

Form A

Covering letter of the annual audit report to be filed with the Stock Exchanges

1	Name of the Company	IFB Agro Industries Limited
2	Annual Financial statement for the year ended	March 31, 2013
3	Type of Audit Observation	Unqualified
4	Frequency of observation	Not applicable

Walker, Chandok & Co.

For Walker, Chandok & Co.
Chartered Accountants
Firm Registration No : 001076N

Atul Seksaria

Per Atul Seksaria
Partner
Membership No 086370

New Delhi, 30th May, 2013

For IFB Agro Industries Limited

A K Banerjee
A K Banerjee
Managing Director

Rahul Choudhary
Rahul Choudhary
VP Finance & Company Secretary

Nandan Bhattacharya
Nandan Bhattacharya
Chairman - Audit Committee

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

■ AUDITORS

Walker, Chandio & 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

■ 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

■ 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
Key Ratios:										
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, Chandiook & 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	Sudip Kumar Mukherji	Hari Ram Agarwal
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:

1. Period of appointment : Three years effective from 27th January 2013.
2. Remuneration:
 - a) Salary : Rs. 40,000/- (Rupees Forty thousand only) per month with the liberty to the Board to review and set the level from time to time.

- b) Commission : In addition to salary, perquisites and other allowances, one 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

Rahul Choudhary
VP-Finance & Company Secretary

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

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

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

The approval for conversion of molasses distillery into multi feed distillery has been received from the State Government but due to the imposition of the spirit removal fee the conversion project is being re-evaluated. However, to become price competitive in the existing distillery, the Company, in the first phase, has taken up a project for generation of captive power by installation of boiler and turbine and the production of value added by-products from the existing distillery. It is expected that this project will be completed in the financial year 2013-14.

After abolition of Privilege area by the State Government in Indian Made Indian Liquor (IMIL) segment, the production capacity was enhanced at the bottling plant at Panagarh, West Bengal. To further strengthen its position in the segment and increase the market share, the company has converted the Indian Made Foreign Liquor (IMFL) bottling plant at Dankuni to an IMIL bottling plant. The plant is now ready for production. However, necessary approval to commence production, from the State Government is awaited.

In IMFL business, your Company has exited the third party bottling business and pursuant to conversion of the IMFL bottling plant to IMIL bottling plant and is now getting its own brands manufactured from outsourced vendors in all the States. IMFL sales in the states of West Bengal, Odisha and Assam has been affected by the increase in the duties and taxes resulting in steep increase in end prices, which resulted in decline in sales for the industry overall. Margins have declined due to high input cost. The discontinuance of the IMFL bottling business during the year has resulted in the decline of the turnover of the company.

Marine:

Marine exports have registered 36% growth in this year, due to increase in export volume coupled with its exports to more number of countries. However, due to ethoxyquin issue in Japan, which is one of the largest shrimp importing countries from India, export sales to Japan were affected. Due to the ethoxyquin issue last year, farmers incurred losses; as a result seed stocking/farming area has reduced during the year. This has resulted in unprecedented increase in prices of prawns which has impacted realization in this year and is also likely to impact export sales in the next financial year.

Marine feed business had a tough year, coupled with the feed availability issues from the supplier, the ethoxyquin issue also affected sales as farmers have reduced seed stocking/farming area substantially during the latter part of the year, in view of the losses incurred by the farmers last year.

Marine domestic food business has increased the reach of retail and HoReCa segment in major cities in India resulting in increased sales. However, margin of domestic food business is under pressure due to higher cost of raw material and distribution expenses. Market expansion plans are underway to increase the reach and availability of the products in India.

OPPORTUNITIES & CHALLENGES:

The current accounting year will again be another year of tough challenges. The bumper sugarcane production in Uttar Pradesh is likely to reduce the spirit prices during the year leading to lower margins on sale of spirit from the distillery. The impact of the spirit removal fee levied by the state government on the distillery will further affect the margins. The setting up of new distilleries in neighbouring states and new IMIL bottling plants in West Bengal is likely to bring about stiff competition in the coming year.

The generation of captive power and value added by-product in the distillery will make the plant more competitive.

The new bottling plant of IMIL at Dankuni, on becoming fully operational, will give volume growth in the IMIL segment.

Your Company is continuing its efforts to attain further efficiencies by improving the yield at distillery, reducing the wastage in all divisions and ensuring 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. Necessary actions are being taken to improve sales by restructuring the distribution model and by doing focused promotional activities. The Company has discontinued the IMFL bottling for third party and is getting its own brands manufactured on outsourced basis.

Your Company targets to export more value added products in the marine business and expect better export turnover in the next year. With increase in the demand for frozen seafood, your Company also expects to have better demand for its marine food products in the domestic market. Your Company plans to focus on aggressive marketing of its marine food products to increase penetration into the HoReCa as well as retail segment in India.

Marine feed business will be more challenging in the next financial year, in view of the low seed stocking by farmers pursuant to high losses incurred by them last year.

Human Resources:

For the development of the human resources, number of training programmes were organized during the year. These programmes were undertaken by internal personnel as well outside faculty members. Your Company plans to organize more such training programmes for the overall development of its people.

Internal Control System:

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 monitored by the internal auditors. The adequacy of the internal control system has also been examined by the statutory auditors.

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 capital expenditure projects.

4. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 read with Articles of Association of the Company, Mr Sudip Kumar Mukherji and Mr Hari Ram Agarwal 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. CHANGE IN SHARE CAPITAL

During the year, 998000 equity shares of Rs 10/- each were allotted to the promoter group on Preferential allotment basis at a premium of Rs 172/- per share. The allotment was made on 22nd February, 2013 and the shares so issued are under lock-in till February 21, 2016 and will rank pari passu with the existing Ordinary Shares of your Company.

6. 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, if any;
- ii. That 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 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.

7. 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.

8. AUDITORS & AUDITORS' REPORT

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

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Cost Auditors

The Company has appointed M/s N Radhakrishnan & Co., Cost Accountants for conducting Cost Audit for the financial year 2013-14. The Cost Auditors have confirmed that their appointment, if made, would be within the limits as prescribed under Section 224(1B) of the Companies Act, 1956.

9. SUBSIDIARY

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

10. HUMAN RESOURCE

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

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

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

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

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

12. ACKNOWLEDGEMENT

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

On behalf of the Board

Bikram Nag

Joint Executive Chairman

A. K. Banerjee

Managing Director

Kolkata, 30th May, 2013

Annexure I to the directors' report

Information as per section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) rules 1975, and forming part of the directors' report for the year ended March 31, 2013

Employee Name	Designation	Qualification	Age	Joining Date	Experience (Years)	Gross remuneration (Rs)	Previous Employment - Designation
Arup Kumar Banerjee	Managing Director	B.Com (H), Diploma in General Management	61	28.07.2001	39	136,54,877	IFB Industries Ltd – GM Commercial

Note :

Remuneration includes basic salary, allowances, taxable value of perquisites and commission as per Income Tax Rules and Company's contribution to Provident Fund and Superannuation Fund. The term remuneration has the meaning assigned to it in the Explanation to section 198 of the Companies Act, 1956.

None of the employees are related to any of the directors of the Company.

None of the employees own more than 2% of the outstanding shares of the Company as on March 31, 2013.

The nature of employment is contractual in the above case.

On behalf of the Board

Kolkata, 30th May, 2013

Bikram Nag
Joint Executive Chairman

A. K. Banerjee
Managing Director

Annexure II to Directors' Report

STATEMENT PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

[A] CONSERVATION OF ENERGY

a) Energy conservation measures taken:

1. Successfully continued Very High Gravity (VHG) Fermentation process using special yeast strain in the distillery. This has led to further reduction in electricity cost (5.0%), reduction in steam consumption by 3.7%, reduction in fuel consumption by 6.9% and water conservations (8% additional reduction in water usage) compared to last year.
2. Incorporation variable frequency drives (VFD) controls for liquefied grain slurry transfer, which has resulted into 28% savings in slurry pumping energy cost.
3. Further upgradation of multistage turbines has helped in additional power generation by 2000 KWH per day. Distillery has recorded 4562530KWH of incidental power generation (50.46% of total power requirement) versus last year's figure of 3951020KWH. Contribution of incidental power has been improved to 0.196KWH per BL of finished product, against achieved figure of 0.17KWH per BL last year.
4. Optimizing the generation of Biogas using grain based effluent derived out of VHG fermentation for ultimate savings in fuel consumption.
5. Part replacement of SON lamps with LED lamps, and installation of 'high mast' lighting system has imparted much desired energy savings.
6. Installation of high efficient decanter centrifuge machine of 20MT capacity with VFD which has contributed positively in production of by product consuming less energy.
7. Continuous upgradation of power bank capacitor mechanism has resulted into further improvement of power factor from 0.98(10-11), 0.9825(11-12) and 0.9852(12-13) for the distillery division.
8. Installation of improved version of biogas burner system for the second boiler, thereby maximum utilization of biogas as fuel. Total biogas utilization was recorded at 4299089 NM³ against last year's figure of 2424866NM³ imparting significant savings in fuel cost.

b) Additional investment proposals, if any, being implemented for further reduction of Energy Consumption:

1. Incorporation of floating balls of suitable MOC, for covering hot water surfaces to avoid heat loss and ultimate steam/fuel savings.
2. Continuation of replacing of street lights inside factory premises with new generation CFL/ LED lamps, and 'high mast' lighting poles.
3. Insulation of thick slop effluent line and holding tank, to reduce direct steam consumption to maintain temperature of thick slop during decanter operation.
4. Incorporation of new high pressure boilers and matching turbine facility to achieve 95% power free situation for the distillery.

c) Impact of measures of (a) & (b) above for reduction of energy consumption and consequent impact on cost of production of goods:

The impact of above measures undertaken for reduction of energy consumption through the optimization of production process is Rs 4.0 crores annually (approximately).

