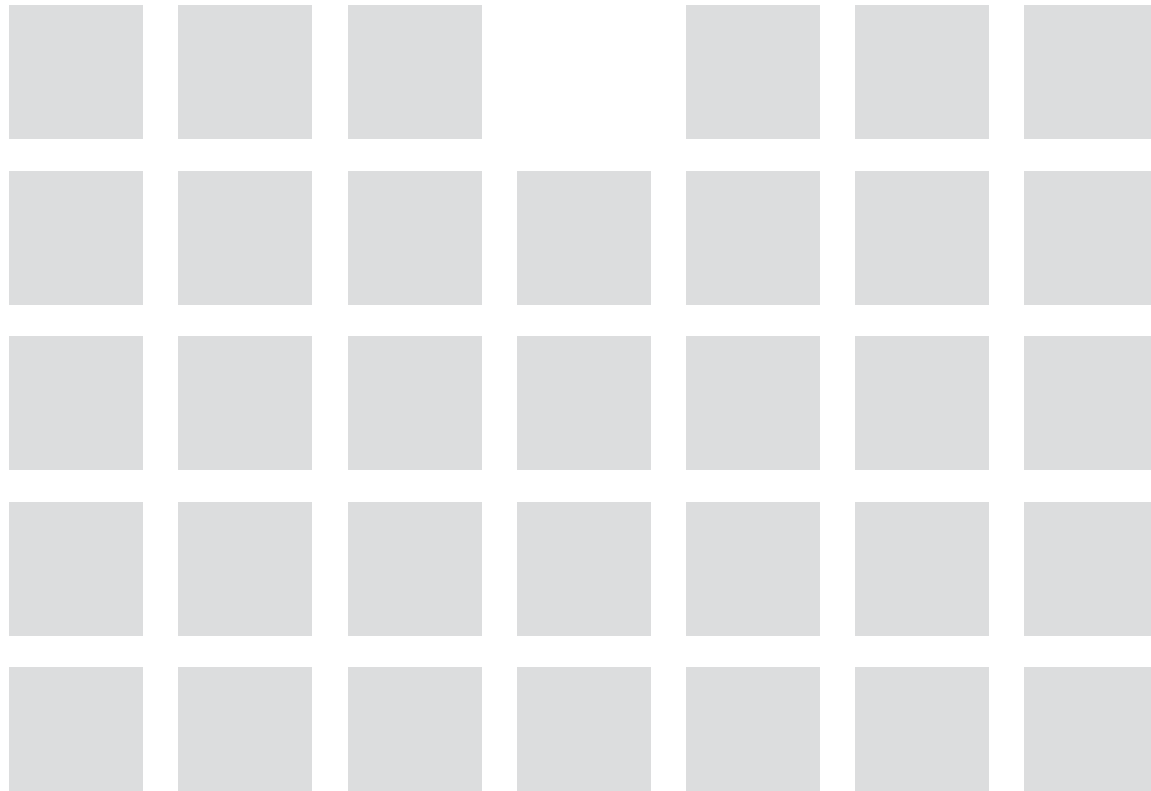




**IFB INDUSTRIES LIMITED**

Annual Report 2009-2010



**BOARD OF DIRECTORS**

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*Executive Chairman*  
Mr. Bijon Nag

*Joint Executive Chairman & Managing Director*  
Mr. Bikram Nag

*Directors*

Dr. Rathindra Nath Mitra  
Mr. Somen Bal  
Mr. Radharaman Bhattacharya  
Mr. R. Muralidhar  
Mr. K. M. Unnikrishnan

**AUDIT COMMITTEE**

---

*Chairman*

Dr. Rathindra Nath Mitra

*Members*

Mr. Radharaman Bhattacharya  
Mr. Somen Bal

**COMPANY SECRETARY**

---

Mr. G. Ray Chowdhury

**AUDITORS**

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Deloitte Haskins & Sells  
*Chartered Accountants*

**REGISTRAR AND  
SHARE TRANSFER AGENTS**

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**CB Management Services (P) Ltd.**  
P 22, Bondel Road, Kolkata - 700 019  
Tel : (091) (33) 4011 6700, 4011 6711, 4011 6718  
Fax : (091) (33) 2287 0263  
E-mail : rta@cbmsl.com

**REGISTERED OFFICE**

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14, Taratolla Road  
Kolkata – 700 088  
Tel : (091) (33) 3048 9230  
Fax : (091) (33) 2401 4182, 2401 4579

**CORPORATE OFFICE**

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Plot No. IND-5, Sector – I  
East Kolkata Township  
Kolkata – 700 107  
Tel : (091) (33) 3984 9524  
Fax : (091) (33) 3984 9676  
E-mail : ifbi\_legal@ifbglobal.com

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**IFB INDUSTRIES LTD.**

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

**NOTICE**

NOTICE is hereby given that the 34th Annual General Meeting of the members of IFB Industries Limited will be held at Eastern Zonal Cultural Centre, IA – 290, Sector III, Bidhannagar, Calcutta – 700 091 on 30th day of July 2010 at 10.00 a.m to transact the following:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the financial year ended 31st March, 2010 and reports of the Directors and Auditors thereon.
2. To consider interim dividend paid to Preference Shareholders be declared as final dividend.
3. To appoint a Director in place of Mr. Radharaman Bhattacharya who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Somen Bal who retires by rotation and being eligible, offers himself for re-appointment
5. To consider and if thought fit, to pass, with or without modification the following resolution as a special resolution :  
“RESOLVED THAT M/s.Deloitte Haskins & Sells, Chartered Accountants be and is hereby appointed Auditors of the Company from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and the Board of Directors be and is hereby authorised to fix their remuneration and out of pocket expenses payable to them.”

Registered. Office :  
14, Taratolla Road  
Kolkata - 700 088  
Date: 31st May, 2010

By Order of the Board

**G Ray Chowdhury**  
Company Secretary

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**NOTES :**

- i) *A member entitled to attend and vote at the meeting is entitled to appoint a proxy, to attend and vote on a poll on his behalf and such a proxy need not be a member of the Company. Proxies in order to be effective must be deposited at the Registered Office or with the Registrars and Share Transfer Agents of the Company, M/s CB Management Services (P) Ltd. , not less than 48 hours before the meeting.*
- ii) The Registrar of Members of the Company and the Share Transfer Registers shall remain closed on from 28th July to 30th July, 2010 (both days inclusive).
- iii) The members are requested to
  - a) notify immediately any change in their address to the Company.
  - b) bring their copy of the Annual Report to the meeting.
  - c) write to the Company's Registrar & Share Transfer Agents, M/s CB Management Services (P) Ltd enclosing their share certificates for consolidation into one folio for better investor service, if they have more than one folio in identical order of name(s).

- iv) Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors recommended by the Board of Directors for appointment/ reappointment at the Annual General Meeting .

**Resolution No 3 & 4**

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

Name of Director	Mr. R.Bhattacharya	Mr. Somen Bal
Date of birth	12.04.1933	15.9.1945
Nationality	Indian	Indian
Date of Appointment on the board	21.06.2003	30.08.2002
Qualification	BSC, FCA	B.COM
Experience in functional areas	Practising Chartered Accountant	Business Executive
Shareholding in the Company	1000 nos	1460 nos
List of Directorship held in other Companies	Nil	One
Committee Membership	Two	Two

- v) Explanatory Statements under Section 173(2) of the Companies Act, 1956 for resolution nos. 3 & 5 annexed hereto.

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

**Resolution No. 5**

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

The board recommends passing of this Special Resolution.

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

Registered. Office :  
14, Taratolla Road  
Calcutta - 700 088  
Date : 31.05.2010

By Order of the Board

**G Ray Chowdhury**  
*Company Secretary*

## DIRECTORS' REPORT to the Shareholders

Dear Shareholders,

Your Directors present the 34th Annual Report and Accounts for the Financial Year ended 31st March, 2010.

### 1. FINANCIAL RESULTS :

	(Rs. in thousand)	
	For the Year ended 31st March, 2010	For the Year ended 31st March, 2009
Sales and Other Income	5,568,781	4,568,203
Profit Prior to Finance Charges & Depreciation	664,516	3,238,497*
<i>Less :</i>		
Finance charges	2,574	-
Depreciation	86,815	75,639
Profit before Taxation	575,127	3,162,858
<i>Less : Provision for Taxation</i>		
Current Tax	-	-
Deferred Tax	37,483	-
Fringe Benefit Tax	-	12,081
Profit after Tax	537,644	3,150,777
Balance brought forward from previous year	(1,541,614)	(4,752,547)
Preference Dividend paid including Dividend Tax	37,099	-
Transfer from General Reserve	-	60156
Transfer to capital redemption reserve	160,000	-
Balance carried to Balance Sheet	<u>(1,201,069)</u>	<u>(1,541,614)</u>

\*Including gain on extraordinary items

### 2. DIVIDEND

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

### 3. REVIEW OF OPERATION

Your Company completed another year of steady performance with strong topline growth and high quality

earnings. All business segments posted sound growth in revenues and enhanced their market standing.

Gross Turnover for the year grew by 19.8% to Rs 607.61 crores. Net Turnover other than service & other income at Rs 508.08 crores grew by 20.8% driven by higher Engineering business which grew by 23.04% and the continuing steady performance by Appliance business which grew by 18.9%. Pretax Profit (other than extra ordinary items) increased by 50.5% to Rs 57.51 crores. Earning Per share for the year stands at Rs. 16.87.

### 4. MANAGEMENT DISCUSSION AND ANALYSIS

#### A) Industry Structure & Developments

With market liberalisation, increasing consumerism and the entry of more foreign players, Indian markets are exhibiting revolutionary changes. The Indian consumer is rapidly evolving and is exposing the consumer to a host of new choices by international brands selling their products at competitive prices. According to a study by the McKinsey Global Institute (MGI), released in May 2007, India's middle class will swell by more than ten times- from 50 million in 2007 to 583 million people by 2025. By 2025, India will also become the 5th largest consumer market, surpassing Germany, moving up from the 12th position it occupied in 2007.

The Indian auto component industry is one of India's sunrise industries with tremendous growth prospects. From a low-key supplier providing components to domestic market alone, the industry has emerged as one of the key auto components centres in Asia and is today seen as a significant player in the global automotive supply chain.

#### B) Opportunities & Threats

There is scope for growth opportunity of our white goods in the rural market. Over and above our presence in Metros, we are now working on strengthening our distribution system in group 2&3 towns and focussing on marketing programmes for semi-urban markets.

According to the Investment Commission of India, India is among the most competitive manufacturers of auto components in the world. India is also becoming a global

hub for research and development (R&D). Companies like Daimler Chrysler, Suzuki, Johnson Controls etc have set up development centres in India. Many international autocomponent majors including Delphi, Visteon etc. have set up operations in India. Auto manufacturers including GM, Ford, Toyota, etc. as well as auto component manufacturers have set up International Purchasing Offices (IPOs) in India to source for their global operations. In the changed scenario the opportunity for growth of the Company has increased manifold.

It is fair to say that India is now firmly on a higher growth trajectory. With the accelerated reforms, India is expected to achieve 8 percent growth over the next four to five years.

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

- Threats from the competitors in the area of pricing.
- Significant rise in material cost and exchange fluctuation that drastically impacts margins.
- Growth of the Indian economy together with the reduction of import duties makes India increasingly a target market for many MNCs and therefore, competitive pressure on the domestic market will continue to grow. In particular, imports from low labour cost countries will increase and will lead to increase price pressure. Over the last couple of years the MNCs have eaten up the share of other brand owners and have been consolidating their presence in the market. Today consumers are increasingly looking for price competitive and feature led products.

#### C) Segment wise performance.

The Home Appliance Division has improved its turnover and profitability as compared to last year. The profitability of the division has grown due to growth in volume and value as also reduction in freight cost and

material cost. Introduction of new models in washing machine and microwave oven category at competitive prices has enabled good growth.

Cost reduction has been a major focus area for the plant keeping in mind competition. Cost reduction on plastic tubs, new programmer etc resulted in good savings. Cost reduction has been a major focus area for the plant keeping in mind competition. The company is adopting various cost control measures but a lot more need to be done in the areas of cost control. All our product categories have performed above industry average. To give more focus to Micro wave ovens, dishwasher and dryers independent managers have been given the responsibility for these product categories. The company has entered the commercial laundry equipment business & has launched the same pan India. Sales/ Enquiry of this segment has been very encouraging and the company expects good sales from these two categories going forward. The Company has also entered kitchen appliances and modular kitchen business.

