

IFB

AGRO



IFB AGRO INDUSTRIES LIMITED

27th Annual Report 2008 - 2009

■ BOARD OF DIRECTORS

Mr. Bijon Nag *Chairman*
 Mr. Bikramjit 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

■ GM - FINANCE & COMPANY SECRETARY

Mr. Rahul Choudhary
 Tel : 033-3984-9627
 E-mail : complianceifbagro@ifbglobal.com

■ AUDITORS

Maheshwari & Associates
 Chartered Accountants

■ BANKERS

Indian Overseas Bank
 State Bank of India

■ REGISTERED OFFICE

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

■ WORKS

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

Durgapur
 Dist. : Burdwan
 West Bengal

Serampore
 Dist. : Hooghly
 West Bengal

Maheshtala
 Dist. : South 24 Parganas
 West Bengal

Dankuni
 Dist. : Hooghly
 West Bengal

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

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Ten Years' Financial Summary

Rs in lacs

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Sales	21950.79	25930.52	14525.43	16059.61	16536.41	19010.83	22579.94	26671.46	32146.58	37512.86
Profit before Interest and Tax (after extraordinary items)	629.98	99.82	476.28	364.68	288.51	350.80	260.70	569.58	1241.62	2187.18
Profit after Tax and Extraordinary Items	204.38	(290.98)	138.40	104.35	138.07	183.08	187.31	281.60	786.90	1,290.34
Net Worth*	4189.53	3981.87	4183.54	4334.64	4398.92**	4628.43**	4715.71**	4846.51**	5693.87**	7336.15**
Total Debts	1512.89	1329.95	760.06	521.62	360.02	500.02	530.46	1230.34	2,746.37	905.73
Net Fixed Assets	4365.74	4119.30	3879.21	3938.58	3454.30	3354.73	3522.61	4898.19	5,380.03	7,223.47
Net Working Capital	1928.46	1908.12	1576.57	1337.13	1382.55	1821.14	1790.17	1567.63	3,080.18	1,050.36
Dividend (%)	—	—	—	—	—	—	—	—	—	—
Earnings per share (Rs.)	2.65	(3.78)	1.80	1.35	1.79	2.38	2.43	3.65	10.21	16.40
Book value per share (Rs.)*	54.36	51.67	54.28	56.24	57.08	60.05	61.19	62.88	73.88	91.62
Key Ratios:										
Return on Capital Employed	11.05	1.88	9.63	7.51	6.06	6.84	4.97	9.37	15.48	28.55
Return on Sales (after Tax)(%)	0.93	(1.12)	0.95	0.65	0.83	0.96	0.83	1.06	2.45	3.44
Fixed Assets Turnover	5.03	6.29	3.75	4.08	4.79	5.67	6.41	5.45	5.98	5.19
Working Capital Turnover	11.38	13.58	9.21	12.01	11.96	10.44	12.61	17.01	10.44	35.71
Debt Equity Ratio	0.36	0.33	0.18	0.12	0.08	0.11	0.11	0.25	0.48	0.12
Current Ratio	1.09	1.23	1.31	1.27	1.63	1.53	1.59	1.28	2.07	1.21

* Without Revaluation Reserve

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

Notice to the Members

Notice is hereby given that the Twenty Seventh Annual General Meeting of IFB Agro Industries Limited will be held on Monday the 3rd day of August 2009, at 10.00 A.M. at Eastern Zonal Cultural Centre, IA-290, Sector-III, Salt Lake, Kolkata-700 097 to transact the following :

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts together with Reports of Auditors and Directors thereon for the year ended 31st March 2009.
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. **Appointment of Auditors.**

To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:

RESOLVED THAT subject to the provisions of Section 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s Haribhakti & Co., Chartered Accountants be and are hereby appointed 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 in place of retiring auditors M/s Maheshwari & Associates, Chartered Accountants, to examine and audit the accounts of the Company for the Financial Year 2009-10, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.

