



IFB AGRO INDUSTRIES LIMITED

Report  junction.com

BOARD OF DIRECTORS

- CHAIRMAN
Bijon Nag
- EXECUTIVE DIRECTOR
Bikramjit Nag
T. K. Banerjee
- DIRECTORS
K. Srinivasan – VICE CHAIRMAN
P. C. D. Nambiar
Dr. Ranjan Banerjee
Nandan Bhattacharya
D. P. Barua
K. Krishnan (Nominee of ICICI Ltd.)
A. G. Joshi (Nominee of UTI)
K. P. Ramakrishnan (Nominee of IDBI)
- COMPANY SECRETARY
G. Ray Chowdhury
- AUDITORS
Maheshwari & Associates
Chartered Accountants
- BANKERS
State Bank of India
Bank of Maharashtra
Indian Overseas Bank
- REGISTERED OFFICE
Plot No. IND-5, Sector-1,
East Calcutta Township,
Kasba Industrial Estate,
Calcutta - 700 078
Ph : 442-0997/98/99/1001/1002
Fax : 442-1003
- WORKS
Noorpur, P. S. Diamond Harbour
Dist. South 24 Parganas
West Bengal
Durgapur
Dist. Burdwan
West Bengal
Maheshtala, South 24 Parganas
West Bengal
Serampore
Hooghly, West Bengal
Marine Product Process Plant
Kasba Industrial Estate,
Calcutta - 700 078
- REGISTRAR & SHARE TRANSFER AGENT
Mac Consultants Private Limited
"Surya", Ground floor
52D, Ballygunge Circular Road
Calcutta - 700 019

Contents

Notice	2
Directors' Report	5
Auditors' Report	12
Balance Sheet	14
Profit & Loss Account	15
Schedules to Balance Sheet and Profit & Loss Account	16
Notes on Accounts	20
Cash Flow Statement	27
Subsidiaries	29

IFB AGRO INDUSTRIES LIMITED

Notice to the Members

Notice is hereby given that the Seventeenth Annual General Meeting of IFB Agro Industries Limited will be held on Tuesday, 21st September, 1999 at 11.00 A.M. at the Registered Office of the Company at Plot No. IND-5, Sector-1, East Calcutta Township, Calcutta-700 078 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts as at and for the financial year ended 31st March, 1999 and the reports of the Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 1999.
3. To appoint a Director in place of Mr. P. C. D. Nambiar who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. K. Srinivasan who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications, the following resolutions :

6. **As an Ordinary Resolution**
"Resolved that Mr. A. G. Joshi be and is hereby appointed a Director of the Company."
7. **As a Special Resolution**
"Resolved that pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the Company hereby accords its approval to the appointment of Mr. Tarun Kumar Banerjee as Executive Director of the Company for a period of 3 (three) years with effect from 1st July, 1999 on such terms and conditions including remuneration as set out in the Explanatory Statement, with further discretion to the Board of Directors to alter and vary the terms and conditions in such manner as may be agreed to between the Company and Mr. Tarun Kumar Banerjee in accordance with the limitations contained in the Companies Act, 1956."
8. **As a Special Resolution**
Resolved that in partial modification of Resolution passed by the members of the Company at the Annual General Meeting held on September 10, 1998 and pursuant to the provisions of section 198, 269 and 310 and all other applicable provisions, if any, of the Companies Act, 1956 including Schedule XIII thereof as amended upto date, consent of the Company be and is hereby accorded to the revision in the salary and perquisites of Mr. Bikramjit Nag, Executive Director of the Company as mentioned hereunder with effect from July 1, 1999 -

Salary from Rs.19,000 per month to Rs.40,000 per month in the scale of Rs.40,000 - Rs.70,000 with annual increment as may be decided by the Board.

House Rent Allowance - 60% of the salary

Other Allowances - Rs.23,000 per month.

Further Resolved that all other existing terms and conditions including remuneration and perquisites shall remain unaltered with liberty to the Board of Directors of the Company to decide on the Annual increment and to alter and vary the said terms and conditions from time to time in such manner as may be agreed to between the Directors of the Company and Mr. Bikramjit Nag in the best interest of the Company."

