imparting 50% reduction in its power requirement.
6. Revamping of existing turbines taken up to improve energy efficiency, which will lead to further reduction in power cost.
7. Optimizing the generation of Biogas using grain based effluent for ultimate savings in fuel consumption.
8. Installation of AR-AFFF type foam based fire fighting system with higher surface covering features to control water wastage and saving of energy.
9. Installation of high efficient decanter centrifuge machine of 20MT capacity which has enhanced production of by-product consuming less energy.
10. Continuous upgradation of power bank capacitor mechanism has resulted into improvement of power factor from 0.96(09-10) to 0.98(10-11) for the distillery division.

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

1. Incorporation variable frequency drive (VFD) controls for liquefied slurry transfer for saving pumping energy cost.
2. Upgradation of two single stage turbines to multistage turbines under implementation. It will increase power generation by 5.0 MWH per day.
3. Replacement of street lights inside factory premises with new generation CFL/LED lamps.
4. Exploring the possibilities to have "Harmonics study" and corrective protections for all critical electrical installations to detect and rectify defect of neutral current leakage, if any.
5. Installation of New PHE's and double pipe heat exchangers for further Waste heat recovery system to save valuable fuel cost.
6. Incorporation of self propelled power free "Turbo ventilator" system for effective cooling of spirit storage godowns and energy saving.

**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 11.0 crores (approximately).

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

- 1.1 For the first time in Eastern India, we were able to successfully introduce our post bio-methanated effluent product from the distillery for necessary usage as 'Ball mill additives' for cement industries as per CPCB guideline.
- 1.2 Project on enzyme production and utilization of waste as a cheaper source of raw material was taken up with Food & Biochemical Engineering department of Jadavpur University. The project findings were not economical for commercial utilization and hence project is closed.
- 1.3 In house R&D has successfully developed two new products for IMFL segment. Those brands like Jubilation (Rum) and Benjamin (Grape brandy) have been well accepted in the market.
- 1.4 After successful development of a special Organic manure under brand named 'Nabajiban', in house R&D has developed another similar product for M/s Tata Chemicals under their brand name "Bhusudha", which is being distributed all over West Bengal.
- 1.5 The R & D Department has successfully conducted laboratory trials for producing value added various grades of pure white silica conforming to BIS Standards utilizing rice husk ash (RHA). Pilot scale trials are awaited in view of non availability of rice husk as fuel at an economic rate.

**2. Benefits derived as a result of R&D:**

- 2.1 Improved efficiency and yield irrespective of grain/molasses quality.
- 2.2 Better product quality and market acceptability.
- 2.3 Cost saving.
- 2.4 Generation of wealth utilizing various plant wastes.

**3. Projects under Implementation to Improve Productivity, Water Conservation, Environmental Protection & Safety:**

- 3.1 Waste heat recovery and energy savings using plate heat exchangers.
- 3.2 Usage of River water for preservation of ground water.
- 3.3 Generation of captive power to achieve power free situation for the distillery.
- 3.4 Higher productivity through very high gravity fermentation and low energy consuming grain processing technologies.
- 3.5 DWGS/DDGS production for optimum by product recovery.

**4. Expenditure on R&D:**

- 4.1 Capital : NIL
- 4.2 Recurring : Rs 37.64 lakhs
- 4.3 Total : Rs 37.64 lakhs

**Technology Absorption, Adaptation & Innovation**

**1. Efforts:**

- (a) Adoption of genetically modified high yielding imported yeast strain to support high gravity fermentation.
- (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) Adoptions of M/s Thermax make bag filter system to successfully mitigate air pollution requirement of boiler chimney stack.
- (d) Adoption of M/s Macwbre make pneumatic ash conveying and storage silo system, for total control of air pollution against boiler ash generation.
- (e) Introduction of new generation genetically modified whole broth enzymes of bacterial origin for cost effective conversion of the grain.

**2. Benefits:**

- (a) Improvement in fermentation & Distillation efficiencies and overall yield.
- (b) Reduction in conversion cost in respect to chemical consumption.
- (c) Improved quality, productivity and yield in the both molasses and grain spirit.
- (d) Better utilization and development of value added by-products.
- (e) Lowering of steam and water consumption through high gravity fermentation technique.
- (f) Ground Water conservation.

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

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

	<b>31.03.2011</b> <b>(Rs.'000)</b>	31.03.2010 (Rs.'000)
a) Foreign Exchange Earnings		
– Exports (FOB Value)	3,82,193	18,368
– Sale of CER	—	82,321
	<u>3,82,193</u>	<u>1,00,689</u>
b) Foreign Exchange Outgo:		
– Raw Materials (CIF Value)	—	3,18,444
– Components & Spare Parts	15	—
– Traveling & consultancy	640	971
	<u>655</u>	<u>3,19,415</u>

On behalf of the Board

A K Nag  
Director

A K Banerjee  
Managing Director

Kolkata, 26th May, 2011

**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 2011 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	2	–
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.

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

The Board comprises of four 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 2010-2011 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 five Board Meetings in the year 2010-11 that is on 29th May 2010, 30th July 2010, 28th October, 2010, 21st December 2010 and 28th January, 2011. 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)	2	Not Present
2	Mr. Bikram Nag	5	Present
3	Mr. N. Bhattacharya	5	Present
4	Mr. A.K. Banerjee	5	Present
5	Mr. A.K. Nag	5	Present
6	Mr. H. R. Agarwal	4	Present
7	Mr. M. K. Vijay	4	Present
8	Mr. S. K. Mukherji	5	Present

### 3) Audit Committee

Composition of Audit Committee and attendance of each Director during meetings held in financial year 2010-11:

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
4	Mr. Sudip Kumar Mukherji	2

Mr Sudip Kumar Mukherji has been appointed as a Member of the Committee at the Meeting held on 30th July 2010.

Mr. Rahul Choudhary, Company Secretary acts as Secretary to the Committee. During the year 2010-11, the Committee met four times viz. 29th May 2010, 30th July 2010, 28th October, 2010 and 28th January, 2011.

Mr. Nandan Bhattacharya acts as Chairman of the Committee.

