

**IFB AGRO INDUSTRIES LIMITED • ANNUAL REPORT 2012–2013**





**■ 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. Hari Ram Agarwal  
Mr. Manoj Kumar Vijay  
Mr. Sudip Kumar Mukherji

**■ VP-FINANCE & COMPANY SECRETARY**

Mr. Rahul Choudhary  
Tel : 033-3984-9627  
E-mail : [complianceifbagro@ifbglobal.com](mailto:complianceifbagro@ifbglobal.com)

**■ AUDITORS**

Walker, Chandiok & Co.  
Chartered Accountants

**■ BANKERS**

Indian Overseas Bank  
IDBI Bank Ltd.

**■ REGISTERED OFFICE**

Plot No. IND-5, Sector-1  
East Kolkata Township, Kolkata - 700 107  
Tel : (033) 3984 9524  
Fax No. : (033) 2442 1003  
Website : [www.ifbagro.in](http://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 : (033) 4011 6700/2280 6692/2282 3643/2287 0263  
Fax No.: (033) 4011 6739  
E-mail: [rta@cbmsl.com](mailto:rta@cbmsl.com)

**■ WORKS**

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

Panagarh  
Bud Bud  
Dist. : Burdwan  
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*

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Sales	16,536.41	19010.83	22,579.94	26,671.46	32,146.58	37,512.86	39,517.88	55,640.42	61,180.00	66,536.08
Profit before Interest and Tax (after extraordinary items)	288.51	350.80	260.70	569.58	1,241.62	2,187.18	826.43	2,807.01	3,852.73	3,948.31
Profit after Tax and Extraordinary Items	138.07	183.08	187.31	281.60	786.90	1,290.34	442.45	1,782.41	2,654.70	2,620.02
Net Worth*	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	16,200.14
Total Debts	360.02	500.02	530.46	1,230.34	2,746.37	905.73	3,141.38	448.62	18.56	—
Net Fixed Assets	3,454.30	3354.73	3,522.61	4,898.19	5,380.03	7,223.47	6,775.45	7,103.44	7,831.35	7,377.85
Net Working Capital	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	8,658.59
Dividend (%)	—	—	—	—	—	—	—	—	—	—
Earnings per share (Rs.)	1.79	2.38	2.43	3.65	10.21	16.40	5.53	22.26	33.15	32.30
Book value per share (Rs.)	57.08	60.05	61.19	62.88	73.88	91.62	97.49	118.63	149.62	179.90
<b>Key Ratios:</b>										
Return on Capital Employed	6.06	6.84	4.97	9.37	15.48	28.55	7.55	28.22	32.87	24.74
Return on Sales (after Tax)(%)	0.83	0.96	0.83	1.06	2.45	3.44	1.12	3.20	4.34	3.94
Fixed Assets Turnover	4.79	5.67	6.41	5.45	5.98	5.19	5.83	7.83	7.81	9.02
Working Capital Turnover	11.96	10.44	12.61	17.01	10.44	35.71	10.20	21.84	14.56	7.68
Debt Equity Ratio	0.08	0.11	0.11	0.25	0.48	0.12	0.45	0.05	—	—
Current Ratio	1.63	1.53	1.59	1.28	2.07	1.21	2.04	1.66	2.06	5.55

\* 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 Thirtyfirst Annual General Meeting of IFB Agro Industries Limited will be held on the 26th day of July, 2013, at 12.00 Noon at Ecohub, Ecospace (Business Park), Ambuja Reality, 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 2013.
2. To appoint a Director in place of Mr Sudip Kumar Mukherji, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr Hari Ram Agarwal, who retires by rotation and being eligible offers himself for re-appointment.
4. To reappoint M/s. Walker, Chandiok & 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 reappoint Mr Bikram Nag

“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 reappointment of, and terms of remuneration of Mr. Bikram Nag as Joint Executive Chairman of the Company for a further period of three years with effect from 27th January, 2013 on such terms and conditions as set out in the 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.”

By Order of the Board

Registered Office:  
Plot No. IND-5, Sector - 1  
East Kolkata Township  
Kolkata - 700 107  
Date: 30th May, 2013.

