

IFB Agro Industries Limited
Plot No. - IND-5, Sector-1,
East Kolkata Township, Kolkata - 700 107
Phone : 033-39849675, Fax : 033-2442-1003
Website : www.ifbagro.in

28th June 2014

✓ The Manager
National Stock Exchange of India Ltd.
Listing Department,
Exchange Plaza, 5th floor,
Plot No. C/1, G. Block,
Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051.

The Secretary,
Bombay Stock Exchange of India Ltd
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai-400001

Dear Sir,

Sub : Submission of Annual Report

We enclose herewith copy of Annual Report of the Company for the year ended 31st March 2014 along with Notice of the ensuing Annual General Meeting to be held on 30th July 2014 along with Form-A.

Kindly acknowledge receipt.

Thanking you,

For IFB AGRO INDUSTRIES LIMITED

Lipi Todi

Lipi Todi
Deputy Company Secretary

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	31 March 2014
3	Type of Audit Observation	Unqualified
4	Frequency of observation	Not applicable

Walker Chandiok & Co LLP

For Walker Chandiok & Co LLP

(Formerly Walker, Chandiok & Co.)

Chartered Accountants

Atul Seksaria

per **Atul Seksaria**

Partner

Place: Gurgaon

Date: 28 May 2014



For IFB Agro Industries Limited

A K Banerjee

A K Banerjee

Managing Director

Shyamal Bandopadhyay

Shyamal Bandopadhyay

Sr VP – Finance and Company Secretary

Nandan Bhattacharya

Nandan Bhattacharya

Chairman – Audit Committee



Annual Report
2013–2014

IFB Agro Industries Limited



IFB is served in most of
India's best restaurants.

Is yours one?

Your reputation and success are based largely on safe, reliable, quality products, the type of products that IFB consistently crafts with your needs in mind. We go to great lengths to ensure that we maintain the highest standards. Additionally, we routinely monitor product quality and food safety systems to ensure compliance and customer satisfaction.

The IFB quality code

International quality premium products processed under strict adherence to FSSAI, HACCP, GMP, EU & BRC norms which ensure **Consistency, Freshness & Value for Money**



Our esteemed clients



■ 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

■ SR.VP-FINANCE & COMPANY SECRETARY

Mr. Shyamal Bandopadhyay
Tel : (033) 3984-9648
E-mail : complianceifbagro@ifbglobal.com

■ AUDITORS

Walker Chandiok & Co LLP
Chartered Accountants

■ BANKERS

Indian Overseas Bank
IDBI Bank Ltd.
ICICI Bank

■ REGISTERED OFFICE

Plot No. IND-5, Sector-1,
East Kolkata Township, Kolkata - 700 107.
Tel : (033) 3984 9675
Fax No. : (033) 2442 1003
Website : www.ifbagro.in
CIN : L01409WB1982PLC034590

■ 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

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Sales	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	73,183.52
Profit before Interest and Tax (after extraordinary items)	350.80	260.70	569.58	1,241.62	2,187.18	826.43	2,807.01	3,852.73	3,948.31	6,058.80
Profit after Tax and Extraordinary Items	183.08	187.31	281.60	786.90	1,290.34	442.45	1,782.41	2,654.70	2,620.02	4,167.54
Net Worth*	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	21,534.28
Total Debts	500.02	530.46	1,230.34	2,746.37	905.73	3,141.38	448.62	18.56	Nil	420.96
Net Fixed Assets	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	11,829.04
Net Working Capital	1821.14	1,790.17	1,567.63	3,080.18	1,050.36	3,875.76	2,547.65	4,202.95	8,693.95	9,676.90
Dividend (%)	—	—	—	—	—	—	—	—	—	—
Earnings per share (Rs.)	2.38	2.43	3.65	10.21	16.40	5.53	22.26	33.15	32.30	46.19
Book value per share (Rs.)	60.05	61.19	62.88	73.88	91.62	97.49	118.63	149.62	179.90	229.90
Key Ratios:										
Return on Capital Employed(%)	6.84	4.97	9.37	15.48	28.55	7.55	28.22	32.87	24.74	28.45
Return on Sales (after Tax)(%)	0.96	0.83	1.06	2.45	3.44	1.12	3.20	4.34	3.94	5.69
Fixed Assets Turnover	5.67	6.41	5.45	5.98	5.19	5.83	7.83	7.81	9.02	6.19
Working Capital Turnover	10.44	12.61	17.01	10.44	35.71	10.20	21.84	14.56	7.68	7.56
Debt Equity Ratio	0.11	0.11	0.25	0.48	0.12	0.45	0.05	—	—	0.02
Current Ratio	1.53	1.59	1.28	2.07	1.21	2.04	1.66	2.06	5.65	3.76

* 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 Thirty Second Annual General Meeting of IFB Agro Industries Limited (CIN : L01409WB1982PLC034590) will be held on the 30th day of July, 2014, at 12.30 p.m. at Club Ecovista, Ecospace Business Park, Premises No. 2F/11, Action Area II, Rajarhat, New Town, Kolkata - 700156 to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts, along with annexures and notes thereon, together with Reports of Auditors and Directors thereon for the year ended 31st March 2014.
2. To appoint Auditors and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :

"RESOLVED that pursuant to the provisions of Section 139 (2) and 142(1) of the Companies Act, 2013, M/s Walker Chandio & Co LLP (Firm registration No : 001076N), Chartered Accountants, the retiring Auditors, be and are hereby appointed as Statutory Auditors of the Company for a period of three (3) years subject to ratification by members at every Annual General Meeting commencing from the conclusion of this Annual General Meeting until the conclusion of the fourth consecutive Annual General Meeting on such remuneration as may be determined by the Board of Directors of the Company on a year to year basis."

AS SPECIAL BUSINESS:

3. **To re-appoint Mr Arup Kumar Banerjee as Managing Director (DIN:00336225), who is liable to retire by rotation as per Section 152(6) of Companies Act, 2013.**

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

"Resolved that, pursuant to the provisions of Section 196, 197, 203 and Schedule V of the Companies Act, 2013 and the Rules made there under and the Articles of Association of the Company, Mr. Arup Kumar Banerjee, is reappointed as Managing Director for a period of three years with effect from 30th July, 2014 on such terms and conditions as set out in the Statement annexed to the notice convening this meeting, with the liberty given to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/ or remuneration in such manner as may be agreed to by and between the Company and Mr. Arup Kumar Banerjee provided however, such alterations are within the maximum limits laid down in the Companies Act, 2013 for the time being in force."

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

4. **Appointment of Mr. Nandan Bhattacharya (DIN:00313590) as an Independent Director.**

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

"Resolved that, pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the rules made there under, Mr. Nandan Bhattacharya Director, from whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 signifying his intentions for the Directorship of the Company, be and is hereby appointed as an Independent Director of the Company to hold office up to the conclusion of 37th Annual General Meeting, not liable to retire by rotation."

5. **Appointment of Mr. Hari Ram Agarwal (DIN:00256614) as an Independent Director.**

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

"Resolved that, pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013, and the rules made there under, Mr. Hari Ram Agarwal Director, from whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 signifying his intentions for the Directorship of the Company, be and is hereby appointed as an Independent Director of the Company to hold office up to the conclusion of 37th Annual General Meeting, not liable to retire by rotation."

6. Appointment of Mr. Manoj Kumar Vijay (DIN:00075792) as an Independent Director.

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

“Resolved that, pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act,2013, and the rules made there under, Mr. Manoj Kumar Vijay Director, from whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 signifying his intentions for the Directorship of the Company, be and is hereby appointed as an Independent Director of the Company to hold office up to the conclusion of 37th Annual General Meeting, not liable to retire by rotation.”

7. Appointment of Mr. Sudip Kumar Mukherji (DIN:02764262) as an Independent Director.

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

“Resolved that, pursuant to the provisions of Section 149,152 read with Schedule IV and all other applicable provisions of the Companies Act,2013, and the rules made there under, Mr. Sudip Kumar Mukherji Director, from whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 signifying his intentions for the Directorship of the Company, be and is hereby appointed as an Independent Director of the Company to hold office up to the conclusion of 37th Annual General Meeting, not liable to retire by rotation.”

8. To approve the remuneration of the Cost Auditor:

To approve the remuneration of the Cost Auditor for the financial year ending March 31, 2015 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board

Registered Office:
Plot No. IND-5, Sector - 1
East Kolkata Township
Kolkata - 700 107
Date: 28th May, 2014.

Shyamal Bandopadhyay
Sr. VP-Finance & Company Secretary

NOTES:

- A member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.**
A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

3. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
4. Members are requested to:
 - a) Bring their copy of Annual Report in the meeting
 - b) Bring duly filled attendance slips sent herewith for attending the meeting
 - c) Members holding shares in identical order of names in more than one Folio is 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.
 - d) Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the company/ CB Management Services (P) Ltd.
 - e) provide their e-mail address to the Registrar.
5. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
6. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the registered office of the Company on all working days, during business hours upto the date of the meeting.
7. 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.
8. The Register of Members and Share Transfer Registers of the Company will remain closed from 25th July 2014 to 30th July 2014(both days inclusive).
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company.
10. Attendance Slip and Proxy Form, are being attached to this Notice of the 32nd Annual General Meeting for the convenience of the shareholders.
11. Instruction for e voting is included as a separate annexure.

By Order of the Board

Registered Office:
Plot No. IND-5, Sector - 1
East Kolkata Township
Kolkata - 700 107
Date: 28th May, 2014.

Shyamal Bandopadhyay
Sr. VP-Finance & Company Secretary

Statement Pursuant to Section 102(1) of the Companies Act , 2013

As required by Section 102(1) of the Companies Act, 2013("Act"), the following explanatory statements set out all material facts relating to the business mentioned under items nos. 3 to 8 of the accompanying Notice dated 28th May 2013.

Item No 3

Mr. Arup Kumar Banerjee, an Honours graduate in Commerce and Diploma in Business Management from Calcutta University is having experience of more than 40 years in the industry. Before joining the Company in the year 1995 he worked with IFB Industries Limited in various positions. He was appointed as a Whole-time Director at the Nineteenth Annual General Meeting of the Company held on 31st August 2001 for a period of three years with effect from 28th July 2001 and thereafter reappointed from time to time. He was designated as Managing Director on 30th July 2008. The existing terms of Mr Arup Kumar Banerjee expires on 30th July, 2014.

The Board of Directors in its meeting held on 28th May, 2014, on the recommendations of the Remuneration Committee, appointed Mr. Arup Kumar Banerjee (subject to the approval of members in the general meeting) for a further period of 3 years with effect from 30th July, 2014.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013 from Mr. Arup Kumar Banerjee (DIN: 00336225) along with a deposit of Rs. 1,00,000/- proposing the candidature of himself for the office of director.

The Company has received from Mr. Arup Kumar Banerjee (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, and (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014 to the effect that he is not disqualified under sub-Section (2) of Section 164 of the Companies Act, 2013.

