



IFB AGRO INDUSTRIES LIMITED

**ANNUAL
REPORT
1999-2000**



BOARD OF DIRECTORS

- CHAIRMAN
Bijon Nag
- VICE CHAIRMAN
K. Srinivasan
- MANAGING DIRECTOR
T. K. Banerjee
- EXECUTIVE DIRECTOR
Bikramjit Nag
- DIRECTORS
P. C. D. Nambiar
Dr. Ranjan Banerjee
Nandan Bhattacharya
R. L. Gaggar
M. V. Subaraman (Nominee of IDBI)
Alok Kumar Agarwal (Nominee of ICICI Ltd.)
A. G. Joshi (Nominee of UTI)
B. Viswanathan
- COMPANY SECRETARY
N. K. Chandak
- 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

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IFB AGRO INDUSTRIES LIMITED**Notice to the Members**

Notice is hereby given that the Eighteenth Annual General Meeting of IFB Agro Industries Limited will be held on 31st August, 2000 at 11.00 A.M. at Eastern Zonal Cultural Centre at Bidhannagar 1A-290, Sector-III, Salt Lake, Calcutta - 700 091 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts together with Reports of Directors and Auditors thereon for the year ended 31st March, 2000.
2. To appoint a Director in place of Mr. Bikramjit Nag who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. Ranjan Banerjee who retires by rotation and being eligible offers himself for reappointment.
4. 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 :

5. **As an Ordinary Resolution**

"Resolved that Mr. M. V. Subaraman be and is hereby appointed a Director of the Company."

6. **As an Ordinary Resolution**

"Resolved that Mr. Alok Kumar Agarwal be and is hereby appointed a Director of the Company."

7. **As an Ordinary Resolution**

"Resolved that Mr. B. Viswanathan be and is hereby appointed a Director of the Company."

8. **As an Ordinary Resolution**

"Resolved that Mr. R. L. Gaggar be and is hereby appointed a Director of the Company."

9. **As an Ordinary Resolution**

"Resolved that pursuant to the provisions of Section 198, 269, 309, 310 & 311 and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the Act') read with Schedule XIII of the Act, the Company hereby accords its approval to the appointment of Mr. Tarun Kumar Banerjee as Managing Director of the Company for a period of 3 (three) years with effect from 1st April, 2000 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.

10. **As a Special Resolution**

"Resolved that pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, and provisions of other statutes, as applicable, the Article of Association of the Company be and are hereby altered as follows :

- 1) In Article 2 relating to interpretation of various expressions, the following be included after the definition of "The Register"
- (x) "Shareholder(s)" or "Member(s)" means a duly registered holder of the shares of the Company from time to time including the subscribers to the Memorandum of Association of the Company and will also include the beneficial owners as defined in Article 57B.
- (xi) "Debenture holder(s)" or "Security holder(s)" means the duly registered holder from time to time of the debenture(s) or securities of the Company".



2. After the existing Article 56 the following new Articles 57A & 57B be inserted under the Caption "XVI. DEMATERIALISATION/REMATERIALISATION" and all subsequent Captions and Articles be renumbered accordingly :-

'57A. The provisions of this Article shall apply notwithstanding anything to contrary contained in any other Article of these Articles.'

"57B. Definitions :

- i. For the purpose of this Article :

'Beneficial Owner' shall have the same meaning assigned thereto in Section 2 of the Depository Act, 1996.

'SEBI' means the Securities & Exchange Board of India established under Section 3 of the Securities & Exchange Board of India Act, 1992.

'Depositories Act' means the Depositories Act, 1996 and shall include any statutory modification(s) or re-enactment thereof for the time being in force.

'Depository' means a company which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992 and wherein the securities of the Company are dealt with in accordance with the provisions in the Depositories Act, 1996.

'Security' means such security as may be specified by 'SEBI' from time to time.

Dematerialisation of Securities :

- ii. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Option for investors :

- iii. Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is beneficial owner of the securities can at any time opt out of depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for Securities.

If a person opts to hold his Security with a depository, the Company shall intimate such depository the details of allotment of the security.

Securities on depositories to be in fungible form :

- iv. All securities of the Company held by a depository shall be dematerialised and be in fungible form.

Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities of the Company held by it on behalf of the beneficial owners.

