

Report of the Directors' & Management Discussion and Analysis Report

To the Members,

The Directors have pleasure in presenting before you the Thirty Ninth Annual Report of the Company together with the Audited Financial Statements for the financial year ended 31st March, 2021.

Financial Results & Performance Review

The financial results for the year and for the previous year are summarized below:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	Year Ended 31.3.2021	Year Ended 31.3.2020	Year Ended 31.3.2021	Year Ended 31.3.2020
Revenue from Operations (Gross)	169,345	188,842	170,126	191,146
Less: Excise Duty	99,973	92,566	99,973	92,566
Revenue from Operations (Net)	69,372	96,276	70,153	98,580
Other Income	1,631	1,121	1,686	1,148
Total Revenue	71,003	97,397	71,839	99,728
Profits prior to finance charges and depreciation (EBITDA)	7,270	3,752	7,220	3,637
Less: Finance Charges	7	178	17	188
Depreciation & Amortisation	1,482	1,770	1,484	1,772
Profit Before Tax	5,781	1,804	5,719	1,677
Less: Tax Expenses	1,081	(542)	1,081	(542)
Profit After Tax	4,700	2,346	4,638	2,219
Other Comprehensive Income	1,659	(1,038)	1,665	(1,046)
Total Comprehensive Income	6,359	1,308	6,303	1,173

Consolidated figures includes standalone figures and figures of IFB Agro Marine FZE, the wholly owned Subsidiary.

Standalone

During the year under review your Company has recorded net operational revenue of ₹69,372 lakhs (as against ₹96,276 lakhs in 2019-2020) recording a decrease of 28% compared to previous year.

Operational profit (EBITDA) increased to ₹7,270 lakhs in 2020-21 (as against ₹3,752 lakhs in 2019-20), an increase of 94% as compared to the previous year.

Your Company has achieved a profit before tax of ₹5,781 lakhs (as against ₹1,804 lakhs in 2019-20) and net profit of ₹4,700 lakhs (as against ₹2,346 lakhs in 2019-20).

Consolidated

Net Revenue from Operations on consolidated basis reduced by 29% to ₹70,153 lakhs. Profit before depreciation, finance cost and tax on consolidated basis as compared to last year grew by 98% to ₹7,220 lakhs.

During the year under review, India Ratings and Research (IND-Ra) has maintained your Company's Long Term issuer rating to 'INDA+'.

Your Company operates in two segments: (1) Spirit, Spirituous Beverages and allied products and (2) Marine Products.

Spirit, Liquor and Spirituous Beverages:

Financial year 2020-21 was a globally challenging year due to COVID-19 pandemic. For the company it became all the more challenging due to Amphan Cyclone (in May 2020) and constant Excise issues which we view to be baseless and illegal. Distillery could operate only 11 days during the first quarter of the financial year with 50% capacity. Cyclone and local disturbance also impacted the operations of distillery.

The Company's proposed capacity expansion plan for the distillery from 110 KL per day to 170 KL per day was progressing well before the second wave of COVID-19, wherein lockdown was imposed and the supply of oxygen was restricted. This will delay the project completion timeline.

Indian Made Indian Liquor (IMIL) business was also affected during the year due to lockdown in the first quarter of the financial year and also got impacted as Excise authorities created hindrance to the business for not adhering to their illegal demands, by adopting various unethical steps like (a) closure of Dankuni plant for 9 days in June 2020 on alleged quality issues, which ultimately turned to be baseless, (b) closure of all tie up units for 25 days in November 2020, (c) non re-registration of the Company's flagship brand "Captain" almost for a month in November 2020, (d) putting restriction on retailers in the various district, on lifting of the Company's product. The Company intimated to the stock exchanges that the Alcohol business of the Company was suffering and under threat due to issues stated above. Representations were also made to Hon'ble Chief Minister and also to Hon'ble State Finance, Industry & Commerce Minister.

The business continues to face stiff competition due to excess capacity created by the new bottling plants in West Bengal. Revenue for the year declined by 11% along with the market share due to reasons explained above. To increase its distribution and geographical reach, the company entered into some tie-up operations with other bottling plants, who have spare capacity and have agreed to produce for the Company on contract basis.