[B] TECHNOLOGY ABSORPTION

a) Efforts made in technology absorption as per Form B

1. Research & Development (R&D)

- 1.1 Inhouse R&D has successfully tested special enzymes and put to current process of liquefaction (SLT Process) and fermentation process, thereby enhancing conversion efficiencies and yield.
- 1.2 The R & D Department has successfully conducted laboratory and pilot trials cold liquefaction process. The same will be transmitted to plant scale, with priority to effectively use of waste grain particles for better value realization of the waste.
- 1.3 The inhouse engineering team has made several innovative steps to modify boiler fuel burning process, with a) modification of Air Spreader Nozzle of fuel feeder, b) Proper Sloping of Fuel feeding path through which proper burning has been achieved and more than 2% w/w saving on unburnt fuel account has been established.

2. Benefits derived as a result of R&D:

- 2.1 Improved efficiency and yield irrespective of grain quality.
- 2.2 Better product quality and market acceptability.
- 2.3 Cost saving.
- 2.4 Generation of wealth utilizing various plant wastes.
- 2.5 Reduction in fuel cost.

3. Projects under Implementation to Improve Productivity, Water Conservation, Environmental Protection & Safety:

- 3.1 Waste heat recovery and energy savings using plate heat exchangers and floating balls.
- 3.2 Usage of River water for preservation of ground water.
- 3.3 Generation of captive power to achieve power free situation for the distillery.
- 3.4 Higher productivity through very high gravity fermentation and low energy consuming grain processing technologies.
- 3.5 DWGS/DDGS production for optimum by product recovery.

4. Expenditure on R&D:

- | | | |
|---------------|---|-------------|
| 4.1 Capital | : | Rs Nil |
| 4.2 Recurring | : | Rs 20 lakhs |
| 4.3 Total | : | Rs 20 lakhs |

Technology Absorption, Adaptation & Innovation
1. Efforts:

- (a) Adoption of genetically modified high yielding imported yeast strain to support high gravity fermentation.
- (b) Modifications of M/s Thermax make bag filter system to successfully mitigate air pollution requirement of boiler chimney stack.
- (c) Modifications of M/s Macwbre make pneumatic ash conveying and storage silo system, for total control of air pollution against boiler ash generation.
- (d) Introduction of new generation genetically modified cold process support enzymes of bacterial origin for cost effective conversion of the grain starch to alcohol.

2. Benefits:

- (a) Improvement in fermentation & Distillation efficiencies and overall yield.
- (b) Reduction in conversion cost in respect to chemical consumption.
- (c) Improved quality, productivity and yield in grain distillery operation.
- (d) Better utilization and development of value added by-products.
- (e) Lowering of steam and water consumption through very high gravity fermentation technique.
- (f) Ground Water conservation.
- (g) Better fuel burning efficiencies in Boiler.

[C] FOREIGN EXCHANGE EARNINGS AND OUTGO:
1. Total Foreign Exchange earned and used:

	31.03.2013	(Rs.in lacs) 31.03.2012
a) Foreign Exchange Earnings (FOB value)		
– Exports (FOB Value)	4,892.61	3454.03
b) Foreign Exchange Outgo:		
– Raw Materials	175.31	112.60
– Capital equipment, & Spare Parts	24.92	194.28
– Travelling	22.61	4.32
	222.84	311.20

On behalf of the Board

 Bikram Nag
Joint Executive Chairman

 A. K. Banerjee
Managing Director

Kolkata, 30th May, 2013

Annexure III to Directors' Report

Report on Corporate Governance

(Pursuant to Clause 49 of Listing Agreement)

1) Company's philosophy on code of Governance

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, empowerment, accountability, motivation in all operations and all interactions with its shareholders, investors, lenders, employees and customers.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value, over a sustained period of time.

2) Board of Directors

A) The composition of the Board of Directors as at 31st March 2013 is as follows:

Sl. No.	Name of Director	Category	Number of other*	
			Directorship	Committee Membership
1.	Mr Bijon Nag (Chairman)	Non-Executive	1	–
2.	Mr Bikram Nag (Joint Executive Chairman)	Executive Director	3	–
3.	Mr Arup Kumar Banerjee	Managing Director	–	–
4.	Mr Nandan Bhattacharya	Non-Executive & Independent	2	1
5.	Mr Amitabha Kumar Nag	Non-Executive	1	–
6.	Mr Hari Ram Agarwal	Non-Executive & Independent	1	2
7.	Mr Manoj Kumar Vijay	Non-Executive & Independent	1	–
8.	Mr Sudip Kumar Mukherji	Non-Executive & Independent	–	–

*Number includes only public limited companies.

B) Composition of the Board of Directors:

The Board comprises of four Independent Directors.

No Director is a member of more than ten Committees or Chairman of more than five Committees across all companies in which they are Directors.

C) Meetings held in the financial year 2012-2013 and attendance of Directors

The Board meets at least once in a quarter in order to consider amongst other business, the quarterly performance of the Company and its financial results. The gap between any two meetings does not exceed 4 months.

The Company held six Board Meetings in the year 2012-13 that is on 29th May 2012, 30th July 2012, 31st October 2012, 7th January 2013, 29th January 2013 and 22nd February 2013. The attendance of each Director at these meetings was as follows:

Sl. No.	Name of the Director	No. of Board Meeting attended	Attendance at the last AGM
1	Mr. Bijon Nag (Chairman)	1	Present
2	Mr. Bikram Nag	4	Not present
3	Mr. Arup Kumar Banerjee	6	Present
4	Mr. Nandan Bhattacharya	6	Present
5	Mr. Amitabha Kumar Nag	6	Present
6	Mr. Hari Ram Agarwal	5	Present
7	Mr. Manoj Kumar Vijay	5	Present
8	Mr. Sudip Kumar Mukherji	6	Present

3) Audit Committee

Composition of Audit Committee and attendance of each Director during the meetings held in the financial year 2012-13 :

Sl. No.	Name of Members of the Audit Committee	No. of meeting attended
1	Mr. Nandan Bhattacharya	4
2	Mr. Amitabha Kumar Nag	4
3	Mr. Hari Ram Agarwal	4
4	Mr. Sudip Kumar Mukherji	4

Mr. Rahul Choudhary, Company Secretary acts as Secretary to the Committee. During the year 2012-13, the Committee met four times viz. 29th May 2012, 30th July 2012, 31st October 2012 and 29th January 2013.

Mr. Nandan Bhattacharya acts as Chairman of the Committee.

Brief description of the terms of reference to the Audit Committee:-

- i) Overview of Company's Financial Reporting process & disclosure of its Financial Information to ensure that Financial Statements reflect true and fair position and that sufficient and credible information is disclosed.
- ii) Recommending the appointment, re-appointment of and removal of external auditor, fixation of audit fees and approval for payment of other services.
- iii) Reviewing with the management, (a) cost records, (b) performance of the Statutory & Internal auditors and (iii) adequacy of Internal Control System.
- iv) Reviewing the adequacy of internal audit functions.
- v) To review the un-audited quarterly/half yearly and annual financial statements before submission to the Board, focusing on -
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft Audit Report
 - Disclosure of related party transactions.
 - Significant adjustments arising out of audit.
 - The Going Concern assumption.
 - Compliance with Accounting Standards.
 - Matters required to be included in Directors' Responsibility Statement to be included in the Board's report as per section 217(2AA) of the Companies Act, 1956.
 - Compliance with Stock Exchange and legal requirements concerning financial statements.
- vi) Reviewing the Company's financial and risk management policies.

4) Remuneration Committee:

Brief description and terms of reference:- Remuneration Committee of the Board, recommends to the Board, the compensation terms of Executive and Whole-time Directors.

Composition of Remuneration Committee:

Sl. No.	Name of Members of the Remuneration Committee	Member/ Chairman
1	Mr. Nandan Bhattacharya	Chairman
2	Mr. Amitabha Kumar Nag	Member
3	Mr. Manoj Kumar Vijay	Member
4	Mr. Hari Ram Agarwal	Member

The Committee has reviewed and recommended the remuneration package for Executive and Managing Director including annual increments, pension rights, compensation payments, if any. One meeting was held during the year.

Remuneration Policy : The Company's remuneration policy is market driven and takes into account the competitive circumstances so as to attract and retain quality talent.

Remuneration/ Commission paid to Directors during the financial year 2012-13 :

(In Rupees)

Name of Director	Sitting Fees				Shareholders Grievance Committee	Salary & Perquisites	Guarantee Commission	Total
	Board Meeting	Audit Committee	Remuneration Committee					
Mr. Bijon Nag	5000	–	–	–	–	1920002	1925002	
Mr. Nandan Bhattacharya	30000	20000	1000	1000	–	–	52000	
Mr. Amitabha Kumar Nag	30000	20000	1000	1000	–	–	52000	
Mr Hari Ram Agarwal	25000	20000	1000	–	–	–	46000	
Mr Manoj Kumar Vijay	25000	–	1000	1000	–	–	27000	
Mr Sudip Kumar Mukherji	30000	20000	–	–	–	–	50000	
Mr. Bikram Nag	–	–	–	–	5428267	–	5428267	
Mr. Arup Kumar Banerjee	–	–	–	–	13654877	–	13654877	

5) Shareholders/Investors Grievance Committee :

The Shareholders/Investors Grievance Committee comprises of the following members:

Sl. No.	Name of the Director	Member/Chairman
1	Mr. Nandan Bhattacharya	Chairman
2	Mr. Amitabha Kumar Nag	Member
3	Mr. Manoj Kumar Vijay	Member

In view of compulsory trading of shares in Demat form and consequent lowering of volume of physical transfers there were very few complaints which were sufficiently addressed to at the level of the Compliance Officer and CB Management Services (P) Ltd., the Registrar & Transfer Agent of the Company for shares both in physical and demat modes. One meeting was convened during the year.

No. of shareholders complaints received so far & resolved	– 3	}
No. of complaints not solved to the satisfaction of shareholders	– Nil	
No. of pending complaints	– Nil	

Name, Designation & Address of the Compliance Officer:

Mr. Rahul Choudhary

Company Secretary

IFB Agro Industries Limited

Plot No- IND 5, Sector-1,

East Kolkata Township, Kolkata-700 107

Tel: 033 39849627 • Fax: 033 24421003

E-Mail: complianceifbagro@ifbglobal.com

6) Code of Conduct for Board members and Senior Management:

The Board of Directors has laid down the code of conduct for all the Board members and members of the Senior Management of the Company. All the Board members and Senior Management personnel have affirmed compliance with the code of conduct. The Code of Conduct is available on the website of the company.