Registered Office :
Plot No. IND-5, Sector-1
East Calcutta Township
Calcutta- 700 078
Date : 28th June, 1999

By Order of the Board

G. Ray Chowdhury
Company Secretary

**Notes :**

1. The Register of Members and Share Transfer Registers of the Company will remain closed from 15th September 1999 to 21st September, 1999 (both days inclusive).
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. Proxies, in order to be effective, must reach the Registered Office of the Company at least 48 hours before the meeting.
3. The dividend on Equity Shares as recommended for the year ended 31st March, 1999, if declared at this meeting, will be payable on or after 21st September, 1999 to those members whose names appear on the Register of Members of the Company as on 21st September, 1999.
4. Pursuant to Section 205A of Companies Act, 1956 as it stood prior to amendment effective 31st October, 1998, the dividend remaining unpaid for the year ended 31st March, 1995, has been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal.
5. Shareholders who have not yet furnished their Bank Account details, are requested to furnish the same before 21st September, 1999 in order to protect their interest against fraudulent encashment of dividend warrants.
6. Members are requested to :
 - a) notify immediately any change in their address to the Company
 - b) bring their copy of the Annual Report to the meeting
 - c) 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, Mac Consultants Private Limited enclosing their share certificates for consolidation of all such shareholdings into one folio for better investor service.
7. Explanatory Statement under Section 173(2) of the Companies Act, 1956 for item Nos. 6 to 8 is annexed hereto.

Explanatory Statement

(pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 6

Pursuant to the advice of the Unit Trust of India, the Board appointed Mr. A. G. Joshi, as an Additional Director with effect from 28th June, 1999 as per Article 82 of the Articles of Association of the Company. Mr. Joshi will hold office upto the date of the next Annual General Meeting.

The Company has received notice under Section 257 of the Companies Act, 1956 proposing appointment of Mr. A. G. Joshi as a Director of the Company.

The Board recommends the appointment of Mr. A. G. Joshi in the interest of the Company.

No other Directors of the Company except Mr. Joshi are concerned or interested in the proposed Resolution.

Item No. 7

Mr. Tarun Kumar Banerjee was appointed as an Additional Director with effect from 1st April, 1999 and subsequently Executive Director of the Company by the Board of Directors for a period of three years with effect from 1st July, 1999. The said appointment was made in terms of Section 269 of the Companies Act, 1956 read with Schedule XIII thereof which is subject to the approval of the members in the General Meeting. The terms and conditions of the appointment including remuneration payable to Mr. Tarun Kumar Banerjee are produced below :-

1. Period of appointment : 3 years effective 1st July, 1999
2. Remuneration :
 - (a) Salary : Rs. 40,000/- (Rupees Forty thousand only) per month in the scale of Rs. 40,000 - Rs. 70,000 with annual increment as may be decided by the Board.
 - (b) Personal Allowance : Rs. 22,000 per month.
 - (c) Performance Incentive : Rs. 25,000 per month.

In addition to salary, personal allowance and performance incentive, the following perquisite shall be allowed to Mr. Tarun Kumar Banerjee.

IFB AGRO INDUSTRIES LIMITED**Part A**

- | | |
|----------------------------|--|
| (a) House Rent Allowance | Rs. 25,000/- (Rupees Twenty five thousand only) per month. |
| (b) Medical Reimbursement | Expenses incurred for self and family subject to a ceiling of one month's salary in a year or 3 months' salary over a period of 3 years. |
| (c) Leave Travel Allowance | For self and family once in a year incurred in accordance with the Rules of the Company. |
| Explanation | For the purpose of this part, 'family' means the spouse and dependent children below 18 years. |

Part B

- i) Gratuity as per the scheme of the Company but not exceeding half a month's salary for each completed year of service.
- ii) Contribution to the Provident Fund, Superannuation Fund as per the scheme of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- iii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Part C

- | | |
|---------------|--|
| i) Car | Reimbursement of cost of 450 litres of petrol per month and Rs. 30,000 per annum towards maintenance of car which can be accumulated upto a maximum of 3 years.
Reimbursement of driver's wages upto a maximum of Rs. 2000/- per month. |
| ii) Telephone | Reimbursement of expenses for residential telephone upto a maximum of Rs. 25,000/- per annum. |
| iii) Leave | One month's Privilege Leave on completion of 11 months of continuous service from the date of joining. |

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

Mr. Tarun Kumar Banerjee shall perform such duties and exercise such powers as are entrusted to him from time to time by the Board, subject to the directions and restrictions imposed by the Board.