Rights of depositories and beneficial owners :

- v. a. Notwithstanding anything to the contrary contained in the Act a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of the Company on behalf of the beneficial owner.
- b. Save as otherwise provided in (a) above, the depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the securities held by it.
- c. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository.

Service of documents :

- vi. Notwithstanding anything contained in the Act to the contrary, where securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or disc.

IFB AGRO INDUSTRIES LIMITED**Transfer of securities :**

- vii. Nothing contained in Section 108 of the Act shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository, in such cases the provisions of the Depository Act, 1996 shall apply.

Allotment of securities dealt with in a depository :

- viii. Notwithstanding anything in the Act, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

Distinctive numbers of securities held in a depository :

- ix. The Company shall be entitled to dematerialise or rematerialise its shares, debentures and other securities (both existing and future) pursuant to Depositories Act, and to offer its shares, debentures and other securities for subscription in a dematerialised form. The share in the capital shall be numbered progressively according to their several denominations. Provided further, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in dematerialised form. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Register and index of beneficial owners :

- x. The Company shall cause to be kept Register and Index of Members and Security holders in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in material and dematerialised form in any media as may be permitted by law including in any form of electronic media. The Company shall be entitled to keep in any state or country outside India a Branch Register of Members and security holders resident in that state or country.

11. As a Special Resolution

"Resolved that pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956 the existing Article 119 of the Articles of Association of the Company be renumbered as 119A and the following new Article 119B be inserted after Article 119A.

"119B. Notwithstanding anything contained in any other clause or clauses of the Articles of Association of the Company, a holder or joint holders of shares or debentures, may nominate, in accordance with the provisions of Section 109A of the Companies Act, 1956 and in the manner prescribed thereunder, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of such holders. Any nomination so made shall be dealt with by the Company in accordance with the provisions of Section 109B of the Companies Act, 1956."

12. As a Special Resolution

"Resolved that pursuant to the provisions of Section 31 and all other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by deleting the existing Article '100' and substituting in place thereof the following new Article '100'.

100. Subject to the provisions of the Companies Act, 1956 the Directors may, at any time, appoint one or more Directors as Managing Director or Wholtime Director on such remuneration, terms and conditions as may be decided by them in such meeting.

13. As a Special Resolution

"Resolved that the Company hereby accord its approval pursuant to Section 163 of the Companies Act, 1956 to keep the Register of Members and other records and documents in respect of shares and securities held in dematerialised form in the office of CB Management Services Ltd., P-22, Bondel Road, Calcutta-700 019, a SEBI registered share transfer agent appointed in accordance with SEBI (Registrar to an Issue and Share Transfer Agent) Rules, 1993.

Registered Office :
Plot No. IND-5, Sector-1
East Calcutta Township
Calcutta- 700 078
Date : 29th June, 2000

By Order of the Board

N. K. Chandak
Asst. Gen. Manager & Company Secretary

**Notes :**

1. The Register of Members and Share Transfer Registers of the Company will remain closed from 29th August, 2000 to 31st August, 2000 (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. Information u/s 205A read with the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government), Rules, 1978 as amended is given below :
 - (i) Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividend upto the financial year ended 31st March, 1995, has been transferred to the General Revenue Account of the Central Government. Shareholders who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal.
 - (ii) Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C of the Companies (Amendment) Act, 1999 the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made in respect of any such claims by the Fund. Members who have not yet encashed their Dividend Warrant(s) for the financial year ended 31st March, 1999 are requested to make their claims to the Company accordingly.
4. Members are requested to :
 - a) notify immediately any change in their address to the Company
 - b) bring their copy of the Annual Report in 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.
5. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company atleast seven working days prior to the meeting, so that the required information can be made available at the meeting.
6. Members can avail of the nomination facility by filing Form 2B with the Company. Blank forms will be supplied on request.
7. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the meeting is annexed hereto and forms part of this Notice.

Explanatory Statement

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

Item No. 5

Pursuant to the advice of Industrial Development Bank of India, the Board appointed Mr. M. V. Subaraman, as an Additional Director with effect from 31st July, 1999 as per Article 82 of the Articles of Association of the Company. Mr. Subaraman 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. Subaraman as a Director of the Company.

The Board recommends the appointment of Mr. Subaraman in the interest of the Company.

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

IFB AGRO INDUSTRIES LIMITED**Item No. 6**

Pursuant to the advice of ICICI Limited, the Board appointed Mr. Alok Kumar Agarwal, as an Additional Director with effect from 28th April 2000 as per Article 82 of the Articles of Association of the Company. Mr. Agarwal 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. Agarwal as a Director of the Company.

