

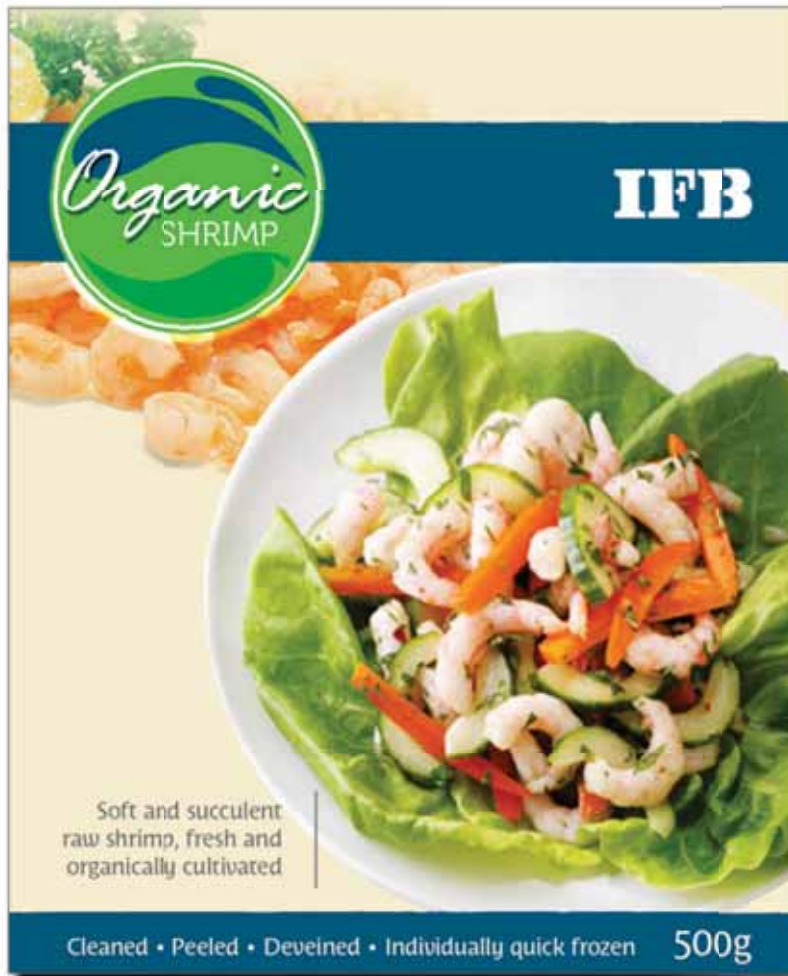
The logo for IFB AGRO is displayed in a bold, blue, serif font. The word "IFB" is positioned above "AGRO", separated by a thin horizontal line. The logo is set against a light blue circular background.

IFB AGRO



IFB AGRO INDUSTRIES LIMITED

30th Annual Report 2011 - 2012



■ 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
Fax No.: 4011 6739
E-mail: rta@cbmsl.com

■ WORKS

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

Serampore
Dist. : Hooghly
West Bengal

Panagarh Bazar
Bud Bud, Burdwan
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

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Sales	16,059.61	16,536.41	19010.83	22,579.94	26,671.46	32,146.58	37,512.86	39,517.88	55,640.42	74,012.40
Profit before Interest and Tax (after extraordinary items)	364.68	288.51	350.80	260.70	569.58	1,241.62	2,187.18	826.43	2,807.01	3,852.73
Profit after Tax and Extraordinary Items	104.35	138.07	183.08	187.31	281.60	786.90	1,290.34	442.45	1,782.41	2,654.70
Net Worth*	4,334.64	4,398.92	4,628.43	4,715.71	4,846.51	5,693.87	7,336.15	7,806.00	9,498.64	11,980.53
Total Debts	521.62	360.02	500.02	530.46	1,230.34	2,746.37	905.73	3,141.38	448.62	18.56
Net Fixed Assets	3,938.58	3,454.30	3354.73	3,522.61	4,898.19	5,380.03	7,223.47	6,775.45	7,103.44	7,831.35
Net Working Capital	1,337.13	1,382.55	1821.14	1,790.17	1,567.63	3,080.18	1,050.36	3,875.76	2,547.65	4,202.95
Dividend (%)	—	—	—	—	—	—	—	—	—	—
Earnings per share (Rs.)	1.35	1.79	2.38	2.43	3.65	10.21	16.40	5.53	22.26	33.15
Book value per share (Rs.)*	56.24	57.08	60.05	61.19	62.88	73.88	91.62	97.49	118.63	149.62
Key Ratios:										
Return on Capital Employed	7.51	6.06	6.84	4.97	9.37	15.48	28.55	7.55	28.22	32.87
Return on Sales (after Tax)(%)	0.65	0.83	0.96	0.83	1.06	2.45	3.44	1.12	3.20	3.59
Fixed Assets Turnover	4.08	4.79	5.67	6.41	5.45	5.98	5.19	5.83	7.83	9.45
Working Capital Turnover	12.01	11.96	10.44	12.61	17.01	10.44	35.71	10.20	21.84	17.61
Debt Equity Ratio	0.12	0.08	0.11	0.11	0.25	0.48	0.12	0.45	0.05	0.00
Current Ratio	1.27	1.63	1.53	1.59	1.28	2.07	1.21	2.04	1.66	2.06