The Engineering Division also recorded outstanding growth in sales and profitability. Operations team took special drive for work simplification and process improvements. Process improvements helped in fatigue reduction and productivity improvement

#### D) Outlook

The overall economic outlook seems to be favourable for recovery in the global economic environment and the Indian economy is also poised to grow. According to most indications, industrial growth will be over 15% and the GDP growth will be over 8%. The automobile sector led by passenger cars should grow by over 25% and the two-wheeler industry should grow by about 30%.

IFB has invested in its Fine Blanking operations in order to meet the growing demands of the Indian automobile industry. However, we have also de-risked by marketing our fine blanked products to other industries which are also high growth. We are focusing on domestic demand and have built up capacities to meet the same. We will look at exports at a later date as the long working capital cycle is not suitable for us.

We have decided to invest in modernizing our Tool Room to international standards and we will add new fine blanking presses as well as modernize the old ones. This jump in investments will, we hope, ensure doubling of our sales by 31st March, 2012.

With the expected GDP growth, we expect Appliances growth in our product categories to be robust and thus we would expect 20%+ sales growth. Our focus would be to improve our service function as well as to invest in technology to improve visibility across the company - we are thus implementing SAP and this will help us to bring down inventory as well as to react faster to market needs apart from bringing about other improvements. Our focus would also be to improve our distribution channel by penetrating deeper into smaller towns.

The other area of focus would be to complete the expansion-cum-modernization of our washing machine factory - we expect the same to be completed by end October'2010. This expansion would ensure state-of-the-art new generation washing machines of higher capacities and the excess capacity we would use to market for OEM sales to buyers in Europe, Africa, Asian countries, etc.

We would also like to strengthen our direct sales channel as well as our customer retention programs in order to sell more IFB products to the same customer leading to more business per customer on a recurring basis due to recurring service income via AMC's as well as sale of additives, etc.

Thus for the year we expect more working capital requirements and for that purpose we may use banking facilities from Standard Chartered Bank from time-to-time. However, at this point in time, the company continues to be completely "zero" debt.

**E) Concerns**

Our concern in the Fine Blanking business is pressure for price reduction from customers' end as well as pressure for higher material costs due to upward revision of commodity prices from time-to-time.

Our major concern in Appliances is the same apart from HR challenges which is, however, a concern for every growing company.

To overcome the same, we have substantially increased our investment in training and we hope to increase the same further as well as bring in better HR practices in order to reduce attrition. We, however, feel that at the Senior Management level, more face-to-face contacts with others working in IFB and solving their problems will lead to lowering of the attrition rate.

**G) Internal Control Systems and their adequacy**

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

**H) Human Resources**

IFB is a knowledge-driven organization and its greatest asset is the experience and skill of its employees. Recognizing that the workforce will provide critical competitive edge in its growth endeavor, IFB has laid major emphasis on acquiring, maintaining and developing its human asset base. We offer wide range of career development programs including on the job training, job rotation etc. Our belief is that by investing in these programs we will have a highly motivated work force. During the year the Company also offered shares to eligible employees under Employees Stock Purchase Scheme. Due to changes in H.R Policy the attrition rate of the executives of the company has been reduced to minimum.

As a result of focused attention the employees at all levels have actively participated in the effort to sustain and improve the performance of the Company even in the most difficult times. The Company had 986 nos. employees at the end of March 2010. As in the past, industrial relations continued to remain cordial at all locations of the Company.

**I) Risk Management**

The Company is exposed to several risks. They can be categorised as operational risks and strategic risks.



Some of the major risks in each category are described below. There are other risks that could have a material effect on the Company's performance and financial position. The Company has taken several mitigating actions, applied many strategies and introduced control and reporting systems to reduce and mitigate these risks.

## **OPERATIONAL RISKS**

### **Environmental issue**

The company has no pending material environment related issues. Since most of the Company's manufacturing process consist of the assembly of components, the environmental impact from the company's plants are remote.

However, environmental requirements are complex and tend to become more stringent with time & the Company will constantly innovate to keep up with requirements as per law.

### **Product warranty and recalls**

It has become almost mandatory to incorporate such clause in International contracts. However, the Company has so far not accepted any contract with such draconian clause but in the event the company accepts contracts with such clause, the company is exposed to product liability and warranty clause in the event our product fails to perform as expected. A recall claim or a product liability claim brought against the Company in excess of the Company's coverage may have a material adverse effect on the Company's business.

## **STRATEGIC RISKS**

### **Dependence on supplier**

The company largely depends on vendors in order to meet its delivery commitments. Consequently, there is a risk that disruption in supply chain could lead to the company not being able to meet its delivery commitments and as a consequence to incur extra costs. The Company's strategy is to reduce this risk by maintaining two suppliers in all significant component areas.

### **Patent & Proprietary Technology**

The Company's strategy is to protect its innovations with patents and to vigorously defend its trademarks and knowhow against infringements and unauthorized use. There can be no assurance that any patent now owned by the company will have protection against competitor that develop

similar technology.

## **CAUTIONARY STATEMENT**

Statement in this Management discussion and Analysis describing the Company's objectives, projection, estimates and expectations may be 'forward looking statement' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the company's operations include market competition, significant change in political & economic environment in India, litigation, exchange rate fluctuation, change in interest rates etc.

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

The company filed Misc Application No: 296/BC/2009 dt 14.12.2009 intimating that Statutory Auditors of the company vide their letter dated 2.12.2009 has confirmed that the net worth of the company has become positive as on 31.03.2009, and therefore the company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 and its name should be de-registered from BIFR. A hearing was held on 22.12.2009 where representatives of the company and IDBI (MA) were present. The Bench, on consideration of the facts, merits of the case, materials on records and submissions made by the concerned agencies noted that as per company's accounts as on 30.9.2009, company's networth turned positive . The Bench also noted that the company is continuing its manufacturing operations, earning profits, has implemented provisions of the sanctioned scheme and has been able to revive itself on sustainable basis. The direction of the Bench interalia includes-

The company M/s IFB Industries Ltd ceases to be a sick industrial company, within the meaning of section 3(1)(o) of the SICA and is, therefore, discharged from the purview of SICA/ BIFR.

The un-implemented provisions of the SS-09, as may be there, would be implemented by the company/promoter and concerned agencies and their implementation would be monitored by BOD of the company.



The company would complete necessary formalities with concerned 'Registrar of Companies' (ROC), as may be required.

The company filed necessary returns to R.O.C and intimated the information of de-registration from BIFR to Stock Exchanges and public at large by news paper advertisement.

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

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

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) These accounts are prepared on a going concern basis.

**7. CORPORATE GOVERNANCE**

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

**8. DELISTING FROM DELHI STOCK EXCHANGE**

The application for delisting to Delhi Stock Exchange is pending.

**9. AUDITORS**

M/s Deloitte Haskins & Sells, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting. They have signified their willingness to accept reappointment and have further confirmed their eligibility under section 224(1B) of the Companies Act, 1956

**10. DIRECTORS**

In view of Sec 274(1)(g) of the Companies Act prescribing disqualification for directors in the event of non-redemption of debentures (privately-placed), a writ-petition was filed before the High Court at Calcutta challenging the applicability of said section 274(1)(g) which is pending for final disposal. An interim order dated 14.05.2004 has been passed by the Hon'ble Calcutta High Court directing Union of India and its authorized agents, servants or otherwise from giving any effect or further effect to or taking any step in pursuance of the provisions contained in section 274(1)(g) of the Companies Act, 1956.

In the mean time all the debentures have been fully redeemed by December 2007.

Mr. Somen Bal and Mr. R.Bhattacharya retire as directors by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The particulars of directors seeking appointment/reappointment are given in Corporate Governance section of this Report.

**11. PERSONNEL**

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

Particulars of employees as required to be furnished pursuant to Section 217(2A) of the Companies Act, 1956, read with rules thereunder, forms part of this Report. However, as per the provision of Section 219(1)(b)(iv) of the Companies Act, 1956, the reports and accounts are being sent to all the shareholders of the Company excluding the statement of particular of employees. Any shareholder interested in obtaining a copy may write to the Company Secretary of the Company.

## 12. ESPS

The Company implemented the Employees Stock Purchase Scheme 2008 in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines'). The Compensation committee, constituted in accordance with the SEBI Guidelines, administers and monitors the scheme.

The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2010 (cumulative position) are given below :

- a) Total no of equity shares issued to employees in ESPS 8,91,599.
- b) Exercise price Rs. 10/- per share to employees belonging to workers category and for rest of employees Rs. 15/- per share, plus applicable taxes, as per law.
- c) Employee wise details of shares allotted under ESPS to:
  - i. Senior managerial person :
    1. Mr. Gautam Dasgupta 35,000
    2. Mr. Dipak Mitra 50,000
    3. Mr. A. K. Nag 30,000
    4. Mr. S. Bhattacharya 12,500
    5. Mr. Indroneel Goho 12,500
    6. Mr. B. M. Shetye 12,500
    7. Mr. Probir Chatterjee 12,500
    8. Mr. Siddhartha Chatterjee 12,500
    9. Mr. G. Ray Chowdhury 12,500
    10. Mr. Rajshankar Ray 7,500
    11. Mr. A.S. Negi 12,500

- ii Any other employee who is issued shares in any one year amounting to 5% or more shares during the year — nil
- iii. Identified employees, who were issued shares during any one year, equal to or exceeding 1% of the issued capital of the company at the time of issuance — nil
- d) Diluted Earning Per share (EPS) pursuant to issuance of shares under ESPS Rs 16.87.
- e) Consideration received against the issuance of shares Rs.129.77 lacs plus applicable taxes.

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

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

## 18. ACKNOWLEDGMENTS

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

On behalf of the Board  
**Bikram Nag**  
*Joint Executive Chairman*  
& Managing Director

Place : Kolkata  
Dated : 31st May, 2010

**Somen Bal**  
Director

**ANNEXURE TO DIRECTORS REPORT OF IFB INDUSTRIES LTD.**

INFORMATION AS PER SECTION 217(1)(E) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

The Company's operations involve low energy consumption. However, the Company took adequate measures to optimise use of energy through improved operational methods.

Energy consumption at all points is monitored and statistical analysis is done for improvement.

B. TECHNOLOGY ABSORPTION

The Company is a leader in its respective product category and this has become possible due to absorption of technology in the quickest possible time and for in house Research & Development. Further, development activities were carried out to make the products more suitable for Indian conditions, e.g. quality of water, fluctuating power supply and environmental pollution.

The Company's R&D activity focuses mainly on application of new materials, new process, latest electronic system and metal processing technology. The units could also indigenise critical electronic components, e.g. speed control unit, switches, thermostats, magnetic valves, etc. in shortest possible time. The Company is now actively involved in upgrading computer design software, development of new models, etc.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, the Company earned foreign exchange equivalent to Rs.4508 thousand. Details of Foreign exchange outgo on account of imports, expenditure on travelling, knowhow, royalties etc and Export earnings are shown in note no. 13 under the heading 'OTHER INFORMATION' forming part of the Balance Sheet and Profit & Loss Account.

## **REPORT ON CORPORATE GOVERNANCE**

### **(Pursuant to Clause 49 of the Listing Agreement)**

#### **Company's Philosophy on Corporate Governance**

The Company is committed to good Corporate Governance. The Company fully realizes the rights of its shareholders to information on the performance of the Company and considers itself a trustee of its shareholders. The Company is of the view that Good Corporate Governance is an optimum mix of regulatory compliances as well as voluntary disclosures and practices.

The Company is focused on attaining the highest levels of transparency, fairness, accountability and integrity in its dealings with all the constituents of its business i.e. the stakeholders. Towards this end, substantial disclosures on the Board of Directors and its Committees, financial and stock performance has been made in this Annual Report.

#### **Board of Directors**

At present the Board comprises seven directors – out of which four are Independent directors, one non executive Director and two executive Directors. Composition of the Board and the category of the Directors as well as details of their directorships in other companies/committees are given below:

<b>Director</b>	<b>Category</b>	<b>Number of other Directorships of Public Ltd. Companies</b>	<b>Membership of Board Committees of other Companies</b>
Mr. Bijon Nag	Executive Chirman	1	–
Mr. Somen Bal	Non-Executive Director	1	–
Dr. Rathindra Nath Mitra	Independent Director	–	–
Mr. R. Muralidhar	Independent Director	–	–
Mr. K. M. Unnikrishnan	Independent Director	–	–
Mr. Radharaman Bhattacharya	Independent Director	–	–
Mr. BikramNag	Jt. Executive Chairman & MD	3	–

#### **Attendance of Directors at Board Meetings and Annual General Meeting :**

The Board of Directors met six times during the last financial year, on the following dates : **28.05.2009, 26.06.2009, 31.07.2009, 04.11.2009, 30.01.2010 and 19.03.2010.**

The attendance at the Board Meetings and Annual General Meeting during the year was as follows :

<b>Name of Directors</b>	<b>Attendance</b>	
	<b>Board Meeting</b>	<b>Annual General Meeting</b>
Mr. Bijon Nag	Absent	Absent
Mr. Somen Bal	6	Present
Dr. Rathindra Nath Mitra	5	Present
Mr. Radharaman Bhattacharya	6	Present
Mr. R. Muralidhar	4	Present
Mr. K.M.Unnikrishnan	6	Present
Mr. Bikram Nag	5	Present

**Board Agenda**

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions.