7) General Body Meetings:

a. Location & time where last 3 AGMs and one EGM were held:

For the year	Date	Venue of the AGM / EGM	Time
EGM	6.2.2013	Eastern Zonal Cultural Centre, Bidhannagar , 1A-290, Sector-III, Salt Lake, Kolkata - 700 091	10.00 A.M.
2011-12 (30th AGM)	30.7.2012	Ecohub Conclave Club, Eco Space (IT Park), Plot No 2F/11, New Town, Rajarhat, North 24-Parganas, Kolkata 700 156	10.30 A.M.
2010-11 (29th AGM)	28.7.2011	Eastern Zonal Cultural Centre Bidhannagar , 1A-290, Sector-III, Salt Lake, Kolkata - 700 091	3.00 P.M.
2009-10 (28th AGM)	31.7.2010	Eastern Zonal Cultural Centre, Bidhannagar, 1A-290, Sector-III, Salt Lake, Kolkata - 700 091	10.00 A.M

b. Whether any special resolution passed in the previous 3 AGMs : Yes

c. Whether any special resolution during last year:

Passed through postal ballot : No

Details of voting pattern : N.A.

Person who conducted the postal ballot exercise : N.A.

d. Whether any special resolution is proposed to be conducted through postal ballot: No

e. Procedure for postal ballot: Your Company will comply with the requirements of postal ballot as and when such matter arises requiring approval of the shareholders by such process under the Companies (Passing of Postal Ballot) Rules, 2001.

8) Disclosure:

a. Disclosure on materially significant related party transactions that may have potential conflict with the interest of the Company at large:

None of the transactions with any of the related parties were in conflict with interests of the Company. Transactions with the related parties are disclosed in Note No. 32 "Notes to Financial Statements" annexed to the Financial Statements for the year.

b. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities on any matter related to capital markets during the last 3 years : *None*.

c. The financial statements for the year 2012-13 have been prepared in accordance with the applicable accounting standards prescribed by The Institute of Chartered Accountants of India and there are no deviations.

d. Public, Rights and other Issues : Preferential Allotment made for 9,98,000 Equity shares.

e. The Board has noted and reviewed the Compliance Reports of all laws applicable to the Company, which were placed before each of its meeting held during the year.

f. Though there is no formal Whistle Blower Policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken. No employee of the Company has been denied access to the Audit Committee of the Board of Directors of the Company.

g. The Company has periodical review and reporting to the Board of Directors of risk assessment by senior executives with a view to minimise risk.

h. Secretarial Audit

A Qualified Practicing Company Secretary carried out Secretarial Audit during the year on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial Audit Report confirms that the Total Paid up Capital is in agreement with the total No. of Shares in physical form and the total number of Dematerialized shares held with NSDL and CDSL.

9) **Means of communication:**

The quarterly and half yearly results of the Company are forthwith communicated to the stakeholders with whom the Company has listing agreements as soon as the results are approved and taken on record by the Board of Directors of the Company. Further, the results are generally published in leading newspapers such as Business Standard (English) and Sambad Pratidin/Ekdin (Bengali). No presentation was made to the institutional investors or analysts during the year.

The quarterly, half-yearly and annual financial results and Official News releases are posted in respective Stock Exchange websites and on the web site of the Company.

10) **General Shareholder information:**

i) Thirtyfirst Annual General Meeting

Date : 26th July, 2013

Time : 12 Noon

Venue : Ecohub, Ecospace (Business Park), Ambuja Reality, Plot No. 2F/11, New Town, Rajarhat, North 24 Parganas, Kolkata - 700 156.

ii) Financial year - Year 2012-2013. Following are its highlights:

Event	Date when approved by the Board for publication
First Quarter Results - ended 30.6.2012	30th July 2012
Half Yearly Results - ended 30.9.2012	31st October 2012
Third Quarter Results - ended 31.12.2012	29th January 2013
Final Audited Results - ended 31.3.2013	30th May 2013

iii) Book Closure date – 19th July, 2013 to 26th July, 2013 (both days inclusive)

iv) Dividend payment date – Not Applicable.

v) Profile of Directors retiring on rotation: Enclosed separately

vi) Listing on Stock Exchanges:

The Company's Equity Shares are listed on Bombay Stock Exchanges Ltd. and on National Stock Exchange of India Ltd. Listing fees for the period 2012-13 have been paid to these Stock Exchanges.

vii) Stock Code:

- The Bombay Stock Exchange Ltd – 507438
- National Stock Exchange of India Ltd. – IFB Agro EQ
- ISIN No. allowed by NSDL and CDSL – INE 076CO1018
- for shares in demat Mode

viii) Market Price Data

Month	Stock Exchange, Mumbai		National Stock Exchange	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2012	219.40	185.50	197.85	188.60
May 2012	197.45	136.25	152.10	152.10
June 2012	146.05	116.20	124.65	116.10
July 2012	156.95	119.90	136.90	121.00
August 2012	148.50	121.00	135.95	130.05
September 2012	164.90	128.00	164.90	149.00
October 2012	180.85	142.55	164.40	154.35
November 2012	191.90	156.10	178.10	173.05
December 2012	195.00	151.00	193.90	176.70
January 2013	220.00	177.00	213.55	200.00
February 2013	210.90	163.75	178.95	172.50
March 2013	192.00	134.20	156.00	146.50

ix) Share price performance in comparison to broad based indices – BSE Sensex and NSE Nifty

Month	Stock Exchange, Mumbai		National Stock Exchange	
	Price	Sensex	Price	Nifty
April 2012	188.05	17,318.81	191.75	5,248.15
May 2012	153.70	16,218.53	152.10	4,924.25
June 2012	124.15	17,429.98	124.65	5,278.90
July 2012	121.95	17,236.18	121.35	5,229.00
August 2012	132.85	17,429.56	135.40	5,258.50
September 2012	160.00	18,762.74	160.35	5,703.30
October 2012	162.25	18,505.38	161.65	5,619.70
November 2012	174.65	19,339.90	174.80	5,879.85
December 2012	184.25	19,426.71	183.20	5,905.10
January 2013	201.45	19,894.98	201.60	6,034.75
February 2013	172.25	18,861.54	174.65	5,693.05
March 2013	151.45	18,835.77	152.90	5,682.55

x) Registrar & Share Transfer Agent –

CB Management Services (P) Ltd.
 P-22, Bondel Road, Kolkata - 700 019
 Tel : (033) 40116700/22806692/22823643/22870263
 Fax : (033) 4011 6739 • E-mail : rta@cbmsl.com

xi) Share Transfer System

M/s CB Management Services (P) Ltd. of P-22, Bondel Road, Kolkata - 700 019, a SEBI registered Registrar is the Registrar of the Company both in physical and dematerialised segment.

Since the Company's shares can be traded only in demat mode, shareholders would be required to send their physical shares certificates, Demat Request Forms (DRF) etc. directly to the Share Transfer Agent, CB Management Services (P) Ltd. Shareholders would also have to ensure that their respective Depository Participant do not delay in sending the DRF and physical share certificates to the aforesaid Share Transfer Agents so that no Demand requests from any shareholder remains pending with the Share Transfer Agent beyond a period of 30 days.

xii) Distribution of Shareholding & Shareholding Pattern:

(a) *Distribution of Shareholding as on 31st March, 2013:*

Range		No. of Shareholders	% of total	No. of Shares	% of total
From	To				
1	500	5773	93.13	695614	7.72
501	1000	230	3.71	176897	1.96
1001	2000	81	1.30	116625	1.30
2001	3000	27	0.44	66976	0.74
3001	4000	22	0.35	78369	0.87
4001	5000	8	0.13	37566	0.42
5001	10000	19	0.31	136494	1.52
10001	999999	39	0.63	7696570	85.47
TOTAL		6199	100.00	9005111**	100.00

** 998000 Equity Shares of Rs. 10/- each issued at a premium of Rs. 172/- was allotted to the promoters of the company on preferential allotment basis on 22.02.2013.

b) *Shareholding Pattern as on 31st March, 2013:*

	No. of Shares	% of total	% Dematerialised
Indian Promoters	5402910	60.00	60.00
Mutual Funds/UTI	9000	0.10	0.00
Banks, Financial Institutions & Insurance Companies	95864	1.07	0.00
Foreign Institutional Investors	120728	1.34	1.34
Private Corporate Bodies	1164432	12.93	12.85
Indian Public	2116757	23.51	18.86
Non-Resident Indians	63190	0.70	0.35
Clearing Members	31730	0.35	0.35
Office of the Custodian Special Court	500	0.00	0.00
TOTAL	9005111	100.00	93.75

xiii) Dematerialisation of shares :

As on 31st March 2013, 93.75% (rounded off) of the Company's total shares representing 8442481 shares were held in dematerialised form and the balance 6.25% (rounded off) representing 562630 shares were held in physical form.

xiv) Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity : The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

xv) Plant locations :

Alcohol plant – Noorpur, P.S. Diamond Harbour, South 24-Parganas, West Bengal

Country Spirit Bottling Plants

- 1) Panagarh
Dist. Burdwan, West Bengal
- 2) Dankuni
Dist. Hooghly, West Bengal

Marine Product Processing plant – Kasba Industrial Estate, East Kolkata Township, Kolkata - 700 107

xvi) Address for correspondence :

Registered office

– Plot No.IND-5, Sector-1, East Kolkata Township, Kolkata - 700 107
Tel. : (033) 3984 9675 • Fax : (033) 2442 1003 • E-mail : agro@ifbglobal.com
Website : www.ifbagro.in

11) Adoption of non-mandatory requirements under Listing Agreement :

(i) *The Board :-*

The Company does not pay the expenses of the Non-Executive Chairman's office incurred in the performance of his duties. The Company has not fixed the tenure of the Independent Directors on the Board.

(ii) *Remuneration Committee :-*

The details pertaining to Remuneration Committee have been provided in point no. 4 of this Report.

(iii) *Shareholders Rights :-*

The Company's quarterly and half-yearly results are published in newspapers and no individual communications are sent to the shareholders.

