

IFB

IFB INDUSTRIES LIMITED

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**ANNUAL REPORT
2004-2005**

BOARD OF DIRECTORS
Executive Chairman
Mr. Bijon Nag
Directors
Mr. B. P. Muktieh (Nominee of IDBI)
Mr. Somen Bal
Dr. Rathindra Nath Mitra
Mr. Radharaman Bhattacharya
Mr. R. Muralidhar
Mr. K. M. Unnikrishnan
AUDIT COMMITTEE
Chairman
Mr. B. P. Muktieh
Members
Mr. Somen Bal
Mr. Radharaman Bhattacharya
Mr. R. Muralidhar
REGISTERED OFFICE
14, Taratolla Road
Kolkata – 700 088
Tel : (091) (33) 2401 4917 – 23
Fax : (091) (33) 2401 4182, 2401 4579
E-mail : ifbi_legal@ifbglobal.com
CORPORATE OFFICE
Plot No. IND-5, Sector – I
East Kolkata Township
Kolkata – 700 107
Tel : (091) (33) 2442 8286/87/89/90/91
Fax : (091) (33) 2442 7779/1003
E-mail : ifbi_legal@ifbglobal.com
COMPANY SECRETARY
Mr. G. Ray Chowdhury
AUDITORS
Deloitte Haskins & Sells
Chartered Accountants
**REGISTRAR AND
SHARE TRANSFER AGENTS**
CB Management Services (P) Ltd.
P 22, Bondel Road, Kolkata - 700 019
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IFB INDUSTRIES LTD.

Regd. Office : 14, Taratolla Road
Kolkata – 700 088

NOTICE

NOTICE is hereby given that the 29th Annual General Meeting of the members of IFB Industries Limited will be held at Eastern Zonal Cultural Center, IA – 290, Sector III, Bidhannagar, Calcutta – 700 091 on 31st August, 2005 at 11.00 a.m to transact the following :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the financial year ended 31st March, 2005 and reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Radharaman Bhattacharya who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. Rathindra Nath Mitra who retires by rotation and being eligible offers himself for reappointment.
4. To consider and if thought fit, to pass, with or without modification the following resolution as a special resolution :
"RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants be and are hereby appointed Auditors of the Company from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and the Board of Directors be and is hereby authorised to fix their remuneration and out of pocket expenses payable to them."

SPECIAL BUSINESS

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

5. AS A SPECIAL RESOLUTION

RESOLVED THAT pursuant to section 94 of the Companies Act, 1956 a part of the Authorised Share Capital of the Company consisting of, inter-alia, 3,00,00,000 Cumulative Convertible Preference Shares of Rs.10/- each be reclassified into 3,00,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each and consequently Clause V of the Memorandum of Association of the Company and Article 3 of the Articles of Association of the Company shall stand altered and read as follows :-

Clause V – The Authorised Capital of the Company is Rs.95,00,00,000/- (Rupees Ninety Five Crores only) consisting of 3,50,00,000 Equity Shares of Rs.10/- and 3,00,00,000 Cumulative Convertible Preference Shares of Rs.10/- each and 3,00,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each. The Company has power to divide the share capital for the time being into several classes and to increase or reduce its capital from time to time and to vary, modify or abrogate any rights, privileges or conditions attached to any class of shares in accordance with the provisions of the Companies Act, 1956 and regulations of the Company.

Article 3 – The Authorised Capital of the Company is Rs.95,00,00,000/- (Rupees Ninety Five Crores only) consisting of 3,50,00,000 Equity Shares of Rs.10/- and 3,00,00,000 Cumulative Convertible Preference Shares of Rs.10/- each and 3,00,00,000 Cumulative Redeemable Preference Shares of Rs.10/- each.

6. AS A SPECIAL RESOLUTION

RESOLVED THAT pursuant to Section 80, 81(3) and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company and subject also to such other approvals, permissions, sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall also include a Committee thereof) consent of the Company be and is hereby accorded to the Board to issue and offer such number of Cumulative Redeemable Preference Shares of Rs.10/- each of an aggregate nominal value not exceeding Rs.30,00,00,000 (hereinafter referred to as "Redeemable Preference Shares") on conversion of loan and /or interest outstanding and / or to be accrued or part thereof in one or more tranches on such conditions as to the rate of dividend, the period of redemption and at such price including premium as may be determined by the Board of Directors of the Company in consonance with the applicable guidelines issued by the Securities and Exchange Board of India (SEBI) from time to time and agreed to by the financial institutions, banks and such other authorities and entities as may be applicable.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things including allotment and execute all such deeds, documents, instruments and writing as it may in its absolute discretion deem expedient.