**Remuneration of Directors**

Remuneration committee consists of two Independent Directors. Dr. Rathindra Nath Mitra, Mr. Somen Bal and Mr. Radharaman Bhattacharya are the members of the committee. One meeting was held during 2009 - 2010.

**Remuneration to non-executive Directors**

The non-executive Directors are paid sitting fees of Rs 10,000 for every meeting of Board and Rs 5,000 for every Remuneration and Committee meeting. However no sitting fee is paid to the members of committee of directors for attending share transfer / investors' grievance committee

**Remuneration of Executive Chairman & Joint Executive Chairman & MD**

The remuneration of Executive Chairman/ Joint Executive Chairman & MD is reviewed and recommended by the remuneration committee to the Board and approved by shareholders in General Meeting. The Company does not have any Stock purchase plan for its Directors.

Details of remuneration paid to Directors for the year ended March 31, 2010 are as follows:

(Rs.)

Directors	Sitting Fees *	Salary & Perquisites	Com.	Total
Mr. Bijon Nag	-	2,053,373	-	2,053,373
Mr. Somen Bal	48,000	-	-	48,000
Mr. Rathindra Nath Mitra	38,000	-	-	38,000
Mr. Radharaman Bhattacharya	46,000	-	-	46,000
Mr. R. Muralidhar	22,000	-	-	22,000
Mr. K.M. Unnikrishnan	34,000	-	-	34,000
Mr. Bikram Nag	-	-	-	-

\* Includes fees for Committee Meetings.

Mr. Somen Bal, Mr. Radharaman Bhattacharya and Mr. K.M.Unnikrishnan, Non-Executive Directors are holding 1460, 1000 and 20 nos equity shares respectively of the Company as on March 31, 2010. No other Non-Executive Director is holding any share of the Company.

**Audit Committee**

The Audit Committee comprises three directors, out of which two are independent at present. The Terms of Reference of this Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956. The Audit Committee is responsible for reviewing with the management the financial statements and adequacy of internal audit function and to discuss significant internal audit findings. The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

During the year five meetings were held on the following dates : 21.04.2009, 26.6.2009, 31.07.2009, 04.11.2009 & 29.1.2010

The constitution of the Committee and the attendance of each member of the Committee are given below:

Name	Designation	Category	Profession	Committee Meetings Attended
Dr. Rathindra Nath Mitra	Chairman	Independent Director	Professional	5
Mr. Somen Bal	Member	Non-Executive Director	Professional	5
Mr. Radharaman Bhattacharya	Member	Independent Director	Professional	4

### Shareholders / Investors Grievance Committee

The Share Transfer and Investors Grievance Committee has been authorised to approve transfer of shares, etc. In order to expedite the process, the Board of Directors has also delegated the authority to approve the share transfers to the Company Secretary of the Company.

During the year fifteen meetings of the Committee were held on the following dates:

15.4.2009, 8.5.2009, 10.6.2009, 30.6.2009, 20.7.2009, 22.8.2009, 15.9.2009, 5.10.2009, 18.11.2009, 15.12.2009, 31.12.2009, 25.1.2010, 15.2.2010, 27.2.2010, 29.3.2010.

The members of the Committee at present are as follows:

Name	Designation	Category
Mr. Somen Bal	Member	Non-Executive Director
Mr. K. M. Unnikrishnan	Member	Independent Director

### Share Transfers :

- ◆ All Shares have been transferred and returned within the prescribed time limit, provided the documents were complete.
- ◆ Total number of shares transferred during the year 2009-2010 was 15,498.

### Investor Relations :

The Company's Registrars and Share Transfer Agent CB Management Services Pvt. Ltd. are fully equipped to carry out the transfer of shares and redress investors' complaints. All complaints received from Shareholders have been cleared within the financial year. There is no complaint which has remained un-addressed.

### General Body Meetings :

The location and time of the Annual General Meeting held during the last 3 years are as follows:

Annual General Meeting	Date	Time	Venue	No. of Special Resolutions Passed
31st Annual General Meeting	05.09.2007	10:00 a.m.	Eastern Zonal Cultural Centre IA Sector III, Bidhannagar Kolkata 700 091	3
32nd Annual General Meeting	06.08.2008	10:00 a.m.	Eastern Zonal Cultural Centre IA Sector III, Bidhannagar Kolkata 700 091	3
33rd Annual General Meeting	26.08.2009	10:00 a.m.	Eastern Zonal Cultural Centre IA Sector III, Bidhannagar Kolkata 700 091	2

The special resolutions were usually passed on show of hands and mostly unanimously. There was no resolution passed by postal ballot last year. Presently the Company does not have any proposal for postal ballot.

### Notes on Directors appointment / re-appointment :

Mr. Radharaman Bhattacharya, 77 an Indian national has been a non-executive Independent Director since June 2003. Mr. Bhattacharya is a senior Chartered Accountant and is having more than 45 years of rich professional experience.

Mr. Somen Bal, 65 an Indian national has been a non-executive Director since August 2002. Mr. Bal is a commerce graduate & having more than 35 years of professional experience.

**CEO/CFO Certification :**

The Financial statements and the Cash Flow Statement for Financial year 2009-10 have been certified to the board by Mr. Bikram Nag, Joint Executive Chairman & MD and Mr. S. Bhattacharjee, CFO in accordance with clause 49 (V) of the Listing Agreement.

**Code of Conduct :**

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

**Disclosures**

**Related Party Transactions :**

During the year under review, besides the transactions reported elsewhere in the Annual Report, the Company has not entered into any transaction of material nature, with its promoters, the Directors or the Management or relatives etc that may have potential conflict with the interests of the Company at large.

During the last three years there were no penalties or strictures imposed on the Company by stock Exchanges or SEBI or any statutory authority for non-compliance of any matter related to capital market.

**Non mandatory requirement :**

The Company does not have whistle Blower policy. The Company has not complied with non-mandatory requirements regarding sending half yearly financial performance to each household of shareholders, training of Board members, and mechanism for evaluating non-executive board members.

The Company has had no occasion so far to use the postal ballot.

**Means of communication :**

The quarterly and half yearly results of the Company are forthwith communicated to the stock exchanges with which 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 Financial Express (English) and Sambad Pratidin- (Bengali). No presentation was made to institutional investors or analysts during the year.

**EDIFAR :**

As per the requirements of Clause 51 of the Listing agreement with the stock exchanges, all the data relating to quarterly financial results, shareholding pattern etc. are being electronically filed on the Electronic Data Information Filing And Retrieval ( EDIFAR) website of SEBI within the time frame prescribed in this regard.

**General Shareholder Information :**

(a) **Annual General Meeting :**

- Date : 30th July, 2010
- Time : 10 A.M.
- Venue : Eastern Zonal Cultural Center  
IA-290, Sector-III, Bidhannagar, Calcutta-700 091

(b) **Financial Calendar** : April to March

**Financial Reporting for —**

- first quarter result : Last week of July
- second quarter / half yearly result : Last week of October
- third quarter result : Last week of January

(c) **Date of Book Closure** : 28.07.2010 to 30.07.2010 (both days inclusive)

(d) **Dividend payment date** : Dividend is not recommended

(e) **Listing of Equity Shares on Stock Exchanges** • **The Calcutta Stock Exchange Association Ltd.,** Kolkata  
• **National Stock Exchange of India Ltd.,** Mumbai  
• **The Bombay Stock Exchange Ltd.**  
• **Delhi Stock Exchange Association Ltd.,** (Applied for Delisting)

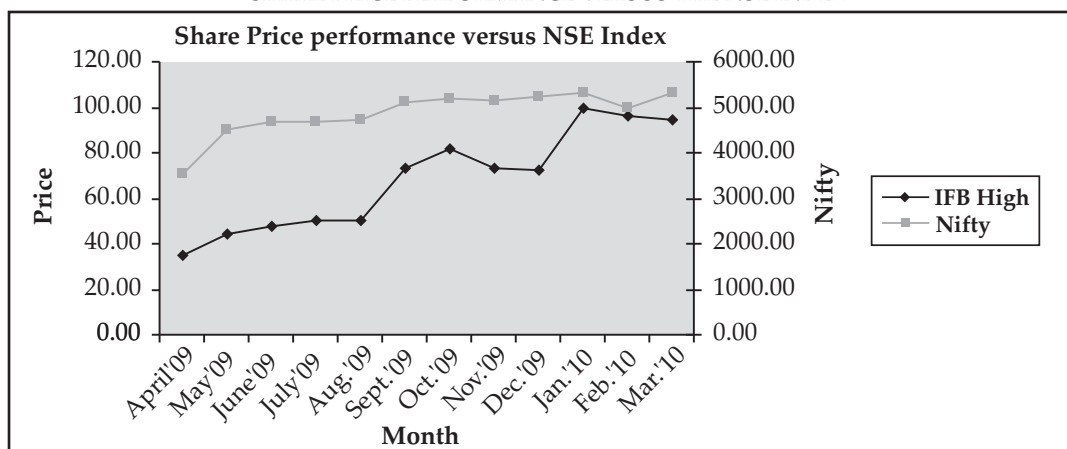
**Stock Code :** • **The Calcutta Stock Exchange Association Ltd.,** Kolkata — 10019067  
• **National Stock Exchange of India Ltd.,** Mumbai — IFBIND  
• **The Bombay Stock Exchange Ltd.** — 505726

**ISIN No. :** INE559A01017



(f) **Stock Market Data :**

NATIONAL STOCK EXCHANGE OF INDIA LIMITED			
Period	High (Rs.)	Low (Rs.)	Monthly Volume
April 2009	33.25	24.20	151,106
May 2009	43.90	28.05	97,276
June 2009	48.00	37.05	200,803
July 2009	50.40	36.15	124,464
August 2009	49.80	36.20	336,457
September 2009	73.60	42.25	1,611,701
October 2009	81.85	53.00	930,418
November 2009	73.30	58.20	1,213,676
December 2009	72.40	62.90	437,409
January 2010	100.00	68.05	4,495,832
February 2010	95.75	76.50	837,951
March 2010	94.80	81.50	1,163,232

**SHARE PRICE PERFORMANCE VERSUS THE NSE INDEX**

- (g) **Registrars and Share Transfer Agent :** CB Management Services (P) Ltd.  
P 22, Bondel Road, Kolkata - 700 019 • Tel : 2280 6692-93/2486/2937  
E-mail : cbmsl1@cal2.vsnl.net.in

(h) **Distribution of Shareholding as on 31st March, 2010**

Slab of Shareholdings in nominal value	Shareholders	Percentage	Amount in Rs.	Percentage
1-500	15,083	91.08	1,730,154	4.98
501-1000	707	4.27	585,701	1.69
1001-2000	317	1.91	497,237	1.43
2001-3000	142	0.86	374,453	1.08
3001-4000	55	0.33	199,773	0.57
4001-5000	59	0.36	280,829	0.81
5001-10000	99	0.60	717,067	2.06
10001 and above	98	0.59	30,369,832	87.38
<b>Total</b>	<b>16,560</b>	<b>100.00</b>	<b>34,755,046</b>	<b>100.00</b>

(i) **Shareholding Pattern as on 31st March, 2010:**

Shareholder Category	Number of shares held	% of shareholding
1. Promoters Group	25,373,199	73.01
2. Mutual Funds and Unit Trust of India	39,663	0.11
3. Banks, Financial Institutions & Insurance Companies	78,918	0.23
4. Foreign Institutional Investors	1,037,256	2.98
5. Bodies Corporate	2,585,154	7.44
6. NRIs / OCBs	722,005	2.08
7. In transit in Depository System	78,020	0.22
8. General Public	4,840,831	13.93
<b>Total :</b>	<b>34,755,046</b>	<b>100.00</b>

(j) **Dematerialisation of Shares**

As on March 31, 2010, 26,987,704 shares (77.65% of the Company's total number of shares) are in the dematerialised form. At present the Company's shares are compulsorily traded in dematerialised form, as per notification issued by the Securities and Exchange Board of India (SEBI). The ISIN allotted for the Equity Shares of Company is INE559A01017.

