

■ BOARD OF DIRECTORS

Mr. Bijon Nag *Chairman*
Mr. Bikram Nag *Joint Executive Chairman*
Mr. Arup Kumar Banerjee *Managing Director*

DIRECTORS

Mr. Nandan Bhattacharya
Mr. Amitabha Kumar Nag
Mr. H R Agarwal
Mr. M K Vijay
Mr. S K Mukherji

■ VP - FINANCE & COMPANY SECRETARY

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

■ AUDITORS

Haribhakti & Co.
Chartered Accountants

■ BANKERS

Indian Overseas Bank
IDBI Bank Ltd.

■ REGISTERED OFFICE

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

■ 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

Contents

Notice	2
Directors' Report	7
Report on Corporate Governance	14
Auditors' Report	23
Balance Sheet	26
Profit & Loss Account	27
Schedules to Balance Sheet and Profit & Loss Account	28
Notes on Accounts	34
Cash Flow Statement	47

Notice to the Members

Notice is hereby given that the Twenty eighth Annual General Meeting of IFB Agro Industries Limited will be held on Saturday, the 31st day of July 2010, at 10.00 A.M. at Eastern Zonal Cultural Centre, 1A-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 2010.
2. To appoint a Director in place of Mr. Nandan Bhattacharya, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. A K Nag, who retires by rotation and being eligible offers himself for re-appointment.
4. To reappoint M/s Haribhakti & Co., Chartered Accountants as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS:

5. To appoint a Director in place of Mr. Sudip Kumar Mukherji, who holds office upto the date of the Annual General Meeting by reason of Section 260 of the Companies Act, 1956, read with Article 83 of the Articles of Association of the Company, but, being eligible, offers himself for re-appointment and in respect of whom a notice has been received at the Registered Office of the Company by a Member signifying his intention to propose Mr. Sudip Kumar Mukherji as a candidate for the Office of Director under Section 257 of the said Act.
6. To consider and, if thought fit, to pass, with or without modification, the following Resolution which will be proposed as an Ordinary Resolution.

“RESOLVED THAT pursuant to Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the re-appointment of, and terms of remuneration of Mr. Bikram Nag, Joint Executive Chairman of the Company for a further period of three years with effect from 27th January 2010 on such terms and conditions as set out in Explanatory Statement, with liberty given to the Board of Directors to alter and vary the terms and conditions in such manner as may be agreed to by and between the Company and Mr. Bikram Nag provided however, such alterations are within the maximum limits laid down in the Companies Act, 1956 for the time being in force.”

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

By Order of the Board

Registered Office:
Plot No. IND-5, Sector - 1
East Kolkata Township
Kolkata - 700 107
Date: 29th May, 2010.

Rahul Choudhary
VP-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.5 & 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 24th July 2010 to 31st July 2010 (both days inclusive).
3. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.**

Proxies, in order to be effective, must be received at the Registered Office of the Company at least 48 hours before the meeting.

4. Members seeking any information or clarification on the Accounts are requested to send in written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries at the meeting only.
5. Consequent upon the amendment to Sec 205A, read with Sec 205C of the Companies Act 1956, the amount of applications money, Dividends etc remaining unclaimed for a period of seven years from the dates that they first became due for payment have been duly transferred to Investor Education and Protection Fund with Department of Company Affairs.
6. Members are requested to bring their copy of Annual Report to the Annual General Meeting.
7. Members/Proxies should bring the Attendance slip sent herewith, duly filled in, for attending the Annual General Meeting.
8. Members are requested to :
 - a) notify immediately any change in their address to the Company.
 - b) bring their copy of Annual Report in the meeting.
 - c) bring duly filled in attendance slips sent herewith for attending the meeting.
 - d) members holding shares in identical order of names in more than one Folio are requested to write to the Company's Registrar & Share Transfer Agent, CB Management Services (P) Limited enclosing their share certificates for consolidation of all such shareholdings into one folio for better investor service. CB Management Services (P) Limited is the Share Transfer Agent for shares in physical as well as dematerialized forms.

By Order of the Board

Registered Office:
Plot No. IND-5, Sector - 1
East Kolkata Township
Kolkata - 700 107
Date: 29th May, 2010.

