IFB

**IFB Industries Limited**
Corporate Office
Plot No.-IND-5, Sector-1
East Kolkata Township, Kolkata - 700 107
Telephone : (91) (33) 39849475/9524
Fax : (91) (33) 39849676
Web : www.ifbindustries.com

12th August, 2020

The Manager
Department of Corporate Services
Bombay Stock Exchange Ltd,
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai-400001

The Manager
The National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor
Plot No-C/1, G Block,
Bandra Kurla Complex
Mumbai -400051

The Secretary
The Calcutta Stock Exchange Association Ltd.
7 Lyons Range
Kolkata-700001

Dear Sir,

Sub: Annual Report for the financial year ended 31st March, 2020

We enclose, in terms of Regulations 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a copy of the Report and Financial Statements of the Company for the financial year ended 31st March, 2020 together with the Notice dated 6th July, 2020 convening the 44th Annual General Meeting of the Company will be held on Friday, September 4, 2020 at 10.30 A.M. (IST) through Video Conferencing (VC) / Other Audio Visual Means (OAVM), in conformity with the regulatory provisions and Circulars issued by the Ministry of Corporate Affairs, Government of India.

This is for your kind information and records.

Thanking you,

Yours faithfully
For IFB INDUSTRIES LIMITED
G Ray Chowdhury

G Ray Chowdhury
(Company Secretary)

Encl : As above



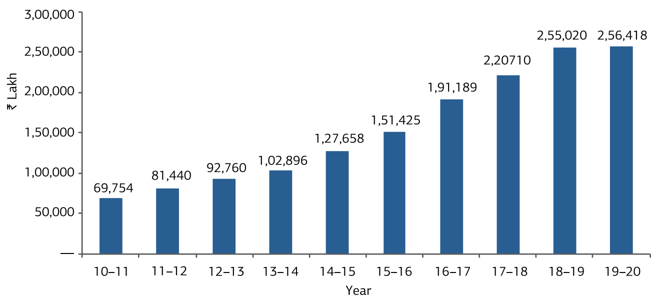



Annual Report
2019–2020

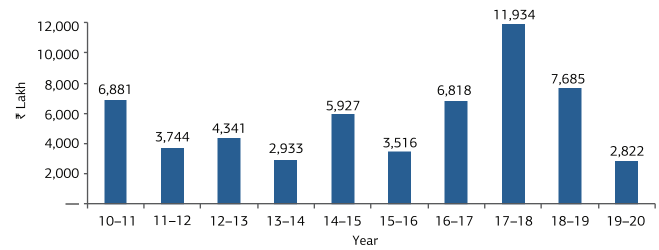
IFB Industries Limited

# 10 YEAR HIGHLIGHTS

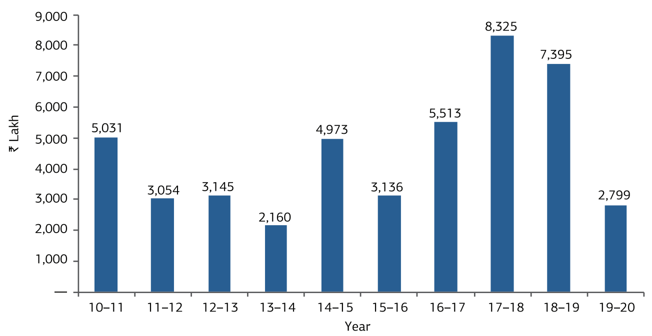
## Total Revenue (₹ in Lakh)



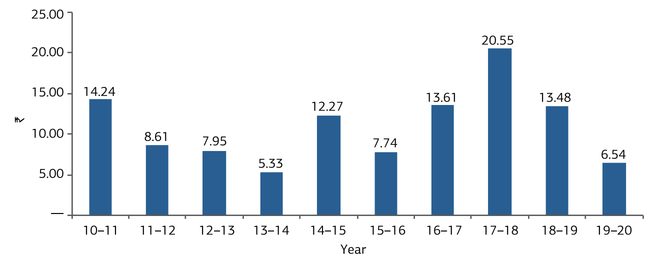

## Profit Before Tax and Exceptional Items (₹ in Lakh)



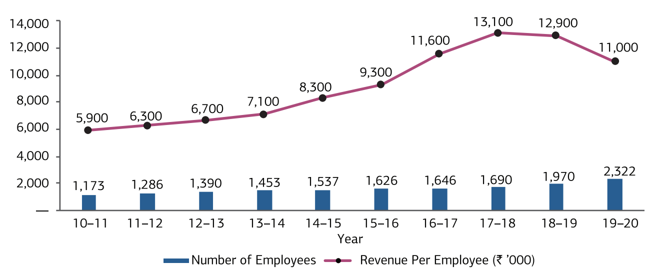

## Profit After Tax (₹ in Lakh)



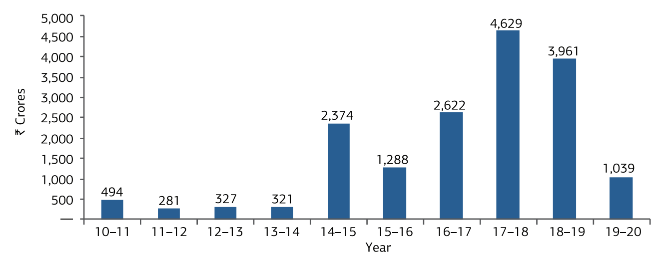

## Basic EPS Before Exceptional Items (₹)




## Employees and Productivity




## Market Capitalisation (₹ in Crore)




2019–20, 2018–19 and 2017–18 are as per Ind AS; earlier years are as per previous GAAP.

**BOARD OF DIRECTORS**

*Executive Chairman*
Mr. Bijon Nag

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

*Director and CFO*
Mr. Prabir Chatterjee

*Independent Directors*
Dr. Rathindra Nath Mitra
Ms. Sangeeta Shankaran Sumesh
Mr. Rahul Choudhuri
Mr. Ashok Bhandari
Mr. Chacko Joseph

*Non-Executive Director*
Mr. Sudip Banerjee

**AUDIT COMMITTEE**

*Chairman*
Dr. Rathindra Nath Mitra

*Members*
Ms. Sangeeta Shankaran Sumesh
Mr. Ashok Bhandari
Mr. Chacko Joseph
Mr. Prabir Chatterjee

**COMPANY SECRETARY**

Mr. G. Ray Chowdhury

**AUDITORS**

Deloitte Haskins & Sells
Chartered Accountants

**REGISTRAR AND SHARE TRANSFER AGENT**

CB Management Services (P) Ltd.
P 22, Bondel Road, Kolkata - 700 019
Tel : (091) (33) 2280 6692/93/94, 4011 6700
Fax : (091) (33) 2287 0263
E-mail : rta@cbmsl.com

**REGISTERED OFFICE**

14, Taratala Road
Kolkata - 700 088, India
Tel : (091) (33) 3048 9299
Fax : (091) (33) 3048 9230
CIN : L51109WB1974PLC029637
E-mail : investors@ifbglobal.com
Website : www.ifbindustries.com

**CORPORATE OFFICE**

Plot No. IND-5, Sector – I
East Kolkata Township
Kolkata - 700 107
Tel : (091) (33) 3984 9524
Fax : (091) (33) 2442 1003
E-mail : investors@ifbglobal.com

**CONTENTS**

IFB

IFB INDUSTRIES LTD.
CIN : L51109WB1974PLC029637
Registered Office : 14 Taratala Road, Kolkata -700 088
Tel : 91 33 30489299, Fax : 91 33 30489230, E-mail : investors@ifbglobal.com
Website : www.ifbindustries.com

# NOTICE TO MEMBERS

Notice is hereby given that the forty fourth Annual General Meeting of the members of IFB Industries Limited will be held on Friday the Fourth day of September, 2020 at 10.30 A.M. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") , to transact the following business :

**ORDINARY BUSINESS:**

1) To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the year ended March 31,2020, including the audited Balance Sheet as at March 31, 2020, the statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.

2) To receive, consider and adopt Audited Consolidated Financial Statements of the Company for the year ended March 31, 2020 and the Report of the Auditors thereon.

3) To appoint a director in place of Mr. Sudip Banerjee (DIN: 05245757), who retires by rotation and being eligible, offers himself for re-appointment as a Director.

**SPECIAL BUSINESS:**

4) **To consider and if thought fit, to pass, the following Resolution as Special Resolution:**

"RESOLVED THAT pursuant to provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("The Act") read with Schedule V to the Act and the Companies (Appointment and Remunerations of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the Company be and is hereby accorded for waiver of excess managerial remuneration paid to Mr. Bijon Nag, Executive Chairman of the Company, in excess of the stipulated limits prescribed in Section 197 read with Schedule V to the Companies Act, 2013 during the period April 1, 2019 to March 31, 2020 and as set out in explanatory statement attached hereto and forming part of this notice."

**5) To consider and if thought fit, to pass, the following Resolution as Special Resolution:**

"RESOLVED THAT pursuant to provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("The Act") read with Schedule V to the Act and the Companies (Appointment and Remunerations of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the Company be and is hereby accorded for re-appointment of Mr. Bijon Nag (DIN: 00756995 ), as Executive Chairman of the Company for a further period of 2 ( two ) years, with effect from 01.06.2020, on the terms and conditions including remuneration as set out in explanatory statement attached hereto and forming part of this resolution notwithstanding that the remuneration may exceed the limits prescribed in the provisions of Sections 197, 198 and Schedule V to the Companies Act, 2013 in case of no profits / inadequate profits during any financial year / period in between."

"RESOLVED FURTHER THAT notwithstanding anything contained in Sections 197, 198 and Schedule V of the Companies Act, 2013 or any amendments / re-enactment thereof or any revised/ new schedule thereof, in the event of absence of profits or inadequate profits in any financial year, the salary, perquisites and statutory benefits as set out in the explanatory statement forming part of this resolution be paid as minimum remuneration to Mr. Bijon Nag, Executive Chairman of the Company even if it exceeds the various stipulated limits of the various provisions of the Companies Act, 2013 or the rules related thereto during any financial year / period in between."

"RESOLVED FURTHER THAT the Board (the term " Board" includes Board of Directors of Company and the Nomination and Remuneration Committee) be and is hereby authorized to vary and / or modify the terms and conditions including remuneration, benefits and perquisites payable / made available to the appointee in such manner as may be agreed upon between the board and the appointee."

"RESOLVED FURTHER THAT the board be and is hereby authorized to do all acts, deeds and things and execute all such documents, instruments and writings, as may be required and to delegate all or any of its powers herein conferred to any committee of directors or to any director or to any employee of the Company to give effect to the aforesaid resolutions."

6) **To consider and if thought fit, to pass, the following Resolution as a Special Resolution:**

"RESOLVED THAT pursuant to provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("The Act") read with Schedule V to the Act and the Companies (Appointment and Remunerations of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the Company be and is hereby accorded for re-appointment of Mr. Bikram Nag (DIN: 00827155 ), as Joint Executive Chairman and Managing Director of the Company for a further period of 3 ( three ) years, with effect from 01.11.2019, on the terms and conditions including remuneration as set out in explanatory statement attached hereto and forming part of this resolution notwithstanding that the remuneration may exceed the limits prescribed in the provisions of Sections 197, 198 and Schedule V to the Companies Act, 2013 in case of no profits / inadequate profits during any financial year / period in between."

"RESOLVED FURTHER THAT notwithstanding anything contained in Sections 197, 198 and Schedule V of the Companies Act, 2013 or any amendments / re-enactment thereof or any revised/ new schedule thereof, in the event of absence of profits or inadequate profits in any financial year, the salary, perquisites and statutory benefits as set out in the explanatory statement forming part of this resolution be paid as minimum remuneration to Mr. Bikram Nag, Joint Executive Chairman and Managing Director of the Company even if it exceeds the various stipulated limits of the various provisions of the Companies Act, 2013 or the rules related thereto during any financial year / period in between."

"RESOLVED FURTHER THAT the Board (the term " Board" includes Board of Directors of Company and the Nomination and Remuneration Committee) be and is hereby authorized to vary and / or modify the terms and conditions including remuneration, benefits and perquisites payable / made available to the appointee in such manner as may be agreed upon between the board and the appointee."

"RESOLVED FURTHER THAT the board be and is hereby authorized to do all acts, deeds and things and execute all such documents, instruments and writings, as may be required and to delegate all or any of its powers herein conferred to any committee of directors or to any director or to any employee of the Company to give effect to the aforesaid resolutions."

7) **To consider and if thought fit, to pass, the following Resolution as a Special Resolution:**

"RESOLVED THAT pursuant to provisions of Sections 196, 197, 198, 203 and other applicable provisions if any, of the Companies Act, 2013 ("The Act") read with Schedule V to the Act and the Companies (Appointment and Remunerations of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the Company be and is hereby accorded for re-appointment of Mr. Prabir Chatterjee (DIN: 02662511), designated as Whole-time-Director and Chief Financial Officer of the Company for a further period of 2 ( two ) years, with effect from 01.04.2020, on the terms and conditions including remuneration as set out in explanatory statement attached hereto and forming part of this resolution notwithstanding that the remuneration may exceed the limits prescribed in the provisions of Sections 197, 198 and Schedule V to the Companies Act, 2013 in case of no profits / inadequate profits during any financial year / period in between."

"RESOLVED FURTHER THAT notwithstanding anything contained in Sections 197, 198 and Schedule V of the Companies Act, 2013 or any amendments / re-enactment thereof or any revised/ new schedule thereof, in the event of absence of profits or inadequate profits in any financial year, the salary, perquisites and statutory benefits as set out in the explanatory statement forming part of this resolution be paid as minimum remuneration to Mr. Prabir Chatterjee (DIN: 02662511), designated as Whole-time-Director and Chief Financial Officer of the Company even if it exceeds the various stipulated limits of the various provisions of the Companies Act, 2013 or the rules related thereto during any financial year / period in between."

"RESOLVED FURTHER THAT the Board (the term " Board" includes Board of Directors of Company and the Nomination and Remuneration Committee) be and is hereby authorized to vary and / or modify the terms and conditions including remuneration, benefits and perquisites payable / made available to the appointee in such manner as may be agreed upon between the board and the appointee."

"RESOLVED FURTHER THAT the board be and is hereby authorized to do all acts, deeds and things and execute all such documents, instruments and writings, as may be required and to delegate all or any of its powers herein conferred to any committee of directors or to any director or to any employee of the Company to give effect to the aforesaid resolutions."

8) **To consider and if thought fit, to pass, the following Resolution as Special Resolution:**

"RESOLVED THAT pursuant to provisions of Sections 196, 197, 203 and other applicable provisions if any, of the Companies Act, 2013 ("The Act") read with Schedule V to the Act and the Companies (Appointment and Remunerations of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) consent of the Company be and is hereby accorded for waiver of excess managerial remuneration paid to Mr. Sudam Maitra (DIN : 0035398), erstwhile whole-time-director of the Company upto February 6, 2020, in excess of the stipulated limits prescribed in Section 197 read with Schedule V of the Companies Act, 2013 during the period April 1, 2019 to February 6, 2020 and as set out in explanatory statement attached hereto and forming part of this notice due to inadequate profits of the Company for the financial year ended March 31, 2020."

9) **To consider and if thought fit, to pass, the following Resolution as Special Resolution:**

"RESOLVED THAT pursuant to provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV of the Companies Act, 2013, or any amendment or modification thereof, and Regulation 17 and other applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Sangeeta Shankaran Sumesh (DIN: 7080379) , Independent Woman Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in the Act and Listing Regulations, and who is eligible for re-appointment and in respect of whom based on her evaluation of performance, the Nomination and Remuneration Committee has recommended her re-appointment to the Board, be and is hereby re-appointed as an Independent Director of the Company for second term of five consecutive years with effect from 30 January 2020, not liable to retire by rotation."

10) **To consider and if thought fit, to pass, the following Resolution as Special Resolution:**

"RESOLVED THAT pursuant to provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV of the Companies Act, 2013, or any amendment or modification thereof, and Regulation 17 and other applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Rahul Choudhuri (DIN: 6817748), Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations, and who is eligible for re-appointment and in respect of whom based on his evaluation of performance, the Nomination and Remuneration Committee has recommended his re-appointment to the Board, be and is hereby re-appointed as an Independent Director of the Company for second term of five consecutive years with effect from 28th July 2020, not liable to retire by rotation."

11) **To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule IV of the Companies Act, 2013, or any amendment or modification thereof, and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Chacko Joseph (DIN: 07528693) be and is hereby appointed as an Independent Director of the Company for a term of three years with effect from 02.11.2019, not liable to retire by rotation."

12) **To consider and if thought fit, to pass, the following Resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 ( " The Act") read with Rule 14 of Companies (Audit and Auditors) Rules, 2014,the remuneration payable during the year 2020-21 to M/s. MANI & CO, Cost Accountants appointed by the Board of Directors of the Company to conduct the audit of cost records of the Company for the financial year 2020-21, amounting to Rs.6,00,000/- (Rupees Six lacs Only) plus tax as applicable and reimbursement of conveyance expenses on actual basis as incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed."

**Registered Office :**
14, Taratolla Road
Kolkata - 700 088
CIN : L51109WB1974PLC029637
E-mail :investors@ifbglobal.com
Website :www.ifbindustries.com

Date : July 6, 2020

By Order of the Board

**G Ray Chowdhury**
*Company Secretary*
Membership No. : A8529

**NOTES :**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.

2. Brief resume of Directors including those proposed to be appointed/ reappointed, nature of their expertise in specific functional areas, no. of companies in which they hold directorships and memberships/ chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under SEBI (Listing obligations & Disclosure Requirements) Regulation,2015 are provided in the Corporate Governance Report forming part of the Annual Report.

3. Members of the Company had approved the appointment of Messars Deloittee Haskins & Sells, Chartered Accountants, having registration No. 302009E as the Statutory Auditors of the Company at the 43rd Annual General Meeting which is valid till 48th AGM. In accordance with the Act the appointment of Statutory Auditors is not required to be ratified every AGM.

4. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

5. Institutional / Corporate Shareholders of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to

patnaikandpatnaik@yahoo.com with a copy marked to evoting@nsdl.co.in.

6. A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the meeting is annexed hereto.

7. The Company has notified closure of Register of Members and Share Transfer Books from 29.08.2020 to 04.09.2020 (both days inclusive) for the purposes of AGM.

8. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, etc., to their DPs in case the shares are held by them in electronic form and to IFB/Registrar of the Company in case the shares are held by them in physical form.

9. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

10. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before September 1, 2020 through email to investors@ifbgolobal.com. The same will be replied by the Company suitably.

11. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website http://www.ifbindustries.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL https://www.evoting.nsdl.com

12. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

13. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

14. During the AGM, the Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or arrangements in which Directors are interested maintained under Section 189 of the Companies Act, shall be made available for on-line inspection upon login at NSDL e-Voting system at www.evoting.nsdl.com.

15. Instructions for e-voting and joining the AGM are as follows:

**A. VOTING THROUGH ELECTRONIC MEANS**

i. In compliance with section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules 2014, substituted by Companies (Management and Administration) Amendment Rules 2015 and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, the Company has provided a facility to the members to exercise their votes electronically through the electronic voting service facility arranged by National Securities Depository Limited, on all the resolutions set forth in this Notice..

ii. **The remote e-voting will commence on September 1, 2020 (9:00 am) and ends on September 3, 2020 (5:00 pm).** During this period, members of the Company, holding shares either in physical form or in dematerialized form, **as on the cut-off date of August 28, 2020,** may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

iii. The process and manner for remote e-voting are as under:

Step 1 : Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2 : Cast your vote electronically on NSDL e-Voting system.

**Details of Step 1 are mentioned below:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details will be as per details given below :

| Manner of holding shares i.e. Demat ( NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL | 8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12****** |
| b) For Members who hold shares in demat account with CDSL | 16 Digit Beneficiary ID (For example if your Beneficiary ID is 12************** then your user ID is 12************** |
| c) For Members holding shares in Physical Form | EVEN Number followed by Folio Number registered with the company (For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Your password details are given below:
   a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
   c. How to retrieve your 'initial password'?
      i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      ii. In case you have not registered your email address with the Company/ Depository, please follow instructions mentioned below in this notice
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
   a. Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b. "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 are mentioned below:**

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on https://www.evoting.nsdl.com to reset the password.
2. In case of any queries relating to e-voting you may refer to the FAQs for Shareholders and e-voting user manual for Shareholders available at the download section of https://www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.

**Process for registration of email id for obtaining Annual Report and user id/password for e-voting**

1. Physical Holding : In case shares are held in physical mode please send a request to the Registrar and Transfer Agent of the Company at rta@cbmsl.com providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) for registering email address.
2. Demat Holding : In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to rta@cbmsl.com
3. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:**

1. Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM provided by NSDL at https://www.evoting.nsdl.com by using their remote e-voting login credentials and selecting the EVEN for Company's

AGM. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed.

2. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further Members can also use the OTP based login for logging into the e-voting system of NSDL.

3. The Members can join the AGM through the VC or OAVM mode 45 minutes before the scheduled time of commencement of the Meeting by following the procedure mentioned later in the Notice and shall be kept open throughout the proceedings of AGM. The facility of participation at the AGM through VC or OAVM will be made available for 1000 members on first come first serve basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, Scrutinizer and others who are allowed to attend the AGM without restriction on account of first come first serve basis.

4. Members who need assistance before or during the AGM, can contact NSDL at evoting@nsdl.co.in/ 1800-222-990 or contact Mr. Amit Vishal, Senior Manager – NSDL at amitv@nsdl.co.in/ 022-24994360.

5. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending in writing their views or questions to investors@ifbgolobal.com/ rta@cbmsl.com from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number till August 29, 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. Each Speaker is requested to express his / her views within 2 – 3 minutes of the allotted time.

6. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

7. Please note that Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches. Infrastructure, connectivity and speed available at the Speaker's location are essential to ensure smooth interaction.

**Other Instructions**

1. Mr. S K Patnaik, Practicing Company Secretary (Membership No. FCS 5699) Partner of M/s. Patnaik & Patnaik, Company Secretaries has been appointed by the Board of Directors as the Scrutinizer for providing facility to the members of the Company, to scrutinize the remote e-voting process and casting vote through the e-Voting system during the Meeting in a fair and transparent manner.

2. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first download the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting system and make, not later than 48 hours of conclusion of the AGM, and make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

3. The result declared along with the Scrutinizer's Report shall be placed on the Company's website www.ifbindustries.com and on the website of NSDL https://www.evoting.nsdl.com immediately after the declaration of the results by the Chairman or person authorized by him in writing. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.

4. Subject to receipt of requisite number of votes, the resolutions proposed in the notice shall be deemed to be passed on the date of the meeting itself, i.e.4th September, 2020.

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

As required under section 102 of the Companies Act, 2013 the following explanatory statement sets out all material facts relating to business under Items no. 4 to 12 of the accompanying Notice :

**Resolution nos. 4 & 5**

Mr. Bijon Nag ( DIN : 00756995), aged 78 years, was reappointed as Executive Chairman of the Company by the Shareholders of the Company at the Annual General Meeting of the Company held on 27th July, 2018 for a period of two years w.e.f. 1.06.2018. His existing tenure came to an end on 31.05.2020.

Mr. Bijon Nag (78) is the Promoter and Executive Chairman of the Company. He is a Mechanical Engineer and a prominent industrialist having more than five decades of vast experience in machine tool and engineering industries.

Section 196(3) of Companies Act, 2013, inter alia, provides that no Company shall continue the employment of a person who has attained the age of seventy years, as Managing Director, Whole-time Director or Manager unless it is approved by the members by passing a Special Resolution, Part I of Schedule V to the Act contains such relaxation.

At the recommendation of Nomination & Remuneration Committee, the Board of Directors of the Company reappointed Mr. Bijon Nag as Executive Chairman of the Company for a further period of two years with effect from 01.06.2020, subject to approval of the shareholders of the Company, in terms of Section 197, 198, Schedule V and any other applicable provisions of the Companies Act, 2013, at the terms and conditions as set out below:

**Remuneration :**

a) **Salary :** Rs. 6,75,025/- (Rupees Six lacs Seventy Five Thousand Twenty Five only) per month.

b) **HRA :** Rs. 3,92,515/- ( Rupees Three lacs Ninety Two Thousand Five Hundred Fifteen only) per month.

c) **SPA :** Rs. 72,905/- (Rupees Seventy Two Thousand Nine Hundred Five only) per month.

d) **Additional SPA :** Rs. 88,754/- ( Rupees Eighty Eight Thousand Seven Hundred Fifty Four only) per month.

e) **Medical Reimbursement :** As per the rules of the Company.

f) **Leave Travel Allowance :** For self and family once in a year incurred in accordance with the Rules of the Company.

g) **Club Fees :** Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

h) **Personal Accident Insurance :** As per the rules of the Company.

**Gas & Electricity etc. :** As per the rules of the Company.

i) **Car :** Provision of car for use on Company's Business will not be considered as perquisite. However, use of car for private purpose will be billed by the Company to the Chairman.

j) **Telephone :** Company will reimburse expenses in connection with telephone at residence & mobile connections used for official purposes as per the rules of the Company.

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

**Other Benefits :**

i) **Gratuity :** As per the rules of the Company.

ii) **Contribution to the Provident Fund, Superannuation Fund or Annuity Fund :** As per the rules of the Company.

iii) **Encashment of leave :** As per the rules of the Company.

Apart from the aforesaid remuneration, he will be entitled to reimbursement of all expenses incurred in connection with the business of the Company.

The appointee shall not be entitled to any sitting fees for Board / Committee meetings.

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

The terms and conditions of the said appointment and / or agreement are subject to provisions of Sections 196, 197, 203 and other applicable provisions if any, of the Companies Act, 2013 ("The Act") read with Schedule V to the Act and the Companies (Appointment and Remunerations of Managerial Personnel) Rules, 2014 including any statutory modifications or enactments thereof from time to time and may be altered and varied from time to time by the Board/ Committee as it may in its discretion deem fit within the maximum amount of remuneration payable in accordance with the applicable rules and regulations. Further, the remuneration as would be paid to Mr. Bijon Nag, Chairman during his tenure would be the remuneration payable to him even if the said exceeds the stipulated managerial limits in terms of the provisions of Sections 196 and 197 of the Companies Act, 2013 read with Schedule V to the said Act and the excess payment of managerial remuneration, if any, during any financial year / period in between will stand waived subject to fulfillment and compliance of other conditions as mentioned under the various provisions of the Act or rules related thereto.

Mr. Bijon Nag is also Chairman of IFB Agro Industries Limited and Director of IFB Automotive Pvt. Ltd. and Maruti Insurance Broking Pvt. Ltd. The details of his other Directorship and memberships in other companies/committees are provided in the "Annexure" to the Notice. Mr. Nag holds 157869 shares in the Company.

Considering, his vast experience and association with the Company and on the recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors of the Company vide its meeting held on July 6, 2020 decided to waive the excess managerial remuneration of Rs 31,78,452/- as was paid to him during the financial year 2019-2020 and the resolution for such waiver is proposed for your approval.

Information pertaining to Section II in Part II of Schedule V are as follows :

**I. General Information:**

(1) **Nature of industry:**

The Company is at present engaged in the business of manufacturing of diverse parts and accessories for motor vehicles etc. and manufacture and trading of Home Appliances Products.

(2) **Date or expected date of commencement of commercial production:**

The Company was incorporated on 9th September, 1974. It commissioned its commercial production in 1974.

(3) **In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :** Not applicable

(4) **Financial performance based on given indicators:**

| **Particulars** | **2019-20 (Rs. In lacs)** |
|---|---|
| Revenue from operations | 2,55,142 |
| other income | 1,276 |
| Sub-total | 2,56,418 |
| Total Expenditure (Before interest and depreciation) | 2,43,248 |
| PBDIT | 13,170 |
| PBDIT% | 5.14% |
| Profit After Tax | 2,799 |

(5) **Foreign investments or collaborations, if any :** None

**II. Information about the appointee:**

(1) **Background details:** Mr. Bijon Nag a Mechanical Engineer, Mentor, having more than five decades of vast experience in Machine tool and Engineering industries. He is a visionary for our state of art Washing Machine factory at Goa, Engineering Factories in Kolkata & Bangalore.

(2) **Past remuneration:** I.80 Crores per annum as on 31st March, 2020.

(3) **Recognition or awards:** Nil

(4) **Job profile and his suitability:** Mr. Nag is specialized in Machine Tool and Washing Machine technology. He guides in relation to all critical technical issues and is also responsible for the management of the affairs of the Company.

(5) **Remuneration proposed:** As set out in Item No. 4&5 of the Notice of the Annual General Meeting.

(6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):** His remuneration is much lower than the remuneration drawn by his peers in Industry.

(7) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:** Mr. Bikram Nag, Joint Executive Chairman and Managing Director is related with Mr. Bijon Nag, Chairman of the Company.

**III. Other information:**

(1) **Reasons for inadequate profits:**

The Company's Operating margin experienced a dent owing to the impact of the COVID-19 pandemic in the month of March 20 as well as the market slowdown across the year coupled with cost escalation.

(2) **Steps taken or proposed to be taken for improvement:**

With pent up demand, significant growth is expected in the washing machine segment along with exceptionally high requirements for dishwashers during post COVID 19 crisis. The risk, however, remains as the pandemic may cause disruption to our supply chains, warehouses, dealers, plants etc as local lockdowns are expected to continue in future.

(3) **Expected increase in productivity and profits in measurable terms:**

Production is expected to increase & may reach pre covid level in our Appliances Division based on strong demand of our washing machine category. New AC plant started operation & production will be ramped up gradually as demand is going to enhance starting from festive period. However business in Engineering division is expected to experience an adverse impact till third quarter of current financial year.

However, it is extremely difficult to forecast any profit numbers under this extreme uncertain situation due to continuation of lock down.

**IV. Disclosures:**

The required disclosures are given in the Report on Corporate Governance annexed to the Directors' Report.

The agreement may be terminated by either party giving the other six months' notice.

The above may be treated as an abstract of the terms of contract between the Company and Mr. Bijon Nag.

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

No director, Key managerial personnel or their relatives, except Mr. Bijon Nag in his personal capacity and Mr. Bikram Nag being the relative of Mr. Bijon Nag is concerned or interested, financially or otherwise, in the proposed resolution.

The board recommends the Special Resolutions set forth in item nos 4 & 5 for the approval of the members of the Company.

**Resolution nos. 6**

Mr. Bikram Nag (DIN : 00827155), aged 46 years was reappointed as Joint Executive Chairman and Managing Director (JEC & MD) of the Company by the Shareholders of the Company at the Annual General Meeting of the Company held on 28th July, 2017 for a period of three years w.e.f. 01.11.2016. His existing tenure shall come to an end on 31.10.2019.

Mr. Bikram Nag, BBA from Richmond College, U.K. is working as JEC & MD of the Company since 31 October 2008. He has more than 24 years of experience in the field of Marketing and Business Management. He has made several significant contributions to the Company's growth and implementation of investment plans and business strategies. His contributions have been invaluable towards the growth of the Company.

At the recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company reappointed Mr. Bikram Nag as Joint Executive Chairman & Managing Director of the Company for a further period of three years with effect from 01.11.2019, subject to approval of the shareholders of the Company, in terms of Sections 197, 198, Schedule V and any other applicable provisions of the Companies Act, 2013 , at the terms and conditions as set out below:

**Remuneration :**

a) **Salary:** Rs. 4,77,000/- (Rupees Four lacs Seventy Seven Thousand only) per month.

b) **HRA :** Rs. 2,38,500/- (Rupees Two lacs Thirty Eight Thousand Five Hundred only) per month.

c) **Additional SPA :** Rs. 59,050 (Rupees Fifty Nine Thousand Fifty only) per month.

d) **Medical Reimbursement :** As per the rules of the Company.

e) **Leave Travel Allowance:** For self and family once in a year incurred in accordance with the Rules of the Company.

f) **Club Fees :** Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

g) **Personal Accident Insurance :** As per the rules of the Company.

h) **Gas & Electricity etc. :** As per the rules of the Company.

i) **Car:** Provision of car for use on Company's Business will not be considered as perquisite. However, use of car for private purpose will be billed by the Company to the Chairman.

j) **Telephone:** Company will reimburse expenses in connection with telephone at residence & mobile connections used for official purposes as per the rules of the Company.

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

**Other Benefits :**

i) **Gratuity** : As per the rules of the Company.

ii) **Contribution to Superannuation Fund or Annuity Fund** : As per the rules of the Company.

iii) **Encashment of leave** : As per the rules of the Company.

Apart from the aforesaid remuneration, he will be entitled to reimbursement of all expenses incurred in connection with the business of the Company.

The appointee shall not be entitled to any sitting fees for Board / Committee meetings.

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

The terms and conditions of the said appointment and / or agreement are subject to provisions of Sections 196, 197, 203 and other applicable provisions if any, of the Companies Act, 2013 ("The Act") read with Schedule V to the Act and the Companies (Appointment and Remunerations of Managerial Personnel) Rules, 2014 including any statutory modifications or enactments thereof from time to time and may be altered and varied from time to time by the Board/ Committee as it may in its discretion deem fit within the maximum amount of remuneration payable in accordance with the applicable rules and regulations. Further, the remuneration as would be paid to Mr. Bikram Nag during his tenure would be the remuneration payable to him even if the said exceeds the stipulated managerial limits in terms of the provisions of Sections 196 and 197 of the Companies Act, 2013 read with Schedule V to the said Act and the excess payment of managerial remuneration, if any, during any financial year / period in between will stand waived subject to fulfillment and compliance of other conditions as mentioned under the various provisions of the Act or rules related thereto.

Mr. Bikram Nag is also a Whole-time-Director of IFB Agro Industries Limited and in case the total remuneration drawn by him from both the companies, i.e., IFB Industries Limited and M/s IFB Agro Industries Limited, exceeds the higher maximum limit permissible from any one of these companies of which he is a managerial person, the aggregate of the remuneration drawn by him from both the companies would be the minimum admissible remuneration limit payable to Mr. Bikram Nag from his Company.

The detail of other Directorship and memberships in other companies/committees of Mr. Bikram Nag are provided in the "Annexure" to the Notice. Mr. Nag holds 3000 shares in the Company.

Information pertaining to Section II in Part II of Schedule V are as follows :

**I. General Information:**

(1) **Nature of industry:**

The Company is at present engaged in the business of manufacturing of diverse parts and accessories for motor vehicles etc. and Home Appliances Products.

(2) **Date or expected date of commencement of commercial production:**

The Company was incorporated on 9th September, 1974. It commissioned its commercial production in 1974.

(3) **In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :** Not applicable

(4) **Financial performance based on given indicators:**

| **Particulars** | **2019-20 (Rs. In lacs)** |
|---|---|
| Revenue from operations | 2,55,142 |
| other income | 1,276 |
| Sub-total | 2,56,418 |
| Total Expenditure (Before interest and depreciation) | 2,43,248 |
| PBDIT | 13,170 |
| PBDIT% | 5.14% |
| Profit After Tax | 2,799 |

(5) **Foreign investments or collaborations, if any :** None

**II. Information about the appointee:**

(1) **Background details:** Mr. Bikram Nag, BBA from Richmond College, U.K. is working as JEC & MD of the Company since 31 October 2008. He has more than 24 years of experience in the field of Marketing and Business Management. He has made several significant contributions to the Company's growth and implementation of investment plans and business strategies. His contributions have been invaluable towards the growth of the Company.

(2) **Past remuneration:** 1.07 Crores per annum as on 31st March, 2020.

(3) **Recognition or awards:** Nil

(4) **Job profile and his suitability:** He is entrusted with the management of the whole of the affairs of the Company subject to the superintendence, control and direction of the Board.

(5) **Remuneration proposed:** As set out in Item No. 6 of the Notice of the Annual General Meeting.

(6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):** His remuneration is in line with that drawn by his peers in Industry.

(7) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:** Mr. Bikram Nag, Joint Executive Chairman and Managing Director is related with Mr. Bijon Nag, Chairman of the Company.

**III. Other information:**

(1) **Reasons for inadequate profits:**

The Company's Operating margin experienced a dent owing to the impact of the COVID-19 pandemic in the month of March 20 as well as the market slowdown across the year coupled with cost escalation.

(2) **Steps taken or proposed to be taken for improvement:**

With pent up demand, significant growth is expected in the washing machine segment along with exceptionally high requirements for dishwashers during post COVID 19 crisis. The risk, however, remains as the pandemic may cause disruption to our supply chains, warehouses, dealers, plants etc as local lockdowns are expected to continue in future.

(3) **Expected increase in productivity and profits in measurable terms:**

Production is expected to increase & may reach pre covid level in our Appliances Division based on strong demand of our washing machine category. New AC plant started operation & production will be ramped up gradually as demand is going to enhance starting from festive period. However business in Engineering division is expected to experience an adverse impact till third quarter of current financial year.

However, it is extremely difficult to forecast any profit numbers under this extreme uncertain situation due to continuation of lock down.

**IV. Disclosures:**

The required disclosures are given in the Report on Corporate Governance annexed to the Directors' Report.

The agreement may be terminated by either party giving the other six months' notice.

The above may be treated as an abstract of the terms of contract between the Company and Mr. Bikram Nag.

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

No director, Key managerial personnel or their relatives, except Mr. Bikram Nag in his personal capacity and Mr. Bijon Nag being the relative of Mr. Bikram Nag is concerned or interested, financially or otherwise, in the proposed resolution.

The board recommends the Special Resolutions set forth in item no. 6 for the approval of the members of the Company.

**Resolution no. 7**

Mr. Prabir Chatterjee (DIN : 02662511), aged 65 years was reappointed as Whole-time-Director and Chief Financial Officer of the Company by the Shareholders of the Company at the Annual General Meeting of the Company held on 27th July, 2018 for a period of two years w.e.f. 01.04.2018. His existing tenure shall came to an end on 31.03.2020

Mr. Prabir Chatterjee ( DIN : 02662511) is a B. Sc and a qualified Cost Accountant and has rich experience of above forty years in accounts, finance, costing, budgeting, management accounting etc.

At the recommendation of Nomination & Remuneration Committee, the Board of Directors of the Company reappointed Mr. Prabir Chatterjee as Whole-time-Director and Chief Financial Officer of the Company for a further period of two years with effect from 01.04.2020, subject to approval of the shareholders of the Company, in terms of Section 197, 198, Schedule V and any other applicable provisions of the Companies Act, 2013 , at the terms and conditions as set out below :

**Remuneration :**

a) **Salary :** Rs. 4,79,885/- (Rupees Four Lacs Seventy Nine Thousand Eight Hundred Eighty Five only) per month.

b) **SPA :** Rs. 1,45,104/- ( Rupees One Lac Forty Five Thousand One Hundred Four only) per month.

c ) Additional SPA : Rs. 59,483/- ( Rupees Fifty Nine Thousand Four Hundred Eighty Three only) per month.

d) **CEA :** Rs. 200/- ( Rupees Two Hundred only) per month.

e) **Medical Reimbursement :** As per the rules of the Company.

f) **Leave Travel Allowance :** For self and family once in a year incurred in accordance with the Rules of the Company.

g) **Personal Accident Insurance :** As per the rules of the Company.

h) **Car :** Provision of car for use on Company's Business will not be considered as perquisite. However, use of car for private purpose will be billed by the Company.

i) **Telephone :** Company will reimburse expenses in connection with telephone at residence & mobile connections used for official purposes as per the rules of the Company.

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

**Other Benefits :**

i) **Gratuity** : As per the rules of the Company.

ii) **Contribution to Superannuation Fund or Annuity Fund** : As per the rules of the Company.

iii) **Encashment of leave** : As per the rules of the Company.

Apart from the aforesaid remuneration, he will be entitled to reimbursement of all expenses incurred in connection with the business of the Company.

The appointee shall not be entitled to any sitting fees for Board / Committee meetings.

The said perquisites and allowances shall be evaluated, wherever applicable, as per the provisions of Income Tax Act,1961 or any rules thereunder or any statutory modifications or re-enactment thereof; and in the absence of any such rules, perquisite and allowances shall be evaluated at actual cost. The Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the

Income Tax law, gratuity payable and encashment of leave shall not be included for the purpose of computation of the overall ceiling of remuneration.

The terms and conditions of the said appointment and / or agreement are subject to provisions of Sections 196, 197, 203 and other applicable provisions if any, of the Companies Act, 2013 ("The Act") read with Schedule V to the Act and the Companies (Appointment and Remunerations of Managerial Personnel) Rules, 2014 including any statutory modifications or enactments thereof from time to time and may be altered and varied from time to time by the Board/ Committee as it may in its discretion deem fit within the maximum amount of remuneration payable in accordance with the applicable rules and regulations. Further, the remuneration as would be paid to Mr. Prabir Chatterjee during his tenure would be the remuneration payable to him even if the said exceeds the stipulated managerial limits in terms of the provisions of Sections 196 and 197 of the Companies Act, 2013 read with Schedule V to the said Act and the excess payment of managerial remuneration, if any, during any financial year / period in between will stand waived subject to fulfillment and compliance of other conditions as mentioned under the various provisions of the Act or rules related thereto.

Mr. Prabir Chatterjee ( 65) started his career with Dunlop India Ltd. The details of his other Directorship and memberships in other companies/committees are provided in the "Annexure" to the Notice. Mr. Chatterjee is holding 18670 equity shares in the Company.

Information pertaining to Section II in Part II of Schedule V are as follows :

**I. General Information:**

(1) **Nature of industry:**

The Company is at present engaged in the business of manufacturing of diverse parts and accessories for motor vehicles etc. and Home Appliances Products.

(2) **Date or expected date of commencement of commercial production:**

The Company was incorporated on 9th September, 1974. It commissioned its commercial production in 1974.

(3) **In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :** Not applicable

(4) **Financial performance based on given indicators:**

| **Particulars** | **2019-20 (Rs. In lacs)** |
|---|---|
| Revenue from operations | 2,55,142 |
| other income | 1,276 |
| Sub-total | 2,56,418 |
| Total Expenditure (Before interest and depreciation) | 2,43,248 |
| PBDIT | 13,170 |
| PBDIT% | 5.14% |
| Profit After Tax | 2,799 |

(5) **Foreign investments or collaborations, if any :** None

**II. Information about the appointee:**

(1) **Background details:** Mr. Prabir Chatterjee ( DIN : 02662511) is a B. Sc and a qualified Cost Accountant and has rich experience of above forty years in accounts, finance, costing, budgeting, management accounting etc.

(2) **Past remuneration:** 1 Crore per annum as on 31st March, 2020.

(3) **Recognition or awards:** Nil

(4) **Job profile and his suitability:** He looks after overall financial Accounting, Control, Management in Accounting, Cash Flow analysis etc. He with his vast experience is competent to handle the job.

(5) **Remuneration proposed:** As set out in Item No. 7 of the Notice of the Annual General Meeting.

(6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):** His remuneration is in line with that drawn by his peers in Industry.

(7) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:** None

**III. Other information:**

(1) **Reasons for inadequate profits:**

The Company's Operating margin experienced a dent owing to the impact of the COVID-19 pandemic in the month of March 20 as well as the market slowdown across the year coupled with cost escalation.

(2) **Steps taken or proposed to be taken for improvement:**

With pent up demand, significant growth is expected in the washing machine segment along with exceptionally high requirements for dishwashers during post COVID 19 crisis. The risk, however, remains as the pandemic may cause disruption to our supply chains, warehouses, dealers, plants etc as local lockdowns are expected to continue in future.

(3) **Expected increase in productivity and profits in measurable terms:**

Production is expected to increase & may reach pre covid level in our Appliances Division based on strong demand of our washing machine category. New AC plant started operation & production will be ramped up gradually as demand is going to enhance starting from festive period. However business in Engineering division is expected to experience an adverse impact till third quarter of current financial year.

However, it is extremely difficult to forecast any profit numbers under this extreme uncertain situation due to continuation of lock down.

**IV. Disclosures:**

The required disclosures are given in the Report on Corporate Governance annexed to the Directors' Report.

The agreement may be terminated by either party giving the other three months' notice.

The above may be treated as an abstract of the terms of contract between the Company and Mr. Prabir Chatterjee.

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

No director, Key managerial personnel or their relatives, except Mr. Prabir Chatterjee to whom resolution relates are concerned or interested, financially or otherwise, in the proposed resolution.

The board recommends the Resolutions set forth in item no. 7 for the approval of shareholders of the Company.

**Resolution No. 8**

Mr. Sudam Maitra ( DIN : 0035398) is a graduate in Mechanical Engineering from IIT, Delhi and has rich industrial experience of almost 42 years.

Mr. Maitra (65) started his career with GKW Ltd. and subsequently worked in companies like Bata India Ltd., TELCO ( now TATA Motors) and Maruti Suzuki India Ltd. For 32 years he was associated with Maruti Suzuki India Ltd. and worked in all areas operations like manufacturing, quality, engineering, service, purchasing including supply chain.

He was Chief Operating Officer (Supply Chain) till July, 2014, when he left Maruti Suzuki India Ltd.

Mr. Maitra is not holding any share in the Company.

The details of his other Directorship and memberships in other companies/committees are provided in the "Annexure" to the Notice.

Mr. Maitra was reappointed by the Members of the Company at 42nd Annual general meeting held on 27th day of July, 2018 for a period of two years with effect from 31.07.2018. Due to personal reason Mr. Maitra resigned from the post of Whole time Director of the Company with effect from 6th February, 2020.

At the recommendation of Nomination & Remuneration Committee, Mr. Maitra drawn remuneration from 1st April, 2019 to 6th February, 2020 as under :

**Remuneration :**

a) **Salary :** Rs. 4,50,000/- (Rupees Four Lacs Fifty Thousand only) per month.

b) **HRA :** Rs. 2,25,000/- (Rupees Two Lacs Twenty Five Thousand only) per month.

c) **SPA :** Rs. 2,23,755/- (Rupees Two Lacs Tweeny Three Thousand Seven Hundred Fifty Five only) per month.

d) **Additional SPA :** Rs. 55,000/- (Rupees Fifty Five Thousand only) per month.

e) **Medical Reimbursement :** As per the rules of the Company.

f) **Leave Travel Allowance :** For self and family once in a year incurred in accordance with the Rules of the Company.

g) **Personal Accident Insurance :** As per the rules of the Company.

h) **Car :** Provision of car for use on Company's Business will not be considered as perquisite. However, use of car for private purpose will be billed by the Company.

i) **Telephone :** Company will reimburse expenses in connection with telephone at residence & mobile connections used for official purposes as per the rules of the Company.

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

**Other Benefits :**

i) **Gratuity** : As per the rules of the Company.

ii) **Contribution to Superannuation Fund or Annuity Fund** : As per the rules of the Company.

iii) **Encashment of leave** : As per the rules of the Company.

Apart from the aforesaid remuneration, he was entitled to reimbursement of all expenses incurred in connection with the business of the Company.

Information pertaining to Section II in Part II of Schedule V are as follows :

**I. General Information:**

(1) **Nature of industry:**

The Company is at present engaged in the business of manufacturing of diverse parts and accessories for motor vehicles etc. and Home Appliances Products.

(2) **Date or expected date of commencement of commercial production:**

The Company was incorporated on 9th September, 1974. It commissioned its commercial production in 1974.

(3) **In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :** Not applicable

(4) **Financial performance based on given indicators:**

| Particulars | 2019-20 (Rs. In lacs) |
|---|---|
| Revenue from operations | 2,55,142 |
| other income | 1,276 |
| Sub-total | 2,56,418 |
| Total Expenditure (Before interest and depreciation) | 2,43,248 |
| PBDIT | 13,170 |
| PBDIT% | 5.14% |
| Profit After Tax | 2,799 |

(5) **Foreign investments or collaborations, if any :** None

**II. Information about the appointee:**

(1) **Background details:** Mr. Sudam Maitra (DIN : 0035398) is a graduate in Mechanical Engineering from IIT, Delhi and has rich industrial experience of almost 42 years.

(2) **Past remuneration:** 1.36 crores per annum as on 31st March, 2020.

(3) **Recognition or awards:** Nil

(4) **Job profile and his suitability:** He looked after areas like manufacturing, quality, engineering, purchase including supply chain. He with his past experience was competent to handle the job.

(5) **Remuneration proposed:** As set out in Item No. 7 of the Notice of the Annual General Meeting.

(6) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):** His remuneration is in line with that drawn by his peers in Industry.

(7) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:** None

**III. Other information:**

(1) **Reasons for inadequate profits:**

The Company's Operating margin experienced a dent owing to the impact of the COVID-19 pandemic in the month of March 20 as well as the market slowdown across the year coupled with cost escalation

(2) **Steps taken or proposed to be taken for improvement:**

With pent up demand, significant growth is expected in the washing machine segment along with exceptionally high requirements for dishwashers during post COVID-19 crisis. The risk, however, remains as the pandemic may cause disruption to our supply chains, warehouses, dealers, plants etc as local lockdowns are expected to continue in future.

(3) **Expected increase in productivity and profits in measurable terms:**

Production is expected to increase & may reach pre covid level in our Appliances Division based on strong demand of our washing machine category. New AC plant started operation & production will be ramped up gradually as demand is going to enhance starting from festive period. However business in Engineering division is expected to experience an adverse impact till third quarter of current financial year.

However, it is extremely difficult to forecast any profit numbers under this extreme uncertain situation due to continuation of lock down.

**IV. Disclosures:**

The required disclosures are given in the Report on Corporate Governance annexed to the Directors' Report.

The above remuneration paid to Mr. Sudam Maitra exceeded the limits prescribed in the provisions of Section 197, 198 read with Schedule V to the Companies Act, 2013 due to inadequate profits of the Company for the year ended 31st March, 2020. Considering, his vast experience and association with the Company and on the recommendation of Nomination and Remuneration Committee of the Company, the Board of Directors of the Company vide its meeting held on July 6, 2020 decided to waive the recovery of excess managerial remuneration of Rs. 15,68,135/- as was paid to him during the period April 1, 2019 to February 6, 2020 and accordingly the resolution for waiver of recovery of excess managerial remuneration as paid to him during this period is proposed for your approval.

No director, Key managerial personnel or their relatives, except Mr. Sudam Maitra to whom resolution relates are concerned or interested, financially or otherwise, in the proposed resolution.

The board recommends the Resolution set forth in item no 8 for the approval of the members of the Company.

**Resolution No. 9**

The Board, on the recommendation of the Nomination and Remuneration Committee has recommended for approval of members, the reappointment of Ms Sangeeta Shankaran Sumesh as Independent Woman Director of the Company for second term of five consecutive years with effect from 30 January 2020, in terms of Section 149 and other applicable provisions read with Schedule IV of the Companies Act, 2013, or any amendments thereto or modification thereof (" the Act") and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Notice under Section 160 of the Act proposing the reappointment of Ms Sangeeta Shankaran Sumesh has been received. Requisite consent pursuant to Section 152 of the Act, has been filed by Ms Sumesh.

Ms. Sangeeta done her graduation in commerce from University of Madras is 1994. She is a qualified Chartered Accountant, Cost Accountant and also a certified public accountant from Botswana Institute of Accountants. She has also undergone Executive education in organizational leadership from Harvard Business school in 2014. She is currently working with Dun & Bradstreet Technologies and Data Services as Vice President Finance/ CFO. She got comprehensive experience in diversified areas including cost & management Controls, Financials Analysis, Strategic Management, CSR activities, Corporate Governance, Risk Management, Operations Management etc.

The details of his other Directorship and memberships in other companies/committees are provided in the "Annexure" to the Notice.

The Committee and the Board are of view that the Company will be extremely benefitted by her rich experience. Declaration has been received from Ms. Sumesh that she meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and qualification of Directors) Rules, 2014 and Regulation 16 of SEBI (LODR) Regulations, 2015. In the opinion of your Board Ms. Sumesh fulfills the conditions specified in the Act, the Rules thereunder and the Listing Regulations for appointment as Independent Director and she is Independent of the Management of the Company.

Ms Sumesh does not hold any share in the Company in his individual capacity or on a beneficial basis for any other person.

No director, Key managerial personnel or their relatives, except Ms Sangeeta Shankaran Sumesh to whom resolution relates are concerned or interested in the proposed resolution.

The board recommends the Resolution set forth in item no 9 for the approval of the Company.

**Resolution No. 10**

The Board, on the recommendation of the Nomination and Remuneration Committee has recommended for approval of members, the reappointment of Mr. Rahul Choudhuri as Independent Director of the Company for second term of five consecutive years with effect from 28 July 2020, in terms of Section 149 and other applicable provisions read with Schedule IV of the Companies Act, 2013, or any amendments thereto or modification thereof (" the Act") and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Notice under Section 160 of the Act proposing the reappointment of Mr. Rahul Choudhuri has been received. Requisite consent pursuant to Section 152 of the Act, has been filed by Mr. Choudhuri.

