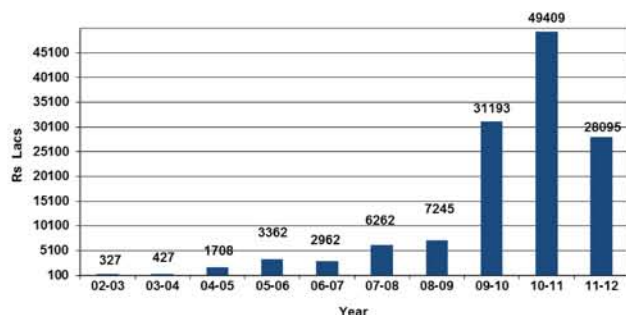


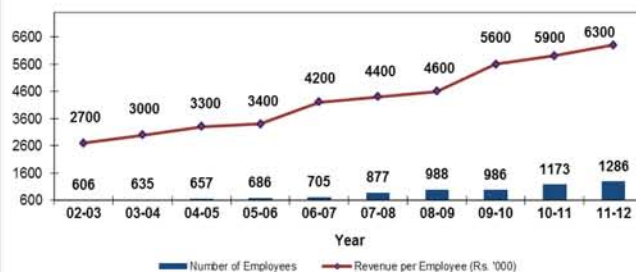


10 YEAR HIGHLIGHTS

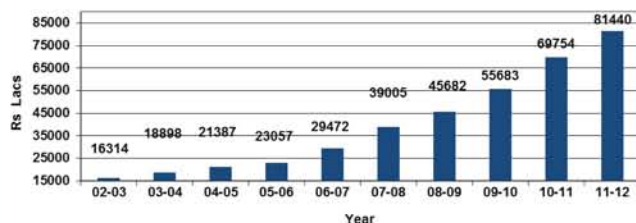
MARKET CAPITALISATION (Rs in lacs)



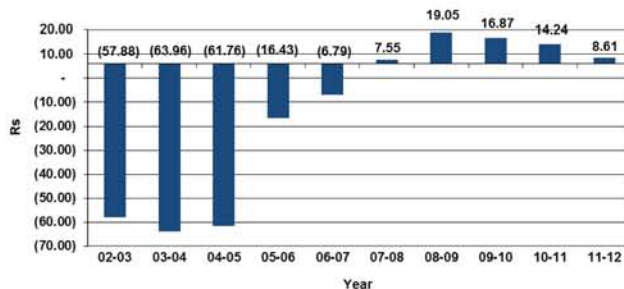
EMPLOYEES AND PRODUCTIVITY



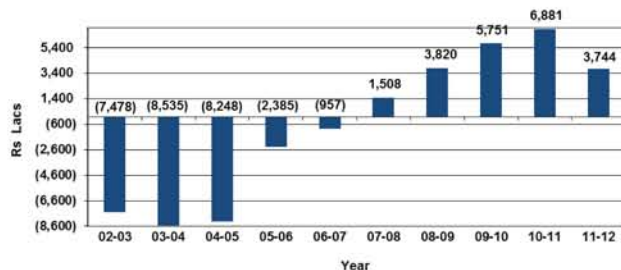
REVENUES (Rs in lacs)



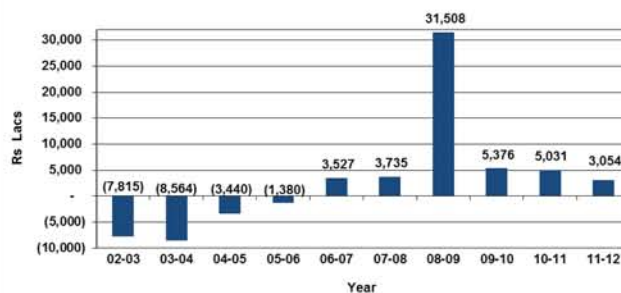
BASIC EPS BEFORE EXTRAORDINARY (Rs)



PROFIT BEFORE TAX BEFORE EXTRAORDINARY AND PRIOR PERIOD (Rs in lacs)



PROFIT AFTER TAX (Rs in lacs)