AS SPECIAL BUSINESS:

To consider and if thought fit to pass with or without modification the following Resolution as Special Resolution:

5. **Appointment of Mr. Bikramjit Nag, Joint Executive Chairman:**

“Resolved that subject to the approval of the members at the Annual General Meeting and pursuant to sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Bikramjit Nag, Executive Director be and is hereby re-designated as Joint Executive Chairman.

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

6. **Employee Stock Purchase Scheme :**

RESOLVED THAT pursuant to the provisions of Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations / guidelines, prescribed by the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, including any amendment of the Act and or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions, as may be required, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the 'Board'), which term shall be deemed to include any Committee including 'Compensation Committee' or any 'Sub Committee' thereof constituted by the Board to exercise its powers, (including the powers conferred by this resolution) to issue, offer, allocate and allot at any time and from time to time in one or more tranches, to such present and future permanent employees and Directors of the Company (collectively referred to as the 'employees') as may be decided by the board under an 'EMPLOYEES STOCK PURCHASE SCHEME 2009)' not exceeding ten percent of the issued and subscribed Share Capital of the Company as on 31st March, 2009, up to 8,00,711 equity shares of Rs.10/- each (as adjusted for any bonus,

consolidation or other re-organisation of the capital structure of the Company from time to time) at such price, including at discount and on such terms and conditions as may be fixed by the Board, to or for the benefit of the employees of the Company (including Independent Directors, Non-executive Directors of the Company as may be determined by the Compensation Committee of the Company) under a Scheme titled “**EMPLOYEES STOCK PURCHASE SCHEME-2009**” (hereinafter referred to as the “ESPS 2009”) to be evolved in this regard.

RESOLVED FURTHER THAT subject to the terms stated herein, the equity shares allotted pursuant to the aforesaid resolution shall in all respects rank pari passu inter-se as also with the then existing equity shares of the Company including dividend entitlement.

RESOLVED FURTHER THAT the Company shall confirm to the accounting policies set out in Clause 19.2 of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 with subsequent amendments, if any.

RESOLVED FURTHER THAT to determine all other terms and conditions for the purpose of giving effect to any offer, issue or allotment of equity shares or securities or instruments representing the same, as described above, under ESPS 2009, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue(s) or allotment(s) including to amend or modify any of the terms of such issue or allotment(s).

RESOLVED FURTHER THAT with regard to ESPS 2009, the Board be and is hereby authorised to delegate all or any of its powers to any Sub Committee consisting of one or more Officers/Directors of the Company and such Sub Committee shall report periodically to the Board/Compensation Committee.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the shares allotted under the Employees Stock Purchase Scheme on one or more recognised Stock Exchanges, in India or abroad, where the Company's shares are listed, as per the terms and conditions of the Listing Agreement with the Stock Exchanges concerned, and in accordance with such other guidelines, rules and regulations as may be applicable with regard to such listing.

By Order of the Board

Registered Office:
Plot No. IND-5, Sector - 1
East Kolkata Township
Kolkata - 700 107
Date: 20th May, 2009.

Rahul Choudhary
GM Finance & Company Secretary

NOTES:

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Sl.No.4 to 6 above setting out the material facts related thereto is annexed hereto. The relevant details as required by clause 49 of the Listing Agreements entered into with stock exchanges, of persons seeking appointment as Directors under Item No 2 & 3 are also annexed.
2. The Register of Members and Share Transfer Registers of the Company will remain closed from 27.07.2009 to 03.08.2009 (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.
 - 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 in physical as well as dematerialized forms.

By Order of the Board

Registered Office:
 Plot No. IND-5, Sector - 1
 East Kolkata Township
 Kolkata - 700 107
 Date: 20th May, 2009.

Rahul Choudhary
 GM 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 to 7 of the accompanying Notice dated 20th May, 2009.

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	Mr. H. R. Agarwal	Mr. M. K.Vijay
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 corporate.	20 years of experience in Accounts and Finance function
Shareholding in the Company	Nil	Nil
List of Directorship held in other Companies	Richfield Computers Ltd. ATN International Ltd.	Shauma Vanijya Pratisthan Ltd UMIL Share & Stock Broking Services Ltd U-Tor Construction Steel Ltd Usha Martin Agro Ltd Usha Gases & Industries Ltd
Committee Membership	Nil	Nil

2. Item No 4:

Presently the Company's accounts are being audited by M/s Maheshwari & Associates. M/s Maheshwari & Associates have informed the Company that they do not wish to seek re-appointment as statutory auditors of the Company for the financial year 2009-10.