Mr. Choudhuri is a Hons. Graduate from Presidency College, Kolkata, Certified Associates of Indian Institute of Banking, Mumbai. His key areas of competency includes management of forex risk, treasury management, working capital management, investment etc.

The details of his other Directorship and memberships in other companies/committees are provided in the "Annexure" to the Notice.

The Committee and the Board are of view that the Company will be extremely benefitted by his rich management of forex risk, treasury management experience. Declaration has been received from Mr. Choudhuri that he meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies (Appointment and qualification of Directors) Rules, 2014 and Regulation 16 of SEBI (LODR) Regulations, 2015. In the opinion of your Board Mr. Choudhuri fulfills the conditions specified in the Act, the Rules thereunder and the Listing Regulations for appointment as Independent Director and he is Independent of the Management of the Company.

Mr. Choudhuri does not hold any share in the Company in his individual capacity or on a beneficial basis for any other person.

No director, Key managerial personnel or their relatives, except Mr. Rahul Choudhuri to whom resolution relates are concerned or interested in the proposed resolution.

The board recommends the Resolution set forth in item no 10 for the approval of the Company.

**Resolution no. 11**

The Board at its meeting held on 2nd November, 2019, on the recommendation of the Nomination and Remuneration Committee has recommended for approval of members, the appointment of Mr. Chacko Joseph as Independent director of the Company for a term of three years with effect from 2nd November, 2019 in terms of Section 149 and other applicable provisions read with Schedule IV of the Companies Act, 2013, or any amendments thereto or modification thereof (" the Act") and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Notice under Section 160 of the Act proposing the appointment of Mr. Chacko Joseph has been received. Requisite consent pursuant to Section 152 of the Act, has been filed by Mr. Joseph.

Mr. Joseph (61) a Chartered Accountant, superannuated in July 2019 from Tata Steel as Chief Financial Controller ( Business Analysis and Group Reporting). Mr. Joseph has 37 years of qualitative experience in overseeing financial operations encompassing Financial Reporting, Strategic Financial Reporting, Project Financing, Budgeting, Finance & Accounting, Auditing, International Business and System Implementations for companies under the TATA Group.

The details of his other Directorship and memberships in other companies/committees are provided in the "Annexure" to the Notice.

In the view of your Committee and Board, the association of Mr. Joseph and the rich experience he brings with him, would benefit the Company. Declaration has been received from Mr. Joseph that he meets the criteria of Independence prescribed under Section 149 of the Act read with the Companies ( Appointment and qualification of Directors) Rules, 2014 and Regulation 16 of SEBI (LODR) Regulations, 2015. In the opinion of your Board Mr. Joseph fulfills the conditions specified in the Act, the Rules thereunder and the Listing Regulations for appointment as Independent Director and he is Independent of the Management of the Company. Mr. Joseph does not hold any share in the Company in his individual capacity.

No director, Key managerial personnel or their relatives, except Mr. Chacko Joseph to whom resolution relates are concerned or interested in the proposed resolution. The board recommends the Resolution set forth in item no 11 for the approval of the Company.

**Resolution no. 12**

The board on the recommendation of the Audit Committee has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the company for the financial year ending March 31, 2021 at a fee of Rs 6,00,000.

In accordance with the provisions of Section 148 of the Companies Act read with the Companies (Audit and Auditors) Rules 2014, the remuneration payable to Cost Auditors require ratification by the shareholders of the company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at item no. 12 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31 March 2021.

None of the directors/ Key Managerial Personnel of the company / their relatives are in any way, concerned or interested, financially or otherwise in the resolution set out at item no 12 of the notice.

The board recommends the resolution set forth in item no 12 for the approval of the Company.

By Order of the Board

**G Ray Chowdhury**
*Company Secretary*
Membership No. : 8529

**Registered Office :**
14, Taratolla Road
Kolkata - 700 088
CIN : L51109WB1974PLC029637
E-mail :investors@ifbglobal.com
Website :www.ifbindustries.com

Date : July 6, 2020

## ANNEXURE TO THE NOTICE

## DETAILS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT IN ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

| Name of Director | Mr. Sudip Banerjee | Mr. Bijon Nag | Mr. Bikram Nag | Mr. Prabir Chatterjee | Ms. Sangeeta Shankaran Sumesh | Mr. Rahul Choudhuri | Mr. Chacko Joseph |
|---|---|---|---|---|---|---|---|
| Date of birth | 01.02.1960 | 16.08.1942 | 27.09.1973 | 18.06.1955 | 25.10.1974 | 19-02-1957 | 22.06.1959 |
| Nationality | Indian | Indian | Indian | Indian | Indian | Indian | Indian |
| Date of first appointment on the board | 04.04.2012 | 01.04.1975 | 31.10.2008 | 01.04.2013 | 30.01.2015 | 28.07.2017 | 02.11.2019 |
| Qualification | Graduate in Economics(H), Diploma in Management (AIMA) | Mechanical Engineer | BBA from Richmond College, U.K | B.Sc and Cost Accountant. | B.Com(Hons.) University of Madras. She is a qualified Chartered Accountant, Cost Accountant and also a Certified Public Accountant from Botswana Institute of Accountants. | BA (Hons.) Presidency College, Kolkata, Certified Associates of Indian Institute of Banking, Mumbai | Chartered Accountant |
| Experience in functional area | Business Executive | A prominent Industrialist having more than five decades of vast experience in machine tool and engineering industries. | 24 years of enriched experienced in Marketing and Business Management | More than 40 years experience in accounts, finance, costing, budgeting, management accounting etc. | comprehensive experience in diversified areas including cost & management Controls, Financials Analysis, Strategic Management, CSR activities, Corporate governance, Risk Management, Operations Management etc. | His key areas of competency includes management of forex risk, treasury management, working capital management, investment etc | 37 years rich experience in overseeing financial operations encompassing Financial Reporting, Strategic Financial Reporting, Project Financing |
| Relationship with other Directors | Not related to any Director. | He is related to Mr. Bikram Nag and not related to any other Director. | He is related to Mr. Bijon Nag and not related to any other Director. | Not related to any Director. | Not related to any Director. | Not related to any Director. | Not related to any Director |
| Shareholding in the Company | Nil | 157869 | 3000 | 18670 | Nil | Nil | Nil |
| List of directorship held in other listed companies | Larsen & Toubro Infotech Ltd.<br>Kesoram Industries Ltd.<br>L & T Technology Services Ltd. | IFB Agro Industries Limited. | IFB Agro Industries Limited. | Nil | Nil | Nil | Nil |
| Committee membership in other listed companies | Kesoram Industries Ltd. – Member of Audit Committee<br>L & T Technology Services Ltd. – Member of Stakeholders Relationship Committee and CSR Committee | Nil | Nil | Nil | Nil | Nil | Nil |

# DIRECTORS' REPORT to the Members

**To the Members,**

The Directors have pleasure in presenting before you the forty fourth Annual Report of the Company together with the Audited Financial Statements for the year ended 31 March 2020.

**FINANCIAL RESULTS**

The performance during the period ended 31 March 2020 has been as under :

Rs. in lacs

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | **2019-20** | 2018-19 | **2019-20** | 2018-19 |
| Total revenue | **256,418** | 255,020 | **264,947** | 266,973 |
| Profit before depreciation/amortisation, finance costs and tax | **13,170** | 13,714 | **13,331** | 13,955 |
| Less : Finance costs | **1,450** | 575 | **1,609** | 723 |
| Less : Depreciation and amortization | **8,898** | 5,454 | **9,195** | 5,755 |
| Profit before Tax | **2,822** | 7,685 | **2,527** | 7,477 |
| Add : Exceptional Items | **148** | 1,935 | **148** | 1,935 |
| Profit before Tax | **2,970** | 9,620 | **2,675** | 9,412 |
| Less Current tax | **172** | 2,905 | **178** | 2,919 |
| Less Deferred tax (net) | **(1 )** | (680) | **( 80)** | (615) |
| Profit after tax | **2,799** | 7,395 | **2,577** | 7,108 |
| Other comprehensive income | | | | |
| Items that will not to be classified to profit or loss | | | | |
| - Re measurements of defined benefit plan | **(656)** | (552) | **(662)** | (552) |
| - Income tax relating to items that will not be reclassified to profit or loss | **–** | 193 | **–** | 193 |
| Items that will reclassified to profit or loss – | | | | |
| - Exchange differences in translating the financial statements of foreign operations | **–** | – | **181** | 110 |
| - Income tax relating to items that will be reclassified to profit or loss | **–** | – | **–** | – |
| Other comprehensive income | **(656)** | (359) | **(481)** | (249) |
| Total comprehensive income for the year | **2,143** | 7,036 | **2,096** | 6,859 |
| - Owners of the parents | **NA** | NA | **2,263** | 7,046 |
| - Non-controlling interests | **NA** | NA | **(167)** | (187) |

Consolidated figure includes standalone figure and figure of Trishan Metals Private Limited, a subsidiary company, Global Appliances & Automotive Limited ( GAAL), a wholly owned subsidiary company and step down subsidiary Thai Automotive and Appliances Pte. Ltd. ( TAAL).

**OPERATIONS- Standalone**

Your company completed year 2019-20 on a flat basis on revenue terms and suffered a major hit in bottom line largely due to slow down of economy, partial impact of COVID-19, increase in cost of depreciation, depreciation of rupee, increase in custom duty on AC/ MWO etc. Gross sale of products for the year grew by 1 % to Rs 312421 lacs. Net revenue from operations grew by 1 % to Rs 2,55,142 lacs. The profit before depreciation, finance cost and tax as compared to last year reduced by 4% to Rs 13,170 lacs. Income under 'Exceptional item' reported during the year is Rs 148 lacs as compared to Rs 1935 lacs reported in last year on account of compulsory acquisition for part of the factory land during 2018-19 by Bangalore Metro Rail Corporation Limited. Earning per share for the year stands at Rs 6.91 as against Rs. 18.25 in 2018-19.

**OPERATIONS - Consolidated**

Net Revenue from operations on consolidated basis reduced by 0.76% to Rs. 2,63,693 lacs. Profit before depreciation, finance cost and tax on consolidated basis as compared to last year reduced by 4% to Rs, 13,331 lacs as compared to last year.

**DIVIDEND**

Your Directors have decided not to recommend any dividend for the financial year under review to conserve resources for working capital, capital expenditure projects, acquisition etc.

**TRANSFER TO RESERVE**

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

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

As required under Listing Obligations and Disclosure Requirements Regulations (LODR Regulations), 2015, the Management Discussion and Analysis Report is enclosed as a part of this report.

**CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION**

Your Company has always taken adequate steps to adhere to all the stipulations laid down in LODR Regulations, 2015. A report on Corporate Governance is included as a part of this Annual Report. Certificate from the Statutory Auditors of the company M/s. Deloitte Haskins & Sells, Chartered Accountants confirming the compliance with the conditions of Corporate Governance as stipulated under Listing Obligations & Disclosure Requirements, Regulations, 2015 (LODR) is included as a part of this report.

**LISTING WITH STOCK EXCHANGES**

The Company confirms that it has paid the Annual Listing Fee for the year 2020-21 where the Company's Shares are listed. The company applied for delisting from CSE which is pending.

**DEMATERIALISATION OF SHARES**

98.19%of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2020 and balance 1.81% is in physical form. The Company's Registrars is M/s C.B. Management Services Pvt. Ltd., having their registered office at P-22, Bondel Road, Kolkata- 700 019.

**NUMBER OF BOARD MEETINGS HELD**

The Board of Directors duly met five times during the financial year from 01 April 2019 to 31 March 2020. The dates on which the meetings were held are as follows : 29 May 2019, 25 July 2019, 30 August 2019, 2 November 2019 and 28 January 2020.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**

Mr. Sudip Banerjee retires by rotation and being eligible offers himself for reappointment.

The two years term as Executive Chairman of Mr. Bijon Nag has expired on 31 May, 2020. It is proposed to reappoint him for a further period of two years w.e.f 1st June, 2020.

The three years term as Joint Executive Chairman and Managing Director of Mr. Bikram Nag has expired on 30 October, 2019. It is proposed to reappoint him for a further period of three years w.e.f 1st November, 2019.

The two years term as Director & CFO of Mr. Prabir Chatterjee has expired on 31 March, 2020. It is proposed to reappoint him for a further period of two years w.e.f 1st April, 2020.

Mr. Chacko Joseph was appointed as Independent Director w.e.f 2nd November, 2019 for a term of three years.

The five years term as an Independent Director of Ms. Sangeeta Shankaran Sumesh has expired on 29 January 2020. Based on recommendation of Nomination and Remuneration Committee, it is proposed to reappoint her for second term of five consecutive years with effect from 30 January 2020.

The three years term as an Independent Director of Mr. Rahul Choudhuri has expired on 27 July 2020. Based on recommendation of Nomination and Remuneration Committee, it is proposed to reappoint him for second term of five consecutive years with effect from 28 July 2020.

During the year, Mr. Sudam Maitra ceased to be Director with effect from 6th February, 2020 due to resignation.

During the year under review, there is no change in KMP of the Company.

Brief particulars and expertise of directors seeking reappointment together with their other Directorship and Committee membership have been given in the annexure to the notice of the Annual General Meeting.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of your Company hereby state and confirm that:

a) in the preparation of the annual accounts for the year ended 31 March 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the same 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, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis;

e) they have laid down internal financial controls in the company that are adequate and were operating effectively.

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

**DECLARATION BY INDEPENDENT DIRECTORS**

All the Independent Directors have submitted a declaration that each of them meets the criteria of independence as provided in section 149(6) of the Companies Act, 2013 along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as independent directors of the Company. The declaration was placed and noted by the Board in its meeting held on 6th July, 2020.

**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 there to and Regulation 19 of SEBI (LODR) Regulation 2015 stating therein the Company's policy on Directors/ Key Managerial Personnel/ other employees appointment and remuneration by the Nomination and Remuneration Committee and approved by the Board of Directors. The said policy may be referred to on company's website at **www.ifbindustries.com/Legal/Policies**. As part of the policy, the Company strives to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors / KMPs of the quality required to run the company successfully. Relationship between remuneration and performance is clear and meets appropriate performance benchmarks.

**ANNUAL EVALUATION OF BOARD'S PERFORMANCE**

This part is covered under Corporate Governance Report.

**AUDIT COMMITTEE**

The Board has constituted an Audit Committee, the details pertaining to the composition of the audit committee are included in the report on Corporate Governance. There have no instance during the year where recommendations of the Audit Committee were not accepted by the board.

**AUDITORS' REPORT**

The notes on Financial statements referred to in the Auditor's Report are self-explanatory and do not call for any further explanation.

**STATUTORY AUDITORS**

At 43rd Annual General Meeting held on 26th July, 2019 the shareholders of the company reappointed M/s. Deloitte Haskins & Sells (Firm Registration No.: 302009E), Chartered Accountants as the Auditors of the Company for second term of five consecutive years from the conclusion of 43rd Annual General Meeting to the conclusion of 48th Annual General Meeting. The requirement to place the matter relating to reappointment of auditors for ratification by Members at every Annual General Meeting 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.

**COST AUDITORS**

Your Board has appointed M/s MANI & Co., Cost Accountants as Cost Auditors of the Company for conducting cost audit for the financial year 2020-21. Accordingly, a resolution seeking approval of the members for ratifying the remuneration payable to Cost Auditors for financial year 2020-21 is provided in the Notice to the ensuing AnnualGeneral Meeting.

**COST RECORDS**

The Cost accounts and records as required to be maintained under Section 148(1) of the Act are duly made and maintained by the Company.

**SECRETARIAL AUDIT**

The provision of Section 204 read with Section 134(3) of the Companies Act, 2013 mandates Secretarial Audit of the Company to be done from the financial year commencing on or after 1 April 2014 by a Company Secretary in practice. The board in its meeting held on 28 January 2020 appointed Mr. Sankar Kumar Patanaik, Practising Company Secretary (Certificate of Practice no 7177) as the Secretarial Auditor for the financial year ended 31st March 2020.

According to the provision of section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit Report submitted by Company Secretary in Practice is enclosed as a part of this report as **Annexure-A**.

**SECRETARIAL STANDARDS**

The 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.

**DIVIDEND DISTRIBUTION POLICY**

The Board of Directors of IFB Industries Limited at its meeting held on May 29, 2018 has adopted this Dividend Distribution Policy (the "Policy") as required by Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") is available at our website www.ifbindustries.com

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is enclosed as a part of this report as **Annexure-B**.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

In terms of section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors of your Company constituted a CSR Committee. The Committee comprises Independent Director, non-executive director and executive director. CSR Committee of the Board has developed a CSR Policy which is enclosed as part of this report **Annexure-C**. Additionally, the CSR Policy has been uploaded on the website of the Company at **http://ifbindustries.com/csrpolicy.php**. Your company has judiciously identified the activities and accordingly projects mainly relating to (a) Promoting education and skill development programme (b) Eradicating Hunger, malnutrition and (c) Promoting healthcare and safe drinking water in line with the CSR policy. The necessary budget outlay were assigned to aforesaid projects. However, due to COVID-19 pandemic, as the scheduled projects got delayed the Company couldn't spend the entire budgeted amount. The company made an expenditure of Rs 68.66 lacs only against the budgeted amount of Rs. 182.52 lacs.

**VIGIL MECHANISM**

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at **www.ifbindustries.com**.

**CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

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 or materiality of related party transaction. The policy on materiality of related party transaction and dealing with related party transaction as approved by the board may accessed on company's website at the link **www.ifbindustries.com**. Your directors draw attention of members to note 37 to the Financial Statements which set out related party disclosures. Accordingly no transactions are being reported in specified Form No. AOC-2 in terms of Section 134 of the Act.

**EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form MGT-9 may be referred to at the Company's official website at the weblink : **http://www.ifbindustries.com.** The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as **Annexure D.**

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The particulars of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

**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 separately enclosed as **Annexure E**.

The number of permanent employees on the role of the company as on 31 March 2020 is 2322

**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 2019-2020 is given in **Annexure F** which forms part of this Report.

**DEPOSITS**

During the year under review, your company has not accepted any deposit from the public / members u/s 73 of the Companies Act 2013 read with the Companies ( Acceptance of Deposits) Rules during the year.

**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.

**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 closure of the year till the date of this Report, which affect the financial position of the Company.

**DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

As per the requirement of Sexual Harassment of Women at workplace ( Prevention, Prohibition & redressal) Act, 2013, your Company has in place a Policy for Prevention of Sexual Harassment of Women at Work Place and constituted an Internal Complaints Committees. No compliant has been raised during the year ended March, 2020.

**DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY**

Risk management is the process of minimizing or mitigating the risk. It starts with the identification and evaluation of risk followed by optimal use of resources to monitor and minimize the same. The company is exposed to several risks. They can be categorized as operational risk and strategic risk. The company has taken several mitigating actions, applied many strategies and introduced control and reporting systems to reduce and mitigate those risks.

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

A strong and independent Internal Audit function at the Corporate level carries out risk focused audits across all business, enabling identification of areas where risk management processes may need to be strengthened. The Audit committee of the board reviews internal audit findings and provides strategic guidance on internal controls.

**FAMILARISATION PROGRAMME FOR INDEPENDENT DIRECTORS**

To familiarize the Independent Directors with the strategy, operations and functions of our company, the executive directors/ senior managerial employees make presentation to the Independent Directors about the company's strategy, operations, product and service offerings, markets, finance, quality etc. Independent Directors are also visiting factories and branch offices to familarise themselves with the operations of the company and to offer their specialized knowledge for improvement of the performance of the company.

Further, at the time of appointment of an Independent director, the company issues a formal letter of appointment outlining his/ her role, function, duties and responsibilities as a director. The format of the letter of appointment is available at our website **www.ifbindustries.com** under legal/ investors relation/ appointment of independent directors.

**SUBSIDIARY COMPANIES**

IFB Industries Limited, has subsidiary Trishan Metals Pvt. Ltd (TMPL), wholly owned subsidiary Global Automotive & Appliances Pte Ltd. (GAAL) and step down subsidiary Thai Automotive and Appliances Ltd. (TAAL).

**Trishan Metals Private Ltd. :**

IFB Industries Ltd. holds 51.12% equity shares of TMPL, which was acquired during 2016-17. TMPL's performance has not reached its potential largely due to slow down and partly due to impact of COVID-19.

Rs. in lacs

| | **2019-20** | 2018-19 |
|---|---|---|
| Sales | **7,583** | 12,420 |
| PBDIT | **(119)** | (11) |
| PBT | **(414)** | (318) |
| PAT | **(335)** | (383) |

**Wholly Owned Subsidiary Global Automotive & Appliances Pte Ltd. (GAAL) and step down subsidiary Thai Automotive and Appliances Ltd. (TAAL)**

IFB Industries Ltd. acquired 100 % equity shares of GAAL during July 2017. GAAL holds 100% equity holding in TAAL. GAAL acts as a special purpose vehicle for further investment in TAAL. GAAL is also engaged in trading of Electronics Parts and semiconductors and other commodities. TAAL is engaged in the business of Fine Blanking and Conventional Blanking and its acquisition helps IFB to consolidate its position in similar type of business in Thailand.

GAAL

During the year under review, GAAL has achieved revenue of US$ 3.39 Million and made a PBT of 2.58% and PAT of 2.49%. GAAL estimates that market would be subdued till end of Q2 and slowly would begin to rise subsequently.

TAAL

During the year under review, TAAL has achieved modest turnover of 177.67 ML THB, which is a 23.45% increase compared to 143.92 ML THB achieved during 2018-19. During the year the company earned PBT of 4.49 ML THB as compared to PBT of 0.15 ML THB during 2018-19.

We have, in accordance with Section 129(3) of the Companies Act, 2013 prepared consolidated financial statements of the company and its subsidiaries Trishan Metals Pvt. Ltd and Global Automotive & Appliances Pte Ltd. Further, the report on the performance and financial position of the subsidiary companies in the prescribed form AOC-1 is enclosed as a part of this report as **Annexure - G**.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the Consolidated financial statements and related information of the company and financial statement of the subsidiary companies will be available on our website **www.ifbindustries.com**. These documents will also be available for inspection during business hours at the corporate office of company.

**ACKNOWLEDGEMENT**

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

For and on behalf of the Board of Directors

**Bikram Nag**
(DIN: 00827155)
*Joint Executive Chairman*
*& Managing Director*

**Prabir Chatterjee**
(DIN: 02662511)
*Director & CFO*

Place : Bengaluru
Date : 6 July 2020

# MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

**a) Structure and Developments, Opportunities and Threats, Performance, outlook, Risks and Concerns:**

The Indian economy has been experiencing significant slowdown over the past few quarters. Investment and consumption demand had been languishing and a number of stimulus measures was taken by the Government to bring back the economy on a growth path. There was a strong hope of recovery in the last quarter of the last fiscal. However, the coronavirus pandemic has made the recovery extremely difficult in the near to medium term. The outbreak has presented fresh challenges for the Indian economy now, causing severe disruptive impact on both demand and supply side which has the potential to derail India's growth story. Consumption is also getting impacted due to job losses and decline in income levels of people particularly the daily wage earners due to slowing activity in several sectors including retail, construction, automotive and entertainment, etc. With widespread fear and panic which is now increasing among people, overall confidence level of consumers has dropped significantly, leading to postponement of their purchasing decisions.

Impact on Financial Market - Greater uncertainty about the future course and repercussion of Covid-19 has also made the financial market extremely volatile, leading to huge crashes and wealth erosion, which in turn is impacting consumption levels.

Supply Side Impact - On the supply side, shutdown of factories and the resulting delay in supply of goods has affected many Indian manufacturing sectors which source their intermediate and final product requirements from China and other affected countries. Some sectors like automobiles, pharmaceuticals, electronics, chemical products etc. are facing an imminent raw material and component shortage. This is hampering business sentiment and affecting investment and production schedules of companies.

The survey to assess impact of Coronavirus by different agencies reveal that besides the direct impact on demand and supply of goods and services, businesses are also facing reduced cash flows due to slowing economic activity which in turn is having an impact on all payments including to those for employees, interest, loan repayments and taxes.

Resumption of activity after almost 60 days won't help salvage economic growth this quarter- or even the financial year- as the lock down decimated consumption of the main driver of Asia's third largest economy. A survey by CII expects that domestic demand may take more than a year to revive, while there are views that economic normalcy also will take similar time period to reach pre covid level after the lockdown ends. The 1st quarter was wash out for entire India. Factories that have opened are operating at about a third of their capacity and others are seeing that demand for their products have evaporated. Meanwhile top car makers could not ship a single vehicle to dealers in April 20, and are still not sure when they will be able to resume normal production. The complete shutdown may result into a rare contraction in growth. COVID-19 is the biggest risk as we look into the future.

Due to the current lock down and dampened consumer sentiments, the industry has seen a drop of upto 55 percent in sales in March 2020. Due to the adverse impact of covid-19 and uncertainty post lock down, as well as the lingering impact on consumers, we are not sure when situation will return to normalcy and hence one can't really estimate the impact on revenue.

Green shoots of economic recovery have started showing from May end .There is a pent up rural demand, as last year the farmers had a good monsoon leading to good output of crops. However the following sectors are showing signs of recovery.

1) 2 wheeler
2) 4 wheeler lower end.

This demand is expected to continue for next 2-3 qtrs at least. The main reason is that the regular commuters are avoiding shared mobility and would like to travel by self-owned vehicle, which actually is leading toward this surge in demand. However there is an acute shortage of vehicles at dealers end.

The commercial vehicle is expected to have a very sluggish demand for coming 2 qtrs.

This is a unique situation and can drive digital transitions like nothing before. Productivity focused exercises should be the thrust area for everyone. Capability building across the hierarchy should happen and employees must look at ways toward multi-skilling themselves.

The automotive industry is facing a prolonged slowdown. Sale of automobiles in the domestic market has been on a decline since the September quarter of 2018-19 due to overall slowdown in the market and liquidity crisis in financial institutions after the collapse of IL&FS. As a consequence of the year-long slow down in sales of automobiles across the country, the total turnover of the automotive component manufacturing industry declined substantially in the fiscal ended March 2020. Subdued vehicle demand, recent investments made for transition from BS 4 to BS 6, liquidity crunch, lack of clarity on policy for electrification of vehicles among others, had also an adverse impact on the expansion plans of the auto component sector. The situation was so grim even before COVID-19 that discounts and freebies failed to spur any major demand.

There are challenges also that the industry is facing in realizing the full potential of the customer requirements. These are primarily in areas of poor transportation infrastructure, lack of power across many areas and also in enablers to setting up of key component level supplier base eg in areas of electronics etc. India has a higher cost and financing base for localization of key manufacturing levers for the appliances segment and thus value additions are stressed in the domestic market.

With the advent of GST, the government introduced anti-profiteering provisions in the GST law with aim of striving to keep a check on inflation and thereby protecting the ultimate consumers. The anti-profiteering provisions prescribe for passing the benefit of tax savings by commensurating reduction in prices. However, the government has not provided any standard guidelines / clarification in terms of assessing, computing and passing of such benefit. It has become difficult for businesses to asses any benefit and mechanism to pass on such requisite benefits.

On account of slow down and COVID-19 impact, the Appliance Division has ended the year on a flat basis in revenue terms but on EBITDA margins, the performance was not satisfactory. This is primarily led by overall market slowdown, cost escalation and increased depreciation cost etc. Also, during the year the Indian rupee remained under pressure. Our focus remains on the key agenda of localization for some of our high cost imports. This is a key de-risking mechanism against future currency depreciation impacts on our business. Our focus on localizing manufacturing within India has resulted in a new generation of electronic components for models being manufactured in India. The work resulted in a significant portion of electronic controller imports being substituted by localized production. The expected customer demand, combined with the launch of new models and plans to reduce material costs, provide a moderate outlook for the division.

The Appliance Division continues to deliver a well-positioned and differentiated range of products in both domestic and industrial categories. The products include domestic washing machines, industrial washing systems (including dry cleaning and other finishing equipment like ironers etc), microwave ovens, domestic and industrial dishwashers, clothes dryers, modular kitchens, kitchen appliances (hobs, chimneys and built-in ovens), air conditioners, a range of service products etc. With the introduction of the new range of the laundry division of the acquired business from Ramsons, the Division will also feature a complete commercial laundry solution range. The key action we have taken in 2019-20 is localizing manufacturing for the fixed speed and inverter ranges of air conditioners. The project went live in March 20 at Goa. The impact of the increased forex levels and additional customs duties is also being addressed through price increases, which are regularly rolled out. Customer demand for the products of the Appliance Division remains healthy. The models introduced and to be introduced include a new series of front load and top load washing machines as well as new microwave models. Along with plans to grow the markets, targeted reduction in material costs in manufacturing are being addressed through projects. The price increases and material cost reductions under implementation will also help to improve the bottom line margins in order to negate impact of the current forex levels and customs duties.

Post lock down washing machine production was not started in April and May since we had enough stock of Finished goods. However production started from June 2020 and is gradually stepping up. Sales were also significantly affected during the month of April 2020, however the same started picking up since mid May. Drier line operation started work since the stock is low. Our AC plant was also under closure and started production since 5th May 2020 and is gradually scaling up as we had stock of imported ACs.

The updates on the products and the relative market position of our future plans are as given hereunder:

**Washing Category**

**Front Loaders (Domestic Segment)**

A new range of models were introduced during 2019-20 and this has been well received in the market. The new introduction will increase the product range and competitiveness in the high volume segments and drive market share gain. The Company continues to maintain a dominant market share and its growing through its distribution network, which will lead to volume increases.

Our market share continues and our range of models covers a full spectrum of features- wash program for delicate clothes, intuitive user interface, smart mobile based technologies and much more. Ongoing product development continues to focus on iOT capabilities, water and energy efficiency, user convenience and interface designs. IFB Front Load Washing Machines can uniquely handle delicate fabrics. In the Indian context, with multiple types of clothes, IFBs machines deliver performance that is superior to that of competing brands.

**Top loading washing machines (Domestic Segment)**

The product range has fully automatic top loaders in the 6.5 to 9.5 kg capacity segments with high-end "Deep Clean" technology and unique wash features. The top loaders continue to enjoy a niche position in the market with their aesthetics, features and wash performance. This category will continue to be a revenue growth and margin driver for the company along with the front loader category.

**Clothes Dryers and Dishwashers (Domestic Segment)**

The clothes dryer segment is growing moderately for the company. The dishwasher segment is also growing for the company. This is based on a marketing push in both offline and online channels. We have undertaken additional promotional and demo placements of dishwashers in large retail outlets and at IFB points.

**Industrial segment- Dish washing and Laundry Equipment (Industrial Segment)**

IFB range covers the categories of glass washers, under counter dishwashers as well as hood type and rack conveyor type dishwashing equipment. The company has significant presence in varied customer segments including defense establishments, pubs, bars, large institutions, hotels and restaurants etc.

IFB's range of industrial laundry equipment (with capacities upto 400 kg) was strengthened by the acquired business from Ramsons. It now includes a complete and competitively price range of dryers, ironers, finishing equipment for clothing, including suits etc. This category is also accretive to margins and offers an opportunity to expand IFB'S institutional sales.

**Kitchen Appliances**

In this category, the range includes products like chimneys, hobs and built-in-ovens. These are products which are aspiration led- and with the modernizing of the Indian kitchens and the rising disposable incomes- your company expects significant growth from these products in the medium term of 2-3 years.

The IFB Points are a key vertical for driving growth in this segment and ~45% of the company's sales in this category is generated from IFB Points.

**Microwave Ovens**

IFB is a significant player in this segment. New models featuring our unique " Oil Free Cooking" technology have been already introduced into the market and are helping to drive growth. IFB has registered industry leading growth in this category, in a market which has remained largely flat. IFB's microwave cooking class program under the brand name " Spice Secrets" educate customers on how to optimize microwave oven usage post purchase. We are now at a level of 800 plus classes every month across the country, meeting 16,000 customers every month through these classes. With the new range, the company continues to innovate with new cooking programs e.g cooking with variations like olive oil for healthier cooking options. Your company wishes to use new range to drive " health " as a platform for increasing customer connect.

**Modular Kitchens**

The stores in Goa, Bangalore and Kolkata are operational. A completely new design format has already been put in operation in Goa and Bangalore showrooms and received a very good response. IFB's design offering for this category use modular systems with unique features such as food grade, termite resistant and boiling water proof plywood. This is unique across the Indian market, We have strengthened the organizational structure for this category in areas such as product and retail design to expand this business going forward. Our intention is to present to customers a range of modular kitchens with appliances (stand alone and built- in) in line with global trends. The

Company aims to have 20 stores during FY 2020-21. The network of existing and future IFB Points will also promote the modular kitchen range to customers.

**Built-in Ovens, cooker hoods and Hobs**

We continue to increase our presence in all markets with our products displayed in – 900 stores across the country. This includes displays in – 535 IFB Points. The IFB Points account for – 60% plus of sales in this category. The company is investing in improving the display quality and presence across the market. New product needs are in line with current market needs.

**Cooling category**

**Air conditioner**

Our range of Air conditioners feature rich energy efficient and deliver superior performance products at high ambient temperatures. The IFB range is uniquely placed in the market, with features such as 58°c complaint compressors across all models with green gas and copper piping features designed for high-end performance. IFB is also unique in terms of having a complete green range of products at par with the best in the market. The key action is in the areas of distribution expansion, which is an ongoing exercise. However, there has been a significant impact of changes in forex levels and additional customs duties in the air conditioner segment for the company. The action has been to localize manufacturing for the inverter range. The project has gone live in March 20. We have restructured the sales force in this category and are adding a dedicated sales team to focus on the key channels of Sales and Service Dealers (SSD) and distribution etc.

The appliance division operates via five key channel segments through which it reaches its customers base;

1. Multi brand stores.-
   a. These include large format (modern retail) chain stores that operate on a pan- India Basis.
   b. The regional / town level single stores inclusive of regional and geography specific chain stores.
   c. E-commerce distribution channel is also an important online store serving the same purpose. Share of revenue under Ecommerce accounts for 16% of total revenue.

   The above channels contribute 60 % by volume of IFB's sales.
2. IFB exclusive stores (IFB Points). These stores display the full range of products that the company offers and allow customers to see, touch and feel the full range. The number of exclusive stores currently is 535. Sales in IFB Points contribute 15% of total sales in the division. The target is to reach a network of 600+ exclusive stores of approximate size not exceeding 500 sq ft by March 2021 and more importantly to try for an increase in sales significantly by giving better in store experience. This will include Company owned Company operated (CoCo) stores of 195 number.
3. The CSD / Defence Canteens, Institutions etc. These customers buy directly from the Company, including industrial products. These channels contribute 1% of the Company's sales by volume and are a significant channel for direct customer contact. The Company expects this contribution to remain stable in subsequent quarters with growth in Industrial category and also institutional sales of products like air conditioners.
4. The channel of dealers who are Sales and Service Dealers (SSD). This segment, largely catering to customers who buy air conditioners, contributes 1% of sales. It will grow as the company drives expansion in the air conditioner business
5. The channel of distributors. This a channel on which significant work has happened in last few quarters, which will drive volume gains going forward. The channel accounts for 14% of sales and as IFB continues to expand its channel reach, this segment is growing. It is key to the expansion of IFB's reach into small towns and up-country areas across India. Over the last few quarters, this channel has added 9,000 retailers to the IFB Network and this will be a key lever to the growth plans for the future. and we will continue to focus on increasing the segment.

One of the key strengths for the Appliances Division is the service function and its reach to the customers. We have a total of 970 service franchisees across India. Currently, we have 29 service training centers, which are fully equipped to impart training on all aspects of assembly, dismantling, installation and trouble shooting of our products.

Sales of additives and accessories continue to be a key focus area and are expected to continue to contribute significantly, both to the topline and bottom line in the current year. IFB's 6 million plus customer base has a high potential for the company to generate revenues through the sale of additives and accessories. The company's own call center at Goa, which we call "service center" continues to be effective in issue resolution and customer feed-back / cross selling initiatives with a total manning of 220 people as on date. IFB has also outsourced call centers at Munnar and Hyderabad. The service centers at focus on out-bound calls to track and improve customer satisfaction and drive reduction in the number of pending customer issues through focused data tracking. In the Company's, customer contact program, we continue to contact customers directly and then visit them. This is increasing customer satisfaction and is also enabling higher revenues from the customer visits.

Amongst the major issues, Appliance Division is addressing are:

1. Competition is increasing. To manage this, company is in continuous process of placing its products and managing multiple channels effectively
2. The impact of increased duties and management of forex has been a challenge for importing material.

Your company continues, in answer to the above challenges, to be focused on differentiating itself through a value led product range planning. Local challenges are addressed as applicable and needed. We are confident of our ability to remain a dominant market share player across categories as it is now and will keep investing in building market networks and product development capability.

Covid-19 which has so far disrupted the global complex auto-component supply chains and in immediate term automotive demand, could manifest into a demand shock lasting multiple quarters for the domestic industry. As novel coronavirus is spreading across the country, the auto component manufacturing companies are all set to defer their planned capex till 2022 to preserve cash and cope with supply chain disruption. The domestic auto industry is set to decline in double digit this year and therefore almost all the companies in the component space are re-drawing their strategic road map. Going forward the majority of the tier-1 component maker will focus more on consolidating capacities rather than expanding at least for the short-term in order to preserve cash. The crisis has been further aggravated post COVID outbreak. The industry have extra capacities at the moment because demand is not there and therefore the companies are putting off non-essential, discretionary expenditure for the moment. Presently survival , stopping of wasteful expenditure and cash conservation are our top priority. Though our plants have started operating, the revenue generation scope still looks not at satisfactory level due to severe dearth of demand from the end customer. The current situation demands government's handholding to help component makers to emerge from this crisis situation. A temporary GST reduction for just one year will not only streamline companies cash issue but will also create decent job opportunities. The pandemic hit auto parts suppliers are passing through a difficult time when they were already reeling under a 15 month long economic slowdown. We started our financial year with zero revenue. The demand generation will only be possible if Government motivates the consumers by incentivizing or by providing tax. relaxations

Government Initiatives- Electric cars in India are expected to get new green number plates and may also get free parking for three years along with toll waivers.

The Ministry of Heavy Industries, Government of India has shortlisted 11 cities in the country for introduction of electric vehicles ( EVs) in their public transport systems under the FAME ( Faster Adoption and Manufacturing of ( Hybrid ) and Electric Vehicles in India ) scheme.

Fine blanking Division(FBD) was under pressure during 2019-20 due to slow down in automobile sector resulted in degrowth in FBD. Situation went into adverse mode after country wide lockdown was imposed. However situation started to show sign of improvement since second week of May 2020 & production started in our factories located in Kolkata and Bangalore. Though initially despatches were in low scale but things are slowly improving.

The issues that FBD is successfully addressing include –

i. Massive reduction in demand of auto components.
ii. Strong pricing pressure from customers & competitors.
iii. Higher cost of CRC and HRC steel.
iv. Consistent increase in power cost.
v. Rapid increase in minimum wages.
vi. High cost for new machinery & technology
vii. Timely Raw material availability
viii. Fluctuation in volumes in the automobile sector exerts pressure in meeting inventory, debtors and margin matrix.

**b) Internal Control Systems and their Adequacy :**

Your Management has put in place effective Internal

Control Systems to provide reasonable assurance for:

- Safeguarding Assets and their usage.
- Maintenance of Proper Accounting Records and
- Adequacy and Reliability of the information used for carrying on Business Operations.

**Key elements of the Internal Control Systems are as follows :**

(i) Corporate policies for Financial Reporting and Accounting.

(ii) A Management information system updated from time to time as may be required.

(iii) Annual Budgets and Long Term Business Plans.

(iv) Internal Audit System.

(v) Periodical review of opportunities and risk factors depending on the Global / Domestic Scenario and to undertake measures as may be necessary.

(vi) Application of Internal Financial Control - Your company has in place adequate internal financial controls with reference to the Financial Statements. Such controls have been tested at during the year and no reportable material weakness in the design or operations was observed. Moreover, regular review of the processes ensure that such systems are reinforced on an ongoing basis.

Over and above Company's in house Internal Audit team, the Company has appointed PWC to ensure compliance and effectiveness of the Internal Control Systems .

The Audit Committee regularly reviews the Internal Audit Reports for the auditing carried out in all the key areas of the operations. Additionally the Audit Committee approves all the audit plans and reports for significant issues raised by the Internal and External Auditors. Regular reports on the business development, future plans and projections are given to the Board of Directors. Internal Audit Reports are regularly circulated for perusal of Senior Management for appropriate action as required.

Normal foreseeable risks of the Company's assets are adequately covered by comprehensive insurance.

**c) Financial and Operational Performance :**

The Highlights of Financial Operational Performance are given below :

(Rs. in lacs)

| Sl. No. | Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|---|
| | | **2019-20** | 2018-19 | **2019-20** | 2018-19 |
| 1 | Revenue from operations | **2,55,142** | 2,53,779 | **2,63,697** | 2,65,707 |
| 2 | Other Income | **1,276** | 1,241 | **1,250** | 1,266 |
| 3 | Sub-total | **2,56,418** | 2,55,020 | **2,64,947** | 2,6,973 |
| 4 | Total Expenditure (Before interest and depreciation) | **2,43,248** | 2,41,306 | **2,51,616** | 2,53,018 |
| 5 | PBDIT | **13,170** | 13,714 | **13,331** | 13,955 |
| 6 | PBDIT % | **5.14%** | 5.38% | **5.03%** | 5.23% |
| 7 | Profit After Tax | **2,799** | 7,395 | **2,577** | 7,108 |

**d) Human Resources Development and Industrial Relations :**

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 recruiting, maintaining and developing its human asset base. It offer's a wide range of career development programmes including on the job training and job rotation amongst others. A highly evolved Human Resource Policy has ensured a minimal rate of attrition amongst executives. IFB's welfare activities for employees include Medical Care, Group Insurance etc.

**e) Key Financial Ratios :**

Key Financial Ratios for the financial year ended 31 March 2020 is enclosed as a part of this report as **Annexure H**.

**f) Cautionary Statement :**

Statements in the Management Discussion and Analysis and Directors Report describing the Company's strengths, strategies, projections and estimates, are forward-looking statements and progressive within the meaning of applicable laws and regulations. The Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors. Readers are cautioned not to place undue reliance on the forward looking statements.

For and on behalf of the Board of Directors

**Bikram Nag**
(DIN: 00827155)
*Joint Executive Chairman & Managing Director*

**Prabir Chatterjee**
(DIN: 02662511)
*Director & CFO*

Place : Bengaluru
Date : 6 July 2020

ANNEXURE - A

**Form No. MR-3**

# SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

**To**
**The Members**
**M/s. IFB Industries Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IFB Industries Ltd.** (hereinafter called the Company). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 ("the Act") and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") :-

   a] The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b] The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c] The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the company during the audit period);

   d] Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the company during the audit period)

   e] The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the company during the audit period);

   f] The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g] The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the company during the audit period); and

   h] The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 (Not applicable to the company during the audit period).

(vi) The other laws, as informed and certified by the Management of the Company, which are specifically applicable to the Company namely:

a] The Environment (Protection) Act, 1986, read with the Environment (Protection) Rules, 1986;

b] The Water (Prevention & Control of Pollution)Act, 1974, read with Water (Prevention & Control of Pollution) Rules, 1975;

c] The Air (Prevention & Control of Pollution) Act, 1981 read with Air (Prevention & Control of Pollution) Rules, 1982;

d] The Factories Act, 1948 and allied state laws.

We have also examined compliance with the applicable clauses of the following:

(i) The Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India;

(ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

We report that, during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

a) The Company has complied with all the mandatory requirements as specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI LODR except the provisions under Regulation 17 (1) & 21 (2) pertaining to composition of the Board of Directors and composition of majority of members of risk Management Committee with Board members which were also complied with as on 31st March, 2020. The Company received notices from NSE & BSE against which proper representations were made before the exchanges and under protest paid the fine imposed by stock exchanges. It is to be noted that, NSE has already waived the fine imposed under Regulation 21(2) of SEBI(LODR), 2015.

b) The Company has paid/provided managerial remuneration to its directors including Managing Director and whole time directors in excess of the limits and approvals prescribed under section 197 read with Schedule V to the Companies Act, 2013. As informed to us, the Company proposes to seek necessary approval from the shareholders in the ensuing annual general meeting.

**We further report that,** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period there were no instances of the Company entering into any events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above for example :

(i) Public/Right/Preferential issue of Shares/Debentures/Sweat Equity, etc.;

(ii) Redemption/Buy-back of Securities;

(iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013;

(iv) Merger/Amalgamation/Reconstruction, etc.;

(v) Foreign Technical Collaborations.

For **PATNAIK & PATNAIK**
*Company Secretaries*

**S. K. Patnaik**
*Partner*

Place : Kolkata — FCS No.: 5699, C.P. No.: 7117
Date : 6th July, 2020 — UDIN: F005699B000420300

*[Note : This Report is to be read with our letter of declaration which is annexed hereto as **"Annexure –A"** and forms an integral part of this Report.]*

## Annexure - A

**To**
**The Members**
**M/s. IFB Industries Limited**

Our Report is to be read along with this letter.

(i) Maintenance of secretarial record is theresponsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

(ii) We have followed the audit practices and processesas appropriate to obtain reasonable assurance aboutthe correctness of the contents of the secretarial records. The verification was done on test basis toensure that correct facts are reflected in secretarial records. We believe that the processes and practices,we followed provide a reasonable basis for our opinion.

(iii) We have not verified the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts since the same have been subject to review by the statutory financial auditors, tax auditors and other designated professionals.

(iv) The status of compliance of other laws as listed at (vi)in our Report, we relied upon the statement providedby the Management.

(v) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.

(vi) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards isthe responsibility of Management. Our examination was limited to the verification of the same on testbasis.

(vii) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of theefficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **PATNAIK & PATNAIK**
*Company Secretaries*

**S. K. Patnaik**
*Partner*
FCS No.: 5699, C.P. No.: 7117
UDIN: F005699B000420300

Place : Kolkata
Date : 6th July, 2020

ANNEXURE - B

# CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC.

Information on conservation of Energy, Technology absorption, Foreign Exchange earning and outgo required to be disclosed under section 134 of the companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

| | | |
|---|---|---|
| **(A)** | **Conservation of Energy :** | |
| | 1. Steps taken or impact on conservation of energy. | Energy conservation continues to receive priority attention at all levels.<br>All the factories have implemented measures to maintain the power factor in excess of 0.97 to reduce reactive power losses<br>High energy illumination is being replaced, on an ongoing basis, by lower power consuming illumination (Eg LED lights) in the working area.<br>Engineering Division had installed some press automation for component evacuation which will help in reduction of Air consumption and also will help in protecting the parts from dent and damages. |
| | 2. The steps taken by the company for utilizing alternate sources of energy | The factory at Goa is now operating majorly with solar energy.<br>All lighting in offices are covered by auto-shut off mode sensors – which only activate lighting when movements are traceable.<br>Areas like the paint shop have already been shifted to LPG led burners - diesel usage has been eliminated.<br>As mentioned earlier, the washer factory at Goa is running with solar energy for a major part of its consumption. |
| | 3. The capital investment on energy conservation equipment. | Not significant, as work has been done over the years. |
| **(B)** | **Technology absorption :** | |
| | 1. The efforts made towards technology absorption. | In its Home Appliance Division, the company continues to work with partners from countries like Italy, China, Korea etc - to enhance knowledge and capability developments. |
| | 2. The benefits derived like product improvement, cost reduction, product development or import substitution. | Localization of electronic controllers – this is a major import substitution agenda for the country – in line with the Government's Make in India program.<br>Testing and validation of products iOT, wireless controls and app based controls for appliances. Advance Sensors Internal design teams are working on technology upgrades, cost reduction and product improvement projects on an ongoing basis. |

| | | |
|---|---|---|
| | 3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) | |
| | a. The details of technology imported | The technology imported during last year includes designs for Air conditioners, with which the company will substitute imports and saveforeign exchange. The technology has been fully absorbed. |
| | b. The year of import | 2019-20 |
| | c. Whether the technology been fully absorbed | Technology fully absorbed. |
| | d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof. | – |
| **(C)** | The expenditure incurred on Research and Development | Data provided in the table below : |

**Expenditure on R&D** **(Rs in lacs)**

| Sl No | Particulars | 2019 – 20 | 2018 – 19 |
|---|---|---|---|
| A | Capital | **2,188** | **1,377** |
| B | Recurring | **3,884** | **3,505** |
| C | Total | **6,072** | **4,882** |

**(D) The foreign exchange earnings and Outgo :**

The Foreign Exchange outgo and foreign exchange earned by the Company during the year are detailed in Note 39 under note to the Financial Statements.

For and on behalf of the Board of Directors

**Bikram Nag**
(DIN: 00827155)
*Joint Executive Chairman*
*& Managing Director*

**Prabir Chatterjee**
(DIN: 02662511)
*Director & CFO*

Place : Bengaluru
Date : 6 July 2020

ANNEXURE - C

# CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee (CSR) constituted pursuant to provisions of section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy ) Rules, 2014 are provided herein below :

| | | | |
|---|---|---|---|
| 1 | A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.<br><br>Weblink: | : | The CSR Committee decided to spend amount towards promoting education, Skill development programme, Eradicating Hunger, Malnutrition, Promoting Healthcare and safe drinking water etc. during the year 2019-20<br><br>www.ifbindustries.com /csr_policy.php. |
| 2 | The Composition of the CSR Committee. | : | Members of CSR Committee :<br>Dr. Rathindra Nath Mitra - Chairman<br>Mr. Sudip Banerjee -Member<br>Mr. Prabir Chatterjee - Member |
| 3 | Average net profit of the company for last three financial years. | : | Average net profit of Rs. 9,126 lacs |
| 4 | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above). | : | Rs. 182.52 lacs |
| 5 | Details of CSR spent during the financial year : 2019-20<br>a) Total amount to be spent for the financial year 2019-20<br>b) Amount un spent, if any | <br>:<br>: | <br>Rs. 182.52 lacs<br>Rs. 113.86 lacs |

The CSR Committee confirms that implementation and monitoring of CSR Policy is in compliance with CSR objective and policy of the Company.