The terms and conditions of the reappointment including remuneration payable to Mr Arup Kumar Banerjee are as follows :

1. Period of appointment : Three years effective from 30th July, 2014.
2. Remuneration :
 - a) Basic Salary : Rs.523000/- (Rupees five lacs twenty three thousand only) per month with the liberty to the Board to review and set the level from time to time.
 - b) House Rent Allowance : 50% of basic salary
 - c) Commission : In addition to salary, perquisites and other allowances, one percent commission based on net profit of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013, or any statutory modification(s) or enactment thereof.
 - d) Perquisites : Classified into three categories - A, B and C.

Part A

- a) Medical Reimbursement including insurance : Rs. 115000/- p.a.
- b) Leave Travel Allowance : For self and family, once a year, upto one month's basic salary.
- c) Club fees : Rs. 18000/- p.a.
- d) Insurance for Personal Accident and Term Life : Premium not exceeding Rs. 30000/- p.a.

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 & Telephone : Provision of car for use on Company's business and telephone at residence will be at the cost of the Company.

The terms and conditions of the said appointment and/or the Agreement are subject to the provisions of Section 197 and Section 198 of the Companies Act, 2013, read with Part II of Schedule V, 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.

In compliance with the provisions of the Companies Act, 2013 the appointment and the terms of remuneration specified above are now being placed before the Members in the Annual General Meeting for their approval. The Board recommends passing of the Ordinary Resolution in the best interest of the Company.

The above may be treated as an abstract of the terms of contract between the Company and Mr Arup Kumar Banerjee under Section 190 of the Companies Act, 2013.

The said appointment is subject to the approval of the members in the General Meeting.

Mr. Arup Kumar Banerjee is interested in the resolutions set out respectively in item No 3 of the Notice with regard to his appointment.

The relatives of Mr. Arup Kumar Banerjee may be deemed to be interested in the resolution set out in item No 3 of the Notice to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out in item No 3.

Item No. 4

Mr. Nandan Bhattacharya is a Non-Executive (Independent) Director (DIN: 00313590) of the Company. He joined the Board of Directors in September 1996. As per Section 149, 152 and any other applicable provisions of the Companies Act, 2013, and as per Clause 49 of Listing Agreement (Revised), Mr. Nandan Bhattacharya is to be re-appointed as an Independent Director for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from Mr. Nandan Bhattacharya along with a deposit of Rs. 100000/- proposing the candidature of him for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Nandan Bhattacharya (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, and (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014 to the effect that he is not disqualified under sub-Section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Nandan Bhattacharya as an Independent Director of the Company up to the conclusion of 37th Annual General Meeting pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Nandan Bhattacharya, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made there under and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Nandan Bhattacharya as an Independent Director setting out the terms and conditions is available for inspection without any fees by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Nandan Bhattacharya as an Independent Director.

No director, key managerial personnel or their relatives, except Mr. Nandan Bhattacharya, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No.4 for the approval of the members.

Mr. Nandan Bhattacharya is interested in the resolutions set out respectively in item No 4 of the Notice with regard to his appointment.

The relatives of Mr. Nandan Bhattacharya may be deemed to be interested in the resolution set out in item no 4 of the Notice to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out in item No 4.

Item No. 5

Mr. Hari Ram Agarwal is a Non-Executive (Independent) Director (DIN: 00256614) of the Company. He joined the Board of Directors in June 2008. As per Section 149, 152 and any other applicable provisions of the Companies Act, 2013, and as per Clause 49 of Listing Agreement (Revised), Mr. Hari Ram Agarwal being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from Mr. Hari Ram Agarwal along with a deposit of Rs. 100000/- proposing the candidature of him for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Hari Ram Agarwal (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, and (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014 to the effect that he is not disqualified under sub-Section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Hari Ram Agarwal as an Independent Director of the Company up to the conclusion of 37th Annual General Meeting pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Hari Ram Agarwal, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made there under and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Hari Ram Agarwal as an Independent Director setting out the terms and conditions is available for inspection without any fees by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Hari Ram Agarwal as an Independent Director.

No director, key managerial personnel or their relatives, except Mr. Hari Ram Agarwal, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No.5 for the approval of the members.

Mr. Hari Ram Agarwal is interested in the resolutions set out respectively in item No 5 of the Notice with regard to his appointment.

The relatives of Mr. Hari Ram Agarwal may be deemed to be interested in the resolution set out in item No 5 of the Notice to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out in item No 5.

Item No. 6

Mr. Manoj Kumar Vijay is a Non-Executive (Independent) Director (DIN: 00075792) of the Company. He joined the Board of Directors in June 2008. As per Section 149, 152 and any other applicable provisions of the Companies Act, 2013, and as per Clause 49 of Listing Agreement (Revised), Mr. Manoj Kumar Vijay being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from Mr. Manoj Kumar Vijay along with a deposit of Rs. 100000/- proposing the candidature of him for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Manoj Kumar Vijay (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, and (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014 to the effect that he is not disqualified under sub-Section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Manoj Kumar Vijay as an Independent Director of the Company up to the conclusion of 37th Annual General Meeting pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made there under. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Manoj Kumar Vijay, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made there under and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Manoj Kumar Vijay as an Independent Director setting out the terms and conditions is available for inspection without any fees by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Manoj Kumar Vijay as an Independent Director.

No director, key managerial personnel or their relatives, except Mr. Manoj Kumar Vijay, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No.6 for the approval of the members.

Mr. Manoj Kumar Vijay is interested in the resolutions set out respectively in item No 6 of the Notice with regard to his appointment.

The relatives of Mr. Manoj Kumar Vijay may be deemed to be interested in the resolution set out in item No 6 of the Notice to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out in item No 6.

Item No. 7

Mr. Sudip Kumar Mukherji is a Non-Executive (Independent) Director (DIN: 02764262) of the Company. He joined the Board of Directors in October 2009. As per Section 149, 152 and any other applicable provisions of the Companies Act, 2013, and as per Clause

49 of Listing Agreement (Revised). Mr. Sudip Kumar Mukherji being eligible and seeking re-appointment, is proposed to be appointed as an Independent Director for a term of five years.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from Mr. Sudip Kumar Mukherji along with a deposit of Rs. 100000/- proposing the candidature of him for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Sudip Kumar Mukherji (i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, and (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules 2014 to the effect that he is not disqualified under sub-Section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-Section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of members for the appointment of Mr. Sudip Kumar Mukherji as an Independent Director of the Company up to the conclusion of 37th Annual General Meeting pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. He is not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Sudip Kumar Mukherji, the Independent Director proposed to be appointed, fulfils the conditions specified in the Act and the Rules made there under and he is independent of the Management. A copy of the draft letter for the appointment of Mr. Sudip Kumar Mukherji as an Independent Director setting out the terms and conditions is available for inspection without any fees by the members at the Company's registered office during normal business hours on working days up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail the services of Mr. Sudip Kumar Mukherji as an Independent Director.

No director, key managerial personnel or their relatives, except Mr. Sudip Kumar Mukherji, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 7 for the approval of the members.

Mr. Sudip Kumar Mukherji is interested in the resolutions set out respectively in item No 7 of the Notice with regard to his appointment.

The relatives of Mr. Sudip Kumar Mukherji may be deemed to be interested in the resolution set out in item No 7 of the Notice to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/ Key Managerial Personnel of the Company/ their relatives are in any way concerned or interested, financially or otherwise, in the resolution set out in item No 7.

Item No. 8

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 as per the following details:

Name of the Cost Auditor	Audit Fees (Rs. In lacs)
M/s D.Radhakrishnan & Co.	1.00

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditor for the financial year ending March 31, 2015.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out in Item No. 8 of the Notice.

The Board commends the Ordinary Resolution set out in Item No. 8 of the Notice for approval by the shareholders.

By Order of the Board

Registered Office:
Plot No. IND-5, Sector - 1
East Kolkata Township
Kolkata - 700 107
Date: 28th May, 2014.

Shyamal Bandopadhyay
Sr. VP-Finance & Company Secretary

Additional Details of the Independent Directors

Name of the Director	Mr Nandan Bhattacharya
Date of Birth	02.09.1940
Nationality	Indian
Date of Appointment on the Board	03.09.1996
Qualification	Electronic and Telecommunications Engineer
Experience in functional areas	Experience of over 40 years in different Industries. He was a Managing Director of the West Bengal Electronics Industry Development Corporations Limited. He has served on the Board of many reputed Companies.
Shareholding in the Company	Nil
List of Directorship held in other Companies	Titagarh Wagons Ltd
Committee Membership in other Companies	Nil

Name of the Director	Hari Ram Agarwal
Date of Birth	10.10.1963
Nationality	Indian
Date of Appointment on the Board	02.06.2008
Qualification	B. COM (H), FCA, FCS, LLB
Experience in functional areas	A Law graduate and a fellow Member of Institute of Chartered Accountants of India as well as of 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
List of Directorship held in other Companies	Nil
Committee Membership in other Companies	Nil

Name of the Director	Mr Manoj Kumar Vijay
Date of Birth	20.06.1966
Nationality	Indian
Date of Appointment on the Board	02.06.2008
Qualification	B Com (H)
Experience in functional areas	23 years of experience in Accounts and finance function
Shareholding in the Company	Nil
List of Directorship held in other Companies	KGVK Agro Limited Usha Gases & Industries Ltd
Committee Membership in other Companies	Nil

Name of the Director	Sudip Kumar Mukherji
Date of Birth	03.11.1949
Nationality	Indian
Date of Appointment on the Board	29.10.2009
Qualification	FCA
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.
Shareholding in the Company	Nil
List of Directorship held in other Companies	Nil
Committee Membership	Nil

Directors' Report

To the Shareholders,

Your Directors are pleased in presenting the 32nd Annual Report and Audited Accounts of the Company for the year ended 31st March, 2014.

1. FINANCIAL RESULTS

	Year ended 31.03.2014	(Rs. in lacs) Year ended 31.03.2013
Revenue from Operations	50688.55	46232.08
Profit prior to Finance charges & Depreciation	4888.42	5071.69
Less : Finance charges	36.84	38.14
Depreciation	929.62	1123.38
Profit before Exceptional items	3921.96	3910.17
Exceptional items	2100.00	—
Profit before Tax	6021.96	3910.17
Less: Provision for Taxation:		
Current Tax	1368.38	1461.65
Deferred Tax	486.04	(216.77)
Less : Income Tax adjustment for earlier years	—	45.27
Profit after Tax	4167.54	2620.02

2. MANAGEMENT DISCUSSION & ANALYSIS

OVERALL PERFORMANCE

During the year under review your Company has recorded gross operational revenue of Rs 506.89 crores (as against Rs 462.32 crores in 2012-13) recording a growth of 9.6%.

Your Company has achieved a profit before tax of Rs 60.22 crores (as against Rs 39.10 crores in 2012-13) and net profit of Rs 41.68 crores (as against Rs 26.20 crores in 2012-13).

During the year, your company has sold the Indian Made Foreign Liquor (IMFL) business to Tilaknagar Industries Ltd for an aggregate sum of Rs 21 crores and has exited this business segment. The sale of the IMFL business is expected to improve overall margins of the Company in future.

Earning per equity share is Rs 46.19 as compared to Rs 32.30 per share in the previous year.

