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

28th June, 2019

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, 2019.

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, 2019 together with the Notice dated 29th May, 2019 convening the 43rd Annual General Meeting of the Company will be held on Friday, July 26, 2019 at 9.30 A.M. at Club Ecovista, Ecospace (Business Park), Premises No. 2F/11, Action Area II, Rajarhat, New Town, Kolkata - 700156.

This is for your kind information and records.

Thanking you,

Yours faithfully
For IFB INDUSTRIES LIMITED

G Ray Chowdhury,

G Ray Chowdhury
(Company Secretary)

IFB



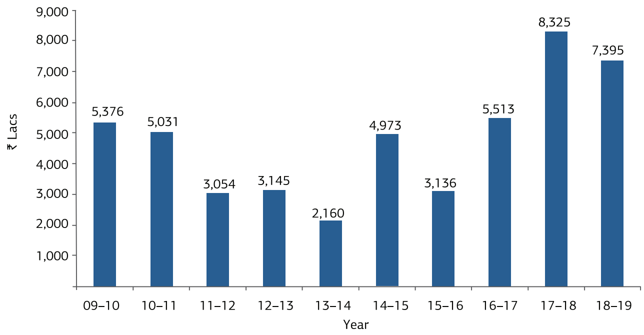



Annual Report
2018–2019

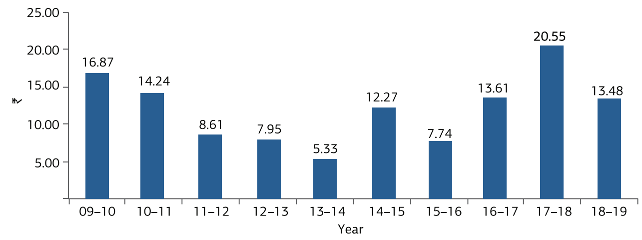
IFB Industries Limited

# 10 YEAR HIGHLIGHTS

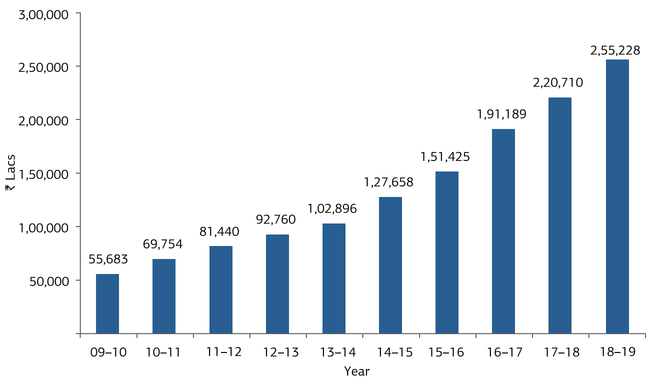
## Profit After Tax (₹ in Lacs)



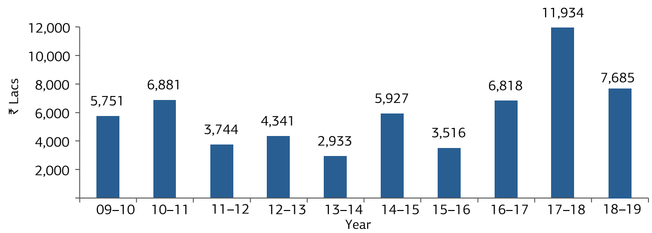

## Basic EPS Before Exceptional Items (₹)



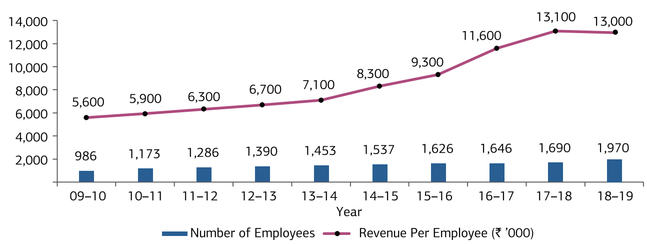

## Total Revenue (₹ in Lacs)



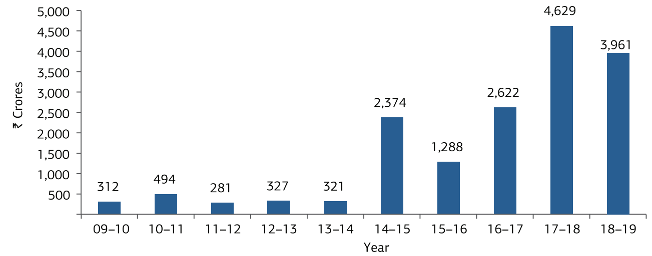

## Profit Before Tax and Exceptional Items (₹ in Lacs)




## Employees and Productivity




## Market Capitalisation (₹ in crores)




2018–19, 2017–18 and 2016–17 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

***Deputy Managing Director***
Mr. Sudam Maitra

***Director and CFO***
Mr. Prabir Chatterjee

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

***Non-Executive Director***
Mr. Sudip Banerjee

## AUDIT COMMITTEE

***Chairman***
Dr. Rathindra Nath Mitra

***Members***
Ms. Sangeeta Shankaran Sumesh
Mr. Ashok Bhandari
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 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 third Annual General Meeting of the members of **IFB Industries Limited** will be held on Friday, the 26 day of July, 2019 at 9.30 A.M. at Club Eco vista, Eco space Business Park, Premises no 2F/11, Action Area II, Rajarhat, New Town, Kolkata- 700 156 , 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 31,2019, including the audited Balance Sheet as at March 31, 2019, 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 the Audited Consolidated Financial Statements of the Company for the year ended March 31, 2019 and the Report of the Auditors thereon.

3) To appoint a director in place of Mr. Prabir Chatterjee (DIN: 02662511), who retires by rotation and being eligible, offers himself for re-appointment as a Director.

4) To re-appoint auditors of the Company and to fix their remuneration, and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

   "RSEOLVED THAT, pursuant to provisions of Sections 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies ( Audit and Auditors) Rules, 2014 and pursuant to the recommendation made by the Audit Committee of the Board, Messars Deloittee Haskins & Sells, Chartered Accountants, having registration No. 302009E allotted by The Institute of Chartered Accountants of India ( ICAI) be and are hereby reappointed as the Auditors of the Company, who shall hold office from the conclusion of this 43rd Annual General Meeting for term of consecutive five years until the conclusion of the 48th Annual General Meeting and that the Board be and is hereby authorized to fix such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time".

**SPECIAL BUSINESS:**

5) **To consider and, if thought fit, to pass with or without modification, the following Resolution as an Ordinary 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), and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent of the Company be and is hereby accorded to the remuneration of Mr. Bikram Nag (DIN: 00827155), Joint Executive Chairman and Managing Director of the Company, with effect from 01.04.2019 , on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the notice convening this Meeting .

   FURTHER RESOLVED 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.

   FURTHER RESOLVED 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.

   FURTHER RESOLVED THAT, in the event of loss or inadequate profits of the Company in any financial year during the term of the office of the appointee, the remuneration shall be subject to Schedule V of the Companies Act, 2013, as mentioned in the Explanatory Statement."

6) **To consider and, if thought fit, to pass with or without modification, the following Resolution as a 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, Dr. Rathindra Nath Mitra (DIN: 01071347), 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 from the conclusion of 43rd Annual General Meeting to the conclusion of 48th Annual General Meeting, not liable to retire by rotation."

"FURTHER RESOLVED THAT, pursuant to Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, consent of members of the Company be and is hereby accorded for continuation of holding of office of Independent Director by Dr. Rathindra Nath Mitra (DIN: 01071347) who shall attain the age of 75 (seventy five) years as on September 6, 2021 during his reappointment for second term of five consecutive years from the conclusion of 43rd Annual General Meeting to the conclusion of 48th Annual General Meeting of the Company."

7) **To consider and, if thought fit, to pass with or without modification, 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 2019-20 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 2019-20, 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."

By Order of the Board

**G Ray Chowdhury**
*Company Secretary*

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

Date : May 29, 2019

**NOTES :**

i) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ( THE " MEETING" ) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The instrument appointing the proxy should, however, be deposited at the registered office of the company not less than forty-eight hours before the commencement of the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

ii) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

iii) 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.

iv) 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.

v) Members/Proxies/ Authorised Representative are requested to bring their attendance slip along with their copy of Annual Report to the meeting.

vi) In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

vii) Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Corporate Office of the Company at Plot No. IND-5, Sector-1, East Kolkata Township, Kolkata - 700107 on all working days, except Saturdays, during business hours up to the date of the meeting.

viii) **The company has notified closure of Register of Members and share transfer books from 20 July, 2019 to 26 July, 2019 (both days inclusive) for the purpose of AGM.**

ix) Instruction for remote e-voting, along with the Attendance Slip and Proxy Form, is annexed to this Notice of 43rd Annual General Meeting for the convenience of shareholders.

x) Members holding shares in electronic form are requested to intimate immediately any change in their address to their Depository participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address immediately to the company/ CB Management Services (P) Ltd.

xi) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form shall submit their PAN to the Company/ CB Management Services (P) Ltd.

xii) SEBI has issued a circular dated 8th June, 2018 that securities of listed companies can be transferred only in dematerialized form from 1st April,2019. In view of the above and to avail various benefits of dematerialization, members are advised to dematerialize shares held by them in physical form.

xiii) Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the company. The nomination form can be obtained from the company/ CB Management Services (P) Ltd.

xiv) Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send share certificates to CB Management Services ( P) Ltd., for consolidation into a single folio.

xv) Non resident Indian Members are requested to inform CB Management Services (P) Ltd. immediately of :

   a) Change in their residential status on return to India for permanent

   b) Notify immediately any change in their address to the Company.

   c) Write to the Company's Registrar & Share Transfer Agents, M/s CB Management Services (P) Ltd enclosing their share certificates for consolidation into one folio for better investor service, if they have more than one folio in identical order of name(s).

xvi) 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. The facility for voting through ballot paper will also be made available at the Annual General Meeting and the members attending the Annual General Meeting who have already cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their vote again. The instructions for e-voting are annexed to the Notice.

xvii) The Annual Report 2018-19 is being sent through electronic mode only to the members whose email addresses are registered with the Company / Depository Participant(s), unless any member has requested for a physical copy of the report. For members who have not registered their email addresses, physical copies of the Annual Report 2018-19 are being sent by permitted mode.

xviii) The notice of the 43rd AGM and instructions for e-voting along with the Attendance slip and Proxy form, is being sent by electronic mode to all members whose email addresses are registered with the Company/ Depository Participant(s), unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the documents are being sent by the permitted mode.

xix) Members may also note that the Notice of the 43rd AGM and the IFB Industries Ltd Annual Report 2018-19 will be available on the Company's website, www.ifbindustries.com. The physical copies of the documents will also be available at the Company's corporate office for inspection during normal business hours on working days except Saturdays. Members who require communication in physical form in addition to e-communication or have any other queries, may write to us at: investors@ifbglobal.com.

xx) Additional information, pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015, in respect of the directors seeking appointment/ reappointment at the AGM is furnished as annexure to the Notice. The directors have furnished consent/ declaration for their appointment/ reappointment as required under the Companies Act, 2013 and the Rules thereunder.

xxi) The Register of directors and Key Management Personnel and their Shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.

xxii) The Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.

xxiii) Members are requested to address all correspondence to the Registrar and Share Transfer Agents, C.B. Management Services Private Limited at P-22 Bondel Road, Kolkata- 700019

xxiv) With a view to using natural resources responsibly, we request shareholders to update their email address, with the Depository Participants to enable the Company to send communications electronically.

xxv) Shareholders are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall.

## 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 7 of the accompanying Notice :

**Resolution 4.**

**In terms of Regulation 36(5) of SEBI (LODR) Regulations, 2015**

Members of the Company had approved the appointment of Messars Deloittee Haskins & Sells (DHS), Chartered Accountants, having registration No. 302009E as the Statutory Auditors of the Company at thirty eighth Annual General Meeting of the company which is still valid till 43rd Annual General Meeting i.e. the forthcoming Annual General Meeting of the Company.

DHS is a member of Deloitte Haskins & Sells & Affiliates being the Network of Firms registered with the ICAI. (Collectively referred to as 'Deloitte India') which leverage global tools, technology, and best practices of Deloitte. Deloitte India is well positioned with the experience, scale and multi-disciplinary capabilities necessary to understand the dynamics and the complexities of your business.

Deloitte India is having over 10,000 professionals led by 450 Partners and is having proven track record of serving FMCG, Foods processing and Retail industry clients for more than a decade.

The registered office of DHS Kolkata is at Bengal Intelligent Park, Building Omega, 13th & 14th floor, Plot No –A2, M2 & N2, Block – EP & GP, Sector – V Salt Lake Electronics Complex Kolkata – 700091, India

DHS Kolkata has other offices in India at Jamshedpur, Mumbai and Pune.

In accordance with the Companies Act, 2013 and on the recommendation of the Audit Committee and in the best interest of the Company, the Board of Directors have considered and recommended the proposed re-appointment of Messars Deloittee Haskins & Sells, Chartered Accountants, having registration No. 302009E as the Statutory Auditors of the Company for second term of consecutive five years i.e. from the conclusion of forty third Annual General Meeting till the conclusion of forty eight Annual General Meeting of the Company. Messars Deloittee Haskins & Sells, Chartered Accountants have provided their consent and confirmed that their re-appointment, if made, would be with in the limits specified under section 141(3)(g) of the Companies Act, 2013 and Companies (Audit and Auditors) Rules 2014, as amended from time to time. The details of the proposed remuneration to be paid to Messars Deloittee Haskins & Sells, Chartered Accountants for the financial year 2019-20 is Rs. 80 lacs (Rupees Eighty lacs) excluding fees for any other certification, and reimbursement of out of pocket expenses.