* 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 Thirtieth Annual General Meeting of IFB Agro Industries Limited will be held on Monday, the 30th day of July, 2012, at 10.30 AM at Ecohub Conclave Club, Eco Space (IT Park), Plot No. 2F/11, New Town, Rajarhat, North 24 Parganas, Kolkata - 700 156 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 2012.
2. To appoint a Director in place of Mr A K Nag, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Nandan Bhattacharya, 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 Walker, Chandiok & 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 Haribhakti & Co., Chartered Accountants, to examine and audit the accounts of the Company for the Financial Year 2012-13, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.

By Order of the Board

Registered Office:
Plot No. IND-5, Sector - 1
East Kolkata Township
Kolkata - 700 107
Date: 29th May, 2012.

Rahul Choudhary
VP-Finance & Company Secretary

NOTES:

1. The Register of Members and Share Transfer Registers of the Company will remain closed from 23rd July, 2012 to 30th July, 2012 (both days inclusive).
2. **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.**
3. 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.
 - e) provide their e-mail address to the Registrar.
9. A route guide map of the AGM venue is given in the last page of this Annual Report.

By Order of the Board

Registered Office:
Plot No. IND-5, Sector - 1
East Kolkata Township
Kolkata - 700 107
Date: 29th May, 2012.

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, and 3 of the accompanying Notice dated 29th May 2012.

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	Cadworld Infosystems Ltd Titagarh Wagons Ltd Flourish Securities & Finance Pvt Ltd Qualitas PE Services Pvt Ltd	Thai Automotive and Appliance Ltd
Committee Membership	Nil	Nil

2. Item No. 4

Presently the Company's accounts are being audited by M/s Haribhakti & Co.. M/s Haribhakti & Co. have informed the Company that they do not wish to seek re-appointment as statutory auditors of the Company for the financial year 2012-13.

In view of the above, and based on the recommendation of the Audit Committee, Board of Directors has, at its meeting held on 29th May 2012, proposed the appointment of M/s Walker, Chandiok & 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 Walker, Chandiok & 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 Walker, Chandiok & 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 Walker, Chandiok & 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.

By Order of the Board

Registered Office:
Plot No. IND-5, Sector - 1
East Kolkata Township
Kolkata - 700 107
Date: 29th May, 2012.

Rahul Choudhary
VP-Finance & Company Secretary

Directors' Report

To the Shareholders,

Your Directors have pleasure in presenting the 30th Annual Report of the Company and the Audited Financial Statements for the year ended 31st March, 2012.

1. FINANCIAL RESULTS

	Year ended 31.03.2012	(Rs. in lacs) Year ended 31.03.2011
Sales and Other Income (incl. Excise Duty)	75627.03	58471.24
Profit prior to Finance charges & Depreciation, amortization and impairment	5116.58	3627.58
Less: Finance charges	36.12	184.11
Depreciation	1263.85	820.57
Profit before Taxation	3816.61	2622.90
Less: Provision for Taxation:		
Current Tax	1334.74	930.14
Deferred Tax	(172.81)	(89.76)
Less: Income Tax adjustment for earlier years	(0.02)	0.11
Profit after Tax	2654.70	1782.41
Balance carried to Balance Sheet	2654.70	1782.41

2. MANAGEMENT DISCUSSION & ANALYSIS

OVERALL PERFORMANCE

During the year under review your Company has recorded gross turnover of Rs.756.27 crores (as against Rs.584.71 crores in 2010-11) recording a growth of 29.34%.