During the current financial year (2014-15), your company has taken over the Carbon Di-oxide and allied business of Nurpur Gases Private Ltd (an associate Company) w.e.f 1st May'14 with a view to improve the margins of the distillery operations, by way of forward integration of by-products, at a consideration of Rs. 8.05 crores.

REVIEW OF DIVISIONAL PERFORMANCE

Alcohol and Bottling:

Your company operates a grain-based distillery in Bengal at Noorpur. The state of the art plant, based on 'multi-pressure-distillation' process is capable of distilling alcohol from multiple feed stocks such as waste/broken rice, wheat, barley, jowar etc.

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

Your company has further undertaken a Yield Improvement plan to improve the yield and productivity. Your company has also successfully commissioned the 2.5MW Power Plant at Noorpur distillery in March 2014, which will make the distillery operations 'Grid power' free and thus will improve margins in coming years. The Power Plant has been commissioned at a capital outlay of Rs 29.87 crores.

To further improve the distillery margin, your company is also installing a state of the art DDGS (Distillers Dried Grain Soluble) Plant, with an estimated capital outlay of Rs 28 crores, to produce value added by-products, which is expected to be commissioned in July 2014.

After abolition of Privilege area by the State Government in Indian Made Indian Liquor (IMIL) segment, the Government has issued many new Licenses for Bottling Plants. This has resulted in excess capacity compared to the demand. As a result of increased competition, market practices are undergoing a change such as High Retailer Scheme, Door delivery facility, Credit facility etc. are becoming the accepted business practices resulting in price war in the Market. Margins will be under pressure and higher volume sales will be essential to achieve turnover and profit growth in absolute terms.

The State Government approved the conversion of the IMFL bottling plant at Dankuni to an IMIL bottling plant and the IMIL operations started in December 2013. However, due to high competition in market place, production and sales are yet to reach full capacity.

Marine:

Marine exports have registered a 103 % growth in this year due to increase in export volume, higher export realization and increase in geography of export market. However, raw material prices continued to remain high as in last financial year, as a result margins have remained flat.

Marine feed business had a tough year like the last financial year, stocking was low and infiltration of competition from neighbouring states affected both sales growth and margins, resulting in degrowth of sales and profit from last year. Business operating model is being restructured to increase sales and market share in the next financial year.

Marine domestic food business was also affected due to high raw material price. Focus in retail segment enabled expansion of distribution reach in traditional trade, which improved retail sales.

OPPORTUNITIES & CHALLENGES:

The current financial year will again be a year of tough business conditions and challenges. Spirit prices of other states such as Punjab and UP continue to remain low which affects our pricing, coupled with the impact of spirit removal fee, distillery margins will remain under pressure.

The generation of captive power and the commissioning of the value added by-product DDGS plant, which is expected to be commissioned in July 2014, would make the distillery competitive.

IMIL segment will have pressure on sales and margin, as with the expected commissioning of the new Plants by competition in this year IMIL market will have excess supply capacity; hence sale growth and margins will continue to be under pressure.

Your company is continuing its efforts to attain further efficiencies by improving the yield at distillery, reducing the wastage in all the divisions and ensuring optimal use of human resources on all fronts.

Human Resources:

For the development of the human resources, number of training programs was organized during the year. Internal personnel as well outside faculty members undertook these programs. Employees were also sent to renowned management and technical institutes for continuous up-gradation of their knowledge and skills. Your Company plans to organize more such training programs for the overall development of its people. Total number of employees in the Company was 284 as on 31st March 2014 as against 313 as on 31st March 2013.

The Company also maintained good relations with employees at all levels. The Directors place on record their appreciation of the contribution made by the employees towards the growth of the Company.

Internal Control System:

The Company has adequate system of internal controls and check and balances to ensure that its assets are safeguarded and protected against loss from unauthorized use. The strength of these systems is continuously being monitored by in-house internal auditors and the findings of these audits are reported to the Audit Committee of the Board and also to the Board of Directors. The adequacy of the internal control system has also been examined by the statutory auditors.

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 Company is a debt free Company and has invested during the year Rs. 63 crores for various CAPEX Projects in all the Divisions of the Company. Further aggressive growth plans have been undertaken in the coming years by way of capacity expansion, modernization of existing units, setting up new plants and also acquisitions. These capital projects are expected to increase the revenue and margin of your Company in the coming years, and thus create Shareholders value. In order to conserve resources for the proposed Capital investments, your Directors have decided not to recommend any Dividend for the financial year under review.

4. DIRECTORS

In accordance with the provisions of the Section 149 and 152 of the Companies Act, 2013 read with Articles of Association of the Company, Mr. Arup Kumar Banerjee, Managing Director, retire by rotation and being eligible, offer himself for re-appointment, at the terms and conditions proposed by the Board, annexed in the notice for AGM.

As per provisions of Section 150 of the Companies Act, 2013, the Independent Directors of the Company, namely Mr Nandan Bhattacharya, Mr Sudip Kumar Mukherji, Mr Manoj Kumar Vijay and Mr Hari Ram Agarwal need to be re-elected for a period of five years. All of them being eligible, offer themselves for re-appointment.

The details about the qualification, other directorships etc. of all the Directors, as mentioned above, as per Clause 49 of the Listing Agreement, are provided separately and annexed to the notice.

5. CHANGE IN SHARE CAPITAL

During the year, 362000 equity shares of Rs 10/- each were allotted to the promoter group on preferential allotment basis at a premium of Rs 178/- per share. The allotment was made on 13th March 2014 and the shares so issued are under lock-in till 27th May 2017 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 Chandiok & Co LLP, 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 141(3)(g) of the Companies Act, 2013.

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 D. Radhakrishnan & Co., Cost Accountants for conducting Cost Audit for the financial year 2014-15. The Cost Auditors have confirmed that their appointment, if made, would be within the limits specified in Section 141(3)(g), read with Section 148(3) of the Companies Act, 2013.

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.

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all Shareholders of the Company excluding the Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956. Any Shareholder interested in obtaining a copy of the said Statement may write to the Company Secretary at the Registered Office of the Company, and the same will be sent by post.

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, 28th May, 2014

Annexure I 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 in the distillery, using special yeast strain and partial usage of cold process enzyme. This has led to further reduction in electricity cost (3%) and higher water conservations (2% additional reduction in water usage) compared to last year.
2. Operation of multistage turbines were optimized further, and in spite of discontinuation of molasses distillery operation, standalone grain distillery has recorded 4463690 KWh (Kilo watt hour) of incidental power generation (48.11% of total power requirement) versus last year's figure of 4562530 KWh (Kilo watt hour). Contribution of incidental power has been improved to 0.202KW per BL of finished product, against achieved figure of 0.196KW per BL last year.
3. In an effort to modernize distillery and to make it most energy efficient, 2 units of 22TPH high pressure boilers were successfully installed and commissioned, along with matching high efficiency turbine, which will make the unit virtually grid power free in the next fiscal (14-15).
4. Continued replacement of SON lamps with LED lamps, and installation of one more 'high mast' lighting system, which has given improved energy savings.
5. All high capacity motors were fitted with VFD which has contributed positively in reduction of electrical energy usage.
6. Continuous up gradation of power bank capacitor mechanism has steadied power factor in the range of 0.9825(11-12), 0.9852(12-13) and 0.9811 (13-14) for the distillery division.
7. Our continuous effort to reuse / recycle ground water has shown further improvement, with continuous recycling of water in water cooled blower with automatic level controls. As a result, net recycling has improved up to 46% in 13-14, compared to 41% in 12-13.

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

1. Installation of 5 effect vacuum evaporator along with imported fluidized shaking bed dryer for DDGS unit will ensure > 90% water recycling, and the same is likely to be commissioned in July, 2014.
2. Low pressure jet cooker is being introduced to liquefaction process, which will impart energy savings and will maximize incidental power generation.
3. New biogas burner system, will ensure maximum biogas utilization in 22TPH boiler and thus will save further energy.
4. Incorporation of ESP system as air pollution control (APC) device, and concealed ash conveying system will improve environmental air pollution control, expected to be operational by May, 2014.
5. Incorporation of insulated thin slop tanks in DDGS unit will reduce steam consumption substantially, thus further steam and fuel consumption will be ensured.
6. 100% steam condensate recycling from DDGS unit will substantially reduce fuel and energy consumption.

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 10.0 crores annually (approximately).

[B] TECHNOLOGY ABSORPTION**a) Efforts made in technology absorption****1. Research & Development (R&D)**

- 1.1 In house R&D has successfully tested special enzymes and put to current process of fermentation process in combination to existing ones, thereby enhancing conversion efficiencies and yield.
- 1.2 The R & D Department has successfully conducted laboratory and pilot trials to introduce micro nutrient supplements to grain fermentation process, which has contributed to yield improvement irrespective of grain variants, ranging about 2.5-3.0% with respect to starch content.
- 1.3 The in house 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, c) safety system in biogas burning process in 20TPH boiler, through which proper burning has been achieved and more than 2.0% w/w saving on fuel account has been established.
- 1.4 New formulation for organic manure has been successfully developed maintaining FCO requirements, which has been approved by esteemed customers.

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

- 2.1 Improved efficiency and yield irrespective of grain quality.
- 2.2 Improved product quality and market acceptability.
- 2.3 Cost saving.
- 2.4 Generation of wealth utilizing various plant wastes.
- 2.5 Reduction in power 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 insulation of hot tanks.
- 3.2 Chilling plant with CFC free new generation refrigerant will be introduced to avoid GHG (green house gas) emission.
- 3.3 DDGS project followed by ROCHEM RO plant with ultra filtration (UF), will ensure about 90% of water recycling in the distillery.
- 3.4 Higher productivity through very high gravity fermentation and low energy consuming grain processing technologies.
- 3.5 ESP and bag filters to ensure air pollution remains within prescribed limits.
- 3.6 Fuel storage under shed is being implemented to prevent dust spillage to nearby locality.

4. Expenditure on R&D:

- | | | |
|---------------|---|---------------|
| 4.1 Capital | : | Rs Nil |
| 4.2 Recurring | : | Rs 2.56 lakhs |
| 4.3 Total | : | Rs 2.56 lakhs |

Technology Absorption, Adaptation & Innovation
1. Efforts:

- (a) Adoption of genetically modified high yielding imported yeast strain to support high gravity fermentation.
- (b) Incorporation of ESP (Electro static precipitator) technology for air pollution control measures in boiler operation.
- (c) Modifications in pneumatic ash conveying and storage silo system, for total control of air pollution against boiler ash generation.
- (d) Installation of fluidized bed shaking dryer for DDGS processing, thereby ensuring optimum product quality.
- (e) Introduction of water cooled screw type brine chiller with refrigerant R134A, which is environment friendly, and does not lead to GHG (green house gas) emission.