**Resolution no. 5**

Mr. Bikram Nag is working as Joint Executive Chairman and Managing Director since 31 October 2008 in IFB Industries Ltd and he declined to take any remuneration since October 31, 2008. Mr. Bikram Nag was reappointed as JEC&MD for a term of three years from November 1, 2016. As the company is growing under his leadership and he is spending substantial part of his valuable time towards the growth of the company, the Board considered that it will be prudent to compensate him.

On the recommendation of Nomination and Remuneration Committee, all the Board members approved the following remuneration of Mr. Nag at their meeting held on 28th March, 2019, subject to the approval of shareholders with effect from 1st April, 2019 as under:

**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.

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 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 fee 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.

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. Bijon Nag and Mr. Bikram Nag are concerned or interested, financially or otherwise in the proposed resolution.

The board recommends the Ordinary Resolution set forth in item no 5 for the approval of the Company.

**Resolution no. 6**

The Board at its meeting held on 29 May, 2019, on the recommendation of the Nomination and Remuneration Committee has recommended for approval of members, the reappointment of Dr. Rathindra Nath Mitra as Independent director 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, 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.

Regulation 17 of the Securities and Exchange Board of India ( Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 provides that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of Seventy Five years unless a Special Resolution is passed by the members to that effect. Accordingly, Special Resolution is placed for the the approval of shareholders.

Notice under Section 160 of the Act proposing the appointment of Dr. Rathindra Nath Mitra has been received. Dr. Rathindra Nath Mitra was appointed as an Independent Director on 38th Annual General Meeting of the

Company for a term of five consecutive years from the conclusion of 38th Annual general Meeting to the conclusion of Company's 43rd Annual General Meeting.

Dr. Rathindra Nath Mitra, 72, is B.Sc (Hons.) from IIT Kharagpur, in the year 1967. He also completed his M.Sc and D.I.I.T from IIT, Kharagpur in the year 1969 and 1970 respectively. He completed his Ph. D from IIT, Kharagpur in the year 1985.

Dr. Mitra has over 29 years of experience as a key senior executive. He worked in several organization and retired as Chief Manager (Systems) from Hindusthan Copper Ltd. He works as consultant for IT (Systems & Control) for his clients.

Dr. Mitra is specialized in process development and IT systems. He is a guest lecturer of prestigious educational institutions and takes interest in training, publishing papers etc.

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

Board is of view that the Company will be extremely benefitted by his rich IT & Managerial skill, experience. Declaration has been received from Dr. Mitra 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 Dr. Mitra 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.

Dr. Mitra 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 Dr. Rathindra Nath Mitra to whom resolution relates are concerned or interested, financially or otherwise in the proposed resolution.

The board recommends the Special Resolution set forth in item no 6 for the approval of the Company

**Resolution no. 7**

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, 2020 at a fee of Rs. 6,00,000/- (Rupees six lacs only).

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 7 of the notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31 March 2020.

No director, Key managerial personnel or their relatives, are in any way, concerned or interested, financially or otherwise in the proposed resolution.

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

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

Date : May 29, 2019

By Order of the Board

**G Ray Chowdhury**
*Company Secretary*

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. Prabir Chatterjee** | **Dr. Rathindra Nath Mitra** |
|---|---|---|
| Date of birth | 18.06.1955 | 06.09.1946 |
| Nationality | Indian | Indian |
| Date of first appointment on the board | 01.04.2013 | 21.06.2003 |
| Qualification | B.Sc and Cost Accountant. | B.Sc (Hons.) from IIT Kharagpur, M.Sc, D.I.I.T and Ph. D from IIT, Kharagpur. |
| Experience in functional area | More than 40 years experience in accounts, finance, costing, budgeting, management accounting etc. | Dr. Mitra has over 29 years of experience as a key senior executive. He worked in several organization and retired as Chief Manager (Systems) from Hindusthan Copper Ltd. He works as consultant for IT (Systems & Control) for his clients. |
| Relationship with other Directors | Not related to any Director. | Not related to any Director. |
| Shareholding in the Company | 18670 | Nil |
| List of directorship held in other listed companies | Nil | Nil |
| Committee membership in other listed companies | Nil | Nil |

ANNEXURE TO THE NOTICE

## VOTING THROUGH ELECTRONIC MEANS

i. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members the facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through Remote e-Voting Services.

ii. The facility for voting through ballot paper shall be made available at the Annual General Meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

iii. The members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the Annual General Meeting but shall not be entitled to cast their vote again.

iv. **The remote e-voting period commences on July 23, 2019 (9:00 am) and ends on July 25, 2019 (**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 July 19, 2019,** may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

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

**Step 1 : Log-in to NSDL e-Voting system**

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 Physicall | 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<br>For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******. |
| b) For Members who holdshares in demat account with CDSL. | 16 Digit Beneficiary ID<br>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<br>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. If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

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, tick 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.

**Step 2 : 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 for which you wish to cast your vote.

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.

vi. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and remote e-voting user manual for members available at the downloads section of www.evoting.nsdl.com or call on toll free no. 1800-222-990 or send a request at evoting@nsdl.co.in

vii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

viii. The voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of July 19, 2019.

ix. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice convening the AGM and holding shares upto the cut-off date i.e. July 19, 2019, may obtain his login ID and password by sending a request at evoting@nsdl.co.in or rta@cbmsl.com.

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.1800-222-990.

x. 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 voting and remote e-voting process in a fair and transparent manner.

xi. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail(patnaikandpatnaik@yahoo.com) to with a copy marked to evoting@nsdl.co.in.

xii. 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 www.evoting.nsdl.com to reset the password.

xiii. Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the Companies in which you are the shareholder.

xiv. In case of joint holders, only one of the joint holders may cast his/her vote.

xv. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut off date only shall be entitled to avail the facility of remote e-voting as well as voting at the Annual General Meeting through ballot paper.

xvi. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of "ballot paper" for all those members who are present at the Annual General Meeting but have not cast their votes by availing the remote e-voting facility.

xvii. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the results of the voting forthwith.

xviii. The results declared along with the Report of the Scrutinizer shall be placed on the website of the Company www.ifbindustries.com and on the website of NSDL www.evoting.nsdl.com immediately after the declaration of the results by the Chairman or a person authorized by him in writing. The results shall also be immediately communicated to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

# DIRECTORS' REPORT to the Members

**To the Members,**

The Directors have pleasure in presenting before you the forty third Annual Report of the Company together with the Audited Financial Statements for the year ended 31 March 2019.

**FINANCIAL RESULTS**

The performance during the period ended 31 March 2019 has been as under:

Rs. in lacs

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | **2018-19** | 2017-18 | **2018-19** | 2017-18 |
| Total revenue | **2,55,228** | 2,20,710 | **267,181** | 227,753 |
| Profit before depreciation/amortisation, finance costs and tax | **13,714** | 17,502 | **13,955** | 17,439 |
| Less : Finance costs | **575** | 430 | **723** | 544 |
| Less : Depreciation and amortisation | **5,454** | 5,138 | **5,755** | 5,381 |
| Profit before Tax | **7,685** | 11,934 | **7,477** | 11,514 |
| Add : Exceptional Items | **1,935** | – | **1,935** | – |
| Profit before Tax | **9,620** | 11,934 | **9,412** | 11,514 |
| Less : Current tax | **2,905** | 3,655 | **2,919** | 3,655 |
| Less : Deferred tax (net) | **(680)** | (46) | **(615)** | (69) |
| Profit after tax | **7,395** | 8,325 | **7,108** | 7,928 |
| Other comprehensive income | | | | |
| Items that will not to be classified to profit or loss | | | | |
| - Re measurements of defined benefit plan | **(552)** | (679) | **(552)** | (687) |
| - Income tax relating to items that will not be reclassified to profit or loss | **193** | 235 | **193** | 235 |
| Items that will reclassified to profit or loss | | | | |
| - Exchange differences in translating the financial statements of foreign operations | **–** | – | **110** | 182 |
| - Income tax relating to items that will be reclassified to profit or loss | **–** | – | **–** | – |
| Other comprehensive income | **(359)** | (444) | **(249)** | (270) |
| Total comprehensive income for the year | **7,036** | 7,881 | **6,859** | 7,658 |
| - Owners of the parents | **NA** | NA | **7,046** | 7,831 |
| - Non-controlling interests | **NA** | NA | **(187)** | (173) |

Consolidated figure includes standalone figure and figure of Trishan Metals Private Limited, a subsidiary company acquired during 2016-17, Global Appliances & Automotive Limited ( GAAL), a wholly owned subsidiary company acquired during 2017-18 and Thai Automotive and Appliances Pte. Ltd. ( TAAL) a step down subsidiary.

**OPERATIONS- Standalone**

Your company completed another year of modest performance with strong top line growth , however, bottom line was hit mainly due to depreciation of rupee, higher material cost, increase in custom duty on AC/MWO and higher operating expenses etc. All business segments posted revenue growth. Gross sale of products for the year grew by 17.25% to Rs. 3,07,927 lacs. Net revenue from operations grew by 15.88% to Rs. 2,53,987 lacs. Appliance business grew by 17% and Engineering business grew by 21% (net of excise duty). Due to above reasons the profit before depreciation, finance cost and tax as compared to last year reduced by more than 21% to Rs. 13,714 lacs as compared to last year. Income under 'Exceptional item' is on account of compensation received from Bangalore Metro Rail Corporation Limited (BMRCL) on account of compulsory acquisition of 1578.63 sq. mtrs. of the factory land for Metro Rail Project at Bangalore.Earning per share for the year stands at Rs. 18.25 as against Rs. 20.55 in 2017-18.

**OPERATIONS - Consolidated**

Net Revenue from operations on consolidated basis grew by 17.56% to Rs. 2,65,915 lacs. Profit before depreciation, finance cost and tax on consolidated basis as compared to last year reduced by 20% to Rs. 13,955 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 2019-20 to NSE, BSE & CSE where the Company's Shares are listed. The company applied for delisting from CSE which is pending.

**DEMATERIALISATION OF SHARES**

98.06% of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2019 and balance 1.94% is in physical form. The Company's Registrars are M/s C.B. Management Services Pvt. Ltd., having their registered office at P-22, Bondel Road, Kolkata- 700 019.

**NUMBER OF BOARD MEETINGS HELD**

The Board of Directors duly met six times during the financial year from 01 April 2018 to 31 March 2019. The dates on which the meetings were held are as follows :

29 May 2018, 26 July 2018, 29 October 2018, 26 December 2018, 31 January 2019 and 28 March 2019.

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

Mr. Prabir Chatterjee retires by rotation and being eligible offers himself for reappointment.

The five years term as an Independent Director of Dr. Rathindra Nath Mitra is expiring on conclusion of 43rd Annual General Meeting of the Company. Based on recommendation of Nomination and Remuneration Committee, it is proposed to reappoint him for second term of five consecutive years from the conclusion of 43rd Annual General Meeting to the conclusion of 48th Annual General Meeting.

Mr. R Muralidhar, (DIN 01687752) was appointed as an Independent Director of the Company for a term of five consecutive years in 38th Annual General Meeting held on 30th Day of July, 2014. He has resigned from the Office of Independent Director of IFB Industries Limited with effect from April 16, 2019 due to disqualification U/s 164(2) of Companies Act, 2013 before the expiry of his tenure. The Board records his appreciation for valuable advises he made to the Board from time to time during his tenure as Independent Director of the Company.

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 2019, 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. The declaration was placed and noted by the Board in its meeting held on 29th May, 2019.

**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 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 the Annual General Meeting held on 30 July 2014 Deloitte Haskins & Sells(Firm Registration No.: 302009E), Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office till the conclusion of the 43rd Annual General Meeting. Accordingly, M/s Deloitte Haskins & Sells, Chartered Accountants, will continue as Statutory Auditors of the Company till the conclusion of the 43rd Annual General Meeting.Their tenure of such appointment will expire upon conclusion of the 43rd Annual General Meeting of the Company.

We have received consent from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of the section 141 or other applicable provision of the Companies Act, 2013.

On recommendation of the Audit Committee the Board recommends reappointment of 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 subject to approval by the Members of the Company at 43rd Annual General Meeting.

Accordingly, a resolution proposing re-appointment of M/s Deloitte Haskins & Sells (Firm Registration No.: 302009E), Chartered Accountants as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013 forms part of the Notice of Annual General Meeting.

**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 2019-20. Accordingly, a resolution seeking approval of the members for ratifying the remuneration payable to Cost Auditors for financial year

2019-20 is provided in the Notice to the ensuing Annual General 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 March 2019 appointed M/s. Patnaik and Patnaik, Company Secretaries as the Secretarial Auditor for the financial year ended 31st March 2019.

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**. There are no qualifications, observations or adverse remarks or disclaimers in the said report.

**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** to this report.

**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 as **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 (b) skill development programme were undertaken in line with the CSR policy. The necessary budget outlay were assigned to aforesaid projects. Considering the multi year projects, total amount to be spent and the extent of due diligence to be performed, the Company is focusing on select projects to ensure maximum impact to the society. However, due to multi year projects and certain procedural delay at the implementation level at different schools, the Company couldn't spend the allotted budget outlays. The Company made an expenditure of Rs. 48.76 lacs only against the budgeted amount of Rs. 143.83 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.

**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 38 to the Financial Statements which set out related party disclosures.

**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.**

**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 2019 is 1970.

**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 2018-19 is given in **Annexure F** which forms part of this Report.

**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.

**DEPOSITS**

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 Internal Complaints Committees. No compliant has been raised during the year ended March, 2019.

**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.

## 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 still not reached its potential, and needs improvement. It is expected that things will stabilize during 2019-20.

Rs. in lacs

| | **2018-19** | 2017-18 |
|---|---|---|
| Sales | **12,420** | 7,711 |
| PBDIT | **(11)** | (112 ) |
| PBT | **(318)** | (369) |
| PAT | **(383)** | (346) |

As you can see that sales has increased, however the company suffered loss. It is expected that in current financial Trishan Metals will be in profit.

**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. TAAL is engaged in the business of Fine Blanking and Conventional Blanking and its acquisition will help IFB to consolidate its position in similar type of business in Thailand. We expect sound growth of GAAL & TAAL during 2019-20.