**(c) Manner in which the amount spent during the financial year is detailed below:**

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|
| **Sl. No.** | **CSR project or activity identified.** | **Sector in which the project is covered.** | **Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs were undertaken.** | **Amount outlay (budget) project or programs wise. (Rs. Lacs)** | **Amount spent on the projects or programs sub-heads : 1) Direct on projects or programs- 2) Overheads: (Rs. Lacs)** | **Cumulative expenditure upto the reporting period. (Rs. Lacs)** | **Amount spent direct or through implementing agency.** |
| 1. | Promoting Education, Skill development programme | Promoting Education & Skill development | Chetla Girls High School, Kolkata | | 4.00 | | |
| | | | Nabodisha School, Under Taratala Police Station, Kolkata | | 7.30 | | |
| | | | Mushtifund Aryaan Higher School, Goa | | 1.00 | 51.99 | Direct |
| | | | Shri Bhumika Primary School, Dist – Goa | | 6.00 | | |
| | | | Carmel Society, Goa | 122.52 | 0.99 | | |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|
| **Sl. No.** | **CSR project or activity identified.** | **Sector in which the project is covered.** | **Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs were undertaken.** | **Amount outlay (budget) project or programs wise. (Rs. Lacs)** | **Amount spent on the projects or programs sub-heads : 1) Direct on projects or programs- 2) Overheads: (Rs. Lacs)** | **Cumulative expenditure upto the reporting period. (Rs. Lacs)** | **Amount spent direct or through implementing agency.** |
| | | | Sai Nursing Institute,Sankhali -Goa | | 6.00 | | |
| | | | Chetna Charitable Trust,Curchorem – Goa 403706 | | 10.90 | | |
| | | | Blessed Joseph vaz high School-Goa | | 2.40 | | Direct |
| | | | our lady of Perpetual Succour High School Cortalim | | 1.40 | | |
| | | | Sri Ramakunjeshwara Vidyasabha – Bangalore | | 4.50 | | |
| | | | Sandeepani Rural Education Society | | 7.50 | | |
| 2. | Eradicating Hunger, malnutrition etc. | Eradicating Hunger, malnutrition etc. | Karma Kutir,In and around Kolkata | 15.00 | 4.74 | 5.15 | Direct |
| | | | Bakrey Free Primary School, Gangarampur, South 24 Parganas | | 0.41 | | |
| 3. | Promoting Healthcare and Safe Drinking Water | Promoting Healthcare and making available Safe Drinking Water | Margao, South Goa District | 45.00 | 5.95 | 11.52 | Direct |
| | | | Gangarampur, South 24 Parganas | | 5.57 | | |
| **Total** | | | | **182.52** | **68.66** | **68.66** | |

For and on behalf of the Board of Directors

**Bikram Nag**
(DIN: 00827155)
*Joint Executive Chairman & Managing Director*

**Prabir Chatterjee**
(DIN: 02662511)
*Director & CFO*

Place : Bengaluru
Date : 6 July 2020

ANNEXURE - D

**Form No MGT-9**

# EXTRACT OF THE ANNUAL RETURN

**As on the financial year ended on 31 March 2020**

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies(Management and Administration) Rules, 2014]*

## I. REGISTRATION AND OTHER DETAILS

| | | |
|---|---|---|
| i) | CIN | L51109WB1974PLC029637 |
| iii) | Registration Date | 12.09.1974 |
| iii) | Name of the Company | **IFB INDUSTRIES LIMITED** |
| iv) | Category/Sub Category of the Company | Company Limited by shares |
| v) | Address of registered office & Contact Details | 14 Taratala Road<br>Kolkata-700088<br>Tel: (033) 3048 9219<br>Fax: (033) 3048 9230 |
| vi) | Whether shares listed on recognized Stock Exchange(s) | Yes |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any: | CB Management Services Pvt Ltd<br>P-22 Bondel Road, Kolkata-700 019<br>Tel No: (033) 4011 6700/22806692/93/94<br>Fax No: (033) 2287 0263 |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated :

| SL No. | Name & Description of the main products/services | NIC Code of the Product/Service | % to total turnover of the Company |
|---|---|---|---|
| 1. | Engineering –<br>Manufacture of diverse part and accessories for Motor Vehicle, etc. | 29301 | 17% |
| 2. | Home Appliance Products | 27501 | 82% |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| S.No. | Name and address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable section |
|---|---|---|---|---|---|
| 1 | Trishan Metals Private Limited | U27109WB1996PTC079844 | Subsidiary | 51.12 | 2(87) |
| 2 | Global Automotive & Appliances Pte. Ltd. | N.A | Wholly Owned Subsidiary | 100 | 2(87) |
| 3 | Thai Automotive & Appliances Ltd. | N.A | Step Down Subsidiary | 100 | 2(87) |

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year 01.04.2019 | | | | No. of Shares held at the end of the year 31.03.2020 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| **(1) Indian** | | | | | | | | | |
| a) Individual/ HUF | 292771 | – | 292771 | 0.72 | 292771 | – | 292771 | 0.72 | – |
| b) Central Government(s) | – | – | – | – | – | – | – | – | – |
| c) State Government(s) | – | – | – | – | – | – | – | – | – |
| d) Bodies Corporate | 30080428 | – | 30080428 | 74.24 | 30080428 | – | 30080428 | 74.24 | – |
| e) Bank/FIs | – | – | – | – | – | – | – | – | – |
| f) Others | – | – | – | – | – | – | – | – | – |
| **Sub Total (A)(1) :** | **30373199** | **–** | **30373199** | **74.96** | **30373199** | **–** | **30373199** | **74.96** | **–** |
| **(2) Foreign** | | | | | | | | | |
| a) NRIs - Individuals | – | – | – | – | – | – | – | – | – |
| b) Other - Individuals | – | – | – | – | – | – | – | – | – |
| c) Bodies Corporate | – | – | – | – | – | – | – | – | – |
| d) Bank/FIs | – | – | – | – | – | – | – | – | – |
| e) Any Other | – | – | – | – | – | – | – | – | – |
| **Sub Total (A)(2) :** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Total shareholding of Promoter (A) = (A)(1) + (A)(2)** | **30373199** | **–** | **30373199** | **74.96** | **30373199** | **–** | **30373199** | **74.96** | **–** |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | 865245 | 35763 | 901008 | 2.22 | 951681 | 35763 | 987444 | 2.44 | 0.22 |
| b) Bank/FIs | 6669 | 1647 | 8316 | 0.03 | 8129 | 1647 | 9776 | 0.02 | -0.01 |
| c) Central Government(s) | – | – | – | – | – | – | – | – | – |
| d) State Government(s) | – | – | – | – | – | – | – | – | – |
| e) Venture Capital Funds | – | – | – | – | – | – | – | – | – |
| f) Insurance Companies | – | – | – | – | – | – | – | – | – |
| g) FIIs | – | – | – | – | – | – | – | – | – |
| h) Foreign Venture Capital Investors | – | – | – | – | – | – | – | – | – |
| i) Foreign Portfolio Investors | 3192108 | 17512 | 3209620 | 7.92 | 3340709 | 17512 | 3358221 | 8.29 | 0.37 |
| j) Alternate Investment Funds | – | – | – | – | – | – | – | – | – |
| k) Others (specify) | | | | | – | – | – | – | |
| **Sub Total (B)(1) :** | **4064022** | **54922** | **4118944** | **10.17** | **4300519** | **54922** | **4355441** | **10.75** | **0.58** |

| Category of Shareholders | No. of Shares held at the beginning of the year 01.04.2019 | | | | No.of Shares held at the end of the year 31.03.2020 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | 1387198 | 37855 | 1425053 | 3.52 | 1299935 | 33005 | 1332940 | 3.29 | -0.23 |
| ii) Overseas | – | – | – | – | – | – | – | – | – |
| b) Individuals | – | – | – | – | – | – | – | – | – |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 1894740 | 680595 | 2575335 | 6.36 | 2116612 | 549366 | 2665978 | 6.58 | 0.22 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 1823356 | 10167 | 1833523 | 4.52 | 1230930 | – | 1230930 | 3.03 | -1.49 |
| c) Other (specify) | | | | | | | | | |
| i) NRI | 166246 | 1999 | 168245 | 0.41 | 187361 | 1699 | 189060 | 0.47 | 0.06 |
| ii) Clearing Member | 6306 | – | 6306 | 0.02 | 34073 | – | 34073 | 0.08 | 0.06 |
| iii) OCB | – | – | – | – | – | – | – | – | – |
| iv) Trust | 18191 | – | 18191 | 0.04 | 33379 | – | 33379 | 0.08 | 0.04 |
| Foreign Body Corporate | – | – | – | – | – | – | – | – | – |
| Employee | – | – | – | – | 135091 | 94449 | 229540 | 0.57 | 0.57 |
| Director & Director Relatives | – | – | – | – | 18670 | – | 18670 | 0.05 | 0.05 |
| LLP | – | – | – | – | 15626 | – | 15626 | 0.04 | 0.04 |
| HUF | – | – | – | 0.00 | 39960 | – | 39960 | 0.10 | 0.10 |
| **Sub-total (B)(2) :** | **5296037** | **730616** | **6026653** | **14.87** | **5111637** | **678519** | **5790156** | **14.29** | **-0.58** |
| | | | | | | | | | |
| **(B) Total Public Shareholding (B) = (B)(1)+ (B)(2)** | **9360059** | **785538** | **10145597** | **25.04** | **9412156** | **733441** | **10145597** | **25.04** | **–** |
| | | | | | | | | | |
| **(C) Shares held by Custodian for GDRs & ADRs** | – | – | – | – | – | – | – | – | – |
| **Grand Total (A+B+C)** | **39733258** | **785538** | **40518796** | **100.00** | **39785355** | **733441** | **40518796** | **100.00** | **–** |

### ii) Shareholding of Promoters

| SL. No. | Shareholder's Name | Shareholding at the beginning of the year 01.04.2019 | | | Shareholding at the end of the year 31.03.2020 | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Bijon Nag | 157869 | 0.3896 | – | 157869 | 0.3896 | – | – |
| 2 | Preombada Nag | 131902 | 0.3255 | – | 131902 | 0.3255 | – | – |
| 3 | Bikramjit Nag | 3000 | 0.0074 | – | 3000 | 0.0074 | – | – |
| 4 | Mac Consultants Pvt Ltd. | 706197 | 1.7429 | – | 706197 | 1.7429 | – | – |
| 5 | CPL Industries .Ltd. | 74813 | 0.1846 | – | 74813 | 0.1846 | – | – |
| 6 | CPL Projects .Ltd. | 523535 | 1.2921 | – | 523535 | 1.2921 | – | – |
| 7 | IFB Agro Industries.Ltd. | 172733 | 0.4263 | – | 172733 | 0.4263 | – | – |
| 8 | Shubh Engineering Ltd. | 260723 | 0.6435 | – | 260723 | 0.6435 | – | – |
| 9 | Asansol Bottling & Packaging Company Pvt Ltd | 3366428 | 8.3083 | – | 3366428 | 8.3083 | – | – |
| 10 | IFB Automotive Pvt.Ltd. | 18856833 | 46.5385 | – | 18856833 | 46.5385 | – | – |
| 11 | Special Drinks Pvt.Ltd. | 17250 | 0.0426 | – | 17250 | 0.0426 | – | – |
| 12 | ZIM Properties Pvt.Ltd. | 34300 | 0.0847 | – | 34300 | 0.0847 | – | – |
| 13 | Windsor MarketiersPvt.Ltd. | 19600 | 0.0484 | – | 19600 | 0.0484 | – | – |
| 14 | Lupin Agencies Pvt.Ltd. | 37600 | 0.0928 | – | 37600 | 0.0928 | – | – |
| 15 | Nurpur Gases Pvt.Ltd. | 6010416 | 14.8336 | – | 6010416 | 14.8336 | – | – |
| | **Total** | **30373199** | **74.9608** | **–** | **30373199** | **74.9608** | **–** | **–** |

### iii) Change in Promoters Shareholding (please specify, if there is no change) :

| SL. No. | | Shareholding at the beginning of the year 01.04.2019 | | Cumulative Shareholding during the year 31.03.2020 | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | **30373199** | **74.96** | **30373199** | **74.96** |
| | Date wise increase/decrease in Promoters Shareholding during the year specifying the reason for increase/decrease (e.g. allotment/ transfer/bonus sweat equity etc. ) : | No Change in Shareholding during the year | | | |
| | At the end of the year | **30373199** | **74.96** | **30373199** | **74.96** |

iv) **Shareholding Pattern of top ten shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)**

| SL. No. | NAME | Date | Reason | Shareholding at the beginning of the year 01.04.2019 | | Cumulative Shareholding during the year 31.03.2020 | |
|---|---|---|---|---|---|---|---|
| | | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | KOTAK MAHINDRA (INTERNATIONAL) LIMITED | | | | | | |
| | a) At the beginning of the year | 1-Apr-2019 | | 1770451 | 4.37 | 1770451 | 4.37 |
| | b) Changes during the year | 20-Dec-2019 | Sale | 1770451 | 4.37 | – | – |
| | c) At the end of the year | 31-Mar-2020 | | | | – | – |
| 2. | JWALAMUKHI INVESTMENT HOLDINGS | | | | | | |
| | a) At the beginning of the year | 1-Apr-2019 | | 1149759 | 2.84 | 1149759 | 2.84 |
| | b) Changes during the year | 20-Dec-2019 | Buy | 1770451 | 4.37 | 2920210 | 7.21 |
| | | 13-Mar-2020 | Sale | 15070 | 0.04 | 2905140 | 7.17 |
| | c) At the end of the year | 31-Mar-2020 | | | | 2905140 | 7.17 |
| 3. | CHATTERJEE MANAGEMENT SERVICES PRIVATE LIMITED | | | | | | |
| | a) At the beginning of the year | 1-Apr-2019 | | 680260 | 1.68 | 680260 | 1.68 |
| | b) Changes during the year | NIL | | – | – | – | – |
| | c) At the end of the year | 31-Mar-2020 | | | | 680260 | 1.68 |
| 4. | ASHISH KACHOLIA | | | | | | |
| | a) At the beginning of the year | 1-Apr-2019 | | 435810 | 1.08 | 435810 | 1.08 |
| | b) Changes during the year | 7-Jun-2019 | Buy | 2409 | 0.01 | 438219 | 1.08 |
| | | 8-Nov-2019 | Buy | 3601 | 0.01 | 441820 | 1.09 |
| | | 15-Nov-2019 | Buy | 6268 | 0.02 | 448088 | 1.11 |
| | | 22-Nov-2019 | Buy | 131 | – | 448219 | 1.11 |
| | | 20-Dec-2019 | Sale | 10167 | 0.03 | 438052 | 1.08 |
| | | 17-Jan-2020 | Sale | 56146 | 0.14 | 381906 | 0.94 |
| | | 24-Jan-2020 | Sale | 600 | 0.00 | 381306 | 0.94 |
| | | 31-Jan-2020 | Sale | 25000 | 0.06 | 356306 | 0.88 |
| | | 7-Feb-2020 | Sale | 3600 | 0.01 | 352706 | 0.87 |
| | | 14-Feb-2020 | Sale | 14787 | 0.04 | 337919 | 0.83 |
| | | 6-Mar-2020 | Sale | 14160 | 0.03 | 323759 | 0.80 |
| | | 31-Mar-2020 | Sale | 100000 | 0.25 | 223759 | 0.55 |
| | c) At the end of the year | 31-Mar-2020 | | | 0.00 | 223759 | 0.55 |

| SL. No. | NAME | Date | Reason | Shareholding at the beginning of the year 01.04.2019 | | Cumulative Shareholding during the year 31.03.2020 | |
|---|---|---|---|---|---|---|---|
| | | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 5. | HDFC TRUSTEE COMPANY LTD A/C - HDFC CHILDREN'S GIFT FUND - INVESTMENT PLAN | | | | | | |
| | a) At the beginning of the year | 1-Apr-2019 | | 433957 | 1.07 | 433957 | 1.07 |
| | b) Changes during the year | 17-May-2019 | Buy | 5000 | 0.01 | 438957 | 1.08 |
| | | 31-May-2019 | Buy | 1550 | 0.00 | 440507 | 1.09 |
| | | 21-Jun-2019 | Buy | 65300 | 0.16 | 505807 | 1.25 |
| | | 28-Jun-2019 | Buy | 7128 | 0.02 | 512935 | 1.27 |
| | | 12-Jul-2019 | Buy | 20463 | 0.05 | 533398 | 1.32 |
| | | 19-Jul-2019 | Buy | 5030 | 0.01 | 538428 | 1.33 |
| | c) At the end of the year | 31-Mar-2020 | | | 0.00 | 538428 | 1.33 |
| 6. | UTI-MID CAP FUND | | | | | | |
| | a) At the beginning of the year | 1-Apr-2019 | | 393755 | 0.97 | 393755 | 0.97 |
| | b) Changes during the year | NIL | | – | – | – | – |
| | c) At the end of the year | 31-Mar-2020 | | | | 393755 | 0.97 |
| 7. | ASHISH AGARWAL | | | | | | |
| | a) At the beginning of the year | 1-Apr-2019 | | 298529 | 0.74 | 298529 | 0.74 |
| | b) Changes during the year | NIL | | – | – | – | – |
| | c) At the end of the year | 31-Mar-2020 | | | | 298529 | 0.74 |
| 8. | DOLLY KHANNA | | | | | | |
| | a) At the beginning of the year | 1-Apr-2019 | | 211268 | 0.52 | 211268 | 0.52 |
| | b) Changes during the year | 5-Apr-2019 | Sale | 2650 | 0.01 | 208618 | 0.51 |
| | | 12-Apr-2019 | Sale | 8400 | 0.02 | 200218 | 0.49 |
| | | 19-Apr-2019 | Sale | 4554 | 0.01 | 195664 | 0.48 |
| | | 26-Apr-2019 | Sale | 7200 | 0.02 | 188464 | 0.47 |
| | | 3-May-2019 | Sale | 3356 | 0.01 | 185108 | 0.46 |
| | | 10-May-2019 | Sale | 11609 | 0.03 | 173499 | 0.43 |
| | | 17-May-2019 | Sale | 7445 | 0.02 | 166054 | 0.41 |
| | | 24-May-2019 | Sale | 6205 | 0.02 | 159849 | 0.39 |
| | | 31-May-2019 | Sale | 22233 | 0.05 | 137616 | 0.34 |
| | | 7-Jun-2019 | Sale | 12185 | 0.03 | 125431 | 0.31 |
| | | 14-Jun-2019 | Sale | 3236 | 0.01 | 122195 | 0.30 |

| SL. No. | NAME | Date | Reason | Shareholding at the beginning of the year 01.04.2019 | | Cumulative Shareholding during the year 31.03.2020 | |
|---|---|---|---|---|---|---|---|
| | | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | | 21-Jun-2019 | Sale | 7415 | 0.02 | 114780 | 0.28 |
| | | 28-Jun-2019 | Sale | 574 | 0.00 | 114206 | 0.28 |
| | | 5-Jul-2019 | Sale | 3000 | 0.01 | 111206 | 0.27 |
| | | 12-Jul-2019 | Sale | 3000 | 0.01 | 108206 | 0.27 |
| | | 19-Jul-2019 | Sale | 500 | 0.00 | 107706 | 0.27 |
| | | 26-Jul-2019 | Sale | 2500 | 0.01 | 105206 | 0.26 |
| | | 2-Aug-2019 | Sale | 4500 | 0.01 | 100706 | 0.25 |
| | | 9-Aug-2019 | Sale | 3000 | 0.01 | 97706 | 0.24 |
| | | 16-Aug-2019 | Sale | 1000 | 0.00 | 96706 | 0.24 |
| | | 23-Aug-2019 | Sale | 2379 | 0.01 | 94327 | 0.23 |
| | | 6-Sep-2019 | Sale | 1000 | – | 93327 | 0.23 |
| | | 13-Sep-2019 | Sale | 1452 | – | 91875 | 0.23 |
| | | 27-Sep-2019 | Sale | 3000 | 0.01 | 88875 | 0.22 |
| | | 30-Sep-2019 | Sale | 1000 | – | 87875 | 0.22 |
| | | 4-Oct-2019 | Sale | 1000 | – | 86875 | 0.21 |
| | | 11-Oct-2019 | Sale | 500 | – | 86375 | 0.21 |
| | | 18-Oct-2019 | Sale | 1491 | – | 84884 | 0.21 |
| | | 1-Nov-2019 | Sale | 1000 | – | 83884 | 0.21 |
| | | 8-Nov-2019 | Sale | 4000 | 0.01 | 79884 | 0.20 |
| | | 22-Nov-2019 | Sale | 2000 | 0.00 | 77884 | 0.19 |
| | | 6-Dec-2019 | Sale | 6695 | 0.02 | 71189 | 0.18 |
| | | 13-Dec-2019 | Sale | 1000 | – | 70189 | 0.17 |
| | | 20-Dec-2019 | Sale | 2680 | 0.01 | 67509 | 0.17 |
| | | 31-Dec-2019 | Buy | 3000 | 0.01 | 70509 | 0.17 |
| | | 31-Jan-2020 | Sale | 6000 | 0.01 | 64509 | 0.16 |
| | | 7-Feb-2020 | Sale | 9851 | 0.02 | 54658 | 0.13 |
| | | 14-Feb-2020 | Sale | 8080 | 0.02 | 46578 | 0.11 |
| | | 21-Feb-2020 | Sale | 6296 | 0.02 | 40282 | 0.10 |
| | | 28-Feb-2020 | Sale | 12000 | 0.03 | 28282 | 0.07 |
| | | 6-Mar-2020 | Sale | 6195 | 0.02 | 22087 | 0.05 |
| | | 13-Mar-2020 | Sale | 5136 | 0.01 | 16951 | 0.04 |
| | | 31-Mar-2020 | Sale | 6220 | 0.02 | 10731 | 0.03 |
| | c) At the end of the year | 31-Mar-2020 | | | – | 10731 | 0.03 |

| SL. No. | NAME | Date | Reason | Shareholding at the beginning of the year 01.04.2019 | | Cumulative Shareholding during the year 31.03.2020 | |
|---|---|---|---|---|---|---|---|
| | | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 9. | MERLIN RESOURCES PRIVATE LIMITED | | | | | | |
| | a) At the beginning of the year | 1-Apr-2019 | | 186673 | 0.46 | 186673 | 0.46 |
| | b) Changes during the year | NIL | | | | | |
| | c) At the end of the year | 31-Mar-2020 | | | | 186673 | 0.46 |
| 10. | SURESH KUMAR AGARWAL | | | | | | |
| | a) At the beginning of the year | 1-Apr-2019 | | 151350 | 0.37 | 151350 | 0.37 |
| | b) Changes during the year | NIL | | | | | |
| | c) At the end of the year | 31-Mar-2020 | | | | 151350 | 0.37 |
| 11. | TCG ADVISORY SERVICES PRIVATE LIMITED | | | | | | |
| | a) At the beginning of the year | 1-Apr-2019 | | 122071 | 0.30 | 122071 | 0.30 |
| | b) Changes during the year | NIL | | | | | |
| | c) At the end of the year | 31-Mar-2020 | | | | 122071 | 0.30 |
| 12. | VIJAY AGGARWAL | | | | | | |
| | a) At the beginning of the year | 1-Apr-2019 | | – | – | – | – |
| | b) Changes during the year | 13-Sep-2019 | Buy | 55000 | 0.14 | 55000 | 0.14 |
| | | 20-Sep-2019 | Buy | 20000 | 0.05 | 75000 | 0.19 |
| | c) At the end of the year | 31-Mar-2020 | | | | 75000 | 0.19 |
| 13. | THE EMERGING MARKETS SMALL CAP SERIES OF THE DFA INVESTMENT TRUST COMPANY | | | | | | |
| | a) At the beginning of the year | 1-Apr-2019 | | 60762 | 0.15 | 60762 | 0.15 |
| | b) Changes during the year | 26-Apr-2019 | Buy | 955 | – | 61717 | 0.15 |
| | | 3-May-2019 | Buy | 1148 | – | 62865 | 0.16 |
| | | 21-Jun-2019 | Buy | 946 | – | 63811 | 0.16 |
| | | 27-Dec-2019 | Buy | 1005 | – | 64816 | 0.16 |
| | | 17-Jan-2020 | Buy | 1338 | – | 66154 | 0.16 |
| | | 24-Jan-2020 | Buy | 1034 | – | 67188 | 0.17 |
| | | 14-Feb-2020 | Buy | 2515 | 0.01 | 69703 | 0.17 |
| | c) At the end of the year | 31-Mar-2020 | | | | 69703 | 0.17 |

v) **Shareholding of Directors & Key Managerial Personnel**

| SL. No. | For each of the Directors and KMP | Date | Reason | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|
| | | | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Bijon Nag | | | | | | |
| | a) At the beginning of the year | 01.04.2019 | | 157869 | 0.3896 | 157869 | 0.3896 |
| | b) Changes during the year | NIL | | NIL | NIL | NIL | NIL |
| | c) At the end of the year | 31.03.2020 | | | | 157869 | 0.3896 |
| 2. | Bikram Nag | | | | | | |
| | a) At the beginning of the year | 01.04.2019 | | 3000 | 0.0074 | 3000 | 0.0074 |
| | b) Changes during the year | NIL | NIL | NIL | NIL | NIL | NIL |
| | c) At the end of the year | 31.03.2020 | | | | 3000 | 0.0074 |
| 3. | Prabir Chatterjee | | | | | | |
| | a) At the beginning of the year | 01.04.2019 | | 18670 | 0.0461 | 18670 | 0.0461 |
| | b) Changes during the year | NIL | NIL | NIL | NIL | NIL | NIL |
| | c) At the end of the year | 31.03.2020 | | | | 18670 | 0.0461 |
| 4. | Goutam Ray Chowdhury (Company Secretary) | | | | | | |
| | a) At the beginning of the year | 01.04.2019 | | 18228 | 0.0450 | 18228 | 0.0450 |
| | b) Changes during the year | NIL | NIL | NIL | NIL | NIL | NIL |
| | c) At the end of the year | 31.03.2020 | | | | 18228 | 0.0450 |
| 5 | Raj Shankar Ray (CEO -HAD) | | | | | | |
| | a) At the beginning of the year | 01.04.2019 | | 12980 | 0.0320 | 12980 | 0.0320 |
| | b) Changes during the year | 06.09.2019 | Sale | 758 | 0.0019 | 12222 | 0.0302 |
| | c) At the end of the year | 31.03.2020 | | | | 12222 | 0.0302 |
| 6 | Partha Sen (CEO - Engineering) | | | | | | |
| | a) At the beginning of the year | 01.04.2019 | | NIL | NIL | NIL | NIL |
| | b) Changes during the year | NIL | NIL | NIL | NIL | NIL | NIL |
| | c) At the end of the year | 31.03.2020 | | NIL | NIL | NIL | NIL |

**V) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment**

**(Rs.)**

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 14,02,65,465 | – | – | 14,02,65,465 |
| ii) Interest due but not paid | – | | | – |
| iii) Interest accrued but not due | 8,01,370 | | | 8,01,370 |
| **Total (i+ii+iii)** | **14,10,66,835** | | | **14,10,66,835** |
| **Change in Indebtedness during the financial year** | | | | |
| * Addition | 5,04,90,24,503.73 | | | 5,04,90,24,503.73 |
| * Reduction | 2,30,78,51,625.04 | | | 2,30,78,51,625.04 |
| **Net Change** | **2,74,11,72,878.69** | **–** | **–** | **2,74,11,72,878.69** |
| **Indebtedness at the end of the financial year** | | - | - | |
| i) Principal Amount | 2,84,90,17,084.58 | – | – | 2,84,90,17,084.58 |
| ii) Interest due but not paid | – | – | – | – |
| iii) Interest accrued but not due | 3,32,22,629.05 | – | – | 3,32,22,629.05 |
| **Total (i+ii+iii)** | **2,88,22,39,714** | **–** | **–** | **2,88,22,39,714** |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager :** **(Rs.)**

| Sl. No. | Particulars of Remuneration | Name of the Directors | | | | Total Amount |
|---|---|---|---|---|---|---|
| | | Mr. Bijon Nag (WTD) | Mr. Bikram Nag (MD) | Mr. Prabir Chatterjee (WTD) | Mr. Sudam Maitra (WTD) | |
| 1 | Gross salary | | | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-Tax Act | 1,51,97,452 | 93,94,600 | 83,84,802 | 1,18,42,135 | 4,48,18,989 |
| | b) Value of perquisite u/s 17(2) of the Income-tax Act, 1961 | – | – | – | – | – |
| | c) Profit in lieu of salary under section 17(3) Income Tax Act 1961 | – | – | – | – | – |
| 2 | Stock Option | – | – | – | – | – |
| 3 | Sweat Equity | – | – | – | – | – |
| 4 | Commission<br>- as % of profit<br>- others, specify | – | – | – | – | – |
| 5 | Others, please specify | – | – | – | – | – |
| | **Total (A)** | **1,51,97,452** | **93,94,600** | **83,84,802** | **1,18,42,135** | **4,48,18,989** |
| | Ceiling as per the Act * | **1,20,19,000** | **1,20,00,000** | **1,20,00,000** | **1,02,74,000** | **4,62,93,000** |

* The ceiling limits are based on effective capital as per Schedule V of the Companies Act, 2013. However, the Company is taking necessary approval in the ensuing AGM.

**B. Remuneration to other directors** (Rs.)

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | | Total Amount |
|---|---|---|---|---|---|---|---|---|
| | | Dr. Rathindra Nath Mitra | Mr. Ashok Bhandari | Ms. Sangeeta Sumesh | Mr. Rahul Choudhuri | Mr. Chacko Joseph | Mr. Sudip Banerjee | |
| 1 | **Independent Directors** | | | | | | | |
| | Fee for attending board committee meetings | 8,75,000 | 6,20,000 | 6,20,000 | 6,85,000 | 2,70,000 | – | 30,70,000 |
| | Commission | – | – | – | – | – | – | – |
| | Others, please specify | – | – | – | – | – | – | – |
| | **Total (1)** | **8,75,000** | **6,20,000** | **6,20,000** | **6,85,000** | **2,70,000** | **–** | **30,70,000** |
| 2 | **Other Non-Executive Directors** | | | | | | | |
| | Fee for attending board committee meetings | – | – | – | – | – | 4,90,000 | 4,90,000 |
| | Commission | – | – | – | – | – | – | – |
| | Others, please specify | – | – | – | – | – | – | – |
| | Total (2) | **–** | **–** | **–** | **–** | **–** | **4,90,000** | **4,90,000** |
| | Total (B)=(1+2) | **8,75,000** | **6,20,000** | **6,20,000** | **6,85,000** | **2,70,000** | **4,90,000** | **35,60,000** |
| | Total Managerial Remuneration (A+B) | | | | | | | **4,83,78,989** |
| | Ceiling as per the Act | Total Ceiling as per the Act is 11%. However, the ceiling limit for Executive Directors mentioned in (A) are based on effective capital as per Schedule V of the Act. | | | | | | |

**C. Remuneration to Key Managerial Personnel other than Directors** (Rs.)

| | | Goutam Ray Chowdhury (Company Secretary) | Raj Shankar Ray (Chief Executive Officer–HAD) | Partha Sen (Chief Executive Officer–FBD) | Total |
|---|---|---|---|---|---|
| 1. | Gross salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 76,69,090 | 98,43,750 | 1,02,00,028 | 2,77,12,868 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | – | 9,214.99 | – | 9,214.99 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | – | – | – | – |
| 2. | Stock Option | – | – | – | – |
| 3. | Sweat Equity | – | – | – | – |
| 4. | Commission | – | – | – | – |
| | - as % of profit | | | | |
| | Others, please specify | – | – | – | – |
| 5. | **Total(A)** | **76,69,090** | **98,52,964.99** | **1,02,00,028** | **2,77,22,082.99** |

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES – NIL**

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|---|---|---|---|---|---|
| A. COMPANY | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |
| B. DIRECTORS | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | NIL | NIL | NIL | NIL | NIL |
| Punishment | NIL | NIL | NIL | NIL | NIL |
| Compounding | NIL | NIL | NIL | NIL | NIL |

For and on behalf of the Board of Directors

**Bikram Nag**
(DIN: 00827155)
*Joint Executive Chairman*
*& Managing Director*

**Prabir Chatterjee**
(DIN: 02662511)
*Director & CFO*

Place : Bengaluru
Date : 6 July 2020

ANNEXURE - E

# PARTICULARS OF EMPLOYEES

**The information required pursuant to section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given hereunder.**

**1) The ratio of remuneration of each director to the median remuneration of the employees of the Company:**

| Name | Ratio of remuneration to Median remuneration of employee (including whole time directors) |
|---|---|
| Mr. Bijon Nag | 23.70 |
| Mr. Bikram Nag | 13.64 |
| Mr. Sudam Maitra | 23.02 |
| Mr. Prabir Chatterjee | 13.40 |

**2) Percentage increase in remuneration of each director, Chief Financial Officer (CFO), Chief Executive Officer (CEO), Company Secretary in the financial year 2019-20**

| Name | Designation | % increase in remuneration in the Financial Year |
|---|---|---|
| Mr. Bijon Nag | Executive Chairman | 15.15 |
| Mr. Sudam Maitra* | Deputy Managing Director | 31.15 |
| Mr. Prabir Chatterjee | Director and CFO | 16.19 |
| Mr. G Ray Chowdhury | Company Secretary | 12.57 |
| Mr. Rajshankar Ray | CEO, Home Appliances Division | 15.24 |
| Mr. Partha Sen | CEO, Engineering Division | 13.33 |

*Increase in remuneration % (Percentage) is partly due to availing arrear LTA, Leave Salary, Medical, Gratuity etc. during the year under review.

**Till last year no remuneration was taken by Mr. Bikram Nag, therefore his name has not been included in the above table.

**3) Percentage increase in the median remuneration of employees in the financial year 2019-20 :**

The median remuneration of employees (including whole time directors) was Rs.6.89 lacs and Rs. 5.95 lacs in financial year 2019-20 and 2018-19 respectively. The increase in median remuneration was 15.75%.

**4)** The number of permanent employees on the rolls of the Company as on 31 March 2020 is 2322 nos.

**5)** Average percentage increase in salaries of employees other than managerial personnel in the last financial year and its comparison with the percentage increase in the Managerial Remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the Managerial Remuneration.

| | |
|---|---|
| Average percentage increase in salaries of employees other than managerial personnel during 2019-20 | 4.88 |
| The percentage increase in the Managerial Remuneration | 14.92 |

**6) Key parameter for any variable component availed by the Directors:**

No variable component of remuneration was availed by the Directors.

**7) Affirmation that the remuneration is as per the remuneration policy of the Company :**

The Board of Directors of the Company affirms that the remuneration is as per the remuneration policy of the Company.

In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and other entitled thereto, excluding the information on employees' particulars of employees drawing remuneration in excess to the limits set out in the said rules which is available for inspection of Members. If any Members is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

For and on behalf of the Board of Directors

**Bikram Nag**
(DIN: 00827155)
*Joint Executive Chairman*
*& Managing Director*

**Prabir Chatterjee**
(DIN: 02662511)
*Director & CFO*

Place : Bengaluru
Date : 6 July 2020

ANNEXURE - F

# BUSINESS RESPONSIBILITY REPORT

The Company is conscious of its responsibilities towards various stakeholders such as customers, vendors, employees, shareholders, Bankers, Statutory authorities and to the society at large. Our Business Responsibility Report includes the responses of the Company to the questions on its practices and performance on key principles defined by the Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 covering topics across environment, governance and stakeholder relationships. We provide hereunder the Business Responsibility Report in the format provided under Regulation 34(2)(f) of SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015.

**SECTION A: GENERAL INFORMATION ABOUT THE COMPANY**

1. Corporate Identity Number (CIN) of the Company : L51109WB1974PLC029637
2. Name of the Company : IFB Industries Limited
3. Registered Office Address : 14, Taratala Road, Kolkata – 700088
   Website: www.ifbindustries.com
   E-mail id : investors@ifbglobal.com
4. Financial Year reported : 2019-2020
5. Sector(s) that the Company is engaged in (industrial activity code-wise)

| Sl. No. | Name and Description of main products/ service | NIC Code of the Product/Service |
|---|---|---|
| 1 | Engineering – Manufacture of diverse parts and accessories for motor vehicles etc | 29301 |
| 2 | Home Appliances Products | 27501 |

6. List three key products/services that the Company manufactures/provides (as in balance sheet)
   (a) Diverse parts and accessories for motor vehicles etc.
   (b) Washing Machine
   (c ) Microwave Ovens
7. Total number of locations where business activity is undertaken by the Company
   (a) Number of International Locations (Provide details of major 5) : NIL. However, the company has a subsidiary i.e. Global Automotive & Appliances Pte. Ltd. at Singapore and a step down subsidiary Thai Automotive & Appliances Ltd. at Thailand.
   (b) Number of National Locations : The Company's business and operations are spread across the country. Details of Plant locations are provided in the section, 'General Shareholder Information' in the Corporate Governance Report.
8. Markets served by the Company – IFB's products and services have a national presence and some of products are exported.

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

1. Paid up Capital (INR): Rs.4128 lacs
2. Total Turnover (INR): Rs. 256,418 lacs
3. Total profit after taxes (INR): Rs. 2799 lacs
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 0.75% of average profit for previous three years.

5. List of activities in which expenditure in 4 above has been incurred:
   (a) Promoting Education
   (b) Skill Development Program
   (c) Eradicating Hunger, malnutrition and safe drinking water.

**SECTION C: OTHER DETAILS**

1. Does the Company have any Subsidiary Company/ Companies? – Yes.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) - No
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] - No

**SECTION D: BR INFORMATION**

**1. Details of Director/Directors responsible for BR**

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies
   1. DIN Number 00827155
   2. Name: Mr. Bikram Nag
   3. Designation: Joint Executive Chairman and Managing Director

(b) Details of the BR Head

| No. | Particulars | Details | Details |
|---|---|---|---|
| 1 | DIN Number (if applicable) | N.A | N.A |
| 2 | Name | Mr. Rajshankar Ray | Mr. Partha Sen |
| 3 | Designation | CEO – Home Appliances Division | CEO – Engineering Division |
| 4 | Telephone number | 0832 3044800 | 033 30489299 |
| 5 | e-mail id | rajshankar_ray@ifbglobal.com | partha_sen@ifbglobal.com |

2. **Principle-wise (as per NVGs) BR Policy/policies**

(a) Details of compliance (Reply in Y/N)

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Do you have a policy/ policies for. | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 3 | Does the policy conform to any national / international standards? If yes, specify? | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 4 | Has the policy being approved by the Board? Is yes, has it been signed by MD/ Owner/CEO/ appropriate Board director? | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 5 | Does the Company have a specified committee of the Board /Director/Official to oversee the implementation of the Policy? | √ | √ | √ | √ | √ | √ | √ | √ | √ |

| No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 6 | Indicate the link for the policy to be viewed online? | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 8 | Does the Company have in house structure to implement the policy/ policies. | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | √ | √ | √ | √ | √ | √ | √ | √ | √ |
| 10 | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | √ | √ | √ | √ | √ | √ | √ | √ | √ |

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) – Not applicable

3. **Governance related to BR**

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year: Five Board meetings were held during the year and different committees meeting were held time to time.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? –

Yes. Being published once a year with the Annual Report of the Company. The report can be viewed at www.ifbindustries.com/legal/investors.

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1**

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?

   Yes. It extends only to the Company.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   During the past financial year no compliant received.

**Principle 2**

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

   *(a) Not directly applicable – however, the following points can be noted*

   *a. The front loading and top loading automatic washers save water during the washing process – compared to manual washing.*

   *b. The appliances manufactured and marketed are energy efficient – and benchmarked to global standards*

   *c. Fine blanking does not have any product design of its own. It manufactures components etc. on the basis of drawings and designs given by customers. FBD follows the process as agreed and approved by the customers.*

(b) *The design process currently followed does not directly incorporate social and environmental inputs – however, the manufacturing process followed by the company and by its suppliers have controls on environmental friendly processes, effluent discharge control which are fully addressed as mandated by the Government.*

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

   (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   *Not specifically measured throughout the value chain.*

   *Power to the factory is now through solar energy. Sewage and water effluent treatments are in line with Government regulations. Water is recycled, post treatment, for usage in areas like gardening.*

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   *All washing machines produced by the company now have 5 star rating in energy norms as per Government Norms. The company started voluntary rating of its products in the year. The new air conditioning manufacturing plant started since 17th March, 2020 is also producing products with energy ratings as per Government directives.*

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   *No formal procedures written specifically for sustainable sourcing as on date – as this is still evolving within India. As written earlier, the supplier partners of the company adhere to all environmental and social standards as mandated by the Government of India.*

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   *Yes, the company has built up a complete small producers' supplier base over the years – generating employment in the local community.*

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   *For capacity and capability enhancement, the company's suppliers visit technology hubs in India and abroad. They also attend exhibitions and learn about new raw material / processing trends. The company organizes discussions / interactions with leading global players also – along-with the local / small supplier partners – thus involving them in all projects and driving the upgradation agenda.*

   *For the Fine Blanking Division (FBD): Most of the subcontracting works done on the products of the company are done through local small vendors and MSME suppliers. The parties are trained and their competencies increased through intervention of company's vendor development department.*

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so. –

   *Yes, the company promotes a product "End Of Life" return policy. The company enables exchange of old products and the returned products are then recycled by approved partners in an environmentally friendly manner – in accordance with regulations of the Government of India*

   *In both the Appliances Division and the Fine Blanking Division, the Scrap generated in the processes are disposed of in accordance to regulations under the EPR standards or are sent to Mini steel plants and copper smelters for recycling into another value added product.*

**Principle 3**

1. Please indicate the Total number of employees:
*2322 as on March 31, 2020 employees in IFB Industries Ltd – inclusive of the appliances, motor and engineering divisions*
2. Please indicate the Total number of employees hired on temporary/ contractual/ casual basis. - *2350 nos. as on March 31, 2020. – across all divisions of the company*
3. Please indicate the Number of permanent women employees. - *189 nos.as on March 31, 2020. across all the division*
4. Please indicate the Number of permanent employees with disabilities - *None*
5. Do you have an employee association that is recognized by management - *Not applicable?*
6. What percentage of your permanent employees is members of this recognized employee association? *Not applicable*
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year :

| No. | Category | No. of complaints filed during the financial year | No. of complaints pending as on end of the financial year |
|---|---|---|---|
| 1 | Child labour/ forced labour/ involuntary labour | NIL | |
| 2 | Sexual harassment | | |
| 3 | Discriminatory employment | | |

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?
(a) Permanent employees *100%*
(b) Permanent Women employees *100%*
(c) Casual / Temporary/ Contractual employees *60 – 70%*
(d) Employees with disabilities – *Not applicable*

**Principle 4**

1. Has the company mapped its internal and external stakeholders? Yes/No –
*Yes– in terms of mapping stake holders upto supplier / sales partner levels*
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders. - *No*
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so. - *No*

**Principle 5**

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others? –
*The policy of the company on human rights is cover only the Company.*
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? –
*There was no complaint received related to violation of human rights during 2019-20.*

**Principle 6**

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others. –
*All supplier partners and also the company itself adhere to the environment and social norms as mandated by the Government of India.*

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   *Not applicable.*

3. Does the company identify and assess potential environmental risks?

   *Not applicable.*

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   *Not applicable*

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

   *The company has projects on energy efficiency at the work place and in its products. Details of the energy efficiency of the company's products and it's activities are listed on the company's website*

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? –

   *Yes*

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. –

   *NIL*

**Principle 7**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

   *Confederation of Indian Industries (CII), GIDC (Local Goa chamber), Consumer Electronics and Manufacturers Association (CEAMA), CII, MAIT*

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

   *Not Applicable*

**Principle 8**

1. Does the company have specified programs / initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

   *Not applicable*

2. Are the programs / projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?

   *Not applicable*

3. Have you done any impact assessment of your initiative?

   *Not applicable*

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

   *The company's contribution in CSR projects during 2019-20 was Rs 68.66 lacs which has been elaborated in Annexure to the Board's Report.*

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   *Currently the company is working with schools and Charitable Trust and working to establish infrastructure and programs to promote education and skill development for under privileged.*

**Principle 9**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

   *These are handled on an ongoing manner – through a contact center / service teams.*

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information) – *Yes*

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so. - *No*

   Did your company carry out any consumer survey/ consumer satisfaction trends?

   *Yes, these are done on an ongoing manner – through the contact centers, service teams etc as applicable on an ongoing basis.*

For and on behalf of the Board of Directors

**Bikram Nag**
(DIN: 00827155)
*Joint Executive Chairman*
*& Managing Director*

**Prabir Chatterjee**
(DIN: 02662511)
*Director & CFO*

Place : Bengaluru
Date : 6 July 2020

ANNEXURE - G

# Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

## Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

## Part A Subsidiaries

**(Rs. in lacs)**

| Sl. No. | 1 | 2 | 3 |
|---|---|---|---|
| Name of the subsidiary | **Trishan Metals Private Limited** | **Global Automotive & Appliances Pte Ltd.** | **Thai Automotive & Appliances Ltd.** |
| The date since when subsidiary was acquired | 11 July 2016 | 13 July 2017 | 13 July 2017 |
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period. | Same as holding company ie., 31 March, 2020 | Same as holding company ie., 31 March, 2020 | Same as holding company ie., 31 March, 2020 |
| Reporting currency | Indian Rupees | U.S. Dollar | Thai Bhatt |
| Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | – | 75.55 | 2.31 |
| Share capital | 2,347 | 2,976 | 2,763 |
| Reserves and surplus | (2,265) | 636 | (859) |
| Total assets | 3,868 | 4,218 | 3,847 |
| Total Liabilities | 3,786 | 606 | 1,943 |
| Investments (excluding investments made in subsidiaries) | – | – | – |
| Turnover | 7,606 | 2,396 | 4,031 |
| Profit before taxation | (414) | 62 | 104 |
| Provision for taxation | (79) | 2 | 4 |
| Profit after taxation | (335) | 60 | 100 |
| Proposed Dividend | – | – | – |
| Extent of shareholding (in percentage) | 51.12% | 100% | 100% |

**Notes :**

1. There are no subsidiaries which are yet to commence operations.
2. There are no subsidiaries which have been liquidated or sold during the year.

## Part B Associates and Joint Ventures

## Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Since there are no associates and joint ventures as at 31 March, 2020 the information required in Part B has not been furnished.

**Notes :**

1. There are no associates or joint ventures which are yet to commence operations.
2. There are no associates or joint ventures which have been liquidated or sold during the year.

For and on behalf of the Board of Directors

**Bikram Nag**
(DIN: 00827155)
*Joint Executive Chairman*
*& Managing Director*

**Prabir Chatterjee**
(DIN: 02662511)
*Director & CFO*

Place : Bengaluru
Date : 6 July 2020

ANNEXURE - H

## KEY FINANCIAL RATIOS

[Pursuant to Schedule V(B) to the Securities and Exchange Board of India (LODR) Regulations, 2015]

**Key Financial Ratios for the Company:**

| Sl. No. | Particulars | FY 2019-20 | FY 2018-19 |
|---|---|---|---|
| i) | Interest Coverage Ratio ( No of times) [1] | 20 | 40 |
| ii) | Debt Equity Ratio (No of times) [2] | 0.43 | 0.01 |
| iii) | Operating Profit Margin (%) [3] | 1.67 | 3.25 |
| iv) | Net Profit Margin (%) [3] | 1.10 | 3.01 |

**Notes :**

1. De-growth in PBDIT is mainly due to slow down, impact of COVID-19 Pandemic in the month of March 20 & Cost escalation. However, interest went up due to higher CAPEX for setting up AC manufacturing facility & other expansion.
2. Debt increased on account of borrowing for new AC project & expansion of Engineering division.
3. Margin went down is largely attributable to slow down of economy, partial impact of COVID -19, cost escalation & also depreciation expenses riding on higher capitalisation.

For and on behalf of the Board of Directors

**Bikram Nag**
(DIN: 00827155)
*Joint Executive Chairman*
*& Managing Director*

**Prabir Chatterjee**
(DIN: 02662511)
*Director & CFO*

Place : Bengaluru
Date : 6 July 2020

# REPORT ON CORPORATE GOVERNANCE

**[Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "SEBI LODR")]**

## 1) Company's philosophy on code of 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.

## 2) Board of Directors

### A) Composition of the Board of Directors as on 31 March 2020 is as follows:

The Board of Directors of the Company had an optimum combination of Executive, Non-Executive and Independent Directors. The Composition of the board as on 31 March 2020 is as per "SEBI LODR".

| Category | No. of Directors | % |
|---|---|---|
| Executive Directors | 3 | 33.00 |
| Non-Executive & Independent Directors | 5 | 56.00 |
| Non-Executive & Non-Independent Director | 1 | 11.00 |
| **Total** | **9** | **100.00** |

### B) Particulars of Directorships & Committee Chairmanship/Membership of other Companies & Attendance at the Board Meetings & Last AGM held on 26 July 2019

| Name | Category | No. of Board Meetings attended during 2019-20 | Last AGM Attended | No. of Directorships in other Indian Public Limited Companies as on 31 March 2020* | | No. of Committee position held in other Indian public limited Companies as on 31 March 2020** | | Directorship in other listed entity (Category of Directorship) |
|---|---|---|---|---|---|---|---|---|
| | | | | Chairman | Member | Chairman | Member | |
| Mr Bijon Nag (Executive Chairman) | Executive, Non-Independent | 4 | Yes | 1 | – | – | – | IFB Agro Industries Limited-Non Executive Chairman, Non Independent |
| Mr Bikram Nag (Joint Executive Chairman & Managing Director) | Executive, Non-Independent | 5 | Yes | 1 | 2 | – | – | IFB Agro Industries Limited - Joint Executive Chairman, Non-Independent |
| Mr Prabir Chatterjee | Executive, Non-Independent | 5 | Yes | – | 1 | – | – | – |
| Mr Sudam Maitra (Resigned on 06.02.2020) | Executive, Non-Independent | 5 | Yes | – | 1 | – | – | – |

| Name | Category | No. of Board Meetings attended during 2019-20 | Last AGM Attended | No. of Directorships in other Indian Public Limited Companies as on 31 March 2020* | | No. of Committee position held in other Indian public limited Companies as on 31 March 2020** | | Directorship in other listed entity (Category of Directorship) |
|---|---|---|---|---|---|---|---|---|
| | | | | Chairman | Member | Chairman | Member | |
| Mr Sudip Banerjee | Non-Executive, Non-Independent | 5 | Yes | – | 3 | – | 2 | 1. Kesoram Industries Limited ( Non - Executive, Independent) 2. L & T Technology Services Limited( Non - Executive, Independent) 3. Larsen & Toubro Infotech Limited( Non - Executive, Independent) |
| Dr Rathindra Nath Mitra | Non-Executive, Independent | 5 | Yes | – | 1 | 1 | – | – |
| Ms. Sangeeta Shankaran Sumesh | Non-Executive, Independent | 5 | Yes | – | – | – | – | – |
| Mr. Rahul Choudhuri | Non-Executive, Independent | 5 | Yes | – | – | – | – | – |
| Mr. Ashok Bhandari | Non-Executive, Independent | 4 | No | – | 8 | – | 5 | 1. Intrasoft Technologies Limited( Non - Executive, Independent) 2. Maithan Alloys Ltd( Non - Executive, Independent) 3. Maharashtra Seamless Limited( Non - Executive, Independent) 4. Mcleod Russel India Limited( Non - Executive, Independent) 5. Rupa & Company Limited ( Non - Executive, Independent) 6. Skipper Limited( Non - Executive, Independent) |
| Mr. Chacko Joseph (Appointed on 02.11.2019) | Non-Executive, Independent | 2 | N.A | – | 2 | – | – | – |

*Number includes only Public limited companies as per Companies Act, 2013.

**Only Membership/ Chairmanship of Audit Committee, Stakeholders Relationship Committee have been considered.

None of the Directors held directorship in more than 10 Public Limited Companies and/or were members of more than 10 committees or acted as Chairman of more than 5 committees across all the Indian Public Limited Companies in which they were Directors.

None of the Directors served as Director in more than 8 listed Companies.

None of the Independent Directors served as an Independent Director in more than 7 listed Companies.

No Director is related to any other Director on the Board except Mr. Bijon Nag and Mr. Bikram Nag in terms of the definition of "Relative" given under the Companies Act, 2013.

No shares or any other convertible instrument is held by any Non-Executive Director during the year.

**C) Board Meetings held in the financial year 2019-2020**

The Board meets at least once in a quarter in order to consider amongst other business, the quarterly performance of the Company and its financial results. The gap between any two meetings does not exceed 120 days.

During the year under review 5 meetings were held on following dates:

29 May 2019, 25 July 2019, 30 August 2019, 2 November 2019 and 28 January 2020.

**D) Independent Directors**

The Company has complied with the definition of Independent Director as per "SEBI LODR" and according to the Provisions of section 149(6) Companies Act, 2013. The company has also obtained declarations from all the Independent Directors pursuant to section 149(7) of the Companies Act, 2013.

**i) Training of Independent Directors**

Whenever new Non-executive and Independent Directors are inducted on the Board they are introduced to our Company's culture through appropriate session and they are also introduced to our organization structure, our business, constitution, board procedures, our major risks and management strategy.

The appointment letters of Independent Directors has been placed on the Company's website at **http://ifbindustries.com/financial.php**.

**ii) Performance Evaluation of Board, its committees and individual Directors**

During the year, the Board evaluated the performance of its own performance, its committees and individual directors which has been recommended by Nomination and Remuneration Committee. All the Directors are eminent personalities having wide experience in the field of business, industry and administration. Their presence on the Board is advantageous and fruitful in taking business decisions.

**iii) Separate Meeting of the Independent Directors**

The Independent Directors held a Meeting on 28th January, 2020, without the attendance of Non-Independent Directors and members of Management. All Independent Directors were present at the meeting.

**iv) Familiarisation program for Independent Directors**

The familiarisation of the Independent Directors is done by the Managing Director/ Executive Director / Sr. Management Personnel who conducts presentations/ programmes to familiarise the Independent Directors with the operations and functioning of the Company.

Such presentation/ programs enable the Independent Directors to directly interact with senior leadership of the company and help them to know Company's strategy, business model, product, market, finance, human resource, technology and such other areas as may arise from time to time. Presentations cover annual results, budgets, policies, internal audit etc.

The presentation/ program familiarizes the Independent Directors with their role, rights and responsibilities specified under the Companies Act and the "SEBI LODR". The Web link of the familiarization programme is given under the official website of the company at **http://www.ifbindustries.com**

The Company is also conducting familiarisation program whenever a new Independent Director is inducted on the Board of the Company

**E) Code of conduct**

The Board of IFB has laid down a code of conduct for all Board members and for its employees including Senior Management of the Company. The Code of Conduct is available on the website of the Company under the weblink: **http://ifbindustries.com/legal.php**. All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct.