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 Special Resolution in the best interests of the Company.

The draft Appointment/ Agreement referred to in the Special Resolution at item No. 7 of the accompanying Notice is open for inspection by the Members at the Registered office of the Company on any working day upto the date of 17th Annual General Meeting between 11.00 A.M. and 1.00 P.M.

The above may be treated as an abstract of the terms of contract between the Company and Mr. Tarun Kumar Banerjee under Section 302 of the Companies Act, 1956. Mr. Tarun Kumar Banerjee is concerned or interested in the resolution.

Item No. 8

Mr. Bikramjit Nag was appointed as Executive Director of the Company with effect from January 27, 1998 at the 16th Annual General Meeting held on September 10, 1998 on the terms as set out in that Resolution with liberty to the Board of Directors of the Company to effect such increases from time to time as it thinks fit within the limitations in that behalf as contained in Schedule XIII to the Companies Act, 1956. In view of the inflationary trend and the increase in the business activities of the Company, the Board of Directors has deemed it fit to increase the monthly remuneration payable to him in the manner set out in this Resolution. The other terms and conditions of his remuneration for the relevant period remain the same as approved by the Members at the aforesaid Annual General Meeting of the Company held on September 10, 1998.

Copy of the Resolution passed at the Annual General Meeting of the Company held on September 10, 1998 alongwith the draft supplemental agreement is available for inspection of the Members at the Registered Office of the Company between 11 A.M. and 1 P.M. on all working days upto the date of the Annual General Meeting.

The Resolution set out in Item No. 8 alongwith this explanatory statement may be treated as Memorandum of Interest under Section 302 of the Companies Act, 1956. No other Directors except Mr. Bikramjit Nag and Mr. Bijon Nag are concerned or interested in the proposed resolution.

The Directors recommend the passing of the Special Resolution in the best interest of the Company.

Registered Office :
Plot No. IND-5, Sector-1
East Calcutta Township
Calcutta- 700 078
Date : 28th June, 1999

By Order of the Board

G. Ray Chowdhury
Company Secretary



DIRECTORS' REPORT

To the Shareholders

Your Directors have pleasure in presenting before you the Annual Report and the Audited Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

	Year ended 31st March '99 (Rs. '000)	Year ended 31st March '98 (Rs. '000)
Sales and Other Income	1,673,614	985,663
Profit prior to Finance charges & Depreciation	130,555	118,501
Less : Finance charges	45,592	40,795
Depreciation	26,059	24,215
Profit before Taxation	58,904	53,491
Provision for Taxation	10,248	8,000
Transfer from Capital Reserve	82	82
Balance available for appropriation	48,738	45,573
Appropriations :		
Proposed Dividend including tax thereon	8,478	14,836
Transfer to General Reserve	2,500	3,412
Surplus (carried to Balance Sheet)	37,760	27,325
	48,738	45,573

DIVIDEND

Your Directors recommend payment of dividend @ 10% on the Equity Share Capital of the Company for the Financial Year ended 31st March, 1999 which, if approved at the ensuing Annual General Meeting, will be paid to the members whose name appear on the Register of Members as on 21st September, 1999 or to their mandates within 42 days of such declaration.

PERFORMANCE REVIEW

The Company's turnover during the year under review was Rs. 166.37 crores (Previous year Rs. 97.60 crores) which was inclusive of 57.19 crores on account of trading activities of Home Appliances. The Company started its trading activity only from September last year.

The profit before tax Rs. 5.89 crores (last year Rs. 5.35 crores) is not commensurate with the increase in turnover. During the year the Company successfully commenced the trading activity of IFB brand home appliances as approved by the resolution passed in the General Meeting of its shareholders held on 10.9.1998. The Company had to incur sizeable expenditure towards client promotion and advertisement for trading activities of Home Appliances, the benefit of which is expected in years to come.