GAAL

This is the first year of operation of GAAL, achieved revenue of US$ 2.65 Million and made a PBT of 7.47% and PAT of 6.71%. GAAL is optimistic about its business plan and forecast a good growth based on increasing demand in India and other places for electronics parts and semi conductors.

TAAL

During the year under review, TAAL has achieved modest turnover of 143.92 ML THB, which is a 7% increase compared to 134.90 ML THB achieved during 2017-18. During the year the company earned PBT of 0.15 ML THB as compared to loss of 1.92 ML THB during 2017-18.

We have, in accordance with Section 129(3) of the Companies Act, 2013 prepared consolidated financial statements of the company and its subsidiary 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**
*Joint Executive Chairman*
*& Managing Director*

Place : Bengaluru
Date : 29 May 2019

**Prabir Chatterjee**
*Director & CFO*

# MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

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

Global corporations view India as one of the key markets from where future growth is likely to emerge. The growth in India's consumer market would primarily be driven by a favorable population composition and increasing disposable income. India is now the sixth largest economy and within striking distance of becoming the fifth largest in the world. The rapidly expanding middle class in the urban and semi-urban areas and the increasing aspiration driven demand from rural India, added to the taxation reforms like Goods and Services Tax (GST), are setting the base for increased market penetration of home appliances and automobiles. With relatively low home penetrations across appliances in India, and the above factors of a young population with growing disposal incomes and aspiration driven purchase behaviors, both business are positioned for the next phase of exponential growth. Consumers are becoming more tech savvy and manufacturers have to be ready to offer user friendly interfaces with new technological developments. This requires commitment to Research and Development (R&D) and also a constant interaction with consumers and the market. E Commerce channels are increasing their reach and are rapidly growing. The supply chain is optimizing and there is a trend of consolidation within the traditional channel. There is an increased focus on increasing the service delivery mechanism and using it as a differentiator in the consumer's mind.

The key Government Initiatives which will also enable the industry are; The Union Cabinet approved incentives up to Rs 10,000 crore (US$ 1.47 billion) for investors by amending the M-SIPS scheme, in order to further incentivize investments in the electronics sector – thus creating employment opportunities and reducing dependence on imports by 2020. The Ministry of Electronics and Information Technology has revised the National Policy on Electronics 2012 (NPE) to focus on increasing competitiveness, innovation, R&D, promoting and incentivizing exports in ESDM. The Government of India has allowed 100 per cent Foreign Direct Investment (FDI) under the automatic route in the Electronic Systems Design & Manufacturing sector. FDI into single brand retail has been increased from 51 per cent to 100 per cent. The government is planning to hike the FDI limit in multi-brand retail to 51 percent.

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.

Implementation of GST has led to the replacement of a plethora of central-level taxes. During the initial stages, the 28% rate category comprised all major consumer electronics, namely ACs, refrigerator, TVs and washing machines. However, in the light of industry representation and growing consumption patterns, the GST council decided to rationalize the tax rate on many consumer electronics. Over a period of time, the number of goods under 28% tax bracket has been reduced from more than 200 goods to around 35 goods.

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 savings in input tax credit and reduction of GST rate by commensurate 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. The rise in crude prices and dollar exchange rate has further impacted the cost of goods sold. Another concern is in relation to the time limit for which the benefits are to be passed on to the customers under the anti–profiteering provisions, which has further led to a lot of apprehensions in the industry. Hence, there is a need for a more open approach from the government in terms of bringing clarity on these aspects. Also, the government should provide sufficient time to industry for dealing with existing stocks in case of reduction in the rate of tax applicable on the same. For instance, the procedure for change of MRP stickers should be clarified. These issues and the present position taken by the tax authorities have caused a degree of stress and uncertainty in the industry.

For 2018-19 financial year as a whole the Index of Industrial Production (IIP) growth stood at 3.6 per cent. Much lower than the 4.4 per cent recorded in previous financial year. Out of the nine sectors represented in IIP, output of manufacturing, capital goods, intermediate goods and consumer durables recorded a contraction in March. Economists said this slowing trend for industrial output mirrors the slowdown in economic growth. In the near-term, industrial activities are expected to remain on slow / cautious mode.

The Appliance Division has ended the year on a stronger note in revenue terms but on EBITDA margins, the performance was not satisfactory. This is primarily led by the impact of increased duties on imported good which could not be passed onto the market. Also, during the year the Indian rupee remained underpressure. Our focus remains on the key agenda of localization for some of 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 will result 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 robust 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 from the laundry division of the recently acquired business from Ramsons, the Division will also feature a complete commercial laundry solution range. As mentioned earlier, there is significant impact of the changes in forex levels and the additional customs duties in the air conditioner segment for the company. The key actions in quarters ahead will be to localize manufacturing for the fixed speed and inverter ranges of air conditioners. The project is planned to deliver commercial production by end January 2020. The new projected is located at Goa. The impact of the increased forex levels and additional customs duties is also being addressed through price increases, which has already been 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.

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

**Washing Category**

**Front Loaders (Domestic Segment)**

Anew range of models were introduced during 2018-19 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 reach through its distribution network, which is being optimized and increased and will lead to volume increases.

Our dominant 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 market share for the company continues to expand in this category. 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.

During the year 2018-19, the installed top load capacity was stretched and we were unable to supply to the market in full. Our capacity has now been upgraded and we aim to drive significant growth in top load placements across the markets as well as increase the volumes from this category.

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

The clothes dryer segment is growing moderately for the company. A design upgrade is planned to bolster this category. The same is expected to be complete by the

4thquarter of 2019-20. 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)**

The 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 and bars, large institutions, hotels and restaurants, etc.

IFB's range of industrial laundry equipment (with capacities upto 400 kg) has been strengthened by the newly acquired business from Ramsons. It now includes a complete and competitively priced range of dryers, ironers, finishing equipment for clothing, including suitsetc. Integration of operations with the newly acquired Ramsons entity was completed in the 3rd quarter of 2018-19. The larger sales team is now in place and will drive growth. 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-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 ~16000 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 the new range to drive "health" as a platform for increasing customer connect.

**Modular Kitchens**

The stores in Goa, Bangalore and Kolkata are now fully operational and are building significant enquiry pipelines. A completely new design format has already been in operation in the Goa and Bangalore showrooms since Jan '18 and received a very good response. IFB's design offerings 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 10 stores during FY 2019 – 20. The network of existing and future IFB Points will also promote the modular kitchen range to customers.

**Built-in Ovens, Chimneys and Hobs**

We continue to increase our presence in all markets with our products displayed in ~750 stores across the country. This includes displays in ~500 IFB Points. The IFB points account for ~45% 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 are 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 $52^0$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 a complete green range at par with the best in the market. The key action is in the area of distribution expansion, which is an ongoing exercise. However, there was significant impact of changes in forex levels and additional customs duties in the air conditioner segment for the company. The action will be to localize manufacturing for the fixed speed and inverter ranges. The project is planned to deliver commercial production by Jan 2020. The sales performance for the year is below expected level. We are restructuring the sales force in this category and adding a dedicated sales team to focus on the key channels of special service deliveries, 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.

       The above channels contribute 60 % by volume of IFB's sales.
2. IFB exclusive stores (IFB Points and the IFB website) and e Commerce. These stores display the full range of products that the company offers and allow customers to see, touch and feel the full range. The IFB website is also an important online store serving the same purpose. The IFB Points & the IFB website contribute ~14 % percent of sales by volume. The target is to reach a network of 600+ exclusive stores of approximate size not exceeding 500 sq ft by Dec 19 and more importantly to try in increase sales significantly for giving better instore experiance. This will include Company owned Company operated (CoCo) stores. As on date, the company has ~520 nos. of IFB Points across India, of which ~176 are CoCo stores.
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 9,500 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 964 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 4 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 110 people as on date. IFB has also outsourced call centers at Munnar and Hyderabad. The service center at Goa focuses on out-bound calls to track and improve customer satisfaction and drives 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 continued attempts to "buy" market share by under-cutting and offering large margins to channel. This is increasing competitive intensity and needs the company to carefully position its products and manage multiple channels effectively.
2. The impact of the increased duties which have significantly reduced margins on imports. This and the increased level of the forex have been difficult to mitigate and present challenge to improving margins and fixing profitability levels to targets.

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. Your company is confident of its ability to remain a dominant market share player across categories it is present in and will keep investing in building market networks and product development capability.

The Indian auto-components industry can be broadly classified into the organized and unorganized sectors. The organized sector caters to the Original Equipment Manufacturers (OEMs) and consists of high-value precision components while unorganized sector comprises low-valued products and caters mostly to aftermarket category. The Indian Auto Component Industry is expected to register a turnover of US$ 100 billion backed by strong exports ranging between US $ 80- US $ 100 billion by 2026, from the current US $ 11.2 billion.

The Foreign Direct Investment (FDI) inflows into the Indian automobile industry during the period April 2000-December 2017 were recorded at US $ 18.41 billion, as per data by DIPP.

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.

The rapidly globalizing world is opening up newer avenues for the transportation industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe and reliable mode of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto component manufacturers, who would need to adapt to the change via systematic research and development.

Your company has undertaken a drive to increase its customer base. Despite stiff competition, the engineering division including the after market division grew by 21 per cent. The AFM vertical focused on brand building for the “ULTRAMILES” retail brand and expanding into new geographics.

Despite stiff competition growth in the Fine Blanking Division (FBD) has been achieved. The FBD is aggressively building a profitable order book. The FBD is also focusing successfully on increasing the customer base, both in auto and non-auto segments and substantial orders are on the card. It has taken steps to further strengthen its R&D activities to be able to provide higher value added products to its customers. Through better utilization of machines and tools and better planning, the Fine Blanking Division will increase its productivity with less capital expenditure. This will improve the top line as well as the bottom line.

The issues that FBD is successfully addressing include –

i. Strong pricing pressure from customers & competitors.

ii. Higher cost of CRC and HRC steel.

iii. Consistent increase in power cost.

iv. Rapid increase in minimum wages.

v. High cost for new machinery & technology

vi. Timely Raw material availability

vii. Fluctuation in volumes in the automobile exerts pressure in meeting inventory and debtors 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)

| S. No. | Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|---|
| | | **2018-19** | **2017-18** | **2018-19** | **2017-18** |
| 1 | Revenue from operations | **253,987** | 219,179 | **265,915** | 226,186 |
| 2 | Other Income | **1,241** | 1,531 | **1,266** | 1,567 |
| 3 | Sub-total | **255,228** | 220,710 | **267,181** | 227,753 |
| 4 | Total Expenditure (Before interest and depreciation) | **241,514** | 203,208 | **253,226** | 210,314 |
| 5 | PBDIT | **13,714** | 17,502 | **13,955** | 17,439 |
| 6 | PBDIT % | **5.37%** | 7.93% | **5.22%** | 7.66% |
| 7 | Profit After Tax | **7,395** | 8,325 | **7,108** | 7,928 |

**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) 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**
*Joint Executive Chairman*
*& Managing Director*

Place : Bengaluru
Date : 29 May 2019

**Prabir Chatterjee**
*Director & CFO*

ANNEXURE - A

# Form No. MR-3

## SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

*[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 **M/s.IFB Industries Limited** (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 Companyand also based on the information provided by the Company, its officers, agents and authorized 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, 2019 (“Audit Period”)complied with the statutory provisions listed hereunderand 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 **M/s. IFB Industries Limited** (“the Company”) for the financial year ended on 31st March, 2019 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 madethereunder;

(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, Overseas Direct Investment and External Commercial Borrowings;

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

a) Ta)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 Companyduring the period under review);

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not Applicable to the Companyduring the period under review);

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Companyduring the period under review);

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 period under review); and

h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 (Not Applicable to the Companyduring the period under review).

(vi) Other applicable laws generally applicable to the Industry/Company.

a) Factories Act, 1948;

b) The Payment of Wages Act, 1936;

c) The Minimum Wages Act, 1948;

d) The Payment of Gratuity Act, 1972;

e) The Child Labour(Prohibition& Regulations) Act, 1986;

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

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

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

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

(i) Secretarial Standard-I and II issued by the Institute of Company Secretaries of India; and

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

In respect of other laws specifically applicable to the Company, we have relied in information/records produced by the Company during the course of our audit and the reporting is limited to that extent.