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

- i) 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.
- ii) Recommending the appointment, re-appointment of and removal of external auditor, Fixation of Audit Fees and approval for payment of other services.
- iii) Reviewing with the management, external & internal auditors of the adequacy of Internal Control System.
- iv) Reviewing the adequacy of Internal Audit functions.
- v) 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 in Directors' Responsibility Statement to be included in the Boards' report as per section 217(2AA) of the Companies Act, 1956.
  - Compliance with Stock Exchange and Legal Requirements concerning financial statements.
- vi) 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 Director 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 2010-11**

(In Rupees)

Name of Director	Sitting Fees				Salary & Perquisites	Guarantee Commission	Total
	Board Meeting	Audit Committee	Remuneration Committee	Shareholders Grievance Committee			
Mr. Bijon Nag	10000	–	–	–	–	1751252	1762252
Mr. Nandan Bhattacharya	25000	20000	1000	1000	–	–	47000
Mr. A.K. Nag	25000	20000	1000	1000	–	–	47000
Mr H.R. Agarwal	20000	20000	1000	–	–	–	41000
Mr M.K. Vijay	20000	–	1000	1000	–	–	22000
Mr. S. K. Mukherji	25000	10000	–	–	–	–	35000
Mr. Bikram Nag	–	–	–	–	1280267	–	1280267
Mr. A.K. Banerjee	–	–	–	–	6094593	–	6094593

**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	– Nil	}
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
2009-10 (28th AGM)	31.7.2010	Eastern Zonal Cultural Centre, Bidhannagar , 1A-290, Sector-III, Salt Lake, Kolkata - 700 091	10.00 A.M
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

- 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. 18 of Schedule-13 "Notes to Accounts" annexed to the Financial Statements for the year.
- b. Details of non-compliance by the Company, penalties, and 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 2010-11 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.

The quarterly, half-yearly and annual financial results and Official News releases are posted in respective Stock Exchange web-sites.

#### 10) General Shareholder information:

##### i) Twenty ninth ANNUAL GENERAL MEETING

Date : July 28, 2011

Time : 3.00 P.M.

Venue : Eastern Zonal Cultural Centre, IA-290, Sector-III, Salt Lake, Kolkata - 700 091.

##### ii) Financial year - 2010-2011. Following are its highlights :

Event	Date when approved by the Board for publication
First Quarter Results ended 30.6.2010	30th July 2010
Half Yearly Results - ended 30.9.2010	28th October 2010
Third Quarter Results - ended 31.12.2010	28th January 2011
Final Audited Results - ended 31.3.2011	26th May 2011

iii) Book Closure date – July 21, 2011 to July 28, 2011 (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 2010-11 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 Exchange.

vii) Stock Code:

- |  |                 |
|--|-----------------|
| – The Bombay Stock Exchange Ltd                              | – 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 2010	112.00	80.00	111.90	80.60
May 2010	120.70	83.55	120.70	79.60
June 2010	109.45	84.15	109.80	83.25
July 2010	116.00	89.25	109.80	81.00
August 2010	101.95	78.20	101.90	79.00
September 2010	97.80	80.20	98.30	80.60
October 2010	103.15	84.00	104.70	84.00
November 2010	113.60	77.70	113.95	81.40
December 2010	94.00	71.00	93.00	70.00
January 2011	91.40	65.55	91.70	65.65
February 2011	73.00	53.25	74.00	58.25
March 2011	87.50	62.00	87.40	62.55

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 2010	92.35	17,558.71	91.95	5278.00
May 2010	88.10	16,944.63	88.25	5086.30
June 2010	105.45	17,700.90	104.65	5312.50
July 2010	89.25	17,868.29	89.20	5367.60
August 2010	79.95	17,971.12	80.50	5402.40
September 2010	88.65	20,069.12	89.75	6029.95
October 2010	95.70	20,032.34	95.80	6017.70
November 2010	87.95	19,521.25	88.25	5862.70
December 2010	89.95	20,509.09	89.45	6134.50
January 2011	68.30	18,327.76	67.90	5505.90
February 2011	67.25	17,823.40	66.70	5333.25
March 2011	72.95	19,445.22	71.95	5833.75

- x) 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

xi) Share Transfer System

M/s CB Management Services Pvt. 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.

xii) Distribution of Shareholding & shareholding pattern:

(a) *Distribution of Shareholding as on 31.03.2011:*

Range		No. of Shareholders	% of total	No. of Shares	% of total
From	To				
1	500	6261	92.60	822354	10.27
501	1000	285	4.22	222569	2.78
1001	2000	102	1.51	148123	1.85
2001	3000	29	0.43	73692	0.92
3001	4000	11	0.16	40461	0.51
4001	5000	9	0.13	41703	0.52
5001	10000	23	0.34	167658	2.09
10001	9999999	41	0.61	6490551	81.06
TOTAL		6102	100.00	8007111	100.00

b) *Shareholding Pattern as on 31st March 2011:*

	No. of Shares	% of total	% Dematerialised
Indian Promoters	4404910	55.01	55.20
Mutual Funds	10000	0.12	—
Banks, Financial Institutions & Insurance Companies	95864	1.20	—
Private Corporate Bodies	1009209	12.60	12.51
Indian Public	2368171	29.58	23.95
Non - Resident Indians	57640	0.72	0.24
Clearing Members	60817	0.76	0.76
Office of the Custodian Special Court	500	0.01	—
<b>TOTAL</b>	<b>8007111</b>	<b>100.00</b>	<b>92.47%</b>

xiii) Dematerialisation of shares :

As on 31st March 2011, 92.47% of the Company's total shares representing 7404151 shares were held in dematerialised form and the balance 7.53% representing 602960 shares were held in physical mode.

xiv) 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.

xv) 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
  - 3) Panagarh  
Dist. Burdwan, West Bengal
- Marine Product Processing plant – Kasba Industrial Estate, East Kolkata Township, Kolkata - 700 107

xvi) 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 : complianceifbagro@ifbglobal.com  
Website : www.ifbagro.in

**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 2010-11.

(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, 2011.

Kolkata  
Date : 26th May, 2011

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, 2011 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 procedure 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, 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 management has conducted the affairs of the Company.

Kolkata  
Dated : 26th May, 2011

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 2011 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 2011 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.
  - 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  
26th May 2011

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, 2011 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') (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'the Companies Act, 1956' of India (the 'Act'), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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 comply with the Accounting Standards referred to in Section 211(3C) of the Act;
- 4.5 On the basis of the written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, read with No.16 of Schedule 13 we report that none of the Directors is prima-facie disqualified as on 31st March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- 4.6 In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements 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 2011,
  - 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: 26th May, 2011

## ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of **IFB Agro Industries Limited** on the financial statements for the year ended **31st March 2011**.