Rahul Choudhary  
VP-Finance & Company Secretary

### NOTES:

1. The Register of Members and Share Transfer Registers of the Company will remain closed from 19th July 2013 to 26th July 2013 (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.** Proxies, in order to be effective, must be received at the Registered Office of the Company at least 48 hours before the meeting.

3. 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.
4. 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.
5. Members are requested to bring their copy of Annual Report to the Annual General Meeting.
6. Members/Proxies should bring the Attendance slip sent herewith, duly filled in, for attending the Annual General Meeting.
7. 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.
8. 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: 30th May, 2013.

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, and 5 of the accompanying Notice dated 30th May 2013.

### 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	<b>Sudip Kumar Mukherji</b>	<b>Hari Ram Agarwal</b>
Date of Birth	03.11.1949	10.10.1963
Nationality	Indian	Indian
Date of Appointment on the Board	29.10.2009	02.06.2008
Qualification	F CA	B.Com (H), FCA, FCS, LLB
Experience in functional areas	A Commerce Graduate and a fellow member of The Institute of Chartered Accountants of India. Mr Mukherji is an advisor in Accountancy & Income Tax matters to various bodies corporate.	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 bodies corporate.
Shareholding in the Company	Nil	Nil
List of Directorship held in other Companies	Nil	ATN International Ltd.
Committee Membership	Nil	2

### Item No. 5

Mr. Bikram Nag, BBA from Richmond College, U.K. was appointed as Director of the Company on 14th October, 1997. He has sixteen 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. The existing terms of Mr Nag expired on 27th January 2013.

Since Mr. Nag's term expired on 27th January 2013, the Board of Directors of the Company had, at their meeting held on 30th May 2013 on the recommendation of the Remuneration Committee, reappointed Mr Nag for a further period of three years with effect from 27th January 2013.

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:

- Period of appointment : Three years effective from 27th January 2013.
- Remuneration:
  - 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 per cent 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 Item No. 5 is 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: 30th May, 2013.

Rahul Choudhary  
VP-Finance & Company Secretary

## Directors' Report

To the Shareholders,

Your Directors have pleasure in presenting the 31st Annual Report of the Company and the Audited Financial Statements for the year ended 31st March, 2013.

### 1. FINANCIAL RESULTS

(Rs. in lacs)

	Year ended <b>31.03.2013</b>	Year ended <b>31.03.2012</b>
Revenue from Operation	<b>66536.08</b>	61180.00
Profit prior to Finance charges & Depreciation	<b>5071.69</b>	5116.58
Less: Finance charges	<b>38.14</b>	36.12
Depreciation	<b>1123.38</b>	1263.85
Profit before Taxation	<b>3910.17</b>	3816.61
Less: Provision for Taxation:		
Current Tax	<b>1461.65</b>	1334.76
Deferred Tax	<b>(216.77)</b>	(172.83)
Less: Income Tax adjustment for earlier years	<b>45.27</b>	(0.02)
Profit after Tax	<b>2620.02</b>	2654.70

### 2. MANAGEMENT DISCUSSION & ANALYSIS

#### OVERALL PERFORMANCE

During the year under review your Company has recorded gross operational revenue of Rs.665.36 crores (as against Rs.611.80 crores in 2011-12) recording a growth of 8.75%.

Your Company has achieved profit before tax of Rs 39.10 crores as against Rs 38.17 crores, and net profit of Rs 26.20 crores as against Rs 26.55 crores in the previous year.

During the year, your company has closed down the old bottling plants situated at Maheshtala and Serampore and has paid compensation of Rs 497.22 lacs (including VRS expense of Rs 201 lacs) for settlement of workers. Depreciation includes impairment expenses of Rs 54.17 lacs for the closed units and Rs 137.65 lacs towards depreciation for the distillery which has been provided at the rate applicable for continuous process plant which hitherto was provided on single shift basis under plant and machinery.

Earning per equity share is Rs. 32.30 as compared to Rs.33.15 per share in previous year.

#### REVIEW OF DIVISIONAL PERFORMANCES

##### *Alcohol and Bottling:*

The grain distillery operated at optimum capacity but margins have been severely affected in the last quarter of the year due to increase in the price of the grain and imposition of spirit removal fee of Rs 2 per BL with effect from January 2013, by the State Government on despatch of spirit from distilleries in West Bengal.