**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/committee 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.

**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, the Company has not entered into any specific event/actions that can have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

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

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

Place : Kolkata
Date : 29 May 2019

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 :** | Energy conservation continues to receive priority attention at all levels |
| | 1. Steps taken or impact on conservation of energy. | 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>Asbestos sheets on roofing have been replaced with translucent corrugated sheets to allow more natural light. Also, the absence of asbestos is reducing the overall heat generation below the roofing – leading to a cooler ambience in working areas / office spaces. |
| | 2. The steps taken by the company for utilizing alternatesources of energy | 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 |
| | 3. The capital investment on energy conservation equipments. | 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 productsiOT, wireless controls and app based controls for appliances<br>Advance Sensors<br>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)<br>a. The details of technology imported<br>b. The year of import<br>c. Whether the technology been fully absorbed<br>d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof | The technology imported in the last three years includes a design for Top loaders, with which the company substituted imports and saved foreign exchange for the country. The technology has been fully absorbed.<br>The company, over the last three years, has also localized key material compositions in the area of composite plastic polymers for the plastic tubs in washing machine – these were earlier imported and are now completely manufactured in India.<br>Engineering division have recruited some tooling experts from Korea to acquire knowledge in complex tool design and manufacturing.<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. |
| **(C)** | The expenditure incurred on Research and Development | See table below |

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

| Sl No | Particulars | 2018 – 19 | 2017 – 18 |
|---|---|---|---|
| A | Capital | **1,377** | **613** |
| B | Recurring | **3,505** | **3,260** |
| C | Total | **4,882** | **3,873** |

| | |
|---|---|
| **(D)** | **The foreign exchange earnings and Outgo :**<br>The Foreign Exchange outgo and foreign exchange earned by the Company during the year are detailed in Note 40 under note to the Financial Statements. |

For and on behalf of the Board of Directors

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

Place : Bengaluru
Date : 29 May 2019

**Prabir Chatterjee**
*Director & CFO*

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>Weblink: | : | The CSR Committee decided to spend amount towards promoting education and Skill development programme during the year 2018-19.<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. 7191.67 lacs |
| 4 | Prescribed CSR Expenditure (two per cent of the amount as in item 3 above). | : | Rs. 143.83 lacs |
| 5 | Details of CSR spent during the financial year : 2018-19<br>a) Total amount to be spent for the financial year 2018-19<br>b) Amount un spent , if any | <br>:<br>: | <br>Rs. 143.83 lacs<br>Rs. 95.07 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. | Donation to school towards infrastructure | Education | Bakrey Free Primary School, Gangarampur Dist. South 24 Parganas (W.B) | 133.83 | 0.47 | 16.67 | Direct |
| | | Education & Skill Development | Nobodisha' School of Taratala PS. | | 4.20 | | |
| | | | Bhumika Primary School, Sanquelim, Dist– Goa | | 4.00 | | |
| | | | Shri Dayanand Arya High School, Neura- Goa | | 4.00 | | |
| | | | Chetna Charitable Trust, Curchorem - Goa | | 4.00 | | Direct |

| 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.** |
| | | | Government Higher Primary School, Manur – Padukare, Taluk & District | | 1.50 | 27.35 | Direct |
| | | | Government Pre University College, Karkala Taluk, Udupi District | | 1.50 | | |
| | | | RKM Public School – Azamgarh – 276140, U.P | | 14.47 | | |
| | | | Abhiyan, Vile Parle, Mumbai - 400057 | | 5.74 | | |
| | | | Eklavya Model Residential School, Jhargram - 721507 | | 1.14 | | |
| | | | Vidyasagar 1, Ranjith Road, Chennai-600085 | | 3.00 | | |
| 2. | Education, Skill development programme | Education & Skill development | Karma Kutir, In and around Kolkata | 10.00 | 4.74 | 4.74 | Through implementing agency, Karmakutir. |
| **Total** | | | | **143.83** | **48.76** | **48.76** | |

For and on behalf of the Board of Directors

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

**Prabir Chatterjee**
*Director & CFO*

Place : Bengaluru
Date : 29 May 2019

ANNEXURE - D

# Form No MGT-9

## EXTRACT OF THE ANNUAL RETURN

### As on the financial year ended on 31 March 2019

***[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 9299<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 6700/2280 6692/93/94<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 | 18% |
| 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 | Subsidiary | 100 | 2(87) |
| 3 | Thai Automotive & Appliances Ltd. | N.A | 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 01.04.2018 | | | | No.of Shares held at the end of the year 31.03.2019 | | | | % 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 | 0.00 |
| b) Central Government(s) | – | – | – | – | – | – | – | – | |
| c) State Government(s) | – | – | – | – | – | – | – | – | |
| d) Bodies Corporate | 30080428 | – | 30080428 | 74.24 | 30080428 | – | 30080428 | 74.24 | 0.00 |
| e) Bank/Financial Institutions | – | – | – | – | – | – | – | – | |
| f) Others | – | – | – | – | – | – | – | – | |
| **Sub Total (A)(1):** | **30373199** | **–** | **30373199** | **74.96** | **30373199** | **–** | **30373199** | **74.96** | **0.00** |
| | | | | | | | | | |
| **(2) Foreign** | | | | | | | | | |
| a) NRIs - Individuals | – | – | – | – | – | – | – | – | – |
| b) Other - Individuals | – | – | – | – | – | – | – | – | – |
| c) Bodies Corporate | – | – | – | – | – | – | – | – | – |
| d) Bank/Financial Institutions | – | – | – | – | – | – | – | – | – |
| e) Any Other | – | – | – | – | – | – | – | – | – |
| **Sub Total (A)(2) :** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| | | | | | | | | | |
| **Total shareholding of Promoter (A) = (A)(1) + (A)(2)** | **30373199** | **–** | **30373199** | **74.96** | **30373199** | **–** | **30373199** | **74.96** | **0.00** |
| | | | | | | | | | |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | 966189 | 35763 | 1001952 | 2.47 | 865245 | 35763 | 901008 | 2.22 | -0.25 |
| b) Bank/Financial Institutions | 7814 | 1647 | 9461 | 0.02 | 6669 | 1647 | 8316 | 0.03 | 0.01 |
| c) Central Government(s) | – | – | – | – | – | – | – | – | – |
| d) State Government(s) | – | – | – | – | – | – | – | – | – |
| e) Venture Capital Funds | – | – | – | – | – | – | – | – | – |
| f) Insurance Companies | – | – | – | – | – | – | – | – | – |
| g) Foreign Institutional Investors (FII) | – | – | – | – | – | – | – | – | – |
| h) Foreign Venture Capital Investors | – | – | – | – | – | – | – | – | – |
| i) Foreign Portfolio Investors | 3357035 | 17512 | 3374547 | 8.33 | 3192108 | 17512 | 3209620 | 7.92 | –0.41 |
| j) Alternate Investment Funds | 2790 | – | 2790 | 0.01 | – | – | – | – | –0.01 |
| k) Others (specify) | | | | | – | – | – | – | |
| **Sub Total (B)(1) :** | **4333828** | **54922** | **4388750** | **10.83** | **4064022** | **54922** | **4118944** | **10.17** | **–0.66** |

| Category of Shareholders | No. of Shares held at the beginning of the year 01.04.2018 | | | | No.of Shares held at the end of the year 31.03.2019 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corporate | | | | | | | | | |
| i) Indian | 1401420 | 38088 | 1439508 | 3.55 | 1387198 | 37855 | 1425053 | 3.52 | –0.03 |
| ii) Overseas | – | – | – | – | – | – | – | – | |
| b) Individuals | – | – | – | – | – | – | – | – | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 1818073 | 772933 | 2591006 | 6.40 | 1894740 | 680595 | 2575335 | 6.36 | -0.04 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 1521269 | 20247 | 1541516 | 3.80 | 1823356 | 10167 | 1833523 | 4.52 | 0.72 |
| c) Other (specify) | | | | | | | | | |
| i) NRI | 166044 | 1999 | 168043 | 0.42 | 166246 | 1999 | 168245 | 0.41 | –0.01 |
| ii) Clearing Member | 16774 | – | 16774 | 0.04 | 6306 | – | 6306 | 0.02 | –0.02 |
| iii) OCB | – | – | – | – | – | – | – | – | – |
| iv) Trust | – | – | – | – | 18191 | – | 18191 | 0.04 | 0.04 |
| Foreign Body Corporate | – | – | – | – | – | – | – | – | – |
| **Sub-total (B)(2) :** | **4923580** | **833267** | **5756847** | **14.21** | **5296037** | **730616** | **6026653** | **14.87** | **0.66** |
| | | | | | | | | | |
| **(B) Total Public Shareholding (B) = (B)(1)+ (B)(2)** | **9257408** | **888189** | **10145597** | **25.04** | **9360059** | **785538** | **10145597** | **25.04** | **–** |
| | | | | | | | | | |
| **TOTAL (A)+(B)** | **39630607** | **888189** | **40518796** | **100.00** | **39733258** | **785538** | **40518796** | **100.00** | **–** |
| | | | | | | | | | |
| **(C) Shares held by Custodian for GDRs & ADRs** | – | – | – | – | – | – | – | – | – |
| **Grand Total (A+B+C)** | **39630607** | **888189** | **40518796** | **100.00** | **39733258** | **785538** | **40518796** | **100.00** | **–** |

### ii) Shareholding of Promoters

| SL. No. | Shareholder's Name | Shareholding at the beginning of the year 01.04.2018 | | | Shareholding at the end of the year 31.03.2019 | | | % 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 | Priyambada Nag | 131902 | 0.3255 | – | 131902 | 0.3255 | – | – |
| 3 | Bikram 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 Marketiers Pvt.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 | 74.9608 | – |

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

| SL. No. | | Shareholding at the beginning of the year 01.04.2018 | | Cumulative Shareholding during the year 31.03.2019 | |
|---|---|---|---|---|---|
| | | 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 | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|---|---|
| | | | | 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 | 01.04.2018 | | 1770451 | 4.37 | 1770451 | 4.37 |
| | b) Changes during the year | **NIL** | | | | | |
| | c) At the end of the year | 31.03.2019 | | | | 1770451 | 4.37 |
| 2. | JWALAMUKHI INVESTMENT HOLDINGS | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 1168016 | 2.88 | 1168016 | 2.88 |
| | b) Changes during the year | 01.03.2019 | Sale | 18257 | 0.04 | 1149759 | 2.84 |
| | c) At the end of the year | 31.03.2019 | | | | 1149759 | 2.84 |
| 3. | CHATTERJEE MANAGEMENT SERVICES PRIVATE LIMITED | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 680260 | 1.68 | 680260 | 1.68 |
| | b) Changes during the year | **NIL** | | | | | |
| | c) At the end of the year | 31.03.2019 | | | | 680260 | 1.68 |
| 4. | DOLLY KHANNA | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 404246 | 1.00 | 404246 | 1.00 |
| | b) Changes during the year | 06.04.2018 | Sale | 620 | 0.00 | 403626 | 1.00 |
| | | 13.04.2018 | Sale | 1000 | 0.00 | 402626 | 0.99 |
| | | 20.04.2018 | Sale | 1762 | 0.00 | 400864 | 0.99 |
| | | 11.05.2018 | Sale | 420 | 0.00 | 400444 | 0.99 |
| | | 18.05.2018 | Sale | 2505 | 0.01 | 397939 | 0.98 |
| | | 25.05.2018 | Sale | 3578 | 0.01 | 394361 | 0.97 |
| | | 01.06.2018 | Sale | 6229 | 0.02 | 388132 | 0.96 |
| | | 08.06.2018 | Sale | 11276 | 0.03 | 376856 | 0.93 |
| | | 15.06.2018 | Sale | 3128 | 0.01 | 373728 | 0.92 |
| | | 22.06.2018 | Sale | 870 | 0.00 | 372858 | 0.92 |
| | | 29.06.2018 | Sale | 15850 | 0.04 | 357008 | 0.88 |
| | | 06.07.2018 | Sale | 1000 | 0.00 | 356008 | 0.88 |
| | | 13.07.2018 | Sale | 1590 | 0.00 | 354418 | 0.87 |
| | | 20.07.2018 | Sale | 19500 | 0.05 | 334918 | 0.83 |
| | | 27.07.2018 | Sale | 1000 | 0.00 | 333918 | 0.82 |
| | | 03.08.2018 | Sale | 14250 | 0.04 | 319668 | 0.79 |
| | | 10.08.2018 | Sale | 6000 | 0.01 | 313668 | 0.77 |

| SL. No. | NAME | 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 |
| | | 17.08.2018 | Sale | 2000 | 0.00 | 311668 | 0.77 |
| | | 24.08.2018 | Sale | 2000 | 0.00 | 309668 | 0.76 |
| | | 31.08.2018 | Sale | 6400 | 0.02 | 303268 | 0.75 |
| | | 07.09.2018 | Sale | 500 | 0.00 | 302768 | 0.75 |
| | | 14.09.2018 | Sale | 500 | 0.00 | 302268 | 0.75 |
| | | 28.09.2018 | Sale | 3500 | 0.01 | 298768 | 0.74 |
| | | 05.10.2018 | Sale | 6000 | 0.01 | 292768 | 0.72 |
| | | 12.10.2018 | Sale | 4000 | 0.01 | 288768 | 0.71 |
| | | 26.10.2018 | Sale | 3500 | 0.01 | 285268 | 0.70 |
| | | 02.11.2018 | Sale | 6000 | 0.01 | 279268 | 0.69 |
| | | 09.11.2018 | Sale | 5000 | 0.01 | 274268 | 0.68 |
| | | 07.12.2018 | Sale | 8000 | 0.02 | 266268 | 0.66 |
| | | 14.12.2018 | Sale | 6000 | 0.01 | 260268 | 0.64 |
| | | 28.12.2018 | Buy | 1000 | 0.00 | 261268 | 0.64 |
| | | 04.01.2019 | Buy | 1000 | 0.00 | 262268 | 0.65 |
| | | 18.01.2019 | Sale | 2000 | 0.00 | 260268 | 0.64 |
| | | 25.01.2019 | Sale | 3000 | 0.01 | 257268 | 0.63 |
| | | 01.02.2019 | Sale | 4000 | 0.01 | 253268 | 0.63 |
| | | 08.02.2019 | Sale | 14000 | 0.03 | 239268 | 0.59 |
| | | 15.02.2019 | Sale | 5000 | 0.01 | 234268 | 0.58 |
| | | 22.02.2019 | Sale | 5000 | 0.01 | 229268 | 0.57 |
| | | 01.03.2019 | Sale | 6000 | 0.01 | 223268 | 0.55 |
| | | 08.03.2019 | Sale | 3000 | 0.01 | 220268 | 0.54 |
| | | 15.03.2019 | Sale | 2000 | 0.00 | 218268 | 0.54 |
| | | 22.03.2019 | Sale | 4000 | 0.01 | 214268 | 0.53 |
| | | 29.03.2019 | Sale | 3000 | 0.01 | 211268 | 0.52 |
| | c) At the end of the year | 31.03.2019 | | | 0.00 | 211268 | 0.52 |
| 5. | UTI-MID CAP FUND | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 397008 | 0.98 | 397008 | 0.98 |
| | b) Changes during the year | 14.09.2018 | Sale | 4395 | 0.01 | 392613 | 0.97 |
| | | 30.11.2018 | Buy | 1142 | 0.00 | 393755 | 0.97 |
| | c) At the end of the year | 31.03.2019 | | | | 393755 | 0.97 |