BOARD OF DIRECTORS

Executive Chairman

Mr. Bijon Nag

Joint Executive Chairman & Managing Director

Mr. Bikram Nag

Directors

Dr. Rathindra Nath Mitra

Mr. Somen Bal

Dr. Tridibesh Mukherjee

Mr. Radharaman Bhattacharya

Mr. R. Muralidhar

Mr. Sudip Banerjee

AUDIT COMMITTEE

Chairman

Dr. Rathindra Nath Mitra

Members

Mr. Radharaman Bhattacharya

Mr. Somen Bal

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

Tel : (091) (33) 2280 6692/93/94, 4011 6700

Fax : (091) (33) 2287 0263

E-mail : rta@cbmsl.com

REGISTERED OFFICE

14, Taratolla Road

Kolkata – 700 088

Tel : (091) (33) 3048 9230

Fax : (091) (33) 2401 4182, 2401 4579

CORPORATE OFFICE

Plot No. IND-5, Sector – I

East Kolkata Township

Kolkata – 700 107

Tel : (091) (33) 3984 9524

Fax : (091) (33) 3984 9676

E-mail : g_raychowdhury@ifbglobal.com

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IFB INDUSTRIES LTD.

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

NOTICE

NOTICE is hereby given that the 36th Annual General Meeting of the members of IFB Industries Limited will be held on Friday, the 27th day of July 2012 at 11.00 AM at Rabindra Okakura Bhawan (adjacent to City Center Petrol Pump), Block DD-27A/1, Sector-I, Salt Lake, Kolkata- 700 064 to transact the following :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at March 31, 2012, the statement of Profit and Loss for the year ended on that date and reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R Muralidhar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Somen Bal who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 224, 225 & other applicable provisions of the Companies Act, 1956, Messrs BSR & Co., Chartered Accountants having registration no. 101248W be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Deloitte Haskins & Sells, Chartered Accountants having registration no. 302009E, who have expressed their unwillingness to continue as Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration to be decided by the Board of Directors of the Company based on the recommendation of the Audit Committee of the Company."

SPECIAL BUSINESS :

5. To consider and if thought fit to pass the following resolution, with or without modification(s) as an Ordinary Resolution :

"RESOLVED THAT Mr. Sudip Banerjee be and is hereby appointed as a Director of the company whose period of office shall be liable to retirement by rotation."

6. To consider and if thought fit, to pass the following resolution, with or without modification (s), as a Special Resolution

"RESOLVED THAT pursuant to Sections 198, 269, 309 & 311 read with Schedule XIII of the Companies Act, 1956 (the "Act"), Mr. Bijon Nag be and is hereby reappointed as the Executive Chairman of the company for a period of 3 (three) years with effect from 1 June 2012, on the terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Act and agreed to by Mr. Bijon Nag.

RESOLVED FURTHER THAT pursuant to the paragraph(A) of Section II (1) of Part II of Schedule XIII of the Act and subject to such approvals as may be necessary, the Company be and is hereby authorized to pay the minimum remuneration, as detailed in the Explanatory Statement, to Mr. Bijon Nag for that financial year, in which there is inadequacy or absence of profits, during the period of three years from 1 June 2012.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution"

Registered. Office :
14, Taratolla Road
Kolkata - 700 088
Date: 30th May 2012

By Order of the Board

G 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 Agents of the Company, M/s CB Management Services (P) Ltd. , not less than 48 hours before the meeting.**
- ii) The Registrar of Members of the Company and the Share Transfer Registers shall remain closed on from 25th July 2012 to 27th July 2012 (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 Registrar & 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) Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors recommended by the Board of Directors for appointment/ reappointment at the Annual General Meeting is appearing in the Report and Accounts.
- v) Explanatory Statements under Section 173(2) of the Companies Act, 1956 for resolution nos. 2,3, 4,5& 6 are annexed hereto.
- vi) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/ Registrars and Transfer Agents, CB Management Services (Pvt.) Ltd.