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company 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.
2. (a) The inventory (excluding stock with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (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. 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 one Company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 13,500 thousand and the year-end balance of loan taken from such Company was Nil.
- f) In our opinion, the rate of interest and other terms and conditions, are prima-facie not prejudicial to the interest of the Company.
- g) The principal amount including interest has been fully repaid during the year.
4. In our opinion and according to the information and explanation given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have neither come across nor have we been informed of any instances of major weaknesses in the internal control system, which would require corrective action, in respect of these areas.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 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 and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of five lakh rupees have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. 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.
7. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
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.
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 Nurpur is still pending, as indicated in Note No 9 of Schedule 13.
  - (b) As at 31st March 2011, there are no dues of Income tax, Sales tax/VAT, 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	37,461	2004-05	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Sales Tax Act, 1994	Demand including interest & penalty	34,466	2005-06	West Bengal Commercial Taxes Appellate and Revisional Board

Name of Statute	Nature of Dues	Amount (Rs.' 000)	Period to which the amount relates	Forum where dispute is pending
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	13,100	2005-06	West Bengal Commercial, Taxes Appellate and, Revisional Board
West Bengal VAT Act, 2003	Demand including interest & penalty	575	2006-07	West Bengal Commercial, Taxes Appellate and, Revisional Board
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

10. As per the books of account, the Company has neither accumulated loss as at 31st March 2011 nor it has incurred any cash loss either during the financial year ended on that date or in the immediately preceding financial year.
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 2011.
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.
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.
14. Based on our examination of the records and evaluation of the related internal controls, the Company has maintained proper records of transactions in respect of dealing in investments and timely entries have been made therein. The shares which are held by the Company, are in the Company's name.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
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.
17. On the basis of review of utilisation of funds on an 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.
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.
19. The Company has not issued any debentures and accordingly the question of creation of security or charge in this regard does not arise.
20. The Company has not raised any money through a public issue during the year.
21. During the course of examination of the books of account carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, 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 any such case by the management.

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

Anand Kumar Jhunjunwala  
Partner  
Membership No.56613

Kolkata  
Date: 26th May, 2011

## Balance Sheet as at 31st March, 2011

	Schedule	31st March, 2011		31st March, 2010	
				Rs in '000	
<b>I. SOURCES OF FUNDS</b>					
<b>1. Shareholders' Funds</b>					
a) Share Capital	1	<b>80,071</b>		80,071	
b) Reserves & Surplus	2	<b>786,515</b>	<b>866,586</b>	608,274	688,345
<b>2. Loan Funds</b>					
a) Secured Loans	3	<b>20,860</b>		130,136	
b) Unsecured Loans	4	<b>24,002</b>	<b>44,862</b>	184,002	314,138
<b>3. Deferred Tax Liability</b> (Refer Note 3 of Schedule 13)			<b>83,278</b>		92,255
<b>TOTAL</b>			<b>994,726</b>		<b>1,094,738</b>
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>	5				
a) Gross Block		<b>1,352,818</b>		1,237,108	
b) Less: Depreciation		<b>645,887</b>		569,412	
c) Net Block		<b>706,931</b>		667,696	
d) Capital Work-in-progress		<b>3,413</b>	<b>710,344</b>	9,849	677,545
<b>2. Investments</b>	6		<b>29,617</b>		29,617
<b>3. Current Assets, Loans &amp; Advances</b>	7				
<b>a) Current Assets</b>					
Inventories		<b>271,287</b>		285,461	
Sundry Debtors		<b>108,717</b>		100,423	
Cash & Bank Balances		<b>97,295</b>		145,983	
Other Current Assets		<b>8,453</b>		7,431	
		<b>485,752</b>		539,298	
<b>b) Loans &amp; Advances</b>		<b>156,197</b>		219,259	
		<b>641,949</b>		758,557	
<b>Less : Current Liabilities &amp; Provisions</b>	8	<b>387,184</b>		370,981	
<b>Net Current Assets</b>			<b>254,765</b>		387,576
<b>TOTAL</b>			<b>994,726</b>		<b>1,094,738</b>
<b>Notes to Financial Statements</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 Jhunjunwala  
Partner  
Membership No: 56613  
Kolkata, 26th May, 2011

For and on behalf of the  
Board of Directors

Arup Kumar Banerjee  
Amitabha Kumar Nag  
Rahul Choudhary

Managing Director  
Director  
VP-Finance &  
Company Secretary



## Schedules to Balance Sheet and Profit and Loss Account

SCHEDULE-1	31.03.2011 Rs. '000	31.03.2010 Rs. '000
<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 )	<u>120,000</u>	<u>120,000</u>
<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)	<u>80,071</u>	<u>80,071</u>
	<u>80,071</u>	<u>80,071</u>

SCHEDULE-2	31.03.2011			31.03.2010		
Reserves & Surplus	Opening Balance Rs. '000	Increase/ (Decrease) Rs. '000	Closing Balance Rs. '000	Opening Balance Rs. '000	Increase/ (Decrease) Rs. '000	Closing Balance Rs. '000
Capital Reserve	777	–	777	777	–	777
Share Premium	83,280	–	83,280	83,280	–	83,280
Investment Allowance Reserve	490	–	490	490	–	490
General Reserve	28,004	–	28,004	28,004	–	28,004
Profit & Loss Account	495,723	178,241	673,964	451,478	44,245	495,723
	<u>608,274</u>	<u>178,241</u>	<u>786,515</u>	<u>564,029</u>	<u>44,245</u>	<u>608,274</u>

SCHEDULE-3 (Refer Note 2 of Schedule 13)	31.03.2011 Rs. '000	31.03.2010 Rs. '000
<b>Secured Loans</b>		
Term Loans - Bank	–	95,400
Cash Credit (including export packing credit)		
– Banks	<u>20,860</u>	<u>34,736</u>
	<u>20,860</u>	<u>130,136</u>

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

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

( Refer Note 4 of Schedule 13 )

*Rs '000*

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 1.04.2010	Addition During the year	Sales/ adjust- ments during the year	As at 31.03.2011	Upto 1.04.2010	For the year	Sales/ Adjust- ments + / (-)	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Freehold Land	13,377	24,305	—	37,682	—	—	—	—	37,682	13,377
Leasehold Land	13,370	—	—	13,370	—	—	—	—	13,370	13,370
Buildings	209,195	31,776	2,293	238,678	82,057	11,831	90	93,798	144,880	127,138
Plant & Machinery	905,882	64,659	6,867	963,674	428,469	67,100	4,326	491,243	472,431	477,413
Furniture & fittings	15,243	989	101	16,131	10,398	913	78	11,233	4,898	4,845
Office Equipment	13,043	1,470	563	13,950	7,897	1,348	400	8,845	5,105	5,146
Vehicles	6,843	3,159	824	9,178	4,438	866	689	4,615	4,563	2,405
Leased Assets :										
Plant & Machinery	60,155	—	—	60,155	36,153	—	—	36,153	24,002	24,002
	1,237,108	126,358	10,648	1,352,818	569,412	82,058	5,583	645,887	706,931	667,696
Capital Work in Progress	9,849	112,118	118,554	3,413	—	—	—	—	3,413	9,849
Total	1,246,957	238,476	129,202	1,356,231	569,412	82,058	5,583	645,887	710,344	677,545
Previous year	1,208,866	78,205	40,114	1,246,957	486,519	91,225	8,332	569,412	677,545	-

