

IFB

AGRO

**ANNUAL REPORT
2002-2003**

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IFB AGRO INDIA

■ BOARD OF DIRECTORS

Bijon Nag *Chairman* ✓
 K. Srinivasan *Vice Chairman* ✓
 Bikramjit Nag *Executive Director* ✓
 A. K. Banerjee *Wholetime Director* ✓

DIRECTORS

Dr. Ranjan Banerjee ✕
 Nandan Bhattacharya ✓
 R. L. Gaggar ✕
 Alok Kumar Agarwal (Nominee of ICICI Ltd.) ✕
 Ms. Kala S. Pant (Nominee of UTI) ✓

■ AUDIT COMMITTEE

K. Srinivasan *Chairman*
 R. L. Gaggar
 Nandan Bhattacharya

■ SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

Nandan Bhattacharya *Chairman*
 K. Srinivasan
 R. L. Gaggar

■ COMPANY SECRETARY

Rahul Neogi

■ AUDITORS

Maheshwari & Associates
 Chartered Accountants

■ BANKERS

State Bank of India
 Bank of Maharashtra
 Indian Overseas Bank

■ REGISTERED OFFICE

Plot No. IND-5, Sector-I,
 East Calcutta Township,
 Kasba Industrial Estate,
 Kolkata - 700 107
 Ph : 2442-0997/98/99
 Fax : 2442-1003

■ 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 Processing Plant
 Kasba Industrial Estate, East Calcutta Township
 Kolkata - 700 107

■ REGISTRAR & SHARE TRANSFER AGENT

(For Equity & Dematerialised Shares)
 CB Managment Services (P) Ltd.
 P-22, Bondel Road, Kolkata - 700 019

■ DEPOSITORIES

National Securities Depository Limited, Mumbai
 Central Depository Services (India) Limited, Mumbai

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

Notice is hereby given that the Twentyfirst Annual General Meeting of IFB Agro Industries Limited will be held on 31st July 2003 at 10.30 A.M. at Science City Seminar Hall, JBS Haldane Avenue, Kolkata-700 046 to transact the following business :

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, 2003.
2. To appoint a Director in place of Dr Ranjan Banerjee who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Bikramjit Nag who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. Maheshwari & Associates, Chartered Accountants of "Geetanjali Apartments", 8B, Middleton Street, Kolkata - 700 071 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.

SPECIAL BUSINESS

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

5. As an Ordinary Resolution

Resolved that 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 remuneration of Mr Arup Kumar Banerjee, Wholtime Director of the Company as set out in the Explanatory Statement annexed hereto.

Resolved further that the aforesaid remuneration not exceeding the ceiling limits as provided in Schedule XIII shall be paid to Mr Arup Kumar Banerjee in the event of loss or inadequate profit in any financial year during the currency of his tenure.

6. As a Special Resolution

Resolved that pursuant to the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the Guidelines) on delisting of securities, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any such authority while granting such approvals, permissions and sanctions, the equity shares (Equity) of the Company listed with Calcutta and Delhi Stock Exchanges be and are hereby delisted through the Voluntary Delisting Option and that the Company's Equity Shares be continued to be listed with Mumbai Stock Exchange and the National Stock Exchange.

Resolved further that the Board of Directors (the Board) or a committee of the Board, as may be formed, be and is hereby authorised to do such acts and deeds as may be required in connection with the delisting of the Equity as per the Guidelines and give effect to the resolution.

7. As a Special Resolution

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 profits of the Company in any financial year for a period of five years commencing from the financial year 2002-2003 to directors who are neither Managing Directors nor in the wholtime employment of the Company, subject to such limits as may be decided by the Board from time to time.

Resolved further that Board of Directors of the Company be and is hereby authorised 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.