7. SPECIAL RESOLUTION

RESOLVED THAT in accordance with Section 81(1A) and all other applicable provisions of the Companies Act, 1956 ("the Act"), the Securities and Exchange Board of India Act, 1992 (SEBI Act) including Guidelines for Preferential Issue of Shares as issued from time to time and the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as amended from time to time and /or any other provisions of any statute, rules or regulations for the time being in force, and subject to such other consent or approval of any other authority and subject to such conditions or modifications as may be considered necessary, proper or expedient and agreed to by the Board of Directors (hereinafter referred to as 'the Board' which term shall include any committee which the Board may have constituted or may hereafter constitute), consent of the Company be and is hereby accorded to the Board to offer, issue and allot on preferential basis to the Promoters (individuals and bodies corporate) comprising the Promoter Group and hereinafter identified in the Explanatory Statement pursuant to Section 173(2) of the Act, 13,50,000 Equity Shares in the Company of the face value of Rs.10/- each for cash at a price of Rs.17/- per share (including premium of Rs.7/-) in accordance with the SEBI guidelines referred to hereinbefore.

That all the Equity Shares as and when allotted in terms of this resolution, shall rank in all respect, pari passu with the existing Equity Shares of the Company.

That the Board be and is hereby authorized to take necessary measures to seek the listing of such Equity Shares at the Stock Exchanges where the Company's shares are presently listed.

That for the purpose of giving effect to this resolution, the Board be and is hereby authorized to take all such steps and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem fit and proper or desirable and necessary and to settle any question or doubt that may arise with regard to the offer, issue and allotment of the aforesaid Equity Shares.

Registered. Office :
 14, Taratolla Road
 Kolkata - 700 088
 Dated : 2nd August, 2005

By Order of the Board

Goutam Ray Chowdhury
 Company Secretary

NOTES :

- i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy, to attend and vote on a poll on his behalf and such a proxy need not be a member of the Company. Proxies in order to be effective must be deposited at the Registered Office or with the Registrars and Share Transfer Agent of the Company, M/s CB Management Services (P) Ltd., not less than 48 hours before the meeting.
- ii) The Register of Members of the Company and the Share Transfer Registers shall remain closed from 29.08. 2005 to 31.08. 2005 (both days inclusive).
- iii) The members are requested to
 - a) notify immediately any change in their address to the Company;
 - b) bring their copy of the Annual Report to the meeting;
 - c) write to the Company's Registrars & Share Transfer Agents, M/s CB Management Services (P) Ltd enclosing their share certificates for consolidation into one folio for better investor service, if they have more than one folio in identical order of name(s).
- iv) Members who holds shares in dematerialized form are requested to write their client ID and DP ID Nos. and those who hold shares in physical form are requested to write their Folio No. in the attendance slip for attending the meeting to facilitate identification of membership at the meeting.
- v) Reappointment of Directors: At the ensuing Annual General Meeting Mr. Radharaman Bhattacharya and Dr. Rathindranath Mitra retire by rotation and being eligible offer themselves for reappointment. The details pertaining to these Directors require to be provided pursuant to clause 49 of the Listing Agreement are furnished in the report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company commends the respective reappointment of the aforesaid directors.
- vi) Explanatory Statements under Section 173(2) of the Companies Act, 1956 for resolution nos. 4 to 7 are annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Resolution No. 4

As the Company is a widely held Company and its shares are traded on the Stock Exchanges regularly, a part of its share capital is sometimes held by the financial institutions who now routinely invest in the stock market. As this may sometime attract the provisions of Section 224A of the Companies Act, 1956, the Company proposes to appoint the Auditors by Special Resolution as abundant precaution.

The Board recommends the passing of this Special Resolution.

None of the Directors is interested / concerned in the resolution.