(iv) *Audit Qualifications*

There are no audit qualifications in the Auditor's Report on the accounts for the year 2012-13.

(v) *Others :-*

The Company has not adopted point Nos. 5, 6 and 7 (*read with Para 8F of this report*) specified in Annexure I-D to the clause 49 of the Listing Agreement.

Declaration :

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, it is hereby declared that all the Board Members and Senior Management Personnel of the Company have affirmed the compliance of Code of Conduct for the year ended 31st March, 2013.

Place : Kolkata
Date : 30th May, 2013

Arup Kumar Banerjee
Managing Director

Auditors' Certificate on Corporate Governance

To the Members of
IFB Agro Industries Limited

We have examined the compliance of the conditions of Corporate Governance by IFB Agro Industries Limited, Plot No IND - 5, Sector - 1, East Kolkata Township, Kolkata - 700 107, for the year ended 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governances is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which management has conducted the affairs of the Company.

Place : New Delhi
Dated : 30th May, 2013

For Walker, Chandio & Co.
Chartered Accountants
Firm's Registration No. 001076N
per Atul Seksaria
Partner
Membership No 086370

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

To
The Board of Directors
IFB Agro Industries Limited
Kolkata

Dear Sirs,

Sub : CEO & CFO Certificate

We, A. K. Banerjee, Managing Director and Rahul Choudhary, VP-Finance & Company Secretary responsible for the finance function certify to the Board that :

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March 2013 and to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2013 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
 - i) There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii) There has not been any significant change in accounting policies during the year.
 - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place : Kolkata
Date : 30th May 2013

A. K. Banerjee
Managing Director

Rahul Choudhary
VP-Finance & Company Secretary

Independent Auditors' Report to the Members of IFB Agro Industries Limited.

Report on the Financial Statements

1. We have audited the accompanying financial statements of **IFB Agro Industries Limited**, ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - ii. in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the financial statements comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
 - e. on the basis of written representations received from the directors, as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For Walker, Chandio & Co.
Chartered Accountants
Firm's Registration No. 001076N
per Atul Seksaria
Partner
Membership No 086370

Place : New Delhi
Dated : 30th May, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT of even date to the members of IFB Agro Industries Limited, on the financial statements for the year ended March 31, 2013

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii)(d) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of Company's products/services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) The Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) As at 31st March 2013, there are no dues of Income tax, Sales tax/VAT, Wealth tax, Service tax, Custom duty, Excise duty and Cess, which have not been deposited on account of any dispute other than as stated below:

Name of Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
West Bengal Sales Tax Act, 1994	Demand including interest & penalty	374.61	2004-05	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Sales Tax Act, 1994	Demand including interest & penalty	344.66	2005-06	West Bengal Commercial Taxes Appellate and Revisional Board

Name of Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which the amount relates	Forum where dispute is pending
West Bengal Sales Tax Act, 1994	Demand including interest & penalty	41.38	2006-07	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Sales Tax Act, 1994	Demand including interest & penalty	405.48	2007-08	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal Sales Tax Act, 1994	Demand including interest & penalty	470.12	2008-09	Additional Commissioner of Commercial Taxes (Appeals)
West Bengal Sales Tax Act, 1994	Demand including interest & penalty	162.20	2009-10	Additional Commissioner of Commercial Taxes (Appeals)
Central Sales Tax Act, 1956	Demand including interest & penalty	9.08	2005-06	West Bengal Commercial Taxes Appellate and Revisional Board
Central Sales Tax Act, 1956	Demand including interest & penalty	1.75	2007-08	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal VAT Act, 2003	Demand including interest & penalty	131.00	2005-06	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal VAT Act, 2003	Demand including interest & penalty	5.75	2006-07	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal VAT Act, 2003	Demand including interest & penalty	185.84	2007-08	West Bengal Commercial Taxes Appellate and Revisional Board
West Bengal VAT Act, 2003	Demand including interest & penalty	569.98	2008-09	Additional Commissioner of Commercial Taxes (Appeals)
The Bengal Excise Act, 1909	Duty against transit wastage	10.95	1998-99	Commissioner, Department of Excise, Government of West Bengal

- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to any financial institution or a bank or to debenture-holders during the year.

- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.
- (xvi) The Company did not have any term loans outstanding during the year. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) During the year, the Company has made preferential allotment of shares to companies covered in the register maintained under Section 301 of the Act. In our opinion, the price at which shares have been issued is not, *prima facie*, prejudicial to the interest of the Company.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. The Company has issued unsecured, convertible debentures to its holding Company. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

Place : New Delhi
Dated : 30th May, 2013

For Walker, Chandiok & Co.
Chartered Accountants
Firm's Registration No. 001076N
per Atul Seksaria
Partner
Membership No 086370

Balance Sheet as at 31st March, 2013

(All amounts in Rupees lacs, unless otherwise stated)

	Notes	31st March, 2013	31st March, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	900.51	800.71
Reserves and surplus	4	14,856.43	10,519.85
		<u>15,756.94</u>	<u>11,320.56</u>
Non-Current Liabilities			
Deferred tax liabilities (net)	5	443.20	659.97
Other long term liabilities	6	400.02	400.02
Long - term provisions	7	76.19	60.97
		<u>919.41</u>	<u>1,120.96</u>
Current liabilities			
Short-term borrowings	8	-	18.56
Trade payables	9	391.95	1,328.62
Other current liabilities	10	1,497.90	2,619.28
Short - term provisions	11	12.51	7.82
		<u>1,902.36</u>	<u>3,974.28</u>
		<u>18,578.71</u>	<u>16,415.80</u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible assets	12	7,185.46	7,759.16
Capital work-in-progress		192.39	72.19
Non - current investments	13	296.17	296.17
Long - term loans and advances	14	149.83	9.90
Other non - current assets	15	193.91	101.15
		<u>8,017.76</u>	<u>8,238.57</u>
Current Assets			
Inventories	16	3,078.55	3,737.91
Trade receivables	17	653.74	1,988.36
Cash and cash equivalents	18	4,492.68	1,349.40
Short - term loans and advances	19	2,335.98	1,101.56
		<u>10,560.95</u>	<u>8,177.23</u>
		<u>18,578.71</u>	<u>16,415.80</u>

Summary of significant accounting policies and other explanatory information 1-35

The notes referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

For Walker, Chandio & Co.
Chartered Accountants

per Atul Seksaria
Partner

New Delhi, 30th May, 2013

For and on behalf of the Board of Directors

Bikram Nag Joint Executive Chairman
A. K. Banerjee Managing Director
Rahul Choudhary VP-Finance &
Company Secretary

Kolkata, 30th May, 2013

Statement of Profit & Loss for the year ended 31st March, 2013

(All amounts in Rupees lacs, unless otherwise stated)

	Notes	For the year ended March 31, 2013	For the year ended March 31, 2012
INCOME			
Revenue from operations (gross)	20	66,536.08	61,180.00
Less: Excise Duty		20,304.00	16,952.52
Revenue from operations (net)		46,232.08	44,227.48
Other income	21	297.02	209.14
		46,529.10	44,436.62
EXPENSES			
Cost of materials consumed	22	24,671.54	21,325.97
Purchases of stock-in-trade	23	7,415.29	8,095.17
Changes in inventories of finished goods, work in progress and stock-in-trade	24	54.23	(203.92)
Employee benefits expense	25	2,137.46	2,159.34
Finance costs	26	38.14	36.12
Depreciation, amortisation and impairment expenses	27	1,123.38	1,263.85
Other expenses	28	7,178.89	7,943.48
		42,618.93	40,620.01
Profit before tax		3,910.17	3,816.61
Tax expenses :			
Current tax		1,461.65	1,334.76
Deferred tax		(216.77)	(172.83)
Income tax adjustment in respect of earlier years		45.27	(0.02)
Profit for the year		2,620.02	2,654.70
Earnings per share (Face value Rs. 10 each)	29	32.30	33.15
Basic & diluted			

Summary of significant accounting policies and other explanatory information 1-35

The notes referred to above form an integral part of the statement of Profit and Loss.

This is the Statement of Profit and Loss referred to in our report of even date.

For Walker, Chandio & Co.
Chartered Accountants

per Atul Seksaria
Partner

New Delhi, 30th May, 2013

For and on behalf of the Board of Directors

Bikram Nag *Joint Executive Chairman*
A. K. Banerjee *Managing Director*
Rahul Choudhary *VP-Finance &*
Company Secretary

Kolkata, 30th May, 2013

Cash Flow Statement for the Year ended 31st March, 2013

(All amounts in Rupees lacs, unless otherwise stated)

	For the year ended March 31, 2013	For the year ended March 31, 2012
A. Cash flow from Operating Activities :		
Net Profit Before Tax	3,910.17	3,816.61
<i>Adjustment for :</i>		
Depreciation, amortisation and impairment	1,123.38	1,263.85
Bad debts written off	2.16	0.40
Loss/(Gain) on sale of fixed assets (Net)	90.23	(40.08)
Profit on sale of Investment	(104.26)	(71.05)
Dividend income	(0.25)	(0.57)
Provision for compensated absences	33.01	23.34
Liability no longer required, written back	(155.38)	(44.24)
Interest income	(34.38)	(53.05)
Interest and other finance costs	38.14	36.12
	4,902.82	4,931.33
Operating Profit Before Working Capital Changes		
<i>Adjustment for :</i>		
Inventories	659.36	(1,025.04)
Trade and other receivables	(122.64)	(151.60)
Trade and other payable	(1,915.77)	325.77
Income tax paid	(1,518.92)	(1,482.25)
Net cash from operating activities (A)	2,004.85	2,598.21
B. Cash flow from Investing Activities :		
Addition to fixed assets (including changes to capital work in progress)	(816.02)	(1,968.35)
Sale of fixed assets	55.90	16.65
Purchase of investments	(4,140.00)	(3,000.00)
Sale of investments	4,244.26	3,071.05
Interest received	34.38	54.76
Dividend received	0.25	0.57
Net cash (used) in Investing Activities (B)	(621.23)	(1,825.32)
C. Cash flow from Financing Activities :		
Cash Credit (including Export Packing Credit)	(18.56)	(190.04)
Proceeds from equity, including premium	1,816.36	—
Interest and other finance costs	(38.14)	(36.12)
Net Cash from/ (used) in Financing Activities (C)	1,759.66	(226.16)
Net Increase /(Decrease) in Cash & Cash Equivalents (A+B+C)	3,143.28	546.73
Cash and Cash Equivalents as at 01 April	1,349.40	802.67
Cash and Cash Equivalents as at 31 March	4,492.68	1,349.40

Notes:

This is the Cash Flow Statement referred to in our report of even date.