| SL. No. | NAME | 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 |
| 6. | ASHISH AGARWAL | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 298529 | 0.74 | 298529 | 0.74 |
| | b) Changes during the year | **NIL** | | | | | |
| | c) At the end of the year | 31.03.2019 | | | | 298529 | 0.74 |
| 7. | HDFC TRUSTEE COMPANY LIMITED A/C HDFC BALANCED FUND | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 272349 | 0.67 | 272349 | 0.67 |
| | b) Changes during the year | 01.06.2018 | Sale | 272349 | 0.67 | 0 | 0.00 |
| | c) At the end of the year | 31.03.2019 | | | | 0 | 0.00 |
| 8. | MERLIN RESOURCES PRIVATE LIMITED | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 186673 | 0.46 | 186673 | 0.46 |
| | b) Changes during the year | NIL | | | | | |
| | c) At the end of the year | 31.03.2019 | | | | 186673 | 0.46 |
| 9. | SURESH KUMAR AGARWAL | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 151350 | 0.37 | 151350 | 0.37 |
| | b) Changes during the year | NIL | | | | | |
| | c) At the end of the year | 31.03.2019 | | | | 151350 | 0.37 |
| | | | | | | | |
| 10. | TCG ADVISORY SERVICES PRI-VATE LIMITED | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 122071 | 0.30 | 122071 | 0.30 |
| | b) Changes during the year | 18.05.2018 | Sale | 2 | 0.00 | 122069 | 0.30 |
| | | 15.06.2018 | Buy | 2 | 0.00 | 122071 | 0.30 |
| | c) At the end of the year | 31.03.2019 | | | | 122071 | 0.30 |
| 11. | ASHISH KACHOLIA | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 0 | 0.00 | 0 | 0.00 |
| | b) Changes during the year | 15.06.2018 | Buy | 4897 | 0.01 | 4897 | 0.01 |
| | | 22.06.2018 | Buy | 25936 | 0.06 | 30833 | 0.08 |
| | | 29.06.2018 | Buy | 31020 | 0.08 | 61853 | 0.15 |
| | | 06.07.2018 | Buy | 36242 | 0.09 | 98095 | 0.24 |
| | | 13.07.2018 | Buy | 9014 | 0.02 | 107109 | 0.26 |
| | | 20.07.2018 | Buy | 13327 | 0.03 | 120436 | 0.30 |
| | | 27.07.2018 | Buy | 8973 | 0.02 | 129409 | 0.32 |

| SL. No. | NAME | 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 |
| | | 03.08.2018 | Buy | 11415 | 0.03 | 140824 | 0.35 |
| | | 10.08.2018 | Buy | 1285 | 0.00 | 142109 | 0.35 |
| | | 17.08.2018 | Buy | 9918 | 0.02 | 152027 | 0.38 |
| | | 24.08.2018 | Buy | 8778 | 0.02 | 160805 | 0.40 |
| | | 31.08.2018 | Buy | 20000 | 0.05 | 180805 | 0.45 |
| | | 07.09.2018 | Buy | 80900 | 0.20 | 261705 | 0.65 |
| | | 21.09.2018 | Buy | 76 | 0.00 | 261781 | 0.65 |
| | | 28.09.2018 | Buy | 2424 | 0.01 | 264205 | 0.65 |
| | | 05.10.2018 | Buy | 82000 | 0.20 | 346205 | 0.85 |
| | | 12.10.2018 | Buy | 20500 | 0.05 | 366705 | 0.91 |
| | | 19.10.2018 | Buy | 3000 | 0.01 | 369705 | 0.91 |
| | | 26.10.2018 | Buy | 33500 | 0.08 | 403205 | 1.00 |
| | | 02.11.2018 | Buy | 5605 | 0.01 | 408810 | 1.01 |
| | | 30.11.2018 | Buy | 7000 | 0.02 | 415810 | 1.03 |
| | | 14.12.2018 | Buy | 10000 | 0.02 | 425810 | 1.05 |
| | | 08.02.2018 | Buy | 10000 | 0.02 | 435810 | 1.08 |
| | c) At the end of the year | 31.03.2019 | | | 0.00 | 435810 | 1.08 |
| 12 | HDFC TRUSTEE COMPANY LIMITED A/C HDFC HYBRID EQUITY FUND | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 0 | 0.00 | 0 | 0.00 |
| | b) Changes during the year | 08.06.2018 | Buy | 272349 | 0.67 | 272349 | 0.67 |
| | c) At the end of the year | 31.03.2019 | | | | 272349 | 0.67 |
| 13 | TATA MID CAP GROWTH FUND (FORMERLY TATA TRUSTEE CO. LTD.A/C TATA MUTUAL FUND A/C TATA MID CAP GROWTH FUND) | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 75900 | 0.19 | 75900 | 0.19 |
| | b) Changes during the year | 25.05.2018 | Sale | 75900 | 0.19 | 0 | 0.00 |
| | c) At the end of the year | 31.03.2019 | | | | 0 | 0.00 |

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 | 01.04.2018 | | 157869 | 0.39 | 157869 | 0.39 |
| | b) Changes during the year | NIL | | NIL | NIL | NIL | NIL |
| | c) At the end of the year | 31.03.2019 | | | | 157869 | 0.39 |
| 2. | Bikram Nag | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 3000 | 0.01 | 3000 | 0.01 |
| | b) Changes during the year | NIL | | NIL | NIL | NIL | NIL |
| | c) At the end of the year | 31.03.2019 | | | | 3000 | 0.01 |
| 3. | Prabir Chatterjee | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 18670 | 0.05 | 18670 | 0.05 |
| | b) Changes during the year | | | NIL | NIL | NIL | NIL |
| | c) At the end of the year | 31.03.2019 | | | | 18670 | 0.05 |
| 4. | Goutam Ray Chowdhury (Company Secretary) | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 18228 | 0.04 | 18228 | 0.04 |
| | b) Changes during the year | | | NIL | NIL | NIL | NIL |
| | c) At the end of the year | 31.03.2019 | | NIL | NIL | 18228 | 0.04 |
| 5 | Raj Shankar Ray (CEO -HAD) | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | 15000 | 0.0370 | 15000 | 0.0370 |
| | b) Changes during the year | | | NIL | NIL | NIL | NIL |
| | c) At the end of the year | 31.03.2019 | | NIL | NIL | 15000 | 0.0370 |
| 6 | Partha Sen (CEO - Engineering) | | | | | | |
| | a) At the beginning of the year | 01.04.2018 | | NIL | NIL | NIL | NIL |
| | b) Changes during the year | | | NIL | NIL | NIL | NIL |
| | c) At the end of the year | 31.03.2019 | | 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 | 215,763,980 | – | – | 215,763,980 |
| ii) Interest due but not paid | | – | – | |
| iii) Interest accrued but not due | 1,328,836 | – | – | 1,328,836 |
| **Total (i+ii+iii)** | **217,092,816** | **–** | **–** | **217,092,816** |
| **Change in Indebtedness during the financial year** | | | | |
| * Addition | 2,53,00,56,383 | – | – | 2,53,00,56,383 |
| * Reduction | 2,60,60,82,364 | – | – | 2,60,60,82,364 |
| **Net Change** | **(7,60,25,981)** | **–** | **–** | **(7,60,25,981)** |
| **Indebtedness at the end 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** |

## 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. Sudam Maitra (WTD) | Mr. Prabir Chatterjee (WTD) | |
| 1 | Gross salary | | | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-Tax Act | 1,40,19,396 | – | 1,20,86,469 | 79,40,210 | 3,40,46,075 |
| | b) Value of perquisite u/s 17(2) of the Income-tax Act, 1961 | 1,52,925 | – | – | – | 1,52,925 |
| | 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)** | **1,41,72,321** | **–** | **1,20,86,469** | **79,40,210** | **3,41,99,000** |
| | Ceiling as per the Act | | | | | **9,98,50,000** |

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

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | | Total Amount |
|---|---|---|---|---|---|---|---|---|
| | | Dr. Rathindra Nath Mitra | Mr. Ranga natharao Muralidhar | Ms. Sangeeta Sumesh | Mr. Rahul Choudhuri | Mr. Ashok Bhandari | Mr. Sudip Banerjee | |
| 1 | **Independent Directors** | | | | | | | |
| | Fee for attending board committee meetings | 5,95,000 | 80,000 | 4,50,000 | 3,85,000 | 3,70,000 | – | 18,80,000 |
| | Commission | – | – | – | – | – | – | – |
| | Others, please specify | – | – | – | – | – | – | – |
| | **Total (1)** | **5,95,000** | **80,000** | **4,50,000** | **3,85,000** | **3,70,000** | **–** | **18,80,000** |
| 2 | **Other Non-Executive Directors** | | | | | | | |
| | Fee for attending board committee meetings | – | – | – | – | – | 4,00,000 | 4,00,000 |
| | Commission | – | – | – | – | – | – | – |
| | Others, please specify | – | – | – | – | – | – | – |
| | Total (2) | **–** | **–** | **–** | **–** | **–** | **4,00,000** | **4,00,000** |
| | Total (B)=(1+2) | **5,95,000** | **80,000** | **4,50,000** | **3,85,000** | **3,70,000** | **4,00,000** | **22,80,000** |
| | Total Managerial Remuneration (A+B) | | | | | | | **3,64,79,000** |
| | Ceiling as per the Act | | | | | | | **10,98,00,000** |

**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 | 68,12,840 | 85,18,625 | 76,00,024 | 2,29,31,489 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | – | 31,068 | – | 31,068 |
| | (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)** | **68,12,840** | **85,49,693** | **76,00,024** | **2,29,62,557** |

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES – There was no penalty/ punishment imposed upon the company during financial year 2018-19.**

| 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**
*Joint Executive Chairman*
*& Managing Director*

Place : Bengaluru
Date : 29 May 2019

**Prabir Chatterjee**
*Director & CFO*

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 | 23.81 |
| Mr. Bikram Nag | Not applicable |
| Mr. Sudam Maitra | 20.31 |
| Mr. Prabir Chatterjee | 13.34 |

**2) Percentage increase in remuneration of each Director, Chief Financial Officer (CFO), Chief Executive Officer (CEO), Company Secretary in the financial year 2018-19**

| Name | Designation | % increase in remuneration in the Financial Year |
|---|---|---|
| Mr. Bijon Nag | Executive Chairman | 38.46 |
| Mr. Sudam Maitra | Deputy Managing Director | 18.31 |
| Mr. Prabir Chatterjee | Director and CFO | No Change |
| Mr. G Ray Chowdhury | Company Secretary | 9.77 |
| Mr. Rajshankar Ray | CEO, Home Appliances Division | No Change |
| Mr. Partha Sen | CEO, Engineering Division | 18.42 |

**3) Percentage increase in the median remuneration of employees in the financial year 2018-19 :**

The median remuneration of employees (including whole time directors) was Rs.5.95 lacs and Rs. 5.74 lacs in financial year 2018-19 and 2017-18 respectively. The increase in median remuneration was 3.66%.

**4) The number of permanent employees on the rolls of the Company as on 31 March 2019 is 1970 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 2018-19 | 6.53% |
| The percentage increase in the Managerial Remuneration | 14.86% |

**6) 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 at the Corporate Office of the Company during business hours on working days, except Saturday up to the date of ensuing Annual General Meeting. 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**
*Joint Executive Chairman*
*& Managing Director*

Place : Bengaluru
Date : 29 May 2019

**Prabir Chatterjee**
*Director & CFO*

ANNEXURE - F

# FORMAT FOR 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 : 2018-2019
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 formotor 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 provide 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 several products are exported.

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

1. Paid up Capital (INR) : Rs. 4,128 lacs
2. Total Turnover (INR) : Rs. 255,228 lacs
3. Total profit after taxes (INR) : Rs. 7,395 lacs
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 0.66% 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 Programme

**SECTION C : OTHER DETAILS**

1. Does the Company have any Subsidiary Company/ Companies? – Yes. The company has two subsidiaries and one step down subsidiary.
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 – HAD | CEO – Engineering Division |
| 4 | Telephone number | | |
| 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 : Annually

(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 since the financial year ended 31st March, 2018. The report can 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 the following are the details of the stakeholders complaints received by the Company along with the details of complaints resolved satisfactorily: -

| | |
|---|---|
| No. of stakeholders' complaints received during the year | 0 |
| No. of complaints resolved during the year | N.A. |
| No. of complaints pending at the end of the year | N.A. |
| % of complaints resolved successfully during the year | N.A. |

**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 – direct control on environmental friendly processes, effluent discharge control related areas 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 Use of solar energy through wheeling and banking. Sewage and water effluent treatment effectively done to reuse the water to reduce consumption of water.*

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

   *We do not have specific information on usage at customer end.*

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 organises 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 actively 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*

   *FBD : Scrap generated in the process are disposed of to Mini steel plants and copper smelters for recycling into another value added product.*

**Principle 3**

1. Please indicate the Total number of employees –
*1970 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–
1600 *nos. – across all divisions of the company*
3. Please indicate the Number of permanent women employees – 160 nos. *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 : *Not applicable*

| 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. *The HR policy applies to employees of the company only.*
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 investor complaint during 2018-19 which has been addressed during the year.*

**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, GIDC (Local Goa chamber), 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 programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

   *Not applicable*

2. Are the programmes/ 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 2018-19 was Rs 48.76 lacs which has been elaborated in Annexure-C.*

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 in Goa, West Bengal, Bengaluru and Utter Pradesh with specific schools – 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 centre / 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 behaviour 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 centres, service teams etc as applicable on an ongoing basis.*

For and on behalf of the Board of Directors

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

Place : Bengaluru
Date : 29 May 2019

**Prabir Chatterjee**
*Director & CFO*

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-Jul-16 | 13-Jul-17 | 13-Jul-17 |
| Reporting period for the subsidiary concerned, if different from the holding company's reporting period. | Same as holding company i.e. 31 March 2019 | | |
| Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | Indian Rupees | US Dollar | Thai Bhatt |
| Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | – | 69.15 | 2.18 |

**(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.** |
| Share capital | 2,347 | 2,976 | 2,763 |
| Reserves and surplus | (1,924) | 271 | (1059) |
| Total assets | 5,777 | 3854 | 2424 |
| Total Liabilities | 5354 | 607 | 720 |
| Investments | – | – | – |
| Turnover | 12443 | 1852 | 3111 |
| Loss before taxation | (318) | 139 | 3 |
| Provision for taxation | 65 | 14 | Nil |
| Profit / Loss after taxation | (383) | 125 | 3 |
| Proposed Dividend | – | – | – |
| Extent of shareholding (in percentage) | 51.12% | 100% | 100% |

**Notes :**

1. There are no subsidiaries which are yet to commerce 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, 2019, the information required in Part B has not been furnished.