Rahul Choudhary
VP-Finance & Company Secretary

Explanatory Statement Pursuant to section 173(2) of the Companies Act , 1956

As required by section 173 of the Companies Act, 1956("Act") , the following explanatory statements set out all material facts relating to the business mentioned under items nos. 2, 3, 5 and 6 of the accompanying Notice dated 29th May, 2010.

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. Nandan Bhattacharya	Mr. A K Nag
Date of Birth	02.09.1940	23.06.1956
Nationality	Indian	Indian
Date of Appointment on the Board	03.09.1996	26.07.2003
Qualification	Electronic & Telecommunications Engineer	B.Com (H), M.Com., FCA
Experience in functional areas	Experience of over 35 years in different Industries. He was Managing Director of the West Bengal Electronics Industry Development Corporations Limited. He has also served on the Board of many reputed companies.	29 years of experience in Finance function
Shareholding in the Company	Nil	Nil
List of Directorship held in other Companies	Mishanti Engineers Ltd. Cadworld Infosystems Ltd. Titagarh Wagons Ltd.	Thai Automotive and Appliances Ltd.
Committee Membership	Nil	Nil

2. Item No 5:

Mr Sudip Kumar Mukherji, aged 60 years was appointed as an Additional Director on the Board of the Company with effect from 29th October, 2009 in terms of Section 260 of the Companies Act, 1956 (the Act) and will hold office upto the date of conclusion of the ensuing Annual General Meeting of the Company.

The Company has received a valid notice and requisite deposit from a member of the company under section 257 of the Act, proposing candidature of Mr Mukherji as director.

Mr Mukherji is a Commerce graduate and a fellow member of Institute of Chartered Accountants of India. Mr Mukherji is an advisor in Accountancy and Income Tax matters to various body corporates.

Your Directors recommend the resolution for approval of the members.

None of the Directors of the Company is in any way concerned or interested in the Resolution No.5 other than Mr Mukherji, which pertains to his appointment.

3. Item No 6:

Mr. Bikram Nag, a BBA from RICHMOND, U.K. was appointed as Director of the Company on 14th October, 1997. He has thirteen 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. Bikram 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. He was appointed as Joint Executive Chairman at the Annual General Meeting of the Company held on 3rd August, 2009. His term of appointment is valid till 26th January, 2010.

Since Mr. Nag's term expired on 27th January 2010, the Board of Directors of the Company had, at their meeting held on 29th May 2010 on the recommendation of the Remuneration Committee, reappointed Mr Nag as the Joint Executive Chairman of the Company for a further period of three years with effect from 27th January 2010.

The said appointment is subject to the approval of the members in the General Meeting. The terms and conditions of the reappointment including remuneration payable to Mr Bikram Nag remains unchanged. The existing terms & conditions are as follows:

1. Period of appointment : Three years effective from 27th January 2010.
2. Remuneration:
 - a) Salary : Rs.40,000/- (Rupees Forty thousand only) per month with the liberty to the Board to review and set the level from time to time.
 - b) Commission : In addition to salary, perquisites and other allowances, one percent commission based on net profit of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject to the provisions of Section 198 and Section 309 and other applicable provisions, if any, of the Companies Act, 1956.
 - c) Other Allowances : `Rs.23,000/- per month.
 - d) Perquisites : Perquisites shall be restricted to an amount equal to the annual salary.

Part A

- a) Housing : The expenditure by the Company on hiring unfurnished accommodation will be subject to the following ceiling:
 - I : 60% of the salary.
 - II : In case the accommodation is owned by the Company ten per cent of the salary of the Joint Executive Chairman 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 the 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/- per annum.

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.
- ii) Contribution to the Provident Fund, Superannuation Fund as per the scheme of the Company.
- iii) Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Part C

- i) 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 Joint Executive Chairman.
- 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 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 of Directors as it may in its discretion deem fit within the maximum amount of remuneration payable in accordance with the applicable rules and regulations.

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

Mr. Bikram Nag 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 appointment and the terms of remuneration specified above are now placed before the Members in the Annual General Meeting for their approval. The Board recommends passing of the Ordinary Resolution in the best interests of the Company.

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

No Director except Mr. Bikram Nag and Mr. Bijon Nag is concerned or interested in the proposed resolution.

INSPECTION OF DOCUMENTS

The documents mentioned in Items no 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: 29th May, 2010.

Rahul Choudhary
VP-Finance & Company Secretary

Directors' Report

To the Shareholders,

Your Directors have pleasure in presenting the 28th Annual Report of the Company and the Audited Financial Statements for the year ended 31st March, 2010.