**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. Market Value - Rs Nil (Previous year Rs Nil )	<b>185</b>	185
1,72,733 shares of Rs 10 each in IFB Industries Ltd. Market Value - Rs 23,993 thousand (Previous year Rs 15494 thousand)	<b>1,131</b>	1,131
5,000 shares of Rs 10 each in Tamil Nadu Newsprint Ltd. Market Value - Rs 656 thousand (Previous year Rs 448 thousand)	<b>472</b>	472
<b>Total I</b>	<b>1,788</b>	1,788

**31.03.2011**  
**Rs. '000**
**31.03.2010**  
**Rs. '000**

	<u>31.03.2011</u> <u>Rs. '000</u>	<u>31.03.2010</u> <u>Rs. '000</u>
<b>SCHEDULE -6 (Contd.)</b>		
<b>Unquoted - In fully paid up equity shares</b>		
2,60,000 shares (Previous Year 2,60,000 shares) of Rs 10 each in Zenith Investments Ltd.	<b>260</b>	260
23,900 shares (Previous Year 23,900 shares) of Rs 100 each in Asansol Bottling & Packaging Co. Pvt. Ltd.	<b>2,390</b>	2,390
1,45,000 shares (Previous Year 1,45,000 shares) of Rs 10 each in Nurpur Gases Pvt. Ltd.	<b>1,450</b>	1,450
9,55,998 shares (Previous Year 9,55,998 shares) of Rs 10 each in IFB Automotive Pvt. Ltd.	<b>23,729</b>	23,729
<b>Total II</b>	<b>27,829</b>	27,829
<b>Total Investments ( I+II )</b>	<b>29,617</b>	29,617
Aggregate Market Value of Quoted Investments	<b>24,649</b>	15,942

**SCHEDULE 7**
**Current Assets, Loans & Advances**
**a) Current Assets**
**i) Inventories**

Raw Materials	<b>151,319</b>	200,794	
Finished Goods	<b>107,367</b>	71,844	
Work-in-Progress	<b>6,135</b>	7,670	
Stores and Spares	<b>6,466</b>	5,153	285,461

**ii) Sundry Debtors**

Unsecured			
Outstanding over six months			
– Considered Good	<b>1,150</b>	—	
– Considered Doubtful	<b>—</b>	—	
	<b>1,150</b>	—	
Other Debts (Considered Good)	<b>107,567</b>	100,423	100,423

	<u>31.03.2011</u>	<u>31.03.2010</u>
	<u>Rs. '000</u>	<u>Rs. '000</u>
<b>SCHEDULE -7 (Contd.)</b>		
<b>iii) Cash and Bank Balance</b>		
Cash in hand	571	493
Cheques in hand	3,529	500
Balances with Scheduled Banks :		
Current Accounts	61,057	38,074
Fixed Deposits (Rs. 17,028 thousand under lien with banks - Previous Year Rs. 8,540 thousand)	<u>32,138</u>	<u>106,916</u>
	<b>97,295</b>	<b>145,983</b>
<b>iv) Other Current Assets</b>		
Prepaid Expenses	7,063	6,310
Interest Accrued on Deposits	<u>1,390</u>	<u>1,121</u>
	<b>8,453</b>	<b>7,431</b>
<b>b) Loans &amp; Advances</b>		
Unsecured Considered Good		
i) Advances recoverable in cash or in kind or for value to be received	136,968	181,609
ii) Advance payment of Income Tax (Net of Provision Rs 1,87,289 thousand -Previous Year Rs 95,937 thousand)	1,785	10,883
iii) Deposit with Port Trust, Excise & Others	<u>17,444</u>	<u>26,767</u>
	<b>156,197</b>	<b>219,259</b>
<b>Total</b>	<u><b>641,949</b></u>	<u><b>758,557</b></u>

## SCHEDULE 8

### Current Liabilities & Provisions

#### Liabilities

Sundry Creditors (Refer Note 10 of Schedule 13)

– Dues to Micro, Small and Medium Enterprise

– Dues to others

Other Liabilities

—	—	—	—
<u>161,393</u>	<b>161,393</b>	<u>151,042</u>	151,042
	<b>220,216</b>		214,958

#### Provision

Provision for Leave Encashment

<u>5,575</u>	4,981
<b>387,184</b>	<u>370,981</u>

	31.03.2011 Rs. '000	31.03.2010 Rs. '000
<b>SCHEDULE-9</b>		
<b>Other Income</b>		
Export Incentive	33,044	19,842
Income from Certified Emission Reduction (CER)	—	82,321
Interest (Gross) (TDS Rs 816 thousand, Previous year Rs 377 thousand)	8,228	3,918
Insurance Claim	410	4,971
Miscellaneous Receipt	14,686	16,075
Income from Contracting Charge	33,862	9,005
Dividend Income	23	23
Rent	26,952	20,038
Gain on exchange fluctuation	746	4,433
Liability no longer required written back	2,835	13,171
Government Subsidy	162,296	69,761
Profit on Sale of Fixed Assets	664	222
	<u>283,746</u>	<u>243,780</u>
<b>SCHEDULE-10</b>		
<b>Raw Materials and Finished Goods</b>		
I. Raw Materials Consumed		
Opening Stock	200,794	96,185
Add : Purchase	1,839,140	1,508,258
	<u>2,039,934</u>	<u>1,604,443</u>
Less : Closing Stock	151,319	200,794
	<u>1,888,615</u>	<u>1,403,649</u>
II. Merchanting Goods		
Opening Stock	9,459	9,299
Add : Purchases	533,147	308,247
	<u>542,606</u>	<u>317,546</u>
Less : Closing Stock	13,358	9,459
	<u>529,248</u>	<u>308,087</u>
<b>Total ( I + II )</b>	<u>2,417,863</u>	<u>1,711,736</u>
III. (Increase)/Decrease in Finished Goods, WIP		
Opening Stock		
– Finished Goods	62,385	70,499
– WIP	7,670	5,396
	<u>70,055</u>	<u>75,895</u>
Less: Closing Stock		
– Finished Goods	94,009	62,385
– WIP	6,135	7,670
	<u>100,144</u>	<u>70,055</u>
(Increase)/Decrease in Finished Goods, WIP	<u>(30,089)</u>	<u>5,840</u>
<b>Total ( I + II + III )</b>	<u>2,387,774</u>	<u>1,717,576</u>