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

Resolution No 2, 3 & 5

Details of Directors seeking reappointment in Annual General Meeting (in pursuance of clause 49 of the Listing Agreement)

Name of Director	Mr. R.Muralidhar	Mr. Somen Bal	Mr. Sudip Banerjee
Date of birth	06.09.1946	15.9.1945	01.02.1960
Nationality	Indian	Indian	Indian
Date of Appointment on the board	21.06.2003	30.08.2002	04.04.2012
Qualification	Graduate in Physics, Graduate in Mechanical Engineering. An MBA from IIM (Ahmedabad)	B.COM	Graduate in Economics (H), Diploma in Management (AIMA)
Experience in functional areas	Business Executive	Business Executive	Business Executive
Shareholding in the Company	Nil	2030 nos.	Nil
List of Directorship held in other Companies	Nil	Three	Nil
Committee Membership	Nil	Three	Nil

Mr. Sudip Banerjee was appointed as Additional Director of the company w.e.f 4th April 2012. As Mr. Banerjee was appointed as Additional Director, he holds office of a director only upto 36th Annual General Meeting of the company by virtue of provisions of sec 260 of the Companies Act, 1956, read with Article 138 of the Article of Association of the company. Notice under section 257 of the Companies Act, 1956 has been received from a member proposing the candidature of Mr. Sudip Banerjee as Director of the Company whose office shall be liable to retirement by rotation. Consent from Mr. Banerjee also been received in accordance with Sec 264(1) of the Act. The members are now requested to approve the appointment of Mr. Sudip Banerjee as director of the company whose office shall be liable to retirement by rotation. The information details pertaining to Mr. Sudip Banerjee has been furnished in the statement of Corporate Governance.

The Board recommends passing of this Ordinary Resolution.

Except Mr. Banerjee, none of the directors is in any way concerned or interested in the resolution.

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 present Statutory Auditors of the Company, Messrs Deloitte Haskins & Sells, Chartered Accountants having registration no. 302009E is proposed to be replaced with M/s. BSR & Co., Chartered Accountants having registration No. 101248W.

Pursuant to the applicable provisions of the Companies Act, 1956, consent of members at Annual General Meeting is required for change of Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on the terms and conditions to be decided by the Board of Directors of the Company based on the recommendation of the Audit Committee of the Company.

The board recommends passing of this Special Resolution.

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

Resolution No 6

Mr. Bijon Nag is the Promoter and Executive Chairman of the Company.

Mr. Bijon Nag is a mechanical engineer and a prominent industrialist having more than three decades of vast experience in machine tool and engineering industries.

The details of his other directorships and memberships in other companies / committees are provided in the Corporate Governance Report, which forms part of this Annual Report.

He holds 157869 (nos.) equity shares in the Company.

The Board of Directors of the Company at its meeting held on 30 May 2012 re-appointed Mr. Bijon Nag as Executive Chairman for the period of three years from 1 June 2012 on terms and conditions set out detailed hereinafter, subject to approval of the shareholders.

1. Remuneration :

- a) **Salary :** Rs. 80,500 (Rupees eighty thousand five hundred only) per month.
- b) **Commission :** In addition to salary, perquisites and other allowances, 0.5% commission based on net profits 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, but not exceeding an amount equal to half of annual salary paid during the financial year.
- c) **Housing :** The expenditure by the Company on hiring unfurnished accommodation will be subject to the following ceiling :
 - i. Sixty percent of the salary.
 - ii. In case the accommodation is owned by the Company, ten percent of the salary of the 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 (i) above.
- d) **Medical Reimbursement :** Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- e) **Leave Travel Concession :** For self and family once in a year incurred in accordance with the rules of the Company.
- f) **Club Fee :** Fee of Clubs subject to a maximum of two clubs. This will not include admission and life membership fee.
- g) **Personal Accident Insurance :** As per the rules of the company
- h) **Gas & Electricity :** As per the rules of the company
- i) **Car :** Provision of car for use on Company's business will not be considered as perquisite. However, use of car for private purpose will be billed by the Company to the Chairman
- j) **Telephone :** Company will reimburse expenses in connection with telephone at residence & mobile connections used for official purposes as per the rules of the company.

Explanation : For the purpose of this part, 'family' means the spouse, the dependent children and dependent parents.