Registered Office :
Plot No. IND-5, Sector - I
East Calcutta Township
Kolkata - 700 107
Date : 30th May, 2003

By Order of the Board

Rahul Neogi
Company Secretary

NOTES :

1. The Register of Members and Share Transfer Registers of the Company will remain closed from 29th July 2003 to 31st July 2003 (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 under Section 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 have 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, Kolkata.
 - (ii) Pursuant to Section 205A of the Companies Act, 1956, as amended, the unclaimed dividends for the financial years 1995-96 to 1998-99 will be transferred to the Investor Education and Protection Fund (hereinafter called the Fund) established by the Central Government in accordance with Section 205C of the Companies Act, 1956, after the expiry of seven years from the date of transfer of such unclaimed dividend to the Unpaid Dividend Account of the Company, and then no claims shall lie against the said Fund or the Company nor shall any payment be made by the Fund in respect of any such claims. Members, who have not yet claimed their dividend for the financial years 1995-96 to 1998-99 are requested to make their claims to the Company accordingly, before the same is transferred to the Fund.
4. Members are requested to :
 - a) notify immediately any change in their address to the Company.
 - b) bring their copies of Annual Report at 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. 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 held in physical as well as dematerialised form.
5. 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

Mr Arup Kumar Banerjee was appointed as Wholtime Director of the Company with effect from 28th July 2001 at the Company's Annual General Meeting held on 31st August 2001 on terms & conditions as set out in that resolution with liberty to the Chairman of the Board of Directors to alter and vary the terms and conditions of the said appointment as he deemed fit within the maximum amount of remuneration payable in accordance with the applicable rules and regulations.

In view of complexities of business and thereby increased responsibilities of Mr. A.K. Banerjee in the discharge of his functions, the Board of Directors at their Meeting held on 30th January 2003 revised the remuneration of Mr A.K. Banerjee as follows with effect from 1st August 2002 :

| | |
|------------------------------|---|
| Salary | : Rs.38,000/- per month |
| Special Allowance | : Rs.16,000/- per month |
| Unfurnished Accommodation | : Rs.19,200/- per month |
| Children Education Allowance | : Rs. 2,000/- per month |
| Commission | : In addition to salary, perquisites and other allowances, commission not exceeding 1%, based on net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956 subject to the provisions of Section 198 & Section 349 and other applicable provisions, if any, of the Companies Act, 1956, as the Board may decide, but not exceeding an amount equal to annual basic salary paid during the financial year. |

IFB AGRO INDUSTRIES LIMITED**Part A**

- a) Housing : The expenditure by the Company on hiring unfurnished accommodation will be subject to the following ceiling :
- I : Not exceeding 60% of the salary.
- II : In case the accommodation is owned by the Company ten per cent of the salary of the Wholetime Director shall be deducted by the Company.
- III : In case no accommodation is provided by the Company entitlement to House Rent Allowance will be subject to the ceiling laid down as in Housing – I.
- b) Medical Reimbursement : Expenses incurred for self and family subject to a ceiling of one month's salary in a year or 3 months salary over a period of 3 years.
- c) Leave Travel Allowance : For self and family once in a year incurred in accordance with the Rules of the Company.
- d) Club fees : Fees of club subject to a maximum of two clubs. This will not include admission and life membership fees.
- e) Personal Accident Insurance : Premium not to exceed Rs.4000/- p.a.

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

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 subject to a ceiling of Rs.3,50,000/-.
- ii) Contribution to the Provident Fund, Superannuation Fund as per the scheme of the Company to the extent they 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 : Provision of car for use on Company's business will not be considered as perquisites. However, use of car for private purpose will be billed by the Company to the Wholetime Director.
- ii) Telephone : Company will reimburse expenses in connection with telephone at residence. However, personal long distance calls will be billed by the Company.

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

This agreement may be terminated by either party by giving the other three months' notice or salary in lieu thereof.

Mr. A.K. Banerjee shall perform such duties and exercise such powers as are entrusted to him by the Board.