2. Benefits:

- (a) Improvement in fermentation & Distillation efficiencies and overall yield.
- (b) Better environmental protection in and around the distillery.
- (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:

	31.03.2014	31.03.2013
a) Foreign Exchange Earnings (FOB value)		
– Exports (FOB Value)	9664.14	4892.61
b) Foreign Exchange Outgo:		
– Raw Materials	147.15	175.31
– Capital Goods & Spare Parts	1025.51	24.92
– Travelling	23.88	22.61
	1196.54	222.84

On behalf of the Board

Bikram Nag
Joint Executive Chairman

A. K. Banerjee
Managing Director

Kolkata, 28th May, 2014

Annexure II 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 2014 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	1	2
5.	Mr Amitabha Kumar Nag	Non-Executive	—	—
6.	Mr Hari Ram Agarwal	Non-Executive & Independent	—	—
7.	Mr Manoj Kumar Vijay	Non-Executive & Independent	2	—
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 2013-2014 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 2013-14, which were as follows:

Sl. No.	Date of Board Meetings
1	30th May 2013
2	27th July 2013
3	31st October 2013
4	31st January 2014
5	25th February 2014
6	13th March 2014

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)	2	Not Present
2	Mr. Bikram Nag	4	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	4	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 financial year 2013-14:

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

During the year 2013-14, the Committee met four times which were as follows:

Sl. No.	Date of Audit Committee Meetings
1.	30th May 2013
2.	27th July 2013
3.	31st October 2013
4.	31st January 2014

Mr. Rahul Choudhary, Company Secretary acted as Secretary to the Committee till 31st October, 2013 and thereafter Mr. Shyamal Bandopadhyay, Company Secretary acted as Secretary to the Committee.

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

- 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.
- Recommending the appointment, re-appointment of and removal of external auditor, fixation of audit fees and approval for payment of other services.
- Reviewing with the management, (a) cost records, (b) performance of the Statutory & Internal auditors and (c) adequacy of Internal Control System.
- 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 Boards' 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	No. of meeting attended
1	Mr. Nandan Bhattacharya	Chairman	2
2	Mr. Amitabha Kumar Nag	Member	2
3	Mr. Manoj Kumar Vijay	Member	2
4	Mr. Hari Ram Agarwal	Member	2

The Committee has reviewed and recommended the remuneration package for Managing Director, other directors(if applicable), COO and Company Secretary, including annual increments, pension rights, compensation payments, if any. Committee met twice during the year 2013-14 which were as follows:

Sl. No.	Date of Remuneration Committee Meetings
1	30th May 2013
2	31st October 2013

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 2013-14 :

(In Rupees)

Name of Director	Sitting Fees				Salary Perquisites & Commission	Guarantee Commission	Total
	Board Meeting	Audit Committee	Remuneration Committee	Shareholders Grievance Committee			
Mr. Bijon Nag	10000	—	—	—	—	1976,252	1986252
Mr. Nandan Bhattacharya	30000	20000	2000	1000	—	—	53000
Mr. Amitabha Kumar Nag	30000	20000	2000	1000	—	—	53000
Mr Hari Ram Agarwal	20000	20000	2000	—	—	—	42000
Mr Manoj Kumar Vijay	25000	—	2000	1000	—	—	28000
Mr Sudip KumarMukherji	30000	20000	—	—	—	—	50000
Mr. Bikram Nag	—	—	—	—	4713600	—	4713600
Mr. Arup Kumar Banerjee	—	—	—	—	14056760	—	14056760

5) Shareholders/Investors Grievance Committee :

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

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

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 2013-14.

Sl. No.	Date of Shareholders/Investors Grievance Committee Meetings
1	28th March 2014

No. of shareholders complaints received so far & resolved	– 6	}
No. of complaints not solved to the satisfaction of shareholders	– Nil	
No. of pending complaints	– Nil	

Name, Designation & Address of the Compliance Officer:

Mr. Shyamal Bandopadhyay

Company Secretary

IFB Agro Industries Limited

Plot No- IND 5, Sector-1,

East Kolkata Township, Kolkata-700 107

Tel: 033 39849648 • 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	03.03.2014	Ecohub, Ecospace (Business Park), Plot No 2F/11, New Town, Rajarhat, Ambuja Reality Kolkata 700 156	10.00 A.M.
2012-13 (31st AGM)	26.07.2013	Ecohub, Eco Space (Business Park), Ambuja Reality, Plot No 2F/11, New Town, Rajarhat, North 24-Parganas, Kolkata 700 156.	12.00 Noon
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.

- b. Whether any special resolution passed in the previous 3 AGMs : Yes
- c. Whether any special resolution during last year : Yes
 - 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 Rules 22 of Companies (Management & Administration) Rule, 2014.
- f. As per Companies Act 2013 and Listing Agreements, the company will arrange e-voting facility in the AGM/EGM. Detailed guidelines and procedures will be circulated to the members along with the relevant notices.

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. 34 “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 2013-14 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 362000 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

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 Stock Exchanges 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 Mint / Business Standard (English) and Ekdin / Khabar 365 Din (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) Thirty Second Annual General Meeting

Date : 30th July, 2014

Time : 12:30 p.m.

Venue : Club Ecovista, Ecospace Business Park, Premises No. 2F/11, Action Area II, Rajarhat, New Town, Kolkata - 700156

ii) Financial Year 2013-2014. Following are its highlights:

Event	Date when approved by the Board for publication
First Quarter Results - ended 30.06.2013	27th July 2013
Half Yearly Results - ended 30.09.2013	31st October 2013
Third Quarter Results - ended 31.12.2013	31st January 2014
Final Audited Results - ended 31.03.2014	28th May 2014

iii) Book Closure date – 25th July, 2014 to 30th July, 2014 (both days inclusive)

iv) Dividend payment date – Not Applicable.

v) Profile of Directors retiring : Enclosed separately

vi) Listing on Stock Exchanges:

The Company's Equity Shares are listed on Bombay Stock Exchange Ltd. and on National Stock Exchange of India Ltd. Listing fees for the period 2013-2014 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 076C01018
- 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 2013	185.00	152.90	177.95	153.00
May 2013	182.00	155.15	182.00	155.00
June 2013	185.00	135.20	176.00	138.00
July 2013	157.80	130.00	158.90	130.05
August 2013	165.00	115.00	163.00	104.00
September 2013	149.85	130.10	153.95	128.20
October 2013	179.00	129.05	158.95	129.00
November 2013	153.95	134.60	154.05	138.25
December 2013	180.75	142.50	184.90	145.00
January 2014	222.00	161.00	206.00	172.65
February 2014	229.00	175.00	230.50	185.60
March 2014	207.00	165.00	207.00	162.00

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

Month	Stock Exchange, Mumbai		National Stock Exchange	
	Closing Price (Rs.)	Sensex	Closing Price (Rs.)	Nifty
April 2013	168.15	19504.18	167.75	5930.20
May 2013	159.95	19760.30	156.80	5985.95
June 2013	142.65	19395.81	142.85	5842.20
July 2013	133.90	19345.70	134.50	5742.00
August 2013	130.00	18619.72	129.85	5471.80
September 2013	137.10	19379.77	135.80	5735.30
October 2013	153.80	21164.52	151.35	6299.15
November 2013	142.20	20791.93	146.70	6176.10
December 2013	177.65	21170.68	177.05	6304.00
January 2014	192.00	20513.85	193.40	6089.50
February 2014	194.30	21120.12	194.85	6276.95
March 2014	180.40	22386.27	179.65	6704.20

x) Registrar & Share Transfer Agent –

CB Management Services (P) Ltd.
P-22, Bondel Road, Kolkata - 700 019
Tel : (033) 4011 6700/2280 6692/2282 3643/2287 0263
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, 2014:

Range		No. of Shareholders	% of total	No. of Shares	% of total
From	To				
1	500	5818	93.63	691017	7.38
501	1000	221	3.56	166693	1.78
1001	2000	77	1.24	111224	1.19
2001	3000	23	0.37	56562	0.60
3001	4000	13	0.21	47957	0.51
4001	5000	6	0.09	28425	0.30
5001	10000	18	0.29	126596	1.35
10001	9999999	38	0.61	8138637	86.89
TOTAL		6214	100.00	9367111	100.00

b) *Shareholding Pattern as on 31st March 2014:*

	No. of Shares	% of total	% Dematerialised
Indian Promoters	6087680*	64.99	64.99
Mutual Funds/UTI	136500	1.46	1.36
Banks, Financial Institutions & Insurance Companies	95850	1.02	0.00
Private Corporate Bodies	777125	8.30	8.22
Indian Public	2144120	22.89	18.53
Non- Resident Indians	56447	0.60	0.27
Clearing Members	68889	0.74	0.74
Office of the Custodian Special Court	500	0.00	0.00
TOTAL	9367111	100.00	94.11

*362000 Equity Shares of Rs.10/- each issued at a premium of Rs.178/- was allotted to a promoter group company on preferential basis on 13th March, 2014.

xiii) Dematerialisation of shares :

As on 31st March 2014, 94.11% of the Company's total shares representing 8815403 shares were held in dematerialised form and the balance 5.89% representing 551708 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 : complianceifbagro@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 fixed the tenure of 5 years for the Independent Directors on the Board , as per relevant provisions of Companies Act, 2013 and SEBI regulations.

(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 2013-14.

(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, 2014.

Place : Kolkata
Date : 28th May, 2014

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, 2014 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.

For Walker Chandiok & Co LLP
(formerly Walker, Chandiok & Co.)
Chartered Accountants
Firm's Registration No. 001076N

per Atul Seksaria
Partner
Membership No 086370

Place : Gurgaon
Dated : 28th May, 2014

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 Shyamal Bandopadhyay, Sr. 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 2014 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 2014 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 : 28th May 2014

A. K. Banerjee
Managing Director

Shyamal Bandopadhyay
Sr. 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 31 March 2014, 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. 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 31 March 2014;
 - 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 notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 ; and
 - e. on the basis of written representations received from the directors, as on 31 March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For Walker Chandiok & Co LLP
(formerly Walker, Chandiok & Co.)
Chartered Accountants
Firm's Registration No. 001076N

per Atul Seksaria
Partner

Membership No 086370

Place : Gurgaon
Dated : 28th May, 2014

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, 2014

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 program 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 31 March 2014, 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	Sales Tax interest & penalty	374.61	2004-05	Senior Joint Commissioner (Commercial Taxes) West Bengal
West Bengal Sales Tax Act, 1994	Sales Tax interest & penalty	344.66	2005-06	Additional Commissioner of Commercial Taxes, West Bengal

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	Sales Tax interest & penalty	41.38	2006-07	Appellate and Revisional Board, West Bengal
West Bengal Sales Tax Act, 1994	Sales Tax interest & penalty	405.48	2007-08	Appellate and Revisional Board, West Bengal
West Bengal Sales Tax Act, 1994	Sales Tax interest & penalty	470.12	2008-09	Appellate and Revisional Board, West Bengal
Central Sales Tax Act, 1956	Sales Tax interest & penalty	9.08	2005-06	Additional Commissioner of Commercial Taxes, West Bengal
Central Sales Tax Act, 1956	Sales Tax interest & penalty	1.75	2007-08	Appellate and Revisional Board, West Bengal
West Bengal VAT Act, 2003	Value Added Tax, interest and penalty	131.00	2005-06	Appellate and Revisional Board, West Bengal.
West Bengal VAT Act, 2003	Value Added Tax, interest and penalty	5.75	2006-07	Appellate and Revisional Board, West Bengal.
West Bengal VAT Act, 2003	Value Added Tax, interest and penalty	185.84	2007-08	Appellate and Revisional Board, West Bengal.
West Bengal VAT Act, 2003	Value Added Tax, interest and penalty	569.98	2008-09	Appellate and Revisional Board, West Bengal.
West Bengal VAT Act, 2003	Value Added Tax, interest and penalty	9.16	2010-11	Additional Commissioner of Commercial Taxes, West Bengal
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 a company 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. 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.