Marine Products:

Marine exports registered a revenue de-growth of 53% due to lower demand in export market as hotels, restaurants in the exporting countries being significantly closed due to pandemic. Company will focus to improve margins by strengthening its marketing by adding new supply destinations, reducing overhead and by increasing overall efficiency.

Marine aqua feed business could not register any growth during the year under review due to restrictive credit policy adopted by the Company due to timid market conditions. Operating margins declined due to lower sales. The company is focusing on direct sales to farmers through its retail aqua shop chain "Aquashop".

Marine domestic food business was also impacted as demand from hotels and restaurant have declined significantly. Company is focusing more on online and e-commerce sale to maintain its revenue and margins. The Company continues to invest in this business in terms of product innovation, marketing and infrastructure.

Your Company incorporated a Wholly Owned Subsidiary in the name and style of IFB Agro Marine (FZE), a limited liability Company in the Sharjah Airport International Free Zone, Sharjah, United Arab Emirates on 20th April, 2017. It was the fourth year of operation for the company. Efforts are being made to strengthen the trading operation in international market. The revenue got impacted during the year due to COVID-19, most of the hotels and restaurant were closed in the international market. However, with strict control on overheads etc., the loss for the year has been restricted to Rs. 62 Lakhs as against Rs. 130 Lakhs in 2019-20.

OUTLOOK, OPPORTUNITIES, THREATS AND CONCERNS

The current financial year will be a year of challenges for both the domestic and export business. Pursuant to the imposition of State lockdown due to COVID, the Company had to suspend/reduce all its operations from 16th May, 2021. Revenues of the Company will get impacted during the month of May and June 2021 due to closure of IMIL plants and lower capacity utilization at distillery and Marine Plants due to social distancing norms after the resumption of operation.

The YAASH Cyclone has damaged the shrimp crop in West Bengal and this will lead to lower availability of shrimp for processing and export. The export market during the year will be tough due to restrictions in hotels and restaurants in many countries.

Growth in the Aqua feed business will be affected due to the competition and restrictive credit being allowed by the Company in the market. The focus of the company will be to try and sale direct to farmers from its aqua shops under cash and carry model. During the year 2020-2021 the Company has also launched its own branded Fish & Prawn feed in the name of "Nutrisigma" and "Nutrafeed" respectively in the market on pilot project basis.

Your Company will focus on margin improvement plans across the verticals through better procurement of its key raw materials like broken rice, shrimps etc.

During 2021-22, efforts will be to ensure improved margins and better returns on capital employed. The company is focused on its resource allocation and is looking for expansion by way of capex light model.

Your Company is continuing its efforts to attain further efficiencies by process/technological improvements, reduction of wastages and optimal use of human resources in all the divisions.

RISK MANAGEMENT

The Board has adopted a risk management policy whereby a proper framework is set up to identify, evaluate business risks and threats. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

Appropriate structures are in place to proactively monitor and manage the inherent risks in businesses with unique/ relatively high risk profiles.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments have occurred after the close of the financial year till the date of this report, which affect the financial position of the Company. In view of the lockdown restrictions imposed on the State of West Bengal vide circular no 647-ISS/2M-22/2020 dated 15 May 2021 due to steady surge in the number of COVID cases in the State of West Bengal consequent to the onslaught of the second wave of the COVID-19 pandemic, the revenue of the Company was substantially effected, however the Company is optimistic to restore its business once the lockdown is lifted and the overall scenario normalizes.

SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

There were significant changes in certain key financial ratios of the Company that have changed more than 25% over previous year. Debtors turnover ratio has declined (FY 20-21: 22.46 Vs FY 19-20: 12.65) as debtors in Alcohol business has gone up during the year end. Operating margin (FY 20-21: 4% Vs FY 19-20: 2%) and Net profit margin (FY 20-21: 2.75 % Vs FY 19-20: 1.24%) mainly due to lower input cost.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There were no significant and material orders passed by the Regulators/ Courts/ Tribunals which would impact the going concerns status of the Company and its future operations.

DIVIDEND

In order to conserve resources for the further expansion and working capital requirements, your Directors have decided not to recommend any dividend for the financial year under review.

TRANSFER TO RESERVE

The Company does not propose to transfer any amount to Reserve.

NUMBER OF BOARD MEETINGS

During the year ended 31st March, 2021, Four meetings of the Board were held. For details of meetings of the Board, please refer to the Report on Corporate Governance, which forms part of this report.