Resolution No. 5 to 6

As part of the debt restructuring programme Industrial Development Bank of India Ltd. (IDBI) by their letter dated May 11, 2005 has agreed inter alia to convert Rs. 1600 lacs of the settlement amount into Cumulative Redeemable Preference Shares to be issued at par in favour of IDBI which shall be redeemed in four quarterly graded instalments as per the repayment schedule forwarded by IDBI. It is anticipated that other financial institutions / banks may also offer similar terms of settlement with regards to parts of the loans outstanding to them. While Resolution no.5 relates to amendment in the Capital Clause of the Memorandum of Association and Articles of Association, Resolution no.6 provides for conversion of loans alongwith interest due and / or accrued or part thereof in Cumulative Redeemable Preference Shares in accordance with the applicable SEBI guidelines and as agreed to by and between financial institutions, banks and other authorities or entities and the Board of Directors of the Company.

The Board recommends the passing of each of these Resolutions.

None of the Directors is interested / concerned in any of the said Resolution.

Resolution No. 7

In view of the erosion of the entire net worth of the Company, the Company has been registered with the Board for Industrial and Financial Reconstruction (BIFR) and it is expected that the Company's endeavours towards financial restructuring shall be expedited under the guidance and supervision of BIFR and the Operating Agency appointed by them. In line with the directives issued by BIFR the Company explored the possibility of one time settlement with secured creditors and has been successful in entering into memorandum of settlements with several secured creditors. Recently the Company has accepted the settlement proposed by IDBI Ltd. The promoters are bringing the fund towards utilization for the purpose of payment to secured creditors.

The resolution for the proposed preferential offer of 13,50,000 Equity Shares to the Promoters (the offer) in accordance with Section 81(1A) is placed for your consent. The Directors recommend passing of the resolution. None of the Directors except Mr. Bijon Nag, Chairman as a Promoter is concerned or interested in the resolution.

The Promoter Group subscribing to the preferential issue is identified hereinafter and consequent to the acceptance in full of the proposed offer, by the said Promoter Group and after the Company issues and allots 13,50,000 Equity Shares, the Promoter Group will own 48.17% and Public (including Mutual Fund and others) the balance 51.83% of the total post preferential Issue Paid up Equity Share Capital of the Company. The Promoters named in the Table 'A' annexed to and forming part of this Explanatory Statement intend to subscribe to the said Offer. The promoters other than those identified in the said Table 'A' do not intend to subscribe to the Offer.

As per SEBI Guidelines on preferential issue, "the issue of shares on a preferential basis can be made at a price not less than the higher of the following:

- i) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date;
- or
- ii) The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date.

Explanation :

"The relevant date", for the purpose of calculating such issue price, is defined to mean "the date thirty days prior to the date on which the meeting of the general body of shareholders is held, in terms of Section 81(1A) of the Act to consider the proposed issue"

"Stock Exchange" for the purpose of this clause means any of the recognised Stock Exchanges in which the shares are listed and in which the highest volume in respect of the Shares of the Company has been recorded during the preceding six months prior to the relevant date.

Accordingly the relevant date for calculating the issue price of the Equity Shares is 1st August, 2005. The average price in accordance with the aforesaid guidelines comes to Rs.16.98/- per share. The Promoter group has agreed to subscribe to the issue at Rs. 17/- per share which is above the said average price. A copy of the certificate of the Statutory Auditor that the issue price of Rs. 17/- per share is in accordance with the requirement of the SEBI Guidelines will be laid before the Meeting and is available for inspection.

The proposed allotment shall be completed within fifteen days of the date of passing the resolution approving the offer provided necessary approval is obtained from regulatory authority. In such case, allotment shall be completed within fifteen days from the date of such approval.

The proposed allottees as mentioned in Table A have their existing shares in dematerialized form and have not sold/transferred any equity shares during the six month period prior to the relevant date.

Table - A

	Name of the Proposed Allottees
1.	IFB Automotive Pvt. Ltd.

Table - B

Shareholding Pattern of the Company before and after the Preferential Allotment

		Pre-Allotment		Post-Allotment *	
		No. of Equity Shares	% of holding	No. of holding	% of holding
1)	Promoter Group				
	a) Proposed allottee - IFB Automotive Pvt. Ltd.	1444410	9.98	2794410	17.66
	b) Others	4827396	33.36	4827396	30.51
	Total for (a) + (b)	6271806	43.34	7621806	48.17
2.	Financial Institutions (including FIIs,Banks/ Insurance Companies and State Govts.)	551392	3.81	551392	3.48
3.	Mutual Funds	45113	0.31	45113	0.29
4.	Others including Public, Bodies Corporate, NRIs & others	7605136	52.54	7605136	48.06
	Total	14473447	100.00	15823447	100.00

* Subject to acceptance of the offer by the Proposed Allottee.