	<u>31.03.2011</u> <u>Rs. '000</u>	<u>31.03.2010</u> <u>Rs. '000</u>
<b>SCHEDULE-11</b>		
<b>Manufacturing and Other Expenses</b>		
Salary, Wages and Bonus	157,670	119,207
Staff Welfare	18,917	16,737
Contribution to Provident Fund & Gratuity Fund	18,840	15,866
Stores & Spares consumed	18,618	16,779
Rates and Taxes	942,793	527,718
Power and Fuel	140,333	115,176
Rent	12,645	11,815
Office Expenses	43,433	34,845
Travelling	11,163	10,252
Insurance	8,459	6,301
Freight, Octroi and Carriage	60,359	41,041
Repairs:		
Building	5,229	6,311
Plant & Machinery	7,250	7,351
Others	2,386	5,344
Sales Promotion	53,360	51,562
Advertisement & Publicity	577	485
Miscellaneous Expenses	48,538	42,706
Manufacturing Tie Up Payments	208,096	31,524
Loss on Sale of Fixed Assets	2,539	887
Bad Debt written off	249	165
	<u>1,761,454</u>	<u>1,062,072</u>

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

On Term Loans	13,232	14,590
On Others	5,179	3,073
	<u>18,411</u>	<u>17,663</u>

**SCHEDULE-13**
**NOTES TO FINANCIAL STATEMENTS**
**1. Share Capital**

- 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**

- a) 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.
- b) 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 2011 is as under: -

	<b>31.03.2011</b>	31.03.2010
	<b>Rs.'000</b>	Rs.'000
Deferred Tax Liabilities :		
Timing difference on account of difference between Book Depreciation and Depreciation under Income Tax Act.	86,808	93,948
Less: Deferred Tax Assets :		
Leave Encashment (Tax Effect)	3,530	1,693
<b>Net Deferred Tax Liability</b>	<u>83,278</u>	<u>92,255</u>

**4. Fixed Assets**

- 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 amounting to 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. 194,072 thousand (Previous Year Rs. 193,454 thousand) has been constructed on leasehold land.
5. The Lease Agreement entered into 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.2,40,02 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 Honourable Jaipur High Court, adjustments as mentioned above and further income arising there from, have not yet been considered in these financial statements.
6. Sundry Debtors, Advances, Deposits and Creditors are subject to confirmation.

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

The Company has recognized as expense the following amounts:

(Rs'000)

	<b>For the year ended March 31,2011</b>	For the year ended March 31,2010
Employer's Contribution to Provident & Family Pension Fund	<b>6,447</b>	5,586
Employer's Contribution to Superannuation Fund	<b>4,395</b>	3,750
Employer's Contribution to Gratuity Fund	<b>5,105</b>	3,996
Employer's Contribution to ESISC	<b>2,774</b>	2,264
<b>Total</b>	<b>18,721</b>	15,596

**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>4,981</b>	4,056
2	Current Service cost	<b>448</b>	385
3	Interest cost	<b>398</b>	361
4	Curtailment cost/(credit)	–	–
5	Settlement cost/(credit)	–	–
6	Employee contribution	–	–
7	Plan amendments	–	–
8	Acquisitions	–	–
9	Actuarial (gains)/ losses	<b>746</b>	680
10	Benefits paid	<b>(998)</b>	(501)
11	Present Value of Obligation as at the end of the year	<b>5,575</b>	4,981

**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>998</b>	501
4	Employee contributions	–	–
5	Benefits paid	<b>(998)</b>	(501)
6	Plan assets as at the end of the year	–	–

**SCHEDULE-13 (Contd.)**

(Rs'000)

<b>For the year ended March 31,2011</b>	<b>For the year ended March 31,2010</b>
---	---

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

<b>I.</b>	<b>Funded Status</b>		
	1. Present value of Defined Benefit Obligation	5,575	4,981
	2. Fair value of plan assets	-	-
	3. Funded status [Surplus/(Deficit)]	(5,575)	(4,981)
	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>(5,575)</b>	<b>(4,981)</b>
	1. Net asset/(liability) recognised in balance sheet at beginning of the period	(4,981)	(4,056)
	2. Employer expense	1,592	1,426
	3. Benefits paid	(998)	(501)
	4. Net asset/(liability) recognised in balance sheet at end of the period	(5,575)	(4,981)

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

<b>I.</b>	<b>Components of employer expense</b>		
	1. Current Service cost	448	385
	2. Interest cost	398	361
	3. Expected return on plan assets	-	-
	4. Curtailment cost/(credit)	-	-
	5. Settlement cost/(credit)	-	-
	6. Amortization of Past Service Cost	-	-
	7. Actuarial Losses/(Gains)	746	680
	8. <b>Total expense recognised in the Statement of Profit &amp; Loss</b>	<b>1,592</b>	<b>1,426</b>
<b>II.</b>	<b>Actual Contributions and Benefit Payments for the year</b>	-	-
	1. Actual benefit payments	998	501
	2. Actual Contributions	998	501

**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)	16.06	15.98

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

8. The Company has entered into arrangements with certain bottling units ("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 under the said arrangements, wherein each party's obligations are stipulated, 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 the tie-up units wherever required. Though under the

**SCHEDULE-13 (Contd.)**

agreements, the production and sale are accounted for by and in the books of the tie-up units, the Company promotes its brands through these arrangements. 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>31.03.2011</b> <b>Rs.'000</b>	31.03.2010 Rs.'000
Net Sales	<b>249,131</b>	248,772
Cost of Sales	<b>202,044</b>	206,322
Gross Profit	<b>47,087</b>	42,450
Expenses	<b>53,937</b>	53,386
Income / (Loss)	<b>(6,850)</b>	(10,936)

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

	<b>31.03.2011</b>		31.03.2010	
	<b>Qty.</b> <b>(Cases)</b>	<b>Value</b> <b>Rs.'000</b>	Qty. (Cases)	Value Rs.'000
Potable Alcohol				
a) Opening Stock	<b>1,679</b>	<b>7,329</b>	3,855	13,376
b) Production	<b>1,98,367</b>	—	176,355	—
c) Sales	<b>1,99,489</b>	<b>249,131</b>	178,531	248,772
d) Closing Stock	<b>557</b>	<b>9,659</b>	1,679	7,329

- iii) The balance due from tie-up units, of Rs. 40,236 thousand (Previous Year Rs. 44,147 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.
9. 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. 11 (e).}
10. 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 Enterprises Development Act, 2006.