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

Place : Gurgaon
Dated : 28th May, 2014

Balance Sheet as at 31st March, 2014

(All amounts in Rupees lacs, unless otherwise stated)

	Notes	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	4	936.71	900.51
Reserves and surplus	5	19,668.33	14,856.43
		20,605.04	15,756.94
Non-Current Liabilities			
Deferred tax liabilities, net	6	929.24	443.20
Other long-term liabilities	7	400.02	400.02
Long-term provisions	8	151.08	111.55
		1,480.34	954.77
Current liabilities			
Short-term borrowings	9	420.96	—
Trade payables	10	686.23	391.95
Other current liabilities	11	2,341.75	1,462.54
Short-term provisions	8	62.38	12.51
		3,511.32	1,867.00
Total		25,596.70	18,578.71
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible assets	12	9,694.20	7,185.46
Capital work-in-progress		2,134.84	192.39
Non-current investments	13	296.17	296.17
Long-term loans and advances	14	63.26	149.83
Other non-current assets	15	220.01	193.91
		12,408.48	8,017.76
Current Assets			
Current investments	16	500.00	—
Inventories	17	2,447.84	3,078.55
Trade receivables	18	923.93	653.74
Cash and bank balances	19	4,886.38	4,492.68
Short-term loans and advances	14	2,177.27	2,301.39
Other current assets	20	2,252.80	34.59
		13,188.22	10,560.95
Total		25,596.70	18,578.71

Notes 1 to 38 form an integral part of these financial statements

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

For Walker Chandiok & Co LLP
(Formerly Walker, Chandiok & Co.)
Chartered Accountants

per Atul Seksaria
Partner

Gurgaon, 28th May, 2014

For and on behalf of the Board of Directors

Bikram Nag
A. K. Banerjee
Shyamal Bandopadhyay

Joint Executive Chairman
Managing Director
Sr. VP - Finance and
Company Secretary

Kolkata, 28th May, 2014

Statement of Profit & Loss for the year ended 31st March, 2014

(All amounts in Rupees lacs, unless otherwise stated)

	Notes	For the year ended March 31, 2014	For the year ended March 31, 2013
REVENUE			
Revenue from operations, gross	21	73,183.52	66,536.08
Less : Excise duty		(22,494.97)	(20,304.00)
Revenue from operations, net		50,688.55	46,232.08
Other income	22	365.28	297.02
Total revenue		51,053.83	46,529.10
EXPENSES			
Cost of materials consumed	23	30,379.15	24,730.28
Purchases of traded goods	24	8,075.74	7,718.74
Changes in inventories of finished goods, work-in-progress and traded goods	25	(2.89)	54.23
Employee benefits expense	26	2,049.69	2,137.46
Finance costs	27	36.84	38.14
Depreciation and amortisation expense	28	929.62	1,123.38
Other expenses	29	5,663.72	6,816.70
Total expenses		47,131.87	42,618.93
Profit before exceptional items and tax		3,921.96	3,910.17
Exceptional items	30	2,100.00	—
Profit before tax		6,021.96	3,910.17
Tax expense			
Current tax		1,368.38	1,461.65
Deferred tax		486.04	(216.77)
Tax - earlier years		—	45.27
		1,854.42	1,290.15
Profit after tax		4,167.54	2,620.02
Earnings per equity share of Rs. 10 paid up per share			
Basic and diluted	31	46.19	32.30

Notes 1 to 38 form an integral part of these financial statements

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

For Walker Chandiok & Co LLP
 (Formerly Walker, Chandiok & Co.)
 Chartered Accountants

per Atul Seksaria
 Partner

Gurgaon, 28th May, 2014

For and on behalf of the Board of Directors

Bikram Nag
 A. K. Banerjee
 Shyamal Bandopadhyay

Kolkata, 28th May, 2014

Joint Executive Chairman
 Managing Director
 Sr. VP - Finance and
 Company Secretary

Cash Flow Statement for the Year ended 31st March, 2014

(All amounts in Rupees lacs, unless otherwise stated)

	For the year ended March 31, 2014	For the year ended March 31, 2013
A. Cash flow from Operating Activities :		
Net Profit Before Tax	3,921.96	3,910.17
<i>Adjustment for :</i>		
Depreciation, amortisation and impairment	929.62	1,123.38
Bad debts written off	5.17	2.16
(Gain)/Loss on sale of fixed assets, net	(14.70)	90.23
Profit on sale of Investment	(234.79)	(104.26)
Dividend income	—	(0.25)
Provision for employee benefits	88.04	126.69
Liability no longer required, written back	(43.71)	(155.38)
Interest income	(64.71)	(34.38)
Interest and other finance costs	36.84	38.14
	4,623.72	4,996.50
Operating Profit Before Working Capital Changes		
<i>Adjustment for :</i>		
Inventories	630.71	659.36
Trade and other receivables	(2,502.09)	(122.64)
Trade and other payable	523.18	(2,009.45)
Income tax paid	(1,133.19)	(1,518.92)
Net cash from operating activities	2,142.33	2,004.85
Exceptional item	2,100.00	—
Net cash from operating activities after exceptional item (A)	4,242.33	2,004.85
B. Cash flow from Investing Activities :		
Addition to fixed assets (including changes to capital work in progress)	(4,785.66)	(816.02)
Sale of fixed assets	72.85	55.90
Purchase of investments	(12,900.00)	(4,140.00)
Sale of investments	12,634.79	4,244.26
Interest received	64.71	34.38
Dividend received	—	0.25
Net cash (used) in Investing Activities (B)	(4,913.31)	(621.23)
C. Cash flow from Financing Activities :		
Cash Credit (including Export Packing Credit)	420.96	(18.56)
Proceeds from equity, including premium	680.56	1,816.36
Interest and other finance costs	(36.84)	(38.14)
Net Cash from/ (used) in Financing Activities (C)	1,064.68	1,759.66
Net Increase /(Decrease) in Cash & Cash Equivalents (A+B+C)	393.70	3,143.28
Cash and Cash Equivalents as at 01 April	4,492.68	1,349.40
Cash and Cash Equivalents as at 31 March	4,886.38	4,492.68

Notes:

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

For Walker Chandio & Co LLP
(Formerly Walker, Chandio & Co.)
Chartered Accountants

per Atul Seksaria
Partner

Gurgaon, 28th May, 2014

For and on behalf of the Board of Directors

Bikram Nag
A. K. Banerjee
Shyamal Bandopadhyay

Kolkata, 28th May, 2014

Joint Executive Chairman
Managing Director
Sr. VP - Finance and
Company Secretary

Summary of significant accounting policies and other explanatory information

(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. 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 read with General Circular 15/2003 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013, and with the relevant provisions of the Act and pronouncements of The Institute of Chartered Accountants of India ('ICAI'). 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.

3. Significant Accounting Policies

a. 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.

b. 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.

Summary of significant accounting policies and other explanatory information(Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

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.

c. 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.

d. 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.

e. Government grants and subsidies

Grants and subsidies from the government are recognised when there is reasonable certainty that the grant/subsidy will be received and all attaching conditions are complied. When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

f. Borrowing Cost

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. Impairment 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.

Summary of significant accounting policies and other explanatory information(Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

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 Transactions

Transactions in foreign currency are recognised at the rates of exchange prevailing on the dates of the transactions.

Liabilities/ assets in foreign currencies are reckoned in the accounts as per the following principles:

Exchange differences arising on a monetary item for the purchase of depreciable asset is added to / deducted from the value of the asset and is depreciated over the life of the asset as per the notification in "Gazette of India" dated 31.3.2009 vide G.S.R. 225(E) read with G.S.R. 913(E) dated 29.12.2011.

Exchange differences in respect of all other monetary assets and liabilities denominated in foreign currency are restated at the rates ruling at the year end and all exchange gains/ losses arising there from are adjusted to the Statement of Profit and Loss, except those covered by forward contracted rates where the premium or discount arising at the inception of such forward exchange contract is amortised as expense or income over the life of the contract.

Exchange differences on forward contracts are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward contracts is recognised as income or expense for the year.

For forward exchange contracts and other derivatives that are not covered by Accounting Standard (AS) -11 'The Effects of Changes in Foreign Exchange Rates', the Company follows the guidance in the announcement of the Institute of Chartered Accountants of India (ICAI) dated March 29, 2008, whereby for each category of derivatives, the Company records any net mark-to-market losses. Net mark-to-market gains are not recorded for such derivatives.

k. Employee Retirement Benefits:

i) Defined Contribution Plans:

The Company provides Defined Contribution Plans for post employment benefits in the form of Provident Fund and Superannuation fund 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 and Superannuation fund 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 and Gratuity 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.

Summary of significant accounting policies and other explanatory information(Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

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. Segment reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Further,

- a) Inter segment revenue has been accounted for based on the transactions price agreed to between segments which is primarily market based.
- b) Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under “Un-allocated expenses net of un-allocated income”.

p. 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.

q. Cash and cash equivalent

Cash and cash equivalents comprise cash and deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible into known amounts of cash to be cash equivalents.

Summary of significant accounting policies and other explanatory information(Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

	As at 31 March 2014		As at 31 March 2013	
	Number	Amount	Number	Amount
4 Share capital				
Authorised share capital				
Equity shares of Rs 10 each	1,20,00,000	1,200.00	1,20,00,000	1,200.00
	1,20,00,000	1,200.00	1,20,00,000	1,200.00
Issued, subscribed and fully paid up				
Equity shares of Rs 10 each	93,67,111	936.71	90,05,111	900.51
	93,67,111	936.71	90,05,111	900.51
i) Reconciliation of equity share capital	Number	Amount	Number	Amount
Balance at the beginning of the year	90,05,111	900.51	80,07,111	800.71
Add : Issued during the year	3,62,000	36.20	9,98,000	99.80
Balance at the end of the year	93,67,111	936.71	90,05,111	900.51
ii) Shareholders holding more than 5% of the shares	Number	%	Number	%
Equity shares of Rs 10 each				
IFB Automotive Private Limited	36,02,900	38.46	32,80,130	36.43
Nurpur Gases Private Limited	785,543	8.39	—	—
SICGIL India Limited	645,458	6.89	583,224	6.48
	50,33,901	53.74	38,63,354	42.91
iii) No bonus shares were issued by the Company in the last 5 years.				
5. Reserves and Surplus			31 March 2014	31 March 2013
i) Capital reserves				
Balance at the beginning of the year			7.77	7.77
Add : Additions made during the year			—	—
Less : Deletions made during the year			—	—
Balance at the end of the year			7.77	7.77
ii) Securities premium account				
Balance at the beginning of the year			2,549.36	832.80
Add : Additions made during the year			644.36	1,716.56
Less : Deletions made during the year			—	—
Balance at the end of the year			3,193.72	2,549.36
iii) Investment allowance reserve				
Balance at the beginning of the year			—	4.90
Add : Additions made during the year			—	—
Less : Deletions made during the year			—	(4.90)
Balance at the end of the year			—	—