2. Other Benefits

- i) Gratuity : As per the rules of the company.
- ii) Contribution to the provident Fund, Superannuation Fund or Annuity Fund : As per the rules of the Company.
- iii) Encashment of leave: As per the rules of the Company.

Evaluation of Perquisites

The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modifications or re-enactment thereof ; in the absence of any such rules, perquisite and allowances shall be evaluated at actual cost. The company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax law, gratuity payable and encashment of leave shall not be included for the purpose of computation of the overall ceiling of remuneration.

Minimum remuneration

In the event of loss or inadequacy of profits in any financial year during the tenure of the appointment, the Executive Chairman shall be paid salary and perquisites as set out above as the minimum remuneration, subject to the approval of the Central Government, if so required, in accordance with the provisions of the Companies Act / Schedule XIII.

Payment of remuneration is approved by a resolution passed by the Remuneration Committee.

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

The terms and conditions of the said appointment and/or agreement are subject to the provisions of Section 198 and 309 of the Companies Act, 1956 and may be altered and varied from time to time by the Board 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 giving the other six months' notice .

Mr. Bijon Nag shall perform such duties and exercise such powers as are entrusted to him by the Board.

As Mr. Nag will attain the age of 70 years on 16 August 2012, in compliance with Schedule XIII, Part I (c) of the Companies Act, 1956, approval of the members for his re-appointment is sought by a special resolution. The Board recommends passing of the resolution in the best interest of the Company.

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

Registered. Office :
14, Taratolla Road
Kolkata - 700 088
Date: 30th May 2012

By Order of the Board

G Ray Chowdhury
Company Secretary

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. However, those who intend to receive the above documents in physical form, please exercise their option by visiting the Web Page www.cbmsl.com/green.php of our Registrars. Members who hold shares in Physical form are also requested to visit Web Page www.cbmsl.com/greea.php and register their email IDs and also to exercise their option, if they intend to receive the documents in physical form.

DIRECTORS' REPORT to the Shareholders

Dear Shareholders,

Your Directors present the 36th Annual Report and Accounts for the Financial Year ended 31st March, 2012.

1. FINANCIAL RESULTS :

	(Rs. in lacs)	
	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
Sales and Other Income	81,440	69,754
Profit Prior to Finance Charges & Depreciation	5,114	7,948
Less :		
Finance charges	32	26
Depreciation	1,488	1,041
Profit before Taxation	3,594	6,881
Less : Provision for Taxation		
Current Tax	–	1,223
Deferred Tax	540	627
Profit after Tax	3,054	5,031
Balance brought forward from previous year	(6,980)	(12,011)
Balance carried to Balance Sheet	(3,926)	(6,980)

2. DIVIDEND

In view of the accumulated loss, the Board regrets its inability to recommend any dividend to equity shareholders for the year.

3. REVIEW OF OPERATION

Your Company completed another year of modest performance with strong topline growth. All business segments posted sound growth in revenues and enhanced their market standing. Gross Turnover for the year grew by 22% to Rs. 939.92 crores. Net Turnover other than service & other income at Rs. 751.56 crores grew by 18%. Steady performance by Appliance business grew by 24%. Engineering Division grew by 12%. However, due to adverse material cost variance, forex loss, product mix etc. the pretax profit as compared to last year drastically dropped by 47.76% to Rs. 35.94

crores. Earnings per share for the year stand at Rs. 8.61.

4. MANAGEMENT DISCUSSION AND ANALYSIS

A) Industry Structure & Developments

India's consumer market is on growth track despite global recession. The Indian consumer durable industry is estimated at Rs 400 billion and is expected to reach Rs 500 billion by 2015. The consumer durable sector contributes around 8% in the index of industrial production (IIP). The factors that have influenced this industry positively for the past few years were greater affordability, changing life style and awareness of branded products with rapid urbanization. However, the penetration level of many appliances like refrigerators, washing machines, MWO and AC is still very low. In union budget 2012, lack of any concrete announcement and lack of incentives failed to counter sluggish demand in the industry and lack of guidance on any precise time-lines for roll-out of GST is a bit of disappointment for Retail & Consumer Product Sector. However, five year extension for weighted deduction of 200% on R&D expenditure for in-house facilities is a welcoming decision. The increase in excise duty and service tax from 10% to 12% will straight away affect all segments of society that have the required purchasing power. Growth in consumer durables is likely to accelerate as disposable income and techno-efficiency rises with increasing rural demand.