(k) **Secretarial audit for reconciliation of capital**

The Securities and Exchange Board of India has directed vide Circular No. D&CC/ FITTC /CIR-16/2002 dated December 31, 2002 that all issuer companies shall submit capital integrity, reconciling the total shares held both in both the depositories, viz, NSDL and CDSL and in physical form with total issued and paid-up capital.

The said certificate, duly certified by the practicing Company Secretaries is submitted to the Stock Exchanges within 30 days of the end of each quarter.

(l) **Outstanding GDRs/ADRs or any convertible instruments**

: There are no outstanding GDRs/ADRs or any other convertible instruments.

(m) **Plant Location**

- :
- 14, Taratolla Road, Kolkata - 700 088
  - JL-71, P.O. Bishnupur, Gangarampur, West Bengal
  - L-1, Verna Electronic City, Verna, Selcete, Goa - 403 722
  - 62, 64 & 66, Corlim Indl. Estate, Corlim, Ilhas, Goa - 403 110
  - E-3, New Indl. Area II, Mandideep - 462 046, Bhopal, Dist. Raisen, M.P - 462 046
  - 16/17, Visveswariah Indl. Estate, Whitefield Road, Bangalore - 560 048.

(n) **Investor Correspondence**

: **Corporate Office :**

Plot No. IND 5, Sector I, East Kolkata Township, Kolkata - 700 107  
Tel : (033) 3984 9475 • Fax : (033) 3984 9676  
E-mail : ifbi\_legal@ifbglobal.com

**Registrar and Share Transfer Agent :**

**CB Management Services (P) Ltd.**  
P 22, Bondel Road, Kolkata - 700 019  
Tel : (033) 2280 6692-93-94/2486/2937 • Fax : (033) 22470263  
E-mail : cbmsl1@cal2.vsnl.net.in

On behalf of the Board

**Bikram Nag**

*Joint Executive Chairman &  
Managing Director*

**Somen Bal**  
*Director*

Place : Kolkata  
Dated : 31st May, 2010

## **AUDITORS' REPORT** on Corporate Governance

To the Members of **IFB Industries Limited**

We have examined the compliance of conditions of Corporate Governance by IFB Industries Limited, for the year ended on 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **DELOITTE HASKINS & SELLS**

*Chartered Accountants*  
(Registration No. 302009E)

**Abhijit Bandyopadhyay**  
*Partner*

*(Membership No. 054785)*

Kolkata, 31st May, 2010

10 Years' Highlights

(Rs. million)

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<b>SALES AND EARNINGS</b>										
Sales & other income	1968	2029	1928	2234	2405	2652	3359	4367	4568	5569
Profit/loss (-) before tax	-1453	-711	-781	-856	-344	-131	363	384	3163	575
Profit/loss (-) after tax	-1453	-711	-781	-856	-344	-137	353	373	3151	538
Depreciation	169	172	234	218	208	183	128	84	75	86
Dividends	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-
<b>ASSETS &amp; LIABILITIES</b>										
Fixed assets (Gross)	3673	3709	3602	3595	3630	3673	3744	3798	3865	3960
Fixed assets (Net)	2572	2423	2094	1695	1390	1094	864	710	720	899
Total assets (Net)	3007	2742	2372	1972	1618	1240	904	818	1126	1575
<i>Represented by</i>										
Net worth	-1245	-1943	-2719	-3576	-3553	-3491	-3078	-2627	1101	1357
Total borrowings	4247	4684	5092	5548	5171	4731	3983	3445	5	-
<b>RATIOS</b>										
Earnings per share (Rs.)	-114.4	-55.9	-60.49	-64.18	-25.76	-9.32	20.20	7.55	19.05	16.87
Net worth per share (Rs.)	-98.0	-152.9	-203.8	-267.9	-245.48	-220.66	-178.19	-152.07	38.14	39.06
<b>OTHERS</b>										
Number of employees	548	651	606	635	657	686	705	877	988	986
Rate of dividend (%)	-	-	-	-	-	-	-	-	-	-

## **AUDITORS' REPORT to the Members of IFB Industries Limited**

1. We have audited the attached balance sheet of IFB Industries Limited ("the Company") as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows :
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account, as required by law, have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - e. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India :
    - i. in the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
    - ii. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date and
    - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of written representations received from the Directors as on 31st March 2010, taken on record by the Board of Directors, and specially in view of the order dated 14th May 2004 passed by the Hon'ble Calcutta High Court on a writ petition filed by the Company and the existing Directors challenging the applicability of Section 274(1)(g) of the Companies Act, 1956 which is pending final disposal, none of the Directors has been considered as disqualified as on 31st March 2010 from being appointed as a director in terms Section 274 (1)(g) of the Companies Act, 1956;

For **DELOITTE HASKINS & SELLS**

*Chartered Accountants*

(Registration No. 302009E)

**Abhijit Bandyopadhyay**

*Partner*

(Membership No. 054785)

Kolkata, May 31st 2010

**ANNEXURE to the Auditors' Report**

*(Referred to in paragraph 3 of our report of even date)*

- (i) Having regard to the nature of the Company's business/activities/result, clauses (vi), (xi) (xii), (xiii), (xiv), (xv), (xvi), (xviii) and (xix) of CARO are not applicable.
- (ii) In respect of its fixed assets :
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) Physical verification of fixed assets is being conducted in a phased manner over a reasonable period of time. According to the information and explanations given to us, discrepancies noticed on such verification have been appropriately adjusted in the Profit and Loss Account.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories :
  - (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals, with the exception of stocks lying with job workers.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations there are adequate internal control procedures 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, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act 1956, to the best of our knowledge and belief and according to the information and explanations given to us :
  - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register, maintained under the said Section has been so entered.
  - (b) Where each of such transactions is in excess of Rs. 500 thousands in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.

- (vii) In our opinion, the internal audit functions carried out during the year by the internal audit department of the company and by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account and maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of manufacture of electrical motors and machine tools and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- (ix) According to information and explanations given to us in respect of statutory dues :
- The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Service Tax, Custom Duty, Cess and other material statutory dues with the applicable to it with the appropriate authorities.
  - There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Wealth Tax, Custom Duty, Excise Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
  - Details of dues of Sales Tax, Service Tax, Excise Duty and Cess which have not been deposited as on 31st March, 2010 on account of any dispute are given below :

Name of the Statute	Nature of dues	Value (Rs. in Thousand)	Period to which amount relates	Forum where dispute is pending
Central Sales Tax Act & Local Sales Tax Act	Sales tax including entry tax and trade tax	39,379	1997-98 to 2007-2008	Assistant Commissioner, Deputy Commissioner, Commissioner Appeals, Appellate & Revisional Board, Tribunal and Assessing Officer and Settlement Commissioner.
Central Excise Act, 1944 and Chapter V of the Finance Act, 1994, as amended	Excise duty, Service tax including penalty	8,853	2000-01, 2004-05, 2005-06, 2006-07 & 2007-08	High Court, CEGAT, Commissioner Appeals and Assistant / Additional Commissioner of Central Excise
Bombay Provincial Municipal Corporation Act, 1949	Cess including interest on Cess	9,758	2004-05, 2005-06 2006-07 and 2007-2008	Civil Judge Court - Senior Division, Thane and Mumbai High Court



- (x) The accumulated losses of the Company at the end of the financial year are not less than fifty per cent of its net worth and the Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet, we report that funds raised on short term basis have not been used during the year for long-term investment.
- (xii) The Company has not raised any money through public issues during the year.
- (xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**

*Chartered Accountants*

(Registration No. 302009E)

**Abhijit Bandyopadhyay**

*Partner*

*Membership No. 054785*

Kolkata, May 31st 2010

**IFB INDUSTRIES LIMITED**

**BALANCE SHEET as at March 31, 2010**

	Schedule	As at March 31, 2010		As at March 31, 2009	
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>I. SOURCES OF FUNDS</b>					
1. <b>Shareholders' Funds</b>					
a. Share Capital	1	355,175		456,259	
b. Share application money pending allotment		—		255	
c. Reserves and Surplus	2	<u>2,383,643</u>	<u>2,738,818</u>	<u>2,207,148</u>	2,663,662
2. Deferred Tax Liability			<u>37,483</u>		—
<b>TOTAL</b>			<u><u>2,776,301</u></u>		<u><u>2,663,662</u></u>
<b>II. APPLICATION OF FUNDS</b>					
1. <b>Fixed Assets</b>	3				
a. Gross Block		<u>3,960,064</u>		3,865,354	
b. Less: Depreciation		<u>3,205,319</u>		<u>3,163,009</u>	
c. Net Block		<u>754,745</u>		702,345	
d. Capital Work in Progress		<u>144,911</u>	<u>899,656</u>	<u>18,325</u>	720,670
2. <b>Investments</b>	4		<u>106,424</u>		2
3. <b>Current Assets, Loans and Advances</b>	5				
A. <b>Current Assets</b>					
a. Inventories		<u>853,318</u>		625,489	
b. Sundry Debtors		<u>279,825</u>		200,988	
c. Cash and Bank Balances		<u>365,444</u>		429,092	
B. <b>Loans and Advances</b>		<u>399,271</u>		<u>172,228</u>	
		<u>1,897,858</u>		<u>1,427,797</u>	
Less : <b>Current Liabilities and Provisions</b>					
a. Current Liabilities	6	<u>1,096,968</u>		921,185	
b. Provisions	7	<u>231,738</u>		<u>105,236</u>	
		<u>1,328,706</u>		<u>1,026,421</u>	
<b>Net Current Assets</b>			<u>569,152</u>		401,376
4 <b>Profit and Loss Account</b>			<u>1,201,069</u>		<u>1,541,614</u>
<b>TOTAL</b>			<u><u>2,776,301</u></u>		<u><u>2,663,662</u></u>
Notes to Financial Statements	1 2				

Schedules referred to above form an integral part of the Balance Sheet

*In terms of our report attached*

For **DELOITTE HASKINS & SELLS**

*Chartered Accountants*

**Abhijit Bandyopadhyay**

*Partner*

Place : Kolkata

Date : May 31, 2010

For and on behalf of the Board of Directors

*Joint Executive Chairman &*

*Managing Director*

*Director*

*Chief Financial Officer*

*Company Secretary*

**Bikram Nag**

**Somen Bal**

**S. Bhattacharya**

**G. Ray Chowdhury**

**PROFIT AND LOSS ACCOUNT for the year ended March 31, 2010**

	Schedule	Year ended March 31, 2010		Year ended March 31, 2009	
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>INCOME</b>					
Gross sale of products		6,076,101		5,070,856	
Less: Trade scheme and discounts		<u>680,051</u>		<u>469,405</u>	
Sales (net of trade scheme and discounts)		5,396,050		4,601,451	
Less : Excise duty		<u>315,183</u>		<u>394,734</u>	
Sales (Net)			5,080,867		4,206,717
Sale of services			259,182		224,999
Other income	8		<u>228,732</u>		<u>136,487</u>
<b>Total :</b>			<u><u>5,568,781</u></u>		<u><u>4,568,203</u></u>
<b>EXPENDITURE</b>					
Raw materials and finished goods	9		3,068,852		2,625,745
Employees' remuneration and benefits	10		507,314		394,212
Operating and administration expenses	11		1,328,099		1,090,573
Depreciation / amortisation	3		86,815		75,639
Financial charges (others)			<u>2,574</u>		<u>—</u>
<b>Total :</b>			<u><u>4,993,654</u></u>		<u><u>4,186,169</u></u>
<b>Profit before extra-ordinary items</b>			575,127		382,034
Extraordinary items: gain on interest waiver			<u>—</u>		<u>2,780,824</u>
<b>Profit before taxation</b>			575,127		3,162,858
Provision for current tax		(100,000)			
Less : MAT credit entitlement		<u>100,000</u>			
Provision for deferred tax			(37,483)		
Provision for fringe benefits tax			<u>—</u>		<u>(12,081)</u>
<b>Profit after taxation</b>			537,644		3,150,777
Balance brought forward from previous years			<u>(1,541,614)</u>		<u>(4,752,547)</u>
			(1,003,970)		(1,601,770)
Preference dividend paid		(31,710)			
Corporate dividend tax there on		<u>(5,389)</u>	(37,099)		
Transfer from general reserve			<u>—</u>		60,156
Transfer to capital redemption reserve			(160,000)		
Balance carried to balance sheet			<u><u>(1,201,069)</u></u>		<u><u>(1,541,614)</u></u>
Basic and diluted earnings per share (before extraordinary) - Rs.			16.87		19.05
Basic and diluted earnings per share (after extraordinary) - Rs.			16.87		165.94
Notes to financial statements		12			