The Company has achieved profit before tax of Rs 38.16 crore as against Rs 26.23 crore, and net profit of Rs 26.55 crore as against Rs 17.82 crore in the previous year. During the year, the Durgapur bottling plant of the Company was closed down based on the Government directive to relocate for which the company has incurred Rs 2.85 crore towards Employees Separation scheme. The assets of the molasses distillery have been impaired based on its realizable value and a loss of Rs 3.48 crore has been charged to the accounts.

Better working capital management and ploughing back of profits has reduced the interest cost during the year. The company is almost debts free now.

Earning per equity share is Rs.33.15 as compared to Rs.22.26 per share in previous year.

REVIEW OF DIVISIONAL PERFORMANCES

Alcohol and Bottling:

The molasses distillery operated only for few days in the year with small quantity of local molasses available in the State of West Bengal. Pursuant to discontinuation of the molasses transportation cost reimbursement policy by the State Government and operation of the Distillery becoming un-viable, it was planned to convert the molasses distillery into multi feed distillery subject to

the approval of the State Government. Pending such approval the machineries are lying idle and un-utilized for more than a year. The assets of the molasses plant which will not be used on conversion have been impaired at its realizable value.

The grain distillery operated at 110% of the capacity and with efficient purchase of raw material and reduction in overhead, the margins improved during the year. Further storage capacity has been built up at Noorpur for storing grains which will reduce the storage cost as well as the wastage. Investment has also been made in the distillery by enhancing the capacity of the turbines to generate more cheap power. The Company could not obtain CDM benefits due to non availability of rice husk within the state.

After abolition of Privilege area by the State Government in the Country Spirit segment, the production capacity was enhanced by setting up a new bottling plant, with two bottling lines, at Panagarh in West Bengal. Further capacity expansion at Panagarh is under process and will be completed in financial year 2012-13. The bottling plant at Durgapur was closed during the year and the workmen were given a separation scheme which costed Rs 2.85 cr to the company.

On IMFL, your Company has suffered due to increase in the duties and taxes in the state of West Bengal, the demand in the regular segment has declined. Margins are declining due to high input cost and unable to increase the prices due to stiff competition. New brands viz., 'Jubilation' Rum, 'Leonov' luxury Vodka in Bengal and "Benjamin' brandy in Orissa was launched but could not achieve the desired volume due to stiff competition. Widespread market promotions are being held to re-build the position in the market.

Marine:

The Marine Division has performed well during the year. To increase export of value added products the Company has modernised its plant with new IQF Machines and other freezing equipment.

The Shrimp Feed trading business has recorded a growth of 26% in value and has a market share of 48% in West Bengal. "Aqua Shops" have been opened by the company for providing one window service to the farmers in terms of supply of feed, medicine, technology, finance, training etc. More such aqua shops are being planned to provide service to the farmers in the State of West Bengal.

"IFB ROYAL" Retail Brand of frozen Marine Products are now available in major METROS in the country, sale recorded a growth of 33% in value. The Company is in the process of developing more value added products for the Retail Consumers in the country.

OPPORTUNITIES & CHALLENGES:

The current accounting year will again be another year of tough challenges. The bumper sugarcane production in Uttar Pradesh will reduce the spirit cost during the year leading to lower margins on sale of spirit from the distillery. Setting up of new distilleries in neighboring states and new bottling plants in West Bengal is likely to bring about stiff challenge in future. The increase in Excise Duty in Country liquor segment is likely to reduce the margins in the current year.

The increased bottling capacity, once becoming fully operational will bring good opportunity to the Company by way of volume growth and market share in the Country Liquor segment.

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. 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 being a regional player in the industry faces a stiff competition from large Indian as well as multinational companies. Widespread promotion is being planned to make the newly launched brands, successful.

The Company targets to export more value added products and with the favorable currency rates, expects to be a good year for export market. With the overall global economic growth and better demand for frozen sea food it expects to have better demand for its Marine products in the domestic market. The Company plans to focus on aggressive marketing of its products in order to penetrate into householders' as well as retail segment in India.

Human Resources:

For the development of the human resources number of training programmes was 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 people.. Total number of employees in the Company was 384 as on 31st March 2012 as against 430 as on 31st March 2011.

Internal Control System:

The Company maintains a system of internal control 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 A K Nag and Mr Nandan Bhattacharya 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.

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 year.
- 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 of the Company and have expressed their unwillingness to be re-appointed. M/s Walker, Chandio & Co., Chartered Accountants has given their consent for appointment and have also confirmed that their appointment, if made, would be within the limits prescribed under Section 224(1)(B) 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.