In accordance to SEBI guidelines on preferential allotment -

- the shares held by the proposed allottees shall be locked in from the relevant date upto a period of six months from the date of preferential allotment;
- the shares proposed to be allotted on a preferential basis to the promoters group shall be locked-in for a period of three years from the date of allotment.

INSPECTION OF DOCUMENTS

The documents mentioned in resolution(s) 4 to 7 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.

Regd. Office :
 14, Taratolla Road
 Kolkata - 700 088
 Dated : 2nd August, 2005

By Order of the Board

Goutam Ray Chowdhury
 Company Secretary

DIRECTORS' REPORT to the Shareholders

Dear Shareholders,
Your Directors present the 29th Annual Report and Accounts for the Financial Year ended 31st March, 2005.

1. FINANCIAL RESULTS :

	Year ended 31st March, 2005	(Rs. '000) Year ended 31st March, 2004
Total Income	2626492	2028370
Expenditure	3451246	2881848
Profit/(Loss) before Extra-ordinary and Prior Period Items	(824754)	(853478)
Adjustments for Extra-ordinary Items and Prior Period Adjustments	480767	(2947)
Net Loss	(343987)	(856425)
Balance Brought Forward	(4983312)	(4126887)
Balance Carried to Balance Sheet	(5327299)	4983312

2. DIVIDEND :

In view of the Company having made losses for the above period the Board regrets its inability to recommend any dividend for the year.

3. REVIEW OF OPERATION :

The home appliance business of the company had a challenging year with intense competitive pressure. Despite the fact that demand for washing machines was not buoyant, the Company could increase its volume sales by increasing turnover of lower end low margin washing machines. However volume sales of microwave ovens, dryers & dishwashers increased significantly, though margin per unit was negligible due to cut throat competition.

Due to growth in auto industry the Company could improve the business of fine blanking segment as compared to last year. Despite growth in the automobile sector the price war between competitors and increased steel & other raw materials input costs lead to a lower margin on fine blanking components.

The key strategic thrusts of your company's business

during 2004-05 were to accelerate volume growth, continued innovation and activation on the brands, competitive pricing and increased brand investments.

During the year under review the Company has suffered a loss of Rs 34 crores as against previous year's reported figure of Rs 85 crores. Loss for the year under review reduced largely due to booking of gain on interest waiver consequent to debt settlement.

4. MANAGEMENT DISCUSSION AND ANALYSIS :

A) Industry Structure & Developments :

The year 2004-05 shows encouraging results for all segments of automobile industry and it is expected to grow if the favourable conditions prevail. Exports have also been showing the buoyancy. The exports will be potential source of revenue growth in the future. Demand growth has been slow because of the low penetration of washing machines in India. Being an appliance that has substitute, the utility perception of the product is low and washing machine rank low in the priority list of consumers. The power shortage in large parts of the country, scarcity of water have played key role for not boosting the demand for washing machines. Consequently, the product is still to find acceptance in the rural market where a majority of the population resides, hence demand remains restricted to the bigger towns and cities. With the increasing urbanization and marginal price difference between front loading fully automatic (lower end) and top loading automatic washing machine, front loading fully automatic washing machines are being preferred by a larger section of consumer. Another trend being observed is a shift in consumer preference from 5 kg machine to large capacity models. This shift can be attributed to the fading price difference between 5 k.g and 6 k.g and above models.

B) Opportunities & Threats :

The greatest asset of the Company is its brand equity, product quality, latest technical know how and last but not the least is the trust in Company's products by the valued customers. The Company has built up brand image through close liaison with its valued customers during the past years of its operation. The two main threats are :

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IFB INDUSTRIES LTD.

- Significant rise in material cost which will drastically impact on contribution unless operating cost can be reduced at unprecedented magnitude and speed.
- The growth of the Indian economy together with the reduction of import duties makes India increasingly a target market for many MNCs. Over the last couple of years the MNCs have eaten into the share of other brand owners and consolidating their presence in the market. Today consumers are increasingly looking for products that not only offer varied features but also are competitively priced. The tardy growth in demand has adversely affected capacity utilization of the industry. Idle capacity have been high at 60-75% as many players had set up large capacities in anticipation of high demand growth.