Summary of significant accounting policies and other explanatory information(Contd.)
(All amounts in Rupees lacs, unless otherwise stated)

	<u>31 March 2014</u>	<u>31 March 2013</u>
iv) General reserve		
Balance at the beginning of the year	284.94	284.94
Add : Additions made during the year	—	—
Less : Deletions made during the year	—	—
Balance at the end of the year	<u>284.94</u>	<u>284.94</u>
v) Surplus in the statement of profit and loss		
Balance at the beginning of the year	12,014.36	9,394.34
Add : Transferred from statement of profit and loss	4,167.54	2,620.02
Balance at the end of the year	<u>16,181.90</u>	<u>12,014.36</u>
	<u>19,668.33</u>	<u>14,856.43</u>
	As at	As at
	<u>31 March 2014</u>	<u>31 March 2013</u>
6 Deferred tax liabilities, net		
Deferred tax liabilities		
Timing difference on tangible assets depreciation and impairment	1,073.46	597.40
	<u>1,073.46</u>	<u>597.40</u>
Deferred tax assets		
Provision for employee benefits	(64.34)	(46.35)
Voluntary retirement Scheme payments	(79.88)	(107.85)
	<u>(144.22)</u>	<u>(154.20)</u>
Net deferred tax liability	<u>929.24</u>	<u>443.20</u>
7 Other long term liabilities		
Security Deposits (Refer note below)	400.02	400.02
	<u>400.02</u>	<u>400.02</u>

Note:

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 28 February 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.

	<u>As at 31 March 2014</u>		<u>As at 31 March 2013</u>	
	<u>Long term</u>	<u>Short term</u>	<u>Long term</u>	<u>Short term</u>
8 Provisions				
Provisions for employee benefits (refer note 26)	151.08	20.29	111.55	12.51
Provision for taxation, net of advance tax	—	42.09	—	—
	<u>151.08</u>	<u>62.38</u>	<u>111.55</u>	<u>12.51</u>

Summary of significant accounting policies and other explanatory information(Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

	As at 31 March 2014		As at 31 March 2013	
	Long term	Short term	Long term	Short term
9 Borrowings				
Secured				
From banks	—	420.96	—	—
	—	420.96	—	—

The above loan is in the nature of buyers' credit and is 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.

	As at 31 March 2014	As at 31 March 2013
10 Trade payables		
Dues to micro and small enterprises (refer note below)	1.33	—
Dues to others	684.90	391.95
	686.23	391.95

Note:

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 dues to micro, small and medium enterprises of Rs. 1.33 lacs (previous year Rs. Nil).

	As at 31 March 2014	As at 31 March 2013
11 Other current liabilities		
Advance from customers	162.64	139.06
Non trade creditors	310.29	298.63
Security deposits	114.99	106.83
Statutory dues	239.56	297.49
Outstanding liability for expenses	719.47	475.05
Liabilities for capital expenditures	758.73	105.44
Other payables	36.07	40.04
	2,341.75	1,462.54

Summary of significant accounting policies and other explanatory information(Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

12. Tangible Assets

Particulars	GROSS BLOCK				DEPRECIATION				IMPAIRMENT			NET BLOCK	
	As at 01 April 2013	Additions during the year	Sales/ adjustments during the year	As at 31 March 2014	Upto 01 April 2013	For the year	Sales/ adjustments during the year	Upto 31 March 2014	As at 01 April 2013	Additions during the year	Reversals during the year	As at 31 March 2014	As at 31 March 2013
Owned:													
Freehold land	376.82	8.54	–	385.36	–	–	–	–	–	–	–	385.36	376.82
Buildings	2,812.59	299.91	104.98	3,007.52	1,216.37	145.03	55.06	1,306.34	81.73	–	38.90	1,658.35	1,514.49
Plant and machinery	11,177.41	3,167.46	866.90	13,477.97	6,106.96	716.99	524.04	6,299.91	319.62	24.32	282.30	7,116.42	4,750.83
Furniture and fittings	168.12	1.56	1.10	168.58	126.63	7.76	0.58	133.81	0.51	–	0.51	34.77	40.98
Office equipments	175.54	27.79	6.08	197.25	101.87	19.92	4.58	117.21	1.28	–	1.28	80.04	72.39
Vehicles	107.94	7.54	5.45	110.03	49.75	15.60	2.82	62.53	–	–	–	47.50	58.19
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
	15,551.71	3,512.80	984.51	18,080.00	7,963.11	905.30	587.08	8,281.33	403.14	24.32	322.99	104.47	9,694.20
Previous year	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	7,185.46

- The factory buildings at Noorpur and Dankuni, West Bengal have been constructed on land taken on lease/rent from associate concerns.
- Company's marine product processing plant at Kolkata has been erected on land obtained under lease for ninety nine years, valid upto 9 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. 2,354.21 lacs (previous year Rs. 2,106.09 lacs) has been constructed on leasehold land.
- Adjustment in gross block includes subsidy received during the year from Ministry of Food Processing for cold storage at marine foods processing plant amounting to Rs. 16.27 lacs (previous year Rs. nil).
- Previous year depreciation includes Rs. 137.65 lacs 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.

Summary of significant accounting policies and other explanatory information(Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

		As at 31 March 2014	As at 31 March 2013
13 Non-current investments (Valued at cost unless stated otherwise)			
Non trade quoted investments - in fully paid up equity shares			
CPL Projects Limited		1.85	1.85
90,000 shares (previous year 90,000 shares) of Rs. 10 each			
IFB Industries Limited		11.31	11.31
172,733 shares (previous year 172,733 shares) of Rs. 10 each			
Tamilnadu Newsprint Limited		4.72	4.72
5,000 shares (previous year 5,000 shares) of Rs. 10 each			
		17.88	17.88
Non trade unquoted investments - (In Associate Companies) in fully paid up equity shares			
Zenith Investments Limited		2.60	2.60
260,000 shares (Previous year 260,000 shares) of Rs. 10 each			
Asansol Bottling and Packaging Company Private Limited		23.90	23.90
23,900 shares (Previous year 23,900 shares) of Rs. 100 each			
Nurpur Gases Private Limited		14.50	14.50
145,000 shares (Previous year 145,000 shares) of Rs. 10 each			
IFB Automotive Private Limited		237.29	237.29
955,998 shares (Previous year 955,998 shares) of Rs. 10 each			
		278.29	278.29
		296.17	296.17
Aggregate market value of quoted investments		143.22	144.32
	As at 31 March 2014	As at 31 March 2013	
	Long term	Short term	Long term
14 Loans and advances			Short term
Capital advances			
(Unsecured, considered good)	63.26	—	149.83
	63.26	—	149.83
Security deposits			
(Unsecured, considered good)	—	82.07	—
	—	82.07	88.32
Other loans and advances			
(Unsecured, considered good)			
- Prepaid expenses	—	115.02	—
- Deposit with port trust, excise and others	—	835.72	—
- Advance income tax, net of provision	—	—	193.11
- Advance to suppliers	—	497.82	—
- Other advances *	—	646.64	—
	—	2,095.20	—
	63.26	2,177.27	149.83
			2,301.39

* Other advances include balance due from tie up IMFL units. (Also refer note 33(iii))

Significant accounting policies and other explanatory information(Contd.)
(All amounts in Rupees lacs, unless otherwise stated)

	As at 31 March 2014	As at 31 March 2013
15 Other non-current assets		
Non-current bank deposits (<i>refer note below</i>)	184.55	168.03
Interest accrued but not due on fixed deposit	35.46	25.88
	220.01	193.91
Note:		
Fixed deposits for Rs. 139.55 lacs (previous year Rs. 123.03) is under lien.		
16 Current investments		
Valued at cost		
Investments in mutual funds - Quoted	500.00	—
(5,000,000 units of ICICI prudential mutual fund fixed maturity plan at Rs. 10 each)	500.00	—
Aggregate market value of quoted investments	510.14	—
17 Inventories (valued at cost or lower of net realisable value)		
Raw materials	963.34	1,707.29
Raw material in transit	91.21	—
Work-in-progress	63.19	60.32
Finished goods	992.94	1,057.37
Traded goods	231.47	167.02
Stores and spares	105.69	86.55
	2,447.84	3,078.55
18 Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	121.72	136.79
Other debts		
Unsecured, considered good	802.21	516.95
	923.93	653.74
19 Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- in current accounts	827.50	788.80
- in deposit accounts (with maturity upto 3 months)	3,908.82	3,700.00
- Cash in hand	7.00	3.27
- Cheques, drafts in hand	17.75	0.61
	4,761.07	4,492.68
Other bank balances		
Deposits with maturity more than 3 months but less than 12 months	125.31	—
Balances with bank held as margin money	125.31	—
	4,886.38	4,492.68

Significant accounting policies and other explanatory information(Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

	As at 31 March 2014	As at 31 March 2013
20 Other current assets		
Receivable from sale of IMFL brands, secured by bank guarantee	1,600.00	—
Deferred premium on forward contract	25.95	—
Interest accrued but not due on fixed deposit	14.71	—
Other Receivable	612.14	34.59
	2,252.80	34.59
	Year ended 31 March 2014	Year ended 31 March 2013
21 Revenue from operations		
Sale of products		
Export	9,865.01	5,012.61
Domestic	61,552.36	60,429.53
Revenue from operations, gross	71,417.37	65,442.14
Less : Excise duty	(22,494.97)	(20,304.00)
Revenue from operations, net	48,922.40	45,138.14
Other operating revenues	1,766.15	1,093.94
	50,688.55	46,232.08
a) Details of products sold		
Manufactured goods		
- Spirits	48,957.26	47,868.49
- Marine products	12,448.52	7,643.58
- Others	771.67	603.80
	62,177.45	56,115.87
Traded goods		
- Marine feed	9,239.92	9,326.27
	71,417.37	65,442.14
b) Earning in foreign exchange		
FOB value of export	9,664.14	4,892.61
	9,664.14	4,892.61
22 Other income		
Interest income	64.71	34.38
Dividend income	—	0.25
Net gain on foreign currency transactions and translations	0.34	—
Insurance claim	4.25	2.75
Net gain on sale of investments	234.79	104.26
Profit on sale of fixed assets, net	14.70	—
Liabilities written back to the extent no longer required	43.71	155.38
Miscellaneous	2.78	—
	365.28	297.02

Significant accounting policies and other explanatory information (Contd.)
(All amounts in Rupees lacs, unless otherwise stated)