1. FINANCIAL RESULTS

	Year ended 31.03.2010 (Rs.'000)	Year ended 31.03.2009 (Rs.'000)
Sales and Other Income (incl. Excise Duty)	41,19,657	38,35,638
Profit prior to Finance charges & Depreciation	1,73,868	2,84,713
Less : Finance charges	17,663	21,172
Depreciation	91,225	65,995
Profit before Taxation	64,980	1,97,546
Less: Provision for Taxation:		
Current Tax	18,547	51,845
Deferred Tax	3,160	13,176
Fringe Benefit Tax	—	2,012
Less : Income Tax adjustment for earlier years	(972)	(18)
Profit after Tax	44,245	1,30,531
Balance carried to Balance Sheet	44,245	1,30,531

2. MANAGEMENT DISCUSSION & ANALYSIS

OVERALL PERFORMANCE

During the year under review your Company has recorded gross turnover of Rs.411.96 crores (as against Rs.383.56 crores in 2008-09) recording a growth of 7%.

The Company has achieved profit before tax of Rs 6.50 crore as against Rs 19.75 crores, and net profit of Rs 4.42 crore as against Rs 13.05 crores in the previous year. The decline in profit is mainly due to loss in molasses distillery due to high prices of molasses during the year as well as due to non-receipt of transport cost reimbursement from the State Government. The profits were also affected due to closure of Marine exports due to delayed receipt of renewed export license from the Statutory Authorities.

The strict control on working capital has helped in reduction on Interest expenses by 17%. The term loans were availed during the year to finance the new IMFL bottling plant set up by the Company. The unsecured Short term loans were borrowed from Bank to meet the short term working capital requirements of the Company.

Earning per equity share is Rs.5.53 as compared to Rs.16.58 per share in previous year due to decline in the profitability during the year.

REVIEW OF DIVISIONAL PERFORMANCES

Alcohol:

The molasses distillery was operated at a much lower capacity due to non-availability of sufficient molasses which is the basic raw materials for the distillery. The Company has to depend on imports from Thailand, Indonesia etc for its molasses requirements. Due to high price of molasses and non-receipt of transportation cost from the Government, Molasses distillery suffered a loss of Rs.19 crores during the financial year. Due to the uncertainty of reimbursement and till realization of claims, further running of molasses distillery is uncertain.

The increase in the grain price in the second half of the year has put the margins of the grain distillery under tremendous pressure. Due to high price of broken grain in the local areas of West Bengal, the Company has to source the materials from other states which has increased the transportation cost.

The margin in the country liquor segment has reduced due to non-revision of bottling charges by the State Government in line with the increase in the input and other manufacturing costs. Due to non-availability of space in the bottling plants and for future expansion, the management is on the look out for new facilities.

IMFL:

On IMFL, your Company has strengthened its position in West Bengal and Orissa. During the year, the Company has sold 5.17 lacs cases of IMFL products in West Bengal, Orissa, Bihar and Assam. The Company has carried out wide promotion for 'Volga' Vodka in West Bengal, Orissa and North East, and is receiving encouraging results from the same. Bihar being a small market for Vodka, the sale has not picked up to the desired extent and the Company has decided to close down the operation in the state and concentrate on its stronghold areas. The Division is continuously improving the standard of its products with better quality spirit produced at its own grain based distillery.

The new state-of-art bottling plant at Dankuni, West Bengal, started its operation during the last quarter of the year. The commencement of the production got delayed almost by a year due to delay in receiving approvals from the State Government. The plant is producing brands of Diageo India (P) Limited and United Spirits Limited.

Marine :

The Marine Process plant could not perform due to shut down of exports during the year. The export license for the marine product which was cancelled/expired got reinstated during the last quarter of the financial year. The exports are expected to start from the current financial year and from the ensuing season. The feed trading business has recorded a growth of 25%.

The domestic business is becoming more challenging and more competitive with new entrants who have done backward integration into prawn cultivation/farming. The Company has to penetrate a lot more into the retail market in order to establish its presence on a pan India basis.

CDM Project:

During the year your Company has been successful in getting the approval from UNFCCC under Kyoto Protocol for its Project, "Avoidance of waste water and onsite energy use emissions and renewal energy generation in distillery unit". The Company has received approval for issuance of CER for the year 2007 and 2008 for 65,411 ton and 56,418 ton CO₂ respectively by UNFCCC, CDM Executive Board.