**Notes :**

1. There are no associates or joint ventures which are yet to commerce 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**
*Joint Executive Chairman*
*& Managing Director*

**Prabir Chatterjee**
*Director & CFO*

Place : Bengaluru
Date : 29 May 2019

# 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 2019 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 2019 is as per "SEBI LODR".

| Category | No. of Directors | % |
|---|---|---|
| Executive Directors | 4 | 40.00 |
| Non-Executive & Independent Directors | 5 | 50.00 |
| Non-Executive & Non-Independent Director | 1 | 10.00 |
| **Total** | **10** | **100.00** |

**B) Particulars of Directorships & Committee Chairmanship/Membership of other Companies & Attendance at the Board Meetings & Last AGM held on 27 July 2018**

| Name | Category | No. of Board Meetings attended during 2018-19 | Last AGM Attended | No. of Directorships in other Indian Public Limited Companies as on 31 March 2019* | | No. of Committee position held in other Indian public limited Companies as on 31 March 2019** | | Directorship in other listed entity (Category of Directorship) |
|---|---|---|---|---|---|---|---|---|
| | | | | Chairman | Member | Chairman | Member | |
| Mr Bijon Nag (Executive Chairman) | Executive, Non-Independent | 2 | No | 1 | NIL | NIL | NIL | IFB Agro Industries Limited-Non Executive Chairman, Non Independent |
| Mr Bikram Nag (Joint Executive Chairman & MD) | Executive, Non-Independent | 6 | No | 1 | 2 | NIL | NIL | IFB Agro Industries Limited - Joint Executive Chairman, Non-Independent |
| Mr Prabir Chatterjee | Executive, Non-Independent | 6 | Yes | NIL | 1 | NIL | NIL | – |
| Mr Sudam Maitra | Executive, Non-Independent | 5 | Yes | NIL | 1 | NIL | NIL | – |

| Name | Category | No. of Board Meetings attended during 2018-19 | Last AGM Attended | No. of Directorships in other Indian Public Limited Companies as on 31 March 2019* | | No. of Committee position held in other Indian public limited Companies as on 31 March 2019** | | Directorship in other listed entity (Category of Directorship) |
|---|---|---|---|---|---|---|---|---|
| | | | | Chairman | Member | Chairman | Member | |
| Mr Sudip Banerjee | Non-Executive, Non-Independent | 6 | Yes | NIL | 3 | NIL | 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 | 6 | Yes | NIL | 1 | 1 | NIL | – |
| Mr Raganath Rao Muralidhar | Non-Executive, Independent | 1 | No | NIL | NIL | NIL | NIL | – |
| Ms. Sangeeta Shankaran Sumesh | Non-Executive, Independent | 6 | Yes | NIL | NIL | NIL | NIL | – |
| Mr. Rahul Choudhuri | Non-Executive, Independent | 6 | Yes | NIL | NIL | NIL | NIL | – |
| Mr. Ashok Bhandari | Non-Executive, Independent | 5 | No | 1 | 8 | NIL | 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) |

*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 2018-2019**

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 six meetings were held on following dates:

29 May 2018, 26 July 2018, 29 October 2018, 26 December 2018, 31 January 2019 and 28 March 2019.

**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 28 March 2019, 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 under the web link: **http://www.ifbindustries.com/assets/1554383400Familiarization-Programmes-2018-19.pdf**

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 has identified the list of core skills/expertise/competencies as required in the context of its business for it to function effectively and are as under :

1. Knowledge on Company's Business and knowledge of the Industry in which the Company operates.
2. Behavorial Skills – attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.
3. Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, legal, Administration and Decision Making.
4. Accounting, Financial and Management Skills.
5. Technical / Professional Skills and Specialised Knowledge in relation to Company's business.

**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 31.03.2019.

**H) Resignation of Independent Director**

Mr. R Muralidhar, (DIN 01687752) was appointed as an Independent Director of the Company for a term of five consecutive years in 38th Annual General Meeting held on 30th Day of July, 2014. He resigned from the Office of Independent Director of IFB Industries Limited with effect from April 16, 2019 due to disqualification U/s 164(2) of Companies Act, 2013 before the expiry of his tenure.

**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 of audit terms;

viii) 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 2018-19 :**

| Name of Members | Member/Chairman | No. of Meetings held | No. of Meetings attended |
|---|---|---|---|
| Dr. Rathindra Nath Mitra | Chairman | 4 | 4 |
| Mr. Prabir Chatterjee | Member | 4 | 4 |
| Ms. Sangeeta Sumesh | Member | 4 | 4 |
| Mr. Ashok Bhandari | Member | 4 | 3 |

- 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 four meetings were held of the members of the Committee which are as follows:

28 May 2018, 25 July 2018, 27 October 2018 and 30 January 2019.

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 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 2018-19 :**

| Name of Members | Member/Chairman | No. of Meetings held | No. of Meetings attended |
|---|---|---|---|
| Dr. Rathindra Nath Mitra | Chairman | 3 | 3 |
| Mr. Ranganatharao Muralidhar | Member | 3 | 1 |
| Mr. Sudip Banerjee | Member | 3 | 3 |

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

During the year under review three meetings were held on 29 May 2018, 31 January 2019 and 28 March 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 2019 are as follows :**

(Rs.)

| Name of Director | Sitting Fees | Salary and Perquisites | Total | Stock Option granted |
|---|---|---|---|---|
| Mr. Bijon Nag | – | 1,41,72,321 | 1,41,72,321 | NIL |
| Mr. Bikram Nag | – | – | – | NIL |
| Mr. Prabir Chatterjee | – | 79,40,210 | 79,40,210 | NIL |
| Mr. Sudam Maitra | – | 1,20,86,469 | 1,20,86,469 | NIL |
| Mr. Sudip Banerjee | 4,00,000 | – | 4,00,000 | NIL |
| Dr. Rathindra Nath Mitra | 5,95,000 | – | 5,95,000 | NIL |
| Ms. Sangeeta Shankaran Sumesh | 4,50,000 | – | 4,50,000 | NIL |
| Mr. Ranganathrao Muralidhar | 80,000 | – | 80,000 | NIL |
| Mr. Rahul Choudhuri | 3,85,000 | – | 3,85,000 | NIL |
| Mr. Ashok Bhandari | 3,70,000 | – | 3,70,000 | NIL |
| **Total** | **22,80,000** | **3,41,99,000** | **3,64,79,000** | NIL |

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

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 26 July 2018.

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**

This part is covered under the Directors Report.

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

A) **Terms of reference :**

The terms of reference of the Committee includes the following :

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

b) 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.

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

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

e) 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 2018-19 :**

| Name of Members | Executive/ Non-Executive | Member/ Chairman | No. of Meetings held | No. of Meetings attended |
|---|---|---|---|---|
| Dr. Rathindra Nath Mitra | Independent | Chairman | 21 | 21 |
| Mr. Prabir Chatterjee | Executive | Member | 21 | 21 |
| Mr. Rahul Choudhuri* | Independent | Member | 21 | 3 |

* Inducted in the committee on 31 January, 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 twenty one meetings were held on the following dates :

06 April 2018, 14 May 2018, 28 May 2018, 19 June 2018, 28 June 2018, 10 July 2018, 18 July 2018, 01 August 2018, 16 August 2018, 27 August 2018, 13 September 2018, 27 September 2018, 23 October 2018, 09 November 2018, 29 November 2018, 14 December 2018, 31 December 2018, 15 January 2019, 01 February 2019, 28 February 2019 and 28 March 2019.

**D) Complaints**

| | |
|---|---|
| No. of shareholders complaints received so far | 8 |
| No. of complaints not solved to the satisfaction of shareholders | 0 |
| No. of pending complaints | 0 |
| No of Complaint disposed off | 8 |

**E) Name, Designation and 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 |
|---|---|---|---|---|
| **42nd Annual General Meeting** | 28 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. | – |
| **40th Annual General Meeting** | 22 July 2016 | 9.30 A.M | Club Ecovista, Eco Space (Business Park), Premises No. 2F/11, Action Area II, Rajarhat, New Town, Kolkata – 700 156. | 1 |

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 2018-19. 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) **43rd AGM date, time and venue** : 26 July 2019
At 9.30. A.M
Club Ecovista, Ecospace Business Park,
Premises No. 2F/11, Action Area II,
Rajarhat, New Town, Kolkata 700156.

ii) **Financial Year** : 1 April 2018 to 31 March 2019

iii) **Book Closure date** : 20 July 2019 to 26 July 2019

iv) **Dividend payment date** : Dividend is not recommended.

v) **Listing on Stock Exchange** :
a) Bombay Stock Exchange Limited (BSE)
b) The National Stock Exchange of India Limited (NSE)
c) The Calcutta Stock Exchange Association Limited (CSE) (applied for delisting)

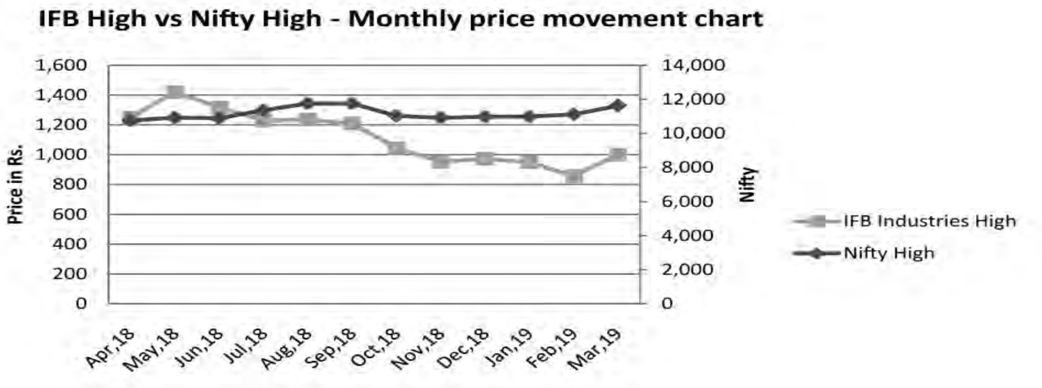
vi) **Listing Fees to Stock Exchange** : The listing Fees for NSE, BSE & CSE has been paid with in time limit for the year 2019-20.

vii) **Stock Code** :
BSE : 505726
NSE : IFB IND
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 2018-19.

| NATIONAL STOCK EXCHANGE OF INDIA LIMITED | | | |
|---|---|---|---|
| **Period** | **Monthly Low (Rs.)** | **Monthly High (Rs.)** | **Monthly Volume** |
| Apr-18 | 1146.00 | 1248.45 | 169330 |
| May-18 | 1167.65 | 1420.00 | 871300 |
| Jun-18 | 1072.00 | 1317.10 | 464257 |
| Jul-18 | 952.30 | 1230.00 | 374173 |
| Aug-18 | 1054.00 | 1235.00 | 313516 |
| Sep-18 | 1005.00 | 1208.00 | 244509 |
| Oct-18 | 852.00 | 1044.70 | 252745 |
| Nov-18 | 847.05 | 952.00 | 117950 |
| Dec-18 | 747.00 | 971.85 | 153291 |
| Jan-19 | 777.75 | 947.40 | 273617 |
| Feb-19 | 706.95 | 855.00 | 197784 |
| Mar-19 | 819.55 | 999.90 | 250501 |

ix) **Share price performance in comparison to broad based indices- NSE High V/S NIFTY High on a month to month basis**




x) **Registrar & Share Transfer Agent** : CB Management Services (P) Ltd.
P-22, Bondel Road, Kolkata - 700 019
Tel : (033) 4011 6700/2280 6692/2282 3643/2287 0263
Fax : (033) 4011 6739
E-mail : rta@cbmsl.com
Website : www.cbmsl.com

xi) **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** | **2018-19** | 2017-18 |
|---|---|---|
| No. of Shares Transferred | **15841** | 3654 |
| 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 2019 :**

| No. of Equity Shares Held | **As on 31 March 2019** | | | | As on 31 March 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | **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 | **18433** | **95.37** | **1582375** | **3.91** | 16798 | 93.90 | 14,06,382 | 3.47 |
| 501-1000 | **434** | **2.24** | **334818** | **0.83** | 448 | 2.92 | 3,68,115 | 0.91 |
| 1001-2000 | **187** | **0.97** | **274575** | **0.68** | 200 | 1.21 | 2,95,049 | 0.73 |
| 2001-3000 | **79** | **0.41** | **202760** | **0.50** | 85 | 0.58 | 2,44,115 | 0.60 |
| 3001-4000 | **31** | **0.16** | **109116** | **0.27** | 34 | 0.25 | 1,43,688 | 0.35 |
| 4001-5000 | **34** | **0.18** | **159198** | **0.39** | 37 | 0.25 | 1,90,198 | 0.47 |
| 5001-10000 | **48** | **0.25** | **325845** | **0.80** | 54 | 0.39 | 4,64,069 | 1.15 |
| 10001 and above | **82** | **0.42** | **37530109** | **92.62** | 86 | 0.50 | 3,74,07,180 | 92.32 |
| **Total** | **19328** | **100.00** | **40518796** | **100.00** | 17742 | 100.00 | 4,05,18,796 | 100.00 |

**B) Shareholding Pattern as on 31 March 2019 :**

| | No. of Shares | % of total |
|---|---|---|
| Indian Promoters | 3,03,73,199 | 74.96 |
| Mutual Funds/UTI | 901008 | 2.22 |
| Banks, Financial Institutions & Insurance companies | 8316 | 0.03 |
| Foreign Portfolio Investors | 3209620 | 7.92 |
| Private Corporate Bodies | 1425053 | 3.52 |
| Indian Public | 4408858 | 10.88 |
| Non –Resident Indians/Foreign Portfolio Investor | 168245 | 0.41 |
| Clearing Members | 18191 | 0.04 |
| Alternate Investment Funds | 6306 | 0.02 |
| **Total :** | **4,05,18,796** | **100.00** |

**xiii) Dematerialization of shares :**

As on 31 March 2019, 98.06% of the Company's total shares representing 3,97,33,258 shares were held in dematerialised form and the balance 1.94% representing 7,85,538 shares were held in physical form.