**F) Skills / Expertise/ Competencies of Board of Directors**

The Board composition is evenly poised between members specialized in Technical & commercial fields. The specialized skills/ experience of Board Members are given hereunder :

1. **Mr. Bijon Nag,** Chairman

   Mr. Bijon Nag a Mechanical Engineer, Mentor, having more than five decades of vast experience in Machine tool and Engineering industries. He is a visionary for our state of art Washing Machine factory at Goa, Engineering Factories in Kolkata & Bangalore.

2. **Mr. Bikram Nag,** Joint Executive Chairman and Managing Director

   Mr. Bikram Nag a BBA from Richmond College, U.K. His area of core competency area includes Business Management, Controls, Financial analysis, Planning, Strategic decision Making, Marketing etc. He has also strong ability to guide legal issues of the Company.

3. **Dr. Rathindra Nath Mitra,** Independent Director

   Dr. Mitra is a B.Sc ( Hons.) from IIT Kharagpur, M. Sc., DIIT from IIT Kharagpur and also a Ph. D from IIT Kharagpur. He is specialized in process development and IT System.

4. **Mr. Sudip Banerjee,** Non Executive Director

   Mr. Banerjee Graduated in Economics (Hons.) from Sri Ram College of Commerce, New Delhi and obtained Diploma in Management from AIMA. Mr. Banerjee is having rich exposure in functions like business development, Operations, Technology, H.R, IT services, acquisitions etc.

5. **Ms. Sangeeta Sumesh,** Independent Director

   Ms. Sangeeta has done her graduation in commerce from the University of Madras. She is a qualified Chartered Accountant, Cost Accountant and also a Certified Public Accountant from Botswana Institute of Accountants. She also has undergone Executive Education in Organizational leadership from Harvard Business School. She is a credentialed coach from International Coaching Federation. She got comprehensive experience in diversified areas including cost & management Controls, Financials Analysis, Strategic Management, CSR activities, Corporate governance, Risk Management, Operations Management etc.

6. **Mr. Rahul Choudhuri,** Independent Director

   Mr. Choudhuri Hons. Graduated from Presidency College, Kolkata, Certified Associates of Indian Institute of Banking, Mumbai. His key areas of competency includes management of forex risk, treasury management, working capital management, investment etc.

7. **Mr. Ashok Bhandari,** Independent Director

   Mr. Bhandari, a Chartered Accountant and his key areas of competency includes Fund Management, negotiation with Banks, Govt., JV Partners, technology and equipment suppliers.

8. **Mr. Prabir Chatterjee,** Executive Director and Chief Financial Officer

   Mr. Chatterjee a B. Sc & qualified Cost Accountant and core areas of competency includes Management Accounting, Financial Accounting, Budgeting, Control, Financial Analysis etc.

9. **Mr. Chacko Joseph,** Independent Director

   Mr. Joseph, a qualified Chartered Accountant with 37 years rich experience in overseeing financial operations encompassing Financial Reporting, Strategic Financial Reporting, Project Financing, Budgeting, Finance & Accounting, Auditing, International Business and System Implementations.

**G) Confirmation**

The Board of Directors of the Company has confirmed that the Independent Directors of the Company fulfill the conditions specified in the SEBI ( LODR) Regulations, 2015 and they are Independent of the management as on 31.03.2020.

**3. Audit Committee**

**A) Terms of Reference**

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. The broad terms of reference of this Committee cover the matters specified for Audit Committees under section 177 of the Companies Act, 2013 as well as "SEBI LODR":

i) Overview of the Company's financial reporting processes and financial information disclosure;

ii) Review with the Management, the annual and quarterly financial statements before submission to the Board; matters to be included into the Director Responsibility Statement;

iii) Monitoring the auditor's independence and performance, and effectiveness of audit process;

iv) Review with the Management, the Internal and External Audit Reports and the adequacy of internal control systems and risk management systems;

v) Review the adequacy and effectiveness of accounting and financial controls of the company, compliance with the Company's policies and applicable laws and regulations;

vi) Review the functioning of the Whistle Blower Mechanism;

vii) Recommending the appointment and removal of External Auditors and fixation remuneration and of audit terms;

viii) To approve transactions at the Company with related parties.

ix) Review of utilisation proceeds raised from Public/Right issue.

**B) Composition, Name of members, Number of meetings, Chairman and attendance of the Audit Committee during the financial year 2019-20 :**

| Name of Members | Member/Chairman | No. of Meetings held | No. of Meetings attended |
|---|---|---|---|
| Dr. Rathindra Nath Mitra | Chairman | 5 | 5 |
| Mr. Ashok Bhandari | Member | 5 | 4 |
| Ms. Sangeeta Sumesh | Member | 5 | 5 |
| Mr. Chacko Joseph* | Member | 5 | 1 |
| Mr. Prabir Chatterjee | Member | 5 | 5 |

*Mr. Chacko Joseph inducted in the Committee as a Member w.e.f 2 November, 2019

- The Company Secretary acted as the 'Secretary' to the Audit Committee.
- The Chairman of the audit committee is an Independent Director.

**C) No. of Meetings held during the year**

During the year under review five meetings were held of the members of the Committee which are as follows:

29 May 2019, 25 July 2019, 30 August 2019, 2 November 2019 and 28 January 2020.

M/s Deloitte Haskins & Sells, Statutory Auditors, Internal Auditors of the Company are invited to attend the Audit Committee Meetings.

The Minutes of the Audit Committee are circulated to all the members of the Committee.

**4. Nomination and Remuneration Committee :**

**A) Terms of reference :**

This Committee identifies the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also carries out evaluation of the performance of the board, its committees and each director's performance. The Committee also formulate the criteria for determining qualifications, positive attributes, independence of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

**B) Composition, Name of members, Number of meetings, Chairperson and attendance of the Nomination and Remuneration Committee during the financial year 2019-20 :**

| Name of Members | Member/Chairman | No. of Meetings held | No. of Meetings attended |
|---|---|---|---|
| Dr. Rathindra Nath Mitra | Chairman | 2 | 2 |
| Mr. Rahul Choudhuri | Member | 2 | 2 |
| Mr. Sudip Banerjee | Member | 2 | 2 |

**C) No. of meetings held during the year**

During the year under review two meetings were held on 30 August 2019 and 30 October 2019.

**D) Nomination and Remuneration Policy**

The Nomination and Remuneration policy may be referred to at the Company's official website at the web link **http://ifbindustries.com/nomination_remuneration_policy.php**.

**E) Remuneration paid or payable to Directors for the year ended 31 March 2020 are as follows:**

(Fig in Rs.)

| Name of Director | Sitting Fees | Salary and Perquisites | Total | Stock Option granted |
|---|---|---|---|---|
| Mr. Bijon Nag | – | 1,63,19,488 | 1,63,19,488 | NIL |
| Mr. Bikram Nag | – | 93,94,600 | 93,94,600 | NIL |
| Mr. Prabir Chatterjee | – | 92,25,834 | 92,25,834 | NIL |
| Mr. Sudam Maitra | – | 1,58,51,012 | 1,58,51,012 | NIL |
| Mr. Sudip Banerjee | 4,90,000 | - | 4,90,000 | NIL |
| Dr. Rathindra Nath Mitra | 8,75,000 | - | 8,75,000 | NIL |
| Ms. Sangeeta Shankaran Sumesh | 6,20,000 | - | 6,20,000 | NIL |
| Mr. Rahul Choudhuri | 6,85,000 | - | 6,85,000 | NIL |
| Mr. Ashok Bhandari | 6,20,000 | - | 6,20,000 | NIL |
| Mr. Chacko Joseph | 2,70,000 | - | 2,70,000 | NIL |
| **Total** | **35,60,000** | **5,07,90,934** | **5,43,50,934** | |

- No severance fee is payable, no stock option has been given & no performance bonus is granted.
- Other than sitting fees, there is no other pecuniary relationship or transactions with any of the Non-executive Directors.

**5. Corporate Social Responsibility Committee (CSR)**

**A) Terms of reference**

The Committee formulates and recommend to the Board a CSR Policy. Committee framed a mechanism for implementation of CSR projects or programs or activities undertaken by the Company and also monitor CSR Policy from time to time. This policy has been placed in the website of the company at the weblink **http://ifbindustries.com/csr_policy.php**

**B) No of meetings held during the year**

During the year the Committee had one meeting i.e. on 28 January 2020.

**C) Composition, Name of Members and Attendance**

The CSR Committee of the company consists of Non-Executive, Independent and Executive Director

| Name of Director | Position | No of Meetings held | No of Meetings attended |
|---|---|---|---|
| Dr. Rathindra Nath Mitra | Chairman | 1 | 1 |
| Mr. Sudip Banerjee | Member | 1 | 1 |
| Mr. Prabir Chatterjee | Member | 1 | 1 |

**6. Risk Management**

**A) Terms of reference :**

The Committee formulates and recommend to the Board a Risk Management Policy. The primary objectives of the Committee are to assist the Board in the following:

i. To assist the Board in fulfilling its corporate governance oversight responsibilities with regard to the identification, evaluation and mitigation of strategic, operational, and external environment risks.

ii. To periodically assess risks to the effective execution of business strategy by reviewing key leading indicators in this regard.

iii. To periodically review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

iv. To evaluate significant risk exposures of the Company and assess the Management's actions to mitigate the exposures in a timely manner.

**B) No of meetings held during the year**

There was no meeting held during the year due to COVID-19 Pandemic in the month of March 2020. However, Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated March 26, 2020 Risk Management Committee meeting was held within extended due date i.e. on 29th June, 2020.

**C) Composition, Name of Members and Attendance**

The Risk Management Committee of the company consists of Non-Executive, Independent and Executive Director

| Name of Director | Position | No of Meetings held* | No of Meetings attended* |
|---|---|---|---|
| Dr. Rathindra Nath Mitra | Chairman | 1 | 1 |
| Mr. Sudip Banerjee | Member | 1 | 1 |
| Mr. Prabir Chatterjee | Member | 1 | 1 |
| Mr. Raj Shankar Ray | Member | 1 | 1 |
| Mr. Partha Sen | Member | 1 | 1 |

*Due to Covid 19 pandemic there was no meeting hold during 2019-20. However, pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated March 26, 2020 Risk Management Committee meeting was held within extended due date.

**7. Investors Grievance & Stakeholder's Relationship Committee:**

**A) Terms of reference :**

The terms of reference of the Committee includes the following:

i. To review all complaints recorded in SCORES of SEBI and replies made to the same by the RTA/Company Secretary of the Company.

ii. To receive report on all complaints recorded in SCORES of the Registrar and Share Transfer Agent and note the corrective actions taken by the Registrars.

iii. To take action of all grievances and complaints lodged by stock exchange, shareholder associations and other bodies.

iv. To review grievances of other Stakeholders of the Company given in their individual capacity.

v. Overview activities relating to Share maintenance and related work.

**B) Composition and attendance of the Investors Grievance & Stakeholder's Relationship Committee during the financial year 2019-20 :**

| Name of Members | Executive/ Non-Executive | Member/ Chairman | No. of Meetings held | No. of Meetings attended |
|---|---|---|---|---|
| Dr. Rathindra Nath Mitra | Independent | Chairman | 10 | 10 |
| Mr. Ashok Bhandari* | Independent | Member | 10 | 4 |
| Mr. Prabir Chatterjee | Executive | Member | 10 | 10 |
| Mr. Rahul Choudhuri | Independent | Member | 10 | 10 |

* Inducted as Member in the committee w.e.f 2 November, 2019.

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

**C) No. of Meetings Held during the year**

During the year under review ten meetings were held on the following dates :

31 May 2019, 5 July 2019, 02 August 2019, 05 September 2019, 03 October 2019, 30 October 2019, 6 December 2019, 31 December 2019, 28 January 2020 and 10 March 2020.

**D) Complaints**

| | |
|---|---|
| No. of shareholders complaints received so far | 6 |
| No. of complaints not solved to the satisfaction of shareholders | 0 |
| No. of pending complaints | 0 |
| No of Complaint disposed off | 6 |

**E) Name, Designation & Address of the Compliance Officer :**

Mr. G Ray Choudhury, Company Secretary
IFB Industries Limited
Plot No IND-5 Sector 1,
East Kolkata Township
Kolkata 700107
Tel: (033) 39849524
Fax: (033) 24421003
E-Mail: investors@ifbglobal.com

**8. General Body Meetings :**

**A) Location and time where last three AGMs were held :**

| Annual General Meeting | Date | Time | Venue of the AGM | No of Special Resolutions passed |
|---|---|---|---|---|
| **43rd Annual General Meeting** | 26 July 2019 | 9.30 A.M | Club Ecovista, Eco Space (Business Park), Premises No. 2F/11, Action Area II, Rajarhat, New Town, Kolkata – 700 156. | 1 |
| **42nd Annual General Meeting** | 27 July 2018 | 9.30 A.M | Club Ecovista, Eco Space (Business Park), Premises No. 2F/11, Action Area II, Rajarhat, New Town, Kolkata – 700 156. | 1 |
| **41st Annual General Meeting** | 28 July 2017 | 9.30 A.M | Club Ecovista, Eco Space (Business Park), Premises No. 2F/11, Action Area II, Rajarhat, New Town, Kolkata – 700 156. | – |

**B) Whether any special resolution passed in the previous three AGMs** : Yes

**C) Whether any special resolution passed last year through postal ballot** : No

i) Details of voting pattern : Not Applicable

ii) Person who conducted the postal ballot exercise : Not Applicable

**D) Whether any special resolution is proposed to be conducted through postal ballot** : No

**E) Procedure for postal ballot :**

Company will comply with the requirements of postal ballot as and when such matter arises requiring approval of the shareholders by such process under the Companies Act, 2013 and Rules made there under, if any. : Not Applicable

**9. Means of communication :**

The quarterly, half yearly and annual results of the Company are forthwith communicated to the Stock Exchanges with whom the Company has listing agreements as soon as the results are approved and taken on record by the Board of Directors of the Company. Further, the results are generally published in leading newspapers such as Business Standard (English) and Aajkal (Bengali). Presentation of quarterly Results were made to the Stock Exchanges & also in company website during the year 2019-20. Investors calls on such presentations were duly attended and redressed by company representative.

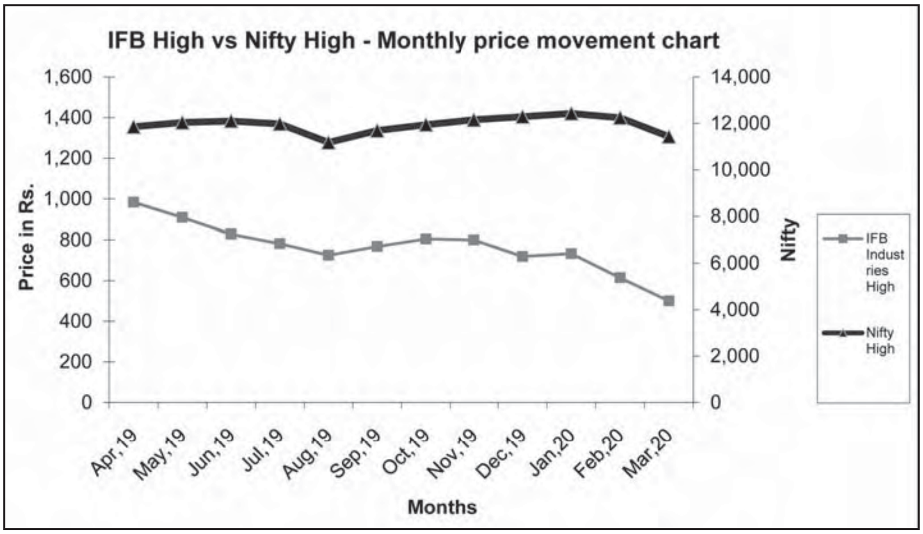
The quarterly, half-yearly and annual financial results and Official News releases are posted in respective Stock Exchange web-sites and also on the web site of the Company.

**10. General Shareholder Information :**

| | | | |
|---|---|---|---|
| i) | **44th AGM date, time and venue** | : | 4th September, 2020<br>At 10.30. A.M<br>The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM. |
| ii) | **Financial Year** | : | 1 April 2019 to 31 March 2020 |
| iii) | **Book Closure date** | : | 29.08.2020 to 04.09.2020 |
| iv) | **Dividend payment date** | : | Dividend is not recommended. |
| v) | **Listing on Stock Exchange** | : | a) Bombay Stock Exchange Limited (BSE)<br>b) The National Stock Exchange of India Limited (NSE)<br>c) The Calcutta Stock Exchange Association Limited (CSE) (applied for delisting) |
| vi) | **Listing Fees to Stock Exchange** | : | The listing Fees has been paid with in time limit for the year 2020-21. |
| vii) | **Stock Code** | : | BSE : 505726<br>NSE : IFB IND<br>CSE : 10019067 |
| viii) | **Market Price Data (In Rupees)** | : | Monthly High and Low quotation along with the volume of shares traded at National Stock Exchange of India Ltd during the Financial Year 2019-20. |

| NATIONAL STOCK EXCHANGE OF INDIA LIMITED | | | |
|---|---|---|---|
| **Period** | **Monthly Low (Rs.)** | **Monthly High (Rs.)** | **Monthly Volume** |
| Apr-19 | 852.05 | 983.60 | 138724 |
| May-19 | 741.00 | 909.00 | 223048 |
| Jun-19 | 729.45 | 827.95 | 169799 |
| Jul-19 | 571.25 | 782.00 | 198050 |
| Aug-19 | 559.95 | 725.00 | 211981 |
| Sep-19 | 631.25 | 768.00 | 319534 |
| Oct-19 | 632.00 | 805.00 | 201032 |
| Nov-19 | 644.95 | 800.00 | 241507 |
| Dec-19 | 592.85 | 718.90 | 476007 |
| Jan-20 | 595.00 | 733.00 | 445026 |
| Feb-20 | 445.00 | 614.55 | 635395 |
| Mar-20 | 219.15 | 500.35 | 690235 |

**ii) Share price performance in comparison to broad based indices- NSE High V/S NIFTY High on a month to month basis**




**ix) Registrar & Share Transfer Agent** : CB Management Services (P) Ltd.
P-22, Bondel Road, Kolkata - 700 019
Tel : (033) 4011 6700/2280 6692/2282 3643/2287 0263
Fax : (033) 4011 6739
E-mail : rta@cbmsl.com
Website :www.cbmsl.com

**x) Share Transfer System**

In order to expedite the process, the Board of Directors has delegated the authority to approve the share transfers to the Stakeholder's Relationship Committee of the Company. The transactions of shares held in Demat and Physical form are handled by the Company's Depository Registrar, CB Management Services (P) Ltd.

**Shares transferred in physical form during the years are as follows:**

| **Particulars** | **2019-20** | 2018-19 |
|---|---|---|
| No. of Shares Transferred | **1,781** | 15,841 |
| Total No. of Shares | **4,05,18,796** | 4,05,18,796 |
| % on Share Capital | **0.00** | 0.00 |

**xii) Distribution of Shareholding & Shareholding Pattern :**

**A) Distribution of Shareholding as on 31 March 2020 :**

| No. of Equity Shares Held | As on 31 March 2020 | | | | As on 31 March 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | **No. of share holders** | **% of Share holders** | **No. of Shares** | **% of Share holding** | No. of share holders | % of Share holders | No. of Shares | % of Share holding |
| 1-500 | **22859** | **95.86** | **1763561** | **4.35** | 18433 | 95.37 | 1582375 | 3.91 |
| 501-1000 | **490** | **2.06** | **376645** | **0.93** | 434 | 2.24 | 334818 | 0.83 |
| 1001-2000 | **200** | **0.84** | **291974** | **0.72** | 187 | 0.97 | 274575 | 0.68 |
| 2001-3000 | **96** | **0.40** | **242793** | **0.60** | 79 | 0.41 | 202760 | 0.50 |
| 3001-4000 | **38** | **0.16** | **132323** | **0.33** | 31 | 0.16 | 109116 | 0.27 |
| 4001-5000 | **34** | **0.14** | **159708** | **0.39** | 34 | 0.18 | 159198 | 0.39 |
| 5001-10000 | **51** | **0.21** | **357110** | **0.88** | 48 | 0.25 | 325845 | 0.80 |
| 10001 and above | **79** | **0.33** | **37194682** | **91.80** | 82 | 0.42 | 37530109 | 92.62 |
| **Total** | **23847** | **100.00** | **405187966** | **100.00** | 19328 | 100.00 | 40518796 | 100.00 |

**B) Shareholding Pattern as on 31 March 2020:**

| | **No. of Shares** | **% of total** |
|---|---|---|
| Indian Promoters | 3,03,73,199 | 74.96 |
| Mutual Funds/UTI | 9,87,444 | 2.44 |
| Banks, Financial Institutions | 9,776 | 0.02 |
| Foreign Portfolio Investors | 33,58,221 | 8.29 |
| Private Corporate Bodies | 13,32,940 | 3.29 |
| Indian Public | 38,96,908 | 9.61 |
| Non - Resident Indians | 1,89,060 | 0.47 |
| Trust | 33,379 | 0.08 |
| Clearing Members | 34,073 | 0.08 |
| Employee | 2,29,540 | 0.57 |
| Director & Director Relatives | 18,670 | 0.05 |
| LLP | 15,626 | 0.04 |
| HUF | 39,960 | 0.10 |
| **Total :** | **4,05,18,796** | **100.00** |

**xii) Dematerialization of shares :**

As on 31 March 2019, 98.19% of the Company's total shares representing 3,97,85,355 shares were held in dematerialised form and the balance 1.81% representing 7,33,441 shares were held in physical form.

**xiii) Commodity Price Risk or Foreign Exchange Risk and Hedging Activities**

The Company is exposed to foreign currency risk for the raw materials, finished goods and capital goods that it imports and export of finished goods and engages in foreign currency hedging with banks by way of currency forward contracts in order to protect its foreign exchange exposure arising from its foreign-currency denominated purchase in terms of the foreign exchange risk management policy of the Company.

**xiv) Credit Ratings**

Credit Ratings obtained by the Company for any debt instrument, fixed deposit programme for any other scheme involving mobilization of funds : None.

**xv) Outstanding GDRs/ADRs/Warrants or any convertible instruments** : The Company has not issued any Convertible instruments, conversion any GDRs/ ADRs/Warrants.

**xvi) Plant locations** : 14 Taratolla Road, Kolkata 700088
JL-71, P.O. Bishnupur, Gangarampur, West Bengal
L-1, Verna Electronic City, Verna, Selcete, Goa - 403722
62, 64 & 66 CorlimIndl. Estate, Corlim Ilhas, Goa – 403110
16/17, Visveswariah Indl. Estate, Whitefield Road, Bangalore-560048
3B/3C Bommasandra Industrial Area,Anekal Taluk, Bengaluru Urban, Karnataka - 560099

**xvii) Address for correspondence** : Corporate Office
IFB Industries Limited
Plot No. IND 5, Sector I, East Kolkata Township, Kolkata 700 107.
Tel.: (033) 39849475, Fax: (033) 39849676
E-mail: investors@ifbglobal.com

**11. Other Disclosures :**

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

None of the transactions with any of the related parties were in conflict with interests of the Company. Transactions with the related parties are disclosed in Note No. 37 "Notes to Financial Statements" annexed to the Financial Statements for the year. The Policy on Related Party has been given under Company's official website under the web link: http://ifbindustries.com/csr_policy.php

B) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities on any matter related to capital markets during the last 3 years: During the year, the Company received notices from NSE & BSE for certain non compliance pertaining to provisions of Regulation 17 (1) & Regulation 21 (2) of SEBI ( LODR) and accordingly the fine as demanded by these exchanges were paid by the Company under protest. The Company made proper representations before the exchanges and the fine imposed by one of the stock exchange in one of the matter has already been waived.

C) The financial statements for the year 2019-20 have been prepared in accordance with the applicable accounting standards prescribed by The Institute of Chartered Accountants of India and there are no deviations.

D) The Board has noted and reviewed the Compliance Reports of all laws applicable to the Company, which were placed before each of its meeting held during the year 2019-2020.

E) The Company has adopted Whistle Blower/Vigil Mechanism Policy for Directors and employees which has been placed in the website of the Company under the web link http://www.ifbindustries.com/vigil_mechanism.php. No personnel has been denied access to the Audit Committee.

F) The Company has adopted Policy for determining 'material' subsidiaries which has been placed in the website of the Company under the web link http://www.ifbindustries.com/pdf/Policy_determination_Material_Subsidiary.pdf

G) The Company has taken several mitigating actions, applied many strategies and introduced control and reporting systems to reduce and mitigate risk.

H) The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) during the financial year 2019-20.

I) The Company has received a certificate from a Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

J) During the financial year 2019-20, the Board had accepted all mandatory recommendation made by its Committees.

K) Ms/ Deloitte Haskins & Sells , Chartered Accountants ( Firm's Registration No. 302009E) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fee, on consolidated basis for financial year 2019-20 is given below:

Rs. in lacs

| Particulars | Amount |
|---|---|
| Statutory Audit Fee | 50.50 |
| Tax Audit Fee | 17.00 |
| Limited Review Fee | 17.50 |
| Others | 20.60 |
| Reimbursement of expenses | 3.19 |
| **Total** | **108.79** |

L) **Reconciliation of Share Capital Audit:**

A Qualified Practicing Company Secretary carried out Reconciliation of Share Capital Audit during the financial year 2019-20 on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Reconciliation of Share Capital Audit Report confirms that the Total Paid up Share Capital is in agreement with the total No. of Shares in physical form and the total number of Dematerialized shares held with NSDL and CDSL.

M) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI LODR as on 31st March, 2020.

This Corporate Governance Report of the Company for the year 2019-2020 as on 31 March 2020 are in compliance with the requirements of Corporate Governance under SEBI LODR as applicable.

**12. Requirement under PART E of Schedule II**

**i) The Board**

It is not applicable as the company is having one Executive Chairman.

**ii) Shareholders' Rights**

The Company's financial results are published in the newspaper and also posted on its website (www. ifbindustries.com). Hence Financial Results are not send to the Shareholders. However the Company furnishes the financial results on receipt of request from the shareholders.

**iii) Modified opinion in Audit Report**

Statutory Auditor have provided an unmodified opinion in their Audit Reports on the financials for Standalone and Consolidated Reports of IFB Industries Limited for the year ended 31st March 2020.

**iv) Separate Post of Chairman and Chief Executive Officer**

The Company has appointed separate persons as Chairman, Managing Director & CEOs.

**v) Reporting of Internal Auditor**

Internal Auditors report directly to the Audit Committee.

For and on behalf of the Board of Directors

**Bikram Nag**
(DIN: 00827155)
*Joint Executive Chairman*
*& Managing Director*

**Prabir Chatterjee**
(DIN: 02662511)
*Director & CFO*

Place : Bengaluru
Date : 6 July 2020

# CERTIFICATION BY CHIEF EXECUTIVE OFFICERS (CEOs) AND CHIEF FINANCIAL OFFICER (CFO) UNDER REGULATION 17(8) OF (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

We have reviewed the financial statements and the cash flow of **IFB Industries Limited** ('the Company') for the year ended 31 March 2020 and to the best of our knowledge and belief :

i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii) These statements together present a true and fair view of Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

To the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative to Company's code of conduct.

We accept the responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the Auditors and Audit Committee and steps have been taken to rectify the deficiencies.

There has not been any significant changes in the Internal Control over financial reporting during the year.

There has not been any significant change in accounting policies during the year and that the same have been disclosed suitably in the notes to the financial statements:

We are not aware of any instances during the year of fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

We further declare that all Board members and senior management personnel have affirmed compliance with the code of conduct for board of directors and senior management.

Yours truly,

| | | | |
|---|---|---|---|
| | **Partha Sen** | **Raj Shankar Ray** | **Prabir Chatterjee** |
| Place : Bengaluru | *Chief Executive Officer* | *Chief Executive Officer* | *Director and* |
| Date : 6 July 2020 | *Engineering Division* | *Home Appliance Division* | *Chief Financial Officer* |

# INDEPENDENT AUDITORS' CERTIFICATE on Corporate Governance

To the Members of **IFB Industries Limited**

1. This certificate is issued in accordance with the terms of our engagement letter dated 8 August, 2019.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of IFB INDUSTRIES LIMITED ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (The Listing regulations).

**Managements' Responsibility**

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of Corporate Governance stipulated in Listing Regulations.

**Auditor's responsibility**

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended 31 March, 2020.
9. 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*
(Firm Registration No. 302009E)

**Abhijit Bandyopadhyay**
*Partner*
(Membership No. 054785)

Place : Kolkata
Date : 6 July 2020

# Independent Auditor's Report to the Members of IFB INDUSTRIES LIMITED

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of IFB Industries Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2020, and the Statement of Profit and Loss (including Other Comprehensive Loss), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| 1 | **Revenue Recognition**<br><br>Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition is when the control over the same is transferred to the customer which is mainly upon delivery. | Our audit approach was a combination of test of internal controls and substantive procedures including:<br>• Assessing the appropriateness of the Company's revenue recognition accounting policies, in line with Ind AS 115 ("Revenue from Contracts with Customers").<br>• Evaluating the design and implementation of Company's controls in respect of revenue recognition. Testing the effectiveness of such controls over revenue cut off during the year. |

| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| | The timing of revenue recognition is relevant to the reported performance of the Company. Revenue may be recognised before completion of contractual performance obligation due to incorrect recording of point of time when the customer obtains control of the asset.<br>Refer to 1(B)(c) for the Accounting policy on recognition on revenue. | • Testing the supporting documentation for sales transactions recorded during the period closer to the yearend including customer acknowledgments of receipt of goods on a sample basis.<br>• Testing sales returns subsequent to the yearend, including examination of credit notes issued after the yearend to determine whether revenue was recognised in the correct period.<br>• Rolling out confirmation requests to customers to confirm the recorded yearend balances on a sample basis. |

**Information Other than the Financial Statements and Auditor's Report Thereon**

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit, we report to the extent applicable that:

    a) We have sought and 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 Statement of Profit and Loss including Other Comprehensive Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, refer clause (xi) of "Annexure B" to the Independent Auditor's report on the Standalone Financial Statements.

    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in Note 36 of the standalone financial statements.

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
*Chartered Accountants*
(Firm Registration No. 302009E)

**Abhijit Bandyopadhyay**
*Partner*
(Membership No. 054785)

Place : Kolkata
Date : 6 July, 2020

## ANNEXURE "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of IFB Industries Limited ("the Company") as of 31 March, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
*Chartered Accountants*
(Firm Registration No. 302009E)

**Abhijit Bandyopadhyay**
*Partner*
(Membership No. 054785)

Place : Kolkata
Date : 6 July, 2020

## ANNEXURE "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/ transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as Right- of Use assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, inventories were physically verified during the year by the Management at reasonable intervals (including the verifications conducted by the Management post year end on account of the lock-down) and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and had no unclaimed deposits at the beginning of the year as per the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(vi) The maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013 in respect of specified products of the Company. For such products we have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Customs Duty, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Customs Duty, Cess and other material statutory dues in arrears as at 31 March, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Value Added Tax which have not been deposited as on 31 March, 2020 on account of disputes are given below:

**(Rs. in Lacs)**

| Name of Statue | Nature of Dues | Forum where Dispute is Pending | Period to which the amount relates | Amount involved net of amount paid under protest | Amount Paid under Protest |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | Commissioner of Income Tax (Appeals) | AY 2012-13 | 24.00 | - |
| Central Excise Act 1944 | Excise Duty | Customs Excise and Service Tax Appellate Tribunal (CESTAT) | 2004-05 to 2009-10 | 43.00 | 6.47 |
| Central Sales Tax Act and Local Sales Tax Act | Sales Tax including trade tax | Assessing officer | 1991-92 to 1994-95 | 176.00 | - |
| | | Assistant Commissioner | 2002-03 | 1.00 | - |
| | | Additional Commissioner | 2008-09 and 2009-10 | 10.00 | - |
| | | Commissioner Appeals | 2009-10 and 2015-16 | - | 3.92 |
| | | Deputy Commissioner (Appeals) | 2009-10 and 2010-11 | 1.00 | 0.78 |
| | | Deputy Commissioner | 2013-14 | 1.00 | 0.21 |
| | | Trade Tax Tribunal | 1999-2000 | 1.00 | 0.47 |
| | | Joint Commissioner | 2011-13 | 11.00 | 8.48 |
| | | Commercial Tax Appellate Board | 2009-10 | 42.00 | 16.25 |
| | | Sr. Jt. Commissionerate, Corporate division | 2013-14 | 69.00 | 12.30 |
| | | Appellate Tribunal | 2002-03 and 2005-06 | 9.00 | 39.92 |
| | | Supreme Court | 2001-03 | 62.00 | 82.96 |
| Central Goods & Service Tax | GST | High Court | 2017-18 | 67.00 | - |
| | GST | Commissioner Customs | 2019-20 | 70.00 | - |
| Customs Act, 1962 | Customs duty | Additional Director General, Directorate of Revenue Intelligence | 2008-2012 | 2.00 | - |
| The Finance Act, 1994 | Service Tax | Assistant Commissioner | 2013 – 2015 | 7.00 | - |
| | | Customs Excise and Service Tax Appellate Tribunal (CESTAT) | 2005-06 to 2011-12 | 529.00 | - |
| | | Deputy / Assistant Commissioner (Appeal) | 2012-16 | 16.00 | - |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in excess of the limits and approvals prescribed under section 197 read with Schedule V to the Companies Act, 2013 to 2 directors. The excess amount of remuneration paid/ provided has been charged to the Statement of Profit and Loss. The Company proposes to seek necessary approval from the shareholders in next annual general meeting.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
*Chartered Accountants*
(Firm Registration No. 302009E)

**Abhijit Bandyopadhyay**
*Partner*
(Membership No. 054785)

Place : Kolkata
Date : 6 July, 2020

# Standalone Balance Sheet as at 31 March 2020

| | Notes | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| **ASSETS** | | | |
| 1. **Non-current assets** | | | |
| (a) Property, plant and equipment | 3A | **44,753** | 27,084 |
| (b) Capital work-in-progress | 3A | **700** | 1,659 |
| (c) Right of use assets | 3C | **6,808** | – |
| (d) Investment property | 4 | **11** | 11 |
| (e) Goodwill | | **1,355** | 1,355 |
| (f) Other Intangible assets | 3B | **4,106** | 2,853 |
| (g) Intangible assets under development | 3B | **96** | 581 |
| (h) Financial assets | | | |
| (i) Investments | 5 | **3,360** | 3,360 |
| (ii) Loans | 6 | **55** | 56 |
| (iii) Others | 7 | **2,356** | 1,089 |
| (i) Income tax assets (net) | 8 | **1,829** | 844 |
| (j) Other non-current assets | 9 | **4,411** | 4,555 |
| 2. **Current assets** | | | |
| (a) Inventories | 10 | **37,337** | 39,259 |
| (b) Financial assets | | | |
| (i) Investments | 5 | **15,280** | 2,726 |
| (ii) Trade receivables | 11 | **18,514** | 21,133 |
| (iii) Cash and cash equivalents | 12 | **10,140** | 7,039 |
| (iv) Other bank balances | 13 | **1,949** | 2,445 |
| (v) Loans | 6 | **55** | 53 |
| (vi) Others | 7 | **432** | 154 |
| (c) Other current assets | 9 | **7,819** | 4,161 |
| **Total assets** | | **1,61,366** | 1,20,417 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 14 | **4,128** | 4,128 |
| (b) Other equity | | **60,602** | 57,937 |
| **Liabilities** | | | |
| 1. **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 15 | **25,167** | 250 |
| (ii) Lease Liabilities | | **4,413** | – |
| (iii) Other financial liabilities | 16 | **26** | 14 |
| (b) Provisions | 18 | **6,535** | 5,446 |
| (c) Deferred tax liabilities (net) | 19 | **804** | 601 |
| (d) Other non-current liabilities | 17 | **1,651** | 994 |
| 2. **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 20 | **2,606** | 403 |
| (ii) Lease Liabilities | | **1,508** | – |
| (iii) Trade payables | | | |
| (A) total outstanding dues of micro enterprises and small enterprises | | **2,517** | 3,833 |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | | **41,731** | 37,796 |
| (iii) Other financial liabilities | 16 | **2,067** | 1,842 |
| (b) Other current liabilities | 17 | **7,189** | 6,757 |
| (c) Provisions | 18 | **422** | 416 |
| **Total equity and liabilities** | | **1,61,366** | 1,20,417 |

The accompanying notes 1 to 44 are an integral part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
*Chartered Accountants*

**Abhijit Bandyopadhyay**
*Partner*

*Kolkata*
06 July 2020

For and on behalf of the Board of Directors of **IFB Industries Limited**

| | |
|---|---|
| *Joint Executive Chairman and Managing Director* | **Bikram Nag** |
| *Director and Chief Financial Officer* | **Prabir Chatterjee** |
| *Chief Executive Officer, Home Appliances Division* | **Rajshankar Ray** |
| *Chief Executive Officer, Engineering Division* | **Partha Sen** |
| *Company Secretary* | **G. Ray Chowdhury** |

Bengaluru
06 July 2020

## Standalone Statement of Profit and Loss for the year ended 31 March 2020

| | | Notes | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|---|
| I | Revenue from operations | 21 | **2,55,142** | 2,53,779 |
| II | Other income | 22 | **1,276** | 1,241 |
| III | **Total income (I + II)** | | **2,56,418** | 2,55,020 |
| IV | **Expenses** | | | |
| | (a) Cost of materials consumed | 23 | **1,00,209** | 1,06,022 |
| | (b) Purchases of stock-in-trade | 24 | **37,519** | 47,098 |
| | (c) Changes in inventories of finished goods, stock-in-trade and work-in-progress | 25 | **6,628** | (4,782) |
| | (d) Employee benefits expense | 26 | **28,785** | 25,505 |
| | (e) Finance costs | 27 | **1,450** | 575 |
| | (f) Depreciation and amortisation expense | 28 | **8,898** | 5,454 |
| | (g) Other expenses | 29 | **70,107** | 67,463 |
| | **Total expenses (IV)** | | **2,53,596** | 2,47,335 |
| V | **Profit before exceptional items and tax (III - IV)** | | **2,822** | 7,685 |
| VI | Exceptional Items | 41 | **148** | 1,935 |
| VII | **Profit before tax (V + VI)** | | **2,970** | 9,620 |
| VIII | **Tax expense** | | | |
| | (a) Current tax | 30A | **172** | 2,905 |
| | (b) Deferred tax | 30A | **(1)** | (680) |
| IX | **Profit for the year (VII - VIII)** | | **2,799** | 7,395 |
| X | **Other comprehensive income** | | | |
| | **A** (i) Items that will not to be reclassified to profit or loss | | | |
| | - Remeasurements of the defined benefit plan | 32 | **(656)** | (552) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | 30B | **–** | 193 |
| | **B** (i) Items that will be reclassified to profit and loss | | **–** | – |
| | (ii) Income tax relating to items that will be reclassified to profit and loss | | **–** | – |
| | **Total other comprehensive income** | | **(656)** | (359) |
| XI | **Total comprehensive income for the year (IX + X)** | | **2,143** | 7,036 |
| XII | **Earnings per equity share (Face value Rs. 10 each)** | | | |
| | (a) Basic (in Rs.) | 31 | **6.91** | 18.25 |
| | (b) Diluted (in Rs.) | 31 | **6.91** | 18.25 |

The accompanying notes 1 to 44 are an integral part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
*Chartered Accountants*

**Abhijit Bandyopadhyay**
*Partner*

*Kolkata*
06 July 2020

For and on behalf of the Board of Directors of **IFB Industries Limited**

*Joint Executive Chairman and Managing Director* **Bikram Nag**
*Director and Chief Financial Officer* **Prabir Chatterjee**
*Chief Executive Officer, Home Appliances Division* **Rajshankar Ray**
*Chief Executive Officer, Engineering Division* **Partha Sen**
*Company Secretary* **G. Ray Chowdhury**

Bengaluru
06 July 2020

# Standalone Statement of Changes in Equity for the year ended 31 March 2020

**A. Equity share capital**

| | As at the beginning of the reporting year | Changes in equity share capital during the year | As at the end of the reporting year |
|---|---|---|---|
| | Rs. in lacs | Rs. in lacs | Rs. in lacs |
| For the year ended 31 March 2019 | 4,128 | – | **4,128** |
| For the year ended 31 March 2020 | 4,128 | – | **4,128** |

**B. Other equity**

| | | Reserves and surplus | | | | Total |
|---|---|---|---|---|---|---|
| | Capital Reserve | Securities premium | Capital redemption reserve | Debt restructuring reserve | Retained earnings | |
| | Rs. in lacs | Rs. in lacs | Rs. in lacs | Rs. in lacs | Rs. in lacs | Rs. in lacs |
| Balance as at 01 April 2018 | – | 17,433 | 1,605 | 8,981 | 22,882 | 50,901 |
| Profit for the year | – | – | – | – | 7,395 | 7,395 |
| Other comprehensive income (net of tax) | – | – | – | – | (359) | (359) |
| Total comprehensive income for the year | – | – | – | – | 7,036 | 7,036 |
| Balance as at 31 March 2019 | – | 17,433 | 1,605 | 8,981 | 29,918 | 57,937 |
| Recognised on business combination (refer note 40) | 522 | – | – | – | – | 522 |
| Profit for the year | – | – | – | – | 2,799 | 2,799 |
| Other comprehensive income (net of tax) | – | – | – | – | (656) | (656) |
| **Total comprehensive income for the year** | 522 | – | – | – | **2,143** | **2,665** |
| **Balance as at 31 March 2020** | **522** | **17,433** | **1,605** | **8,981** | **32,061** | **60,602** |

**Capital reserve** This reserve represents the difference between the value of net assets acquired by the Company in the course of business combinations and the consideration paid for such combinations.

**Securities premium** This reserve represents premium on issue of shares and expenses on employee stock purchase scheme and can be utilised in accordance with the provisions of the Companies Act, 2013.

**Capital redemption reserve** This reserve has been created under the Companies Act, 1956 on redemption of redeemable preference shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

**Debt restructuring reserve** This reserve represents the principal loan amount that were waived off in earlier years.

**Retained earnings** This reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit plans. This can be utilised in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 44 are an integral part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
*Chartered Accountants*

**Abhijit Bandyopadhyay**
*Partner*

*Kolkata*
06 July 2020

For and on behalf of the Board of Directors of **IFB Industries Limited**

| | |
|---|---|
| *Joint Executive Chairman and Managing Director* | **Bikram Nag** |
| *Director and Chief Financial Officer* | **Prabir Chatterjee** |
| *Chief Executive Officer, Home Appliances Division* | **Rajshankar Ray** |
| *Chief Executive Officer, Engineering Division* | **Partha Sen** |
| *Company Secretary* | **G. Ray Chowdhury** |

Bengaluru
06 July 2020

# Standalone Cash Flow Statement for the year ended 31 March 2020

| | | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| **A.** | **Cash flows from operating activities** | | |
| | **Profit before tax** | **2,970** | 9,620 |
| | Adjustments for: | | |
| | Depreciation and amortisation expense | **8,898** | 5,454 |
| | Loss on disposal of property, plant and equipment | **3** | 2 |
| | Exceptional Gain on Compulsary acquisition | **–** | (1,935) |
| | Exceptional Loss of inventory due to fire | **1,157** | – |
| | Write-off of property, plant and equipment | **88** | 111 |
| | Write-off of debts/ advances | **57** | 27 |
| | Allowances for doubtful debts and advances | **76** | 37 |
| | Dividend from investments in mutual fund | **(331)** | (180) |
| | Net loss/(gain) on disposal of mutual funds measured at fair value through statement of profit and loss (FVTPL) | **76** | (36) |
| | Write back of liabilities no longer required | **(57)** | (231) |
| | Write back of provision on assets no longer required | **(47)** | (15) |
| | Unrealised exchange loss/ (gain) | **1,346** | (372) |
| | Interest income on financial assets | **(312)** | (281) |
| | Net gain arising on mutual funds measured at FVTPL | **(101)** | (194) |
| | Net (gain)/loss arising on derivative instruments measured at FVTPL | **(1,413)** | 238 |
| | Finance costs | **1,255** | 345 |
| | **Operating profit before working capital changes** | **13,665** | 12,590 |
| | Adjustments for: | | |
| | Trade payables | **2,147** | 5,596 |
| | Provisions | **374** | 726 |
| | Other financial liabilities | **151** | 78 |
| | Other liabilities | **1,051** | (772) |
| | Trade receivables | **2,607** | (3,947) |
| | Other financial assets | **(313)** | (257) |
| | Other assets | **(2,906)** | 1,735 |
| | Inventories | **1,013** | (8,175) |
| | **Cash generated from operations** | **17,789** | 7,574 |
| | Income tax paid (net of refunds) | **(953)** | (2,595) |
| | **Net cash generated from operating activities** | **16,836** | 4,979 |
| **B.** | **Cash flows from investing activities** | | |
| | Purchase of property, plant and equipment | **(21,173)** | (6,520) |
| | Sale of property, plant and equipment | **1** | 7 |
| | Proceeds from Compulsary acquisition of immovable property | **–** | 1,959 |
| | Consideration paid for business combination (Refer Note 2 below) | **(3,650)** | (3,350) |
| | Purchase of current investments | **(57,091)** | (41,562) |
| | Sale of current investments | **44,893** | 48,513 |
| | Increase in bank balances (with maturity more than 12 months) | **496** | (2,377) |
| | Interest income on financial assets | **297** | 192 |
| | **Net cash used in investing activities** | **(36,227)** | (3,138) |

## Standalone Cash Flow Statement for the year ended 31 March 2020

| | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| **C. Cash flows from financing activities** | | |
| Proceeds from borrowing | **49,528** | 25,140 |
| Repayment of borrowing | **(23,534)** | (25,895) |
| Lease rent paid | **(2,843)** | – |
| Finance costs | **(659)** | (288) |
| **Net cash generated from / (used in) financing activities** | **22,492** | (1,043) |
| **Net change in cash and cash equivalents (A+B+C)** | **3,101** | 798 |
| **Cash and cash equivalents at the beginning of the year** | **7,039** | 6,241 |
| **Cash and cash equivalents at the end of the year [refer note 12]** | **10,140** | 7,039 |

Note :

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS 7 - Statements of Cash Flow.
2. Pursuant to business combinations, the fair value of the following assets and liabilities assumed as at the date of acquisition has been adjusted in the respective places in the Statement of Cash Flow (Refer note 40) :

| | | |
|---|---|---|
| Property, plant and equipment | **4,085** | 145 |
| Other intangible assets | **–** | 1,942 |
| Inventories | **248** | 455 |
| Loans | **1** | – |
| Trade receivables | **66** | – |
| Other assets | **7** | – |
| Trade payables | **279** | 334 |
| Other liabilities | **38** | 107 |
| Other financial liabilitty | **3** | – |
| Provisions | **65** | – |

The accompanying notes 1 to 44 are an integral part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
*Chartered Accountants*

**Abhijit Bandyopadhyay**
*Partner*

*Kolkata*
06 July 2020

For and on behalf of the Board of Directors of **IFB Industries Limited**

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|---|---|
| *Joint Executive Chairman and Managing Director* | **Bikram Nag** |
| *Director and Chief Financial Officer* | **Prabir Chatterjee** |
| *Chief Executive Officer, Home Appliances Division* | **Rajshankar Ray** |
| *Chief Executive Officer, Engineering Division* | **Partha Sen** |
| *Company Secretary* | **G. Ray Chowdhury** |

Bengaluru
06 July 2020

## Notes to the standalone financial statements for the year ended 31 March 2020

**1A. BACKGROUND :**

IFB Industries Limited ("the Company") is a Listed Public Limited Company having its registered office in Kolkata. The Company is engaged in the business of manufacturing of fine blanked components and in manufacturing and trading of home appliances.

**1B. SIGNIFICANT ACCOUNTING POLICIES :**

**a. Statement of compliance**

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind ASs) notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendments) Rules, 2016. These financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

Except for the changes below, the company has consistently applied accounting policies to all periods.

i) The company adopted Ind AS 116 'Leases' with the date of initial application being 1 April, 2019. Ind AS 116 replaces Ind AS 17 - Leases and related interpretation guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Effective 1 April, 2019, On transition, the Company has recorded the lease liability at the present value of future lease payments discounted using the incremental borrowing rate and has also chosen to measure the right-of-use at the same value as the lease liability. The adoption of the new standard resulted in recognition of 'Right-of-use' asset and an equivalent lease liability as on 1 April, 2019. As a result, the comparative information has not been restated. Refer Note 34 for further details.

ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On 30 March, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from 1 April, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

iii) Amendment to Ind AS 19 'Employee Benefits': On 30 March, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from 1 April, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

iv) Amendment to Ind AS 12 'Income Taxes': On 30 March, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from 1 April, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no impact.

**b. Basis of preparation**

The standalone financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values at the end of each reporting period, as explained in the accounting policies.Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of "Ind AS 17 – Lease" and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions (such estimates and judgements are renewed every year) that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

All assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act 2013 and Ind AS 1- Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

**c. Revenue recognition**

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognised as per the terms of relevant contractual agreements/ arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and goods and services tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

Revenue from services rendered over a period of time, such as annual maintenance contracts, are recognised on straight line basis over the period or as per the terms of the contract.

Dividend income from investments is recognised when the shareholder's right to receive dividend has been establishedprovided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

Interest income recognised using the effective interest method.

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

**d. Property, plant and equipment**

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

Depreciation on property, plant and equipment has been provided on the straight-line method less residual values as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the tools and moulds, in whose case the life of the assets has been assessed as 5 years based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. Depreciation commences when the assets are ready for their intended use.

Freehold land is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of property, plant and equipment of the Company are as follows:

| | |
|---|---|
| Buildings | 30 years |
| Buildings (Roads and Fences) | 5 years |
| Plant and equipment | 10-15 years |
| Plant and equipment (Tools and Moulds) | 5 years |
| Furniture and fixtures | 10 years |
| Office equipment | 5 years |
| Vehicles | 8 years |
| Computers | 3-6 years |

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the standalone statement of profit and Loss.

## Notes to the standalone financial statements for the year ended 31 March 2020

**e. Investment property**

Investment property are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 – Property, Plant and Equipment requirement for cost model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with Ind AS 105 – Non-current Assets Held for Sale and Discontinued Operations.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in standalone statement of profit and loss in the period in which the property is derecognised.

**f. Intangible assets**

Intangible assets that the Company acquires separately and from which it expects future economic benefits are capitalised upon acquisition and measured initially at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

Internally generated assets for which the cost is clearly identifiable are capitalised at cost. All directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets.

Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. All directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets.

Internally generated brands, websites and customer lists are not recognised as intangible assets.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law (e.g., patents, licences, trademarks, franchise and servicing rights) or the likelihood of technical, technological obsolescence (e.g., computer software, design, prototypes) or commercial obsolescence (e.g., lesser known brands are those to which adequate marketing support may not be provided).

Intangible assets that have finite lives are amortised over their estimated useful lives by the straight-line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortised.

The estimated useful lives of intangible assets of the Company are as follows:

| | |
|---|---|
| Computer software | 3 years |
| Technical knowhow | 5 years / 7 years |
| Brand | 5 years |
| Non-Compete Agreement | 10 years |

All intangible assets are tested for impairment. Amortisation expenses and impairment losses and reversal of impairment losses are taken to the Standalone statement of profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortisation and / or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses from derecognitions are measured as the difference between the net disposal proceeds and the carrying amount of the assets, and are recognised in profit or loss when the asset is derecognised.

**g. Impairment of tangible and intangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the standalone statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in standalone statement of profit and loss.

**h. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the standalone statement of profit and loss in the period in which they are incurred.

**i. Foreign currency transactions**

The functional and presentation currency of the Company is Indian Rupee.

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the respective transactions.Gains / losses arising on foreign currency transactions settled during the year are recognised in the standalone statement of profit and loss.

Exchange differences arising on translation of monetary items are recognised in the standalone statement of profit and lossexcept for exchange differences on foreign currency borrowings relating to assets under constructions for future productive use, which are included in the cost of the assets when they are regarded as an adjustment to interest costs on these foreign currency borrowings.

Exchange differences arising on monetary items that, in substance, form part of the Company's net investment in a foreign operation (having a functional currency other than Indian Rupee) are accumulated in foreign currency translation reserve.

Non-monetary items denominated in foreign currency are carried at cost.