For Walker, Chandio & Co.
Chartered Accountants

per Atul Seksaria
Partner

New Delhi, 30th May, 2013

For and on behalf of the Board of Directors

Bikram Nag *Joint Executive Chairman*
A. K. Banerjee *Managing Director*
Rahul Choudhary *VP-Finance &*
Company Secretary

Kolkata, 30th May, 2013

Significant Accounting Policies and Notes to Financial Statements for the year ended 31st March 2013

(All amounts in Rupees lacs, unless otherwise stated)

1. Background and nature of operations

IFB Agro Industries Limited (the “Company”) is engaged in the business of manufacturing alcohol, bottling of branded alcoholic beverages as well as processed and packed marine foods both for domestic and export markets. The Company is listed in BSE and NSE.

2. Significant Accounting Policies

a. Basis of Preparation

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies Accounting Standard Rules, 2006, and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on the accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b. Use of Estimates

In preparing the Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

c. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i. Sales

Revenue from sale including sale from Company's bottling plants in respect of tie-up arrangements, is recognized in the accounts on passing of title to the goods. Gross sales are inclusive of excise duty but are net of trade discounts, where applicable.

ii. Contracting charges

Income from contracting charges, arising out of tie-up agreements with Indian Made Foreign Liquor (IMFL) companies for manufacturing their brands, is recognized in terms of respective contracts.

iii. Dividend

Dividend income is recognized and accounted for when the right to receive payment is established.

iv. Sale of certified emission reduction (CER)

Revenue from sale of Certified Emission Reduction (CER) is recognized and accounted for on the basis of execution of sale contract.

v. Benefit under export incentive / duty drawback scheme

Revenue in respect of export incentive scheme including duty drawback scheme is recognized when the entitlement to receive the benefit is established.

vi. Insurance and other claims

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

d. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Subsequent expenditures, if any, related to an item of fixed assets are added to its book value only if they increase the future benefits from existing asset beyond its previously assessed standard of performance.

Significant Accounting Policies and Notes to Financial Statements (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

e. Depreciation

Depreciation on tangible assets is provided as per written down value method at the rates prescribed in the Schedule XIV to the Companies Act, 1956.

Depreciation on leasehold improvements is provided over their respective lease period or estimated useful life of lease assets whichever is shorter.

Depreciation on assets costing Rs. 5,000 or below is charged @ 100% per annum.

f. Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

g. Impairments of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

h. Investments

Investments that are readily realizable and intended to be held for not more than one year are classified as current investments; all other investments are classified as non-current investments. Non-current investment is carried at cost less provision (if any) for decline in value which is other than temporary in nature. Current investments are carried at lower of cost and fair value.

i. Inventories

Raw materials, work-in-progress, stores and spares and finished goods are valued at lower of cost and net realizable value. Cost of Inventories is computed on a weighted average/FIFO basis.

j. Foreign Currency Conversion**i) Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Significant Accounting Policies and Notes to Financial Statements (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

k. Employee Retirement Benefits:

i) Defined Contribution Plans:

The Company provides Defined Contribution Plans for post employment benefits in the form of Provident Fund, Superannuation fund and Gratuity administered by Regional Provident Fund Commissioner and Life Insurance Corporation respectively. The Company's contributions to Defined Contribution Plans are charged to the Statement of Profit and Loss as and when incurred. Provident Fund, Superannuation fund and Gratuity are classified as defined contribution plans as the Company has no further obligation beyond making the contributions.

ii) Defined Benefit Plans:

Liability for Compensated Absence is provided on the basis of valuation as at the Balance Sheet date carried out by independent actuary. Projected Unit Credit (PUC) actuarial method is used to measure the Plan liabilities, including those to death-in-service and incapacity benefits. The Plan Liability is the actuarial present value of the 'projected accrued benefits' as of the beginning of the year for active members.

Termination benefits are recognised as an expense as and when incurred. Actuarial gains and losses arising during the year are recognised in the Statement of Profit and Loss of the year.

l. Leases

Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as expense in the Statement of Profit and Loss on a straight line basis over the lease term.

Assets acquired on finance lease which transfer risk and rewards of ownership to the Company are capitalized as assets by the Company at lower of fair value of the leased property or the present value of the related lease payments or where applicable, estimated fair value of such assets. Amortization of capitalised leased assets is computed on the written down value method over the useful life of the assets. Lease rental payable is apportioned between principal and finance charge using the internal rate of return method. The finance charge is allocated over the lease term so as to produce a constant periodic rate of return on the remaining balance of liability.

m. Accounting for taxes on income

The tax expense comprises current taxes and deferred taxes. Current tax is the amount of income tax determined to be payable in respect of taxable income for a period as per the provisions of the Income Tax Act, 1961. Deferred tax is the effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are reviewed at each balance sheet date and recognized/derecognized only to the extent that there is reasonable/ virtual certainty, depending on the nature of the timing differences, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

n. Provisions and contingent liabilities

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood on outflow of resources is remote, no provision or disclosure is made.

o. Earnings per share

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Significant Accounting Policies and Notes to Financial Statements (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

3. Share Capital

A) Authorised Share Capital

Particulars	31.03.2013	31.03.2012
1,20,00,000 (previous year 1,20,00,000) Equity Shares, Rs.10/- par value per share	1,200	1,200

B) Issued, Subscribed and fully paid-up Share Capital

(Equity Shares, Rs.10/- par value per share)

Particulars	31.03.2013		31.03.2012	
	Number	Rs. in lacs	Number	Rs. in lacs
Equity Shares outstanding at the beginning of the year	8,007,111	800.71	8,007,111	800.71
Equity Shares issued during the year	9,98,000	99.80	—	—
Equity Shares outstanding at the end of the year	9,005,111	900.51	8,007,111	800.71

C) The details of Shareholders holding more than 5% shares

Name of the Shareholder	31.03.2013		31.03.2012	
	No. of Equity Shares held	Percentage	No. of Equity Shares held	Percentage
IFB Automotive Pvt. Ltd.	3,280,130	36.43	25,17,130	31.44
SICGIL India Ltd.	583,224	6.48	5,47,590	6.84

D) No Bonus shares were issued by the Company in the last 5 years.

4. Reserves and Surplus

	31.03.2013			31.03.2012		
	Opening balance	Increase/ (decrease)	Closing balance	Opening balance	Increase/ (decrease)	Closing balance
Capital Reserve	7.77	—	7.77	7.77	—	7.77
Securities Premium Account	832.80	1,716.56	2549.36	832.80	—	832.80
Investment Allowance Reserve	4.90	(4.90)	—	4.90	—	4.90
General Reserve	280.04	4.90	284.94	280.04	—	280.04
Surplus in Statement of Profit and Loss	9,394.34	2,620.02	12,014.36	6,739.64	2,654.70	9,394.34
	10,519.85	4,336.58	14,856.43	7,865.15	2,654.70	10,519.85

5. Deferred Tax

Particulars	31.03.2013	31.03.2012
Deferred Tax Liabilities		
Timing difference on account of depreciation	597.40	767.97
Less: Deferred Tax Assets		
Voluntary Retirement Scheme, Compensated Absences and other timing differences	154.20	108.00
Deferred Tax Liability/(Asset)	443.20	659.97

Significant Accounting Policies and Notes to Financial Statements (Contd.)
(All amounts in Rupees lacs, unless otherwise stated)
6. Other Long-Term Liabilities

Particulars	31.03.2013	31.03.2012
Security Deposits	400.02	400.02

Other long term liabilities include an amount of Rs 240.02 lacs (Previous Year Rs. 240.02 lacs) as security deposit which was obtained as a part of sale and lease back agreement entered into by the Company with Rajasthan State Electricity Board (RSEB) which expired on February 28, 2004. In terms of the said agreement, the residual value of the assets under lease acquired and leased back to RSEB (under physical possession of RSEB) is required to be adjusted against the corresponding amount of security deposit as mentioned above. As Company's appeal towards certain claims against RSEB is pending before the Honorable Jaipur High Court, consequential adjustments arising therefrom have not been considered in the financial statements.

7. Long-Term Provisions

Particulars	31.03.2013	31.03.2012
Provision for Employee benefits : -Provision for Compensated Absences (refer note 25)	76.19	60.97

8. Short-Term Borrowings (Secured)

Particulars	31.03.2013	31.03.2012
Working capital loans repayable on demand, from banks	—	18.56

Working capital loans from banks are secured by (i) hypothecation ranking pari passu inter se on the Company's entire current assets, (ii) second charge ranking pari passu inter se on the Company's fixed assets and (iii) personal guarantee of one director.

9. Trade Payable

Particulars	31.03.2013	31.03.2012
Due to micro, small and medium enterprises [Refer note (a) below]	—	—
Others	391.95	1,328.62

Note (a)

The Company has identified micro, small and medium enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA) on the basis of information made available by and confirmation sent to the respective supplier or vendors of the Company. Based on the information available with the Company and confirmations received, as at the year end there are no dues to micro, small and medium enterprises that are reportable under the MSMED Act, 2006.