The Company's core business activity, its alcohol unit at Noorpur, contributed a growth of 10%. The unit has earned better yield because of use of high quality imported molasses and registered all-round improvement by introduction of improved process in fermentation and distillation.

There has also been distinct improvement in other areas of operation. IMFL production has grown by 29%. Earning in foreign exchange through marine export has also shown impressive growth. However, the performance of the soft drinks division has

IFB AGRO INDUSTRIES LIMITED

not been satisfactory in spite of the all-out effort of our distribution team. There was fierce competition from the international giants and under this backdrop, the market pull and brand recall of Cadbury Schweppes brands was low. Moreover, there was very poor brand visibility in the absence of necessary advertisement and promotional support from the brand owners. The strategy of this division is being reworked in view of the take-over of Cadbury Schweppes brand internationally by Coca Cola.

During the year, the earnings in foreign exchange from marine export have gone up by 173%.

The CO₂ trading division and tank farm at Haldia have not performed at the required level and strategy is being worked out in these areas to have better return on investment.

FUTURE OUTLOOK

The Excise Department with effect from 16.03.99 has made adhoc downward revision of administered price without giving due consideration to the changes in input costs and other logistic issues. As a result, the future performance of the Company shall have severe adverse impact. The Company has made representation with the concerned authority for reviewing the decision. Though partial relief has been granted and the same is found inadequate. The Company made another appeal for a favourable consideration. We hope that the same will be reconsidered and the price shall be restored to a realistic level. Unless this is done, the Company's viability shall be seriously jeopardised.

The Company has already gone ahead with the modernisation of its existing distillation plant at Noorpur. Necessary orders have been placed and work is progressing as per schedule. It is expected that the work shall be completed within September, 1999.

As part of its continuous endeavour for improving efficiency, the Company has launched a series of cost reduction and value engineering measures. Once completed, these shall result in significant improvement in operating parameters and improve productivity and reduce cost of production.

DIRECTORS

The Unit Trust of India has nominated Mr. A. G. Joshi as their nominee in the Board of Directors of the Company in place of Mr. S. K. Saha who resigned last year. The Board places on record its appreciation of the valuable services rendered by Mr. Saha during his tenure as a Member of the Board. The Board welcomes Mr. Joshi and proposes his appointment as a Director in the ensuing Annual General Meeting of the Company. Mr. R. N. Sen resigned as Director of the Company with effect from 10th September 1998. The Board records its appreciation of Mr Sen's invaluable contribution in the growth of the Company.

Mr. Tarun Kumar Banerjee was appointed an Additional Director with effect from 1st April, 1999 and subsequently Executive Director of the Company for a period of three years with effect from 1.7.1999. The necessary resolution seeking approval of Mr. Banerjee's appointment and the terms of his appointment are being placed before the Members for their approval.

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. K. Srinivasan and Mr. P. C. D. Nambiar retire by rotation and being eligible offer themselves for reappointment as Directors of the Company.

AUDITORS

M/s Maheshwari & Associates, Chartered Accountants, auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. M/s Bhadra & Bhadra, Chartered Accountants have offered themselves for the audit of accounts of the Company's Home Appliance Division. The Company has received letters from the Auditors to the effect that their appointment, if made, would be within the limits as prescribed under Section 224(1B) of the Companies Act, 1956.

SUBSIDIARIES

Financial Results of the six subsidiaries of the Company viz. Bengal Aquatic Farms Ltd., Zenith Investments Ltd., Asansol Bottling & Packaging Co. Ltd., Nurpur Gases Ltd. for the Financial Year ended 31st March, 1999 and for IFB Automotive Seating & Systems Ltd. and Autoliv IFB India Ltd. for the Financial Year ended 31st December, 1998 are attached to this report alongwith Statement under Section 212 of the Companies Act, 1956. During the year, IFB Automotive Seating & Systems Ltd. has become



a subsidiary of your Company and Autoliv IFB India Ltd., a subsidiary of IFB Automotive Seating & Systems Ltd., has also become a subsidiary of IFB Agro Industries Limited u/s 4 of the Companies Act.