Schedules referred to above form an integral part of the Profit and Loss Account

*In terms of our report attached*

For **DELOITTE HASKINS & SELLS**

*Chartered Accountants*

**Abhijit Bandyopadhyay**

*Partner*

Place : Kolkata

Date : May 31, 2010

For and on behalf of the Board of Directors

*Joint Executive Chairman &*

*Managing Director*

*Director*

*Chief Financial Officer*

*Company Secretary*

**Bikram Nag**

**Somen Bal**

**S. Bhattacharya**

**G. Ray Chowdhury**

**IFB INDUSTRIES LIMITED**

**CASH FLOW STATEMENT for the year ended March 31, 2010**

	Year ended March 31, 2010		Year ended March 31, 2009	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax & Extraordinary Items	575,127		382,034	
Adjustment for :				
Depreciation	86,815		75,639	
Write off of debts / advances	4,649		4,608	
Provision for Doubtful debts and advances	6,443		3,526	
Write back of provisions no longer required	(17,859)		(17,196)	
Write off of Assets	3,651		103	
(Gain) / Loss on disposal of Fixed Assets	38		50	
Unrealised Exchange Loss	1,790		1,582	
Financial Charges	2,574		-	
Employee Stock Purchase Scheme Expense	12,434		-	
Dividend income	(2,287)		(535)	
<b>Operating Profit Before Working Capital Adjustments</b>	<b>673,375</b>		<b>449,811</b>	
Adjustments for :				
(Increase)/Decrease in Inventories	(227,829)		2,361	
(Increase)/Decrease in Sundry Debtors and Loans & Advances	(225,254)		46,979	
Increase/(Decrease) in Current Liabilities and Provisions	305,026		(188,946)	
Cash Generated from Operations	525,318		310,205	
Direct Taxes (Including Fringe Benefits Tax)	(78,387)		4,768	
<b>Net Cash from Operating Activities</b>		<b>446,931</b>		<b>314,973</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(269,501)		(86,382)	
Proceeds from disposal of fixed assets	10		14	
Investments in Mutual Funds	(106,422)		-	
Dividend Income	2,287		535	
<b>Net Cash from Investing Activities</b>		<b>(373,626)</b>		<b>(85,833)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from share application money pending allotment	-		255	
Proceeds from issuance of Share	62,722		184,350	
Redemption of preference Share	(160,000)		-	
Preference Dividend Paid	(31,710)		-	
Corporate Dividend Tax	(5,389)		-	
Financial Charges	(2,574)		-	
Repayment of long term borrowings	-		(248,422)	
Proceeds from capital grant	-		2,500	
<b>Net Cash used in Financing Activities</b>		<b>(136,951)</b>		<b>(61,317)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>		<b>(63,646)</b>		<b>167,823</b>
<b>Cash &amp; Cash Equivalent at beginning of year</b>		<b>429,092</b>		<b>261,269</b>
<b>Cash &amp; Cash Equivalent at end of year [Refer schedule 5(A)C]</b>		<b>365,444</b>		<b>429,092</b>

- Notes : 1. The above Cash Flow Statement has been prepared under indirect method as per Accounting Standard 3 "Cash Flow Statement" notified under section 211 (3C) of the Companies Act, 1956.
2. The figures in the bracket indicate cash outflow, except for adjustments for operating activities.

Schedules referred to above form an integral part of the Cash Flow Statement

*In terms of our report attached*

For **DELOITTE HASKINS & SELLS**

*Chartered Accountants*

**Abhijit Bandyopadhyay**

*Partner*

Place : Kolkata

Date : May 31, 2010

For and on behalf of the Board of Directors

*Joint Executive Chairman &*

*Managing Director*

*Director*

*Chief Financial Officer*

*Company Secretary*

**Bikram Nag**

**Somen Bal**

**S. Bhattacharya**

**G. Ray Chowdhury**

**SCHEDULES to Balance Sheet**

	As at March 31, 2010		As at March 31, 2009	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>SCHEDULE – 1</b>				
<b>SHARE CAPITAL</b>				
<i>Authorised :</i>				
65,000,000	Equity Shares of Rs. 10/- each (Previous year 35,000,000 shares of Rs. 10 each)	650,000		350,000
30,000,000	Cumulative Convertible Preference Shares of Rs. 10 each Current Year Nil (Previous year 30,000,000 shares of Rs. 10 each)	–		300,000
30,000,000	Cumulative Redeemable Preference Shares of Rs. 10 each (Previous year 30,000,000 shares of Rs. 10 each)	300,000		300,000
		<u>950,000</u>		<u>950,000</u>
<i>Issued, Subscribed and Paid-up :</i>				
34,755,046	Equity Shares of Rs. 10/- each, fully paid up (Previous year 28,863,447 shares of Rs. 10 each)	347,550	288,634	
<i>(Of the above equity shares 2,950,760 equity shares were allotted as fully paid up by way of bonus shares by capitalisation of Share Premium)</i>				
	<i>Add : Forfeited Shares</i>	<u>7,625</u>	<u>7,625</u>	296,259
	5% Cumulative Redeemable Preference Shares of Rs. 10 each, fully paid up Current Year : Nil (Previous year : 16,000,000 shares of Rs. 10 each)	–		160,000
		<u>355,175</u>		<u>456,259</u>
		<u>355,175</u>		<u>456,259</u>
		Balance as on 1st April, 2009	Addition during the year	Withdrawal during the year
		Balance as on 31st March, 2010		
<b>SCHEDULE – 2</b>				
<b>RESERVES &amp; SURPLUS</b>				
	Capital Reserve	2,500	–	–
	Debt Restructuring Reserve	898,061	–	–
	Capital Redemption Reserve	500	160,000	–
	Share Premium Account	1,288,755	16,495	–
	Revaluation Reserve	17,332	–	–
		<u>2,207,148</u>	<u>176,495</u>	<u>–</u>
		<u>2,383,643</u>		

## SCHEDULES to Balance Sheet

### SCHEDULE – 3

#### FIXED ASSETS

(Rs. '000)

Particulars of Assets	GROSS BLOCK AT COST				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at April 1, 2009	Additions	Adjustments/ Disposals	As at March 31 2010	As at April 1 2009	For the year	Adjustments/ Disposals	As at March 31 2010	As at March 31 2010	As at March 31 2009
<b>A) TANGIBLE</b>										
Freehold Land	71,901	-	-	71,901	-	-	-	-	71,901	71,901
Leasehold Land	23,326	-	-	23,326	17,280	639	-	17,919	5,407	6,046
Leasehold Land	22,024	-	-	22,024	16,396	595	-	16,991	5,033	5,628
R and D Leasehold Land	1,302	-	-	1,302	884	44	-	928	374	418
Building	353,005	11,201	-	364,206	237,858	11,245	-	249,103	115,103	115,147
Building	342,995	11,201	-	354,196	231,409	10,889	-	242,298	111,898	111,586
R and D Building	10,010	-	-	10,010	6,449	356	-	6,805	3,205	3,561
Plant and Machinery	3,292,470	90,461	(45,353)	3,337,578	2,827,534	61,038	(42,173)	2,846,399	491,179	464,936
Plant and Machinery	3,290,432	89,669	(45,353)	3,334,748	2,826,918	60,927	(42,173)	2,845,672	489,076	463,514
R and D Plant and Machinery	2,038	792	-	2,830	616	111	-	727	2,103	1,422
Computer	37,713	10,291	(1,404)	46,600	24,730	5,098	(1,180)	28,648	17,952	12,983
Computer	34,678	10,291	(1,404)	43,565	22,186	4,868	(1,180)	25,874	17,691	12,492
R and D Computer	3,035	-	-	3,035	2,544	230	-	2,774	261	491
Furniture and Fixture	67,358	4,594	(1,447)	70,505	40,175	3,335	(1,152)	42,358	28,147	27,183
Furniture and Fixture	65,832	4,594	(1,447)	68,979	39,531	3,255	(1,152)	41,634	27,345	26,301
R and D Furniture and Fixture	1,526	-	-	1,526	644	80	-	724	802	882
Motor Vehicle	14,778	694	-	15,472	12,406	468	-	12,874	2,598	2,372
<b>B) INTANGIBLE</b>										
Computer Software	4,803	25,673	-	30,476	3,026	4,992	-	8,018	22,458	1,777
Computer Software	4,788	25,673	-	30,461	3,024	4,987	-	8,011	22,450	1,764
R and D Computer Software	15	-	-	15	2	5	-	7	8	13
<b>Total</b>	<b>3,865,354</b>	<b>142,914</b>	<b>(48,204)</b>	<b>3,960,064</b>	<b>3,163,009</b>	<b>86,815</b>	<b>(44,505)</b>	<b>3,205,319</b>	<b>702,345</b>	<b>754,745</b>
Previous Year	3,790,456	76,164	(1,266)	3,865,354	3,088,468	75,639	(1,098)	3,163,009	702,345	701,988
Capital WIP	18,325	156,879	(30,293)	144,911	-	-	-	-	144,911	18,325
Capital WIP	18,325	155,298	(30,293)	143,330	-	-	-	-	143,330	18,325
Rand D Capital WIP	-	1,581	-	1,581	-	-	-	-	1,581	-
Capital WIP - Previous Year	8,108	38,715	(28,498)	18,325	-	-	-	-	18,325	

Note : R and D denotes Research and Development

### SCHEDULE – 4 INVESTMENTS

	Face Value	Quantity		Amount	
	Rs.	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
				(Rs. '000)	(Rs. '000)

#### LONG TERM QUOTED – OTHERS (AT COST)

##### I. In Equity Shares

Ashok Leyland Ltd.	Rs. 1	1,500	1,500	2	2
(Face value of Rs. 10/- per share subdivided into 10 shares of Rs. 1/- each fully paid up w.e.f. July 7, 2004)					
<b>Total</b>				<b>2</b>	<b>2</b>

## SCHEDULES to Balance Sheet

### SCHEDULE – 4 (Contd.) INVESTMENTS

	Face Value Rs.	Quantity		Amount	
		March 31, 2010	March 31, 2009	March 31, 2010 (Rs. '000)	March 31, 2009 (Rs. '000)
<b>CURRENT UNQUOTED - OTHERS</b>					
I. In Mutual Funds	10	10,642,168	–	106,422	–
Total				106,424	2
<i>Aggregate book value of unquoted investment</i>				106,422	–
<i>Aggregate market value of quoted investment</i>				84	27

#### Movement during the year

Investments purchased and sold/redeemed Name of Mutual Fund	Face Value Rs.	Quantity		Amount	
		March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
<b>Purchased</b>					
1. HDFC Cash Management Fund - Saving Plus Plan-Dividend	10	–	71,032,983	–	755,535
2. LIC MF Floating Rate Fund - Short Term Plan - Daily Dividend Plan	10	21,104,434	–	211,044	–
3. LIC MF Liquid Fund - Dividend Plan	10	19,128,721	–	210,035	–
4. LIC Income Plus Fund - Daily Dividend Plan	10	21,655,120	–	216,551	–
5. LIC MF Savings Plus Fund - Daily Dividend Plan	10	993,565	–	9,936	–
6. HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	10	22,602,304	–	240,408	–
7. HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend	10	3,989,825	–	40,024	–
		89,473,969	71,032,983	927,998	755,535
<b>Sold/ Redeemed</b>					
1. HDFC Cash Management Fund -Saving Plus Plan-Dividend	10	–	71,032,983	–	755,535
2. LIC MF Floating Rate Fund - Short Term Plan - Daily Dividend Plan	10	21,104,434	–	211,044	–
3. LIC MF Liquid Fund - Dividend Plan	10	19,128,721	–	210,035	–
4. LIC Income Plus Fund - Daily Dividend Plan	10	11,012,952	–	110,130	–
5. LIC MF Savings Plus Fund - Daily Dividend Plan	10	993,565	–	9,936	–
6. HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	10	22,602,304	–	240,407	–
7. HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend	10	3,989,825	–	40,024	–
		78,831,801	71,032,983	821,576	755,535
<b>Closing Balance</b>					
LIC Income Plus Fund - Daily Dividend Plan	10	10,642,168	–	106,422	–
		10,642,168	–	106,422	–