OPPORTUNITIES & CHALLENGES:

The current accounting year will again be another year of tough challenges. The non-availability of molasses and ban on export by all the sugar producing States is expected to continue and resulting into abnormal increase in the prices of molasses. Secondly, the delay in release of transport cost reimbursement by the State Government has put the Company in a very difficult situation. Due to non-availability of molasses in India, the Company has to depend fully on imports from Thailand, Indonesia and other sugar producing countries. Import of molasses has created a huge pressure on the working capital of the Company.

The sudden increase in prices of grains has increased the raw material prices for grain spirit resulting into lower margins.

The Company is continuing its efforts to attain further efficiencies in fermentation and distillation, improve upon its bio-gas generation to reduce fuel cost, and to further improve power generation to reduce the cost of production and to attain the zero discharge norms. The Company is giving continuous emphasis to cut costs on inputs, minimise wastages and make optimal use of human resources on all fronts.

In IMFL, the Company visualises ample opportunity for the growth as the demand in the industry is growing at 20%. The Company being a regional player in the industry faces a stiff competition from the large Indian houses as well as multinational companies.

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

Human Resources:

For the development of the human resources number of training programmes were organized during the year with outside faculties. Employees were also sent to the renowned technical institutes for continuous update on its knowledge and skill. However, the same is not sufficient considering the complexity of the today's business environment. The Company plans to organize more such training programmes for the overall development of our people. Total number of employees in the Company was 449 as on 31st March 2010 as against 421 as on 31st March 2009.

Internal Control System:

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, compliance with applicable laws and regulations.

Cautionary Statement:

Statements in the Management's discussion and analysis describing the Company's projections, expectations or predictions may be 'forward - looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include raw material prices, changes in government regulations, tax regimes and economic developments within the country and weather patterns.

3. DIVIDEND

Your Directors have decided not to recommend any dividend for the financial year under review to conserve the resources for working capital and some capital expenditure projects.

4. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 read with Articles of Association of the Company, Mr Nandan Bhattacharya and Mr A K Nag retire by rotation and being eligible, offer themselves for re-appointment.

The details about their qualification, other directorships etc. as per Clause 49 of the Listing Agreement are provided separately and annexed to the notice.

Mr Sudip Kumar Mukherji was appointed as Additional Director on the Board at the Meeting of the Board of Directors of the Company held on 29.10.2009. In terms of section 260 of the Companies Act, 1956, Mr Mukherji will hold office as Director till the date of the forthcoming Annual General Meeting and is eligible for reappointment.

5. DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956.

The Directors, having ensured through the Officer designated for the purpose, hereby confirm:

- i. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. That the Directors have prepared the annual accounts on a going concern basis.

6. CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement, a report on Corporate Governance and the Auditors' Certificate in this regard form part of this report and are annexed herewith.

7. AUDITORS & AUDITORS' REPORT

The Auditors of the Company M/s Haribhakti & Co., Chartered Accountants retire at the ensuing Annual General Meeting have given their consent for appointment and have also confirmed that their appointment, if made, would be within the limits as prescribed under Section 224(1B) of the Companies Act, 1956.

Observations made in the Auditors' Reports have been adequately dealt with in the notes to the financial statements annexed to the Balance Sheet and Profit & Loss Account.

8. SUBSIDIARY

The Company has no subsidiary as at the end of the financial year.

9. PERSONNEL

The Directors would like to place on record their appreciation of the dedication and hard work put in by the employees at all levels.

10. HUMAN RESOURCE

The Board of Directors expresses its appreciation for sincere efforts made by the employees of your Company at all levels during the year and for their co-operation.

The information required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report.

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

Your Company has in place a system for controlling and monitoring pollutants at all factories in order to comply with environmental standards and legislation. Your Company is committed to ensuring green and pollution free environment as well as clean and safe workplace at all the plant locations.

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 the relevant particulars are given in the Annexure to this report.

12. ACKNOWLEDGEMENT

Your Directors express their sincere thanks and place on record their deep appreciation for the patronage extended by the shareholders, valued customers, financial institutions, bankers, government authorities and the investors for their continued support and confidence in the Company.

On behalf of the Board

Bikram Nag

Joint Executive Chairman

A K Banerjee

Managing Director

Kolkata, 29th May, 2010