In view of the above, and based on the recommendations of the Audit Committee, Board of Directors has, at its meeting held on 20th May, 2009 proposed the appointment of M/s Haribhakti & Co. as statutory auditors in place of the retiring auditors.

The Company has received a special notice from a member of the Company, in terms of the provisions of the Act, signifying its intention to propose the appointment of M/s Haribhakti & Co., as the statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company. M/s Haribhakti & Co. have expressed its willingness to act as auditors of the Company, if appointed, and have further confirmed that the said appointment will be in conformity with the provisions of section 224(1)(B) of the Act.

The Members approval is being sought for the appointment of M/s Haribhakti & Co. as the Statutory Auditors and to authorize the Directors, on the recommendation of the Audit Committee, to determine the remuneration payable to the Auditors.

The Directors recommend the Resolution at item No 4 of the Notice.

3. Item No 5:

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

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

Considering the growing business complexities, the Board of Directors of the Company has re-designated Mr Nag as Joint Executive Chairman with effect from 21st May, 2009. This is subject to the approval of the members in the General Meeting.

All other terms and conditions of Mr Bikramjit Nag will remain un-altered.

No Director except Mr Bikramjit Nag and Mr Bijon Nag are concerned or interested in the proposed resolution.

4. Item no 6 :

PROPOSED ESPS 2009:

Stock Option serve to align the interests of employees with those of the shareholders by creating a common sense of purpose towards enhancing shareholders value and also serve to attract and retain talent that is absolutely essential for survival and growth of the Company in an environment that increasingly demands global competitiveness. In order to attract the best personnel, it would be essential for the Company to offer attractive remuneration and in keeping with the market trend, also offer shares to such personnel through Stock Purchase Schemes. Accordingly, the Company proposes to issue shares to its employees. The Company, in order to attract, motivate and retain the key employees in the Company now proposes to issue shares by formulating an Employee Stock Purchase Scheme, 2009 (ESPS 2009) aggregating to 8,00,711 Equity shares to such personnel.

The Scheme shall be formulated in accordance with the guidelines laid down under the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, with subsequent amendments hereto and such other laws, as may be applicable in this regard.

The information as required under Clause 17.2 of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 is given below:

(A) Pricing:

The Company shall have the freedom to determine price of shares to be issued under ESPS 2009, provided they conform to the provisions of clause 19.2 of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 with respect to adoption of prescribed accounting policy. Clause 19.2 of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 specifies that any price discount to the market price should be accounted for as employee compensation. Price discount means the excess of the market price of the shares at the date of issue over the price at which they are issued under the ESPS 2009.

The Board (which term shall include any 'Remuneration Committee' or Sub Committee thereof) shall determine the price at which shares shall be issued under ESPS 2009, on the date of issue of such shares.

(B) Total Number of shares to be offered:

The Scheme will be offered to all eligible employees of the Company including non-executive directors as may be determined by the Remuneration Committee of the Company and shall not exceed ten per cent of the issued and subscribed Share Capital of the Company as on 31st March 2009 upto 8,00,711 equity shares of Rs 10/- each at such price, including at discount and on such terms and conditions as may be fixed by the Board, to or for the benefit of the employees of the Company.

(C) Appraisal process for determining the eligibility of the employees for ESPS 2009:

The eligible employees from each of the categories will be determined by the Board or Remuneration Committee. The appraisal process includes evaluation of an eligible employee based on performance, tenure of service and such other criteria as may be determined by the Board or Remuneration Committee. The Board or the Committee as the case may be, may prescribe different sets of criteria for each of the categories of the eligible employees with respect to the tranches, performance bench mark to be achieved, tenure of service etc., in respect of the ESPS 2009.

(D) Identification of classes of employee entitled to participate in ESPS 2009.