## SCHEDULES to Balance Sheet

	As at March 31, 2010		As at March 31, 2009	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>SCHEDULE – 5</b>				
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>				
<b>A. CURRENT ASSETS</b>				
<b>a. Inventories</b>				
(As taken, valued and certified by the Management)				
Raw materials and components (including goods in transit)	248,292		128,434	
Work-in-progress	69,929		91,554	
Finished goods (including goods in transit)	407,200		288,695	
Stores and spare parts	127,897	853,318	116,806	625,489
<b>b. Sundry Debtors (unsecured)</b>				
Debts outstanding for a period exceeding six months:				
Considered good	3,836		13,429	
Considered doubtful	10,981		12,422	
	14,817		25,851	
Other Debts :				
Considered good	275,989		187,559	
Considered doubtful	552		3,135	
	291,358		216,545	
Less: Provision for doubtful debts	11,533	279,825	15,557	200,988
<b>c. Cash and Bank Balances</b>				
Cash on hand (including cheques in hand)	17,816		4,477	
Remittance in transit	8,040		2,656	
Balances with scheduled banks				
— On current accounts*	192,156		197,751	
— On deposit accounts	147,432	365,444	224,208	429,092
		1,498,587		1,255,569
* Includes Rs. Nil (previous year Rs. 3,700 thousand) which is restrictive in nature				
<b>B. LOANS AND ADVANCES (Unsecured)</b>				
Advances recoverable in cash or in kind or for value to be received :				
— Considered good	179,784		86,440	
— Considered doubtful	4,626		4,068	
	184,410		90,508	
Less: Provision for doubtful advances	4,626	179,784	4,068	86,440
Balances with customs, port trust, excise and others		119,322		77,323
MAT credit entitlement		100,000		—
Advance fringe benefits tax (net of provision for fringe benefits tax of Rs. 12,242 thousand)		165		—
Advance income tax (tax deducted at source)		—		8,465
		399,271		172,228
		1,897,858		1,427,797

## SCHEDULES to Balance Sheet

	As at March 31, 2010		As at March 31, 2009	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>SCHEDULE – 6</b>				
<b>CURRENT LIABILITIES</b>				
Sundry Creditors				
For Goods :				
– total outstanding dues of micro enterprises and small enterprises	342		808	
– total outstanding dues of creditors other than micro enterprises and small enterprises	383,499		368,779	
For Expenses :				
– total outstanding dues of micro enterprises and small enterprises	–		–	
– total outstanding dues of creditors other than micro enterprises and small enterprises	454,893	838,734	315,083	684,670
	454,893	838,734	315,083	684,670
Security Deposits		13,340		8,104
Advance from Customers		244,894		228,411
		1,096,968		921,185
		1,096,968		921,185

There is no amount due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund

## SCHEDULE – 7

### PROVISIONS

Provision for Current Tax (net of tax deducted at source and advance tax of Rs. 85,204 thousands)	14,796	–
Provision for Fringe Benefit Tax (net of advance Fringe Benefits Tax of Rs. 10,598 thousands in Previous Year)	–	1,483
Provision for Employee Benefits	35,004	22,510
Provision for Warranty	181,938	81,243
	231,738	105,236
	231,738	105,236

## SCHEDULES to Profit and Loss Account

	Year ended March 31, 2010		Year ended March 31, 2009	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>SCHEDULE – 8</b>				
<b>Other Income</b>				
Interest on deposits		13,651		11,533
[Tax deducted at source : Rs. 1,406 thousand (Previous Year : Rs. 2,175 thousand )]				
Dividend from investment in Mutual Fund		2,287		535
Sale of Scraps		94,145		77,018
Insurance Claims		222		675
Rental Income		9,347		7,338
Gain on exchange fluctuation		10,118		—
Writeback of liabilities no longer required		7,950		15,303
Writeback of provision no longer required		9,909		1,893
Recovery of advance written off in earlier years		51,000		—
Miscellaneous income		30,103		22,192
		<u>228,732</u>		<u>136,487</u>
<b>SCHEDULE – 9</b>				
<b>Raw materials, Stores &amp; Spares</b>				
<b>Consumed and finished goods</b>				
a) Raw Materials Consumed :				
Opening Stock		128,434		203,247
Add : Purchases		2,316,299		1,822,514
		<u>2,444,733</u>		<u>2,025,761</u>
Less : Closing Stock		(248,292)		(128,434)
Net Consumption of Raw Materials		2,196,441		1,897,327
b) Purchase of Trading Goods		697,309		532,646
c) Stores and Spares Consumed		271,982		188,332
d) (Increase)/Decrease in Finished Goods, Work in progress :				
Opening Stock				
— Finished Goods		288,695		302,714
— Work in progress		91,554		84,975
		<u>380,249</u>		<u>387,689</u>
Less : Closing Stock				
— Finished Goods		407,200		288,695
— Work in progress		69,929		91,554
		<u>477,129</u>		<u>380,249</u>
		(96,880)		7,440
		<u>3,068,852</u>		<u>2,625,745</u>

**SCHEDULES to Profit and Loss Account**

	Year ended March 31, 2010		Year ended March 31, 2009	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>SCHEDULE – 10</b>				
<b>EMPLOYEES' REMUNERATION AND BENEFITS</b>				
Salaries, Wages and Bonus		408,178		340,135
Contribution to Provident and Other Funds		51,827		24,384
Workmen and Staff Welfare Expenses		47,309		29,693
		507,314		394,212
 <b>SCHEDULE – 11</b>				
<b>OPERATING AND ADMINISTRATION EXPENSES</b>				
Rent		33,963		25,863
Insurance		4,437		4,551
Freight, octroi and carriage		180,416		159,966
Power and fuels		53,197		46,243
Ancillary cost		193,831		117,823
Rates & Taxes		6,201		9,396
Office expenses		114,911		108,348
Advertisement and sales promotion		262,428		199,655
Travelling		110,332		104,345
Repairs :				
Buildings	1,867		3,454	
Plant and machinery	18,503		24,126	
Others	10,269	30,639	15,090	42,670
Excise Duty on differential Stock		6,339		1,771
(Gain)/loss on disposal of Fixed Assets		38		50
Loss on Exchange Fluctuation		–		10,007
Sales Tax / Customs Duty		12,336		10,882
Write off of assets		3,651		103
Write off of debts / advances		4,649		4,608
Provision for doubtful debts and advances		6,443		3,526
Bank charges		5,644		12,819
Directors' sitting fees		188		58
Service Expenses		70,636		71,935
Warranty expenses		147,786		59,643
Miscellaneous expenses		80,034		96,311
		1,328,099		1,090,573

## **SCHEDULES to Balance Sheet and Profit & Loss Account**

### **SCHEDULE – 12**

#### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS**

Unless otherwise specified, all amounts are in Rupees thousands.

#### **I. SIGNIFICANT ACCOUNTING POLICIES :**

##### **1. Basis of accounting and preparation of financial statements**

The financial statements have been prepared to comply in all material respect with the applicable accounting principles in India, mandatory accounting standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act 1956. The Company follows the accrual method of accounting under historical cost convention modified by revaluation of certain fixed assets as and when undertaken. The accounting policies have been consistently applied by the Company.

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities including Contingent Liabilities as of the date of the financial statements and the reported income and expenses for the reporting period. Although these estimates are based upon historical event and management's best knowledge of current events and actions, actual results could differ from those estimates. Material estimates used in these financial statements that are susceptible to change as more information becomes available include useful economic lives of property, plant and equipment, impairment, retirement benefits, guarantees, warranties and income taxes.

##### **2. Revenue recognition**

Revenue from sales of products is recognized upon the transfer of significant risks and rewards of the ownership of the goods to the customers, which generally coincides with their delivery to customers. Sales are net of Value Added Tax/ Sales Tax and returns.

Revenue from Services is recognized on prorated basis over the period of contract.

Interest on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividends from investment are recognized when the Company's right to receive payment is established.

##### **3. Fixed assets**

Fixed assets are stated at cost of acquisition/construction or at revalued amount less depreciation and impairment losses. The cost of asset comprises its purchase price and any other attributable cost incurred for bringing the asset to its working condition for its intended use. Where a fixed asset has been revalued upwards, the revalued amount is credited to owner's interest under the head Revaluation Reserves.

Capital work in progress includes advances for capital items, items under installation and items in transit. In case of own manufactured items like tools, jigs, proportionate burden of overhead as applicable is also treated as part of cost.

Expenditure incurred on replacement/ modification to fixed asset is capitalized only when such expenditure results in increase in the economic life of such asset.

##### **4. Intangible assets**

Software expected to provide future enduring economic benefits is stated at cost less amortization.

All upgradation/enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

## **SCHEDULES to Balance Sheet and Profit & Loss Account**

(Unless otherwise specified, all amounts are in Rupees thousands)

### **5. Depreciation / Amortization**

Depreciation is provided at the rates specified in Schedule XIV of the Companies Act, 1956 on straight line method on plant and machinery and other fixed assets excepting building where written down value method is followed.

Assets whose actual cost does not exceed five thousand rupees are fully depreciated in the year of acquisition.

Intangible assets are amortized over the best estimate of its useful life ranging between a periods of 3 to 5 years.

### **6. Impairment of fixed assets**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of assets exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

### **7. Foreign currency transactions**

Transactions denominated in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Any income or expense on account of exchange differences either on settlement or on remeasurement of transactions is recognized in the profit and loss account.

Monetary assets and liabilities denominated in foreign currency are remeasured at the rate of exchange prevailing on the date of the balance sheet and resultant gain or loss is recognized in the profit and loss account. Non monetary items denominated in foreign currency are carried at cost.

### **8. Investments**

Long Term investments are stated at cost less diminution in value, if any other than temporary.

Current investments comprising investments in mutual funds are stated at lower of cost and fair value.

### **9. Inventories**

Raw materials, components, work in progress and stores and spares are valued at cost. Finished goods are valued at lower of cost or net realizable value. Cost includes all expenses incurred in bringing the goods to their present location and condition.

Cost is ascertained on weighted average method.

### **10. Employee Benefits**

i) Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

ii) Post employment and other long term employee benefits are recognized as an expense in the Profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

### **11. Taxes on Income**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

## **SCHEDULES to Balance Sheet and Profit & Loss Account**

(Unless otherwise specified, all amounts are in Rupees thousands)

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 recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### **12. Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

### **13. Government Grants**

Grants received from the Government authorities with reference to investments under investment subsidy schemes and no repayment is ordinarily expected in respect thereof are treated as capital reserve.

### **14. Segment**

The Company discloses Business segment as the Primary segment. Segments have been identified taking into account the nature of products, the different risk and returns, the organisation structure and internal reporting system. The Company's operation predominantly relates to manufacture of home appliances and fine blanking business. The Company primarily caters to the domestic market and export sales are not significant and accordingly there is no reportable secondary segment.

### **15. Cash and cash equivalent**

Cash and cash equivalents in the cash flow statement comprise cash at bank and on hand and short term investments with an original maturity of three months or less.

### **16. Earnings Per Share**

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

## **II. NOTES ON FINANCIAL STATEMENTS:**

### **1. Share Capital**

During the year the Company has issued 5,000,000 fully paid equity shares of Rs. 10 each at par on preferential basis to the promoters of the Company as per the order dated September 11, 2009 of the Board for Financial Reconstruction (BIFR) under Sick Industrial Companies (Special Provision) Act 1985, as amended (SICA). The Company has also issued 891,599 fully paid equity shares of Rs.10 each to its employees under IFB Industries Limited – Employees Stock Purchase Scheme 2008 of which 812,199 shares were issued at premium of Rs. 5 per share.

## **SCHEDULES to Balance Sheet and Profit & Loss Account**

(Unless otherwise specified, all amounts are in Rupees thousands)

The Company has redeemed 16,000,000 5% cumulative redeemable preference shares of Rs. 10 each out of profits of the Company and consequently a sum of Rs. 160,000 thousand equal to the nominal amount of shares redeemed, has been transferred to Capital Redemption Reserve Account.

### **2. Impairment**

The Company has reviewed potential generation of economic benefits from its cash generating units and concluded that there is no further impairments during the year.

### **3. Dues to Micro, Small and Medium Enterprises**

There are no Micro, Small and Medium Enterprises, to whom the Companies owes dues, which are outstanding for more than 45 days as at March 31, 2010 except for the details mentioned below. Information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Disclosure of payments due to suppliers as at March 31, 2010, pursuant to notification no. GSR 719 (E) dated November 16, 2007 are as below:

Details	March 31, 2010	March 31, 2009
<b>Balance of Sundry Creditors as on March 31, 2010</b>		
– Principal amount due to micro, small and medium enterprises	342	808
– Principal amount due to others	838,392	683,862
<b>Interest accrued and dues as on March 31, 2010</b>		
– Interest on payments due to micro, small and medium enterprises	–	–
– Interest on payments due to others	–	–
– Interest due and payable on amounts paid during the year to micro, small and medium enterprises beyond the appointed date	–	–
<b>Paid during the year</b>		
Principal amount (including interest) paid to micro, small and medium enterprises beyond the appointed date		
– Principal amount	–	–
– Interest thereon	–	–
Principal amount (excluding interest) paid to micro, small and medium enterprises beyond the appointed date	–	–
<b>Others</b>		
Interest accrued in prior year and paid during the year	–	–
Interest accrued during the year and paid during the year	–	–

Rs. 000



## SCHEDULES to Balance Sheet and Profit & Loss Account

(Unless otherwise specified, all amounts are in Rupees thousands)

### 4. Employee Benefits

#### (a) Gratuity and Leave Encashment

The employee's gratuity fund scheme, determined as post employment benefit, is managed through Insurance Companies under a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for unfunded leave encashment determined as other long term benefit plan is recognized in the same manner as gratuity.