**xiv) 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.

**xv) Credit Ratings**

During the year India Ratings and Research (IND-Ra) Fitch Group has upgraded the credit rating of the Company from 'IND A+' to 'IND AA-. The details of Credit Rating is available on the website at **http://www.ifbindustries.com/pdf/Credit_Rating_20072018.pdf**

**xvi) Outstanding GDRs/ADRs/Warrants or any convertible instruments** : The Company has not issued any Convertible instruments, conversion any GDRs/ ADRs/Warrants.

**xvii) 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

**xviii) 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. 38 "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: None.

C) The financial statements for the year 2018-19 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 2018-2019.

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 2018-19.

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 except Mr. R Muralidhar, ( DIN 01687752) was appointed as an Independent Director of the Company for a term of five consecutive years in 38th Annual General Meeting held on 30th Day of July, 2014. He has resigned from the Office of Independent Director of IFB Industries Limited with effect from April 16, 2019 due to disqualification U/s 164(2) of Companies Act, 2013 before the expiry of his tenure.

J) During the financial year 2018-19, 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 2018-19 is given below:

Rs. in lacs

| **Particulars** | **Amount** |
|---|---:|
| Statutory Audit Fee | 47.00 |
| Tax Audit Fee | 17.00 |
| Limited Review Fee | 16.00 |
| Others | 18.00 |
| Reimbursement of expenses | 3.00 |
| Total | 101.00 |

L) **Reconciliation of Share Capital Audit :**

A Qualified Practicing Company Secretary carried out Reconciliation of Share Capital Audit during the financial year 2018-19 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, 2019.

This Corporate Governance Report of the Company for the year 2018-2019 as on 31 March 2019 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 2019.

**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**
*Joint Executive Chairman*
*& Managing Director*

Place : Bengaluru
Dated : 29 May 2019

**Prabir Chatterjee**
*Director & CFO*

# 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 2019 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 : 29 May 2019 | *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 5 September, 2018.
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 2019, 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, 2019.
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 : Bengaluru
Date : 29 May 2019

# 10 Year Highlights

Rs. in lacs

| | 2009–10 | 2010–11 | 2011–12 | 2012–13 | 2013–14 | 2014–15 | 2015–16 | 2016–17 (@) | 2017–18 (@) | **2018–19 (@)** |
|---|---|---|---|---|---|---|---|---|---|---|
| **Financial Highlights** | | | | | | | | | | |
| Total revenue | 55,683 | 69,754 | 81,440 | 92,760 | 1,02,896 | 1,27,658 | 1,51,425 | 1,91,189 | 2,20,710 | **2,55,228** |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | 6,645 | 7,948 | 5,114 | 6,193 | 5,335 | 10,165 | 8,275 | 11,612 | 17,502 | **15,649** |
| Depreciation and amortisation | 868 | 1,041 | 1,488 | 1,832 | 2,259 | 4,064 | 4,537 | 4,359 | 5,138 | **5,454** |
| Exceptional expense / (income) | – | – | 150 | – | – | – | – | – | – | **(1,935)** |
| Profit after tax | 5,376 | 5,031 | 3,054 | 3,145 | 2,160 | 4,973 | 3,136 | 5,513 | 8,325 | **7,395** |
| Equity Share capital | 3,552 | 3,622 | 3,628 | 4,128 | 4,128 | 4,128 | 4,128 | 4,128 | 4,128 | **4,128** |
| Other Equity | 11,825 | 17,498 | 20,591 | 27,436 | 29,596 | 34,569 | 37,705 | 43,020 | 50,901 | **57,937** |
| Net worth | 4,593 | 10,336 | 13,435 | 20,780 | 22,940 | 27,913 | 31,049 | 36,562 | 44,443 | **51,479** |
| Property, plant and equipment, investment property, intangibles including CWIP (Gross) | 41,050 | 44,691 | 41,619 | 38,775 | 44,743 | 51,979 | 57,787 | 36,231 | 39,509 | **48,374** |
| Property, plant and equipment, investment property, intangibles including CWIP (Net) | 8,472 | 13,884 | 16,061 | 19,503 | 24,038 | 27,873 | 29,767 | 31,876 | 30,052 | **33,543** |
| Total assets | 29,039 | 38,911 | 44,112 | 53,834 | 64,121 | 77,092 | 79,143 | 88,122 | 1,08,200 | **1,20,417** |
| Market capitalisation | 31,193 | 49,409 | 28,095 | 32,739 | 32,091 | 2,37,400 | 1,28,809 | 2,62,197 | 4,62,907 | **3,96,070** |
| Number of employees | 986 | 1,173 | 1,286 | 1,390 | 1,453 | 1,537 | 1,626 | 1,646 | 1,690 | **1,970** |
| **Key indicators** | | | | | | | | | | |
| Earnings per share (Rs.) (before exceptional items) | 16.87 | 14.24 | 8.61 | 7.95 | 5.33 | 12.27 | 7.74 | 13.61 | 20.55 | **13.48** |
| Earnings per share (Rs.) (after exceptional items) | 16.87 | 14.24 | 8.61 | 7.95 | 5.33 | 12.27 | 7.74 | 13.61 | 20.55 | **18.25** |
| Total revenue per share (Rs.) | 160.22 | 196.73 | 229.29 | 228.93 | 253.95 | 315.06 | 373.72 | 471.85 | 544.71 | **629.90** |
| Book value per share (Rs.) | 44.24 | 59.57 | 68.19 | 77.90 | 83.23 | 95.50 | 103.24 | 116.36 | 135.81 | **153** |
| Current ratio | 1.57 | 1.57 | 1.61 | 1.76 | 1.54 | 1.43 | 1.40 | 1.42 | 1.53 | **1.51** |
| EBITDA / Total revenue | 11.9% | 11.4% | 6.3% | 6.7% | 5.2% | 8.0% | 5.5% | 6.1% | 7.9% | **6.1%** |
| Net profit margin | 9.7% | 7.2% | 3.8% | 3.4% | 2.1% | 3.9% | 2.1% | 2.9% | 3.8% | **2.9%** |
| Return on net worth on PBT | 125.2% | 66.6% | 26.8% | 20.9% | 12.8% | 21.2% | 11.3% | 18.6% | 26.9% | **18.7%** |
| Return on capital employed (ROCE) | 35.0% | 23.8% | 12.6% | 10.0% | 6.4% | 12.9% | 7.5% | 11.7% | 15.1% | **11.9%** |

@ 2016-17 , 2017-18 & 2018-19 as per Ind AS and for earlier years as per previous GAAP

# 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 31st March 2019, and the Statement of Profit and Loss (including Other Comprehensive Loss), the Statement of Cash Flows 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 2019, and its profit, other comprehensive loss, 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. | **Principal Audit Procedures**<br><br>Our audit approach was a combination of test of internal controls and substantive procedures including:<br><br>• Assessing the appropriateness of the Company's revenue recognition accounting policies, in line with Ind AS 115 ("Revenue from Contracts with Customers"). |

| 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 constactual performance obligation due to incorrect recording of point of time when the customer obtains control of the asset.<br><br>Refer to the Accounting Policy para 1d and Notes 21 to the Standalone Financial Statements. | • Evaluating the design and implementation of Company's controls in respect of revenue recognition. Testing the effectiveness of such controls over revenue cut off at year-end. Testing the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end, including examination of credit notes issued after the year end to determine whether revenue was recognised in the correct period.<br><br>• Developing an expectation of the current year revenue based on monthly trend analysis and comparing this expectation against actual revenue. Where appropriate, conducting further enquiries and testing. |

**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 Directors' 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 loss, 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 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 Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the 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, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 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,

       In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

    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 37 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 were no amounts which were 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 : Bengaluru
Date : 29 May 2019

# 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 2019 in conjunction with our audit of the standalone 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 2019, 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.

For **DELOITTE HASKINS & SELLS**
*Chartered Accountants*
(Firm Registration No. 302009E)

**Abhijit Bandyopadhyay**
*Partner*
(Membership No. 054785)

Place : Bengaluru
Date : 29 May 2019

## 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.

(ii) As explained to us, inventories were physically verified during the year by the Management at reasonable intervals 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 2019 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 2019 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 2009-10 and 2012-13 | 223 | - |
| Central Excise Act, 1944 | Excise duty | Commissioner Appeals | 2010-11 to 2013-15 | 31 | - |
| | | Customs Excise and Service Tax Appellate Tribunal (CESTAT) | 2004-05 to 2009-10 | 43 [a] | 6.47 |
| Central Sales Tax Act and Local Sales Tax Act | Sales Tax including trade tax | Assessing officer | 1991-92 to 1994-95 | 176 | - |
| | | Assistant Commissioner | 2002-03 | 1 | - |
| | | Additional Commissioner | 2008-09 and 2009-10 | 10 | - |
| | | Commissioner Appeals | 2009-10 and 2015-16 | - [b] | 3.92 |
| | | Deputy Commissioner (Appeals) | 2009-10 and 2010-11 | 1 [c] | 0.78 |
| | | Deputy Commissioner | 2013-14 | 1 [d] | 0.21 |
| | | Trade Tax Tribunal | 1999-2000 | 1 [e] | 0.47 |
| | | Joint Commissioner | 2011-13 | 11 [f] | 8.48 |
| | | Commercial Tax Appellate Board | 2009-10 | 42 [g] | 16.25 |
| | | Sr. Jt. Commissionerate, Corporate division | 2013-14 | 69 [h] | 12.30 |
| | | Appellate Tribunal | 2002-03 and 2005-06 | 15 [i] | 56.31 |
| | | Supreme Court | 2001-03 | 62 [j] | 82.96 |
| Customs Act, 1962 | Customs duty | Additional Director General, Directorate of Revenue Intelligence | 2008-12 | 2 | - |
| The Finance Act, 1994 | Service Tax | Assistant Commissioner | 2013 – 2015 | 7 | - |
| | | Customs Excise and Service Tax Appellate Tribunal (CESTAT) | 2005-06 to 2011-12 | 529 | - |
| | | Deputy / Assistant Commissioner (Appeal) | 2012-16 | 16 | - |

[a] Net of Rs. 6.47 Lacs paid under protest
[b] Net of Rs. 3.92 Lacs paid under protest
[c] Net of Rs. 0.78 Lacs paid under protest
[d] Net of Rs. 0.21 Lacs paid under protest
[e] Net of Rs. 0.47 Lacs paid under protest
[f] Net of Rs. 8.48 Lacs paid under protest
[g] Net of Rs. 16.25 Lacs paid under protest
[h] Net of Rs. 12.30 Lacs paid under protest
[i] Net of Rs. 56.31 Lacs paid under protest
[j] Net of Rs. 82.96 Lacs paid under protest

(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 accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(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 : Bengaluru
Date : 29 May 2019

# Standalone Balance Sheet as at 31 March 2019

| | Notes | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|---|
| **ASSETS** | | | |
| 1. **Non-current assets** | | | |
| (a) Property, plant and equipment | 3A | **27,084** | 27,641 |
| (b) Capital work-in-progress | 3A | **1,659** | 227 |
| (c) Investment property | 4 | **11** | 11 |
| (d) Goodwill | | **1,355** | - |
| (e) Other Intangible assets | 3B | **2,853** | 1,726 |
| (f) Intangible assets under development | 3B | **581** | 447 |
| (g) Financial assets | | | |
| (i) Investments | 5 | **3,360** | 3,360 |
| (ii) Loans | 6 | **56** | 54 |
| (iii) Others | 7 | **1,089** | 854 |
| (h) Income tax assets (net) | 8 | **844** | 289 |
| (i) Other non-current assets | 9 | **4,555** | 2,477 |
| 2. **Current assets** | | | |
| (a) Inventories | 10 | **39,259** | 31,070 |
| (b) Financial assets | | | |
| (i) Investments | 5 | **2,726** | 9,267 |
| (ii) Trade receivables | 11 | **21,133** | 17,234 |
| (iii) Cash and cash equivalents | 12 | **7,039** | 6,241 |
| (iv) Other bank balances | 13 | **2,445** | 68 |
| (v) Loans | 6 | **53** | 55 |
| (vi) Others | 7 | **154** | 46 |
| (c) Other current assets | 9 | **4,161** | 7,133 |
| **Total assets** | | **1,20,417** | 1,08,200 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 14 | **4,128** | 4,128 |
| (b) Other equity | | **57,937** | 50,901 |
| **Liabilities** | | | |
| 1. **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 15 | **250** | 1,000 |
| (ii) Other financial liabilities | 16 | **14** | 9 |
| (b) Provisions | 18 | **5,446** | 4,197 |
| (c) Deferred tax liabilities (net) | 19 | **601** | 526 |
| (d) Other non-current liabilities | 17 | **994** | 1,050 |
| 2. **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 20 | **403** | 408 |
| (ii) Trade payables | | | |
| (A) total outstanding dues of micro enterprises and small enterprises | | **3,833** | 4,728 |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | | **37,796** | 31,911 |
| (iii) Other financial liabilities | 16 | **1,842** | 1,417 |
| (b) Other current liabilities | 17 | **6,757** | 7,473 |
| (c) Provisions | 18 | **416** | 387 |
| (d) Income tax liabilities (net) | | **–** | 65 |
| **Total equity and liabilities** | | **1,20,417** | 1,08,200 |