ANNUAL RETURN

Pursuant to Section 92 (3) of the Companies Act, 2013 read with Section 134(3)(ca) of the Act the Annual Return is available at the Company's Official website at the weblink: <https://www.ifbagro.in>.

DIRECTORS

Mr. Arup Kumar Banerjee, Vice Chairman and Managing Director was re-appointed for a period of 3 (years) with effect from 30 July 2020 by the shareholders at the Thirty Eighth Annual General Meeting of the Company held on 4 September 2020.

Mr. Bikramjit Nag, Joint Executive Chairman retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The details about his qualification, other directorships etc. as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided in the explanatory statement under Section 102 of the Companies Act, 2013 separately and annexed to the notice.

Mr. Bikramjit Nag was appointed as a Joint Executive Chairman of the Company at the Thirty Sixth Annual General Meeting held on 27 July, 2018, for a period of three years with effect from 26 January 2019. The existing term of Mr. Nag as Joint Executive Chairman will expire on 25 January 2022. The Board of Directors in its meeting held on, 17 June, 2021, considered the recommendations of the Nomination and Remuneration Committee, and re-appointed Mr. Bikramjit Nag (subject to the approval of members in the ensuing Annual General Meeting) as Joint Executive Chairman for a further period of 3 years with effect from 25 January 2022. He is liable to retire by rotation. Mr. Bikramjit Nag fulfils the conditions specified in the Act and the Rules thereunder and is not debarred to hold the office of Executive Director pursuant to any order of SEBI or any other authority.

Appropriate resolutions seeking the appointment/reappointment of director is appearing in the Notice convening the ensuing Annual General Meeting of the Company.

KEY MANAGERIAL PERSONNEL

During the year under review, the Board at its meeting held on 29 January 2021 appointed the following officers as Key Managerial Personnel u/s 203 of the Companies Act, 2013.

Mr. Santanu Ghosh, Mr. Debasis Ghosh and Mr. Soumitra Chakraborty have been appointed as the Chief Executive Officer (CEO) of Distillery business, IMIL business and Marine business respectively of the Company with effect from 29 January 2021.

Mr. Rana Chatterjee and Mr. Siddhartha Basu have been appointed as the Chief Financial Officer (CFO) of Alcohol Business- (Distillery & IMIL Division) and Marine Business respectively of the Company with effect from 29 January 2021.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations. The declarations were noted by the Board at its meeting held on 28 April 2021.

ANNUAL EVALUATION OF BOARD'S PERFORMANCE

According to Regulation 25(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule IV of the Companies Act, 2013, a meeting of the Independent Directors was held on 8 January 2021 to review the performance of the Non-Independent Directors, Chairman and the Board as a whole.

In the Board meeting held dated 29 January 2021, the performance of the Board, its Committees and individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act 2013, your Directors state that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. the Directors had 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 as at 31.03.2021 and of the profit of the Company for that period;

- c. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the Directors had prepared the annual accounts on a going concern basis;
- e. the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

REMUNERATION POLICY

A Nomination and Remuneration Policy has been formulated pursuant to the provisions of Section 178 and other applicable provisions of the Companies Act, 2013 and rules thereto and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 stating therein the Company's policy on Directors'/Key Managerial Personnel/other employee's appointment and remuneration by the Nomination and Remuneration Committee and approved by the Board of Directors.

The said policy may be referred to, at the Company's official website at <https://www.ifbagro.in>.

DEPOSITS

Your Company did not accept any deposit from the public / members under Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014 during the year.

REMUNERATION RATIO OF THE DIRECTORS / KEY MANAGERIAL PERSONNEL (KMP) / EMPLOYEES:

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 1975, in respect of employees of the Company and Directors is given in Annexure I which forms part of this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans, guarantees or made any investments exceeding sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more, as prescribed in Section 186 of the Companies Act, 2013.

RELATED PARTY TRANSACTIONS

All contracts/ arrangements/ transactions entered by the company during the financial year with related parties were in ordinary course of business and on an arm's length basis. During the year, the company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the company on materiality of related party transaction on which is required to be reported in Form No. AOC-2 in terms of Section 134(3)(h) read with Section 188 of the Act. There were no materially significant related party transactions which could have potential conflict with interest of the Company at large. Your directors draw attention of members to note 32 to the Standalone Financial Statements which set out related party disclosures.