10. Other Current Liabilities

Particulars	31.03.2013	31.03.2012
Advance from Customers	139.06	184.42
Non Trade Creditors	404.07	632.70
Security deposits	106.83	97.21
Statutory dues	297.49	755.96
Accrued expenses	510.41	593.36
Other payables	40.04	355.63
	1,497.90	2,619.28

11. Short Term Provisions

Particulars	31.03.2013	31.03.2012
Provision for Employee benefits :		
Provision for Compensated absences (refer note 25)	12.51	7.82

Significant Accounting Policies and Notes to Financial Statements (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

12. Tangible Assets

Particulars	GROSS BLOCK			DEPRECIATION			IMPAIRMENT		NET BLOCK			
	As at 1.04.2012	Additions during the year	Sales/ Adjustments during the year	As at 31.03.2013	Upto 1.04.2012	For the year	Sales/ Adjustments during the year	Upto 31.03.2013	As at 1.04.2012	During the year	As at 31.03.2013	As at 31.03.2012
Tangible Assets												
Owned:												
Freehold land	376.82	—	—	376.82	—	—	—	—	—	—	376.82	376.82
Buildings	2,679.94	155.36	22.71	2,812.59	1,087.87	141.65	13.15	1,216.37	42.83	38.90	1,514.49	1,549.24
Plant and machinery	11,193.54	489.22	505.35	11,177.41	5,596.31	884.43	373.78	6,106.96	306.14	13.48	4,750.83	5,291.09
Furniture and fittings	173.83	4.57	10.28	168.12	125.03	10.06	8.46	126.63		0.51	40.98	48.80
Office equipment	168.58	28.54	21.58	175.54	103.93	16.59	18.65	101.87		1.28	72.39	64.65
Vehicles	93.90	18.13	4.09	107.94	37.10	16.48	3.83	49.75			58.19	56.80
Assets under lease:												
Land	131.74	—	—	131.74	—	—	—	—	—	—	131.74	131.74
Plant and machinery	601.55	—	—	601.55	361.53	—	—	361.53	—	—	240.02	240.02
	15,419.90	695.82	564.01	15,551.71	7,311.77	1,069.21	417.87	7,963.11	348.97	54.17	403.14	7,759.16
Previous year	13,528.18	2,012.56	120.84	15,419.90	6,458.87	914.88	61.98	7,311.77	—	348.97	7,759.16	

- The factory buildings at Noorpur and Dankuni, West Bengal have been constructed on land leased/rented by associate concerns.
- Company's marine product processing plant, Kolkata has been erected on land obtained under lease for ninety nine years valid upto 9th August, 2093 through license from Kolkata Metropolitan Development Authority, for which formal lease deed is yet to be executed.
- Plant & machinery includes electrical installation and laboratory equipment.
- Out of total value of Building, Rs. 2,106.09 lacs (previous year Rs. 2,126.72 lacs) has been constructed on leasehold land.
- Depreciation includes impairment expenses of Rs 54.17 lacs (previous year Rs. 348.97 lacs) for the closed bottling units and Rs 137.65 lacs (previous year nil) on account of the effect of providing depreciation at the rate applicable for continuous process plant which hitherto was provided on single shift basis as per schedule XIV of the Companies Act, 1956.

Significant Accounting Policies and Notes to Financial Statements (Contd.)
(All amounts in Rupees lacs, unless otherwise stated)
13. Non - Current Investments

Particulars	31.03.2013	31.03.2012
Investment in Equity Instruments (Non-Trade – at cost)		
Quoted - In fully paid-up Equity Shares		
In Associates:		
90,000 shares (previous year : 90,000 shares) of Rs. 10/- each in CPL Projects Ltd.	1.85	1.85
1,72,733 shares (previous year : 1,72,733 shares) of Rs. 10/- each in IFB Industries Ltd.	11.31	11.31
In Others:		
5,000 shares (previous year : 5,000 shares) of Rs. 10/- each in Tamil Nadu Newsprint & Papers Ltd.	4.72	4.72
Aggregate amount of Quoted Investments	17.88	17.88
Unquoted - In fully paid up Equity Shares		
In Associates:		
2,60,000 shares (previous year : 2,60,000 shares) of Rs. 10 /- each in Zenith Investments Ltd.	2.60	2.60
23,900 shares (previous year : 23,900 shares) of Rs. 100/- each in Asansol Bottling & Packaging Co. Pvt. Ltd.	23.90	23.90
1,45,000 shares (previous year : 1,45,000 shares) of Rs. 10/- each in Nurpur Gases Pvt. Ltd.	14.50	14.50
9,55,998 shares (previous year : 9,55,998 shares) of Rs. 10/- each in IFB Automotive Pvt. Ltd.	237.29	237.29
Aggregate amount of Unquoted Investments	278.29	278.29
Total Investments	296.17	296.17
Aggregate Market Value of Quoted Investments	144.32	141.86

14. Long-Term Loans and Advances (unsecured, considered good)

Particulars	31.03.2013	31.03.2012
Advance for Capital Expenditure	149.83	5.70
Pre-paid Expenses	—	4.20
	149.83	9.90

Significant Accounting Policies and Notes to Financial Statements (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

15. Other Non-Current Assets (unsecured, considered good)

Particulars	31.03.2013	31.03.2012
Other bank balances*	168.03	88.96
Interest accrued but not due on Fixed Deposits	25.88	12.19
	193.91	101.15

* Fixed deposit for Rs. 123.03 lacs (previous year Rs 88.96 lacs) is under lien

16. Inventories (valued at lower of cost or net realisable value)

Particulars	31.03.2013	31.03.2012
Raw materials	1,707.29	2,215.57
Raw material in transit	—	115.84
Work-in-progress alcohol	60.32	88.11
Finished goods (including traded goods)	1,224.39	1,250.83
Stores and spares	86.55	67.56
	3,078.55	3,737.91

17. Trade Receivables (unsecured, considered good unless otherwise stated)

Particulars	31.03.2013	31.03.2012
Outstanding for a period exceeding 6 months		
Unsecured, considered good	136.79	47.98
Doubtful	—	—
Other receivables		
Unsecured, considered good	516.95	1,940.38
Doubtful	—	—
	653.74	1,988.36

18. Cash and Cash Equivalents

Particulars	31.03.2013	31.03.2012
Cash in hand	3.27	3.12
Cheques in hand	0.61	—
Balances with banks :		
in current accounts	788.80	815.92
in deposit accounts (with maturity upto 3 months)	3,700.00	530.36
	4,492.68	1,349.40

19. Short-Term Loans and Advances – unsecured and considered good

Particulars	31.03.2013	31.03.2012
Advances*	1,750.40	679.79
Deposit with Port Trust, Excise and others	299.08	171.85
Advance payment of Income Tax (net of provision Rs. 4,430.60 lacs, previous year Rs. 3,187.52 lacs)	193.11	181.08
Prepaid expenses	93.39	68.84
	2,335.98	1,101.56

* Advances include advance paid for supplies and balance due from tie-up units in other states.

Significant Accounting Policies and Notes to Financial Statements (Contd.)
(All amounts in Rupees lacs, unless otherwise stated)
20. Revenue from Operations

Particulars	31.03.2013	31.03.2012
Sale of products	65,442.14	59,774.51
Other operating revenues	1,093.94	1,405.49
	66,536.08	61,180.00

a) Sale of Products

Particulars	31.03.2013	31.03.2012
Alcohol	48,035.94	44,371.18
Marine products	7,621.33	5,312.85
Marine Feed - trading goods	9,326.27	9,558.19
Others	458.60	532.29
	65,442.14	59,774.51

b) Earnings in Foreign Exchange

Particulars	31.03.2013	31.03.2012
FOB value of Exports	4,892.61	3,454.03

21. Other Income

Particulars	31.03.2013	31.03.2012
Interest income	34.38	53.05
Dividend income from non-current investments	0.25	0.57
Gain on sale of investments	104.26	71.05
Gain on sale of fixed assets (net)	—	40.08
Insurance claim	2.75	0.15
Liability no longer required, written back	155.38	44.24
	297.02	209.14

22. Cost of Materials Consumed

Particulars	31.03.2013	31.03.2012
Opening stock	2,331.41	1,513.19
Add : Purchases	24,047.42	22,144.19
	26,378.83	23,657.38
Less : Closing Stock	1,707.29	2,331.41
	24,671.54	21,325.97

Significant Accounting Policies and Notes to Financial Statements (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

a) Particulars of Consumption of Raw Materials

Particulars	31.03.2013	31.03.2012
Molasses	—	41.02
Grain	6,271.57	6,047.18
Spirit	6,255.34	6,520.24
Marine products	6,216.85	5,178.58
Others*	5,927.78	3,538.95
	24,671.54	21,325.97

* Other materials include chemicals, bottles, labels etc.

b) Particulars of Imported and Indigenous Raw Material Consumption

Particulars	31.03.2013		31.03.2012	
	Amount	% of Consumption	Amount	% of consumption
Imported	247.20	1.01	155.68	0.73
Indigenous	24,424.34	98.99	21,170.29	99.27
	24,671.54	100.00	21,325.97	100.00

23. Purchases of Traded Goods

Particulars	31.03.2013	31.03.2012
Marine feed & feed supplements	7,415.29	8,095.17

24. Changes in Inventories of Finished Goods, Work- in -Progress and Stock-in-Trade

Particulars	31.03.2013		31.03.2012	
Opening Stock				
– Finished Goods	939.93		940.09	
– Work in Progress	88.11		61.35	
– Stock of Traded Goods	310.90	1,338.94	133.58	1,135.02
Less : Closing Stock				
– Finished Goods	1,057.37		939.93	
– Work in Progress	60.32		88.11	
– Stock of Traded Goods	167.02	1,284.71	310.90	1,338.94
		54.23		(203.92)

Significant Accounting Policies and Notes to Financial Statements (Contd.)
(All amounts in Rupees lacs, unless otherwise stated)
25. Employee Benefits Expenses

Particulars	31.03.2013	31.03.2012
Salaries and wages	1,622.91	1,766.62
Contribution to Provident and other funds	247.54	182.58
Staff welfare expenses	267.01	210.14
	2,137.46	2,159.34

- a) The Company announced a Voluntary Retirement Scheme (VRS) for the employees of one of the units during the year. A sum of Rs 201.00 lacs (Previous year Rs 285.95 lacs) has been paid under VRS during the year and is included in "Salaries and Wages".
- b) Salary and wages includes remuneration paid to Joint Executive Chairman for the period from January 27, 2013 to March 31, 2013, which is subject to the approval of the members at the ensuing Annual General Meeting of the Company.
- c) As per Accounting Standard 15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below.

d) Defined Contribution Plans:

The Company has recognized as expense the following amounts:

Particulars	31.03.2013	31.03.2012
Employer's contribution to Provident and Family Pension Fund	75.23	73.76
Employer's contribution to Superannuation Fund	67.14	55.08
Employer's contribution to Gratuity Fund	94.75	37.66
Employer's contribution to Employees' State Insurance Corporation	10.42	16.08
	247.54	182.58

e) Defined Benefit Plan in respect of Compensated Absences:
A. Change in Defined Benefit Obligations

Particulars	31.03.2013	31.03.2012
1 Present value of obligation as at the beginning of the year	68.79	55.74
2 Current service cost	16.04	10.06
3 Interest cost	5.50	4.74
4 Curtailment /settlement cost/(credit)	—	—
5 Employee contribution	—	—
6 Plan amendments	—	—
7 Acquisitions	—	—
8 Actuarial (gains)/ losses	11.47	8.54
9 Benefits paid	(13.09)	(10.29)
10 Present value of obligation as at the end of the year	88.71	68.79

Significant Accounting Policies and Notes to Financial Statements (Contd.)
(All amounts in Rupees lacs, unless otherwise stated)

B. Change in the fair value of assets			
Particulars		31.03.2013	31.03.2012
1	Plan assets as at the beginning of the year	—	—
2	Actual return on plan assets	—	—
3	Actual company contributions	13.09	10.29
4	Employee contributions	—	—
5	Benefits paid	13.09	10.29
6	Plan assets as at the end of the year	—	—
C. Net Asset / (Liability) recognized in the Balance Sheet			
I. Funded Status			
1	Present value of defined benefit obligation	88.71	68.79
2	Fair value of plan assets	—	—
3	Funded status [surplus/(deficit)]	(88.71)	(68.79)
4	Effect of Balance Sheet asset limit	—	—
5	Un-recognized past service costs	—	—
II. Net asset/(liability) recognized in the Balance Sheet			
1	Net asset/(liability) recognized in Balance Sheet at beginning of period	(68.79)	(55.74)
2	Employer expense	33.01	23.34
3	Benefits paid	(13.09)	(10.29)
4	Net asset/(liability) recognized in Balance Sheet at end of the period	(88.71)	(68.79)
D. Total expense recognized in the Statement of Profit & Loss:			
I. Components of employer expense			
1	Current service cost	16.04	10.06
2	Interest cost	5.50	4.74
3	Expected return on plan assets	—	—
4	Curtailment cost/(credit)	—	—
5	Settlement cost/(credit)	—	—
6	Amortization of past service cost	—	—
7	Actuarial losses/(gains)	11.47	8.54
Total expense recognized in the Statement of Profit and Loss		33.01	23.34
II. Actual Contributions and Benefit Payments for the year			
1	Actual benefit payments	13.09	10.29
2	Actual contributions	13.09	10.29

Significant Accounting Policies and Notes to Financial Statements (Contd.)
(All amounts in Rupees lacs, unless otherwise stated)
E. Principal Actuarial Assumptions used as at the Balance Sheet date:

Particulars	31.03.2013	31.03.2012
	%	%
Discount rate	8.00	8.00
Rate of increase in salaries	5.00	5.00
Expected average remaining working lives of employees (years)	16.50	16.42
Withdrawal rate per anum	2.00	2.00

F. Amount for the current year and previous four years are as follows:

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
Compensated absences (non-funded)					
Defined benefit obligation	(88.71)	(68.79)	(55.74)	(49.81)	(40.56)
Plan assets	—	—	—	—	—
Deficit	(88.71)	(68.79)	(55.74)	(49.81)	(40.56)

The Scheme is not funded through any trust fund and therefore no assumption regarding expected rate of return on assets is applicable.

26. Finance Cost

Particulars	31.03.2013	31.03.2012
Interest expenses	34.82	32.67
Other borrowing cost	3.32	3.45
	38.14	36.12

27. Depreciation and amortization expense

Particulars	31.03.2013	31.03.2012
Depreciation of tangible assets (refer note 12)	1,123.38	1,263.85
	1,123.38	1,263.85

Significant Accounting Policies and Notes to Financial Statements (Contd.)
(All amounts in Rupees lacs, unless otherwise stated)
28. Other Expenses

Particulars	31.03.2013	31.03.2012
Consumption of stores & spare parts	179.32	202.59
Power and fuel	1,343.63	1,505.03
Rent	153.21	187.68
Repairs to buildings	71.85	54.07
Repairs to machinery	113.15	82.74
Repair - others	90.84	53.06
Insurance	117.20	86.05
Rates and taxes	157.42	77.15
Manufacturing tie up payments	1,024.60	2,174.82
Office expenses	481.31	424.05
Travelling	218.39	143.54
Freight	1,072.37	820.16
Sales promotion	631.42	795.82
Contract services	1,068.83	786.97
Payment to Auditors	14.42	9.73
Advertisement and publicity	5.78	5.70
Loss on exchange fluctuation (net)	17.50	15.39
Loss on sale of fixed assets (net)	90.23	—
Bad debt written off	2.16	0.40
Miscellaneous	325.26	518.53
	7,178.89	7,943.48

a. Payment to Auditors (including Service Tax)

Particulars	31.03.2013	31.03.2012
As Auditor		
Statutory audit	5.62	6.74
Limited review	7.12	0.58
Tax audit	1.12	1.69
In other capacity		
Other services	0.34	0.50
Reimbursement of expenses	0.22	0.22
	14.42	9.73

b. Expenditure in Foreign Currency

Particulars	31.03.2013	31.03.2012
Value of Imports on CIF basis:		
Raw materials	175.31	112.60
Components and spare parts	5.67	—
Capital goods	19.25	194.28
Travelling	22.61	4.32

Significant Accounting Policies and Notes to Financial Statements (Contd.)
(All amounts in Rupees lacs, unless otherwise stated)
29. Earnings Per Equity Share (EPS)

Particulars	31.03.2013	31.03.2012
Profit for the year after tax	2,620.02	2654.70
Weighted average number of Equity Shares outstanding	8,111,517	8,007,111
Basic and diluted earnings per Equity Share (nominal value of Rs.10 each)	32.30	33.15

30. Segment Information :
A) Primary Business Segments

	Spirit, Liquor, Spirituous Beverages		Marine		Unallocated		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Revenue								
External	28,999.00	28,774.28	17,233.08	15,453.20	—	—	46,232.08	44,227.48
Internal	—	—	—	—	—	—	—	—
Total	28,999.00	28,774.28	17,233.08	15,453.20	—	—	46,232.08	44,227.48
Results								
Segment results	2,520.73	2797.34	1,130.56	846.25	—	—	3,651.29	3,643.59
Unallocated expenses	—	—	—	—	—	—	—	—
Interest expenses	—	—	33.93	19.65	4.21	16.47	38.14	36.12
Other income	133.41	—	14.27	—	149.34	209.14	297.02	209.14
Profit before tax	2,654.14	2,797.34	1,110.90	826.60	145.13	192.67	3,910.17	3,816.61
Other Information								
Segment assets	9,502.41	12,720.34	2,406.99	2,201.40	6,669.31	1,494.06	18,578.71	16,415.80
Segment liabilities	1,259.18	3,231.99	289.31	445.21	1,273.28	1,418.04	2,821.77	5,095.24
Capital expenditure	661.39	1,657.27	60.95	364.24	93.68	63.25	816.02	2,084.76
Depreciation	996.90	1,145.23	94.25	84.72	32.23	33.90	1,123.38	1,263.85
Non-cash expenses other than depreciation	—	—	—	—	33.01	23.34	33.01	23.34

Notes:

- The Company's operations are diversified into two main business segments, namely :
 - Spirit, Liquor and Spirituous Beverages comprising manufacturing of Extra Neutral Alcohol, Rectified Spirit, Indian Made Indian Liquor and Indian Made Foreign Liquor.
 - Marine comprising Marine products processing, for sale in export and domestic markets and Marine Feed trading.
- Segments have been identified and reported taking into account, the nature of products and services, different risks and returns reporting systems.
- Segment revenue in each of the above business segments primarily includes sales, processing charges and export incentives in the respective segments.
- Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segment and amounts allocated on a reasonable basis.

Significant Accounting Policies and Notes to Financial Statements (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

B) Secondary Segment reporting (by Geographical Segments)

	Domestic		Exports		Total	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Revenues	41,219.47	40,929.90	5,012.61	3,297.58	46,232.08	44,227.48
Total asset	16,575.17	14,573.60	2,003.54	1,842.20	18,578.71	16,415.80
Capital Expenditure	755.07	1,720.52	60.95	364.24	816.02	2,084.76

31. The Company has discontinued the IMFL bottling business in West Bengal during the year and has entered into an arrangement with a bottling unit ("tie-up unit") in West Bengal for production and marketing of its own IMFL brands. Similar tie up arrangements exist in other states, namely Assam and Orissa. The production in the premises of tie-up units under the said arrangements, wherein each party's obligations are stipulated, is carried out under close supervision of the Company. The marketing is entirely the responsibility of the Company. The Company is also required to ensure adequate finance to the tie-up units wherever required. Though under the agreements, the production and sale are accounted for by and in the books of the tie-up units, the Company promotes its brands through these arrangements. Accordingly, it is considered appropriate to disclose the following quantitative and value information for the year, as furnished by the tie-up units:

i) Profit from tie-up operations detailed as under is included in 'Other operating revenue'.

	31.03.2013	31.03.2012
Net sales	1,887.28	2,798.49
Cost of sales	1,271.44	2,217.81
Gross profit	615.84	580.68
Expenses	549.23	532.47
Income	66.61	48.21

ii) Quantitative information for tie-up operations: -

	31.03.2013		31.03.2012	
	Qty (cases)	Value (Rs. in Lacs)	Qty (cases)	Value (Rs. in Lacs)
a) Opening stock	660	91.24	557	96.59
b) Production	214,408	—	210,088	—
c) Sales	206,669	1,887.28	209,985	2,798.49
d) Closing stock	8,399	52.17	660	91.24

iii) The balance due from tie-up units, of Rs. 1,173.16 lacs (previous year Rs. 572.52 lacs) is included under advances recoverable. This is on account of the financing by the company of working capital on behalf of the units.