	Year ended 31 March 2014	Year ended 31 March 2013
23 Cost of materials consumed		
Opening stock	1,707.29	2,331.41
Add : Purchases during the year	29,726.41	24,106.16
Less : Closing stock	1,054.55	1,707.29
Raw materials and components	30,379.15	24,730.28
a) Details of consumption of raw material		
Grain	6,669.84	6,271.57
Spirit	6,683.09	6,255.34
Marine products	11,635.70	6,275.59
Others *	5,390.52	5,927.78
	30,379.15	24,730.28
* Other materials include chemicals, bottles, labels etc.		
b) Particulars of imported and indigenous raw material consumption		
	Year ended 31 March 2014	Year ended 31 March 2013
	Amount % of consumption	Amount % of consumption
Imported	214.05 0.70	247.20 1.00
Indigenous	30,165.10 99.30	24,483.08 99.00
	30,379.15 100.00	24,730.28 100.00
	As at 31 March 2014	As at 31 March 2013
24 Purchases of traded goods		
Marine feed and feed suppliments	8,075.74	7,718.74
	8,075.74	7,718.74
25 Changes in inventories of finished goods, work-in-progress and traded goods		
Opening stock		
- Manufactured goods	1,057.37	939.93
- Work-in-progress	60.32	88.11
- Traded goods	167.02	310.90
	1,284.71	1,338.94
Closing stock		
- Manufactured goods	992.94	1,057.37
- Work-in-progress	63.19	60.32
- Traded goods	231.47	167.02
	1,287.60	1,284.71
	(2.89)	54.23
26 Employee benefits expense		
Salaries, wages and bonus	1,562.71	1,622.91
Contribution to gratuity, provident and other defined contribution funds (refer note 26(b))	226.26	247.54
Staff welfare expenses	260.72	267.01
	2,049.69	2,137.46

Significant accounting policies and other explanatory information (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

	As at 31 March 2014	As at 31 March 2013
a) As per Accounting Standard 15 “Employee Benefits”, the required disclosures are given below.		
b) Defined Contribution Plans:		
The Company has recognized as expense the following amounts:		
Employer's contribution to Provident and Family Pension Fund	81.58	75.23
Employer's contribution to Superannuation Fund	77.86	67.14
Employer's contribution to Employees' State Insurance Corporation	5.72	10.42
	165.16	152.79

c) Defined Benefit Plans/ Compensated Absences:

A. Change in Defined Benefit Obligations

	Year ended 31 March 2014		Year ended 31 March 2013	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Present value of obligation as at the beginning of the year	251.71	88.71	212.71	68.79
Current service cost	18.55	4.35	13.78	16.04
Interest cost	20.14	7.98	17.01	5.50
Curtailment /settlement cost/(credit)	—	—	—	—
Employee contribution	—	—	—	—
Plan amendments	—	—	—	—
Acquisitions	—	—	—	—
Actuarial losses	39.23	16.83	79.60	11.47
Benefits paid	(33.81)	(20.38)	(71.39)	(13.09)
Present value of obligation as at the end of the year	295.82	97.49	251.71	88.71

B. Change in the fair value of assets

	Year ended 31 March 2014		Year ended 31 March 2013	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Plan assets as at the beginning of the year	216.35	—	191.05	—
Actual return on plan assets	18.94	—	16.71	—
Actual company contributions	20.46	20.38	79.98	13.09
Employee contributions	—	—	—	—
Benefits paid	(33.81)	(20.38)	(71.39)	(13.09)
Plan assets as at the end of the year	221.94	—	216.35	—

Significant accounting policies and other explanatory information (Contd.)
(All amounts in Rupees lacs, unless otherwise stated)

	Year ended 31 March 2014		Year ended 31 March 2013	
	Gratuity	Leave encashment	Gratuity	Leave encashment
C. Net Asset/ (Liability) recognized in the Balance Sheet				
I. Funded status				
Present value of defined benefit obligation	295.82	97.49	251.71	88.71
Fair value of plan assets	221.94	—	216.35	—
Funded status deficit	(73.88)	(97.49)	(35.36)	(88.71)
Effect of Balance Sheet asset limit	—	—	—	—
Un-recognized past service costs	—	—	—	—
II. Net asset/(liability) recognized in Balance Sheet				
Net asset/(liability) recognized in Balance Sheet at beginning of period	(35.36)	(88.71)	(21.66)	(68.79)
Employer expense	58.88	29.16	93.68	33.01
Benefits paid	(20.36)	(20.38)	(79.98)	(13.09)
Net asset/(liability) recognized in Balance Sheet at end of the period	(73.88)	(97.49)	(35.36)	(88.71)
D. Total expense recognized in the Statement of Profit and Loss:				
I. Components of employer expense				
Current service cost	18.55	4.35	13.78	16.04
Interest cost	20.14	7.98	17.01	5.50
Expected return on plan assets	(18.94)	—	(16.71)	—
Curtailment cost/(credit)	—	—	—	—
Settlement cost/(credit)	—	—	—	—
Amortization of past service cost	—	—	—	—
Actuarial losses/(gains)	39.13	16.83	79.60	11.47
Total expense recognized in the Statement of Profit and Loss	58.88	29.16	93.68	33.01
II. Actual contributions and benefit payments for the year				
Actual benefit payments	33.81	20.38	71.39	13.09
Actual contributions	20.36	20.38	79.98	13.09
E. Principal Actuarial Assumptions used as at the Balance Sheet date:				
Discount rate	8%	8%	8%	8%
Rate of increase in salaries	4%	5%	4%	5%
Expected average remaining working lives of employees (years)	17.96	16.50	17.48	16.50
Withdrawal rate per annum	2%	2%	2%	2%

Significant accounting policies and other explanatory information (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

F. Amount for the current year and previous four years are as follows (to the extent available) :

Compensated absences (non-funded)	2013-14	2012-13	2011-12	2010-11	2009-10
Defined benefit obligation	(97.49)	(88.71)	(68.79)	(55.74)	(49.81)
Plan assets	—	—	—	—	—
Deficit	(97.49)	(88.71)	(68.79)	(55.74)	(49.81)

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

	Year ended 31 March 2014	Year ended 31 March 2013
27 Finance costs		
Interest expenses	36.84	34.82
Other borrowing costs	—	3.32
	36.84	38.14
28 Depreciation and amortisation expense		
Depreciation on tangible assets (refer note 12)	929.62	1,123.38
	929.62	1,123.38
29 Other expenses		
Consumption of stores and spare parts	163.98	179.32
Power and fuel	1,422.50	1,343.63
Rent	142.35	153.21
Repairs to buildings	38.74	71.85
Repairs to machinery	31.16	85.55
Repair others	119.15	90.84
Insurance	144.75	117.20
Rates and taxes	100.22	157.42
Manufacturing tie up payments	57.56	1,024.60
Office expenses	585.53	481.31
Travelling	230.23	218.39
Freight	766.19	710.19
Sales promotion	546.22	631.41
Contract services	902.93	1,096.43
Payment to Auditors (refer note a below)	19.09	14.42
Advertisement and publicity	6.23	5.78
Net loss on foreign currency transactions and translations	—	17.50
Loss on sale of fixed assets, net	—	90.23
Bad debt written off	5.17	2.16
Miscellaneous	381.72	325.26
	5,663.72	6,816.70
a) Payments to auditors (including service tax)		
As auditor		
Statutory audit	5.62	5.62
Limited review	6.74	7.12
Tax audit	1.12	1.12
	13.48	13.86
In other capacity		
Other services	4.56	0.34
	4.56	0.34
Reimbursement of expenses	1.05	0.22
	19.09	14.42

Significant accounting policies and other explanatory information (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

	Year ended 31 March 2014	Year ended 31 March 2013
b) Expenditure in Foreign Currency		
Value of imports on CIF basis		
- Raw materials	147.15	175.31
- Components and spare parts	4.23	5.67
- Capital goods	1,021.28	19.25
Travelling	23.88	22.61

- 30** During the year, the Company has exited the Indian Made Foreign Liquor business with effect from 27 February 2014 by sale of its self generated trade brands at a consideration of Rs. 2,100 lacs. The gain on sale has been shown under 'exceptional item' as per 'Accounting Standard 5 Net Profit or Loss for the period, Prior period items and changes in Accounting Policies' notified by Companies (Accounting Standards) Rules, 2006.

	Year ended 31 March 2014	Year ended 31 March 2013
31 Earnings Per Share (EPS)		
Profit for the year after tax attributable to equity shareholders	4,167.54	2,620.02
Weighted average number of Equity Shares outstanding	9,022,963	8,111,517
Basic and diluted earnings per Equity Share (nominal value of Rs.10 each)	46.19	32.30

32 Segment reporting
Primary Business segments
Year ended 31 March 2014

Particulars	Spirit, Liquor, Spirituuous Beverages	Marine	Unallocated	Total
Revenue				
External sales	28,060.64	22,627.91	—	50,688.55
Inter-segment sales	—	—	—	—
Total revenue	28,060.64	22,627.91	—	50,688.55
Results				
Segment result	2,510.89	1,082.63	—	3,593.52
Unallocated expenses	—	—	—	—
Operating profit	2,510.89	1,082.63	—	3,593.52
Interest expenses	—	(31.85)	(4.99)	(36.84)
Other income including exceptional income	2,151.38	19.58	294.32	2,465.28
Profit before extraordinary items and tax	4,662.27	1,070.36	289.33	6,021.96
Extraordinary items	—	—	—	—
Profit for the year	4,662.27	1,070.36	289.33	6,021.96
Other information				
Segment assets	13,596.11	2,609.36	9,391.23	25,596.70
Segment liabilities	2,325.27	417.61	2,248.78	4,991.66
Capital expenditure	5,523.04	65.97	50.08	5,639.09
Depreciation and amortisation	797.21	93.67	38.74	929.62
Other non-cash expenses	—	—	88.04	88.04

Significant accounting policies and other explanatory information (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

32 Segment reporting (Contd.)

Primary Business segments

Year ended 31 March 2013

Particulars	Spirit, Liquor, Spirituos Beverages	Marine	Unallocated	Total
Revenue				
External sales	28,999.00	17,233.08	—	46,232.08
Inter-segment sales	—	—	—	—
Total revenue	28,999.00	17,233.08	—	46,232.08
Results				
Segment result	2,520.73	1,130.56	—	3,651.29
Unallocated corporate expenses	—	—	—	—
Operating profit	2,520.73	1,130.56	—	3,651.29
Interest expenses	—	(33.93)	(4.21)	(38.14)
Other income	133.41	14.27	149.34	297.02
Profit / (loss) before extraordinary items and tax	2,654.14	1,110.90	145.13	3,910.17
Extraordinary items	—	—	—	—
Profit / (loss) for the year	2,654.14	1,110.90	145.13	3,910.17
Other information				
Segment assets	9,502.41	2,406.99	6,669.31	18,578.71
Segment liabilities	1,259.18	289.31	1,273.28	2,821.77
Capital expenditure	661.39	60.95	93.68	816.02
Depreciation and amortisation	996.90	94.25	32.23	1,123.38
Other non-cash expenses	—	—	126.69	126.69

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 other explanatory information (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

Secondary Segment reporting (by Geographical Segments)

Year ended 31 March 2014

Particulars	Revenue	Segment assets	Capital expenditure
Domestic	40,823.54	23,452.03	5,573.12
Exports	9,865.01	2,144.67	65.97
Total	50,688.55	25,596.70	5,639.09

Year ended 31 March 2013

Particulars	Revenue	Segment assets	Capital expenditure
Domestic	41,219.47	16,575.17	755.07
Exports	5,012.61	2,003.54	60.95
Total	46,232.08	18,578.71	816.02

33. The Company had entered into arrangements with certain bottling units ("tie-up units") in West Bengal, Assam and Orissa for production and marketing of its own IMFL brands. The production in the premises of tie-up units under the said arrangements, wherein each party's obligations were stipulated, was carried out under its close supervision. The marketing was entirely the responsibility of the Company. The Company was 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. However, the Company exited from the IMFL business during the year. Please refer note no 30.