In compliance with the provisions of the Companies Act, 1956 the revision in the terms of remuneration specified above are now being placed before the Members for their approval. The Board recommends passing of this Ordinary Resolution in the interest of the Company.

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

No Director except Mr A. K. Banerjee is concerned or interested in the proposed resolution.

Item No. 6

The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 issued by SEBI permits companies, inter alia, to voluntarily delist securities from the Stock Exchanges subject to fulfillment of conditions laid down in the Guidelines. Accordingly, the Board of Directors of your Company at their meeting held on 30th May 2003 considered and recommended delisting of the Company's equity shares from Calcutta and Delhi Stock Exchanges (hereinafter called, "The

Exchanges") and continuance of listing with Mumbai and National Stock Exchanges which have nationwide trading terminals, as delisting from the aforesaid Stock Exchanges will not affect the investors in any way. With the introduction of electronic trading system, investors have access to online trading nationwide and thus no particular benefit will be available to the investors by continuing with the listing of the shares of the Company in these Exchanges. Further, your Company will also be benefitted by delisting in the form of reduction of costs and implication of work.

The Board recommends the passing of this Special Resolution in the interest of the Company.

None of the Directors of the Company is concerned or interested in the proposed resolution.

Item No. 7

The Shareholders of the Company at their Annual General Meeting held on 23rd August 1995 had, by Special Resolution, approved payment, to non-Executive Directors, of Annual Commission up to 1% of the net profits of the Company, computed in accordance with the provisions of the Companies Act, 1956 (hereinafter referred to as the Act) subject to such limits as may be decided by the Board from time to time.

As per Section 309 of the Act, the Special Resolution so passed shall not remain in force for more than five years, and would have to be renewed for a further period not exceeding five years.

As the aforesaid Special Resolution ceased to have any effect from the year 2000 and the Company did not pay any commission thereafter, the same is required to be placed before the shareholders for their approval. 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 five years from the date of passing of this resolution.

Except Mr Arup Kumar Banerjee, Wholetime Director, all other Directors are concerned or interested in the proposed resolution.

Registered Office :
Plot No. IND-5, Sector-I
East Calcutta Township
Kolkata - 700 107
Date : 30th May, 2003

By Order of the Board

Rahul Neogi
Company Secretary

IFB AGRO INDUSTRIES LIMITED**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, 2003.

FINANCIAL RESULTS

| | Year ended 31st March 2003 (Rs. '000) | Year ended 31st March 2002 (Rs. '000) |
|--|---|---|
| Sales and Other Income | 16,38,132 | 14,72,951 |
| Profit prior to Finance charges & Depreciation | 66,308 | 78,211 |
| Less : Finance charges | 14,273 | 26,103 |
| Depreciation | 29,918 | 28,995 |
| Profit before exceptional items | 22,117 | 23,113 |
| Exceptional items | 78 | (1,589) |
| Profit before Taxation | 22,195 | 21,524 |
| Provision for Taxation : | | |
| Current Tax | 1,717 | 1,605 |
| Deferred Tax | 4,427 | 6,079 |
| Earlier years | 5,367 | — |
| Profit after Tax | 10,684 | 13,840 |
| Prior period adjustments | (249) | — |
| Balance carried to Balance Sheet | 10,435 | 13,840 |

PERFORMANCE REVIEW

During the year under review, your Company has recorded a turnover of Rs.163.81 crores (Rs.147.29 crores in 2001-02) and a profit before exceptional items of Rs.2.21 crores (Rs.2.31 crores in 2001-02). However, after adjusting the exceptional items of Rs.78,000/- (Rs.0.16 crores in 2001-02) and providing for taxation, the post tax profit for the year has been Rs.1.07 crores (profit Rs.1.38 crores in 2001-02).

The Indian economy continued to experience depressed market conditions. Despite economic sluggishness, your Company's core business of Alcohol witnessed a growth in sale volume by almost 19% over the previous year.