**j. Derivatives**

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts, to manage its exposure to foreign exchange risks.

Derivatives are initially recognised at fair value and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gains / losses is recognised in the standalone statement of profit and loss.

**k. Investment in subsidiaries**

Investment in subsidiaries are carried at cost less accumulated impairment, if any.

**l. Inventories**

Inventories are valued at the lower of cost and net realisable value. Costs of inventories are determined using weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

**m. Employee benefits**

**Retirement benefit costs**

Contribution payable for provident fund and superannuation fund, which are defined contribution schemes are recognised as an employee benefit expense in the standalone statement of profit and loss.

For retirement benefit - defined benefit plani.e.gratuity, other long-term employee benefits i.e., leave encashment and sick leave, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit in other comprehensive income for gratuity and standalone statement of profit and loss for leave encashment and sick leave in the period in which they occur.

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit and loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit and loss in the line item 'Employee benefits expense'.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

**Short-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

**n. Taxation**

Tax expenses comprises current and deferred tax.

**Current tax**

Current tax is measured at the amount expected to be paid to tax authorities in accordance with the Income Tax Act, 1961. The Company's current tax is calculated using tax rates and tax laws that have been enacted during the period, together with any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority.

Minimum Alternate Tax (MAT) credit entitlement is recognised only to the extent there is convincing evidence that the Company will pay normal tax during the period specified by the Income Tax Act, 1961. In the year in which the MAT credit becomes eligible to be recognised as an asset,the said asset is created by way of credit to the standalone statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**o. Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant. Accordingly, government grants:

a) related to or used for assets are included in the Balance Sheet as deferred income and recognised as income over the useful life of the assets.

b) related to incurring specific expenditures are taken to the standalone statement of profit and loss on the same basis and in the same periods as the expenditures incurred.

c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

**p. Warranties**

Warranty costs are estimated by the Management on the basis of a technical evaluation and based on specific warranties, claims and claim history. Provision is made for estimated liability in respect of warranty cost in the year of sale of goods. Warranty provisions are measured at discounted amounts. The Company discounts its provision for warranty to present value at reporting dates. Consequently, the unwinding of discount is recognised in the standalone statement of profit and loss.

Provision for warranty is expected to be utilised over a period of one to five years.

**q. Provisions and contingent liabilities**

The Company recognises a provision when there is a present obligation as a result of an obligating event that probably requires outflow of resources and a reliable estimate can be made of the amount of the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A disclosure of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure of contingent liability is made.

**r. Leasing**

The Company has adopted Ind AS 116 – "Leases" w.e.f. 1 April, 2019. Accordingly, at the inception of a contract, the Company assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

**s. Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Segments are organised based on business which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

Segment revenue arising from third party customers is reported on the same basis as revenue in the financial statements. Inter-segment revenue is reported on the basis of transactions which are primarily market led. Segment results represent profits before finance charges, unallocated expenses and taxes.

"Unallocated Expenses" represents revenue and expenses attributable to the enterprise as a whole and are not attributable to segments.

**t. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through standalone statement of profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit and loss.

Financial assets and liabilities are offset and the net amount is included in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**u. Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Recognition**

Financial assets include investments, trade receivables, derivative instruments, cash and cash equivalents, other bank balances, loans and other financial assets. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the standalone statement of profit and loss.

**Classification**

Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) Amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) Fair value through other comprehensive income, where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) Fair value through statement of profit and loss, where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on their fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the standalone statement of profit and loss in the period in which they arise.

Trade receivables, cash and cash equivalents, other bank balances, loans and other financial assets are classified for measurement at amortised cost. Derivative instruments are measured at fair value through statement of profit and loss while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit and loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The effective interest method is a method of calculating the amortised cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition

**Impairment**

At each reporting date a financial asset such as investment, trade receivable, loans and other financial assets held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit loss is assessed and loss allowance is recognised if the credit quality of that financial asset has deteriorated significantly since initial recognition.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount of the financial asset in the balance sheet.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in standalone statement of profit and loss.

**Reclassification**

When and only when the business model is changed the Company shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through standalone statement of profit and loss without restating the previously recognised gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to Financial instruments.

**De-recognition**

Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Company has transferred substantially all of the risks and rewards of ownership. Consequently, if the asset is one that is measured at

(a) Amortised cost, the gain or loss is recognised in the standalone statement of profit and loss.

(b) Fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the standalone statement of profit and loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

**v. Financial liabilities and equity instruments**

**Classification:**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company are recognised at the proceeds received.

**Financial liabilities**

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the standalone statement of profit and loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the balance sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

**w. Earning per share**

Basic earnings per share are calculated by dividing the profit and loss for the year attributable to shareholders by the weighted average number of shares outstanding during the year. For the purpose of calculating diluted earnings per share, the profit and loss for the year attributable to shareholders and weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential shares

**x. Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**y. Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date value of the assets transferred and liabilities incurred by the Company to the former owner of the acquiree and the equity interest issued by the Company in exchange of control of the acquiree.

Acquisition related costs are generally recognised in the Statement of profit or loss as incurred. The identifiable assets acquired and liabilities assumed are recognised at fair value except deferred tax assets or liabilities, liabilities related to employee benefit arrangements.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

In case of bargain purchase, the group recognises the gain in other comprehensive income and accumulates the same in equity as capital reserve.

**2A. USE OF ESTIMATES AND JUDGEMENTS :**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about the significant areas of estimation, uncertainty and critical judgements in applying accountingpolicies that have the most significant effect on the amountsrecognised in the financial statements are related to:

(i) Useful life of property, plant and equipment and intangible assets

(ii) Provision for product warranties

(iii) Provision for employee benefits

(iv) Fair value of financial assets / liabilities

(v) Provisions and contingent liabilities

(vi) Estimation uncertainty relating to COVID – 19 outbreak

**Useful life of property, plant and equipment and intangible assets**

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. The Company is required to determine whether its intangible assets have indefinite or finite life which is a subject matter of judgement.

**Provision for product warranties**

Provision is estimated in respect of warranty cost in the year of sale of goods and it represents the present value of the management's best estimate of the future outflow of economic benefit that will be required under the company's obligation for warranties. It is estimated by the management on the basis of a technical evaluation and based on specific warranties, claims and claim history.

The determination of provision for product warranties takes into account assumptions which is a subject matter of judgement.

**Provision for employee benefits**

The determination of Company's liability towards defined benefit obligation and otherlong-term employee benefits to employees is made through independent actuarial valuation including determination of amounts to be recognised in the standalone statement of profit and loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to accounts.

**Fair value measurements and valuation processes**

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation, if required.

**Provisions and contingent liabilities**

The Company has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty.

**Estimation uncertainty relating to COVID – 19 outbreak**

The Management has considered the possible effects, if any that may result from the pandemic relating to COVID-19 on the carrying amounts of assets. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the management has considered the global economic conditions prevailing as at the date of approval of these financial statements, and has used internal and external sources of information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

**RECENT ACCOUNTING PRONOUNCEMENTS :**

Standards issued but not effective. As at the date of issue of financial statements, there are no new standards or amendments which have been notified by the MCA but not yet adopted by the Company. Hence, the disclosure is not applicable.

## Notes to the standalone financial statements for the year ended 31 March 2020

Rs. in Lacs

| Particulars of Assets | Gross Block | | | | | Depreciation and amortisation | | | | Net Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 01 April 2019 | Fair Value of assets acquired on business combination (Refer note 40) | Additions | Adjustments / disposals | As at 31 March 2020 | As at 01 April 2019 | For the year | Adjustments / disposals | As at 31 March 2020 | As at 31 March 2020 | As at 31 March 2019 |
| **3A Property, plant and equipment** | | | | | | | | | | | |
| (a) **Land** | 506 | – | – | – | **506** | – | – | – | **–** | **506** | 506 |
| Land | 506 | – | – | – | **506** | – | – | – | **–** | **506** | 506 |
| *Previous year* | *527* | – | – | *(21)* | *506* | – | – | – | – | *506* | *527* |
| (b) **Buildings** | 4,842 | 525 | 4,193 | – | **9,560** | 668 | 264 | – | **932** | **8,628** | 4,174 |
| Buildings | 3,574 | 525 | 4,193 | – | **8,292** | 544 | 219 | – | **763** | **7,529** | 3,030 |
| R and D buildings | 1,268 | – | – | – | **1,268** | 124 | 45 | – | **169** | **1,099** | 1,144 |
| *Previous year* | *4,756* | – | *89* | *(3)* | *4,842* | *436* | *232* | – | *668* | *4,174* | *4,320* |
| (c) **Plant and equipment** | 30,751 | 3,539 | 14,000 | (129) | **48,161** | 10,804 | 4,386 | (50) | **15,140** | **33,021** | 19,947 |
| Plant and equipment | 28,784 | 3,539 | 13,959 | (126) | **46,156** | 10,382 | 4,214 | (49) | **14,547** | **31,609** | 18,402 |
| R and D plant and equipment | 1,967 | – | 41 | (3) | **2,005** | 422 | 172 | (1) | **593** | **1,412** | 1,545 |
| *Previous year* | *27,535* | *145* | *3,212* | *(141)* | *30,751* | *7,034* | *3,819* | *(49)* | *10,804* | *19,947* | *20,501* |
| (d) **Furniture and fixtures** | 2,211 | 18 | 269 | (20) | **2,478** | 512 | 235 | (8) | **739** | **1,739** | 1,699 |
| Furniture and fixtures | 1,856 | 18 | 267 | (19) | **2,122** | 431 | 200 | (8) | **623** | **1,499** | 1,425 |
| R and D furniture and fixtures | 355 | – | 2 | (1) | **356** | 81 | 35 | – | **116** | **240** | 274 |
| *Previous year* | *1,823* | – | *422* | *(34)* | *2,211* | *317* | *210* | *(15)* | *512* | *1,699* | *1,506* |
| (e) **Vehicles** | 58 | – | 3 | – | **61** | 24 | 8 | – | **32** | **29** | 34 |
| Vehicles | 30 | – | 3 | – | **33** | 15 | 5 | – | **20** | **13** | 15 |
| R and D vehicles | 28 | – | – | – | **28** | 9 | 3 | – | **12** | **16** | 19 |
| *Previous year* | *58* | – | – | – | *58* | *16* | *8* | – | *24* | *34* | *42* |
| (f) **Office equipment** | 390 | – | 87 | (4) | **473** | 196 | 68 | (4) | **260** | **213** | 194 |
| Office equipment | 382 | – | 87 | (4) | **465** | 192 | 66 | (4) | **254** | **211** | 190 |
| R and D office equipment | 8 | – | – | – | **8** | 4 | 2 | – | **6** | **2** | 4 |
| *Previous year* | *340* | – | *57* | *(7)* | *390* | *134* | *66* | *(4)* | *196* | *194* | *206* |
| (g) **Computers** | 1,068 | 3 | 308 | (4) | **1,375** | 538 | 223 | (3) | **758** | **617** | 530 |
| Computers | 961 | 3 | 289 | (4) | **1,249** | 475 | 207 | (3) | **679** | **570** | 486 |
| R and D computers | 107 | – | 19 | – | **126** | 63 | 16 | – | **79** | **47** | 44 |
| *Previous year* | *882* | – | *200* | *(14)* | *1,068* | *343* | *203* | *(8)* | *538* | *530* | *539* |
| **Total** | 39,826 | 4,085 | 18,860 | (157) | **62,614** | 12,742 | 5,184 | (65) | **17,861** | **44,753** | 27,084 |
| Total | 36,093 | 4,085 | 18,798 | (153) | **58,823** | 12,039 | 4,911 | (64) | **16,886** | **41,937** | 24,054 |
| Total R and D | 3,733 | – | 62 | (4) | **3,791** | 703 | 273 | (1) | **975** | **2,816** | 3,030 |
| *Previous year* | 35,921 | 145 | 3,980 | (220) | **39,826** | 8,280 | 4,538 | (76) | **12,742** | **27,084** | 27,641 |
| **Capital work–in–progress** | 1,659 | – | 688 | (1,647) | **700** | – | – | – | **–** | **700** | 1,659 |
| *Previous year* | *227* | – | *1,657* | *(225)* | *1,659* | – | – | – | – | *1,659* | *227* |

1 *R and D denotes research and development.*
2 *Certain portion of land and building has been given on operating lease.*

## Notes to the standalone financial statements for the year ended 31 March 2020

Rs. in Lacs

| | | Particulars of Assets | Gross Block | | | | | Depreciation and amortisation | | | | Net Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | As at 01 April 2019 | **Fair Value of assets acquired on business combination (Refer note 40)** | **Additions** | **Adjustments / disposals** | **As at 31 March 2020** | As at 01 April 2019 | **For the year** | **Adjustments / disposals** | **As at 31 March 2020** | **As at 31 March 2020** | As at 31 March 2019 |
| 3B | **Intangible assets** | | | | | | | | | | | | |
| | (d) | **Non-compete agreement** | 617 | – | – | – | **617** | 28 | 62 | – | **90** | **527** | 589 |
| | | Non-compete agreement | 617 | – | – | – | **617** | 28 | 62 | – | **90** | **527** | 589 |
| | | *Previous year* | – | *617* | – | – | *617* | – | *28* | – | *28* | *589* | – |
| | **Total** | | 4,942 | – | 2,264 | (2) | **7,204** | 2,089 | 1,011 | (2) | **3,098** | **4,106** | 2,853 |
| | Total | | 2,351 | – | 138 | 941 | **3,430** | 993 | 637 | 59 | **1,689** | **1,741** | 1,358 |
| | Total R and D | | 2,591 | – | 2,126 | (943) | **3,774** | 1,096 | 374 | (61) | **1,409** | **2,365** | 1,495 |
| | *Previous year* | | 2,903 | 1,942 | 101 | (4) | **4,942** | 1,177 | 916 | (4) | **2,089** | **2,853** | 1,726 |
| | **Intangible assets under development** | | 581 | – | 67 | (552) | **96** | – | – | – | **–** | **96** | 581 |
| | *Previous year* | | *447* | – | *134* | – | *581* | – | – | – | – | *581* | *447* |

1 *R and D denotes research and development.*
2 *The amortisation of intangible assets is disclosed in the face of Statement of Profit and Loss under the heading "Depreciation and amortisation expenses"*
3 *The remaining useful life of Significant intangible assets are as under:-*

| ***Description*** | ***Remaining useful life as at 31 March 2020*** |
|---|---|
| *(a) Design Cost for washing machines* | *The entire net block would be amortised in 3 years.* |
| *(b) Engineering design and process for Industrial Launderete Equipments* | *The entire net block would be amortised in 6 years.* |
| *(c) Design cost of Motors* | *The entire net block would be amortised in 4 years.* |
| *(d) Brand* | *The entire net block would be amortised in 4 years.* |
| *(e) Non-compete agreement* | *The entire net block would be amortised in 9 years.* |
| *(f) Design cost for Air Conditioner* | *The entire net block would be amortised in 4 years.* |
| *(g) Design cost for Washer Dryer* | *The entire net block would be amortised in 4 years.* |

**3C Right of use assets**

Rs. in Lacs

| **Particulars of Assets** | Gross Block | | | Depreciation and amortisation | | Net Book Value | |
|---|---|---|---|---|---|---|---|
| | Recognised on 1 April, 2019 (Refer Note 34) | Additions | **As at 31 March 2020** | For the year | **As at 31 March 2020** | **As at 31 March 2020** | As at 31 March 2019 |
| **Right of use assets** | 8,070 | 1,441 | **9,511** | 2,703 | **2,703** | **6,808** | – |
| *Previous year* | – | – | – | – | – | – | – |
| **Total** | **8,070** | **1,441** | **9,511** | **2,703** | **2,703** | **6,808** | **–** |
| *Previous year* | – | – | – | – | – | – | – |

Notes to the standalone financial statements for the year ended 31 March 2020

**4. Investment property**

Rs. in Lacs

| Particulars | Gross Block / Net Book Value | | | |
|---|---|---|---|---|
| | As at 01 April, 2019 | **Additions** | **Adjustments /disposals** | **As at 31 March 2020** |
| Land | 11 | – | – | **11** |
| **Total** | 11 | – | – | **11** |

1. The Company's investment properties consist of lands in India and it includes an amount of **Rs. 7 lacs** (31 March 2019: Rs. 7 lacs) being assets given on an operating lease.
2. As at 31 March 2020 and 31 March 2019 the fair values of the properties are **Rs. 530 lacs** and Rs. 500 lacs respectively. These valuations are based on valuations performed by NagChowdhury Associates, an accredited independent valuer. NagChowdhury Associates is a specialist in valuing these types of investment properties. A valuation model (market approach) in accordance with that recommended by Indian Institute of Surveyors has been applied. The fair value measurement can be categorised into level 3 category.
3. The Company has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
4. Information regarding income and expenditure of investment property:

| Particulars | Year ended | |
|---|---|---|
| | **31 March 2020 Rs. in Lacs** | 31 March 2019 Rs. in Lacs |
| Rental income derived from investment property | **6** | 6 |
| Total profit arising from investment property | **6** | 6 |

**5. Investments**

| Particulars | As at 31 March 2020 | | | As at 31 March 2019 | | |
|---|---|---|---|---|---|---|
| | **Nos** | **Current Rs. in Lacs** | **Non Current Rs. in Lacs** | Nos | Current Rs. in Lacs | Non Current Rs. in Lacs |
| **A. At cost** | | | | | | |
| **Unquoted investments (fully paid)** | | | | | | |
| **Investment in subsidiaries** | | | | | | |
| - Trishan Metals Private Limited (equity shares of Rs. 10/- each) | **1,20,00,000** | **–** | **1,200** | 1,20,00,000 | – | 1,200 |
| - Global Automotive & Appliances Pte. Ltd. (ordinary shares of USD. 1/- each) | **47,55,625** | **–** | **2,160** | 47,55,625 | – | 2,160 |
| **Total** | | **–** | **3,360** | | – | 3,360 |

## Notes to the standalone financial statements for the year ended 31 March 2020

**5. Investments** *(Contd.)*

| Particulars | As at 31 March 2020 | | | As at 31 March 2019 | | |
|---|---|---|---|---|---|---|
| | Nos | Current Rs. in Lacs | Non Current Rs. in Lacs | Nos | Current Rs. in Lacs | Non Current Rs. in Lacs |
| **B. At fair value through statement of profit and loss** | | | | | | |
| **Investments in mutual fund - unquoted** | | | | | | |
| a) ICICI Prudential Liquid - Direct Plan - Daily Dividend (face value Rs.100/-) | **9,77,276** | **978** | **–** | 19,24,974 | 1,928 | – |
| b) ICICI Prudential Regular Saving Fund - Growth (face value Rs 10/-) | **–** | **–** | **–** | 10,27,149 | 204 | – |
| c) Reliance Regular Savings Fund - Debt Plan - Growth plan - growth option (face value Rs. 10/-) | **–** | **–** | **–** | 23,03,578 | 594 | – |
| d) AXIS Liquid Fund - Direct Plan- growth (face value Rs. 100/-) | **56,970** | **1,256** | **–** | – | – | – |
| e) HDFC Short term Debt Fund - Dividend Reinvestment-fortnightly (face value Rs. 10/-) | **1,31,97,202** | **1,361** | **–** | – | – | – |
| f) HDFC Liquid Fund - Direct Plan-growth (face value Rs. 1000/-) | **80,833** | **3,158** | **–** | – | – | – |
| g) ICICI Prudential Money Market Fund Option - Direct plan daily dividend (face value Rs. 100/-) | **14,44,108** | **1,446** | **–** | – | – | – |
| h) ICICI Prudential Liquid - Direct plan - growth (face value Rs 100/-) | **12,84,678** | **3,774** | **–** | – | – | – |
| i) Kotak Equity Arbitrage Fund - Direct Plan- growth (face value Rs 10/-) | **55,15,321** | **1,603** | **–** | – | – | – |
| j) UTI Arbitrage Fund - Direct Plan- growth (face value Rs 10/-) | **62,35,374** | **1,704** | **–** | – | – | – |
| **Total** | | **15,280** | **–** | | 2,726 | – |
| **Total investments** | | **15,280** | **3,360** | | 2,726 | 3,360 |
| **Other disclosures** | | | | | | |
| Aggregate amount of unquoted investments | | **15,280** | **3,360** | | 2,726 | 3,360 |
| Aggregate amount of impairment in value of investments | | **–** | **–** | | – | – |

## Notes to the standalone financial statements for the year ended 31 March 2020

### 5. Investments *(Contd.)*

| **Details of investment in subsidiaries :** | **As at 31 March 2020** | As at 31 March 2019 |
|---|---|---|
| 1. Name | **Trishan Metals Private Limited** | Trishan Metals Private Limited |
| Principal place of business | **West Bengal** | West Bengal |
| Proportion of the ownership interest and voting rights held | **51.12%** | 51.12% |
| Method used to account for above stated subsidiary | **Cost** | Cost |
| 2. Name | **Global Automotive & Appliances Pte. Ltd** | Global Automotive & Appliances Pte. Ltd |
| Principal place of business | **Singapore** | Singapore |
| Proportion of the ownership interest and voting rights held | **100%** | 100% |
| Method used to account for above stated subsidiary | **Cost** | Cost |

### 6. Loans

| **Particulars** | **As at 31 March 2020** | | As at 31 March 2019 | |
|---|---|---|---|---|
| | **Current** | **Non Current** | Current | Non Current |
| | **Rs. in Lacs** | **Rs. in Lacs** | Rs. in Lacs | Rs. in Lacs |
| Unsecured, considered good | | | | |
| - Loans to related parties (refer note 37) | **1** | **1** | 4 | 2 |
| - Other loans to employees | **54** | **54** | 49 | 54 |
| **Total** | **55** | **55** | 53 | 56 |

### 7. Other financial assets

| **Particulars** | **As at 31 March 2020** | | As at 31 March 2019 | |
|---|---|---|---|---|
| | **Current** | **Non Current** | Current | Non Current |
| | **Rs. in Lacs** | **Rs. in Lacs** | Rs. in Lacs | Rs. in Lacs |
| Margin money with more than 12 months maturity | **–** | **31** | – | 1 |
| Bank deposit with more than 12 months maturity | **–** | **1** | – | 11 |
| Security deposits | | | | |
| - to related parties (unsecured, considered good) - refer note 37 | **–** | **58** | – | 58 |
| - to others | | | | |
| (i) Unsecured, considered good | **64** | **1,298** | 58 | 1,019 |
| (ii) Unsecured, considered doubtful | **–** | **14** | – | 14 |
| Less: Allowance for doubtful deposits | **–** | **14** | – | 14 |
| Others | | | | |
| - Derivative instruments at fair value through profit or loss and not designated as hedges | **286** | **934** | 3 | – |
| - Interest accrued on fixed deposits | **73** | **34** | 92 | – |
| - Insurance and other claim receivable | **9** | **–** | 1 | – |
| **Total** | **432** | **2,356** | 154 | 1,089 |
| Security deposit to related parties includes advances to private limited companies in which any director is a director or a member | **–** | **50** | – | 50 |

# Notes to the standalone financial statements for the year ended 31 March 2020

## 8. Income tax assets (net)

| Particulars | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| Advance tax (net of provision) | **1,829** | 844 |
| **Total** | **1,829** | 844 |

## 9. Other assets

| Particulars | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | **Current** | **Non Current** | Current | Non Current |
| | **Rs. in Lacs** | **Rs. in Lacs** | Rs. in Lacs | Rs. in Lacs |
| Capital advance | **–** | **3,278** | – | 1,350 |
| Advances other than capital advance | | | | |
| - deposit with statutory authorities | **61** | **414** | 26 | 438 |
| - advances with statutory authorities | **4,668** | **719** | 2,742 | 1,485 |
| - advances with related parties (refer note 37) | **1,209** | **–** | 836 | – |
| Other advances | | | | |
| - advances for goods and services | **1,392** | **14** | 116 | 14 |
| - prepaid expenses | **489** | **–** | 391 | – |
| - prepaid lease rent | **–** | **–** | 50 | 1,282 |
| less: allowance for doubtful advances | **–** | **14** | – | 14 |
| **Total** | **7,819** | **4,411** | 4,161 | 4,555 |
| Advance with related parties includes advances to private limited companies in which any director is a director or a member | **1,092** | **–** | 299 | – |

## 10. Inventories (valued at lower of cost and net realisable value)

| Particulars | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| Raw materials | **13,596** | 9,941 |
| Work-in-progress | **2,754** | 2,087 |
| Finished goods | **10,951** | 10,664 |
| Stock-in-trade | **6,524** | 13,313 |
| Stores and spares | **3,512** | 3,254 |
| **Total** | **37,337** | 39,259 |
| The above includes goods in transit as under: | | |
| Raw materials | **3,044** | 837 |
| Stock-in-trade | **918** | 2,041 |
| Stores and spares | **48** | 62 |
| | **4,010** | 2,940 |

1. The cost of inventories recognised as an expense during the year was **Rs. 1,70,203 lacs** (31 March 2019: Rs. 1,74,890 lacs)
2. The cost of inventories recognised as an expense includes **Rs. 500 lacs** (31 March 2019 : Rs. 428 lacs) in respect of write-downs of inventory to its net realisable value. Further a sum of **Rs. 232 lacs** (31 March 2019: Rs. 219 lacs) is in respect of reversal of such write-downs. The write downs have been reduced primarily as a result of increased sales price or subsequent disposals
3. Carrying amount of inventories carried at fair value **Rs. 1,054 Lacs** (31 March 2019: Rs. 1433 lacs)
4. During the year carrying amount of inventories of **Rs. 1036 lacs (Rs. 1157 lacs including taxes and freight)** was charged off on account of loss of Inventory lying at a warehouse of the Company due to fire on 2 December, 2019. The Insurance claim for the same has been lodged.The same has been treated as exceptional item. (Refer note 41)

# Notes to the standalone financial statements for the year ended 31 March 2020

## 11. Trade receivables

| Particulars | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| **Unsecured, considered good** | | |
| - receivable from subsidiaries(*) (refer note 37) | **41** | 26 |
| - receivable from related parties other than subsidiaries(*) (refer note 37) | **1,969** | 1,670 |
| - receivable from others | **16,504** | 19,437 |
| **Unsecured, considered doubtful** | | |
| - receivable from others | **128** | 99 |
| Less: allowances for doubtful debts | **(128)** | (99) |
| **Total** | **18,514** | 21,133 |
| (*) Includes trade receivable from private limited companies in which any director is a director or a member | **1,968** | 1670 |

**Transfer of financial assets**

The Company discounted certain trade receivable with an aggregate carrying amount of **Rs. 760 lacs** (31 March 2019: Rs. 4,472 lacs) to a bank for cash proceeds of **Rs. 751 lacs** (31 March 2019: Rs. 4,439 lacs). If the trade receivable are not paid at maturity, the bank has the right to request the Company to pay the unsettled balance. As the Company has not transferred the significant risks and rewards relating to these trade receivable, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowings.

At the end of the reporting period, the carrying amount of the trade receivable that has been transferred but have not been derecognised and the carrying amount of the associated liability is as under:

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| Trade receivable that has been transferred but have not been derecognised | – | 359 |
| Bill discounting liability for the above | – | 359 |

## Notes to the standalone financial statements for the year ended 31 March 2020

### 12. Cash and cash equivalents

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| Balances with banks | | |
| - current account | 4,389 | 4,490 |
| - deposit account | **5,672** | 1,964 |
| Cheques on hand | **13** | 532 |
| Cash on hand | **66** | 53 |
| **Total** | **10,140** | 7,039 |

### 13. Other bank balances

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| In deposit account | **1,949** | 2,420 |
| Margin money deposits | **–** | 25 |
| **Total** | **1,949** | 2,445 |

### 14. Equity share capital

| | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | No. of shares | Rs. in Lacs | No. of shares | Rs. in Lacs |
| **Authorised share capital** | | | | |
| Equity shares of Rs. 10 each | **6,50,00,000** | **6,500** | 6,50,00,000 | 6,500 |
| **Total** | **6,50,00,000** | **6,500** | 6,50,00,000 | 6,500 |

| | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | No. of shares | Rs. in Lacs | No. of shares | Rs. in Lacs |
| **Issued, subscribed and fully paid up** | | | | |
| Equity shares of Rs. 10 each | **4,05,18,796** | **4,052** | 4,05,18,796 | 4,052 |
| **Forfeited shares** | | | | |
| 30,50,000 (31 March 2019: 30,50,000) equity shares of Rs. 10 each, Rs. 2.50 paid - up | – | 76 | – | 76 |
| **Total** | **40,518,796** | **4,128** | 4,05,18,796 | 4,128 |

**There has been no change in equity share capital during the year.**

**Rights, preferences and restrictions attached to equity shares**

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shareholders are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share in the paid-up equity capital of the Company.

Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

**Details of shareholders holding more than 5% equity shares in the Company**

| | **As at 31 March 2020** | | As at 31 March 2019 | |
|---|---|---|---|---|
| | % | **No. of shares** | % | No. of shares |
| 1. IFB Automotive Private Limited | **46.54%** | **1,88,56,833** | 46.54% | 1,88,56,833 |
| 2. Nurpur Gases Private Limited | **14.83%** | **60,10,416** | 14.83% | 60,10,416 |
| 3. Asansol Bottling & Packaging Company Private Limited | **8.31%** | **33,66,428** | 8.31% | 33,66,428 |
| 4. Jwalamukhi Investment Holdings | **7.17%** | **29,05,140** | 2.84% | 11,49,759 |

## 15. Non-current borrowings

| | **As at 31 March 2020** **Rs. in Lacs** | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| Term loans from banks - secured | **25,167** | 250 |
| **Total** | **25,167** | 250 |

(a) For sanction of credit facilities amounting to Rs. 2,000 lacs and Rs. 3,000 lacs by ICICI Bank Ltd. (Utilised as at 31.03.2020 Rs. 3,500 lacs), following securities have been created:

- Exclusive charge over the movable properties including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about all the borrower's factories, premises and godowns or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or in high seas or on order, or delivery, howsoever and wheresoever in the possession of the borrower and either by way of substitution or addition in such manner that the security cover of 1.25 times is maintained. For the limit utilised the Term Loan is repayable in 22 quarterly installments starting from 19 May, 2022.

(b) For sanction of credit facilities amounting to Rs. 2,500 lacs by DBS Bank India Ltd., following securities have been created:

- First and exclusive floating charge over all present and future movable property, plant and equipment of the Company's engineering division located at Kolkata and Bangalore stored or to be stored at the Company's godown or premises or wherever else the same may be. The Term Loan is repayable in 16 quarterly installments from the end of the 15th month from the date of first disbursement i.e. 09 March 2016.

(c) For sanction of credit facilities amounting to Rs. 6,000 lacs and Rs. 1,000 lacs by DBS Bank India Ltd., following securities have been created:

- Hypothecation by way of first and exclusive floating charge on all present and future moveable plant and machinery, equipment, appliances, furniture, vehicles, machinery, spares and stores, tools and accessories and other moveable whether or not installed and whether lying loose or in cases or which are now lying or stored in or about and may hereafter from time to time during the currency of this deed be brought into or upon or be stores in or about all the counterparty's factories, premises, warehouses and godowns or whenever else the same may be or be held by any party to the order or disposition of the counterparty or in the courses of transit or on high seas or on order, or delivery, howsoever and wheresoever in the possession of the counterparty and either by way of substitution or addition (all pertaining to borrower's units located at Kolkata and Bangalore) stores or to be stored at the Company's Godowns or premises or wherever else the same may be except asset charged specifically for debt availed, if any for purchase of conventional press line subject to NOC being sought from DBS). The Term Loan is repayable in 15 equal quarterly installments starting from 11 March, 2021.

(d) For sanction of external commercial borrowings amounting to Rs. 14,160 lacs (USD 200 lacs) by Standard Chartered Bank, London, following securities have been created:

- Hypothecation by way of first and exclusive charge over all present and future of the moveable properties of the borrower pertaining to the proposed capex for setting up of facility for manufacturing of air conditioners in Goa and on the existing plant and machinery of washing machine division at Goa (Verna) plant (except exclusive charge to term lenders), including without limitations its moveable plant and machinery, furniture and fittings, equipments, computers, hardware, computer software, machinery spares, tools and accessories and other movables, both whether now lying loose or in cases or which are now lying or stored in or about or shall hereafter from time to time during the continuance of the securityof these presents be brought into or upon or be stored or be in or about all the borrower's premises, warehouses, stockyards and godowns or those of the borrower's agents, affiliates, associates or representatives or at various worksites or at any upcountry place or places wherever else the same maybe or be held by any party including, without limitation, the following plot no. N-7, Phase IV, Survey No. 261/10, Verna Industrial Estate, Verna, Goa - 403722. The external commercial borrowings repayable in 13 equal quarterly installments starting from 1 October, 2021.

The scheduled maturity of the above borrowings is as under:

| | **As at 31 March 2020 Rs. in Lacs** | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| Repayable in first year | **717** | 750 |
| **Current maturies of long-term debt (refer note 16)** | **717** | 750 |
| In the second year | **4,195** | 250 |
| In the third to fifth year | **19,572** | - |
| Beyond fifth year | **1,400** | - |
| **Non-current borrowings** | **25,167** | 250 |

Notes to the standalone financial statements for the year ended 31 March 2020

## 16. Other financial liabilities

| | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | Current | Non Current | Current | Non Current |
| | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs |
| Current maturities of long-term debt (refer note 15) | **717** | **–** | 750 | – |
| Interest accrued but not due on borrowings | **24** | **–** | 8 | – |
| Derivative instruments at fair value through statement of profit and loss and not designated as hedges | **49** | **–** | 245 | – |
| Others | | | | |
| - Security deposit | **577** | **26** | 435 | 14 |
| - Payable for property, plant and equipment and intangibles | **700** | **–** | 404 | – |
| **Total** | **2,067** | **26** | 1,842 | 14 |

## 17. Other liabilities

| | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | Current | Non Current | Current | Non Current |
| | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs |
| Income received in advance on annual maintenance contracts and extended warranty services | **3,466** | **1,651** | 4,207 | 994 |
| Advance from customers | **1,948** | **–** | 1,039 | – |
| Others | | | | |
| - Statutory liabilities | **1,775** | **–** | 1,511 | – |
| **Total** | **7,189** | **1,651** | 6,757 | 994 |

## 18. Provisions

| | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | Current | Non Current | Current | Non Current |
| | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs |
| Provision for employee benefits | | | | |
| Gratuity (Refer note 32) | **–** | **1,260** | – | 957 |
| Leave | **–** | **1,376** | – | 1,657 |
| Sick Leave | **67** | **349** | 56 | 278 |
| Others | | | | |
| Warranty | **355** | **3,550** | 360 | 2,554 |
| **Total** | **422** | **6,535** | 416 | 5,446 |

**Details of movement in warranty provisions**

| | Rs. in Lacs |
|---|---|
| Balance as at 01 April 2018 | 2,398 |
| Additional provisions recognised | 1,399 |
| Effect of unwinding of discount | 168 |
| Amounts used (i.e. incurred and charged against the provision) during the period | (1,051) |
| Balance as at 31 March 2019 | 2,914 |
| Additional provisions recognised | 2,024 |
| Effect of unwinding of discount | 195 |
| Amounts used (i.e. incurred and charged against the provision) during the period | (1,228) |
| **Balance as at 31 March 2020** | **3,905** |

a. Provision is estimated in respect of warranty cost in the year of sale of goods and it represents the present value of the management's best estimate of the future outflow of economic benefit that will be required under the Company's obligation for warranties.

b. Provision for warranty is expected to be utilised over a period of 1 to 5 years.

c. The estimates may vary as a result of product quality, availability of spare parts, price of raw materials, altered manufacturing processess and discount rates.

d. Warranty costs are estimated by the management on the basis of a technical evaluation and based on specific warranties, claims and claim history.

**19. Deferred tax liabilities (net)**

| | **As at 31 March 2020 Rs. in Lacs** | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| Deferred tax liabilities | **4,506** | 3,410 |
| Less: Deferred tax assets | **3,702** | 2,809 |
| **Total Deferred tax liabilities (net)** | **804** | 601 |

## Notes to the standalone financial statements for the year ended 31 March 2020

**Breakup of deferred tax liabilities / asset balances is as under:**

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| **Deferred tax liabilities** | | |
| On provision for warranty | **259** | 229 |
| On changes in fair value of investments | **16** | 45 |
| On property, plant and equipment and intangible assets | **4,231** | 3,136 |
| | **4,506** | 3,410 |
| **Deferred tax assets** | | |
| On unused tax credits (Minimum Alternate Tax Credit) (*) | **1,834** | 1,650 |
| On tax losses | **407** | – |
| On changes in fair value of derivative instruments | **–** | – (#) |
| On allowance for doubtful debts and advances | **55** | 44 |
| On employee benefits | **1,336** | 1,045 |
| Other timing differences | **70** | 70 |
| | **3,702** | 2,809 |
| **Deferred tax liabilities (net)** | **804** | 601 |

*(*) Unused tax credits are due to expire starting from financial year 2026-27 to 2034-35.*
*(#) Represents amount less than Rs. 50,000*

**Movement of deferred tax (assets) / liabilities (net) is as under**

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| **Deferred tax liabilities / (assets) as at the beginning of the year** | 601 | 526 |
| Deferred tax for the year recognised in profit and loss (@) | **387** | (727) |
| Minimum alternate tax credit for the year (@) | **(389)** | – |
| Minimum alternate tax credit related to previous years - Net (@) | **1** | 47 |
| Minimum alternate tax credit utilisation relating to previous years | **203** | – |
| Minimum alternate tax credit utilised during the year | **1** | 755 |
| **Deferred tax liabilities as at the end of the year** | **804** | 601 |

*(@) refer note 30*

## Notes to the standalone financial statements for the year ended 31 March 2020

### 20. Current borrowings

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| **Secured** | | |
| Loans from banks | | |
| - Working capital buyers credit | **2,606** | – |
| - Bill discounting | **–** | 403 |
| **Total** | **2,606** | 403 |

**Hypothecation details for credit facilities**

For sanction of working capital facility amounting to **Rs 10,000 lacs** by Standard Chartered Bank, following securities have been created:

(i) First pari passu charge on all current assets, both present and future.

(ii) First charge on existing movable fixed assets of Goa (Verna) plant (except exclusive charge to term lenders).

(iii) Second charge on the leasehold land and building of Goa (Verna) unit on all that piece and parcel of non-agricultural land bearing at No. L1 situated within the village panchayat of Nagoa, Verna Plateau, Verna Industrial Estate, Taluka Salcete, District South Goa and registration sub district ILHAS in the state of Goa containing by admeasuring 48,695 square meters or thereabout.

### 21. Revenue from operations

| | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| Gross revenue from sale of manufactured products | **2,15,228** | 2,14,419 |
| Revenue from sale of traded products | **97,193** | 93,508 |
| **Total sale of products** | **3,12,421** | 3,07,927 |
| Less: trade schemes and discounts | **69,480** | 65,567 |
| **Sale of products (net of trade schemes and discounts)** | **2,42,941** | 2,42,360 |
| Sale of services | **8,616** | 7,473 |
| Other operating revenues | | |
| - Scrap sales | **3,458** | 3,887 |
| - Others | **127** | 59 |
| | **2,55,142** | 2,53,779 |

# Notes to the standalone financial statements for the year ended 31 March 2020

**Details of sale of products**

| | | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| **A.** | **Finished goods** | | |
| | Press tools and dies | **743** | 398 |
| | Fine blanked components | **38,406** | 40,639 |
| | Motor | **2,772** | 136 |
| | Home appliances | | |
| | - Washing machines | **1,67,369** | 1,68,463 |
| | - Dryers | **2,213** | 1,976 |
| | - Industrial Launderete Equipments | **2,769** | 1,274 |
| | Others | **956** | 1,533 |
| | | **2,15,228** | 2,14,419 |
| **B.** | **Stock-in-trade** | | |
| | Home appliances | | |
| | - Microwave ovens | **26,600** | 28,212 |
| | - Accessories and additives | **20,159** | 18,924 |
| | - Dishwashers | **6,156** | 6,254 |
| | - Air conditioners | **31,974** | 29,970 |
| | - Spares | **8,925** | 7,077 |
| | - Others | **3,379** | 3,071 |
| | | **97,193** | 93,508 |
| | **Details of sale of services :** | | |
| | Annual maintenance/ service contracts income | **7,214** | 6,411 |
| | Extended warranty income | **182** | 122 |
| | Others | **1,220** | 940 |
| | | **8,616** | 7,473 |

## 22. Other income

| | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| **Interest income** | | |
| - Interest on financial assets measured at amortised cost | **312** | 281 |
| - Other interest | **5** | 50 |
| **Dividend from investments in mutual fund** | **331** | 180 |
| **Other non-operating income** | | |
| (i) Operating lease rental income | | |
| - Investment property | **6** | 6 |
| - Others | **73** | 33 |
| (ii) Net loss on disposal of property, plant and equipment | **(3)** | (2) |
| (iii) Net foreign exchange gain / (loss) | **(1,401)** | 24 |
| (iv) Net gain arising on financial instruments measured at fair value through statement of profit and loss (FVTPL) | | |
| - Mutual fund | **101** | 194 |
| - Derivative instrument | **1,413** | (238) |
| (v) Net gain/(loss) on disposal of financial instrument measured at FVTPL | | |
| - Mutual fund | **(76)** | 36 |
| (vi) Insurance claim received | **52** | 60 |
| (vii) Write back of liabilities no longer required | **57** | 231 |
| (viii) Write back of provision on debts/advances no longer required | **47** | 15 |
| (ix) Miscellaneous income | **359** | 371 |
| | **1,276** | 1,241 |

## 23. Cost of materials consumed

| | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| **Raw material consumed** | | |
| Raw material inventory at the beginning of the year | **9,941** | 7,150 |
| Add: Fair value of raw material acquired on business acquisition (refer note 40) | **127** | 297 |
| Add: Purchases during the year | **1,03,737** | 1,08,516 |
| | **1,13,805** | 1,15,963 |
| Raw material inventory at the end of the year | **13,596** | 9,941 |
| **Cost of materials consumed** | **1,00,209** | 1,06,022 |
| **Expenditure related to research and development at Verna, Goa included in note 23 are:** | | |
| Raw material consumed | **148** | 186 |

## Notes to the standalone financial statements for the year ended 31 March 2020

### 24. Purchases of stock-in-trade

| | **For the year ended 31 March 2020 Rs. in Lacs** | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| Home appliances | | |
| - Microwave ovens | **10,821** | 13,953 |
| - Accessories and additives | **8,940** | 7,699 |
| - Dishwashers | **3,108** | 3,235 |
| - Air conditioners | **12,918** | 20,568 |
| - Others | **1,732** | 1,643 |
| | **37,519** | 47,098 |

### 25. Changes in inventories of finished goods, stock-in-trade and work-in-progress

| | | **For the year ended 31 March 2020 Rs. in Lacs** | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| **Inventories as at the end of the year** | | | |
| Stock-in-trade | | **6,524** | 13,313 |
| Work-in-progress (@) | | **2,073** | 2,087 |
| Finished goods | | **10,951** | 10,664 |
| | **(A)** | **19,548** | 26,064 |
| **Inventories as at the beginning of the year** | | | |
| Stock-in-trade | | **13,313** | 9,471 |
| Work-in-progress | | **2,087** | 1,602 |
| Fair value of Finished goods acquired on business acquisition (refer note 40) | | **7** | – |
| Fair value of work-in-progress acquired on business acquisition (refer note 40) | | **105** | 158 |
| Finished goods | | **10,664** | 10,051 |
| | **(B)** | **26,176** | 21,282 |
| | **(B - A)** | **6,628** | (4,782) |

**Details of inventories**

| | | |
|---|---|---|
| **Stock-in-trade** | | |
| - Microwave ovens | **1,870** | 3,205 |
| - Accessories and additives | **904** | 556 |
| - Dishwashers | **875** | 1,096 |
| - Air conditioners | **2,019** | 7,530 |
| - Kitchen Appliances | **417** | 451 |
| - Others | **439** | 475 |
| | **6,524** | 13,313 |

| | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| **Finished goods** | | |
| - Washing machines | **8,555** | 8,472 |
| - Industrial Launderete Equipments | **222** | 241 |
| - Dryers | **120** | 197 |
| - Fine blanked components | **1,588** | 1,250 |
| - Press tools and dies | **331** | 490 |
| - Others | **135** | 14 |
| | **10,951** | 10,664 |

(@) Includes semi finished fine blanked components and semi finished press tools and dies amounting to **Rs. 1,494 Lacs** (31 March 2019: Rs. 1,151 Lacs)

## 26. Employee benefits expense

| | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| Salaries and wages | **24,042** | 20,683 |
| Contribution to provident and other funds | **2,107** | 1,901 |
| Staff welfare expenses | **2,636** | 2,921 |
| | **28,785** | 25,505 |
| **Expenditure related to research and development at Verna, Goa included in note 26 are:** | | |
| Salaries and wages | **2,789** | 2,531 |
| Contribution to provident and other funds | **258** | 229 |
| Staff welfare expenses | **113** | 102 |
| | **3,160** | 2,862 |

## 27. Finance costs

| | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| Interest on financial liabilities measured at amortised cost | **675** | 345 |
| Effect of unwinding of discount for warranty provision | **195** | 168 |
| Interest on discounting of lease liability | **580** | – |
| Others | **–** | 62 |
| | **1,450** | 575 |

# Notes to the standalone financial statements for the year ended 31 March 2020

## 28. Depreciation and amortisation expense

| | **For the year ended 31 March 2020 Rs. in Lacs** | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| Depreciation of property, plant and equipment | **5,184** | 4,538 |
| Amortisation of intangible assets | **1,011** | 916 |
| Depreciation of right of use assets | **2,703** | - |
| | **8,898** | 5,454 |

## 29. Other expenses

| | **For the year ended 31 March 2020 Rs. in Lacs** | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| Consumption of stores and spare parts | **13,317** | 12,177 |
| Rent (refer note 34) | **797** | 3,132 |
| Insurance | **243** | 186 |
| Freight, octroi and carriage | **8,677** | 9,137 |
| Power and fuels | **2,615** | 2,491 |
| Ancillary cost | **6,110** | 6,273 |
| Rates and taxes | **280** | 185 |
| Expenditure on corporate social responsibility | **69** | 49 |
| Office expenses | **4,615** | 3,966 |
| Advertisement and sales promotion | **18,087** | 15,808 |
| Travelling | **3,345** | 3,561 |
| Repairs | | |
| Buildings | **117** | 123 |
| Plant and machinery | **1,061** | 960 |
| Others | **724** | 675 |
| Write-off of property, plant and equipment | **88** | 111 |
| Write-off of debts/ advances | **57** | 22 |
| Write-off of statutory advances | **-** | 5 |
| Allowances for doubtful debts and advances | **76** | 37 |
| Bank charges | **193** | 119 |
| Directors' sitting fees | **35** | 23 |
| Service expenses | **5,302** | 5,020 |
| Warranty expenses | **2,024** | 1,399 |
| Miscellaneous expenses | **2,275** | 2,004 |
| | **70,107** | 67,463 |
| **Payment to statutory auditors included under office expenses (excluding taxes)** | | |
| As auditors : | | |
| Audit fees | **47** | 43 |
| Tax audit fees | **16** | 16 |
| Limited review fees | **18** | 16 |
| Others | **20** | 18 |
| Reimbursement of expenses | **3** | 3 |
| | **104** | 96 |

## Notes to the standalone financial statements for the year ended 31 March 2020

| | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| **Expenditure on corporate social responsibility** | | |
| (a) Gross amount required to be spent by the company during the year | **183** | 144 |
| (b) Amount spent during the year on purpose other than construction/acquisition of assets in cash | **69** | 49 |
| **Expenditure related to research and development at Verna, Goa included in note 29 are:** | | |
| Rent | **15** | 15 |
| Power and fuels | **88** | 71 |
| Ancillary cost | **10** | 11 |
| Rates and taxes | **1** | 1 |
| Office expenses | **287** | 205 |
| Travelling | **89** | 96 |
| Repairs | | |
| Building | **3** | 4 |
| Plant and machinery | **13** | 3 |
| Others | **2** | 2 |
| Write-off of property, plant and equipment | **2** | – |
| Miscellaneous expenses | **66** | 49 |
| | **576** | 457 |

**30. Tax expense**

| | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| **A. Amount recognised in statement of profit and loss** | | |
| **Current tax** | | |
| Income tax for the year | **389** | 2,667 |
| Adjustments related to previous years (net) | **(217)** | 238 |
| **Total current tax** | **172** | 2,905 |
| **Deferred tax** | | |
| Deferred tax for the year | **387** | (727) |
| Minimum alternate tax credit for the year | **(389)** | - |
| Minimum alternate tax credit related to previous years (net) | **1** | 47 |
| **Total deferred tax** | **(1)** | (680) |
| | **171** | 2,225 |

## Notes to the standalone financial statements for the year ended 31 March 2020

| | | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| **B.** | **Amount recognised in other comprehensive income** | | |
| | **Current tax:** | | |
| | On items that will not be reclassified to profit or loss | | |
| | - Remeasurements of the defined benefit liabilities / (asset) | – | (193) |
| | | – | (193) |
| **C.** | **Reconciliation of effective tax rate** | | |
| | The income tax expense for the year can be reconciled to the accounting profit as follows: | | |
| | **Profit before tax** | **2,970** | 9,620 |
| | Income tax expense calculated @ 34.944% (31 March 2019 - 34.944%) | **1,038** | 3,362 |
| | Effect of income not taxable | **(116)** | (730) |
| | Effect of additional deductions under tax | **(730)** | (664) |
| | Effect of different tax rate on certain items | **(25)** | (20) |
| | Effect of non allowable expenses | **205** | 75 |
| | Effect of adjustments relating to earlier year | **(201)** | 202 |
| | **Income tax recognised in Statement of Profit and Loss** | **171** | 2,225 |
| | Tax rate used for current tax | **34.944%** | 34.944% |
| | Tax rate used for deferred tax | **34.944%** | 34.944% |

**31. Earnings per share**

| | | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| (a) | Profit after taxes available to equity shareholders | **2,799** | 7,395 |
| (b) | Weighted average number of equity shares outstanding | **4,05,18,796** | 4,05,18,796 |
| (c) | Basic and diluted earnings per equity share of face value Rs. 10 each **(in Rs.)** [(a)/(b)] | **6.91** | 18.25 |

**32. Defined benefit plan - Gratuity**

The Company operates a defined benefit plan for gratuity for its employees. It is administered through approved trust in accordances with its trust deeds and rules. The concerned trusts are managed by trustees who provide guidance with regard to the management of their assets and liabilities and review their performance periodically. Risk mitigation systems are in place to ensure that the health of the portfolio is regularly reviewed and the investments do not pose any significant risk of impairment. Periodic audits are conducted to ensure the adequacy of internal controls

The liability arising in the defined benefit plan is determined by an independent professionally qualified actuary using the projected unit credit method.

## Notes to the standalone financial statements for the year ended 31 March 2020

**Risk management**

The risks commonly affecting the gratuity liability and the financial results are expected to be:

1. Interest rate risk - The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yield falls, the defined benefit obligations will tend to increase.
2. Salary Inflation risk - Higher the expected increase in salary will increase the defined benefit obligation.
3. Demographic risk - This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is importanty not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

**I. Changes in defined benefit obligations**

**Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2020** | 31 March 2019 |
| 1. | Defined benefit obligations at the beginning of the year | **4,672** | 3,701 |
| 2. | Current service cost | **412** | 333 |
| 3. | Interest costs | **321** | 268 |
| 4. | Past service cost - plan amendments | **–** | – |
| 5. | Acquisition cost / (credit) | **159** | 32 |
| 6. | Effect of experience adjustment | **404** | 398 |
| 7. | Effect of assumption change | **293** | 97 |
| 8. | Benefits paid | **(150)** | (157) |
| 9. | Defined benefit obligations at the end of the year | **6,111** | 4,672 |

**II. Changes in fair value of plan assets**

**Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2020** | 31 March 2019 |
| 1. | Fair value of assets at the beginning of the year | **3,715** | 2,633 |
| 2. | Interest income on plan assets | **287** | 228 |
| 3. | Employer contribution | **958** | 1,068 |
| 4. | Return on plan assets (less than discount rate) | **41** | (57) |
| 5. | Benefits paid | **(150)** | (157) |
| 6. | Fair value of assets at the end of the year | **4,851** | 3,715 |
| 7. | Actual returns | **328** | 171 |

Notes to the standalone financial statements for the year ended 31 March 2020

**III. Net assets / (liabilities) recognised in balance sheet**

**Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2020** | 31 March 2019 |
| 1. | Defined benefit obligations | **6,111** | 4,672 |
| 2. | Fair value of plan assets | **4,851** | 3,715 |
| 3. | Funded status - deficit | **1,260** | 957 |
| 4. | Net liability recognised in balance sheet | | |
| | – Current | **–** | – |
| | – Non current | **1,260** | 957 |

**IV. Components of employer expenses**

**Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2020** | 31 March 2019 |
| **Recognised in statement of profit and loss** | | | |
| 1. | Current service cost | **412** | 333 |
| 2. | Past service cost - plan amendments | **–** | – |
| 3. | Net interest costs | **34** | 40 |
| 4. | Total recognised in profit or loss (*) | **446** | 373 |
| **Recognised in other comprehensive income** | | | |
| 1. | Effect of experience adjustment | **404** | 398 |
| 2. | Effect of assumption change | **293** | 97 |
| 3. | Return on plan assets (less than discount rate) | **(41)** | 57 |
| 4. | Total recognised in other comprehensive income | **656** | 552 |
| **Total expense recognised in total comprehensive income** | | **1,102** | 925 |

(*) recognised in "Contribution to provident and other funds" in "Employee benefits expense" under note 26

**V. Actuarial assumptions**

| | Gratuity (funded) | |
|---|---|---|
| | **31 March 2020** | 31 March 2019 |
| Discount rate | **6.1%** | 7.0% |
| Rate of salary increase | **10.0%** | 10.0% |
| Mortality rate | **Indian Assured Lives Mortality (2006-08) Ult** | Indian Assured Lives Mortality (2006-08) Ult |
| Withdrawal rate | **10.0%** | 10.0% |

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 employment market.