Your Company's Policy on Related Party Transactions, as adopted by your Board, can be accessed on the corporate website at https://www.ifbagro.in/assets/pdf/Policy_on_Related_Party_Transactions.pdf

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

As required under Section 134(3) (m) of the Companies Act, 2013, read with rules made there under, the information relating to Conservation of Energy, Technology Absorption and Foreign Exchange earnings & outgo is given in Annexure II which forms a part of this Report.

HUMAN RESOURCES

For the development of the human resources, number of training programmes were organized during the year. Internal personnel as well outside faculty members undertook these programmes. Your Company plans to organize more such training programmes for the overall development of its people. Total number of employees in the Company stood at 421 as on 31st March 2021.

PREVENTION OF SEXUAL HARASSMENT

In compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 the Company had constituted a Prevention of Sexual Harassment Committee. The Prevention of Sexual Harassment Policy is available on the company's website. All women employees were made aware of the Policy and the manner in which complaints could be lodged. During the year the Committee has not received any complaint.

WEBSITE OF THE COMPANY

The Company maintains a website www.ifbagro.in where detailed information of the Company and its products are provided.

AUDIT COMMITTEE

The composition and terms of reference of the Audit Committee has been furnished in the Corporate Governance Report forming part of this Annual Report. The Board has accepted the recommendations of the Audit Committee.

VIGIL MECHANISM

In pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013 read with Regulation 22 of SEBI (LODR), a Vigil Mechanism for Directors and employees to report genuine concerns have been established. The said policy may be referred to, at the Company's official website at the weblink: https://www.ifbagro.in/assets/pdf/Whistle_Blower_Policy.pdf

INTERNAL FINANCIAL CONTROL SYSTEMS

Your Company has in place adequate internal control procedures which is commensurate with the size and nature of business. Detailed procedural manuals are in place to ensure that all the assets are safeguarded, protected against loss and all transactions are authorized, recorded and reported correctly. Further such controls have been tested during the year and no reportable material weakness in the design or operation was observed. Nonetheless your Company recognizes that any internal financial control framework, no matter how well designed, has inherent limitations and accordingly, regular audit and review processes ensure that such systems are reinforced on an ongoing basis.

Your Company has in place adequate internal financial controls with reference to the Financial Statements. Such controls have been tested during the year and no reportable material weaknesses in design or operation was observed. The Internal Financial Control systems and procedures and their effectiveness are reviewed and monitored on a regular basis.

LISTING WITH STOCK EXCHANGES

The Equity shares of the Company is listed with the BSE Limited and National Stock Exchange of India Limited and the Company has paid the Annual listing fee for the year 2021-22 to each of the said Exchanges. The Annual Custody/ issuer fee for the year 2021-22 has been paid by the Company to NSDL and CDSL.

DEMATERIALIZATION OF SHARES:

95.54% of the Company's paid up Equity Share Capital is in dematerialized form as on 31 March 2021 and balance 4.46% is in physical form. The Company's Registrars are M/s C.B. Management Services Pvt. Ltd., having their registered office at P-22, Bondel Road, Kolkata- 700 019.

The paid up share capital of the Company as at 31 March 2021 remained unchanged and it stood at ₹ 9,36,71,110. During the year under review the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In terms of Section 135 and Schedule VII of Companies Act, 2013, the Board of Directors of your Company have constituted a CSR Committee. The Committee comprises of Independent Directors and Executive Directors. The brief outline of the corporate social responsibility (CSR) policy of the Company and the initiative undertaken by the Company on CSR activities during the year are set out in Annexure III of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The said policy may be referred to, at the Company's official website at <http://www.ifbagro.in>.

Your Company has identified the activities and accordingly projects mainly relating to a) eradicating hunger, malnutrition and sanitation b) promoting education and livelihood enhancement and c) Promoting Healthcare and safe drinking water, (d) Rural Development & Livelihood were undertaken in line with the CSR policy. The Company made an expenditure on CSR for an amount of Rs. 83.30 lakhs against the stipulated amount of ₹ 79.91 lakhs.