#### I. Reconciliation of Opening and Closing balances of Defined Benefit obligation :

Rs.' 000

	Gratuity (funded)			Leave Encashment (Unfunded)		
	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2010	March 31, 2009	March 31, 2008
Defined benefit obligation at the beginning of the year	36,396	39,270	28,443	18,228	21,580	14,643
Current Service Cost	4,414	4,130	4,864	3,899	5,592	2,594
Interest Cost	2,785	3,002	2,221	1,311	1,693	1,085
Actuarial losses / (gains)	9,838	(8,433)	5,090	1,961	(7,790)	5,430
Benefits Paid	(1,382)	(1,573)	(1,348)	(2,850)	(2,847)	(2,172)
Defined Benefit obligation at year end	52,051	36,396	39,270	22,549	18,228	21,580

#### II. Reconciliation of Opening and Closing balances of fair value of plan assets :

Rs.' 000

	Gratuity (funded)			Leave Encashment (Unfunded)		
	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2010	March 31, 2009	March 31, 2008
Fair value of plan assets at beginning of the period	32,114	27,022	20,065	-	-	-
Expected return on plan assets	2,621	2,513	1,883	-	-	-
Actual Company contributions	4,349	5,150	6,953	2,850	2,847	2,172
Actuarial Gain/(Loss)	1,894	(998)	(532)	-	-	-
Benefits Payments	(1,382)	(1,573)	(1,347)	(2,850)	(2,847)	(2,172)
Fair value of Plan assets at the end of period	39,596	32,114	27,022	-	-	-
Actual return on plan assets	4,515	1,515	1,351	-	-	-

### SCHEDULES to Balance Sheet and Profit & Loss Account

(Unless otherwise specified, all amounts are in Rupees thousands)

#### III. Reconciliation of fair value of assets and obligation :

Rs.' 000

	Gratuity (funded)			Leave Encashment (Unfunded)		
	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2010	March 31, 2009	March 31, 2008
Net Asset/(Liability) at the beginning of period	(4,282)	(12,248)	(8,376)	(18,228)	(21,580)	(14,643)
Employer Gains/(Expense)	(12,522)	2,816	(10,825)	(7,171)	505	(9,109)
Employer Contributions	4,349	5,150	6,953	2,850	2,847	2,172
Net Asset/(Liability) at end of period	(12,455)	(4,282)	(12,248)	(22,549)	(18,228)	(21,580)

#### IV. Expense recognized during the year :

Rs.' 000

	Gratuity (funded)			Leave Encashment (Unfunded)		
	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2010	March 31, 2009	March 31, 2008
Current Service Cost	4,414	4,130	4,864	3,899	5,592	2,594
Interest cost	2,785	3,002	2,221	1,311	1,693	1,085
Expected Return on Plan assets	(2,621)	(2,513)	(1,881)	-	-	-
Actuarial Losses/(Gains)	7,944	(7,435)	5,622	1,961	(7,790)	5,430
Total employer expense recognized in Profit and Loss Account	12,522	(2,816)	10,826	7,171	(505)	9,109

#### V. Actuarial assumptions :

Rs.' 000

	Gratuity (funded)			Leave Encashment (Unfunded)		
	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2010	March 31, 2009	March 31, 2008
Discounted rate	8.00%	7.80%	8.00%	8.00%	7.80%	8.40%
Expected return on assets	8.00%	7.80%	8.00%	-	-	-
Salary escalation	5.00%	5.00 %	10.00%	5.00%	5.00%	10.00%
Mortality	L.I.C 1994-96 ultimate	L.I.C 1994-96 ultimate	L.I.C 1994-96 ultimate	L.I.C 1994-96 ultimate	L.I.C 1994-96 ultimate	L.I.C 1994-96 ultimate

## **SCHEDULES to Balance Sheet and Profit & Loss Account**

(Unless otherwise specified, all amounts are in Rupees thousands)

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

### **VI. Percentage of each category of plan assets to their fair value of plan assets as at March 31, 2010**

The gratuity fund administered and managed by Aviva Life Insurance has invested 35% (previous year 64%) in Government of India Securities, 32% (previous year 22%) in Equities, 20% (previous year 9%) in Corporate Bonds and balance 13% (previous year 5%) in Money market investment.

The Company has not received any break-up of the compositions of investment by category with respect to Gratuity fund administered and managed by Life Insurance Corporation of India and hence disclosure required for compositions of investment for plan assets under Accounting Standard 15 on Employee Benefits have not been given to that extent.

### **(b) Provident Fund and Superannuation Fund :**

In addition to the above benefits, employee of the company receives benefits from provident fund and superannuation fund, a defined contribution plan. The employee and employer each make monthly contribution to Government's Provident Fund equal to 12% of the covered employee's eligible salary. The company contributed Rs. 32,134 thousand (Previous year Rs. 27,705 thousand) to defined contribution scheme during the year ended March 31, 2010.

### **5. Managerial remuneration :**

	<b>March 31, 2010</b>	March 31, 2009
	<b>(Rs. '000)</b>	(Rs. '000)
a) Directors' Sitting Fees	<b>188</b>	58
b) Remuneration to Whole-time Director :		
Salary	<b>1,546</b>	1,546
Contribution to Provident and Superannuation Fund, a defined contribution plan	<b>303</b>	303
Monetary value of perquisites	<b>205</b>	199
	<b>2,054</b>	2,048

Provisions for gratuity in respect of Whole-time Director are not included above, as actuarial valuation is done on an overall basis.

The computation of profits under section 349 of the Companies Act, 1956 has not been given as no commission is payable to the Whole-time Director.

## SCHEDULES to Balance Sheet and Profit & Loss Account

(Unless otherwise specified, all amounts are in Rupees thousands)

### 6. Commitments and contingencies :

	March 31, 2010 (Rs. '000)	March 31, 2009 (Rs. '000)
i) Outstanding capital commitments	302,479	118,220
ii) Bills discounted by Banks	-	7,381
iii) Disputed sales tax matters, excise duties contested in appeals (These disputes mostly relate to arbitrary disallowances of claims of the Company under various state laws, which are under appeal. The management is of the view that these demands are not sustainable in law and is hopeful of succeeding in appeals.)	46,608	71,955
iv) Guarantees given by the bankers on behalf of the Company	21,019*	43,479*
v) Corporate Guarantee for Advance licenses	149,844	149,844
vi) Claims against the Company not acknowledged as debts. This represent claims relating to material rejection. The management is of the opinion that these claims are not tenable.	45,958	45,958

\*Includes four Bank Guarantees in favour of DGFT in respect of four separate EPCG licences of Rs 13,734 thousand. Such Bank Guarantees were invoked by the beneficiaries and the Company has disputed the claim by way of writ petition filed before the Calcutta High Court. The Hon'ble High Court has granted an order of status quo on September 18, 2003 and since extended from time to time. In the mean time, the said guarantees expired on September 30, 2003. Thereafter, the Hon'ble High Court by an order dated May 11, 2010 directed the Company to renew the said guarantees. The said order dated May 11, 2010 was modified by a further order dated May 19, 2010 directing the Company to deposit the aggregate amount of the guarantees in the form of fixed deposits in favour of The Registrar, Calcutta High Court, original side to secure possible claim of DGFT in place of old bank guarantees. The Company has made the deposit pursuant to the said order. The matter is pending before the Hon'ble High Court. Another bank guarantee of Rs 1,563 thousand obtained in connection with execution of a civil contract awarded by State Health Department, Govt. of West Bengal. Following a dispute the Health Department, Govt. of West Bengal invoked the said Bank Guarantees whereupon, the Company challenged such invocation by way of a writ petition before the Hon'ble Calcutta High Court. The Hon'ble High Court was pleased to allow interim order of injunction dated May 22, 2003 restraining the respondent not to give any effect to the invocation of guarantees till further order with the condition that the guarantee shall be renewed from time to time. The matter is pending before the High Court.

### 7. Segment reporting - Information pursuant to Primary Business Segment

	Year ended 31st March, 2010			
	Engineering	Home Appliances	Unallocated	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue - External	1,029,575	4,472,790	66,416	5,568,781
	813,701	3,736,188	18,314	4,568,203
<b>Total Revenue</b>	<b>1,029,575</b>	<b>4,472,790</b>	<b>66,416</b>	<b>5,568,781</b>
	813,701	3,736,188	18,314	4,568,203
<b>Segment Results</b>	<b>152,388</b>	<b>417,472</b>	<b>5,267</b>	<b>575,127</b>
	77,662	347,167	(42,795)	382,034
<b>Profit / (Loss) before tax</b>	<b>152,388</b>	<b>417,472</b>	<b>5,267</b>	<b>575,127</b>
	77,662	347,167	(42,795)	382,034
<b>Segment Assets</b>	<b>626,028</b>	<b>1,860,767</b>	<b>417,143</b>	<b>2,903,938</b>
	449,626	1,428,092	270,751	2,148,469
<b>Segment Liabilities</b>	<b>212,382</b>	<b>1,001,881</b>	<b>151,926</b>	<b>1,366,189</b>
	139,658	794,302	92,461	1,026,421

## SCHEDULES to Balance Sheet and Profit & Loss Account

(Unless otherwise specified, all amounts are in Rupees thousands)

### 7. Segment reporting - Information pursuant to Primary Business Segment

	Year ended 31st March, 2010			
	Engineering	Home Appliances	Unallocated	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Other Segmental Information :</b>				
Depreciation / Amortization	23,741	57,338	5,736	86,815
	27,765	46,836	1,038	75,639
Capital expenditure	70,985	169,877	28,638	269,500
	31,680	51,942	2,760	86,382
Non Cash Expenditure other than depreciation / amortization	-	6,443	-	6,443
	1,308	2,218	-	3,526

(figures for the previous year, March 31, 2009, have been shown below each item)

Segment revenue, segment result, segment asset and segment liabilities include the respective amount identifiable to each of the segments as also amounts allocated on reasonable basis. The expenses, which are not directly relatable to the business segment, are shown as unallocable corporate cost and grouped as "Unallocated". Assets and liabilities that cannot be allocated between the segments are shown as unallocable corporate assets and liabilities and are grouped as "Unallocated".