**SCHEDULE-13 (Contd.)**

11. Contingent Liabilities	<b>31.03.2011</b> <b>Rs.'000</b>	31.03.2010 Rs.'000
a) Counter Guarantees given to Bankers against Guarantees issued by them.	<b>18,400</b>	18,775
b) Letters of Credit issued by Bankers	<b>11,491</b>	66,625
c) Corporate Guarantees given in favour of other bodies corporate	—	21,700
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.	<b>21,053</b>	21,053
e) ESI liability for the period April 1997 – March 2011 pending renewal of exemption.	<b>1,597</b>	1,557
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.	<b>1,095</b>	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 2005-06 & 2006-07 for payment of duty including interest and penalty not acknowledged by the company being not sustainable in the Company's considered view. Matter pending under appeal with West Bengal Commercial Taxes Appellate and Revisional Board/Additional Commissioner of Commercial Taxes, West Bengal.	<b>90,647</b>	43,276
	<b>144,283</b>	174,081
There is no possibility of any reimbursement in respect of the above.		
12. Outstanding Capital Commitments (net of advance) are estimated at Rs.77,055 thousand (Previous Year Rs. Nil).		
13. Auditors' Remuneration (including service tax wherever applicable):		
a) Statutory Audit fees	<b>662</b>	662
b) In other capacity :		
– Tax Audit	<b>165</b>	165
– Taxation matter	—	—
– Other services (issuing various certificates and reports)	<b>58</b>	58
– Reimbursement of expenses	<b>22</b>	20
	<b>907</b>	905

**SCHEDULE-13 (Contd.)**

	<b>31.03.2011</b>	31.03.2010
	<b>Rs.'000</b>	Rs.'000
14. Managerial Remuneration:		
a) i) Directors' fees	(A) <u>202</u>	<u>161</u>
ii) Other remuneration:		
Salary	3,876	3,216
Estimated value of perquisites	2,527	2,151
Commission to Joint Executive Chairman & Managing Directors	5,400	—
Contribution to Provident & Superannuation Fund	<u>972</u>	<u>794</u>
	(B) <u>12,775</u>	<u>6,161</u>
	(A+B) <u>12,977</u>	<u>6,322</u>
Computation of net profit as per Section 349 of the Companies Act, 1956		
Profit Before Tax as per Profit & Loss Account	262,290	
Add: Managerial Remuneration	12,977	
Less: Profit on sale of Assets	664	
Add: Loss on Sale of Assets	<u>2,539</u>	
Net Profit as per Section 349 of the Companies Act, 1956	<u>277,142</u>	
Commission thereon:		
To Joint Executive Chairman	2,700	
To Managing Director	<u>2,700</u>	
	<u>5,400</u>	

The computation of profits under section 349 of the Companies Act, 1956 for the year 2009-10 has not been given as no commission was paid to the directors.

**15. Exchange Fluctuations**

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

	<b>31.03.2011</b>	31.03.2010
	<b>(Rs.'000)</b>	(Rs.'000)
Raw Material Import	(558)	3,010
On FCNR Account	42	493
Finished goods export	3,350	(34)
Certified Emission Reduction Credit	<u>(2,088)</u>	964
	<u>746</u>	<u>4,433</u>

16. 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.)**

## 17. Segment Information:

## A) Primary Business Segments for the year ended 31st March 2011

Rs.'000

	Spirit, Liquor, Spirituos Beverages	Marine	Unallocated	Total
<b>Revenue</b>				
External	<b>3,273,153</b> (2,415,122)	<b>1,226,640</b> (525,932)	– (–)	<b>4,499,793</b> (2,941,054)
Internal – segment	–	–	–	–
Total revenue	<b>3,273,153</b> (2,415,122)	<b>1,226,640</b> (525,932)	– (–)	<b>4,499,793</b> (2,941,054)
<b>Results</b>				
Segment Results	<b>2,09,852</b> (54,412)	<b>58,656</b> (21,919)	– (–)	<b>2,68,508</b> (76,331)
Unallocated expenditure	– (–)	– (–)	– (–)	– (–)
Interest expense	<b>8,208</b> (10,622)	<b>2,667</b> (287)	<b>7,536</b> (6,754)	<b>18,411</b> (17,663)
Other income	– (–)	– (–)	<b>12,193</b> (6,312)	<b>12,193</b> (6,312)
<b>Profit before taxation and exceptional items</b>	<b>2,01,644</b> (43,790)	<b>55,989</b> (21,632)	<b>4,657</b> (-442)	<b>262,290</b> (64,980)
<b>Other information:</b>				
Segment assets	<b>958,801</b> (1,049,424)	<b>161,563</b> (163,003)	<b>261,546</b> (253,292)	<b>1,381,910</b> (1,465,719)
Segment liabilities	<b>321,477</b> (536,014)	<b>17,185</b> (76,235)	<b>176,662</b> (165,125)	<b>515,324</b> (777,374)
Capital expenditure	<b>122,219</b> (56,462)	<b>1,227</b> (2,562)	<b>6,325</b> (174)	<b>129,771</b> (59,198)
Depreciation	<b>72,925</b> (81,357)	<b>5,807</b> (6,370)	<b>3,325</b> (3,498)	<b>82,057</b> (91,225)
Non-cash expenses other than depreciation	– (–)	– (–)	<b>4,379</b> (2,477)	<b>4,379</b> (2,477)

\*2009-10'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>4,085,253</b> (2,922,686)	<b>39,008</b> (18,368)	<b>4,475,262</b> (2,941,054)
Total Assets	<b>1,235,560</b> (1,318,967)	<b>146,380</b> (146,752)	<b>1,381,940</b> (1,465,719)
Capital Expenditure	<b>128,544</b> (56,636)	<b>1,227</b> (2,562)	<b>129,771</b> (59,198)

\*2009-10's figure in brackets.