The Rs. 1,600 billion Indian auto component industry has been witnessing a moderation in its revenue growth since the beginning of fiscal 2011-12 following the deceleration in sales volume growth across all automobile segments. As per industry estimates, out of total turnover of the Indian auto component industry, around 60% is derived from sales to domestic OEMs, around 25% comes from sale to the domestic replacement market and 15% is derived from export. While the long term prospects for the industry remain strong in line with the outlook for the OEM segment, the industry faces strong challenge in the form of threat of low cost imports, currency volatility and ability to invest on product development to be able to move up the value chain. Over and above operating cost pressures, the PAT margins of several auto component manufacturers have also been weighed down by increase in depreciation and interest costs. This

was consequent to the large capex incurred by these entities to meet the rising production schedules of OEMs and towards establishing production infrastructure to supply parts for new models launched by OEMs. With slowdown in sales, particularly in the PV segment, and relatively lower volume growth of some of the new models, the utilization of vendor capacities remained sub-optimal.

B) Opportunities & Threats

Appliance Business

Opportunities

Increase in disposable income and spending : The economic growth, enhancing employment and business opportunities in turn increased disposable income with higher propensity to consume.

Technological updates : Consumers tend to look for technological improvement in products when it comes to choosing products. Newer variants of our products will help the company in getting the attention of consumers who look for innovation.

Availability of finance : The increasing popularity of easily available but expensive consumer loans would give a boost to the consumers. IFB has come out with attractive financing schemes for consumers through their extensive dealer network and direct selling IFB Points. These financing options are in place with private sector companies.

Increasing share of organized retail : Organized retail is likely to grow at 30-40% per annum. Therefore the share of durable industry will grow with bigger players entering the market. The organized retail market is projected to grow to US \$ 84 billion by 2016, @ CAGR of 26%.

Advertising and promotion : The other factor for surging demand for consumer goods is the phenomenal growth of media in India. The flurry of television channels and the rising penetration of cinemas with innovative advertisement will continue to spread awareness of products in the remotest of markets. However such advertising is expensive and cost vs. benefits need to be carefully weighed.

Threats

Rising Input costs : Rising Input cost of major raw material (metal) would put huge pressure on the profit margin. Further increase in excise duty will also burden the input cost for us, there may be times when costs

cannot be passed on.

Exchange fluctuation : The forex rates are the single biggest threat for the fiscal year ahead.

Higher oil prices : Despite economic buoyancy, high inflation and rising oil prices would put pressure on household budgets which could put pressure on demand.

Lack of Industry status : Due to absence of 'industry status', organized retail in India faces difficulties in procurement of organized financing and fiscal incentives.

Poor Infrastructure : Poor infrastructure is one of the reasons to hold back the durable industry. Regular power supply is imperative for any consumer electronics product but that remains a major issue in India.

Rural Distribution : About 65 % of Indian population that lives in villages still remains relevant for consumer durable companies. So the approach of products and foraging into these rural markets has considerable cost thereto.

Customer power with respect to availability of choice : The availability of a wide product line on account of most products being homogeneous, poses a threat for the company. Customers have the choice of both domestically produced and imported goods, with similar features.

Engineering Business

Even though the auto industry growth has declined during 2011-12, the long term prospects for automobile sector appears to be bright. With rising per capita income the demand for two wheelers, passenger cars and commercial vehicles are expected to be robust over long term. Almost all major automobile companies both in passenger car as well as two wheeler segments have major plan for setting up new manufacturing capacities over next 2-3 years. The greatest opportunity of the company is its brand equity, product quality, latest technical knowledge and trust in company's product by customers. The company has built brand image with close liaison with its customers during past years. The threats the company is facing are as under :-

- Threats from competitors in area of pricing.
- Significant rise in material costs and exchange fluctuation that drastically impacts margin.
- Growth of the Indian economy together with reduction of import duties makes India increasingly a target market for many MNCs and therefore,