The management of IFB is aware of both opportunities and threats and will continue to work to maintain competitiveness by reducing costs and improving quality as well as growth of sales in the domestic market.

C) Segment wise performance :

Fine Blanking Division has improved its performance by increasing its turnover and adopting various cost reduction measures. The Home Appliance division has achieved better result compared to previous year by increasing its turnover and adopting various control measures but a lot more need to be done in the areas of cost control and the Company is aggressively pursuing the same.

D) Outlook :

The pick up in the global economy has facilitated Indian economy to continue in the accelerated growth path. Barring shocks in the form of steep rise in the international oil price, the core inflation rate had been fairly low during 2004-05. The revival of the Indian economy, industrial revival and reforms programmes being implemented at various stages are factors that augur well for the Company. Efforts towards higher operational efficiencies and focus on cost reduction shall continue. In addition to increasing market penetration and higher volumes the Company is also expanding its product range. Besides 28 nos. service centers were set up across the country in addition to 115 nos. centers already

present with a view to improve accessibility to Company's service facilities across the country.

Modest demand growth of washing machines in the region of 4-5% over the medium term is expected to be driven by increasing urbanization, the rising population of working women, declining price and soft rates on consumers credit and higher disposable income increasing the affordability of the product. Microwave ovens market size has already shown an increase and is expected to grow further with wide range of models being placed in the market. However the below par monsoon this year and the expected hardening of product prices may impede the demand for washing machines.

The Indian auto-ancillaries sector is poised for growth. Companies which have made their mark, now wait to scale up to meet global orders. IFB has also given proper thrust to explore the possibility of acquiring export orders.

E) Concerns :

Market stress on product pricing vis-à-vis the trend of uncontrolled increase of raw material price like steel and plastic/ polymer and its impact on product pricing is a major area of concern.

Appropriate measures are being taken through value engineering, replacing steel with alternative material to keep the cost under control.

F) Internal Control Systems and their adequacy :

The Company has adequate system of internal controls and checks and balances to ensure that its assets are safeguarded and protected against loss from unauthorized use. The strength of these systems is continuously being monitored by the internal auditors and the findings of these audits are reported to the Audit Committee of the Board and also to the Board of Directors. The adequacy of the internal control system has also been examined by the statutory auditors and the Company has not received any adverse comments from them on the adequacy of internal control system.

G) Human Resources :

The Company firmly believes that human resources and knowledge capital are vital for business success and creating value for stakeholders. As a result of focused attention the employees at all levels have actively participated in the effort to sustain and

improve the performance of the Company. The Company had 657 nos. employees at the end of March 2005. To keep the organization structure lean and slim, employees are encouraged and trained for flexibility and multi-skill functioning. As in the past, industrial relations continued to remain cordial at all locations in the Company.

5. **STATUS OF REFERENCE TO THE BOARD FOR INDUSTRIAL AND FINANCIAL RESTRUCTURING (BIFR) :**

A hearing before the Hon'ble BIFR was held on 14th July 2004 to consider the sickness of the Company where the representatives of the Company as well as the secured creditors were present. After considering the facts on record and submissions made by the secured creditors and the Company, the Hon'ble Bench of BIFR declared the Company as Sick Industrial Company with effect from 31.03.2001 in terms of Section 3(1)(o) of the Sick Industrial Companies Act. The Order issued by the Hon'ble BIFR inter alia includes that Industrial Development Bank of India Ltd. (IDBI), the Operating Agency shall get a Techno Economic Viability Study (TEVS) of the Company. Accordingly IDBI appointed M/s. Tata Economic Consultancy Services (TECS) (a division of Tata Sons Ltd.) to carry out the TEV Study of the Company. TECS has already started Techno Economic Viability Study of different operating units of the Company.

6. **DIRECTORS' RESPONSIBILITY STATEMENT IN TERMS OF SECTION 217(2AA) OF THE COMPANIES ACT, 1956 :**

To the best of the knowledge and belief and according to the confirmations and explanations obtained by them, your directors make the following statements in terms of Section 217(2AA) of the Companies Act, 1956:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such Accounting policies and applied them consistently and made judgments 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 loss of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records

in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) These accounts are prepared on a going concern basis.

7. **ADDITIONAL DISCLOSURES :**

No additional disclosures in respect of Consolidated Financial Statements has been made as European Fine Blanking Ltd., the only subsidiary of the Company has been excluded from consolidation in terms of Clause 11 (b) of AS-21 .