**18. Related Party Disclosures**

As per Accounting Standard-18 issued by the Institute of Chartered Accountants of India, disclosures in respect of "related parties" 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 (Joint Executive Chairman)  
Mr. A.K. Banerjee (Managing Director)  
Mr. Bijon Nag (Chairman)  
Mr. Rahul Choudhary (Vice President - Finance & Company Secretary)

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, 2011 and for the year ended are presented in the following table:-

Nature of transactions	31.03.2011 ( Rs. '000)		31.03.2010 ( Rs. '000)	
	Associates	Key Management Personnel	Associates	Key Management Personnel
Purchase of Goods & Services	920	–	1,116	–
Sales, Services and Other Income	65,801	–	102,558	–
Purchase of Fixed Assets	369	–	9	–
Sale of Investments	–	–	–	–
Security Deposit Taken	–	–	–	–
Loan taken and repaid including interest	13,965	–	88,369	–
Expenditure on Lease rent and Services	2,457	–	2,727	–
Remuneration	–	13,664	–	8,456
Guarantee Commission	–	1,751	–	1,919
Outstanding Receivables	183	–	19,242	–
Outstanding Payables	16,434	–	10,391	–

	31.03.2011 ( Rs. '000)	31.03.2010 ( Rs. '000)
19. Value of Imports on CIF basis :		
Raw Materials	–	318,444
Components and Spare Parts	15	–
20. Expenditure in Foreign Currency :		
Travelling	640	971
21. Earnings in Foreign Exchange :		
FOB Value of Export	382,193	18,368
Certified Emission Reduction (CER)	–	82,321
22. Particulars regarding Capacity, Stocks, Sale of Finished Goods and Raw Materials & Stores Consumed:		

	Unit of Measurement	31.03.2011			31.03.2010		
		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	38,556	N.A.	59,472	49,691
Indian Made Foreign Liquor	LPL '000	N.A.	7,483	6,689	N.A.	7,483	2,983
Marine Products	M.T.	N.A.	2,520	1,155	N.A.	2,520	281

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

**SCHEDULE-13 (Contd.)**

	Unit of Measurement	31.03.2011			31.03.2010		
		Opening Stock	Sales	Closing Stock	Opening Stock	Sales	Closing Stock
<b>b) Stock and Sale of Finished Goods :</b>							
Alcohol	LPL '000	1,657	37,630	2,583	1,818*	49,852	1,657
	Rs. '000	32,509	2,680,342	43,851	23,457	2,827,553	32,509
Indian Made Foreign Liquor	LPL '000	126	6,552	263	33	2,890	126
	Rs. '000	10,149	1,703,926	16,606	4,084	623,468	10,149
Marine Products	M.T.	75	1,135	95	144	350	75
	Rs. '000	19,727	542,895	33,552	42,958	133,809	19,727
Total :	Rs. '000	62,385	4,927,163	94,009	70,499	3,584,830	62,385

\*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	3,361	25,458	37,002	2,286
Marine Feed (M.T.)	145	11,433	11,334	244
Value (Rs'000)	6,098	507,689	599,877	11,072
Total	9,459	533,147	636,879	13,358
	(9,299)	(308,247)	(366,958)	(9,459)*

\* The 2009-10's figures are in bracket.

	Unit	31.03.2011		31.03.2010	
		Quantity	Value (Rs.'000)	Quantity	Value (Rs.'000)
<b>d) Consumption of Raw materials</b>					
i) Molasses	M.T.	12,065	103,251	41,641	390,505
ii) Grain	M.T.	44,511	484,326	44,886	469,482
iii) Extra Neutral Alcohol (Rectified Spirit)	LPL'000	6,621	433,923	3,245	189,890
iv) Marine Products	MT	1,699	523,259	391	83,571
v) Others			343,856		270,021
Total			1,888,615		1,403,649

**SCHEDULE-13 (Contd.)**

	31.03.2011		31.03.2010	
	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	77,695	4.07	289,956	20.41
Stores & Spares: Imported	15	0.01	–	–
<b>Sub-total</b>	<b>77,710</b>	<b>4.08</b>	<b>289,956</b>	<b>20.41</b>
Raw material : Indigenous	1,810,920	94.94	1,113,693	78.40
Stores & Spares: Indigenous	18,603	0.98	16,779	1.19
<b>Sub-total</b>	<b>1,829,523</b>	<b>95.92</b>	<b>1,130,472</b>	<b>79.59</b>
<b>Total</b>	<b>1,907,233</b>	<b>100.00</b>	<b>1,420,428</b>	<b>100.00</b>
		<b>31.03.2011</b>		<b>31.03.2010</b>
		<b>Rs '000</b>		<b>Rs '000</b>
<b>23. Computation of Earnings per Share :</b>				
Profit for the year after tax		178,241		44,245
Add/(Less) : Exceptional Items (Net of Tax Expense)		–		–
Profit for Earnings per share before Exceptional Item		178,241		44,245
Profit for Earnings per share after Exceptional Item		178,241		44,245
Weighted Average number of equity shares outstanding		8,007		8,007
Basic and diluted earning per equity share before exceptional item		22.26		5.53
Basic and diluted earning per equity share after exceptional item		22.26		5.53

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

**SCHEDULE-14****SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Preparation**

The financial statements have been prepared in conformity with Generally Accepted Accounting Principles in India, to comply in material respects with the notified Accounting Standards under the Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention, on accrual basis except for export incentives and claims from Government for higher cost of molasses, which are accounted for on cash basis consistently. The accounting policies applied by the Company are consistent with those applied in the previous year, except as otherwise stated elsewhere in this schedule.

**2. Use of estimates**

The preparation of financial statements requires the management to make estimates and assumptions, which are considered to arrive at the reported amounts of assets and liabilities and disclosure of contingent liabilities as on the date of the financial statements and reported income and expenses during the reporting year. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to the accounting estimates are recognized prospectively in the current and future years.

**3. Revenue Recognition**

- a. Sale including sale from Company's bottling plants in respect of tie-up arrangements, is recognized in the accounts on passing of title to the goods. Gross Sales are inclusive of excise duty and sales tax but are net of trade discounts, where applicable.
- b. Income from contracting charges, arising out of tie-up agreements with IMFL Companies for manufacturing their brands, is recognized in terms of respective contracts.
- c. Dividend income is recognized and accounted for when the right to receive payment is established.
- d. Sale of Certified Emission Reduction (CER) is recognized and accounted for on the basis of execution of sale contract.