Although the export volume of the Company's Marine Division was higher by 14% over the previous year, continued global recession and consequent fall in export prices made the export market an unremunerative one thus affecting the operations of the Division.

Despite stiff competition, your Company's IMFL Division registered a growth of 11% over the previous year in terms of own products volume sales chiefly on account of successful launch of new products which have been well accepted in the market. Your Company plans to launch newer products in the near future.

For detailed analysis of the performance, please refer to Management Discussion and Analysis Section of this Annual Report.



DIVIDEND

The internal generations are proposed to be used by your Directors as part of the funds required towards investments for technological upgradation and modernisation. Your Directors therefore do not recommend any dividend for the year.

DIRECTORS

Dr. Ranjan Banerjee and Mr. Bikramjit Nag retire by rotation and being eligible, offer themselves for reappointment.

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 :

That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

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 or loss of the Company for that period;

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.

That the Directors have prepared the annual accounts on a going concern basis.

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.

During the year the Audit Committee was reconstituted and the Remuneration Committee was discontinued with. Your Company has consistently endeavoured to adopt good Corporate Governance and has fully implemented the SEBI Code on Corporate Governance.

AUDITORS & AUDITORS' REPORT

The Auditors of the Company M/s Maheshwari & Associates, Chartered Accountants retire at the ensuing Annual General Meeting of the Company and have given their consent for reappointment. 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.

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.

SUBSIDIARY

Financial results of the subsidiary Company for the financial year ended 31st March, 2003 are attached to this report along with Statement under Section 212 of the Companies Act, 1956.

PERSONNEL

Industrial Relations remained harmonious during the year and the Board wishes to place on record its deep appreciation of the contributions made by all the employees in the day-to-day operations of the Company. During the year, there was no employee whose particulars were required to be mentioned under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

IFB AGRO INDUSTRIES LIMITED

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 the plant locations and work sites and has in place a system for controlling and monitoring pollutants in all the factories which has resulted in all the units complying with the 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.

ACKNOWLEDGEMENT

Your Directors express their sincere thanks and place on record their deep appreciation of the valuable 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

Kolkata, 30th May, 2003

BIJON NAG
Chairman

Report  junction.com

Annexure I 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

I. Conservation of Energy

A) Energy Conservation measures taken

- 1) Installation of a new Bio gas Digester resulting in substantial reduction of fuel costs.
- 2) Installation of an Economizer at the 8 M.T. dual fired Boiler for waste heat recovery from flue gas.
- 3) Installation of maximum demand controller at the I.T. Distribution Panel to minimise the maximum demand (KVA).
- 4) Implementation of various energy saving schemes as per recommendation of National Productivity Council.

B) Additional Investment proposals, if any, being implemented for further reduction of Energy Consumption.

- 1) Installation of 'Co-generation Plant' (Low Pressure Steam Turbine) during the current fiscal year 2003-04.
- 2) Installation of further heat recovery system at the Fermentation & Distillation units.

C) Impact of measures of (A) & (B) above for reduction of energy consumption and consequent impact on cost of production.

Annual Savings : Rs. 50 lacs
 Energy Savings against total cost of energy : 10.82%

II. Particulars as per Form-B

A. Research & Development (R & D)

1) Specific areas in which R & D is carried out by the Company :

- 1.1. Process development
- 1.2. Quality improvement
- 1.3. Energy savings
- 1.4. Safer environment

2) Benefits derived as a result of R & D :

- 2.1 Improved efficiency & yield
- 2.2 Cost savings
- 2.3 Improved product quality
- 2.4 Better market acceptability

3) Future plan of action :

- 3.1 To produce high quality extra neutral alcohol to cater to foreign liquor industry.
- 3.2 Upgradation of Bio-gas generating system for optimal savings in fuel cost
- 3.3 Development of Bio-fertilizer from the waste sludge from both fermentation and ETP.
- 3.4 Development of high quality value added marine products for larger export market.