- i) Gross Income from tie-up operations detailed as under is included in other operating revenue.

	2013-14	2012-13
Net Sales	1,534.84	1,887.28
Cost of Sales	952.56	1,271.44
Gross Profit	582.28	615.84
Expenses	106.00	549.23
Gross Income	476.28	66.61

- ii) Quantitative information for tie-up operations: -

	31 March 2014		31 March 2013	
	Qty (cases)	Value (Rs. in Lacs)	Qty (cases)	Value (Rs. in Lacs)
a) Opening stock	8,399	52.17	660	91.24
b) Production	1,81,447	—	2,14,408	—
c) Sales	1,86,175	1,534.84	2,06,669	1,887.28
d) Closing stock	—	—	8,399	52.17

- iii) The balance due from tie-up units, of Rs. 423.18 lacs (previous year Rs 1,173.16 lacs) is included under "other advances" in note 14. This is on account of the financing by the Company of working capital on behalf of the units.

Significant accounting policies and other explanatory information (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

34. 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	

Key Management Personnel:

Mr. Bijon Nag, Chairman
 Mr. Bikram Nag, Joint Executive Chairman
 Mr. A.K. Banerjee, Managing Director
 Mr. Indroneel Goho, President and COO
 Dr. J.A. Gore, President - Distillery
 Mr. Shyamal Bandopadhyay, Sr. Vice President Finance and Company Secretary
 Mr. Rahul Choudhary, Vice President
 Mr. Santanu Ghosh, GM Operations - Distillery
 Mr. S.K. Bayen, AVP-Projects and Diversification - Distillery
 Mr. Rana Chatterjee, Chief Financial Officer (Distillery)
 Mr. Pratap Mukherjee, COO - Marine Business
 Mr. D. Deb, Sr Manager- Head - EXIM Desk
 Mr. Abhijeet Banerjee, Business Head - Marine Foods
 Mr. Soumen Basu Chowdhury, Sr Manager- Marine Feed
 Mr. Debojyoti Bandopadhyay, Head-IMIL operations and Safety, Dankuni Plant
 Mr. Debasish Ghosh, Head IMIL
 Mr. Kanak Ghosh, 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 March 2014	31 March 2013
Nurpur Gases Private Limited		
Purchase of goods	5.21	7.78
Sale of goods	131.07	164.77
Income from rent and other services	—	22.52
Purchase of fixed assets	—	3.25
Sale of fixed assets	—	0.97
Issue of equity shares including premium	680.56	—
Outstanding receivable/ (payable)	0.88	0.05

Significant accounting policies and other explanatory information (Contd.)
(All amounts in Rupees lacs, unless otherwise stated)

Particulars	31 March 2014	31 March 2013
Asansol Bottling and Packaging Company Private Limited		
Sale of goods	103.36	73.28
Income from rent and other services	—	3.75
Sale of fixed assets	1.18	—
Purchase of goods	0.42	—
Reimbursement of expenses	0.27	—
Outstanding receivable/(payable)	—	—
IFB Industries Limited		
Purchase of goods	4.19	0.38
Purchase of fixed assets	5.35	0.69
Income from rent and other services	115.95	36.53
Payment of rent and other services	8.97	10.44
Security deposit payable	160.00	160.00
Outstanding receivable/(payable)	(33.19)	(15.11)
Travel Systems Limited		
Purchase of services	34.34	45.47
Income from rent	7.94	7.94
Outstanding receivable/(payable)	(0.48)	(0.29)
Special Drinks Private Limited		
Payment of rent	1.20	1.20

(ii) With Key Management Personnel

Particulars	31 March 2014	31 March 2013
Remuneration	610.78	556.21
Guarantee commission	19.76	19.20

Significant accounting policies and other explanatory information (Contd.)

(All amounts in Rupees lacs, unless otherwise stated)

35. Contingent Liabilities

	31 March 2014	31 March 2013
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	2,548.81	2,701.85
B) Other moneys for which the company is contingently liable		
Letters of Credit issued by bankers	210.39	—

- 36** The Company has purchased the food grade/industrial grade carbon dioxide, dry ice businesses of Nurpur Gases Private Limited (an associate Company) with effect from 01 May 2014 for a consideration of Rs. 805 lacs vide a Board Resolution dated 07 April 2014.
- 37** Estimated amount of capital contracts remaining to be executed and not provided for, net of advances Rs. 433 lacs (previous year Rs. 1,255 lacs).
- 38** Previous year's amounts have been regrouped/ rearranged to conform to the classification of the current year, wherever considered necessary.

For Walker Chandiok & Co LLP
 (Formerly Walker, Chandiok & Co.)
 Chartered Accountants

per Atul Seksaria
 Partner

Gurgaon, 28th May, 2014

For and on behalf of the Board of Directors

Bikram Nag
 A. K. Banerjee
 Shyamal Bandopadhyay

Kolkata, 28th May, 2014

Joint Executive Chairman
 Managing Director
 Sr. VP - Finance and
 Company Secretary

NOTES



IFB AGRO INDUSTRIES LIMITED

CIN: L01409WB1982PLC034590

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

Ph: (033) 39849675 Fax: (033) 24421003 Website: www.ifbagro.in

ATTENDANCE SLIP

Folio No.	<input type="text"/>	DP ID*	<input type="text"/>
No. of shares	<input type="text"/>	Client ID*	<input type="text"/>

I certify that I am a member/proxy for the member of the company.

I / We hereby record my/our presence at the 32nd Annual General Meeting of the Company at Club Ecovista, Eco Space Business Park, Premises No. 2F/11, Action Area II, Rajarhat, New Town, Kolkata - 700 156 on Wednesday, July 30, 2014 at 12.30 p.m.

Name of the member/proxy
(in Block Letters)

Signature of the member/proxy

**Applicable for investors holding shares in electronic form.*

IFB AGRO INDUSTRIES LIMITED

CIN: L01409WB1982PLC034590

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

Ph: (033) 39849675 Fax: (033) 24421003 Website: www.ifbagro.in

PROXY FORM

(Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management & Administration) Rules, 2014)

Name of the Member :	<input type="text"/>
Registered Address :	<input type="text"/>
	<input type="text"/>
E- Mail :	<input type="text"/>
Folio No./Client ID*:	<input type="text"/>
DP ID* :	<input type="text"/>

I/We being the member(s) of _____ shares of the above named company hereby appoint:

1) Name : Address :

Email ID : Signature : or failing him;

2) Name : Address :

Email ID : Signature : or failing him;

3) Name : Address :

Email ID : Signature :

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company to be held at Club Ecovista, Eco Space Business Park, Premises No. 2F/11, Action Area II, Rajarhat, New Town, Kolkata 700 156 on Wednesday, July 30, 2014 at 12.30 p.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

**Applicable to investors holding shares in electronic form.*

** I wish my above Proxy to vote in the manner as indicated in the box below:

Resolution No.	Resolution	Vote		
		For	Against	Abstain
Ordinary Business				
1.	Consider and adopt Audited Financial Statements, Report of Board of Directors, and Auditors for the year ended March 31, 2014.			
2.	Appoint M/s Walker Chandiok & Co LLP, Chartered Accountants as the Statutory Auditors of the company.			
Special Business				
3.	Re-appointment of Mr. Arup Kumar Banerjee as Managing Director.			
4.	Appointment of Mr. Nandan Bhattacharya as an Independent Director.			
5.	Appointment of Mr. Hari Ram Agarwal as an Independent Director.			
6.	Appointment of Mr. Manoj Kumar Vijay as an Independent Director.			
7.	Appointment of Mr. Sudip Kumar Mukherji as an Independent Director.			
8.	Approval of the Remuneration of the Cost Auditor.			

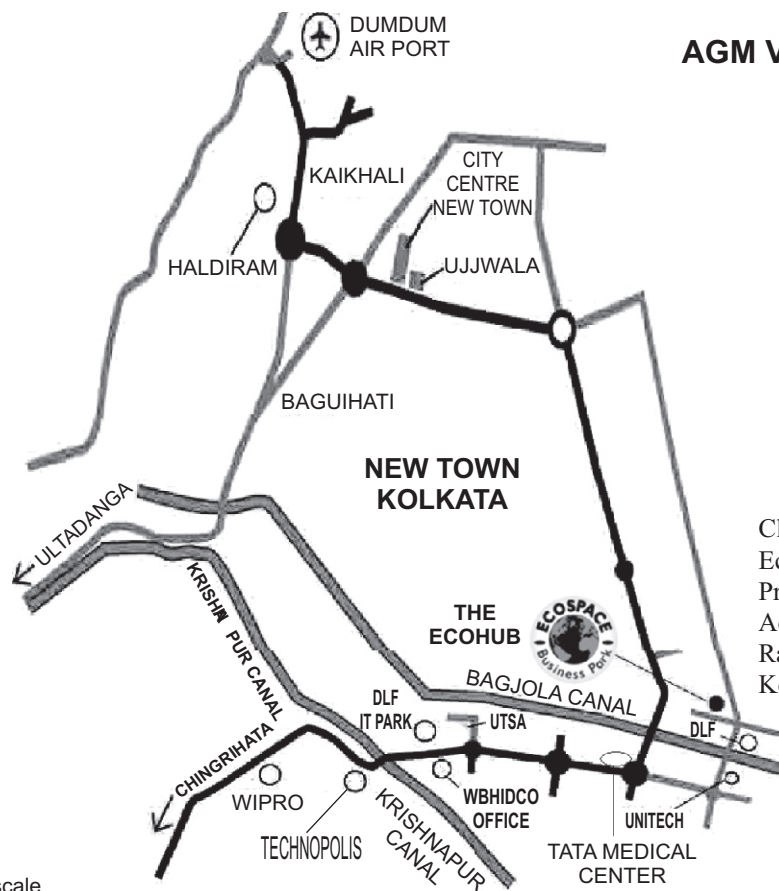
Signed this day of 2014.

Affix a
Re 1
Revenue
Stamp

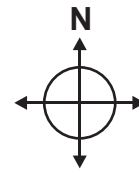
Signature of the Shareholder

Signature of the Proxy Holder

- Notes: 1. **This form of proxy in order to be effective should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the Meeting.**
2. For the resolutions, Statements and Notes, please refer to the Notice of 32nd Annual General Meeting.
3. ****This is only optional to put '✓' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' or 'abstain' column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she thinks appropriate.**
4. Please complete all details including details of member(s) in the above box before submission.
5. In the case of joint holders, the signatures of any one holders will be sufficient, but names of all the joint holders should be stated.



AGM VENUE ROUTE MAP



Club Ecovista,
Ecospace Business Park,
Premises No. 2F/11,
Action Area II,
Rajarhat, New Town,
Kolkata - 700156

Map not to scale



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