## Notes to the standalone financial statements for the year ended 31 March 2020

**VI. Plan asset information**

| | Gratuity (funded) | |
|---|---|---|
| | **31 March 2020** | 31 March 2019 |
| Cash | **34%** | 1% |
| Scheme of insurance - conventional products | **66%** | 56% |
| Scheme of insurance - ULIP products | **0%** | 43% |

In the absence of detailed information regarding plan assets which is funded with insurance companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

**VII. Net asset / (liability) recognised in balance sheet (including experience adjustment impact)**

**Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2020** | 31 March 2019 |
| 1. | Present value of defined benefit obligations | **6,111** | 4,672 |
| 2. | Fair value of plan assets | **4,851** | 3,715 |
| 3. | Funded Status - deficit | **1,260** | 957 |
| 4. | Experience adjustment of plan assets -gain/(loss) | **41** | (57) |
| 5. | Experience adjustment of obligations - (loss) | **(404)** | (398) |

| | | |
|---|---|---|
| **VIII. Expected employer contribution for the next year (Rs. in lacs)** | **1,260** | 957 |

**IX. Sensitivity analysis**

The sensitivity results below determine their individual impact on the plan's year end defined benefit obligations. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligations in similar or opposite directions, while the plans's sensitivity to such changes can vary over time.

**Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2020** | 31 March 2019 |
| Defined benefit obligations on base assumptions (refer point no V) | | **6,111** | 4,672 |
| a. | 1% increase in discount rate | **5,787** | 4,436 |
| b. | 1% decrease in discount rate | **6,474** | 4,936 |
| c. | 1% increase in salary escalation rate | **6,422** | 4,903 |
| d. | 1% decrease in salary escalation rate | **5,817** | 4,454 |

**X. Maturity analysis of benefit payments** **Rs. in Lacs**

| | Gratuity (funded) | |
|---|---|---|
| | **31 March 2020** | 31 March 2018 |
| Year 1 | **829** | 677 |
| Year 2 | **863** | 792 |
| Year 3 | **931** | 615 |
| Year 4 | **745** | 727 |
| Year 5 | **973** | 612 |
| Next 5 years | **4,058** | 3,334 |

The Company has contributed **Rs. 1,661 lacs** (31 March, 2019: Rs. 1,528 lacs) to defined contribution schemes.

## 33. Segment reporting

Rs. in Lacs

| | | Engineering | Home Appliances | Motor | Unallocated | Intersegment | Total |
|---|---|---|---|---|---|---|---|
| Revenue from sale of products and services | **31 March 2020** | **39,164** | **2,10,197** | **2,691** | **–** | **(495)** | **2,51,557** |
| | 31 March 2019 | 41,286 | 2,08,775 | – | – | (228) | 2,49,833 |
| Other operating revenue | **31 March 2020** | **2,970** | **615** | **–** | **–** | **–** | **3,585** |
| | 31 March 2019 | 3,493 | 453 | – | – | – | 3,946 |
| Revenue from operations | **31 March 2020** | **42,134** | **2,10,812** | **2,691** | **–** | **(495)** | **2,55,142** |
| | 31 March 2019 | 44,779 | 2,09,228 | – | – | (228) | 2,53,779 |
| Other income | **31 March 2020** | **247** | **454** | **16** | **559** | **–** | **1,276** |
| | 31 March 2019 | 392 | 217 | – | 632 | – | 1,241 |
| Total income | **31 March 2020** | **42,381** | **2,11,266** | **2,707** | **559** | **(495)** | **2,56,418** |
| | 31 March 2019 | 45,171 | 2,09,445 | – | 632 | (228) | 2,55,020 |
| Segment results before finance costs | **31 March 2020** | **2,724** | **2,517** | **(54)** | **(752)** | **(15)** | **4,420** |
| | 31 March 2019 | 6,695 | 5,697 | – | (2,140) | (57) | 10,195 |
| Less: finance costs | **31 March 2020** | | | | | | **1,450** |
| | 31 March 2019 | | | | | | 575 |
| Profit before tax | **31 March 2020** | | | | | | **2,970** |
| | 31 March 2019 | | | | | | 9,620 |
| Tax expense | **31 March 2020** | | | | | | **171** |
| | 31 March 2019 | | | | | | 2,225 |
| Profit for the year | **31 March 2020** | | | | | | **2,799** |
| | 31 March 2019 | | | | | | 7,395 |
| Segment assets | **31 March 2020** | **36,770** | **1,00,044** | **3,073** | **21,479** | **–** | **1,61,366** |
| | 31 March 2019 | 27,298 | 84,151 | – | 8,968 | – | 1,20,417 |
| Segment liabilities | **31 March 2020** | **18,825** | **72,260** | **1,165** | **4,386** | **–** | **96,636** |
| | 31 March 2019 | 7,868 | 46,510 | – | 3,974 | – | 58,352 |

**Other information**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Depreciation and amortisation expense | **31 March 2020** | **2,361** | **6,446** | **35** | **56** | **–** | **8,898** |
| | 31 March 2019 | 1,961 | 3,477 | – | 16 | – | 5,454 |
| Capital expenditure | **31 March 2020** | **6,586** | **24,652** | **602** | **1,436** | **–** | **33,276** |
| | 31 March 2019 | 1,712 | 5,988 | – | 34 | – | 7,734 |
| Non cash expenditure other than depreciation and amortisation | **31 March 2020** | **14** | **206** | **1** | **–** | **–** | **221** |
| | 31 March 2019 | 17 | 158 | – | – | – | 175 |

## Notes to the standalone financial statements for the year ended 31 March 2020

**33. Segment reporting** *(Contd.)*

| | | Rs. in lacs |
|---|---|---|
| **Geographical information** | | |
| **Revenue from external customers** | | |
| - Within India | **31 March 2020** | **2,54,812** |
| | 31 March 2019 | 2,53,998 |
| - Outside India | **31 March 2020** | **1,606** |
| | 31 March 2019 | 1,022 |
| **Total** | **31 March 2020** | **2,56,418** |
| | 31 March 2019 | 2,55,020 |
| **Non - Current assets excluding financial assets and deferred tax assets** | | |
| - Within India | **31 March 2020** | **64,069** |
| | 31 March 2019 | 38,942 |
| - Outside India | **31 March 2020** | **–** |
| | 31 March 2019 | – |
| **Total** | **31 March 2020** | **64,069** |
| | 31 March 2019 | 38,942 |

**NOTES :**

– The Company is primarily engaged in business of fine blanked components, motors and home appliances. Accordingly the Company considers the above business segment as the primary segment. 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”. These segments have been reported in the manner consistent with the internal reporting to the Board of Directors, who are the chief operating decision makers.

– The geographical information considered for disclosure are revenue within India and revenue outside India.

– The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

**34. Leases**

The Company is obligated under cancellable leases for residential, office premises, warehouses, etc. Total rental expense under cancellable short term operating lease amounted to **Rs. 793 Lacs** (31 March 2019: Rs. 3,094 lacs).

The Company has adopted Ind AS 116 – “Leases” w.e.f. 1 April, 2019.

In adopting Ind AS 116, the company applied the below practical expedients:

The company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics. The leases with remaining lease term of less than 12 months are considered as "short term leases".

On transition, the Company has recorded the lease liability at the present value of future lease payments discounted using the incremental borrowing rate and has also chosen to measure the right-of-use at the same value as the lease liability and lease payments made before 1 April, 2019.

**The impact of Ind AS 116 on the financial results for year ended 31 March, 2020 is as under :**

| | **Rs, in Lacs** |
|---|---|
| Decrease in 'Other expenses' | 2,843 |
| Increase in 'Depreciation and amortisation expense' | 2,703 |
| Increase in 'Finance costs' | 580 |
| Total decrease in 'Profit before Tax' | 440 |

**The movement of lease liabilities during the year is as under :**

| | **Rs, in Lacs** |
|---|---|
| Addition on account of adoption of Ind AS 116 | 6,743 |
| Addition during the year | 1,441 |
| Interest Expenses | 580 |
| Payments | (2,843) |
| **As at 31 March, 2020** | **5,921** |

**35. Commitments** **Rs. in Lacs**

| | | **As at 31 March 2020** | As at 31 March 2019 |
|---|---|---|---|
| i) | Outstanding capital commitments for tangible assets | **3,579** | 3,908 |
| ii) | Outstanding capital commitments for intangible assets | – | – |

**36. Contingent Liabilities :** **Rs. in Lacs**

| | | **As at 31 March 2020** | As at 31 March 2019 |
|---|---|---|---|
| i) | Disputed sales tax matters, excise matters, income tax matters and other matters contested in appeals.<br>(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.) | **1,403** | 1,512 |

Notes to the standalone financial statements for the year ended 31 March 2020

**37. Related party disclosures**

(A) The Company has the following related parties

| | |
|---|---|
| **Investor Company :** | IFB Automotive Private Limited |
| **Subsidiary Companies :** | Trishan Metals Private Limited (TMPL)<br>Global Automotive and Appliances Pte Limited (GAAL)<br>Thai Automotive and Appliances Limited (TAAL) – *subsidiary of GAAL* |
| **Key Management Personnel (KMP) :** | **- Mr. Bijon Nag,** Executive Chairman |
| | **- Mr. Bikram Nag,** Joint Executive Chairman and Managing Director |
| | **- Mr. Sudam Maitra,** Deputy Managing Director (upto 6 February 2020) |
| | **- Mr. Prabir Chatterjee,** Director and Chief Financial Officer |
| | **- Mr. G. Ray Chowdhury,** Company Secretary |
| | **- Mr. A. K. Nag,** Senior President |
| | **- Mr. Sujan Kumar Ghosh Dastidar,** President, Legal |
| | **- Ms. Souravi Sinha,** General Manager - Human Resource - Corporate |
| | **- Mr. Uma Shankar Ghosh Dastidar,** Head, Taxation |
| | **- Mr. Rajat Paul,** Assistant Vice President, IT |
| | **- Mr. Soumitra Goswami,** GM, Accounts and Finance |
| | **Home Appliances Division** |
| | **- Mr. Rajshankar Ray,** Chief Executive Officer (CEO) |
| | **- Mr. A. S. Negi,** National Service Head |
| | **- Mr. B. M. Shetye,** Senior Vice President, Sustainability |
| | **- Mr. Pawan Koul,** Head of Goa factory - Washing Machine Plant |
| | **- Mr. Sukhdev Nag,** National Sales Head |
| | **- Mr. Ranjan Mohan Mathur,** National Retail Head - IFB Point |
| | **- Mr. R. Anand,** Head, Motor Division |
| | **- Mr. C.S. Govindaraj,** CEO, Industrial Business & Projects |
| | **- Mr. Deepak Kumar Behara,** Business Head - South |
| | **- Mr. Vilas Sanjeev Kamath,** Head, Supply Chain Projects |
| | **- Mr. Abhijit Gangopadhyay,** Business Head, North 2 |
| | **- Mr. Venkata Subba Rao Madala,** Head of Factory - A.C. Plant |
| | **- Mr. Manoj Agnihotri,** Head, Human Resources, A.C. Plant |
| | **- Mr. Narayana Panth,** Head of R&D, A.C. Plant |
| | **- Mr. Praveen Tandon,** Head Supply Chain - A.C. Plant |
| | **- Mr. Kartik Ishwar Muchandi,** Head, Finance and Accounts, Air conditioner and Washing Machine Plants |
| | **- Mr. Ashish Singh, Head,** Finance and Accounts, Marketing |

## Notes to the standalone financial statements for the year ended 31 March 2020

| | |
|---|---|
| | **Engineering division:** |
| | - **Mr. Partha Sen,** CEO |
| | - **Mr. K. R. K. Prasad,** CEO, Bangalore Engineering Factory |
| | - **Mr. Jayanta Chanda,** AVP, Finance |
| | - **Mr. Ashok Hazra,** DGM, Finance |
| | - **Mr. Arup Das,** Head Marketing |

| | |
|---|---|
| **Other related parties** | - IFB Agro Industries Limited<br>- Travel Systems Limited<br>- IFB Global Limited<br>- IFB Appliances Limited<br>- Anjali foundation |
| **Employee trusts where there is significant influence (Employee trusts) :** | - Indian Fine Blank Limited Employees Gratuity Fund (IFBLEGF)<br>- The IFBL Group Superannuation Scheme (IFBLSAF) (merged and renamed on 3 October 2019) (Earlier known as The IFBL Senior management Group Superannuation Scheme)<br>- IFBL Employees' (Category-I) Superannuation Scheme (IFBLESS-Cat-I) (dissolved and merged on 3 October 2019)<br>- IFBL Employees (Category Two) Group Superannuation Scheme (IFBLEGSS-Cat two) (dissolved and merged on 3 October 2019) |

**(B) Transactions with related parties**

| | | **For the year ended 31 March 2020 Rs. in Lacs** | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| 1 | **Sales, service and other income** | | |
| | - Investor Company | **4,187** | 4,161 |
| | - Subsidiaries* | **223** | 229 |
| | - KMP | **3** | 5 |
| | - Other related parties | **22** | 19 |
| | **Total** | **4,435** | 4,414 |
| 2 | **Purchase of inventories** | | |
| | - Investor Company | **1,957** | 634 |
| | - Subsidiaries* | **4,768** | 5,205 |
| | - Other related parties | **13** | 10 |
| | **Total** | **6,738** | 5,849 |
| 3 | **Expenditure on other services** | | |
| | - Investor Company | **221** | 235 |
| | - Other related parties | **9,844** | 9,355 |
| | **Total** | **10,065** | 9,590 |

Notes to the standalone financial statements for the year ended 31 March 2020

| | | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| 4 | **Expenses recovered** | | |
| | - Investor Company | **11** | 35 |
| | - Subsidiaries* | **–** | 39 |
| | - Other related parties | **–** | 2 |
| | **Total** | **11** | 76 |
| 5 | **Purchase of property, plant and equipment and intangibles** | | |
| | - Investor Company | **512** | – |
| | **Total** | **512** | – |
| 6 | **Purchase of business** | | |
| | - Investor Company | **3,500** | – |
| | **Total** | **3,500** | – |
| 7 | **Contribution to employees' benefit plans** | | |
| | - Employee trusts | **1,413** | 1,484 |
| | **Total** | **1,413** | 1,484 |
| 8 | **Exceptional gain - Surplus money received** | | |
| | - Employee trusts | **1,305** | – |
| | **Total** | **1,305** | – |
| 9 | **Remuneration** | | |
| | (a) Short term benefits - KMP | **2,517** | 2,238 |
| | (b) Post employment benefits - KMP | **217** | 130 |
| | (c) Other long term benefits - KMP | **167** | 116 |
| | **Total** | **2,901** | 2,484 |

**(C) Outstanding balances with related parties**

| | | As at 31 March 2020 Rs. in lacs | As at 31 March 2019 Rs. in lacs |
|---|---|---|---|
| 1 | **Trade Receivables** | | |
| | - Investor Company | **1,968** | 1,670 |
| | - Subsidiaries | **41** | 26 |
| | - Other related parties | **1** | – |
| | **Total** | **2,010** | 1,696 |
| 2 | **Security deposits given** | | |
| | - Investor Company | **50** | 50 |
| | - Other related parties | **8** | 8 |
| | **Total** | **58** | 58 |

## Notes to the standalone financial statements for the year ended 31 March 2020

| | | As at 31 March 2020 Rs. in lacs | As at 31 March 2019 Rs. in lacs |
|---|---|---|---|
| 3 | **Advances given** | | |
| | - Investor Company | **145** | 74 |
| | - Subsidiaries | **947** | 225 |
| | - KMP | **4** | – |
| | - Other related parties | **113** | 537 |
| | **Total** | **1,209** | 836 |
| 4 | **Loans given** | | |
| | - KMP | **2** | 6 |
| | **Total** | **2** | 6 |
| 5 | **Exceptional gain - Surplus money receivable** | | |
| | - Employee trusts | **8** | – |
| | **Total** | **8** | – |
| 6 | **Trade payables** | | |
| | - Investor Company | **95** | 104 |
| | - Subsidiaries | **179** | 7 |
| | - KMP | **–** | 4 |
| | - Other related parties | **838** | 1,304 |
| | **Total** | **1,112** | 1,419 |
| 7 | **Other payables** | | |
| | - Employee trusts | **1,260** | 1,079 |
| | **Total** | **1,260** | 1,079 |
| 8 | **Guarantees given** | | |
| | - Subsidiaries | **1,781** | – |
| | **Total** | **1,781** | – |

**(D) Party-wise details of significant transactions with related parties**

| | | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| 1 | **Sales, service and other income** | | |
| | - TMPL | **53** | 10 |
| | - TAAL | **170** | 219 |
| | - IFB Agro Industries Limited | **14** | 12 |
| 2 | **Purchase of inventories** | | |
| | - TMPL | **4,255** | 5,158 |
| | - TAAL | **78** | 47 |
| | - GAAL | **435** | – |
| 3 | **Expenditure on other services** | | |
| | - Travel Systems Limited | **1,735** | 1,732 |
| | - IFB Appliances Limited | **7,576** | 7,191 |

Notes to the standalone financial statements for the year ended 31 March 2020

| | | **For the year ended 31 March 2020 Rs. in Lacs** | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| 4 | **Expenses recovered:** | | |
| | - TMPL | **–** | 39 |
| 5 | **Contribution to employees' benefit plans** | | |
| | - IFBLEGF | **957** | 1,068 |
| | - IFBLSAF | **175** | 172 |
| | - IFBLESS-Cat-I | **249** | 223 |
| 6 | **Purchase of shares of subsidiaries** | | |
| | - GAAL | **1,305** | – |

**(E) Party-wise details of significant balances with related parties**

| | | **As at 31 March 2020 Rs. in lacs** | **As at 31 March 2019 Rs. in lacs** |
|---|---|---|---|
| 1 | **Trade Receivables** | | |
| | - TAAL | **41** | 26 |
| 2 | **Security deposits given** | | |
| | - IFB Agro Industries Limited | **8** | 8 |
| 3 | **Advances given** | | |
| | - TMPL | **947** | 225 |
| | - IFB Appliances Limited | **–** | 459 |
| | - IFB Agro Industries Limited | **59** | 52 |
| 4 | **Exceptional gain - Surplus money receivable** | | |
| | - IFBLSAF | **8** | – |
| 5 | **Trade payables** | | |
| | - TMPL | **–** | 3 |
| | - IFB Appliances Limited | **772** | 1,272 |
| | - GAAL | **164** | – |
| 6 | **Other payables** | | |
| | - IFBLEGF | **1,260** | 957 |
| 7 | **Guarantees given** | | |
| | - TAAL | **1,089** | – |
| | - GAAL | **692** | – |

**38. Dues to micro, small and medium enterprises**

The Ministry of micro, small and medium enterprises has issued an office memorandum dated 26 August 2008 which recommends that the micro and small enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprise Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises has been made in the financial statements based on the information received and available with the Company. Payable to micro and small enterprises as at **31 March 2020: Rs. 2,517 lacs** (31 March 2019: Rs. 3,833 lacs).

Further, in view of the management, the impact of the interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

## Notes to the standalone financial statements for the year ended 31 March 2020

**39. Financial instruments and related disclosures**

**i) Capital management**

The Company's capital management policy is focused on business growth and creating value for shareholders. The Company determines the amount of capital required on the basis of annual business plans and the funding needs are met through internal accruals and bank borrowings.

**ii) Categories of financial instruments**

| | | | Note | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|---|---|---|
| | | | | Carrying value | Fair value | Carrying value | Fair value |
| | | | | Rs. in lacs | Rs. in lacs | Rs. in lacs | Rs. in lacs |
| A. | **Financial assets** | | | | | | |
| | a) | **Measured at amortised cost :** | | | | | |
| | | i) Trade receivables | 11 | **18,514** | **18,514** | 21,133 | 21,133 |
| | | ii) Cash and cash equivalents | 12 | **10,140** | **10,140** | 7,039 | 7,039 |
| | | iii) Other bank balances | 13 | **1,949** | **1,949** | 2,445 | 2,445 |
| | | iv) Loans | 6 | **110** | **110** | 109 | 109 |
| | | v) Other financial assets | 7 | **1,568** | **1,568** | 1,240 | 1,240 |
| | b) | **Measured at fair value through Statement of Profit and Loss:** | | | | | |
| | | i) Investments | 5 | **15,280** | **15,280** | 2,726 | 2,726 |
| | c) | **Derivatives measured at fair value through Statement of Profit and Loss:** | | | | | |
| | | i) Derivatives not designated as hedges | 7 | **1,220** | **1,220** | 3 | 3 |
| B. | **Financial liabilities** | | | | | | |
| | a) | **Measured at amortised cost :** | | | | | |
| | | i) Term loans from banks | 15 | **25,167** | **25,167** | 250 | 250 |
| | | ii) Short term borrowings from banks | 20 | **2,606** | **2,606** | 403 | 403 |
| | | iii) Lease Liabilities | | **5,921** | **5,921** | - | - |
| | | iv) Trade payable | | **44,248** | **44,248** | 41,629 | 41,629 |
| | | v) Other financial liabilities | 16 | **2,044** | **2,044** | 1,611 | 1,611 |
| | b) | **Derivatives measured at fair value through Statement of Profit and Loss:** | | | | | |
| | | i) Derivative instruments not designated as hedges | 16 | **49** | **49** | 245 | 245 |

Investments exclude investment in subsidiaries of **Rs. 3,360 lacs** (31 March 2019: Rs. 3,360 lacs) which are shown at cost in balance sheet as per Ind AS 27 - 'Separate Financial Statements'.

**iii) Financial risk management objectives**

The Company has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

**a) Liquidity risks**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquid risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained fund and non-fund based working capital loans from banks. Furthermore, the Company has sufficient quantities of finished goods and stock-in-trade which are liquid and readily saleable. Hence the risk that the Company may not be able to settle its financial liabilities as they become due does not exist.

The following tables shows a maturity analysis of the anticipated cash flows for the Company's derivative and non-derivative financial liabilities.

**As at 31 March 2020**

| | Total | Due within one year | Due after one year |
|---|---|---|---|
| | Rs. in lacs | Rs. in lacs | Rs. in lacs |
| Borrowings | 27,773 | 2,606 | 25,167 |
| Lease liabilities | 5,921 | 1,508 | 4,413 |
| Trade payables | 44,248 | 44,248 | – |
| Other financial liabilities (including current maturities of long-term debt) | 2,044 | 2,018 | 26 |
| Derivative financial liabilities | 49 | 49 | – |
| **Total** | **80,035** | **50,429** | **29,606** |

**As at 31 March 2019**

| | Total | Due within one year | Due after one year |
|---|---|---|---|
| | Rs. in lacs | Rs. in lacs | Rs. in lacs |
| Borrowings | 653 | 403 | 250 |
| Trade payables | 41,629 | 41,629 | – |
| Other financial liabilities (including current maturities of long-term debt) | 1,611 | 1,597 | 14 |
| Derivative financial liabilities | 245 | 245 | – |
| **Total** | 44,138 | 43,874 | 264 |

**b) Market risks**

The Company does not trade in equities. Treasury activities, focused on managing investments in debt instruments, are centralised and administered under a set of approved policies and procedures guided by the tenets of liquidity, safety and returns. This ensures that investments are only made within the acceptable risk parameters after due evaluation.

The Company's investments are predominantly held in debt mutual funds. Such investments are susceptible to market risks that arise mainly from changes in interest rate which may impact the return and value of such investments. Mark to market movements in respect of these investments are measured at fair value through Statement of Profit and Loss.

Fixed deposits are held with highly rated banks and generally have a short tenure and are not subject to interest rate volatility.

The company has short-term borrowings which are generally not susceptible to interest rate volatility since they are for short tenure. Long term loans from banks are at highly competitive rates and as such these loans are not that material taking into account the Company's asset base. Hence interest rate fluctuations on borrowings does not affect the Company significantly.

c) **Foreign currency risk**

The Company undertakes transactions denominated in foreign currency (mainly US Dollar, Euro, GBP, RMB, THB, JPY and AED) which are subject to the risk of exchange rate fluctuations.

The carrying amount of foreign currency denominated financial assets and liabilities, are as follows:

| | **As at 31 March 2020** | | As at 31 March 2019 | |
|---|---|---|---|---|
| | **Financial Assets** | **Financial Liabilities** | Financial Assets | Financial Liabilities |
| | **Rs. in lacs** | **Rs. in lacs** | **Rs. in lacs** | **Rs. in lacs** |
| USD | **1,360** | **26,451** | 127 | 12,078 |
| Euro | **44** | **1,316** | 23 | 816 |
| RMB | **–** | **493** | – | 175 |
| GBP | **–** | **–** | – | 1 |
| AED | **–** | **–** | – | 2 |
| THB | **–** | **1** | – | 1 |
| JPY | **–** | **1** | – | – |
| **Total** | **1,404** | **28,262** | 150 | 13,073 |

The Company uses forward exchange contracts and currency swaps to hedge its exposure in foreign currency.

i) **Forward exchange contracts / Currency swaps that were outstanding for financial liabilities as at the end of respective reporting dates:**

| | **No. of contracts** | **USD (lacs)** | **No. of contracts** | **Euro (lacs)** | **No. of contracts** | **RMB (lacs)** |
|---|---|---|---|---|---|---|
| **As at 31 March 2020** | **163** | **406** | **31** | **17** | **18** | **21** |
| As at 31 March 2019 | 83 | 142 | 16 | 6 | – | – |

The aforesaid forwards / currency swaps have a maturity of before 2nd October, 2024

ii) **Unhedged foreign currency exposure as at the end of the respective reporting dates:**

| | **As at 31 March 2020** | | As at 31 March 2019 | |
|---|---|---|---|---|
| | **Financial Asset** | **Financial Liability** | Financial Asset | Financial Liability |
| USD | **2** | **–** | 2 | 29 |
| Rs. in lacs | **162** | **–** | 124 | 2,026 |
| EURO | ***** | **–** | * | 4 |
| Rs. in lacs | **22** | **–** | 23 | 325 |
| RMB | **–** | **25** | – | 17 |
| Rs. in lacs | **–** | **266** | – | 175 |
| THB | **–** | ***** | – | * |
| Rs. in lacs | **–** | **1** | – | 1 |
| GBP | **–** | **–** | – | * |
| Rs. in lacs | **–** | **–** | – | 1 |
| AED | **–** | **–** | – | * |
| Rs. in lacs | **–** | **–** | – | 2 |
| JPY | **–** | **1** | – | – |
| Rs. in lacs | **–** | **1** | – | – |
| **Total Rs.** | **184** | **267** | 147 | 2,529 |

* represents foreign currency less than 50,000

**iii) Foreign currency sensitivity**

For every percentage point change in the underlying exchange rate of the outstanding foreign currency denominated assets and liabilities, holding all other variables constant, the profit before tax would change by **Rs. 269 lacs** for the year ended 31 March 2020 (31 March 2019: Rs 129 lacs).

**d) Credit risk**

Credit risk arise from the possibility that the counter party may not be able to settle their obligations. Financial instruments that are subject to such risk primarily consists of investments, trade receivables, bank deposits, loans, derivative instruments and other financial assets.

Bank deposits are primarily held with highly rated and different banks.

The Company's customer base is large and diverse limiting the risk arising out of credit concentration. Further the credit is extended in business interest in accordance with guidelines issued centrally and business-specific credit policies that are consistent with such guidelines. Exceptions are managed and approved by appropriate authorities after due consideration of the counter parties credentials and financial capacity, trade practices and prevailing business and economic conditions.

The Company's historical experience of collecting receivable and the level of default indicates that the credit risk is low and generally uniform across markets. Loss allowances are recognised where considered appropriate by the management.

The movement of allowance for doubtful advances and receivables is as under:

| | **As at 31 March 2020 Rs. in lacs** | **As at 31 March 2019 Rs. in lacs** |
|---|---|---|
| **Balance at beginning of the year** | **113** | 91 |
| Provision recognised in the year | **76** | 37 |
| Amounts written off during the year as uncollectible | **(36)** | (1) |
| Amounts recovered during the year | **(10)** | (12) |
| Provisions written back | **(1)** | (2) |
| **Balance at end of the year** | **142** | 113 |

Other than financial assets mentioned above, none of the Company's financial assets are either impaired or past due, and there were no indications that defaults in payment would occur.

**e) Fair value hierarchy**

The fair value of trade receivables, current loans, other current financial assets, current borrowings, trade payables and other current financial liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

The following table provides an analysis of financial instruments that are measured at fair value and have been grouped into Level 1, Level 2 and Level 3 below:

| | | | Fair value hierarchy (Level) | Fair Value | |
|---|---|---|---|---|---|
| | | | | **As at 31 March 2020** | As at 31 March 2019 |
| | | | | **Rs. in lacs** | Rs. in lacs |
| **A.** | **Financial Assets** | | | | |
| | **a)** | **Measured at amortised cost** | | | |
| | | Loans | 3 | **55** | 56 |
| | | Other financial assets | 3 | **2,356** | 1,089 |
| | **b)** | **Measured at FVTPL:** | | | |
| | | Investment in mutual funds | 1 | **15,280** | 2,726 |
| | **c)** | **Derivatives measured at FVTPL:** | | | |
| | | Derivatives not designated as hedges | 2 | **1,220** | 3 |
| **B.** | **Financial Liabilities** | | | | |
| | **a)** | **Derivatives measured at FVTPL:** | | | |
| | | Derivatives not designated as hedges | 2 | **49** | 245 |
| | **b)** | **Measured at amortised cost** | | | |
| | | Borrowings | 3 | **25,167** | 250 |
| | | Other financial liabilities | 3 | **26** | 14 |

There were no transfers between Level 1 and Level 2 during the year ended 31 March 2020 and 31 March 2019.

**40. Business Combinations**

a) On 1 October, 2019, the Company acquired on a going concern, the Stamping business on a slump sale basis from IFB Automotive Private Limited (a related party) for a consideration of **Rs. 3,500 lacs**. The transactions is at arm's length basis. The Company has taken control of the business w.e.f. 1 October, 2019 (acquisition date).

No voting interest were acquired in the above transaction.

The acquisition is in the similar line of business of the Company and will help in consolidation and growth of Company's existing business.

b) The acquisition-date fair value of the total consideration transferred was **Rs. 3,500 lacs**. The sum of **Rs. 3,500 lacs** was paid in cash (online transfer).

c) **The major class of assets acquired and liabilities assumed as on the acquisition date are as under :**

| **Particulars** | **Notes** | **Rs. in Lacs** |
|---|---|---|
| **Assets acquired :** | | |
| 1. Property, plant and equipment | 3A | 4,085 |
| 2. Current assets | | |
| - Inventories | | |
| (a) Raw materials | 23 | 127 |
| (b) Work-in-progress | 25 | 105 |
| (c) Finished goods | 25 | 7 |
| (d) Stores and spare parts | | 9 |
| - Trade receivables | | 66 |
| - Loans | | 1 |
| - Other non-financial assets | | 7 |
| **Total** | | **4,407** |

Notes to the standalone financial statements for the year ended 31 March 2020

| Particulars | Notes | Rs. in Lacs |
|---|---|---|
| **Capital reserve:** | | **522** |
| | | |
| **Liabilities assumed :** | | |
| 1. Financial liabilities | | |
| - Trade payables | | 279 |
| - Security deposit | | 3 |
| 2. Provision for employee benefits | | 65 |
| 3. Other current liabilities | | |
| - Advance from customers | | 38 |
| **Total** | | **385** |

(d) **A reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period showing separately :**

| | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|
| | Rs. in lacs | Rs. in lacs |
| Amount as at the beginning of the year (net of accumulated impairment loss of Nil) | **–** | – |
| Additional goodwill recognised during the period | **1,355** | 1,355 |
| Amount as at the end of the year (net of accumulated impairment loss of Nil) | **1,355** | 1,355 |

(e) An amount of **Rs. 1,865 lacs** and a loss of **Rs. 142 lacs** pertaining to the 'Stamping' business from the acquisition date till 31 March, 2020 is included in the Revenue from operations and Profit before tax of the Company

(f) Acquisition related cost amounting to **Rs. 42 lacs** has been included in in note no. 30 under 'Office expenses'.

**41. Exceptional items during the year ended 31 March, 2020 includes the following :**

| | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|
| | Rs. in lacs | Rs. in lacs |
| (a) Surplus from superannuation scheme (#) | **1,305** | – |
| (b) Loss of inventory due to fire (@) | **(1,157)** | – |
| (c) Gain from compulsary acquisition (&) | **–** | 1,935 |
| | **148** | 1,935 |

\# An amount of **Rs. 1306 lacs** received from The IFBL Group Superannuation Scheme for refund of Surplus money as per the Deed of Variance dated 3 October, 2019 approved by the Commissioner of Income Tax vide order dated 30 December, 2019.

@ An estimated amount of Rs. 1157 lacs on account of loss of Inventory lying at a warehouse of the Company due to fire on 2 December, 2019. The Insurance claim for the same has been lodged.

& Represents gain of **Rs. 1,935 lacs** towards Compulsory Acquisition of 1578.63 square metres of factory land etc. situated at 16/17, Visveswariah Industrial Estate, Whitefield Road, Bangalore - 560048 by Bangalore Metro Rail Corporation Limited for a consideration of **Rs. 1956 lacs**. Out of the gain **Rs. 26 lacs** is towards building and the balance amount of **Rs. 1,909 lacs** is towards freehold land.

**42.** The Company has disaggregated revenues from contract with cutomers for the year by the type of goods and services.The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors. Refer note 21 for revenue disaggregation.

The following table includes revenue expected to be recognised in the future related to annual maintenance contracts and extended warranty services and advance from customers.

| | Year ended 31 March 2021 Rs. in lacs | Year ended 31 March 2022 Rs. in lacs | Year ended 31 March 2023 Rs. in lacs | Year ended 31 March 2024 Rs. in lacs | Beyond 31 March 2024 Rs. in lacs |
|---|---|---|---|---|---|
| Income received in advance on annual maintenance contracts | 3,249 | 1,474 | – | – | – |
| Income received in advance on extended warranty services | 217 | 123 | 44 | 10 | – |
| Advance from customers | 1,948 | – | – | – | – |
| | **5,414** | **1,597** | **44** | **10** | **–** |

The Company recognized revenue of **Rs. 5,246 lacs** (31 March 2019 : Rs. 4,875 lacs) arising from contract liability balances comprising of income received in advance on annual maintenance contracts and extended warranty services and advance from customers at the beginning of the year.

The below table shows the movement of income received in advance on annual maintenance contracts and extended warranty services and advance from customers :

| | As at 31 March 2020 Rs. in lacs | As at 31 March 2019 Rs. in lacs |
|---|---|---|
| **Opening Balance** | **6,240** | 5,925 |
| Progress billing during the year | **2,52,382** | 2,50,148 |
| Less: Revenue recognised during the year | **2,51,557** | 2,49,833 |
| **Closing Balance** | **7,065** | 6,240 |

Invoicing in excess of revenues from sale of services are classified as "Income received in advance on annual maintenance contracts and extended warranty services" and Invoicing in excess of revenues from sale of goods are classified as "Advance from customers" in note no 17.

**43.** CoVID-19 was declared as a pandemic by the World Health Organisation in March, 2020. CoVID-19 pandemic is an unforeseen and rare event for the world economy. Pursuant to the imposition of National Lockdown, the Company had suspended operations from 25th March, 2020. However partial operations have resumed since mid of May, 2020.

On the basis of the assessment done by the management and internal/ external sources of information up to the date of approval of these financial results, the carrying amounts of assets are recoverable. The impact of pandemic may be different from that estimated as at the date of these financial results and the Company will closely monitor any material changes to the future economic conditions

**44.** The standalone financial statements were approved by the Board of Directors on 06 July 2020.

# Independent Auditor's Report to the Members of IFB INDUSTRIES LIMITED

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying consolidated financial statements of IFB Industries Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| 1 | **Revenue Recognition**<br>Revenue from the sale of goods (hereinafter referred to as "Revenue") is recognised when the Company performs its obligation to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition is when the control over the same is transferred to the customer which is mainly upon delivery. | Our audit approach was a combination of test of internal controls and substantive procedures including:<br>• Assessing the appropriateness of the Company's revenue recognition accounting policies, in line with Ind AS 115 ("Revenue from Contracts with Customers").<br>• Evaluating the design and implementation of Company's controls in respect of revenue recognition. Testing the effectiveness of such controls over revenue cut off during the year. |

| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| | **Revenue Recognition**<br>The timing of revenue recognition is relevant to the reported performance of the Company. Revenue may be recognised before completion of contractual performance obligation due to incorrect recording of point of time when the customer obtains control of the asset.<br>Refer to 1(B)(c) for the Accounting policy on recognition on revenue. | • Testing the supporting documentation for sales transactions recorded during the period closer to the yearend including customer acknowledgments of receipt of goods on a sample basis.<br>• Testing sales returns subsequent to the yearend, including examination of credit notes issued after the yearend to determine whether revenue was recognised in the correct period.<br>• Rolling out confirmation requests to customers to confirm the recorded yearend balances on a sample basis. |

**Information Other than the Financial Statements and Auditor's Report Thereon**

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries, and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their respective financial statements.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Consolidated Financial Statements**

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such branches or entities or business activities included in the consolidated financial statements of which we are the independent auditors.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Loss, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Group as on 31 March, 2020 taken on record by the Board of Directors of the respective companies in India, none of the directors of the Group companies in India are disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and the subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, refer clause (xi) of "Annexure B" to the Independent Auditor's report on the Standalone Financial Statements.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group- Refer Note 36 to the consolidated financial statements.

   ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary company incorporated in India.

For **DELOITTE HASKINS & SELLS**
*Chartered Accountants*
(Firm Registration No. 302009E)

**Abhijit Bandyopadhyay**
*Partner*
(Membership No. 054785)

Place : Kolkata
Date : 6 July, 2020

## ANNEXURE "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March, 2020, we have audited the internal financial controls over financial reporting of **IFB Industries Limited** (hereinafter referred to as "Parent") and its subsidiary company incorporated in India as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Parent and its subsidiary company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company incorporated in India.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Parent and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
*Chartered Accountants*
(Firm Registration No. 302009E)

**Abhijit Bandyopadhyay**
*Partner*
(Membership No. 054785)

Place : Kolkata
Date : 6 July, 2020

## Consolidated Balance Sheet

| | Notes | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| **ASSETS** | | | |
| 1. **Non-current assets** | | | |
| (a) Property, plant and equipment | 3A | **49,146** | 30,555 |
| (b) Capital work-in-progress | 3A | **887** | 1,848 |
| (c) Right of use assets | 3C | **6,808** | - |
| (d) Investment property | 4 | **11** | 11 |
| (e) Goodwill | 3D | **2,381** | 2,330 |
| (f) Other intangible assets | 3B | **4,114** | 2,866 |
| (g) Intangible assets under development | 3B | **96** | 581 |
| (h) Financial assets | | | |
| (i) Loans | 5 | **55** | 56 |
| (ii) Others | 6 | **2,397** | 1,137 |
| (i) Income tax assets (net) | 7 | **1,834** | 846 |
| (j) Other non-current assets | 8 | **4,461** | 4,598 |
| 2. **Current assets** | | | |
| (a) Inventories | 9 | **38,338** | 40,391 |
| (b) Financial assets | | | |
| (i) Investments | 10 | **15,280** | 2,726 |
| (ii) Trade receivables | 11 | **20,454** | 24,829 |
| (iii) Cash and cash equivalents | 12 | **10,487** | 7,164 |
| (iv) Other bank balances | 13 | **2,023** | 2,506 |
| (v) Loans | 5 | **55** | 53 |
| (vi) Others | 6 | **436** | 157 |
| (c) Other current assets | 8 | **7,204** | 4,179 |
| **Total assets** | | **1,66,467** | 1,26,833 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| (a) Equity share capital | 14 | **4,128** | 4,128 |
| (b) Other equity | | **60,496** | 57,711 |
| (c) Non-controlling interest | | **40** | 207 |
| **Liabilities** | | | |
| 1. **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 15 | **25,372** | 614 |
| (ii) Lease Liabilities | | **4,413** | – |
| (iii) Other financial liabilities | 16 | **26** | 17 |
| (b) Provisions | 17 | **6,551** | 5,449 |
| (c) Deferred tax liabilities (net) | 18 | **1,129** | 1,005 |
| (d) Other non-current liabilities | 19 | **1,669** | 1,019 |
| 2. **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 20 | **3,515** | 1,460 |
| (ii) Lease Liabilities | | **1,508** | - |
| (iii) Trade payables | | | |
| (A) Total outstanding dues of micro enterprises and small enterprises | | **2,517** | 3,833 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | | **45,104** | 41,908 |
| (iii) Other financial liabilities | 16 | **2,241** | 2,119 |
| (b) Other current liabilities | 19 | **7,330** | 6,931 |
| (c) Provisions | 17 | **428** | 418 |
| (d) Income tax liabilities (net) | | **–** | 14 |
| **Total equity and liabilities** | | **1,66,467** | **1,26,833** |

The accompanying notes 1 to 44 are an integral part of the financial statements.

In terms of our report attached

For **Deloitte Haskins & Sells**
*Chartered Accountants*

**Abhijit Bandyopadhyay**
*Partner*

*Kolkata*
06 July 2020

For and on behalf of the Board of Directors of **IFB Industries Limited**

*Joint Executive Chairman and Managing Director* **Bikram Nag**
*Director and Chief Financial Officer* **Prabir Chatterjee**
*Chief Executive Officer, Home Appliances Division* **Rajshankar Ray**
*Chief Executive Officer, Engineering Division* **Partha Sen**
*Company Secretary* **G. Ray Chowdhury**

Bengaluru
06 July 2020

## Consolidated Statement of Profit and Loss

| | | Notes | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|---|
| I | Revenue from operations | 21 | **2,63,697** | 2,65,707 |
| II | Other income | 22 | **1,250** | 1,266 |
| III | **Total income (I + II)** | | **2,64,947** | 2,66,973 |
| IV | **Expenses** | | | |
| | (a) Cost of materials consumed | 23 | **1,03,621** | 1,12,702 |
| | (b) Purchases of stock-in-trade | | **39,208** | 48,744 |
| | (c) Changes in inventories of finished goods, stock-in-trade and work-in-progress | 24 | **6,544** | (4,850) |
| | (d) Employee benefits expense | 25 | **29,888** | 26,383 |
| | (e) Finance costs | 26 | **1,609** | 723 |
| | (f) Depreciation and amortisation expense | 27 | **9,195** | 5,755 |
| | (g) Other expenses | 28 | **72,355** | 70,039 |
| | **Total expenses (IV)** | | **2,62,420** | 2,59,496 |
| V | **Profit before exceptional items and tax (III - IV)** | | **2,527** | 7,477 |
| VI | **Exceptional Items** | 41 | **148** | 1,935 |
| VII | **Profit before tax (V + VI)** | | **2,675** | 9,412 |
| VIII | **Tax expense** | | | |
| | (a) Current tax | 29A | **178** | 2,919 |
| | (b) Deferred tax | 29A | **(80)** | (615) |
| IX | **Profit for the year (VII - VIII)** | | **2,577** | 7,108 |
| X | **Other comprehensive income** | | | |
| | **A** (i) Items that will not to be reclassified to profit or loss | | | |
| | - Remeasurements of the defined benefit plan | 31 | **(6)** | (552) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | 29B | **(656)** | 193 |
| | **B** (i) Items that will be reclassified to profit or loss | | | |
| | – Exchange differences in translating the financial statements of foreign operations | | **181** | 110 |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | | **–** | – |
| | **Other comprehensive income** | | **(481)** | **(249)** |
| XI | **Total comprehensive income for the year (IX+X)** | | **2,096** | 6,859 |
| | **Profit for the year** | | | |
| | Attributable to : | | | |
| | Owners of the parent | | **2,741** | 7,295 |
| | Non-controlling interests | | **(164)** | (187) |
| | **Total comprehensive income for the year** | | | |
| | Attributable to: | | | |
| | Owners of the parent | | **2,263** | 7,046 |
| | Non-controlling interests | | **(167)** | (187) |
| XII | **Earnings per equity share (Face value Rs. 10 each)** | | | |
| | (a) Basic (in Rs.) | 30 | **6.76** | 18.00 |
| | (b) Diluted (in Rs.) | 30 | **6.76** | 18.00 |

The accompanying notes 1 to 44 are an integral part of the financial statements.

In terms of our report attached
For **Deloitte Haskins & Sells**
*Chartered Accountants*

**Abhijit Bandyopadhyay**
*Partner*

*Kolkata*
06 July 2020

For and on behalf of the Board of Directors of **IFB Industries Limited**

| | |
|---|---|
| *Joint Executive Chairman and Managing Director* | **Bikram Nag** |
| *Director and Chief Financial Officer* | **Prabir Chatterjee** |
| *Chief Executive Officer, Home Appliances Division* | **Rajshankar Ray** |
| *Chief Executive Officer, Engineering Division* | **Partha Sen** |
| *Company Secretary* | **G. Ray Chowdhury** |

Bengaluru
06 July 2020

## Consolidated Statement of Changes in Equity

### A. Equity share capital

| | As at the beginning of the reporting year | Changes in equity share capital during the year | As at the end of the reporting year |
|---|---|---|---|
| | Rs. in lacs | Rs. in lacs | Rs. in lacs |
| For the year ended 31 March 2019 | 4,128 | – | **4,128** |
| For the year ended 31 March 2020 | 4,128 | – | **4,128** |

### B. Other equity

| | Reserves and Surplus | | | | | Other comprehensive income | Attributable to owners of the parent | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | Capital Redemption Reserve | Debt Restructuring Reserve | Retained earnings | Foreign currency translation reserve | | | |
| | Rs. in lacs | Rs. in lacs | Rs. in lacs | Rs. in lacs | Rs. in lacs | Rs. in lacs | Rs. in lacs | Rs. in lacs | Rs. in lacs |
| Balance as at 01 April 2018 | – | 17,433 | 1,605 | 8,981 | 22,858 | 182 | 50,665 | 394 | 51,059 |
| Profit for the year | – | – | – | – | 7,108 | – | 7,295 | (187) | 7,108 |
| Other comprehensive income (net of tax) | – | – | – | – | (359) | 110 | (249) | – | (249) |
| Total comprehensive income for the year | – | – | – | – | 6,749 | 110 | 7,046 | (187) | 6,859 |
| Balance as at 31 March 2019 | – | 17,433 | 1,605 | 8,981 | 29,607 | 292 | 57,711 | 207 | 57,918 |
| Recognised on business combination (refer note 40) | 522 | – | – | – | – | – | 522 | – | 522 |
| Profit for the year | – | – | – | – | 2,577 | – | 2,741 | (164) | 2,577 |
| Other comprehensive income (net of tax) | **–** | **–** | **–** | **–** | **(662)** | **181** | **(478)** | **(3)** | **(481)** |
| Total comprehensive income for the year | **522** | **–** | **–** | **–** | **1,915** | **181** | **2,785** | **(167)** | **2,618** |
| **Balance as at 31 March 2020** | **522** | **17,433** | **1,605** | **8,981** | **31,522** | **473** | **60,496** | **40** | **60,536** |

**Capital reserve** : This reserve represents the difference between the value of net assets acquired by the Company in the course of business combinations and the consideration paid for such combinations.

**Securities premium** : This reserve represents premium on issue of shares and expenses on employee stock purchase scheme and can be utilised in accordance with the provisions of the Companies Act, 2013.

**Capital redemption reserve** : This reserve has been created under the Companies Act, 1956 on redemption of redeemable preference shares and can utilised in accordance with the provisions of the Companies Act, 2013.

**Debt restructuring reserve** : This reserve represents the principal loan amount that were waived off in earlier years.

**Retained earnings** : This reserve represents the cumulative profits of the Group and effects of remeasurement of defined benefit plans. This can be utilised in accordance with the provisions of the Companies Act, 2013.

**Foreign currency translation reserve** : Exchange differences on translating the financial statements of foreign operations.

The accompanying notes 1 to 44 are an integral part of the financial statements.

In terms of our report attached
For **Deloitte Haskins & Sells**
*Chartered Accountants*

**Abhijit Bandyopadhyay**
*Partner*

*Kolkata*
06 July 2020

For and on behalf of the Board of Directors of **IFB Industries Limited**

*Joint Executive Chairman and Managing Director* **Bikram Nag**
*Director and Chief Financial Officer* **Prabir Chatterjee**
*Chief Executive Officer, Home Appliances Division* **Rajshankar Ray**
*Chief Executive Officer, Engineering Division* **Partha Sen**
*Company Secretary* **G. Ray Chowdhury**

Bengaluru
06 July 2020

## Consolidated Cash Flow Statement

| | | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| A. | **Cash flows from operating activities** | | |
| | **Profit before tax** | **2,675** | 9,412 |
| | Adjustments for: | | |
| | Depreciation and amortisation expense | **9,195** | 5,755 |
| | Gain on disposal of property, plant and equipment | – | 2 |
| | Exceptional Gain on Compulsary acquisition | – | (1,935) |
| | Exceptional Loss of inventory due to fire | **1,157** | – |
| | Write-off of property, plant and equipment | **88** | 112 |
| | Write-off of debts/ advances | **58** | 27 |
| | Allowances for doubtful debts and advances | **76** | 37 |
| | Dividend from investments in mutual fund | **(331)** | (180) |
| | Net loss/(gain) on disposal of mutual funds measured at FVTPL | **76** | (36) |
| | Write back of liabilities no longer required | **(57)** | (231) |
| | Write back of provision on assets no longer required | **(47)** | (15) |
| | Income in respect to deferred revenue from government grant | **(8)** | (8) |
| | Unrealised exchange (gain)/loss | **1,346** | (372) |
| | Interest income on financial assets | **(321)** | (290) |
| | Net gain arising on mutual funds measured at FVTPL | **(101)** | (194) |
| | Net (gain)/loss arising on derivative instruments measured at FVTPL | **(1,413)** | 238 |
| | Finance costs | **1,414** | 490 |
| | **Operating profit before working capital changes** | **13,807** | 12,812 |
| | Adjustments for: | | |
| | Trade payables, provisions, financial and other liabilities | **3,423** | 7,960 |
| | Trade receivables, loans, financial and other assets | **1,358** | (5,242) |
| | Inventories | **1,144** | (8,470) |
| | **Cash generated from operations** | **19,732** | 7,060 |
| | Income tax paid (net of refunds) | **(976)** | (2,596) |
| | **Net cash generated from operating activities** | **18,756** | 4,464 |
| B. | **Cash flows from investing activities** | | |
| | Proceeds from Compulsary acquisition of immovable property | – | 1,959 |
| | Consideration paid for business combination ((Refer Note 2 below) | **(3,650)** | (3,350) |
| | Purchase of property, plant and equipment | **(22,353)** | (6,826) |
| | Sale of property, plant and equipment | **4** | 6 |
| | Purchase of current investments | **(57,091)** | (41,562) |
| | Sale of current investments | **44,893** | 48,513 |
| | Increase/Decrease in bank balances (with maturity more than 12 months) | **483** | (2,295) |
| | Interest income on financial assets | **305** | 200 |
| | **Net cash used in investing activities** | **(37,409)** | (3,355) |

## Consolidated Cash Flow Statement

| | | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| **C.** | **Cash flows from financing activities** | | |
| | Proceeds from borrowing | **49,528** | 26,269 |
| | Repayment of borrowing | **(23,920)** | (26,358) |
| | Lease rent paid | **(2,843)** | – |
| | Finance costs | **(818)** | (433) |
| | **Net cash generated from / (used in) financing activities** | **21,947** | (522) |
| | **Net change in cash and cash equivalents (A+B+C)** | **3,294** | 587 |
| | **Cash and cash equivalents at the beginning of the year** | **7,164** | 6,570 |
| | **Foreign currency translation adjustment on cash and cash** | **29** | 7 |
| | **Cash and cash equivalents at the end of the year [refer note 12]** | **10,487** | 7,164 |

1. The above Cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 - Statements of Cash Flow.
2. Pursuant to business combinations, the fair value of the following assets and liabilities assumed as at the date of acquisition has been adjusted in the respective places in the Statement of Cash Flow (Refer note 40):

| | | |
|---|---|---|
| Property, plant and equipment | **4,085** | 145 |
| Other intangible assets | **–** | 1,942 |
| Inventories | **248** | 455 |
| Loans | **1** | – |
| Trade receivables | **66** | – |
| Other assets | **7** | – |
| Trade payables | **279** | 334 |
| Other liabilities | **38** | 107 |
| Other financial liabilitty | **3** | – |
| Provisions | **65** | – |

The accompanying notes 1 to 44 are an integral part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
*Chartered Accountants*

**Abhijit Bandyopadhyay**
*Partner*

*Kolkata*
06 July 2020

For and on behalf of the Board of Directors of **IFB Industries Limited**

*Joint Executive Chairman and Managing Director* **Bikram Nag**
*Director and Chief Financial Officer* **Prabir Chatterjee**
*Chief Executive Officer, Home Appliances Division* **Rajshankar Ray**
*Chief Executive Officer, Engineering Division* **Partha Sen**
*Company Secretary* **G. Ray Chowdhury**

Bengaluru
06 July 2020

# Notes to the consolidated financial statements for the year ended 31 March 2020

**1A. BACKGROUND :**

IFB Industries Limited ("the Holding Company") and its subsidiaries (together, "the Group") is engaged in the business of fine blanked components, home appliances and steel.