PERSONNEL

The Board wishes to place on record its appreciation of the contribution made by all employees in ensuring the level of performance that your Company has achieved during the year. The statement containing the particulars of employees under Section 217(2A) of the Companies Act, 1956 is annexed.

Y2K COMPLIANCE

The Company has undertaken effective steps to meet Y2K requirement within the stipulated time in all the relevant operational and accounting areas. The expenditure to ensure Y2K compliance is not expected to have any material financial impact. Impact of Y2K issues due to external failures, if any, is not likely to have any material effect on the Company's operations.

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

Your Company is committed to ensure a green and pollution free environment as well as clean and safe workplace at all plant locations and worksites and has in place a system for controlling and monitoring pollutants in all the factories which has resulted in all the units complying with environmental standards and legislation.

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.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the continuous support provided by the shareholders, Industrial Development Bank of India, The Industrial Credit & Investment Corporation of India Ltd., Banks, Central Government and State Governments, Foreign Collaborators and others.

On behalf of the Board

BIJON NAG
Chairman

Calcutta, 28th June, 1999

IFB AGRO INDUSTRIES LIMITED**Annexure to the Directors' Report pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.**

The Company has no employee in respect of whom statement under Section 217(2A) of the Companies Act, 1956 is required to be annexed.

Annexure to the Directors' Report**Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.****A. CONSERVATION OF ENERGY**

Conservation of Energy has been receiving increased emphasis and sustained energy conservation efforts and continuous monitoring have resulted in reduced consumption of power, steam and other utilities. New systems and devices are being introduced in order to minimise wastage of power and improving power utilisation factor. Your Company is committed to energy conservation in every stage of its operation and has endeavoured to incorporate energy conservation features in every dimension of operation.

B. TECHNOLOGY ABSORPTION

Sophisticated technology from the Company's technical collaborators is being adopted in the process and continuous efforts are being carried out for upgradation of technology through inhouse Research and Development work. Innovative ideas based on inhouse Research and Development and consultation with the technical collaborators have been successfully carried out in the area of waste utilisation and environment protection.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	This year (Rs. '000)	Previous year (Rs. '000)
1. Foreign Exchange Earning (FOB Value)	194,755	71,276
2. Foreign Exchange Outgo		
— CIF Value of imports of raw materials	100,402	—
— Foreign travel	1,993	353
— Technical know-how	—	315
— Components & Spare parts	—	105
— Consultancy and others	—	18
	102,395	791



STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956

Name of the subsidiary	Financial year of the subsidiary ended on	Holding Company's interest	Net aggregate amount of subsidiaries profits / (losses) not dealt with in the Holding Company's Account		Net aggregate amount of subsidiaries profits/ (losses) dealt with in Holding Company's Account	
			For the subsidiary's financial year (Rs. '000)	For its previous financial year (Rs. '000)	For the subsidiary's financial year (Rs. '000)	For its previous financial year (Rs. '000)
Bengal Aquatic Farms Ltd.	31st March 1999	18,00,000 equity shares of Rs. 10 each out of 18,00,000 equity shares fully paid	(92)	(4067)	—	—
Zenith Investments Ltd.	31st March 1999	13,00,000 equity shares of Rs. 10 each out of 13,00,200 equity shares fully paid	(148)	(5529)	—	—
Nurpur Gases Ltd.	31st March 1999	1,45,000 equity shares of Rs. 10 each out of 2,40,000 equity shares fully paid	(183)	135	—	—
Asansol Bottling & Packaging Co. Ltd.	31st March 1999	48,900 equity shares of Rs. 100 each out of 49,000 equity shares fully paid	893	1976	—	—
IFB Automotive Seating & Systems Ltd.	31st Dec. 1998	15,59,998 equity shares of Rs. 10 each out of 20,80,000 equity shares	343	—	—	—
Autoliv IFB India Ltd.	31st Dec. 1998	12,49,752 equity shares of Rs. 10 each held by IFB Automotive Seating & Systems Ltd., a subsidiary out of 24,99,501 equity shares fully paid	—	—	—	—

For and on behalf of the
Board of Directors

K. Srinivasan
Bikramjit Nag
G. Ray Chowdhury

Vice Chairman
Executive Director
Company Secretary