SECRETARIAL AUDITOR

The provisions of Section 204 read with Section 134(3) of the Companies Act, 2013 mandates Secretarial Audit of the Company. The Board in its meeting held on 28th April, 2021, appointed Mr. S. K. Patnaik, partner of M/s Patnaik & Patnaik, Practising Company Secretary (Certificate of Practice No. 5699) as the Secretarial Auditor of the Company.

The Secretarial Auditors' Report for the financial year ending 31st March 2021 is given in Annexure IV, which forms part of this report.

Your Board has the pleasure in confirming that no qualification, reservation, adverse remark or disclaimer has been made by the Company Secretary in Practice in his Report issued to the members of the Company.

BUSINESS RESPONSIBILITY REPORT

In conformance to the requirements of the clause (f) of sub-regulation (2) of Regulation 34 of Securities and Exchange Board of India (SEBI) Listing Regulations, the Business Responsibility Report for financial year 2020-2021 is given in Annexure V which forms part of this Report.

SUBSIDIARY/ASSOCIATES/JOINT VENTURE COMPANIES

Company had incorporated a Wholly Owned Subsidiary in the name and style of IFB Agro Marine(FZE), a limited liability Company in the Sharjah Airport International Free Zone, Sharjah, United Arab Emirates on 20th April, 2017. The purpose of setting up this entity is to establish a marketing and trading outfit to explore untapped markets in Middle East countries, Eastern Europe, CIS countries etc. for marine products.

In accordance with Section 129(3) of the Companies Act, 2013, the consolidated financial statements of the company has been prepared, which forms part of this Annual Report. Further, the report on the performance and financial position of the subsidiary in the prescribed form AOC-1 is annexed as Annexure VI to this report.

CORPORATE GOVERNANCE

Your Company attaches considerable significance to good Corporate Governance as an important step towards building investor confidence, improving investors' protection and maximizing long-term stakeholder's value. The certificate of the Auditors, M/s BSR & Co LLP, Chartered Accountants confirming compliance of conditions of Corporate Governance as stipulated under Regulation 25 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 which is given as Annexure-VII forms part of this Annual Report.

STATUTORY AUDITORS AND AUDIT REPORT

At the 37th Annual General Meeting held on 26th July, 2019 the shareholders of the company appointed M/s. BSR & Co. LLP (Firm Registration No.: 001076N/N500013), Chartered Accountants as the Auditors of the Company for a term of five consecutive years from the conclusion of 37th Annual General Meeting to the conclusion of 42nd Annual General Meeting. The requirement to place the matter relating to reappointment of auditors for ratification by Members at every AGM has been done away by the Companies

(Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of reappointment of statutory auditors at the ensuing AGM and a note in respect of same has been included in the Notice for this AGM.

During the year under review, the Auditors had not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134(3) (ca) of the Act.

The Auditors Report does not contain any qualifications, reservation or adverse remark or disclaimer.

COST RECORDS

Your Company is not required to maintain Cost Records as specified by the Central Government u/s 148 (1) of the Companies Act, 2013

SECRETARIAL STANDARDS

Company has in place proper system to ensure compliance with the provisions of the applicable Secretarial Standards issued by The Institute of Company Secretaries of India and such systems are adequate and operating effectively.

ACKNOWLEDGEMENT

Directors take this opportunity to express their thanks to various departments of the Central and State Government, Bankers, Customers and Stakeholders for their continued support.

The Directors wish to place on record their appreciation for the dedicated efforts put in by the employees of the Company at all levels.

Cautionary Statement: Statement in the Directors' Report and Management Discussion & Analysis Report describing the Company's expectations may be forward-looking within the meaning of applicable securities laws & regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operation include global and domestic demand and supply conditions affecting selling prices, new capacity additions, availability of critical materials and their costs, changes in government policies and tax laws.

On behalf of the Board

Registered Office:

Plot No. IND-5, Sector - 1
 East Calcutta Township
 Kolkata - 700 107
 CIN: L01409WB1982PLC034590
 E-mail: complianceifbagro@ifbglobal.com
 Website : www.ifbagro.in
 Date : 17 June 2021

Bikramjit Nag
 Joint Executive Chairman
 (DIN: 00827155)

Arup Kumar Banerjee
 Vice Chairman and
 Managing Director
 (DIN: 00336225)