**1B. SIGNIFICANT ACCOUNTING POLICIES :**

**a. Statement of compliance**

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind ASs) notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendments) Rules, 2016. These consolidated financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

Except for the changes below, the group has consistently applied accounting policies to all periods.

i) The company adopted Ind AS 116 'Leases' with the date of initial application being 1 April, 2019. Ind AS 116 replaces Ind AS 17 - Leases and related interpretation guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Effective 1 April, 2019, on transition, the Company has recorded the lease liability at the present value of future lease payments discounted using the incremental borrowing rate and has also chosen to measure the right-of-use at the same value as the lease liability. The adoption of the new standard resulted in recognition of 'Right-of-use' asset and an equivalent lease liability as on 1 April, 2019. As a result, the comparative information has not been restated. Refer Note 34 for further details.

ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On 30 March, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from 1 April, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

iii) Amendment to Ind AS 19 'Employee Benefits': On 30 March, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from 1 April, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

iv) Amendment to Ind AS 12 'Income Taxes': On 30 March, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from 1 April, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no impact.

**b. Basis of preparation**

The consolidated financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values at the end of each reporting period, as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 - Inventories or value in use in Ind AS 36 - Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of consolidatedfinancial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions (such estimates and judgements are renewed every year) that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

All assets and liabilities have been classified as current or non-current as per Group's normal operating cycle and other criteria set out in Schedule III to the Companies Act 2013 and Ind AS 1- Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

**c. Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its return.

## Notes to the consolidated financial statements for the year ended 31 March 2020

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Company. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

**Consolidation procedure:**

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary

- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**d. Revenue recognition**

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognised as per the terms of relevant contractual agreements/ arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and Goods & Services Tax (GST). Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discounts/ right of return, using the expected value method.

Revenue from services rendered over a period of time, such as annual maintenance contracts, are recognised on straight line basis over the period or as per the terms of the contract.

Dividend income from investments is recognised when the shareholder's right to receive dividend has been established provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

Interest income from financial assets is recognized when it is probable that the economic benefit will flow to the company and the amount can be measured reliably. Interest income is accrued on time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

**e. Property, plant and equipment**

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

Depreciation on property, plant and equipment has been provided on the straight-line method less residual values as per the useful life stated below.

Freehold land is not depreciated.

## Notes to the consolidated financial statements for the year ended 31 March 2020

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of property, plant and equipment of the Group are as follows:

| | |
|---|---|
| Buildings | 30 years |
| Buildings (Roads and Fences) | 5 years |
| Building (improvements) | 6 years |
| Plant and equipment | 10 – 20 years |
| Plant and equipment (tools and moulds) | 5years / on piece basis |
| Furniture and fixtures | 10 years |
| Office equipment | 3, 5,10 years |
| Vehicles | 5, 8 years |
| Computers | 3-6 years |

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit and loss.

**f. Goodwill on consolidation**

Goodwill on consolidation is stated at cost (substituted for restated cost where applicable) less impairment loss, where applicable. On disposal of a subsidiary, attributable amount of goodwill is included in the determination of the profit and loss recognised in the consolidated statement of profit and loss. Impairment loss, if any to the extent the carrying amount exceeds the recoverable amount is charged off to the consolidated statement of profit and loss as it arises and is not reversed.

For impairment testing, goodwill is allocated to cash generating unit (CGU) or groupof CGUs to which it relates, which is not larger than an operating segment.

**g. Investment property**

Investment property are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 – Property, Plant and Equipment requirements for cost model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with Ind AS 105 – Non-current Assets Held for Sale and Discontinued Operations.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated statement of profit and loss in the period in which the property is de-recognised.

For transition to Ind AS, the Group has elected to continue with the carrying value of its investment property recognised as of 01 April 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**h. Intangible assets**

Intangible assets that the Groupacquires separately and from which it expects future economic benefits are capitalised upon acquisition and measured initially at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

Internally generated assets for which the cost is clearly identifiable are capitalised at cost. All directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets.

Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. All directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law (e.g., patents, licences, trademarks, franchise and servicing rights) or the likelihood of technical, technological obsolescence (e.g., computer software, design, prototypes) or commercial obsolescence (e.g., lesser known brands are those to which adequate marketing support may not be provided).

Intangible assets that have finite lives are amortized over their estimated useful lives by the straight-line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortized.

The estimated useful lives of intangible assets of the Group are as follows:

| | |
|---|---|
| Computer software | 3 years |
| Technical knowhow | 5 years / 7 years |
| Brand | 5 years |
| Non-Compete Agreement | 10 years |

All intangible assets are tested for impairment. Amortisation expenses and impairment losses and reversal of impairment losses are taken to the consolidated statement of profit and loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortisation and / or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses from derecognitions are measured as the difference between the net disposal proceeds and the carrying amount of the assets, and are recognised in profit or loss when the asset is derecognised.

**i. Impairment of tangible and intangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

## Notes to the consolidated financial statements for the year ended 31 March 2020

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in consolidated statement of profit and loss.

j. **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the standalone statement of profit and loss in the period in which they are incurred.

k. **Foreign currency transactions**

The presentation currency of the Group is Indian Rupee.

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the respective transactions.Gains / losses arising on foreign currency transactions settled during the year are recognised in the consolidated statement of profit and loss.

Exchange differences arising on translation of monetary items are recognised in the statement of profit and loss except for exchange differences on foreign currency borrowings relating to assets under constructions for future productive use, which are included in the cost of the assets when they are regarded as an adjustment to interest costs on these foreign currency borrowings. Non-monetary items denominated in foreign currency are carried at cost.

Exchange differences arising on monetary items that, in substance, form part of the Group’s net investment in a foreign operation (having a functional currency other than Indian Rupee) are accumulated in foreign currency translation reserve.

For the preparation of the consolidated financial statements: -

– assets and liabilities of foreign operations, together with goodwill and fair value adjustments assumed on acquisition thereon, are translated to Indian Rupees at exchange rate prevailing at the reporting period end.
– income and expense items are translated at the average exchange rate prevailing during the period; when exchange rates fluctuate significantly the rates prevailing on the transaction date are used instead.

Differences arising on such translation are accumulated in foreign currency translation reserve and attributed to non-controlling interests proportionately.

On the disposal of foreign operation, all of the exchange differences accumulated in equity in respect of that operating attributable to the owners of the Group is reclassified to the consolidated statement of profit and loss. In relation to partial disposal, that does not result in losing control over the subsidiary, the proportionate exchange differences accumulated in equity is reclassified to the consolidated statement of profit and loss.

l. **Derivatives**

The Group enters into derivative financial instruments, primarily foreign exchange forward contracts, to manage its exposure to foreign exchange risks.

## Notes to the consolidated financial statements for the year ended 31 March 2020

Derivatives are initially recognised at fair value and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gains / losses is recognised in the consolidated statement of profit and loss.

**m. Inventories**

Inventories are valued at the lower of cost and net realisable value except for raw material, work-in-progress which are valued at cost and scrap which is valued at market price of a foreign subsidiary

Costs of inventories are determined using weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

**N. Employee benefits**

**Retirement benefit costs**

Contribution payable for provident fund and superannuation fund, which are defined contribution schemes are recognised as an employee benefitsexpense in the consolidated statement of profitandloss.

For retirement benefit – defined benefit plani.e. gratuity, other long-term employee benefits i.e. leave encashment and sick leave, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the consolidated balance sheet with a charge or credit in other comprehensive income for gratuity and consolidatedstatement of profit and loss for leave encashment and sick leave in the period in which they occur.

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit and loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losseson curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Group presents the first two components of defined benefit costs in consolidated statement of profit and loss in the line item 'Employee benefits expense'.

The retirement benefit obligation recognised in the consolidated balance sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

For an overseas subsidiary, annual leave is recognised when they accrue to the employee. An accrual is made for the estimated liability for annual leave as a result of services rendered by the employee upto the year end date.

**Short-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

## Notes to the consolidated financial statements for the year ended 31 March 2020

**o. Taxation**

Tax expenses comprises current and deferred tax.

**Current tax**

Current tax is measured at the amount expected to be paid to tax authorities in accordance with the Income Tax Act, 1961. The Group's current tax is calculated using tax rates and tax laws that have been enacted during the period, together with any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on net basis, or to realize the asset and settle the liability simultaneously.

**Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority.

Minimum Alternate Tax (MAT) credit entitlement is recognized only to the extent there is convincing evidence that the Group will pay normal tax during the period specified by the Income Tax Act, 1961. In the year in which the MAT credit becomes eligible to be recognised as an asset,the said asset is created by way of credit to the consolidated statement of profit and loss. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay normal income tax during the specified period.

**p. Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Group will comply with the conditions attached to the grant. Accordingly, government grants:

a) related to or used for assets are included in the consolidated balance sheet as deferred income and recognised as income over the useful life of the assets.

b) related to incurring specific expenditures are taken to the consolidated statement of profit and loss on the same basis and in the same periods as the expenditures incurred.

c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

## Notes to the consolidated financial statements for the year ended 31 March 2020

q. **Warranties**

Warranty costs are estimated by the Management on the basis of a technical evaluation and based on specific warranties, claims and claim history. Provision is made for estimated liability in respect of warranty cost in the year of sale of goods. Warranty provisions are measured at discounted amounts. The Group discounts its provision for warranty to present value at reporting dates. Consequently, the unwinding of discount is recognised in the consolidated statement of profit and loss.

Provision for warranty is expected to be utilized over a period of one to five years

r. **Provisions and contingent liabilities**

The Group recognizes a provision when there is a present obligation as a result of an obligating event that probably requires outflow of resources and a reliable estimate can be made of the amount of the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A disclosure of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure of contingent liability is made.

s. **Leasing**

The Group has adopted Ind AS 116 – "Leases" w.e.f. 1 April, 2019. Accordingly, at the inception of a contract, the Group assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April, 2019.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present

## Notes to the consolidated financial statements for the year ended 31 March 2020

value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight-line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

**t. Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Segments are organised based on business which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

Segment revenue arising from third party customers is reported on the same basis as revenue in the consolidated financial statements. Inter-segment revenue is reported on the basis of transactions which are primarily market led. Segment results represent profits before finance charges, unallocated expenses and taxes.

"Unallocated expenses" represents revenue and expenses attributable to the enterprise as a whole and are not attributable to segments.

**u. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured atfair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through statement of profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through statement of profit and loss are recognised immediately in consolidated statement of profit and loss.

Financial assets and liabilities are offset and the net amount is included in the consolidated balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**v. Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Recognition**

Financial assets include investments, trade receivables, derivative instruments, cash and cash equivalents, other bank balances, loans and other financial assets. Such assets are initially recognised at transaction price when the Group becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the consolidated statement of profit and loss.

**Classification**

Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) Amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) Fair value through other comprehensive income, where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) Fair value through statement of profit and loss, where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on their fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the consolidated statement of profit and loss in the period in which they arise.

Trade receivables, cash and cash equivalents, other bank balances, loans and other financial assets are classified for measurement at amortised cost. Derivative instruments are measured at fair value through statement of profit and loss while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through statement of profit and loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The effective interest method is a method of calculating the amortised cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**Impairment**

At each reporting date a financial asset such as investment, trade receivable, loans and other financial assets held at amortised cost and financial assets that are measured at fair value through other comprehensive income are tested for impairment based on evidence or information that is available without undue cost or effort. Expected credit loss is assessed and loss allowance is recognised if the credit quality of that financial asset has deteriorated significantly since initial recognition.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount of the financial asset in the consolidated balance sheet.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit and loss.

**Reclassification**

When and only when the business model is changed the Group shall reclassify all affected financial assets prospectively from the reclassification date as subsequently measured at amortised cost, fair value through other comprehensive income, fair value through profit and loss without restating the previously recognised

## Notes to the consolidated financial statements for the year ended 31 March 2020

gains, losses or interest and in terms of the reclassification principles laid down in the Ind AS relating to financial instruments.

**De-recognition**

Financial assets are derecognised when the right to receive cash flows from the assets has expired, or has been transferred, and the Group has transferred substantially all of the risks and rewards of ownership. Consequently, if the asset is one that is measured at

(a) Amortised cost, the gain or loss is recognised in the consolidated statement of profit and loss.

(b) Fair value through other comprehensive income, the cumulative fair value adjustments previously taken to reserves are reclassified to the consolidated statement of profit and loss unless the asset represents an equity investment in which case the cumulative fair value adjustments previously taken to reserves is reclassified within equity.

**w. Financial liabilities and equity instruments**

**Classification:**

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by theHolding company are recognised at the proceeds received.

**Financial liabilities**

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the consolidated statement of profit and loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the consolidated balance sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

**x. Earning per share**

Basic earnings per share are calculated by dividing the profit and loss for the year attributable to owners of the parent of the group by the weighted average number of shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit and loss for the year attributable to owners of the parent of the group and weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential shares.

**y. Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date value of the assets transferred and liabilities incurred by the Group to the former owner of the acquiree and the equity interest issued by the Group in exchange of control of the acquiree.

Acquisition related costs are generally recognised in the Statement of profit or loss as incurred. The identifiable assets acquired and liabilities assumed are recognised at fair value except deferred tax assets or liabilities, liabilities related to employee benefit arrangements.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

In case of bargain purchase, the group recognises the gain in other comprehensive income and accumulates the same in equity as capital reserve.

**2A. USE OF ESTIMATES AND JUDGEMENTS :**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about the significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are related to:

(i) Useful life of property, plant and equipment and intangible assets
(ii) Provision for product warranties
(iii) Provision for employee benefits
(iv) Fair value of financial assets / liabilities
(v) Provisions and contingent liabilities
(vi) Control
(vii) Estimation uncertainty relating to COVID – 19 outbreak

**Useful life of property, plant and equipment and intangible assets**

As described in the significant accounting policies, the Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period The Group is required to determine whether its intangible assets have indefinite or finite life which is a subject matter of judgement.

**Provision for product warranties**

Provision is estimated in respect of warranty cost in the year of sale of goods and it represents the present value of the management's best estimate of the future outflow of economic benefit that will be required under the group's obligation for warranties. It is estimated by the management on the basis of a technical evaluation and based on specific warranties, claims and claim history.

The determination of provision for product warranties takes into account assumptions which is a subject matter of judgement.

**Provision for employee benefits**

The determination of Group's liability towards defined benefit obligation and otherlong-term employee benefits to employees is made through independent actuarial valuation including determination of amounts to be recognized in the consolidated statement of profit and loss and in other comprehensive income. Such valuation depends upon assumptions determined after taking into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market. Information about such valuation is provided in notes to accounts.

**Fair value measurements and valuation processes**

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation, if required.

## Notes to the consolidated financial statements for the year ended 31 March 2020

**Provisions and contingent liabilities**

The Group has ongoing litigations with various regulatory authorities and third parties. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made based on management's assessment of specific circumstances of each dispute and relevant external advice, management provides for its best estimate of the liability. Such accruals are by nature complex and can take number of years to resolve and can involve estimation uncertainty.

**Control**

The Group assessed whether or not it has control on its investees based on whether, as an investor, it has the power / rights and consequently the practical ability to direct the relevant activities of its investees unilaterally. In making this judgement, the Group considered the absolute size of its holding, the relative size of and dispersion of other shareholders, and whether any contractual arrangements exist between the Group and other shareholders of the investees. Based on this, and in accordance with its accounting policy, the Group has determined that the entities listed in notes to the consolidated financial statements are the only entities over which Group has control.

**Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value which is a subject matter of judgement.

**Estimation uncertainty relating to COVID – 19 outbreak**

The Management has considered the possible effects, if any that may result from the pandemic relating to COVID-19 on the carrying amounts of assets. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the management has considered the global economic conditions prevailing as at the date of approval of these financial statements, and has used internal and external sources of information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

**RECENT ACCOUNTING PRONOUNCEMENTS :**

Standards issued but not effective. As at the date of issue of financial statements, there are no new standards or amendments which have been notified by the MCA but not yet adopted by the Company. Hence, the disclosure is not applicable.

# Notes to the consolidated financial statements for the year ended 31 March 2020

Rs. in Lacs

| | Gross Block | | | | | | Depreciation and amortisation | | | | | | Net Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2019 | Fair Value of assets acquired on business combination (Refer note 41) | Additions | Adjustments / disposals | Foreign currency translation reserve adjustment | As at 31 March 2020 | As at 1 April 2019 | Acquisition through business combination | For the year | Adjustments / disposals | Foreign currency translation reserve adjustment | As at 31 March 2020 | As at 31 March 2020 | As at 31 March 2019 |
| **3A Property, plant and equipment** | | | | | | | | | | | | | | |
| (a) Land | 1,405 | – | – | – | – | 1,405 | – | – | – | – | – | – | 1,405 | 1,405 |
| *Previous year* | *1,426* | – | – | *(21)* | – | *1,405* | – | – | – | – | – | – | *1,405* | |
| (b) Buildings | 5,580 | 525 | 4,204 | – | 3 | 10,312 | 806 | – | 295 | – | 3 | 1,104 | 9,208 | 4,774 |
| *Previous year* | *5,483* | – | *98* | *(3)* | *2* | *5,580* | *541* | – | *262* | – | *3* | *806* | *4,774* | |
| (c) Plant and equipment | 34,097 | 3,539 | 15,069 | (129) | 142 | 52,718 | 12,225 | – | 4,630 | (49) | 68 | 16,874 | 35,844 | 21,872 |
| *Previous year* | *30,637* | *145* | *3,371* | *(149)* | *93* | *34,097* | *8,171* | – | *4,062* | *(50)* | *42* | *12,225* | *21,872* | |
| (d) Furniture and fixtures | 2,256 | 18 | 271 | (20) | 1 | 2,526 | 537 | – | 239 | (8) | – | 768 | 1,758 | 1,719 |
| *Previous year* | *1,866* | – | *423* | *(34)* | *1* | *2,256* | *336* | – | *215* | *(15)* | *1* | *537* | *1,719* | |
| (e) Vehicles | 82 | – | 3 | (12) | 1 | 74 | 47 | – | 9 | (12) | 1 | 45 | 29 | 35 |
| *Previous year* | *81* | – | – | – | *1* | *82* | *36* | – | *10* | – | *1* | *47* | *35* | |
| (f) Office equipment | 429 | – | 141 | (4) | 2 | 568 | 220 | – | 75 | (4) | 1 | 292 | 276 | 209 |
| *Previous year* | *367* | – | *68* | *(7)* | *1* | *429* | *151* | – | *73* | *(4)* | – | *220* | *209* | |
| (g) Computers | 1,099 | 3 | 311 | (4) | 1 | 1,410 | 558 | – | 228 | (3) | 1 | 784 | 626 | 541 |
| *Previous year* | *907* | – | *205* | *(14)* | *1* | *1,099* | *359* | – | *207* | *(8)* | – | *558* | *541* | |
| **Total** | 44,948 | 4,085 | 19,999 | (169) | 150 | 69,013 | 14,393 | – | 5,476 | (76) | 74 | 19,867 | 49,146 | 30,555 |
| *Previous year* | *40,767* | *145* | *4,165* | *(228)* | *99* | *44,948* | *9,594* | – | *4,829* | *(77)* | *47* | *14,393* | *30,555* | |
| Capital work–in–progress | 1,848 | – | 771 | (1,741) | 9 | 887 | – | – | – | – | – | – | 887 | 1,848 |
| *Previous year* | *271* | – | *1,912* | *(337)* | *2* | *1,848* | – | – | – | – | – | – | *1,848* | |
| **3B Intangible assets** | | | | | | | | | | | | | | |
| (a) Brand | 382 | – | – | – | – | 382 | 35 | – | 76 | – | – | 111 | 271 | 347 |
| *Previous year* | – | 382 | – | – | – | 382 | – | – | 35 | – | – | 35 | 347 | |
| (b) Computer software | 1,587 | – | 303 | (2) | 3 | 1,891 | 1,123 | – | 408 | (1) | 3 | 1,533 | 358 | 464 |
| *Previous year* | *1,496* | – | *94* | *(4)* | *1* | *1,587* | *678* | – | *448* | *(4)* | *1* | *1,123* | *464* | |
| (c) Technical knowhow | 2,416 | – | 1,962 | – | – | 4,378 | 950 | – | 470 | – | – | 1,420 | 2,958 | 1,466 |
| *Previous year* | *1,456* | *943* | *17* | – | – | *2,416* | *535* | – | *415* | – | – | *950* | *1,466* | |
| (d) Non-compete agreement | 617 | – | – | – | – | 617 | 28 | – | 62 | – | – | 90 | 527 | 589 |
| *Previous year* | – | *617* | – | – | – | *617* | – | – | *28* | – | – | *28* | *589* | |
| **Total** | 5,002 | – | 2,265 | (2) | 3 | 7,268 | 2,136 | – | 1,016 | (1) | 3 | 3,154 | 4,114 | 2,866 |
| *Previous year* | *2,952* | *1,942* | *111* | *(4)* | *1* | *5,002* | *1,213* | – | *926* | *(4)* | *1* | *2,136* | *2,866* | |
| Intangible assets under development | 581 | – | 67 | (552) | – | 96 | – | – | – | – | – | – | 96 | 581 |
| *Previous year* | *447* | – | *134* | – | – | *581* | – | – | – | – | – | – | *581* | |

1. The amortisation of intangible assets is disclosed in the face of Consolidated Statement of Profit or Loss under the heading "Depreciation and amortisation expenses"
2. The remaining useful life of Significant intangible assets are as under :-

| Description | Remaining useful life as at 31 March 2020 |
|---|---|
| (a) Design Cost for washing machines | The entire net block would be amortised in 3 years. |
| (b) Engineering design and process for Industrial Launderete Equipments | The entire net block would be amortised in 6 years. |
| (c) Design cost of Motors | The entire net block would be amortised in 4 years. |
| (d) Brand | The entire net block would be amortised in 4 years. |
| (e) Non-compete agreement | The entire net block would be amortised in 9 years. |
| (f) Design cost for Air Conditioner | The entire net block would be amortised in 4 years. |
| (g) Design cost for Washer Dryer | The entire net block would be amortised in 4 years. |

# Notes to the consolidated financial statements for the year ended 31 March 2020

## 3C Right of use assets

| Particulars of Assets | Gross Block | | | Depreciation and amortisation | | Net Book Value |
|---|---|---|---|---|---|---|
| | Recognised on 1 April, 2019 (Refer Note 33) | Additions | **As at 31 March 2020** | For the year | **As at 31 March 2020** | **As at 31 March 2020** |
| **Right of use assets** | 8,070 | 1,441 | **9,511** | 2,703 | **2,703** | **6,808** |
| *Previous year* | – | – | – | – | – | – |
| **Total** | **8,070** | **1,441** | **9,511** | **2,703** | **2,703** | **6,808** |
| *Previous year* | – | – | – | – | – | – |

## 3D Goodwill

**Rs. in lacs**

| Particulars | **As at 31 March 2020** | **As at 31 March 2019** |
|---|---|---|
| Balance as at the beginning of the year | **2,330** | **943** |
| Add: Goodwill of the holding company on business combination | **–** | 1,355 |
| Add: Translation differences | **51** | 32 |
| | **2,381** | 2,330 |

## 4. Investment property

**Rs. in lacs**

| Particulars | Gross Block/Net Book Value | | | |
|---|---|---|---|---|
| | As at 1 April 2019 | Additions | Adjustments/ disposals | **As at 31 March 2020** |
| Land | 11 | – | – | **11** |
| **Total** | 11 | – | – | **11** |
| Previous year | 11 | – | – | 11 |

1 Investment properties consist of lands in India and it includes an amount of Rs. 7 lacs (31 March 2019: Rs. 7 lacs) being assets given on an operating lease.

2 As at 31 March 2020 and 31 March 2019 the fair values of the properties are Rs. 530 lacs and Rs. 500 lacs respectively. These valuations are based on valuations performed by NagChowdhury Associates, an accredited independent valuer. NagChowdhury Associates is a specialist in valuing these types of investment properties. A valuation model (market approach) in accordance with that recommended by Indian Institute of Surveyors has been applied. The fair value measurement can be categorised into level 3 category.

3 There are no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

4 Information regarding income and expenditure of investment property **Rs. in lacs**

| Particulars | Year ended | |
|---|---|---|
| | **31 March 2020** | **31 March 2019** |
| Rental income derived from investment property | **6** | 6 |
| Total profit arising from investment property | **6** | 6 |

## Notes to the consolidated financial statements for the year ended 31 March 2020

### 5. Loans

| Particulars | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | Current | Non Current | Current | Non Current |
| | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs |
| **Unsecured,considered good** | | | | |
| - Loans to related parties (refer note 36) | 1 | 1 | 4 | 2 |
| - Other Loans to employees | 54 | 54 | 49 | 54 |
| **Total** | 55 | 55 | 53 | 56 |

### 6. Other financial assets

| Particulars | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | Current | Non Current | Current | Non Current |
| | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs |
| Margin money with more than 12 months maturity | – | 31 | – | 1 |
| Bank deposit with more than 12 months maturity | – | 1 | – | 21 |
| Security deposits | | | | |
| - to related parties (unsecured, considered good) - refer note 36 | – | 58 | – | 58 |
| - to others | | | | |
| (i) Unsecured, considered good | 64 | 1,339 | 58 | 1,057 |
| (ii) Unsecured, considered doubtful | – | 14 | – | 14 |
| Less: Allowance for doubtful deposits | – | 14 | – | 14 |
| Others | | | | |
| - Derivative instruments at fair value through profit or loss and not designated as hedging instruments | 286 | 934 | 3 | – |
| - Interest accrued on fixed deposits | 77 | 34 | 95 | – |
| - Insurance and other claim receivable | 9 | – | 1 | – |
| **Total** | 436 | 2,397 | 157 | 1,137 |

### 7. Income tax assets (net)

| Particulars | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| Advance tax (net of provision) | 1,834 | 846 |
| **Total** | 1,834 | 846 |

## Notes to the consolidated financial statements for the year ended 31 March 2020

**8. Other assets**

| Particulars | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | Current | Non Current | Current | Non Current |
| | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs |
| Capital advance | – | 3,286 | – | 1,385 |
| Advances other than capital advance | | | | |
| - deposit with statutory authorities | 61 | 414 | 26 | 439 |
| - deposit with others | – | 8 | – | 5 |
| - advances with statutory authorities | 4,787 | 719 | 2,813 | 1,485 |
| - advances with related parties (refer note 36) | 262 | – | 611 | – |
| Other advances | | | | |
| - advances for goods and services | 1,566 | 45 | 266 | 14 |
| less: allowance for doubtful advances | – | 14 | – | 14 |
| - prepaid expenses | 528 | 3 | 413 | 2 |
| - prepaid lease rent | – | – | 50 | 1,282 |
| **Total** | 7,204 | 4,461 | 4,179 | 4,598 |

**9. Inventories (valued at lower of cost and net realisable value)**

| Particulars | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| Raw materials | 13,734 | 10,333 |
| Work-in-progress | 2,526 | 2,420 |
| Finished goods | 11,233 | 10,975 |
| Stock-in-trade | 6,532 | 13,313 |
| Stores and spares | 4,313 | 3,350 |
| **Total** | 38,338 | 40,391 |
| **The above includes goods in transit as under:** | | |
| Raw materials | 3,044 | 837 |
| Stock-in-trade | 918 | 2,041 |
| Stores and spares | 48 | 62 |
| **Total** | 4,010 | 2,940 |

The cost of inventories recognised as an expense during the year was **Rs. 1,81,982 lacs** (for the year ended 31 March 2019: Rs. 1,90,989 lacs)

The cost of inventories recognised as an expense includes **Rs. 514 lacs** (31 March 2019 : Rs. 438 lacs) in respect of write-downs of inventory to its net realisable value. Further a sum of **Rs. 232 lacs** (31 March 2019: Rs. 219 lacs) is in respect of reversal of such write-downs. The write downs have been reduced primarily as a result of increased sales price or subsequent disposals.

Carrying amount of inventories carried at fair value **Rs. 1,054 Lacs** (31 March 2019: Rs. 1433 lacs).

During the year carrying amount of inventories of **Rs. 1036 lacs** (Rs. 1157 lacs including taxes and freight) was charged off on account of loss of Inventory lying at a warehouse of the Holding Company due to fire on 2 December, 2019. The Insurance claim for the same has been lodged.The same has been treated as exceptional item. Refer note 41.

## Notes to the consolidated financial statements for the year ended 31 March 2020

**10. Investments**

| | | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|---|
| | | **Nos** | **Current Rs. in Lacs** | Nos | Current Rs. in Lacs |
| | **At fair value through statement of profit and loss** | | | | |
| | **Investments in Mutual Fund - unquoted** | | | | |
| a) | ICICI Prudential Liquid - Direct Plan - Daily Dividend (face value Rs.100/-) | **9,77,276** | **978** | 19,24,974 | 1,928 |
| b) | ICICI Prudential Regular Saving Fund - Growth (face value Rs 10/-) | – | – | 10,27,149 | 204 |
| c) | Reliance Regular Savings Fund - Debt Plan - Growth plan - growth option (face value Rs. 10/-) | – | – | 23,03,578 | 594 |
| d) | AXIS Liquid Fund - Direct Plan- growth (face value Rs. 100/-) | **56,970** | **1,256** | – | – |
| e) | HDFC Short term Debt Fund - Dividend Reinvestment - fortnightly (face value Rs. 10/-) | **1,31,97,202** | **1,361** | – | – |
| f) | HDFC Liquid Fund - Direct Plan-growth (face value Rs. 1000/-) | **80,833** | **3,158** | – | – |
| g) | ICICI Prudential Money Market Fund Option - Direct plan daily dividend (face value Rs. 100/-) | **14,44,108** | **1,446** | – | – |
| h) | ICICI Prudential Liquid - Direct plan - growth (face value Rs 100/-) | **12,84,678** | **3,774** | – | – |
| i) | Kotak Equity Arbitrage fund - Direct Plan- growth (face value Rs 10/-) | **55,15,321** | **1,603** | – | – |
| j) | UTI Arbitrage fund - Direct Plan- growth (face value Rs 10/-) | **62,35,374** | **1,704** | – | – |
| | **Total Investments** | | **15,280** | | 2,726 |
| | **Other disclosures** | | | | |
| | **Aggregate amount of unquoted investments** | | **15,280** | | 2,726 |
| | **Aggregate amount of impairment in value of investments** | | – | | – |

# Notes to the consolidated financial statements for the year ended 31 March 2020

## 11. Trade receivables

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| **Unsecured, considered good** | | |
| - receivable from related parties (refer note 36) | **1,969** | 1,748 |
| - receivable from others | **18,485** | 23,081 |
| **Unsecured, considered doubtful** | | |
| - receivable from others | **131** | 102 |
| Less: allowances for doubtful debts | **(131)** | (102) |
| **Total** | **20,454** | 24,829 |

**Transfer of financial assets**

The Group discounted certain trade receivable with an aggregate carrying amount of **Rs. 760 lacs** (31 March 2019: Rs. 4,472 lacs) to a bank for cash proceeds of **Rs. 751 lacs** (31 March 2019: Rs. 4,439 lacs). If the trade receivable are not paid at maturity, the bank has the right to request the company to pay the unsettled balance. As the company has not transferred the significant risks and rewards relating to these trade receivable, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowings.

At the end of the reporting period, the carrying amount of the trade receivable that has been transferred but have not been derecognised and the carrying amount of the associated liability is as under:

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| Trade receivable that has been transferred but have not been derecognised | **–** | 359 |
| Bill discounting liability for the above | **–** | 359 |

## 12. Cash and cash equivalents

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| Balances with banks | | |
| - current account | **4,736** | 4,615 |
| - deposit account | **5,672** | 1,964 |
| Cheques on hand | **13** | 532 |
| Cash on hand | **66** | 53 |
| **Total** | **10,487** | 7,164 |

# Notes to the consolidated financial statements for the year ended 31 March 2020

## 13. Other bank balances

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| In deposit account | **1,949** | 2,420 |
| Margin money deposits | **74** | 86 |
| **Total** | **2,023** | 2,506 |

## 14. Equity share capital

| | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | **No. of shares** | **Rs. in lacs** | No. of shares | Rs. in lacs |
| **Authorised share capital** | | | | |
| Equity shares of Rs. 10 each | **65,000,000** | **6,500** | 65,000,000 | 6,500 |
| **Total** | **65,000,000** | **6,500** | 65,000,000 | 6,500 |

| | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | **No. of shares** | **Rs. in lacs** | No. of shares | Rs. in lacs |
| **Issued, subscribed and fully paid up** | | | | |
| Equity shares of Rs. 10 each | **40,518,796** | **4,052** | 40,518,796 | 4,052 |
| **Forfeited shares** | | | | |
| 30,50,000 (31 March 2019: 30,50,000 equity shares of Rs. 10 each, Rs. 2.50 paid-up | **-** | **76** | - | 76 |
| **Total** | **40,518,796** | **4,128** | 40,518,796 | 4,128 |

**There has been no change in equity share capital during the year**

**Rights, preferences and restrictions attached to equity shares**

The Holding Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Holding Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Holding Company.

Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive the residual assets of the Holding Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

**Details of shareholders holding more than 5% equity shares in the Holding Company**

| | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | **%** | **No. of shares** | % | No. of shares |
| 1. IFB Automotive Private Limited | **46.54%** | **1,88,56,833** | 46.54% | 1,88,56,833 |
| 2. Nurpur Gases Private Limited | **14.83%** | **60,10,416** | 14.83% | 60,10,416 |
| 3. Asansol Bottling & Packaging Company Private Limited | **8.31%** | **33,66,428** | 8.31% | 33,66,428 |
| 4. Jwalamukhi Investment Holdings | **7.17%** | **29,05,140** | 2.84% | 11,49,759 |

# Notes to the consolidated financial statements for the year ended 31 March 2020

## 15. Non-current borrowings

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| Term loan from banks - secured (*) | **25,372** | 614 |
| **Total** | **25,372** | 614 |

(*) Includes an amount of Rs. 3,500 lacs which is repayable in 20 quarterly instalment starting from 19 May, 2022.

(*) Includes an amount of Rs. 7,000 lacs which is repayable in 15 equal quarterly instalments starting from 11 March, 2021.

(*) Includes an amount of Rs. 250 lacs which is repayable in 16 quarterly instalments from the end of the 15th month from the date of first disbursement i.e. 09 March 2016.

(*) Includes an amount of USD 200 lacs (INR equivalent as at 31 March 2020 Rs. 15,134 lacs) which is repayable 13 equal quarterly instalment starting from 1 October, 2021.

(*) Includes an amount of Rs. 366 lacs which is repayable in 16 instalments by way of graded quarterly instalments commencing from 30 June 2018 or after 15 months from the date of disbursement i.e. 16 June 2017, of the loan , whichever is earlier or any part thereof till the entire loan amount together with interest, cost, expense ,levies and other charges are paid in full. First Repayable has started from Sep 18.

Equal quarterly instalments of Rs 41 lacs for the first 15 quarters and thereafter an instalment of Rs 36 lacs for the last quarter till the entire loan is discharged by the elapse of 60 months from the date of execution of this agreement.

The scheduled maturity of the above borrowings is as under:

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| Repayable in first year (*) | **878** | 990 |
| **Current maturities of long term debt (refer note 16)** | **878** | 990 |
| In the second year | **4,356** | 413 |
| In the third to fifth year | **19,616** | 201 |
| Beyond fifth year | **1,400** | – |
| **Non-current borrowings** | **25,372** | 614 |

**(a) For sanction of credit facilities amounting to Rs. 2,000 lacs and Rs. 3,000 lacs by ICICI Bank Ltd. (Utilised as at 31.03.2020 Rs. 3,500 lacs), following securities have been created :**

- Exclusive charge over the movable properties including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about all the borrower's factories, premises and godowns or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or in high seas or on order, or delivery, howsoever and wheresoever in the possession of the borrower and either by way of substitution or addition in such manner that the security cover of 1.25 times is maintained. For the limit utilised the Term Loan is repayable in 20 quarterly instalment starting from 19 May, 2022.

## Notes to the consolidated financial statements for the year ended 31 March 2020

**(b) For sanction of credit facilities amounting to Rs. 2,500 lacs by DBS Bank India Ltd., following securities have been created :**

- First and exclusive floating charge over all present and future movable property, plant and equipment of the Company's engineering division located at Kolkata and Bangalore stored or to be stored at the Company's godown or premises or wherever else the same may be. The Term Loan is repayable in 16 quarterly instalment from the end of the 15th month from the date of first disbursement i.e. 09 March 2016.

**(c) For sanction of credit facilities amounting to Rs. 6,000 lacs and Rs. 1,000 lacs by DBS Bank India Ltd., following securities have been created :**

- Hypothecation by way of first and exclusive floating charge all present and future moveable plant and machinery, equipment, appliances, furniture, vehicles, machinery, spares and stores, tools and accessories and other moveable whether or not installed and whether lying loose or in cases or which are now lying or stored in or about and may hereafter from time to time during the currency of this deed be brought into or upon or be stores in or about all the counterparty's factories, premises, warehouses and godowns or whereever else the same may be or be held by any party to the order or disposition of the counterparty or in the courses of transit or on high seas or on order, or delivery, howsoever and wheresoever in the possession of the counterparty and either by way of substitution or addition (all pertaining to borrower's units located at Kolkata and Bangalore) stores or to be stored at the Company's Godowns or premises or wherever else the same may be except asset charged specifically for debt availed, if any for purchase of conventional press line subject to NOC being sought from DBS). The Term Loan is repayable in 15 equal quarterly instalment starting from 11 March, 2021.

**(d) For sanction of external commercial borrowings amounting to Rs. 14,160 lacs (USD 200 lacs) by Standard Chartered Bank, London, following securities have been created :**

- Hypothecation by way of first and exclusive charge over all present and future of the moveable properties of the borrower pertaining to the proposed capex for setting up of facility for manufacturing of air conditioners in Goa and on the existing plant and machinery of washing machine division at Goa (Verna) plant (except exclusive charge to term lenders), including without limitations its moveable plant and machinery, furniture and fittings, equipments, computers, hardware, computer software, machinery spares, tools and accessories and other movables, both whether now lying loose or in cases or which are now lying or stored in or about or shall hereafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about all the borrower's premises, warehouses, stockyards and godowns or those of the borrower's agents, affiliates, associates or representatives or at various worksites or at any upcountry place or places wherever else the same maybe or be held by any party including, without limitation, the following plot no. N-7, Phase IV, Survey No. 261/10, Verna Industrial Estate, Verna, Goa - 403722. The external commercial borrowings repayable in 13 equal quarterly instalment starting from 1 October, 2021.

**(e) For sanction of term loan amounting to Rs 650 lacs by Federal Bank Ltd, following securities have been created :**

**Primary Security :**

Term Loan: First charge on the machineries to be purchased

Cash credit / Working Capital Demand Loan. Hypothecation of the all the current assets (Present & Future).

Letter of credit 10% cash margin. Extension of charge on current assets

Bank Guarantee: 10% cash margin. Counter Guarantee.

**Collateral Security :**

Equitable Mortgage of factory land and building along with the property, plant and equipment (present & future). in the name of the company.

## Notes to the consolidated financial statements for the year ended 31 March 2020

### 16. Other financial liabilities

| | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | Current | Non Current | Current | Non Current |
| | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs |
| Current maturities of long-term debt (refer note 15) | 878 | – | 990 | – |
| Interest accrued but not due on borrowings | 24 | – | 8 | – |
| Derivative instruments at fair value through profit or loss and not designated as hedging instruments | 49 | – | 245 | – |
| Others | | | | |
| - Security deposit | 577 | 26 | 435 | 14 |
| - Payable for property, plant and equipment and intangibles | 713 | – | 441 | 3 |
| **Total** | 2,241 | 26 | 2,119 | 17 |

### 17. Provisions

| | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | Current | Non Current | Current | Non Current |
| | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs |
| Provision for employee benefits | | | | |
| Gratuity (refer note 31) | – | 1,276 | – | 960 |
| Leave encashment | 6 | 1,376 | 2 | 1,657 |
| Sick Leave | 67 | 349 | 56 | 278 |
| Others | | | | |
| Warranty | 355 | 3,550 | 360 | 2,554 |
| **Total** | 428 | 6,551 | 418 | 5,449 |

**Details of movement in warranty provisions**

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| Balance as at the beginning of the year | 2,914 | 2,398 |
| Additional provisions recognised (refer note 28) | 2,024 | 1,399 |
| Effect of unwinding of discount (refer note 26) | 195 | 168 |
| Amounts used (i.e. incurred and charged against the provision) during the year | (1,228) | (1,051) |
| **Balance as at the end of the year** | 3,905 | 2,914 |

a. Provision is estimated in respect of warranty cost in the year of sale of goods and it represents the present value of the management's best estimate of the future outflow of economic benefit that will be required under the Holding Company's obligation for warranties.

b. Provision for warranty is expected to be utilised over a period of 1 to 5 years.

c. The estimates may vary as a result of product quality, availability of spare parts, price of raw materials, altered manufacturing processess and discount rates.

d. Warranty costs are estimated by the management on the basis of a technical evaluation and based on specific warranties, claims and claim history.

## Notes to the consolidated financial statements for the year ended 31 March 2020

**18. Deferred tax liabilities (net)**

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| Deferred tax liabilities | **4,833** | 3,816 |
| Less: Deferred tax assets | **3,704** | 2,811 |
| **Total Deferred tax liabilities (net)** | **1,129** | 1,005 |

**Breakup of deferred tax liabilities / asset balances is as under:-**

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| **Deferred tax liabilities** | | |
| On provision for warranty | **259** | 229 |
| On changes in fair value of investments | **16** | 45 |
| On property, plant and equipment and intangible assets | **4,558** | 3,542 |
| | **4,833** | 3,816 |
| **Deferred tax assets** | | |
| On unused tax credits (Minimum Alternate Tax credit) (*) | **1,834** | 1,650 |
| On tax losses | **407** | – |
| On changes in fair value of derivative instruments | **–** | – (#) |
| On allowance for doubtful debts and advances | **56** | 45 |
| On employee benefits | **1,337** | 1,046 |
| Other timing differences | **70** | 70 |
| | **3,704** | 2,811 |
| **Deferred tax liabilities (net)** | **1,129** | 1,005 |

*(*) Unused tax credits are due to expire starting from financial year 2026-27 to 2034-35.*
*(#) Represents amount less than Rs. 50,000*

## Notes to the consolidated financial statements for the year ended 31 March 2020

**Movement of deferred tax assets / liabilities (net) is as under**

| | 31 March 2020 Rs. in Lacs | 31 March 2019 Rs. in Lacs |
|---|---|---|
| **Deferred tax liabilities / (assets) as at the beginning of the year** | 1,005 | 865 |
| - Deferred tax for the year (@) | **308** | (662) |
| - Minimum alternate tax credit for the year (@) | **(389)** | - |
| - Minimum alternate tax credit related to previous years - Net (@) | **1** | 47 |
| - Minimum alternate tax credit utilisation relating to previous years | **203** | - |
| - Minimum alternate tax credit utilised during the year | **1** | 755 |
| **Deferred tax liabilities as at the end of the year** | **1,129** | 1,005 |

*(@) refer note 29*

### 19. Other liabilities

| | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|
| | Current | Non Current | Current | Non Current |
| | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs |
| **Revenue received in advance** | | | | |
| – Income received in advance on annual maintenance contracts and extended warranty services | **3,466** | **1,651** | 4,207 | 994 |
| – Deferred capital grant | **7** | **18** | 7 | 25 |
| Advance from customers | **2,059** | **-** | 1,198 | - |
| Others | | | | |
| – Statutory liabilities | **1,798** | **-** | 1,519 | - |
| **Total** | **7,330** | **1,669** | 6,931 | 1,019 |

### 20. Current borrowings

| | As at 31 March 2020 Rs. in Lacs | As at 31 March 2019 Rs. in Lacs |
|---|---|---|
| **Secured** | | |
| Loans from banks | | |
| - Working capital buyers credit | **2,606** | – |
| - Cash Credit facility from bank | **616** | 764 |
| - Bill discounting | **–** | 403 |
| Unsecured loans from Others | **293** | 293 |
| **Total** | **3,515** | 1,460 |

# Notes to the consolidated financial statements for the year ended 31 March 2020

**Hypothecation details of cash credit facility by Federal Bank Limited as at 31 March 2020**

For sanction of working capital facilities of Rs. 1,500 lacs which can be used inter-changeably between fund based and non-based. Interest rate for fund based limits are one year MCLR+1.5%. Following securities has been created:

**Primary security :**

Cash credit / Working Capital Demand Loan. Hypothecation of the all the current assets (Present & Future).

**Collateral security :**

Equitable Mortgage of factory land and building along with the property, plant and equipments (present & future). in the name of the company.

**For sanction of working capital facility amounting to Rs 10,000 lacs by Standard Chartered Bank, following securities have been created :**

(i) First pari passu charge on all current assets, both present and future.

(ii) First charge on existing movable fixed assets of Goa (Verna) plant (except exclusive charge to term lenders).

(iii) Second charge on the leasehold land and building of Goa (Verna) unit on all that piece and parcel of non-agricultural land bearing at No. L1 situated within the village panchayat of Nagoa, Verna Plateau, Verna Industrial Estate, Taluka Salcete, District South Goa and registration sub district ILHAS in the state of Goa containing by admeasuring 48,695 square meters or thereabout.

**21. Revenue from operations**

| | **For the year ended 31 March 2020 Rs. in Lacs** | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| Gross revenue from sale of manufactured products | 2,21,723 | 2,23,941 |
| Revenue from sale of traded products | **98,664** | 95,360 |
| **Total sale of products** | **3,20,387** | 3,19,301 |
| Less: trade schemes and discounts | **69,479** | 65,567 |
| **Sale of products (net of trade schemes and discounts)** | **2,50,908** | 2,53,734 |
| Sale of services | **8,571** | 7,449 |
| Other operating revenues: | | |
| - Scrap sales | **3,955** | 4,452 |
| - Others | **263** | 72 |
| | **2,63,697** | 2,65,707 |

# Notes to the consolidated financial statements for the year ended 31 March 2020

## 22. Other income

| | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| **Interest Income** | | |
| - Interest on financial assets measured at amortised cost | **321** | 290 |
| - Other interest | **5** | 50 |
| **Dividend from investments in mutual fund** | **331** | 180 |
| **Other non-operating income** | | |
| (i) Operating lease rental income: | | |
| - Investment property | **6** | 6 |
| - Others | **73** | 33 |
| (ii) Loss on disposal of property, plant and equipment | **-** | (2) |
| (iii) Net foreign exchange gain / (loss) | **(1,455)** | 28 |
| (iv) Net gain / (loss) arising on financial instruments measured at fair value through statement of profit and loss (FVTPL) | | |
| - Mutual fund | **101** | 194 |
| - Derivative instrument | **1,413** | (238) |
| (v) Net gain / (loss) on disposal of financial instrument measured at FVTPL | | |
| - Mutual fund | **(76)** | 36 |
| (vi) Insurance claim received | **52** | 60 |
| (vii) Write back of liabilities no longer required | **57** | 231 |
| (viii) Write back of provision on debts/advances no longer required | **47** | 15 |
| (ix) Income in respect to deferred revenue from government grant | **8** | 8 |
| (x) Miscellaneous income | **367** | 375 |
| | **1,250** | 1,266 |

## 23. Cost of materials consumed

| | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| **Raw materials consumed** | | |
| Raw material inventory at the beginning of the year | **10,333** | 7,367 |
| Add: Fair value of raw material acquired on business acquisition (refer note 40) | **127** | 297 |
| Add: Purchases during the year | **1,06,887** | 1,15,366 |
| Translation difference | **8** | 5 |
| | **1,17,355** | 1,23,035 |
| Raw material inventory at the end of the year | **13,734** | 10,333 |
| **Cost of materials consumed** | **1,03,621** | 1,12,702 |

# Notes to the consolidated financial statements for the year ended 31 March 2020

## 24. Changes in inventories of finished goods, stock–in–trade and work–in–progress

| | | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| **Inventories as at the end of the year** | | | |
| Stock–in–trade | | **6,532** | 13,313 |
| Work–in–progress (@) | | **2,526** | 2,420 |
| Finished goods | | **11,233** | 10,975 |
| | **(A)** | **20,291** | 26,708 |
| **Inventories as at the beginning of the year** | | | |
| Stock–in–trade | | **13,313** | 9,471 |
| Work–in–progress | | **2,420** | 1,897 |
| Fair value of Finished goods acquired on business acquisition (refer note 40) | | **7** | – |
| Fair value of work–in–progress acquired on business acquisition (refer note 40) | | **105** | 158 |
| Finished goods | | **10,975** | 10,323 |
| | **(B)** | **26,820** | 21,849 |
| **Translation difference** | **(C)** | **15** | 9 |
| | **(B + C – A)** | **6,544** | (4,850) |

(@) Includes semi finished fine blanked components and semi finished press tools and dies amounting to **Rs. 1,736 lacs** (31 March 2019: Rs. 1,325 lacs).