8. **CORPORATE GOVERNANCE :**

As stipulated by Clause 49 of the Listing Agreement, a Report on Corporate Governance along with a Certificate from the Auditors is given separately in this Annual Report.

9. **SUBSIDIARY :**

As the net worth of European Fine Blanking Ltd. (EFB) an overseas subsidiary of the Company had substantially eroded by March 2003 and EFB was not in a position to pay its creditors, all the assets of the Company were taken possession of by the Administrative Receivers appointed by the bankers of EFB and being sold in satisfaction of debts. Based on advice received from the Administrative Receiver the administration process is yet to be completed. As a consequence of the above European Fine Blanking Ltd. could not get its financial accounts audited for the financial year ending 31st December 2003 and onward and as such IFB Industries Ltd. is not in a position to comply with the provisions of Section 212(1)(a), (b), (c) and (d) of the Companies Act, 1956. Necessary application to waive the requirement of attaching the copy of Balance Sheet, Profit & Loss Account, Report of Board of Directors and Report of Auditors is being made to the Secretary, Ministry of Finance, Department of Company Affairs in terms of Section 212(8) of the Companies Act, 1956.

10. **DEBENTURES :**

The Company has already cleared all its liabilities to debentures issued to public. During the year the Company entered into settlements for its debenture debts with National Insurance Company Ltd., United India Insurance Company Ltd., The Oriental Insurance

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Company Ltd. and New India Assurance Company Ltd. and paying regularly in terms of the respective Memorandum of Settlement. The Company is also negotiating with rest of the debentureholders to restructure its debenture debts.

11. SETTLEMENT OF SECURED LOANS :

Notwithstanding limited availability of resources, the Company approached various secured creditors including Banks and Financial Institutions for one time settlement of outstanding dues. During the year under review the Company entered into Memorandum of Settlement with State Bank of Bikaner & Jaipur, Canara Bank and State Bank of Mysore. The Company is paying regularly the instalments as per the respective settlement schedule. During the year the Company has cleared the settlement amount to United Bank of India, ICICI Bank Ltd., Allahabad Bank and Chinatrust Commercial Bank Ltd. in full and final satisfaction. The company has also accepted the letter issued by IDBI towards settlement of its dues to IDBI and paying regularly as per the schedule of the said letter.

12. TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND :

In terms of section 205A & 205C of the Companies Act an amount aggregating to Rs.10709 lying with the Company as unclaimed for a period of seven years on account of public deposits was transferred during the year to the Investors Education and Protection Fund.

13. DELISTING FROM DELHI STOCK EXCHANGE :

The application for delisting from Delhi Stock Exchange is pending.

14. PREFERENTIAL ISSUE OF EQUITY SHARES :

During the year the Company allotted 1130000 nos. equity shares to Asansol Bottling & Packaging Company Pvt. Ltd. and IFB Automotive Pvt. Ltd. on preferential basis and application for listing of the shares have been made with the Stock Exchanges. The proceeds of the issued shares have been utilized towards working capital requirements of the Company.

18. AUDITORS :

M/s Deloitte Haskins & Sells, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting. They have expressed their consent for reappointment and have further confirmed their

eligibility under section 224(1B) of the Companies Act, 1956.

19. DIRECTORS :

The non-redemption of debentures attracted directors' disqualification in terms of section 274(1)(g) of the Companies Act. A writ petition was filed before the Hon'ble High Court challenging the applicability of section 274(1)(g) of the Companies Act which is pending for final disposal. An interim order dated 14.05.2004 has been passed by the Hon'ble Calcutta High Court restraining Union of India and its authorized agents, servants or otherwise from giving any effect or further effect to or taking any step in pursuance of the provisions contained in section 274(1)(g) of the Companies Act, 1956. Mr. Radharaman Bhattacharya and Dr. Rathindra Nath Mitra retire as directors by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The particulars of directors seeking appointment/ reappointment are given in Corporate Governance section of this Report.

20. PERSONNEL :

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

The Company did not have any employee falling within the scope of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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

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

22. ACKNOWLEDGMENTS :

Your Directors would like to place on record their sincere appreciation to the Shareholders, Debentureholders, Financial Institutions, Banks, Customers, Central & State Government Offices and all others for their co-operation and support.

Place : Kolkata
Dated : 30th June 2005

On behalf of the Board
BIJON NAG
Executive Chairman