**4. Fixed Assets**

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

**5. 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.

**6. 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.

**7. 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.

**8. 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.

**9. 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.

**SCHEDULE-14****10. 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.

**11. 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.

**12. Prior Period & Extraordinary items.**

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

**13. 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.

**14. 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.

**15. Contingent Liabilities**

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

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 Jhunjunwala  
*Partner*  
Membership No: 56613  
Kolkata, 26th May, 2011

*For and on behalf of the*  
Board of Directors

Arup Kumar Banerjee *Managing Director*  
Amitabha Kumar Nag *Director*  
Rahul Choudhary *VP-Finance &*  
*Company Secretary*



## Cash Flow Statement for the Year ended 31st March, 2011

	2010-2011		2009-2010	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Cash flow from Operating Activities :</b>				
<b>Net Profit Before Tax &amp; Extraordinary items</b>		<b>262,290</b>		<b>64,980</b>
<i>Adjustment for :</i>				
Depreciation	82,057		91,225	
Bad Debts Written Off	249		165	
Profit on sale of Fixed Assets (Net)	1,875		665	
Dividend received	(23)		(23)	
Provision for leave encashment	1,592		1,426	
Foreign exchange gain/loss (Net)	(746)		(4,433)	
Liability no longer required written back	(2,835)		(13,171)	
Interest income	(8,228)		(3,918)	
Interest expenses	18,411		17,663	
		<u>92,352</u>		<u>89,599</u>
<b>Operating Profit Before Working Capital changes</b>		<b>354,642</b>		<b>154,579</b>
<i>Adjustment for :</i>				
Inventories	14,174		(97,852)	
Trade & Other Receivables	48,018		(108,312)	
Trade Payable	15,873		66,541	
		<u>78,065</u>		<u>(139,623)</u>
<b>Cash Generated from Operation</b>		<b>432,707</b>		<b>14,956</b>
Direct Tax Paid (net of refund)	(85,000)		(20,976)	
		<u>(85,000)</u>		<u>(20,976)</u>
<b>Net Cash from Operating Activities-A</b>		<b>347,707</b>		<b>(6,020)</b>
<b>Cash flow from Investing Activities :</b>				
Addition to Fixed Assets	(119,923)		(47,438)	
Sale of Fixed Assets	3,192		350	
Interest Received	7,958		3,233	
Dividend Received	23		23	
		<u>(108,750)</u>		<u>(43,832)</u>
<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)	(95,400)		28,829	
Cash Credit ( including EPC )	(13,834)		2,417	
Proceeds from Short Term Borrowing (net of repayments)	(160,000)		160,000	
Interest Paid	(18,411)		(17,663)	
		<u>(287,645)</u>		<u>173,583</u>
<b>Net Cash from/ (used ) in Financing Activities-C</b>				
Net Increase /(Decrease ) in Cash & Cash Equivalents(A+B+C)		<b>(48,688)</b>		<b>123,731</b>
Cash & Cash Equivalents as at 1st April		<b>145,983</b>		<b>22,252</b>
Cash & Cash Equivalents as at 31st March		<u><b>97,295</b></u>		<u><b>145,983</b></u>

**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 Jhunjunwala  
Partner  
Membership No: 56613  
Kolkata, 26th May, 2011

For and on behalf of the  
Board of Directors

Arup Kumar Banerjee *Managing Director*  
Amitabha Kumar Nag *Director*  
Rahul Choudhary *VP-Finance & Company Secretary*



# IFB AGRO INDUSTRIES LIMITED

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

## ATTENDANCE SLIP

Annual General Meeting on Thursday, 28th July, 2011 at 3.00 P.M. at Eastern Zonal Cultural Centre, IA-290, Sector-III, Salt Lake, Kolkata - 700 091

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

DP ID* :
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 NINTH ANNUAL GENERAL MEETING of the Company at the Eastern Zonal Cultural Centre, IA-290, Sector-III, Salt Lake, Kolkata - 700 091 on Thursday, 28th July, 2011.

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

DP ID* :
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 NINTH ANNUAL GENERAL MEETING of the Company to be held on Thursday, 28th July, 2011 at 3.00 P.M. and at any adjournment thereof.

Signed ..... day of ..... 2011.

Place .....

Signature .....



\*Applicable for Members holding shares in electronic form

- Note :
- a) The form should be signed across the stamp as per specimen signature registered with the Company.
  - b) 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.
  - c) The proxy need not be a member of the Company.

## Ten Years' Financial Summary

*Rs in lacs*

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Sales	14525.43	16059.61	16536.41	19010.83	22579.94	26671.46	32146.58	37512.86	39517.88	55640.42
Profit before Interest and Tax (after extraordinary items)	476.28	364.68	288.51	350.80	260.70	569.58	1241.62	2187.18	826.43	2807.01
Profit after Tax and Extraordinary Items	138.40	104.35	138.07	183.08	187.31	281.60	786.90	1,290.34	442.45	1782.41
Net Worth*	4183.54	4334.64	4398.92**	4628.43**	4715.71**	4846.51**	5693.87**	7336.15**	7806**	9498.64
Total Debts	760.06	521.62	360.02	500.02	530.46	1230.34	2,746.37	905.73	3141.38	448.62
Net Fixed Assets	3879.21	3938.58	3454.30	3354.73	3522.61	4898.19	5,380.03	7,223.47	6775.45	7103.44
Net Working Capital	1576.57	1337.13	1382.55	1821.14	1790.17	1567.63	3,080.18	1,050.36	3875.76	2547.65
Dividend (%)	—	—	—	—	—	—	—	—	—	—
Earnings per share (Rs.)	1.80	1.35	1.79	2.38	2.43	3.65	10.21	16.40	5.53	22.26
Book value per share (Rs.)*	54.28	56.24	57.08	60.05	61.19	62.88	73.88	91.62	97.49	118.63
<b>Key Ratios:</b>										
Return on Capital Employed	9.63	7.51	6.06	6.84	4.97	9.37	15.48	28.55	7.55	28.22
Return on Sales (after Tax)(%)	0.95	0.65	0.83	0.96	0.83	1.06	2.45	3.44	1.12	3.20
Fixed Assets Turnover	3.75	4.08	4.79	5.67	6.41	5.45	5.98	5.19	5.83	7.83
Working Capital Turnover	9.21	12.01	11.96	10.44	12.61	17.01	10.44	35.71	10.20	21.84
Debt Equity Ratio	0.18	0.12	0.08	0.11	0.11	0.25	0.48	0.12	0.45	0.05
Current Ratio	1.31	1.27	1.63	1.53	1.59	1.28	2.07	1.21	2.04	1.66

\* Without Revaluation Reserve

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



Breaded Fish Fillets



Butterfly Shrimps



Prawn Torpedo



Fish Fingers



Prawn Pops



BOOK POST

*If undelivered, please return to :*

**IFB AGRO INDUSTRIES LIMITED**  
Plot No. IND-5, Sector-1  
East Calcutta Township  
Kolkata - 700 107