## 25. Employee benefits expense

| | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| Salaries and wages | **25,076** | 21,498 |
| Contribution to provident and other funds | **2,132** | 1,924 |
| Staff welfare expenses | **2,680** | 2,961 |
| | **29,888** | 26,383 |

## 26. Finance costs

| | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| Interest on financial liabilities measured at amortised cost | **822** | 490 |
| Effect of unwinding of discount for warranty provision | **195** | 168 |
| Interest on discounting of lease liability | **580** | – |
| Other interest expense | **12** | 65 |
| | **1,609** | 723 |

# Notes to the consolidated financial statements for the year ended 31 March 2020

**27. Depreciation and amortisation expense**

| | **For the year ended 31 March 2020 Rs. in Lacs** | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| Depreciation of property, plant and equipment | **5,476** | 4,829 |
| Amortisation of intangible assets | **1,016** | 926 |
| Depreciation on right of use assets | **2,703** | – |
| | **9,195** | 5,755 |

**28. Other expenses**

| | **For the year ended 31 March 2020 Rs. in Lacs** | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|
| Consumption of stores and spare parts | **13,584** | 12,622 |
| Rent (refer note 33) | **888** | 3,216 |
| Insurance | **279** | 222 |
| Freight, octroi and carriage | **8,873** | 9,370 |
| Power and fuels | **3,192** | 3,156 |
| Ancillary cost | **6,304** | 6,450 |
| Rates and taxes | **291** | 202 |
| Expenditure on corporate social responsibility | **69** | 49 |
| Office expenses | **4,736** | 4,140 |
| Advertisement and sales promotion | **18,089** | 15,809 |
| Travelling | **3,397** | 3,602 |
| Repairs : | | |
| Buildings | **136** | 139 |
| Plant and machinery | **1,269** | 1,168 |
| Others | **729** | 680 |
| Write–off of property, plant and equipment | **88** | 112 |
| Write–off of debts/ advances | **58** | 22 |
| Write–off of statutory advances | **–** | 5 |
| Allowances for doubtful debts and advances | **76** | 37 |
| Bank charges | **202** | 125 |
| Directors' sitting fees | **35** | 23 |
| Service expenses | **5,302** | 5,020 |
| Warranty expenses | **2,024** | 1,399 |
| Miscellaneous expenses | **2,734** | 2,471 |
| | **72,355** | 70,039 |

## Notes to the consolidated financial statements for the year ended 31 March 2020

### 29. Tax expense

| | | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| A. | **Amount recognised in statement of profit and loss** | | |
| | **Current tax** | | |
| | Income tax for the year | **395** | 2,681 |
| | Adjustments related to previous years (net) | **(217)** | 238 |
| | **Total current tax** | **178** | 2,919 |
| | **Deferred tax** | | |
| | Deferred tax for the year | **308** | (662) |
| | Minimum alternate tax credit for the year | **(389)** | – |
| | Minimum alternate tax credit related to previous years (net) | **1** | 47 |
| | **Total deferred tax** | **(80)** | (615) |
| | **Total** | **98** | 2,304 |
| B. | **Amount recognised in other comprehensive income** | | |
| | **Current tax:** | | |
| | On items that will not be reclassified to profit or loss | | |
| | – Remeasurements of the defined benefit liabilities / (asset) | **–** | (193) |
| | **Total** | **–** | (193) |
| C. | **Reconciliation of effective tax rate** | | |
| | The income tax expense for the year can be reconciled to the accounting profit as follows:- | | |
| | **Profit before tax** | **2,675** | 9,412 |
| | Income tax expense calculated @ 34.944% (31 March 2019 - 34.944%) | **935** | 3,289 |
| | Effect of income not taxable | **(116)** | (730) |
| | Effect of additional deductions under tax | **(730)** | (664) |
| | Effect of difference in tax rates of subsidiary companies | **1** | 4 |
| | Effect of non allowance of carry forward of losses | **29** | 148 |
| | Effect of different tax rate on certain items | **(25)** | (20) |
| | Effect of non allowable expenses | **205** | 75 |
| | Effect of adjustments relating to earlier year | **(201)** | 202 |
| | **Income tax recognised in statement of profit and loss** | **98** | 2,304 |
| | Tax rate used for current tax | **34.944%** | 34.944% |
| | Tax rate used for deferred tax | **34.944%** | 34.944% |

### 30. Earnings per share

| | | For the year ended 31 March 2020 Rs. in Lacs | For the year ended 31 March 2019 Rs. in Lacs |
|---|---|---|---|
| (a) | Profit after taxes available to equity shareholders | **2,741** | 7,295 |
| (b) | Weighted average number of equity shares outstanding | **4,05,18,796** | 4,05,18,796 |
| (c) | Basic and diluted earnings per equity share of face value Rs. 10 each (**in Rs.**) [(a)/(b)] | **6.76** | 18.00 |

## Notes to the consolidated financial statements for the year ended 31 March 2020

**31. Defined benefit plan - Gratuity**

The Group operates a defined benefit plan for gratuity for its employees of the holding company and a subsidiary company. For the holding company, It is administered through approved trust in accordance with its trust deeds and rules. The concerned trusts are managed by trustees who provide guidance with regard to the management of their assets and liabilities and review their performance periodically. For a subsidiary company it is managed through Insurance companies. Risk mitigation systems are in place to ensure that the health of the portfolio is regularly reviewed and the investments do not pose any significant risk of impairment. Periodic audits are conducted to ensure the adequacy of internal controls.

The liability arising in the defined benefit plan is determined by an independent professionally qualified actuary using the projected unit credit method.

**Risk management**

The risks commonly affecting the gratuity liability and the financial results are expected to be:

1. Interest rate risk - The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yield falls, the defined benefit obligations will tend to increase.
2. Salary Inflation risk - Higher the expected increase in salary will increase the defined benefit obligation.
3. Demographic risk - This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

**I. Changes in defined benefit obligations** **Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2020** | 31 March 2019 |
| 1. | Defined benefit obligations at the beginning of the year | **4,698** | 3,720 |
| 2. | Current service cost | **419** | 339 |
| 3. | Interest costs | **323** | 269 |
| 4. | Past service cost - plan amendments | **–** | – |
| 5. | Acquisition cost / (credit) | **159** | 32 |
| 6. | Effect of experience adjustment | **404** | 398 |
| 7. | Effect of assumption change | **298** | 97 |
| 8. | Benefits paid | **(151)** | (157) |
| 9. | Defined benefit obligations at the end of the year | **6,150** | 4,698 |

**II. Changes in fair value of plan assets** **Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2020** | 31 March 2019 |
| 1. | Fair value of assets at the beginning of the year | **3,738** | 2,649 |
| 2. | Interest income on plan assets | **289** | 229 |
| 3. | Employer contribution | **958** | 1,074 |
| 4. | Return on plan assets (less than discount rate) | **40** | (57) |
| 5. | Benefits paid | **(151)** | (157) |
| 6. | Fair value of assets at the end of the year | **4,874** | 3,738 |
| | Actual returns | **329** | 172 |

# Notes to the consolidated financial statements for the year ended 31 March 2020

**III. Net assets / (liabilities) recognised in balance sheet** **Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2020** | 31 March 2019 |
| 1. | Defined benefit obligations | **6,150** | 4,698 |
| 2. | Fair value of plan assets | **4,874** | 3,738 |
| 3. | Funded status (deficit) | **1,276** | 960 |
| 4. | Net asset / (liability) recognised in balance sheet | | |
| | -- Current | **–** | – |
| | -- Non-current | **1,276** | 960 |

**IV. Components of employer expenses** **Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2020** | 31 March 2019 |
| **Recognised in statement of profit and loss** | | | |
| 1. | Current service cost | **419** | 339 |
| 2. | Past service cost - plan amendments | **–** | – |
| 3. | Net interest costs | **34** | 40 |
| 4. | Immediate recognition of gain/(loss) - other long term employee benefit plans | **–** | – |
| 5. | Total recognised in the statement of profit or loss (*) | **453** | 379 |
| **Recognised in other comprehensive income** | | | |
| 1. | Effect of experience adjustment | **404** | 398 |
| 2. | Effect of assumption change | **298** | 97 |
| 3. | Return on plan assets (less than discount rate) | **(40)** | 57 |
| 4. | Immediate recognition of gain/(loss) - other long term employee benefit plans | **–** | – |
| 5. | Total recognised in other comprehensive income | **662** | 552 |
| **Total expense recognised in total comprehensive income** | | **1,115** | 931 |

(*) recognised in "Contribution to provident and other funds" in "Employee benefits expense" under note 25.

**V. Actuarial assumptions**

| | Gratuity (funded) | |
|---|---|---|
| | **31 March 2020** | 31 March 2019 |
| Discount rate | **6.1% / 6.8%** | 7.0% / 7.7% |
| Rate of salary increase | **10.0%** | 10.0% |
| Mortality rate | **Indian Assured Lives Mortality (2006-08) Ult** | Indian Assured Lives Mortality (2006-08) Ult |
| Withdrawal rate | **10% / 2%** | 10% / 2% |

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 employment market.

## Notes to the consolidated financial statements for the year ended 31 March 2020

**VI. Plan asset information**

| | Gratuity (funded) | |
|---|---|---|
| | **31 March 2020** | 31 March 2019 |
| Cash | **34%** | 1% |
| Scheme of insurance - conventional products | **0%** | 56% |
| Scheme of insurance - ULIP products | **66%** | 43% |

In the absence of detailed information regarding plan assets which is funded with insurance companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

**VII. Net asset / (liability) recognised in balance sheet (including experience adjustment impact)** **Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2020** | 31 March 2019 |
| 1. | Present value of defined benefit obligations | **6,150** | 4,698 |
| 2. | Fair value of plan assets | **4,874** | 3,738 |
| 3. | Funded status (deficit) | **1,276** | 960 |
| 4. | Experience adjustment of plan assets -gain/(loss) | **40** | (57) |
| 5. | Experience adjustment of obligations -gain/(loss) | **(404)** | (398) |

**VIII. Expected employer contribution for the next year (Rs. in lacs)** **1,276** **960**

**IX. Sensitivity analysis**

The sensitivity results below determine their individual impact on the plan's year end defined benefit obligations. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligations in similar or opposite directions, while the plan's sensitivity to such changes can vary over time.

**Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2020** | 31 March 2019 |
| Defined benefit obligations on base assumptions (refer point no V) | | **6,150** | 4,698 |
| a. | 1% increase in discount rate | **5,820** | 4,459 |
| b. | 1% decrease in discount rate | **6,518** | 4,966 |
| c. | 1% increase in salary escalation rate | **6,466** | 4,933 |
| d. | 1% decrease in salary escalation rate | **5,850** | 4,477 |

**X. Maturity analysis of benefits payments**

**Rs. in Lacs**

| | Gratuity (funded) | |
|---|---|---|
| | **31 March 2020** | 31 March 2019 |
| Year 1 | **830** | 677 |
| Year 2 | **864** | 793 |
| Year 3 | **932** | 616 |
| Year 4 | **746** | 728 |
| Year 5 | **976** | 614 |
| Next 5 years | **4,098** | 3,359 |

The Group has contributed **Rs. 1,679 lacs** (31 March, 2019: Rs. 1,545 lacs) to defined contribution schemes.

## Notes to the consolidated financial statements for the year ended 31 March 2020

**32. Segment reporting** **Rs. in Lacs**

| | 31 March 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Engineering** | **Home Appliances Division** | **Motors** | **Others** | **Unallocated** | **Intersegment** | **Total** |
| Revenue from sale of products and services | **42,840** | **2,12,173** | **2,691** | **7,075** | **–** | **(5,300)** | **2,59,479** |
| | 44,016 | 2,10,627 | – | 11,951 | – | (5,411) | 2,61,183 |
| Other operating revenue | **3,103** | **615** | **–** | **508** | **–** | **(8)** | **4,218** |
| | 3,611 | 453 | – | 469 | – | (9) | 4,524 |
| Revenue from operations | **45,943** | **2,12,788** | **2,691** | **7,583** | **–** | **(5,308)** | **2,63,697** |
| | 47,627 | 2,11,080 | – | 12,420 | – | (5,420) | 2,65,707 |
| Other income | **209** | **443** | **16** | **23** | **559** | **–** | **1,250** |
| | 397 | 214 | – | 23 | 632 | – | 1,266 |
| Total revenue | **46,152** | **2,13,231** | **2,707** | **7,606** | **559** | **(5,308)** | **2,64,947** |
| | 48,024 | 2,11,294 | – | 12,443 | 632 | (5,420) | 2,66,973 |
| Segment results before finance costs | **2,838** | **2,499** | **(54)** | **(269)** | **(752)** | **22** | **4,284** |
| | 6,708 | 5,834 | – | (173) | (2,140) | (94) | 10,135 |
| Less: finance costs | | | | | | | **1,609** |
| | | | | | | | 723 |
| Profit before tax | | | | | | | **2,675** |
| | | | | | | | 9,412 |
| Tax expense | | | | | | | **98** |
| | | | | | | | 2,304 |
| Profit for the year | | | | | | | **2,577** |
| | | | | | | | 7,108 |
| Segment assets | **39,827** | **1,04,015** | **3,073** | **3,868** | **15,684** | **–** | **1,66,467** |
| | 29,704 | 85,043 | – | 5,774 | 6,312 | – | 1,26,833 |
| Segment liabilities | **20,711** | **72,702** | **1,165** | **2,839** | **4,386** | **–** | **1,01,803** |
| | 8,567 | 47,116 | – | 5,129 | 3,975 | – | 64,787 |

**Other information :**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Depreciation and amortisation expense | **2,506** | **6,448** | **35** | **150** | **56** | **–** | **9,195** |
| | 2,098 | 3,479 | – | 162 | 16 | – | 5,755 |
| Capital expenditure | **7,627** | **24,652** | **602** | **88** | **1,436** | **–** | **34,405** |
| | 1,907 | 5,994 | – | 137 | 34 | – | 8,072 |
| Non cash expenditure other than depreciation and amortisation | **14** | **206** | **1** | **1** | **–** | **–** | **222** |
| | 17 | 158 | – | 1 | – | – | 176 |

## Notes to the consolidated financial statements for the year ended 31 March 2020

**Segment reporting** *(Contd.)* **Rs. in Lacs**

| | 31 March 2020 |
|---|---|
| **Geographical information** | |
| **Revenue from external customers** | |
| - Within India | **2,58,149** |
| | 2,61,648 |
| - Outside India | **6,798** |
| | 5,325 |
| **Total** | **2,64,947** |
| | 2,66,973 |

| | |
|---|---|
| **Non - Current assets excluding financial assets and deferred tax assets** | |
| - Within India | **66,791** |
| | 41,719 |
| - Outside India | **2,947** |
| | 1,916 |
| **Total** | **69,738** |
| | 43,635 |

*(figures for previous year ended 31 March 2019, have been shown below each item)*

**NOTES :**

- The Group is primarily engaged in the business of fine blanked components, home appliances, motors and cold rolled steel sheets (others). Accordingly, the Group considers the above business segment as the primary segment. 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". These segments have been reported in the manner consistent with the internal reporting to the Board of Directors, who are the chief operating decision makers.
- The geographical information considered for disclosure are revenue within India and revenue outside India.
- The Group is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

## Notes to the consolidated financial statements for the year ended 31 March 2020

**33. Leases**

The Group is obligated under cancellable leases for residential, office premises, warehouses, etc. Total rental expense under cancellable short term operating lease amounted to Rs. 841 Lacs (31 March 2019: Rs. 3,178 lacs).

The Group has adopted Ind AS 116 – "Leases" w.e.f. 1 April, 2019.

In adopting Ind AS 116, the group applied the below practical expedients:

The group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics. The leases with remaining lease term of less than 12 months are considered as "short term leases".

On transition, the group has recorded the lease liability at the present value of future lease payments discounted using the incremental borrowing rate and has also chosen to measure the right-of-use at the same value as the lease liability and lease payments made before 1 April, 2019. The impact of Ind AS 116 on the financial results for year ended 31 March, 2020 is as under:

| | **Rs. in lacs** |
|---|---|
| Decrease in 'Other expenses' | **2,843** |
| Increase in 'Depreciation and amortisation expense' | **2,703** |
| Increase in 'Finance costs' | **580** |
| Total decrease in 'Profit before Tax' | **440** |

**The movement of lease liabilities during the year is as under :**

| | **Rs. in lacs** |
|---|---|
| Addition on account of adoption of Ind AS 116 | **6,743** |
| Addition during the year | **1,441** |
| Interest Expenses | **580** |
| Payments | **(2,843)** |
| **As at 31 March, 2020** | 5,921 |

**34. Commitments** **Rs. in Lacs**

| | | **As at 31 March 2020** | As at 31 March 2019 |
|---|---|---|---|
| (i) | Outstanding capital commitments for tangible assets | **3,619** | 3,920 |
| (ii) | Outstanding capital commitments for intangible assets | **–** | – |

**35. Contingent Liabilities** **Rs. in Lacs**

| | **As at 31 March 2020** | As at 31 March 2019 |
|---|---|---|
| Disputed sales tax matters, excise matters, income tax matters and other matters contested in appeals. | **1,596** | 1,705 |
| (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.) | | |

# Notes to the consolidated financial statements for the year ended 31 March 2020

**36. Related party disclosures**

**(A) The Company has the following related parties :**

| | |
|---|---|
| **Investor Company :** | IFB Automotive Private Limited |
| **Key Management Personnel (KMP) :** | – **Mr. Bijon Nag,** Executive Chairman |
| | – **Mr. Bikram Nag,** Joint Executive Chairman and Managing Director |
| | – **Mr. Sudam Maitra,** Deputy Managing Director (upto 6 February 2020). |
| | – **Mr. Prabir Chatterjee,** Director and Chief Financial Officer |
| | – **Mr. G. Ray Chowdhury,** Company Secretary |
| | – **Mr. A. K. Nag,** Senior President |
| | – **Mr. Sujan Kumar Ghosh Dastidar,** President, Legal |
| | – **Ms. Souravi Sinha,** General Manager–Human Resource–Corporate |
| | – **Mr. Uma Shankar Ghosh Dastidar,** Head, Taxation |
| | – **Mr. Rajat Paul,** Assistant Vice President, IT |
| | – **Mr. Soumitra Goswami,** GM, Accounts and Finance |
| | |
| | **Home Appliance Division :** |
| | – **Mr. Rajshankar Ray,** Chief Executive Officer (CEO) |
| | – **Mr. A. S. Negi,** National Service Head |
| | – **Mr. B. M. Shetye,** Vice President, Sustainability |
| | – **Mr. Pawan Koul,** Head of Goa Factory – Washing Machine Plant |
| | – **Mr. Sukhdev Nag,** National Sales Head |
| | – **Mr. Ranjan Mohan Mathur,** National Retail Head – IFB Points |
| | – **Mr. R. Anand,** Head, Motor Division |
| | – **Mr. C. S. Govindaraj,** CEO, Industrial Business & Projects |
| | – **Mr. Deepak Kumar Behara,** Business Head–South |
| | – **Mr. Vilas Sanjeev Kamath,** Head, Supply Chain Projects |
| | – **Mr. Abhijit Gangopadhyay,** Business Head, North 2 |
| | – **Mr. Venkata Subba Rao Madala,** Head of Factory – A.C.Plant |
| | – **Mr. Manoj Agnihotri,** Head, Human Resources, A.C. Plant |
| | – **Mr. Narayana Panth,** Head of R&D, A.C. Plant |
| | – **Mr. Praveen Tandon,** Head Supply Chain – A.C. Plant |
| | – **Mr. Kartik Ishwar Muchandi,** Head, Finance and Accounts, Air conditioner and Washing Machine Plants |
| | – **Mr. Ashish Singh,** Head, Finance and Accounts, Marketing |
| | |
| | **Engineering division:** |
| | – **Mr. Partha Sen,** CEO |
| | – **Mr. K. R. K. Prasad,** CEO, Bangalore Engineering Factory |
| | – **Mr. Jayanta Chanda,** AVP, Finance |
| | – **Mr. Ashok Hazra,** DGM, Finance |
| | – **Mr. Arup Das,** Head Marketing |

## Notes to the consolidated financial statements for the year ended 31 March 2020

| | |
|---|---|
| **Other related parties** | – IFB Agro Industries Limited<br>– Travel Systems Limited<br>– IFB Global Limited<br>– IFB Appliances Limited<br>– Anjali foundation |
| **Employee trusts where there is significant influence (Employee trusts)** | – Indian Fine Blank Limited Employees Gratuity Fund (IFBLEGF)<br>– The IFBL Group Superannuation Scheme (IFBLSAF) (merged and renamed on 3 October 2019) (Earlier known as The IFBL Senior management Group Superannuation Scheme)<br>– IFBL Employees' (Category–I) Superannuation Scheme (IFBLESS–Cat–I) (dissolved and merged on 3 October 2019)<br>– IFBL Employees (Category Two) Group Superannuation Scheme (IFBLEGSS–Cat two) (dissolved and merged on 3 October 2019) |

**(B) Transactions with related parties**

| | | **For the year ended 31 March 2020 Rs. in lacs** | For the year ended 31 March 2019 Rs. in lacs |
|---|---|---|---|
| 1 | **Sales, service and other income** | | |
| | – Investor Company | **4,298** | 4,558 |
| | – KMP | **3** | 5 |
| | – Other related parties | **22** | 19 |
| | **Total** | **4,323** | 4,582 |
| 2 | **Purchase of inventories** | | |
| | – Investor Company | **1,957** | 634 |
| | – Other related parties | **13** | 10 |
| | **Total** | **1,970** | 644 |
| 3 | **Expenditure on other services** | | |
| | – Investor Company | **221** | 235 |
| | – KMP | **–** | – |
| | – Other related parties | **9,847** | 9,359 |
| | **Total** | **10,068** | 9,594 |
| 4 | Expenses recovered | | |
| | – Investor Company | **11** | 35 |
| | – Other related parties | **–** | 2 |
| | **Total** | **11** | 37 |
| 5 | **Purchase of property, plant and equipment and intangibles** | | |
| | – Investor Company | **512** | – |
| | **Total** | **512** | – |
| 6 | **Purchase of business** | | |
| | – Investor Company | **3,500** | – |
| | **Total** | **3,500** | – |
| 7 | **Contribution to employees' benefit plans** | | |
| | – Employee trusts | **1,413** | 1,484 |
| | **Total** | **1,413** | 1,484 |

# Notes to the consolidated financial statements for the year ended 31 March 2020

| | | For the year ended 31 March 2020 Rs. in lacs | For the year ended 31 March 2019 Rs. in lacs |
|---|---|---|---|
| 8 | **Exceptional gain – Surplus money received** | | |
| | – Employee trusts | **1,305** | – |
| | **Total** | **1,305** | – |
| 9 | **Remuneration** | | |
| | (a) Short term benefits – KMP | **2,517** | 2,238 |
| | (b) Post employment benefits – KMP | **217** | 130 |
| | (c) Other long term benefits – KMP | **167** | 116 |
| | **Total** | **2,901** | 2,484 |

**(C) Outstanding balances with related parties**

| | | As at 31 March 2020 Rs. in lacs | As at 31 March 2019 Rs. in lacs |
|---|---|---|---|
| 1 | **Trade Receivables** | | |
| | – Investor Company | **1,968** | 1,748 |
| | – Other related parties | **1** | – |
| | **Total** | **1,969** | 1,748 |
| 2 | **Security deposits given** | | |
| | – Investor Company | **50** | 50 |
| | – Other related parties | **8** | 8 |
| | **Total** | **58** | 58 |
| 3 | **Advances given** | | |
| | – Investor Company | **145** | 74 |
| | – KMP | **4** | – |
| | – Other related parties | **113** | 537 |
| | **Total** | **262** | 611 |
| 4 | Loans given | | |
| | – KMP | **2** | 6 |
| | **Total** | **2** | 6 |
| 5 | Exceptional gain – Surplus money receivable | | |
| | – Employee trusts | **8** | – |
| | **Total** | **8** | – |
| 6 | **Trade payables** | | |
| | - Investor Company | **95** | 104 |
| | - KMP | **–** | 4 |
| | - Other related parties | **838** | 1,304 |
| | **Total** | **933** | 1,412 |
| 7 | **Other payables** | | |
| | - Employee trusts | **1,260** | 1,079 |
| | **Total** | **1,260** | 1,079 |

# Notes to the consolidated financial statements for the year ended 31 March 2020

**(D) Party-wise details of significant transactions with related parties**

| | | **For the year ended 31 March 2020 Rs. in lacs** | For the year ended 31 March 2019 Rs. in lacs |
|---|---|---|---|
| 1 | **Expenditure on other services** | | |
| | – Travel Systems Limited | **1,738** | 1,736 |
| | – IFB Appliances Limited | **7,576** | 7,191 |
| 2 | **Contribution to employees' benefit plans** | | |
| | – IFBLEGF | **957** | 1,068 |
| | – IFBLSMSF | **175** | 172 |
| | – IFBLESS–Cat–I | **249** | 223 |
| 3 | **Exceptional gain - Surplus money received** | | |
| | - IFBLSAF | **1,305** | – |

**(E) Party-wise details of significant balances with related parties**

| | | **As at 31 March 2020 Rs. in lacs** | As at 31 March 20189 Rs. in lacs |
|---|---|---|---|
| 1 | **Security deposits given** | | |
| | - IFB Agro Industries Limited | **8** | 8 |
| 2 | **Advances given** | | |
| | - IFB Appliances Limited | **–** | 459 |
| | - IFB Agro Industries Limited | **59** | 52 |
| 3 | **Exceptional gain - Surplus money receivable** | | |
| | - IFBLSAF | **8** | – |
| 4 | **Trade payables** | | |
| | – IFB Appliances Limited | **772** | 1,272 |
| 5 | **Other payables** | | |
| | – IFBLEGF | **1,260** | 967 |

**37. Other information**

**Subsidiaries consolidated in the consolidated financial statements are as under :**

| **Name of the company** | **Country of incorporation** | **Effective voting power held by the Holding company (%) as at 31 March 2020** | **Effective voting power held by the Holding company (%) as at 31 March 2019** |
|---|---|---|---|
| Trishan Metals Private Limited | India | 51.12% | 51.12% |
| Global Automotive and Appliances Pte. Limited (GAAL) | Singapore | 100.00% | 100.00% |
| Thai Automotive and Appliances Limited (subsidiary of GAAL) | Thailand | 100.00% | 100.00% |

## Notes to the consolidated financial statements for the year ended 31 March 2020

**Changes in Group structure:**

**31 March 2020 :**

There has been no changes in the group structure during the year.

**31 March 2019 :**

There has been no changes in the group structure during the year.

**Additional information as required by Schedule III to the Companies Act, 2013**

| Name of the entity | | Net assets | | Share in profit or loss | | Share in other comprehensive income (OCI) | | Share in total comprehensive income (TCI) | |
|---|---|---|---|---|---|---|---|---|---|
| | | As a % of net assets | Amount (Rs. In lacs) | As a % of profit or loss | Amount (Rs. In lacs) | As a % of OCI | Amount (Rs. In lacs) | As a % of TCI | Amount (Rs. In lacs) |
| **Parent :** | | | | | | | | | |
| IFB Industries Ltd | **31 March 2020** | **100.10%** | **64,730** | **108.61%** | **2,799** | **136.38%** | **(656)** | **102.24%** | **2,143** |
| | 31 March 2019 | 100.03% | 62,065 | 104.04% | 7,395 | 144.18% | (359) | 102.58% | 7,036 |
| **Subsidiaries :** | | | | | | | | | |
| Trishan Metals Private Limited | | | | | | | | | |
| – Owner of the parent | **31 March 2020** | **0.06%** | **42** | **-6.64%** | **(171)** | **0.62%** | **(3)** | **-8.30%** | **(174)** |
| | 31 March 2019 | 0.35% | 216 | -2.76% | (196) | 0.00% | – | -2.86% | (196) |
| – Non–controlling interest | **31 March 2020** | **0.06%** | **40** | **-6.36%** | **(164)** | **0.62%** | **(3)** | **-7.97%** | **(167)** |
| | 31 March 2019 | 0.33% | 207 | -2.63% | (187) | 0.00% | – | -2.73% | (187) |
| Global Automotive and Appliances Pte. Limited (including subsidiary) | **31 March 2020** | **8.53%** | **5,516** | **6.21%** | **160** | **-80.86%** | **389** | **26.19%** | **549** |
| | 31 March 2019 | 3.21% | 1,991 | 1.80% | 128 | -31.33% | 78 | 3.00% | 206 |
| **Consolidation adjustments** | **31 March 2020** | **-8.76%** | **(5,664)** | **-1.82%** | **(47)** | **43.24%** | **(208)** | **-12.17%** | **(255)** |
| | 31 March 2019 | -3.91% | (2,433) | -0.45% | (32) | -12.85% | 32 | 0.00% | - |
| **Total** | **31 March 2020** | **99.99%** | **64,664** | **100.00%** | **2,577** | **100.00%** | **(481)** | **100.00%** | **2,096** |
| | 31 March 2019 | 100.01% | 62,046 | 100.00% | 7,108 | 100.00% | (249) | 100.00% | 6,859 |

**38. Dues to micro, small and medium enterprises**

The Ministry of micro, small and medium enterprises has issued an office memorandum dated 26 August 2008 which recommends that the micro and small enterprises should mention in their correspondence with its customers the entrepreneurs memorandum number as allocated after filing of the memorandum in accordance with the 'Micro, Small and Medium Enterprise Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises has been made in the financial statements based on the information received and available with the Group. Payable to micro and small enterprises as at **31 March 2020: Rs 2,517 lacs** (31 March 2019: Rs. 3,833 lacs).

Further, in view of the management, the impact of the interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Group has not received any claim for interest from any supplier as at the balance sheet date.

# Notes to the consolidated financial statements for the year ended 31 March 2020

**39. Financial instruments and related disclosures**

**i) Capital management**

The Group's capital management policy is focused on business growth and creating value for shareholders. The Group determines the amount of capital required on the basis of annual business plans and the funding needs are met through internal accruals and bank borrowings.

**ii) Categories of financial instruments** **Rs. in Lacs**

| Particulars | Note | As at 31 March 2020 | | As at 31 March 2019 | |
|---|---|---|---|---|---|
| | | Carrying value | Fair value | Carrying value | Fair value |
| **A. Financial assets** | | | | | |
| **a) Measured at amortised cost :** | | | | | |
| i) Trade receivables | 11 | **20,454** | **20,454** | 24,829 | 24,829 |
| ii) Cash and cash equivalents | 12 | **10,487** | **10,487** | 7,164 | 7,164 |
| iii) Other bank balances | 13 | **2,023** | **2,023** | 2,506 | 2,506 |
| iv) Loans | 6 | **110** | **110** | 109 | 109 |
| v) Other financial assets | 7 | **1,613** | **1,613** | 1,291 | 1,291 |
| **b) Measured at fair value through statement of profit or loss :** | | | | | |
| i) Investments | 10 | **15,280** | **15,280** | 2,726 | 2,726 |
| **c) Derivatives measured at fair value through statement of profit or loss :** | | | | | |
| i) Derivatives not designated as hedges | 7 | **1,220** | **1,220** | 3 | 3 |
| **B. Financial liabilities** | | | | | |
| **a) Measured at amortised cost :** | | | | | |
| i) Term loan from banks | 15 | **25,372** | **25,372** | 614 | 614 |
| ii) Cash Credit facility from bank | 20 | **616** | **616** | 764 | 764 |
| iii) Bill discounting | 20 | **–** | **–** | 403 | 403 |
| iv) Loans from Others | 20 | **293** | **293** | 293 | 293 |
| v) Trade payable | | **47,621** | **47,621** | 45,741 | 45,741 |
| vi) Other financial liabilities | 16 | **2,218** | **2,218** | 1,891 | 1,891 |
| **b) Derivatives measured at fair value through Statement of Profit and Loss:** | | | | | |
| i) Derivative instruments not designated as hedges | 16 | **49** | **49** | 245 | 245 |

Investments exclude investment in subsidiaries of **Rs. 3,360 lacs** (31 March 2019: 3,360 lacs) which are shown at cost in balance sheet as per Ind AS 27 - 'Separate Financial Statements'.

**iii) Financial risk management objectives**

The Group has a system-based approach to risk management, anchored to policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks (such as market risk, credit risk and liquidity risk) that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Group's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to drive accountability in this regard.

**a) Liquidity risks**

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquid risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

## Notes to the consolidated financial statements for the year ended 31 March 2020

The Group has obtained fund and non-fund based working capital loans from banks. Furthermore, the Group has sufficient quantities of finished goods and stock-in-trade which are liquid and readily saleable. Hence the risk that the Group may not be able to settle its financial liabilities as they become due does not exist.

The following tables shows a maturity analysis of the anticipated cash flows for the Group's derivative and non-derivative financial liabilities.

**As at 31 March 2020** **Rs. in Lacs**

| | **Total** | **Due within one year** | **Due after one year** |
|---|---|---|---|
| Borrowings | **28,887** | **3,515** | **25,372** |
| Trade payables | **47,621** | **47,621** | **–** |
| Other financial liabilities (including current maturities of long-term debt) | **2,218** | **2,192** | **26** |
| Derivative financial liabilities | **49** | **49** | **–** |
| **Total** | **78,775** | **53,377** | **25,398** |

**As at 31 March 2019** **Rs. in Lacs**

| | Total | Due within one year | Due after one year |
|---|---|---|---|
| Borrowings | 2,074 | 1,460 | 614 |
| Trade payables | 45,741 | 45,741 | – |
| Other financial liabilities (including current maturities of long–term debt) | 1,891 | 1,874 | 17 |
| Derivative financial liabilities | 245 | 245 | – |
| **Total** | 49,951 | 49,320 | 631 |

**b) Market risks**

The Group does not trade in equities. Treasury activities, focused on managing investments in debt instruments, are centralised and administered under a set of approved policies and procedures guided by the tenets of liquidity, safety and returns. This ensures that investments are only made within the acceptable risk parameters after due evaluation.

The Group's investments are predominantly held in debt mutual funds. Such investments are susceptible to market risks that arise mainly from changes in interest rate which may impact the return and value of such investments. Mark to market movements in respect of these investments are measured at fair value through consolidated statement of profit and loss.

Fixed deposits are held with highly rated banks and generally have a short tenure and are not subject to interest rate volatility.

The Group has short-term borrowings which are generally not susceptible to interest rate volatility since they are for short tenure. Long term loans from banks are at highly competitive rates and as such these loans are not that material taking into account the Group's asset base. Hence interest rate fluctuations on borrowings does not affect the Group significantly.

# Notes to the consolidated financial statements for the year ended 31 March 2020

c) **Foreign currency risk**

The Group undertakes transactions denominated in foreign currency (mainly US Dollar, Euro, GBP, RMB and AED) which are subject to the risk of exchange rate fluctuations.

The carrying amount of foreign currency denominated financial assets and liabilities, are as follows:

| | **31 March 2020** | | 31 March 2019 | |
|---|---|---|---|---|
| | **Rs. in lacs** | **Rs. in lacs** | Rs. in lacs | Rs. in lacs |
| | Financial assets | Financial Liabilities | Financial assets | Financial Liabilities |
| USD | **1,360** | **26,451** | 181 | 12,075 |
| Euro | **44** | **1,316** | 24 | 870 |
| RMB | **–** | **493** | – | 175 |
| GBP | **–** | **–** | – | 1 |
| AED | **–** | **–** | – | 2 |
| THB | **–** | **1** | – | 1 |
| JPY | **–** | **1** | – | – |
| **Total** | **1,404** | **28,262** | 205 | 13,124 |

The Company uses forward exchange contracts and currency swaps to hedge its exposure in foreign currency.

i) **Forward exchange contracts that were outstanding for financial liabilities as at the end of respective reporting dates :**

| | **No. of contracts** | **USD (lacs)** | **No. of contracts** | **Euro (lacs)** | **No. of contracts** | **RMB (lacs)** |
|---|---|---|---|---|---|---|
| **As at 31 March 2020** | **163** | **406** | **31** | **17** | **18** | **21** |
| As at 31 March 2019 | 83 | 142 | 16 | 6 | – | – |

The aforesaid forwards / currency swaps have a maturity of before 2nd October, 2024

ii) **Unhedged foreign currency exposure as at the end of the respective reporting dates :**

**in lacs**

| | **31 March 2020** | | 31 March 2019 | |
|---|---|---|---|---|
| | **Financial asset** | **Financial liability** | Financial asset | Financial liability |
| USD | **2** | **–** | 1 | 29 |
| Rs. in lacs | **162** | **–** | 100 | 2,023 |
| Euro | ***** | **–** | * | 5 |
| Rs. in lacs | **22** | **–** | 24 | 378 |
| RMB | **–** | **26** | – | 17 |
| Rs. in lacs | **–** | **266** | – | 175 |
| THB | **–** | ***** | – | * |
| Rs. in lacs | **–** | **1** | – | 1 |
| GBP | **–** | **–** | – | * |
| Rs. in lacs | **–** | **–** | – | 1 |
| AED | **–** | **–** | – | * |
| Rs. in lacs | **–** | **–** | – | 2 |
| JPY | **–** | **1** | – | – |
| Rs. in lacs | **–** | **1** | – | – |
| **Total Rs** | **184** | **268** | 124 | 2,580 |

** represents foreign currency less than 50,000*

## Notes to the consolidated financial statements for the year ended 31 March 2020

**iii) Foreign currency sensitivity**

For every percentage point change in the underlying exchange rate of the outstanding foreign currency denominated assets and liabilities, holding all other variables constant, the profit before tax would change by **Rs. 274 lacs** for the year ended 31 March 2020 (31 March 2019: Rs 129 lacs).

**d) Credit risk**

Credit risk arise from the possibility that the counter party may not be able to settle their obligations. Financial instruments that are subject to such risk primarily consists of investments, trade receivables, bank deposits, loans, derivative instruments and other financial assets.

Bank deposits are primarily held with highly rated and different banks.

The Group's customer base is large and diverse limiting the risk arising out of credit concentration. Further the credit is extended in business interest in accordance with guidelines issued centrally and business-specific credit policies that are consistent with such guidelines. Exceptions are managed and approved by appropriate authorities after due consideration of the counter parties credentials and financial capacity, trade practices and prevailing business and economic conditions.

The Group's historical experience of collecting receivable and the level of default indicates that the credit risk is low and generally uniform across markets. Loss allowances are recognised where considered appropriate by the management.

The movement of allowance for doubtful advances and receivables is as under:-

| | **As at 31 March 2020 Rs. in lacs** | As at 31 March 2019 Rs. in lacs |
|---|---|---|
| **Balance at beginning of the year** | **116** | 94 |
| Provision recognised in the year | **76** | 37 |
| Amounts written off during the year as uncollectible | **(36)** | (1) |
| Amounts recovered during the year | **(10)** | (12) |
| Provisions written back | **(1)** | (2) |
| **Balance at end of the year** | **145** | 116 |

Other than financial assets mentioned above, none of the Group's financial assets are either impaired or past due, and there were no indications that defaults in payment would occur.

**e) Fair value hierarchy**

The fair value of trade receivables, current loans, other current financial assets, current borrowings, trade payables and other current financial liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature.

## Notes to the consolidated financial statements for the year ended 31 March 2020

The following table provides an analysis of financial instruments that are measured at fair value and have been grouped into Level 1, Level 2 and Level 3 below:

| | | Fair value hierarchy (Level) | Fair Value | |
|---|---|---|---|---|
| | | | **Rs. in Lacs** | Rs. in Lacs |
| | | | **As at 31 March 2020** | As at 31 March 2019 |
| **A.** | **Financial Assets** | | | |
| | **a) Measured at amortised cost** | | | |
| | Loans | 3 | **55** | 56 |
| | Other financial assets | 3 | **2,397** | 1,137 |
| | **b) Measured at FVTPL:** | | | |
| | Investment in mutual funds | 2 | **15,280** | 2,726 |
| | **c) Derivatives measured at FVTPL:** | | | |
| | Derivatives not designated as hedges | 2 | **1,220** | 3 |
| **B.** | **Financial Liabilities** | | | |
| | **a) Derivatives measured at FVTPL:** | | | |
| | Derivatives not designated as hedges | 2 | **49** | 245 |
| | **b) Measured at amortised cost** | | | |
| | Borrowings | 3 | **25,372** | 614 |
| | Other financial liabilities | 3 | **26** | 17 |

There were no transfers between Level 1 and Level 2 during the year ended 31 March 2020 and 31 March 2019.

**40 Business Combinations**

(a) On 1 October, 2019, the Group acquired on a going concern, the Stamping business on a slump sale basis from IFB Automotive Private Limited (a related party) for a consideration of Rs. 3,500 lacs. The transactions is at arm's length basis. The Company has taken control of the business w.e.f. 1 October, 2019 (acquisition date).

No voting interest were acquired in the above transaction.

The acquisition is in the similar line of business of the Group and will help in consolidation and growth of Group's existing business.

(b) The acquisition-date fair value of the total consideration transferred was **Rs. 3,500 lacs.** The sum of **Rs. 3,500 lacs** was paid in cash (online transfer).

## Notes to the consolidated financial statements for the year ended 31 March 2020

(c) The major class of assets acquired and liabilities assumed as on the acquisition date are as under:

| | Notes | Rs. in Lacs |
|---|---|---|
| **Assets acquired:** | | |
| 1. Property, plant and equipment | 3A | 4,085 |
| 2. Current assets | | |
| –Inventories | | |
| (a) Raw materials | 9 | 127 |
| (b) Work-in-progress | 9 | 105 |
| (c) Finished goods | 9 | 7 |
| (d) Stores and spare parts | | 9 |
| -Trade receivables | | 66 |
| - Loans | | 1 |
| -Other non-financial assets | | 7 |
| **Total** | | **4,407** |
| **Capital reserve:** | | 522 |
| **Liabilities assumed:** | | |
| 1. Financial liabilities | | |
| – Trade payables | | 279 |
| – Security deposit | | 3 |
| 2. Provision for employee benefits | | 65 |
| 3. Other current liabilities | | |
| – Advance from customers | | 38 |
| **Total** | | **385** |

(d) An amount of **Rs. 1,865 lacs** and a loss of **Rs. 142 lacs** pertaining to the 'Stamping' business from the acquisition date till 31 March, 2020 is included in the Revenue from operations and Profit before tax of the Company.

(e) Acquisition related cost amounting to **Rs. 42 lacs** has been included in in note no. 30 under 'Office expenses'.

41. Exceptional items during the year ended 31 March, 2020 includes the following:

| | | **Year ended 31 March 2020 Rs. in lacs** | Year ended 31 March 2019 Rs. in lacs |
|---|---|---|---|
| (a) | Surplus from superannuation scheme (#) | **1,305** | – |
| (b) | Loss of inventory due to fire (@) | **(1,157)** | – |
| (c) | Gain from compulsory acquisition (&) | **–** | 1,935 |

\# An amount of Rs. 1305 lacs received from The IFBL Group Superannuation Scheme for refund of Surplus money as per the Deed of Variance dated 3 October, 2019 approved by the Commissioner of Income Tax vide order dated 30 December, 2019.

@ An estimated amount of Rs. 1157 lacs on account of loss of Inventory lying at a warehouse of the Company due to fire on 2 December, 2019. The Insurance claim for the same has been lodged.

## Notes to the consolidated financial statements for the year ended 31 March 2020

& Represents gain of Rs. 1,935 lacs towards Compulsory Acquisition of 1578.63 square metres of factory land etc. situated at 16/17, Visveswariah Industrial Estate, Whitefield Road, Bangalore - 560048 by Bangalore Metro Rail Corporation Limited for a consideration of Rs. 1956 lacs. Out of the gain Rs. 26 lacs is towards building and the balance amount of Rs. 1,909 lacs is towards freehold land.

42 The Group has disaggregated revenues from contract with customers for the year ended 31 March 2019 by the type of goods and services. The Group believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors. Refer note 19 for revenue disaggregation.

The following table includes revenue expected to be recognised in the future related to annual maintenance contracts and extended warranty services and advance from customers.

| | Year ended 31 March 2020 | Year ended 31 March 2021 | Year ended 31 March 2022 | Year ended 31 March 2023 | Beyond 31 March 2023 |
|---|---|---|---|---|---|
| | Rs. in lacs | Rs. in lacs | Rs. in lacs | Rs. in lacs | Rs. in lacs |
| Income received in advance on annual maintenance contracts | 3,249 | 1,474 | – | – | – |
| Income received in advance on extended warranty services | 217 | 123 | 44 | 10 | – |
| Advance from customers | 2,059 | – | – | – | – |
| | **5,525** | **1,597** | **44** | **10** | **–** |

The Group recognised revenue of Rs. 5,405 lacs (31 March 2019 : Rs. 4,919 lacs) arising from opening unreceived revenue at the beginning of the year.

The below table shows the movement of Income earned in advance on annual maintenance contracts and extended warranty services and advance from customers

| | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|
| | Rs. in lacs | Rs. in lacs |
| **Opening Balance** | **6,399** | **5,969** |
| Progress billing during the year | **2,60,256** | 2,61,613 |
| Less: Revenue recognised during the year | **2,59,479** | 2,61,183 |
| **Closing Balance** | **7,176** | **6,399** |

Invoicing in excess of revenues from sale of services are classified as "Income received in advance on annual maintenance contracts and extended warranty services" and Invoicing in excess of revenues from sale of goods are classified as "Advance from customers" in note no 19.

43. CoVID-19 was declared as a pandemic by the World Health Organisation in March, 2020. CoVID-19 pandemic is an unforeseen and rare event for the world economy. Pursuant to the imposition of Lockdowns, the Group had suspended major part of its operations from end of March, 2020. However partial operations have resumed since mid of May, 2020. Plants are operating based on factors like finished goods stock, demand for the products etc.

On the basis of the assessment done by the management and internal/ external sources of information up to the date of approval of these financial results, the carrying amounts of assets are recoverable. The impact of pandemic may be different from that estimated as at the date of these financial results and the Group will closely monitor any material changes to the future economic conditions.

44. The consolidated financial statements were approved by the Board of Directors on 6 July 2020.

## 10 Year Highlights

Rs. in lacs

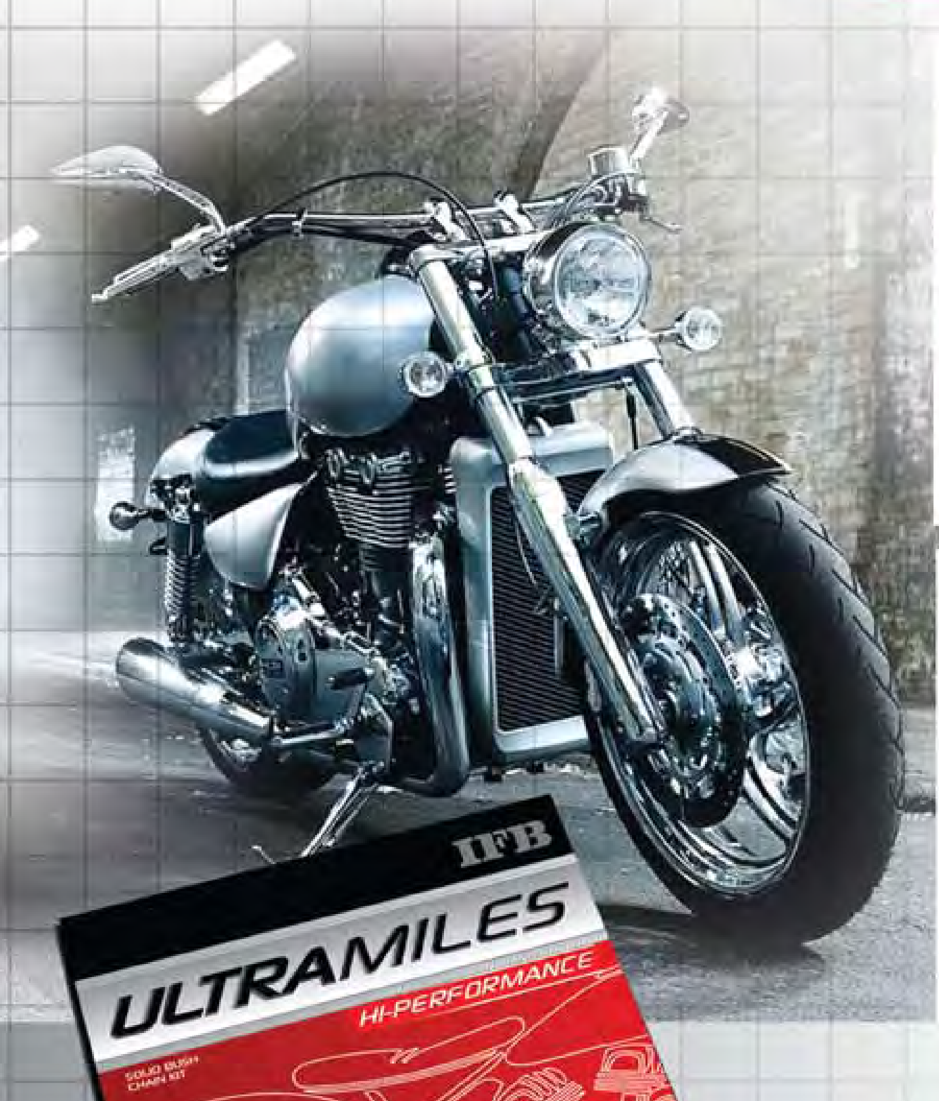
| | 2010–11 | 2011–12 | 2012–13 | 2013–14 | 2014–15 | 2015–16 | 2016–17 (@) | 2017–18 (@) | 2018–19 (@) | **2019–20 (@)** |
|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Highlights** | | | | | | | | | | |
| Total revenue | 69,754 | 81,440 | 92,760 | 1,02,896 | 1,27,658 | 1,51,425 | 1,91,189 | 2,20,710 | 2,55,228 | **2,56,418** |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | 7,948 | 5,114 | 6,193 | 5,335 | 10,165 | 8,275 | 11,612 | 17,502 | 15,649 | **13,318** |
| Depreciation and amortisation | 1,041 | 1,488 | 1,832 | 2,259 | 4,064 | 4,537 | 4,359 | 5,138 | 5,454 | **8,898** |
| Exceptional expense / (income) | – | 150 | – | – | – | – | – | – | (1,935) | **(148)** |
| Profit after tax | 5,031 | 3,054 | 3,145 | 2,160 | 4,973 | 3,136 | 5,513 | 8,325 | 7,395 | **2,799** |
| Equity Share capital | 3,622 | 3,628 | 4,128 | 4,128 | 4,128 | 4,128 | 4,128 | 4,128 | 4,128 | **4,128** |
| Other Equity | 17,498 | 20,591 | 27,436 | 29,596 | 34,569 | 37,705 | 43,020 | 50,901 | 57,937 | **60,602** |
| Net worth | 10,336 | 13,435 | 20,780 | 22,940 | 27,913 | 31,049 | 36,562 | 44,443 | 51,479 | **54,144** |
| Property, plant and equipment, investment property, intangibles including CWIP (Gross) | 44,691 | 41,619 | 38,775 | 44,743 | 51,979 | 57,787 | 36,231 | 39,509 | 48,374 | **81,491** |
| Property, plant and equipment, investment property, intangibles including CWIP (Net) | 13,884 | 16,061 | 19,503 | 24,038 | 27,873 | 29,767 | 31,876 | 30,052 | 33,543 | **57,829** |
| Total assets | 38,911 | 44,112 | 53,834 | 64,121 | 77,092 | 79,143 | 88,122 | 1,08,200 | 1,20,417 | **1,61,366** |
| Market capitalisation | 49,409 | 28,095 | 32,739 | 32,091 | 2,37,400 | 1,28,809 | 2,62,197 | 4,62,907 | 3,96,070 | **1,03,931** |
| Number of employees | 1,173 | 1,286 | 1,390 | 1,453 | 1,537 | 1,626 | 1,646 | 1,690 | 1,970 | **2,322** |
| **Key indicators** | | | | | | | | | | |
| Earnings per share (Rs.) (before exceptional items) | 14.24 | 8.61 | 7.95 | 5.33 | 12.27 | 7.74 | 13.61 | 20.55 | 13.48 | **6.54** |
| Earnings per share (Rs.) (after exceptional items) | 14.24 | 8.61 | 7.95 | 5.33 | 12.27 | 7.74 | 13.61 | 20.55 | 18.25 | **6.91** |
| Total revenue per share (Rs.) | 196.73 | 229.29 | 228.93 | 253.95 | 315.06 | 373.72 | 471.85 | 544.71 | 629.90 | **632.84** |
| Book value per share (Rs.) | 59.57 | 68.19 | 77.90 | 83.23 | 95.50 | 103.24 | 116.36 | 135.81 | 153 | **160** |
| Current ratio | 1.57 | 1.61 | 1.76 | 1.54 | 1.43 | 1.40 | 1.42 | 1.53 | 1.51 | **1.57** |
| EBITDA / Total revenue | 11.4% | 6.3% | 6.7% | 5.2% | 8.0% | 5.5% | 6.1% | 7.9% | 6.1% | **5.2%** |
| Net profit margin | 7.2% | 3.8% | 3.4% | 2.1% | 3.9% | 2.1% | 2.9% | 3.8% | 2.9% | **1.1%** |
| Return on net worth on PBT | 66.6% | 26.8% | 20.9% | 12.8% | 21.2% | 11.3% | 18.6% | 26.9% | 18.7% | **5.5%** |
| Return on capital employed (ROCE) | 23.8% | 12.6% | 10.0% | 6.4% | 12.9% | 7.5% | 11.7% | 15.1% | 11.9% | **4.3%** |

@ 2016-17 , 2017-18, 2018-19 & 2019-20 as per Ind AS and for earlier years as per previous GAAP.

# NOTES

# ULTRAMILES

HI-PERFORMANCE





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