The Board recommends the appointment of Mr. Agarwal in the interest of the Company.

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

Item No. 7

Mr. B. Viswanathan has been appointed as an Additional Director with effect from 29th October 1999 as per Article 82 of the Articles of Association of the Company. Mr. Viswanathan will hold office upto the date of the ensuing Annual General Meeting.

The Company has received notice under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. B. Viswanathan as Additional Director of the Company.

The Board recommends the appointment of Mr. Viswanathan in the interest of the Company.

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

Item No. 8

Mr. R. L. Gaggar has been appointed as a Director in casual vacancy in place of Mr. D. P. Barua with effect from 29th October, 1999 on resignation of Mr. D. P. Barua from the Board of Directors of the Company. As per the provisions of Section 262 of the Companies Act, 1956 a Director appointed in casual vacancy is to hold office only upto the date upto which the original Director would have held office. Mr. Barua would have held office if he had not resigned, upto the date of the ensuing Annual General Meeting when he would have been liable to retire by rotation. Mr. Gaggar will accordingly hold office upto the date of the Annual General Meeting and will seek appointment as Director of the Company at the Annual General Meeting.

The Company has received notice under Section 257 of the Companies Act, 1956 proposing the appointment of Mr. R. L. Gaggar as Director of the Company.

The Board recommends the appointment of Mr. Gaggar in the interest of the Company.

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

Item No. 9

Mr. Tarun Kumar Banerjee, Executive Director was appointed as Managing Director of the Company by the Board of Directors with effect from 1st April 2000 for a period of three years. 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 on which Mr. Banerjee has been appointed as the Managing Director of the Company shall contain the following remuneration :-

A Remuneration :

- (a) Salary : Rs. 75,000 per month in the grade of Rs. 75,000 - Rs. 1,00,000/- . (The annual increment will be effective 1st April every year and will be decided by the Board),
- (b) Special Allowance : Rs. 15,500/- per month or such other sum as may be decided by the Board for every year,
- (c) Performance Incentive : Rs. 25,000 per month or such other sum as may be decided by the Board for every year,
Aggregate amount payable as Special Allowance and Performance incentive is limited to maximum of one year's salary per year.
- (d) In addition to above, Mr. Banerjee shall also be entitled to perquisites like free furnished accommodation or house rent allowance including furnishings, medical reimbursement, leave travel concessions for self and family, club fees (subject to a maximum of two clubs), medical insurance, etc. as per Company policy. In addition, Mr. Banerjee shall also be provided car for business purposes and telephone at the residence. The annual value of these perquisites shall be restricted to an amount equal to one year's salary per year of Mr. Banerjee.



- (e) Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund as per the policy of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity as per the rules of the Company, Leave including encashment of leave at the end of the tenure as per the Company's policy. These, however, shall not be included in the computation of limits on perquisites as aforesaid.

In the event of loss or inadequacy of profits in any financial year during the tenure of Mr. Banerjee as Managing Director of the Company, he shall be entitled to receive as minimum remuneration, the remuneration proposed above, or such other amount as may be approved by the Central Government, not being less than the remuneration prescribed under Schedule XIII of the Companies Act, 1956 from time to time read with the provisions of Section 198 and 309 of the Companies Act, 1956 and other relevant provisions.

In the event of any statutory amendment or modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the terms and conditions of the said appointment and / or the Agreement may be altered, modified, amended or varied, from time to time by the Board of Directors as it may, in its discretion, deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956, or any amendments or modifications or relaxation made thereafter in that regard.

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. T. K. 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 of the Agreement to be executed between Mr. Banerjee and the Company as approved by the Board of Directors is available for inspection by the members at the registered office of the Company on any working days.

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. 10

Consequent to the passing of the Depositories Act, 1996 and the introduction of the Depository System, some of the provisions of the Articles of Association relating to the issue, transfer / transmission, dealing in shares etc. are proposed to be amended to conform to the requirement of the Depository Act, 1996.

A copy of the Articles of Association of the Company is available for inspection by the members during business hours on any working day, at the Registered Office of the Company, except holidays observed by the Company and will also be available at the meeting.

Your Board recommends the passing of the resolution.

None of the Directors of the Company are concerned or interested in this resolution.