All the employees of the Company including the Directors, whether Whole-time Directors or otherwise but excluding the :

- Promoter or promoter group;
- A director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company.

(E) Maximum number of shares to be offered per employee and in the aggregate :

The number of shares to be issued to an employee under ESPS would be determined by the Board. However, no single employee shall be issued, in any financial year, equity shares exceeding 0.99 percent of the issued and subscribed Share Capital of the Company as on 31st March 2009 i.e upto Shares not exceeding 79,270 equity shares of Rs.10/- each. The aggregate of such shall not exceed 8,00,711 equity shares of Rs 10/- each.

(F) Accounting policies:

The Company shall comply with the accounting policies specified in Schedule II referred in Clause 19.2 of Schedule II in respect of the Shares issued under ESPS 2009.

(G) Other terms:

- i) **Lock in period:** The Board or Remuneration Committee shall have the freedom to specify the lock-in period for the shares to be issued pursuant to ESPS.
- ii) **Listing:** The Company is required to get in-principle approval for listing of shares.
- iii) **Power to amend vary or modify ESPS 2009:** The Board or the Remuneration Committee shall have powers to amend, vary, or modify any of the terms and conditions of ESPS 2009 including with respect to the issue of shares, pricing of shares, without being required to seek any further consent or approval of Members.

In case the Shares under ESPS 2009 are made available to the Directors of the Company (other than promoter Directors) then such Directors may be deemed to be interested in this item of business. Pursuant to the Provisions of the Companies Act, 1956, approval of the members is sought by way of special resolution for the proposed ESPS 2009 and the Board of Directors recommends Resolutions No. 6 for approval by the members.

INSPECTION OF DOCUMENTS

The documents mentioned in Items no 4, 5 and 6 are available for the inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day of the Company prior to the date of the meeting.

By Order of the Board

Registered Office:
Plot No. IND-5, Sector - 1
East Kolkata Township
Kolkata - 700 107
Date: 20th May, 2009.

Rahul Choudhary
GM Finance & Company Secretary

Directors' Report

To the Shareholders,

Your Directors have pleasure in presenting the 27th Annual Report of the Company and the Audited Financial Statements for the year ended 31st March, 2009.

1. FINANCIAL RESULTS

	Year ended 31.03.2009 (Rs.'000)	Year ended 31.03.2008 (Rs.'000)
Sales and Other Income (incl. Excise Duty)	38,35,638	32,60,798
Profit prior to Finance charges & Depreciation	2,84,713	1,78,536
Less: Finance charges	21,172	14,730
Depreciation	65,995	54,427
Profit before exceptional items	1,97,546	1,09,379
Exceptional items: Income/ (Expenditure)	—	53
Profit before Taxation	1,97,546	1,09,432
Less: Provision for Taxation:		
Current Tax	51,845	21,871
Deferred Tax	13,176	6,288
Fringe Benefit Tax	2,012	1,662
Less : Income Tax adjustment for earlier years	(18)	921
Profit after Tax	1,30,531	78,690
Balance carried to Balance Sheet	1,30,531	78,690

2. MANAGEMENT DISCUSSION & ANALYSIS

OVERALL PERFORMANCE

During the year under review your Company has recorded gross turnover of Rs. 383.56 crores (as against Rs.326.08 crores in 2007-08) recording a growth of 18%.

The Company has achieved profit before tax of Rs 19.75 crore as against Rs 10.94 crores, higher by 81% and net profit of Rs 13.05 crores as against Rs 7.87 crores in the previous year, higher by 66%. The increase in profit is mainly due to operation of grain distillery, increased IMFL operation and sale of VER generated during the year.

Interest expenses have been higher by 44% mainly because of higher borrowings in order to maintain molasses and other inventory at adequate level and also due to the term loan availed by the Company for the modernization and capacity enhancement.

The Company has effectively utilised its internal generation of funds as well as financing from banks towards meeting higher working capital and capital expenditure and other assets including creation of infrastructure.

Earning per equity share is Rs. 16.58 as compared to Rs. 10.21 per share in previous year.