### 8. Related party transactions

The Company has the following related parties in accordance with Accounting Standard 18 issued by the Institute of Chartered Accountants of India :

#### Associate Companies :

IFB Agro Industries Limited, Travel Systems Private Limited  
CPL Projects Limited

#### Investor Company :

IFB Automotive Private Limited

#### Key Management Personnel :

Mr. Bijon Nag, *Executive Chairman*  
Mr. Bikram Nag, *Joint Executive Chairman and Managing Director*  
Mr. Gautam Dasgupta, *President & CEO*  
Mr. Dipak Mitra, *President- Legal*  
Mr. A K Nag, *Sr. Vice President, Corporate Affairs*  
Mr. S Bhattacharya, *Chief Financial Officer*  
Mr. Indroneel Goho, *Vice President – Finance*  
Mr. B.M. Shetye, *Vice President*  
Mr. P Chatterjee, *Vice President – Finance*  
Mr. Siddhartha Chatterjee, *Unit Head Engineering*  
Mr. G. Ray Chowdhury, *Company Secretary*  
Mr. Rajshankar Ray, *Vice president- Sales*  
Mr. A.S. Negi, *Vice President*  
Mr. B.D. Jung, *President R&D*  
Mr. T.R. Ramesh, *Regional Manager West*  
Mr. Sukhdev Nag, *Regional Accountant South*  
Mr. Jayanta Chanda, *Finance Head, Goa Factory*  
Mr. Ranjan Mohan Mathur, *Regional Manager North*  
Mr. Arup Das, *Senior Manager*

**SCHEDULES to Balance Sheet and Profit & Loss Account**

(Unless otherwise specified, all amounts are in Rupees thousands)

Transactions with related parties :

	Key Management Personnel		Associate Companies		Total	
	Rs. '000		Rs. '000		Rs. '000	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
i) Sales, Service and Other Income	-	-	2,00,489	1,64,621	2,00,489	1,64,621
ii) Purchases	-	-	6,863	17,685	6,863	17,685
iii) Purchase of Fixed Assets	-	-	694	-	694	-
iv) Allotment of Shares including share premium	3,600	-	-	1,69,550	3,600	1,69,550
v) Redemption of redeemable Preference Shares including Dividend	-	-	1,91,710	-	1,91,710	-
vi) Outstanding Balances:						
Debtors	-	-	28,116	27,687	28,116	27,687
Advances/ Deposits	845	512	17,902	17,154	18,747	17,666
Creditors	-	-	256	1,011	256	1,011
Other Receivables	-	-	2,480	3,674	2,480	3,674
vii) Remuneration	50,995	25,295	-	-	50,995	25,295
viii) Expenditures on other services	-	-	36,554	36,074	36,554	36,074
ix) Recovery of advances written off	-	-	39,600	-	39,600	-
x) Write off of Debtors	-	-	-	487	-	487
xi) Corporate Guarantee	-	-	-	12,678	-	12,678
xii) Loans Received	-	-	1,000	-	1,000	-

9. **Auditors' remuneration** [excluding service tax of Rs. 455 thousand (Previous year Rs. 431 thousand)] :

	March 31, 2010 (Rs. '000)	March 31, 2009 (Rs. '000)
Audit fees	2,250	1,850
Others	2,038	1,544
Reimbursement of expenses	130	94
	<b>4,418</b>	<b>3,488</b>

10. **Basic and diluted earnings per share (EPS) :**

	31 March, 2010	31 March, 2009
a) Profit after taxes before extraordinary available to equity shareholders (Rs. '000)	537,644	369,953
b) Net profit after extraordinary items available to equity shareholders (Rs. '000)	537,644	3,150,777
c) Adjustment for cumulative preference dividend (Rs. '000)	4,456	9,360
d) Weighted average number of equity shares outstanding	31,602,542	18,931,502
e) Basic and Diluted earning per share of face value Rs 10 each (in Rs.)		
- Before extraordinary items	16.87	19.05
- After extraordinary items	16.87	165.94

## **SCHEDULES to Balance Sheet and Profit & Loss Account**

(Unless otherwise specified, all amounts are in Rupees thousands)

### 11. Warranty

The Company warrants that their products will perform in all material respects in accordance with the Company's standard specifications in effect at the time of delivery of the products to the customers for the warranty period. Accordingly based on specific warranties, claims and claim history the Company provides for warranty claims. The movements in the provision for warranty cost is as follows :

	<b>March 31, 2010</b> <b>Rs.' 000</b>	March 31, 2009 Rs.' 000
Opening balance	81,243	49,187
Additional provision during the year	1,47,786	59,643
Provisions utilised during the year	47,091	27,587
Closing balance	<u>181,938</u>	<u>81,243</u>

Provision for warranty is expected to be utilized over a period of one to four year

### 12. Deferred Tax Assets / Liabilities (net)

	<b>March 31, 2010</b> <b>Rs. '000</b>	March 31, 2009 Rs. '000
The break up of deferred tax assets / liabilities is as under		
<b>Deferred Tax Asset</b>		
Timing difference on account of :		
– Unabsorbed Depreciation	16,948	232,170
– Carried forward capital losses	–	30,909
– Doubtful Debts and Advances	5,368	6,516
– Leave Encashment	7,490	6,196
– Gratuity	4,137	1,455
<b>Gross Deferred Tax Assets (A)</b>	<u>33,943</u>	<u>277,246</u>
<b>Deferred Tax Liabilities</b>		
Timing difference on account of :		
– Depreciation	71,426	99,697
<b>Gross Deferred Tax Liabilities (B)</b>	<u>71,426</u>	<u>99,697</u>
<b>Deferred Tax (Liability)/Assets (Net) (A-B)</b>	<u>(37,483)</u>	<u>177,549</u>

**SCHEDULES to Balance Sheet and Profit & Loss Account**

(Unless otherwise specified, all amounts are in Rupees thousands)

13. **Other information :**

	<u>31 March, 2010</u>	<u>31 March, 2009</u>
	(Rs. '000)	(Rs. '000)
a) <b>Value of Imports calculated on CIF Basis :</b>		
Raw Materials and Component	628,077	520,952
Stores & Spares	365	1,282
Trading Goods	619,435	412,443
Capital goods	1,27,635	12,138
b) <b>Expenditure on Foreign Currency (on accrual basis) on account of :</b>		
Foreign Travel	10,034	7,044
Professional Fees	8,337	2,074
Repairs & Maintenance	75	484
Sales Promotion	44	5,392
Others	208	-
c) <b>Earnings in Foreign Currency (on accrual basis) on account of :</b>		
FOB value of Exports	4,508	16,222
d) <b>Research and Development included in various Expense / Income heads :</b>		
Employees Remuneration and Benefits	28,209	Not Applicable
Raw Material Consumed	1,082	Not Applicable
Rent	21	Not Applicable
Office Expenses	235	Not Applicable
Traveling	2,910	Not Applicable
Repairs : Plant and Machinery	11	Not Applicable
Bank Charges	4	Not Applicable
Miscellaneous Expenses	5,148	Not Applicable
(Gain) /Loss on Exchange fluctuation	235	Not Applicable
<b>Total</b>	<u><u>37,855</u></u>	



## SCHEDULES to Balance Sheet and Profit & Loss Account

(Unless otherwise specified, all amounts are in Rupees thousands)

### 14. Particulars regarding Capacity, Stocks and Sale of Finished Goods and Raw Materials consumed :

#### a) Particulars regarding Capacity and Production :

	Units of Measurement	March 31, 2010			March 31, 2009		
		Licensed Capacity	Installed Capacity	Actual Production	Licensed Capacity	Installed Capacity	Actual Production
Press Tools & Dies	Rs.' 000	6,000	6,000	8,588	6,000	6,000	1,947
	Nos.	85	85	23	85	85	7
Fine Blanked Components	M.T.	3,500	3,500	7,410	3,500	3,500	4,120
Heat Treated & Phosphated Components	M.T.	450	450	769	450	450	1,448
Motor	Nos.	NA	100,000	150,541	NA	100,000	109,994
Home Appliances	Nos.	400,000	225,000	196,588	400,000	225,000	151,528

Note : Installed Capacity is certified by the management and is for a period of twelve months.

#### b) Stock and Sale of Finished Goods :

	Unit of Measurement	March 31, 2010			March 31, 2009		
		Opening Stock	Sale (Gross)	Closing Stock	Opening Stock	Sale (Gross)	Closing Stock
Press Tools & Dies	Rs. ' 000	-	10,088	-	-	1,857	-
	Nos.	44	21	46	47	10	44
Fine Blanked Components	Rs. ' 000	9,509	10,08,788	9,374	9,828	7,96,023	9,509
	MT	74	7,433	51	49	4,096	74
Motor	Rs. ' 000	-	12,642	5	-	648	-
Home Appliances(Manufacturing)	Rs. ' 000	1,66,423	33,56,864	2,80,593	1,35,425	26,09,107	1,66,423
	Nos.	8,907	180,819	24,676	12,771	1,55,392	8,907
Home Appliance (Trading )	Rs. ' 000	1,10,513	16,79,139	1,15,909	1,54,910	16,56,526	1,10,513
Others	Rs. ' 000	2,250	8,580	1,319	2,551	6,695	2,250
<b>Total</b>	Rs. ' 000	<b>2,88,695</b>	<b>60,76,101</b>	<b>4,07,200</b>	<b>3,02,714</b>	<b>50,70,856</b>	<b>2,88,695</b>

Note : (I) Wherever Installed Capacity are only in terms of value, the information above are also in terms of value only.

**SCHEDULES to Balance Sheet and Profit & Loss Account**

(Unless otherwise specified, all amounts are in Rupees thousands)

c) **Raw Materials and Stores & Spares consumed :**

	Quantity (MT)		Raw Materials				Stores & Spares			
			Value (Rs. '000)				Value (Rs. '000)			
	March 31, 2010	March 31, 2009	March 31, 2010	%	March 31, 2009	%	March 31, 2010	%	March 31, 2009	%
<u>IMPORTED</u>										
Steel	1,310	832	123,256	5.61	78,637	4.14	-	-	-	-
Comp & Spares	-	-	632,204	28.78	538,642	28.39	366	0.13	1,312	0.70
Consumables	-	-	-	-	-	-	-	-	3,531	1.87
<u>INDIGENOUS</u>										
Steel	9,927	6,544	597,391	27.20	436,583	23.01	-	-	-	-
Copper	168	110	61,754	2.81	40,623	2.14	-	-	-	-
Brass	-	1	-	-	586	0.03	-	-	-	-
Aluminium	317	167	31,776	1.45	23,934	1.26	-	-	-	-
Comp & Spares	-	-	749,654	34.13	775,836	40.90	262,778	96.62	171,412	91.02
Consumables	-	-	406	0.02	2,486	0.13	8,838	3.25	12,077	6.41
<b>TOTAL</b>	<b>11,722</b>	<b>7,654</b>	<b>2,196,441</b>	<b>100</b>	<b>1,897,327</b>	<b>100</b>	<b>271,982</b>	<b>100</b>	<b>188,332</b>	<b>100</b>

15. Previous year's figures have been regrouped and rearranged wherever necessary.

For and on behalf of the Board of Directors

*Joint Executive Chairman &*

*Managing Director*

*Director*

*Chief Financial Officer*

*Company Secretary*

**Bikram Nag**

**Somen Bal**

**S. Bhattacharya**

**G. Ray Chowdhury**

## Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

Registration No.  State Code   
 Balance Sheet Date   
Date Month Year

### II. Capital Raised During the Year (Amount in Rs. Thousands)

Public Issue  Rights Issue   
 Bonus Issue  Private Placement

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities  Total Assets

#### Sources of Funds

Paid up Capital  Reserves & Surplus   
 Secured Loans  Unsecured Loans   
 Deferred Taxation  Current Liabilities

#### Application of Funds

Net Fixed Assets  Investments   
 Current Assets  Misc. Expenditure   
 Accumulated Losses

### IV. Performance of Company (Amount in Rs. Thousand)

Turnover  Total Expenditure   
 Profit before Tax   Profit after Tax    
(Please tick appropriate box + for profit, - for loss)  
 Earnings per Share  Dividend Rate %

### V. Generic Name of Three Principal Products /Services of Company (as per monetary terms)

Item Code No. (ITC Code)   
 Product Description   
 Item Code No. (ITC Code)   
 Product Description   
 Item Code No. (ITC Code)   
 Product Description   
 Item Code No. (ITC Code)   
 Product Description







**IFB INDUSTRIES LTD.**

Regd. Office : 14, TARATOLLA ROAD, KOLKATA – 700 088

Name, Address & Folio No./DPID No. of Shareholder(s)

**ATTENDANCE SLIP**

**34TH ANNUAL GENERAL MEETING**

on 30th July, 2010 at 10:00 a.m. at  
Eastern Zonal Cultural Centre at Bidhannagar,  
IA-290, Sector – III, Bidhannagar, Salt Lake  
Kolkata–700 091

A member/proxy wishing to attend the Meeting must complete this Slip before coming to the Meeting and hand it over at the entrance.

If you intend to appoint a proxy, please complete the Proxy Form below and deposit it at the Company’s Registered Office, **at least 48 hours before the Meeting.**

Please bring your copy of the Annual Report to the Meeting.

I record my presence at the  
**34th Annual General Meeting**

\_\_\_\_\_  
Name of Proxy in BLOCK LETTERS (if the Proxy attends instead of the member)

\_\_\_\_\_  
Signature of Member/Proxy



**IFB INDUSTRIES LTD.**

Regd. Office : 14, TARATOLLA ROAD, KOLKATA – 700 088

**PROXY FORM**

I/We.....  
of .....  
being a member/members of the above named Company hereby appoint .....  
Mr./Mrs./Miss .....  
of .....  
or failing him/her .....  
of .....  
or failing him/her .....  
as my/our proxy to vote for me/us on my/our behalf at the 34th Annual General Meeting of the Company to be held on the 30th day of July, 2010 and at any adjournment thereof.  
Signed this ..... day of ..... 2010.

Regd. Folio/DPID/BEN No. :

No. of Shares :

Signature

Re. 1/-  
Revenue  
Stamp

Note : This instrument of Proxy shall be deposited at the Registered Office of the Company not less than 48 (FOURTY EIGHT) hours before the time of holding the Meeting.

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Plot No. IND-5, Sector - I  
East Kolkata Township  
Kolkata-700 107