Item No. 11

The Companies (Amendment) Act, 1999 has inter alia, made a provision through Sections 109A and 109B whereby a holder or joint holders of shares can nominate a person to whom all the rights in the shares or debentures of a Company shall vest in the event of death of such holder(s). Where a nomination has been made in the prescribed manner by the Shareholder(s) or debenture holder(s), the nominee shall, on the death of the shareholder(s) or debenture holder(s) as the case may be, be entitled to all rights, in the shares or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. It is, therefore, proposed to introduce a New Article in the Articles of Association of the Company by way of an enabling provision to provide for nomination facility in accordance with the newly enacted provisions of the Companies Act, 1956.

Your Board recommends the passing of the resolution.

None of the Directors of the Company are concerned or interested in this resolution.

IFB AGRO INDUSTRIES LIMITED

Item No. 12

As per present Article 100 of the Articles of Association of the Company, a wholetime Director or Managing Director shall not be liable to retire by rotation which read with Sections 255, 256 and other applicable provisions of the Companies Act, contradicts in the case of your Company. In view of this Article 100 in the Articles of Association of the Company needs to be replaced with the proposed Article 100.

Your Board recommends the passing of the resolution.

None of the Directors of the Company are concerned or interested in this resolution.

Item No. 13

Pursuant to Section 163(1) of the Companies Act, 1956 the Company is required to keep its Register of Members, Register of Index and copies of all Annual Returns etc. at its Registered Office. However, the Act provides that the Company can by passing a Special Resolution keep these documents at any other place within the city, town or village where the Registered Office is situated. This resolution is being passed to take the approval of the Members to keep these records at the Office of the Company's Share Transfer Agent in respect of shares and securities held in dematerialised form. An advance copy of this Resolution will be forwarded to the Registrar of Companies, West Bengal for their intimation and record.

Your Board recommends the passing of the resolution.

None of the Directors of the Company are concerned or interested in this resolution.

Registered Office :
Plot No. IND-5, Sector-1
East Calcutta Township
Calcutta- 700 078
Date : 29th June, 2000

By Order of the Board

N. K. Chandak
Asst. Gen. Manager & Company Secretary

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DIRECTORS' REPORT

To the Shareholders

Your Directors have pleasure in presenting before you the Annual Report together with the Audited Accounts and Auditors' Report thereon for the year ended 31st March, 2000.

FINANCIAL RESULTS

	Year ended 31st March 2000 (Rs. '000)	Year ended 31st March 1999 (Rs. '000)
Sales and Other Income	2,237,662	1,673,614
Profit prior to Finance charges & Depreciation	90,208	130,555
Less : Finance charges	39,245	45,592
Depreciation	27,210	26,059
Profit before Taxation	23,753	58,904
Provision for Taxation	2,744	10,248
Prior period adjustments	571	—
Transfer from Capital Reserve	82	82
Balance available for appropriation	20,520	48,738
Appropriations :		
Proposed Dividend including tax thereon	—	8,478
Transfer to General Reserve	10,000	2,500
Surplus (carried to Balance Sheet)	10,520	37,760
	20,520	48,738

PERFORMANCE REVIEW

During the year under review your Company has recorded turnover of Rs. 223.77 crores (Rs. 167.36 crores in 1998-99) and profit before tax of Rs. 2.38 crores (Rs. 5.89 crores in 1998-99).

The core business alcohol suffered heavily due to higher import from neighbouring states and also due to adhoc downward revision of administered price. The unit has implemented aggressive cost reduction measures and has recorded substantial savings in overheads and utilities.

Your Directors are happy to inform you that the modernisation programme at Noorpur has been successfully completed during the year. Certain balancing of utilities is under progress which is expected to be completed in next couple of months.

Your Company has made further appeal to the Excise Department for the restoration of administered price to a realistic level. It is expected that the appeal shall be favourably considered by the department in view of Company's consistent service towards the State's requirement and commitment towards the improved quality and timely availability.

IMFL production has registered a growth of 17% while Marine products production has gone up by 18%. Earnings in foreign exchange through marine exports has also shown an impressive growth of 16%. The performance of the Soft Drinks Division has not been satisfactory. Your Company is currently working out plans for the revival of the Division.

In Home Appliances Division, the Company has registered a turnover of Rs. 111.13 crores, in one full year of operation against turnover of Rs. 57.19 crores during last year (7 months). A major slow-down in the white goods business due to continued