32. Related Party Disclosures

As per Accounting Standard-18 issued by the Institute of Chartered Accountants of India, disclosures in respect of "Related Parties" are as follows:-

A. List of Related Parties:

Associates:

Nurpur Gases Private Limited	Travel Systems Limited
IFB Automotive Private Limited	IFB Industries Limited
Asansol Bottling & Packaging Co. Private Limited	Special Drinks Private Limited
CPL Industries Limited	Zenith Investments Limited
CPL Projects Limited	

Significant Accounting Policies and Notes to Financial Statements (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

Management Personnel:

Mr. Bijon Nag, Chairman
 Mr. Bikram Nag, Joint Executive Chairman
 Mr. A.K. Banerjee, Managing Director
 Mr. Indroneel Goho, President & COO
 Dr. J.A. Gore, President - Distillery
 Mr. Rahul Choudhary, Vice President Finance & Company Secretary
 Mr. Santanu Ghosh, GM Operations - Distillery
 Mr. S. K Bayen, AVP- Projects & Diversification- Distillery
 Mr. Rana Chaterjee, Chief Financial Officer (Distillery)
 Mr. R Purkayastha, GM Finance & Commercial - IMFL Operations
 Mr. Dhiman Saha, AVP - IMFL Operations
 Mr. A K Palit, GM - IMFL Sales
 Mr. Pratap Mukherjee, COO - Marine Business
 Mr. D Deb, Sr Manager - Head EXIM Desk
 Mr. Abhijit Banerjee, Business Head - Marine Foods
 Mr. Soumen Basu Chowdhury, Sr Manager - Marine Feed
 Mr. Debojyoti Bandopadhyay, Head-IMFL Operations & Safety-Dankuni Plant
 Mr. Debasish Ghosh, Head Bottling Plants (Division 1)
 Mr. Saptarshi Bhattacharya, Business Head - Panagarh Plant
 Mr. Kanak Ghose, AVP-HR

Note: Related parties' relationships as identified by the Company and relied upon by the Auditors.

B. During the year, the Company entered into transactions with related parties. Those transactions along with related balances as at the year end and for the year ended are presented in the following table:-

(i) With Associates

Particulars	31.03.2013	31.03.2012
Nurpur Gases Private Limited		
Purchase of goods	7.78	7.87
Sale of goods	164.77	140.99
Income from rent and other services	22.52	21.30
Purchase of fixed assets	3.25	—
Sale of fixed assets	0.97	—
Outstanding receivable/ (payable)	0.05	6.25
Asansol Bottling & Packaging Company Private Limited		
Sale of goods	73.28	326.59
Income from rent and other services	3.75	9.00
Outstanding receivable/(payable)	—	28.21

Significant Accounting Policies and Notes to Financial Statements (Contd.)
(All amounts in Rupees lacs, unless otherwise stated)

Particulars	31.03.2013	31.03.2012
IFB Industries Limited		
Purchase of goods	0.38	1.05
Purchase of fixed assets	0.69	—
Income from rent and other services	36.53	278.42
Payment of rent and other services	10.44	9.82
Security deposit payable	160.00	160.00
Outstanding receivable/(payable)	(15.11)	0.28
Travel Systems Limited		
Purchase of services	45.47	13.33
Income from rent	7.94	8.06
Outstanding receivable/(payable)	(0.29)	0.06
Special Drinks Private Limited		
Recovery of bad debts	—	14.00
Payment of rent	1.20	1.20

(ii) With Key Management Personnel

Particulars	31.03.2013	31.03.2012
Remuneration	556.21	473.84
Guarantee commission	19.20	17.51

Significant Accounting Policies and Notes to Financial Statements (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

33. Contingent Liabilities

	31.03.2013	31.03.2012
A) Claims against the company not acknowledged as debts		
a. Show Cause Notice issued by Customs Department against the Marine Division. The Company had filed suitable reply and also faced personal hearing. The adjudication order is still awaited. The Company is of the considered view that the demand is not sustainable.	210.53	210.53
b. Demand issued by Excise Department for payment of duty not acknowledged by the Company being not sustainable. Matter pending with Commissioner of Excise, Government of West Bengal.	10.95	10.95
c. Demand raised by Sales Tax Department under West Bengal Sales Tax Act 1994 for the years 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10, Central Sales Tax Act 1956 for 2005-06 and 2007-08 and under West Bengal VAT Act 2003 for the year 2005-06, 2006-07, 2007-08 and 2008-09 for payment of duty including interest and penalty not acknowledged by the Company being not sustainable in the Company's considered view. Matter pending under appeal with West Bengal Commercial Taxes Appellate and Revisional Board/ Additional Commissioner of Commercial Taxes , West Bengal	2,701.85	2,564.88
B) Other moneys for which the company is contingently liable		
a. Letters of Credit issued by bankers	—	1.60

34. Estimated amount of capital contracts remaining to be executed and not provided for (net of advances) Rs 1,255 lacs (previous year Rs 14.99 lacs).
35. Previous year's amounts have been regrouped/rearranged to conform to the classification of the current year, wherever considered necessary.

For Walker, Chandiook & Co.
Chartered Accountants

per Atul Seksaria
Partner

New Delhi, 30th May, 2013

For and on behalf of the Board of Directors

Bikram Nag *Joint Executive Chairman*
A. K. Banerjee *Managing Director*
Rahul Choudhary *VP-Finance &*
 Company Secretary

Kolkata, 30th May, 2013



IFB AGRO INDUSTRIES LIMITED

Regd. Office : Plot No. IND-5, Sector-1, East Kolkata Township, Kolkata - 700 107

ATTENDANCE SLIP

Annual General Meeting on Friday, 26th 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

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DPID* :
Client ID* :

Registered Folio No. :

FULL NAME OF THE MEMBER (in Block Letters) :

No. of Share(s) held :

I hereby record my presence at the THIRTY-FIRST ANNUAL GENERAL MEETING of the Company at Ecohub, Ecospace (Business Park), Ambuja Reality, Plot No. 2F/11, New Town, Rajarhat, North 24-Parganas, Kolkata - 700 156 on Friday, 26th July, 2013.

Signature of the Member/Proxy

*Applicable for members holding shares in electronic form.

(TEAR HERE)

IFB AGRO INDUSTRIES LIMITED

Regd. Office : Plot No. IND-5, Sector-1, East Kolkata Township, Kolkata - 700 107

PROXY FORM

DPID* :
Client ID* :

Registered Folio No. :

I/We of

..... being a member/members of IFB AGRO INDUSTRIES

LIMITED hereby appoint of

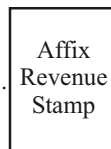
or failing him/her of as my/our Proxy

to attend and vote for me/us on my/our behalf at the THIRTY-FIRST ANNUAL GENERAL MEETING of the Company to be held on Friday, the 26th July, 2013 at 12.00 Noon and at any adjournment thereof.

Signed day of 2013.

Place

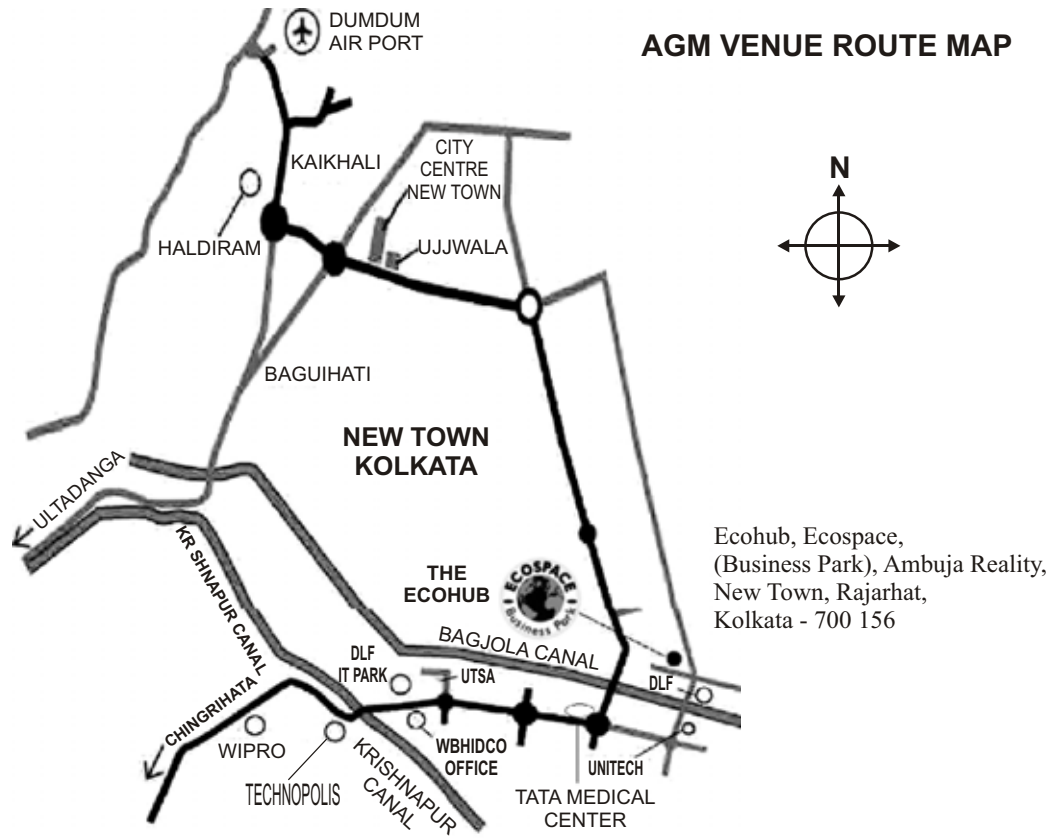
Signature



*Applicable for Members holding shares in electronic form

- Note: a) The form should be signed across the stamp as per specimen signature registered with the Company.
 b) The Proxy Form duly completed must be deposited at the Company's Registered Office not less than 48 hours before the time fixed for holding the aforesaid meeting.
 c) The proxy need not be a member of the Company.

AGM VENUE ROUTE MAP



Map not to scale



The goodness of *freshness*
IFB Seafood



If undelivered, please return to



Plot No IND-5 Sector I East Kolkata Township Kolkata 700107