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*

*Bengaluru*
29 May 2019

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
29 May 2019

## Standalone Statement of Profit and Loss for the year ended 31 March 2019

| | | Notes | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|---|---|
| I | Revenue from operations | 21 | **2,53,987** | 2,19,179 |
| II | Other income | 22 | **1,241** | 1,531 |
| III | **Total income (I + II)** | | **2,55,228** | 2,20,710 |
| IV | **Expenses** | | | |
| | (a) Cost of materials consumed | 23 | **1,06,230** | 88,030 |
| | (b) Purchases of stock-in-trade | 24 | **47,098** | 38,434 |
| | (c) Changes in inventories of finished goods, stock-in-trade and work-in-progress | 25 | **(4,782)** | (6,016) |
| | (d) Excise duty on sale of goods | 26 | – | 4,014 |
| | (e) Employee benefits expense | 27 | **25,505** | 21,114 |
| | (f) Finance costs | 28 | **575** | 430 |
| | (g) Depreciation and amortisation expense | 29 | **5,454** | 5,138 |
| | (h) Other expenses | 30 | **67,463** | 57,632 |
| | **Total expenses (IV)** | | **2,47,543** | 2,08,776 |
| V | **Profit before exceptional items and tax (III - IV)** | | **7,685** | 11,934 |
| VI | Exceptional Items | 42 | **1,935** | – |
| VII | **Profit before tax (V + VI)** | | **9,620** | 11,934 |
| VIII | **Tax expense** | | | |
| | (a) Current tax | 31A | **2,905** | 3,655 |
| | (b) Deferred tax | 31A | **(680)** | (46) |
| IX | **Profit for the year (VII - VIII)** | | **7,395** | 8,325 |
| X | **Other comprehensive income** | | | |
| | **A** (i) Items that will not to be reclassified to profit or loss | | | |
| | - Remeasurements of the defined benefit plan | 33 | **(552)** | (679) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | 31B | **193** | 235 |
| | **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** | | **(359)** | (444) |
| XI | **Total comprehensive income for the year (IX + X)** | | **7,036** | 7,881 |
| XII | **Earnings per equity share (Face value Rs. 10 each)** | | | |
| | (a) Basic (in Rs.) | 32 | **18.25** | 20.55 |
| | (b) Diluted (in Rs.) | 32 | **18.25** | 20.55 |

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*

*Bengaluru*
29 May 2019

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
29 May 2019

# Standalone Statement of Changes in Equity for the year ended 31 March 2019

## 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 2018 | 4,128 | – | **4,128** |
| For the year ended 31 March 2019 | 4,128 | – | **4,128** |

## B. Other equity

| | Reserves and surplus | | | | Total |
|---|---|---|---|---|---|
| | 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 |
| Balance as at 01 April 2017 | 17,433 | 1,605 | 8,981 | 15,001 | 43,020 |
| Profit for the year | – | – | – | 8,325 | 8,325 |
| Other comprehensive income (net of tax) | – | – | – | (444) | (444) |
| Total comprehensive income for the year | – | – | – | 7,881 | 7,881 |
| Balance as at 31 March 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** |

**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 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*

*Bengaluru*
29 May 2019

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
29 May 2019

# Standalone Cash Flow Statement for the year ended 31 March 2019

| | | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|---|
| A. | **Cash flows from operating activities** | | |
| | **Profit before tax** | 9,620 | 11,934 |
| | Adjustments for: | | |
| | Depreciation and amortisation expense | 5,454 | 5,138 |
| | Loss/ (Gain) on disposal of property, plant and equipment | 2 | (131) |
| | Exceptional Gain (Refer no 42) | (1,935) | - |
| | Write-off of property, plant and equipment | 111 | 29 |
| | Write-off of debts/ advances | 27 | 59 |
| | Allowances for doubtful debts and advances | 37 | 45 |
| | Dividend from investments in mutual fund | (180) | (102) |
| | Net gain on disposal of mutual funds measured at fair value through statement of profit and loss (FVTPL) | (36) | (13) |
| | Write back of liabilities no longer required | (231) | (83) |
| | Write back of provision on assets no longer required | (15) | (17) |
| | Unrealised exchange gain | (372) | (10) |
| | Interest income on financial assets | (281) | (142) |
| | Net gain arising on mutual funds measured at FVTPL | (194) | (345) |
| | Net (gain)/loss arising on derivative instruments measured at FVTPL | 238 | (192) |
| | Finance costs | 345 | 302 |
| | **Operating profit before working capital changes** | 12,590 | 16,472 |
| | Adjustments for: | | |
| | Trade payables | 5,596 | 10,435 |
| | Provisions | 726 | 678 |
| | Other financial liabilities | 78 | 78 |
| | Other liabilities | (772) | 669 |
| | Trade receivables | (3,947) | (3,466) |
| | Other financial assets | (257) | 47 |
| | Other assets | 1,735 | (3,482) |
| | Loans and advances | – | 1 |
| | Inventories | (8,175) | (7,582) |
| | **Cash generated from operations** | 7,574 | 13,850 |
| | Income tax paid (net of refunds) | (2,595) | (2,099) |
| | **Net cash from operating activities** | 4,979 | 11,751 |
| B. | **Cash flows from investing activities** | | |
| | Purchase of property, plant and equipment | (6,520) | (3,801) |
| | Sale of property, plant and equipment | 7 | 402 |
| | Proceeds from Compulsary acquisition of immovable property | 1,959 | – |
| | Consideration paid for business combination (Refer Note 2 below) | (3,350) | – |
| | Investment in subsidiaries | – | (2,160) |
| | Purchase of current investments | (41,562) | (26,960) |
| | Sale of current investments | 48,513 | 23,301 |
| | Increase in other bank balances | (2,377) | (2) |
| | Interest income on financial assets | 192 | 142 |
| | **Net cash used in investing activities** | (3,138) | (9,078) |

# Standalone Cash Flow Statement for the year ended 31 March 2019

| | | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|---|
| **C.** | **Cash flows from financing activities** | | |
| | Proceeds from borrowing | **25,140** | 18,878 |
| | Repayment of borrowing | **(25,895)** | (19,568) |
| | Finance costs | **(288)** | (308) |
| | **Net cash used in financing activities** | **(1,043)** | (998) |
| **Net change in cash and cash equivalents (A+B+C)** | | **798** | 1,675 |
| **Cash and cash equivalents at the beginning of the year** | | **6,241** | 4,566 |
| **Cash and cash equivalents at the end of the year [refer note 12]** | | **7,039** | 6,241 |

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:

| | | |
|---|---|---|
| Property, plant and equipment | **145** | – |
| Other intangible assets | **1,942** | – |
| Inventories | **455** | – |
| Trade payables | **334** | – |
| Advance from customers | **107** | – |

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*

*Bengaluru*
29 May 2019

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
29 May 2019

# Notes to the standalone financial statements for the year ended 31 March 2019

## 1. SIGNIFICANT ACCOUNTING POLICIES :

### a. 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.

### b. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind ASs) notified under section 133 of the Companies Act, 2013. These financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

### c. Basis of preparation

The 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.

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 – Leases, 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 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.

### 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 value added 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 established.

Interest income is recognised using the effective interest method.

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 similar significant additional benefits.

Depreciation on property, plant and equipment has been provided on the straight-line method 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.

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.

**f. 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.

**g. 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). If, there are no such limitations, the useful life is taken to be indefinite.

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.

**h. 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.

**i. 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.

**j. 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 loss.

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.

**k. 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.

**l. Investment in subsidiaries**

Investment in subsidiaries are carried at cost less accumulated impairment, if any.

**m. 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.

**n. 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.

**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 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.

**p. 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.

**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 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.

**r. 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.

**s. Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**Company as lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the standalone statement of profit and loss on a straight-line basis over the term of the lease unless the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

**Company as lessee**

Assets used under finance leases are recognised as property, plant and equipment in the Balance Sheet for an amount that corresponds to the lower of fair value and the present value of minimum lease payments determined at the inception of the lease and a liability is recognised for an equivalent amount.

The minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the standalone statement of profit and loss.

Rentals payable under operating leases are charged to the standalone statement of profit and loss on a straight-line basis over the term of the relevant lease unless the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**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 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 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.

**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.

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.

**w. 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.

**x. 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.

**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 fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in statement of profit and loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value. Goodwill is measured as the excess of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

**z. 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 statement of profit and 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.

**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 accounting policies that have the most significant effect on the amounts recognised 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

**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 other long-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.

**2B. RECENT ACCOUNTING PRONOUNCEMENTS :**

**Ind AS 116 – Leases**

On 30 March 2019, Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases. Ind AS 116 will replace the existing Standard i.e., Ind AS – 17 Leases and related interpretations.

Ind AS 116 requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. It also contains enhanced disclosure requirements for lessees.The effective date of adoption of Ind AS 116 is annual periods beginning on or after 1 April, 2019.The Company is currently evaluating the effect this standard on the standalone financial statements.

## Notes to the standalone financial statements for the year ended 31 March 2019

**Ind AS 12–Income Taxes**

On 30 March 2019, Ministry of Corporate Affairs (MCA) issued amendments to the guidance in Ind AS 12 in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividend in profit or loss, OCI or equity according to where the entity originally recognises those past transactions or events.The effective date for application of this amendment is annual periods beginning on or after 1 April, 2019.The Company is currently evaluating the effect this standard on the standalone financial statements.

**Ind AS 19 – Employee Benefits**

On 30 March 2019, Ministry of Corporate Affairs (MCA) issued amendments to the Ind AS 19 – Employee Benefits in connection with accounting for plan amendments, curtailments and settlements.

The amendment require an entity to use updated assumptions to determine current service costs and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in the profit or loss as part of past service cost or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of impact of the asset ceiling.The effective date for application of this amendment is annual periods beginning on or after 1 April, 2019. The Company does not have an impact on account of this amendment.

## Notes to the consolidated financial statements for the year ended 31 March 2019

Rs. in Lacs

| | Particulars of Assets | Gross Block | | | | | Depreciation and amortisation | | | | Net Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As at 01 April 2018 | Fair Value of assets acquired on business combination (Refer note 41) | Additions | Adjustments / disposals | As at 31 March 2019 | As at 01 April 2018 | For the year | Adjustments / disposals | As at 31 March 2019 | As at 31 March 2019 | As at 31 March 2018 |
| 3A | **Property, plant and equipment** | | | | | | | | | | | |
| (a) | **Land** | 527 | – | – | (21) | **506** | – | – | – | **–** | **506** | 527 |
| | Land | 527 | – | – | (21) | **506** | – | – | – | **–** | **506** | 527 |
| | *Previous year* | *527* | – | – | – | *527* | – | – | – | – | *527* | *527* |
| (b) | **Buildings** | 4,756 | – | 89 | (3) | **4,842** | 436 | 232 | – | **668** | **4,174** | 4,320 |
| | Buildings | 3,489 | – | 88 | (3) | **3,574** | 357 | 187 | – | **544** | **3,030** | 3,132 |
| | R and D buildings | 1,267 | – | 1 | – | **1,268** | 79 | 45 | – | **124** | **1,144** | 1,188 |
| | *Previous year* | *4,690* | – | *68* | *(2)* | *4,756* | *212* | *224* | – | *436* | *4,320* | *4,478* |
| (c) | **Plant and equipment** | 27,535 | 145 | 3,212 | (141) | **30,751** | 7,034 | 3,819 | (49) | **10,804** | **19,947** | 20,501 |
| | Plant and equipment | 25,936 | 145 | 2,843 | (140) | **28,784** | 6,759 | 3,672 | (49) | **10,382** | **18,402** | 19,177 |
| | R and D plant and equipment | 1,599 | – | 369 | (1) | **1,967** | 275 | 147 | – | **422** | **1,545** | 1,324 |
| | *Previous year* | *24,808* | – | *3,056* | *(329)* | *27,535* | *3,349* | *3,720* | *(35)* | *7,034* | *20,501* | *21,459* |
| (d) | **Furniture and fixtures** | 1,823 | – | 422 | (34) | **2,211** | 317 | 210 | (15) | **512** | **1,699** | 1,506 |
| | Furniture and fixtures | 1,490 | – | 400 | (34) | **1,856** | 269 | 177 | (15) | **431** | **1,425** | 1,221 |
| | R and D furniture and fixtures | 333 | – | 22 | – | **355** | 48 | 33 | – | **81** | **274** | 285 |
| | *Previous year* | *1,452* | – | *374* | *(3)* | *1,823* | *139* | *179* | *(1)* | *317* | *1,506* | *1,313* |
| (e) | **Vehicles** | 58 | – | – | – | **58** | 16 | 8 | – | **24** | **34** | 42 |
| | Vehicles | 30 | – | – | – | **30** | 10 | 5 | – | **15** | **15** | 20 |
| | R and D vehicles | 28 | – | – | – | **28** | 6 | 3 | – | **9** | **19** | 22 |
| | *Previous year* | *58* | – | – | – | *58* | *8* | *8* | – | *16* | *42* | *50* |
| (f) | **Office equipment** | 340 | – | 57 | (7) | **390** | 134 | 66 | (4) | **196** | **194** | 206 |
| | Office equipment | 333 | – | 56 | (7) | **382** | 132 | 64 | (4) | **192** | **190** | 201 |
| | R and D office equipment | 7 | – | 1 | – | **8** | 2 | 2 | – | **4** | **4** | 5 |
| | *Previous year* | *267* | – | *74* | *(1)* | *340* | *64* | *70* | – | *134* | *206* | *203* |
| (g) | **Computers** | 882 | – | 200 | (14) | **1,068** | 343 | 203 | (8) | **538** | **530** | 539 |
| | Computers | 807 | – | 168 | (14) | **961** | 300 | 183 | (8) | **475** | **486** | 507 |
| | R and D computers | 75 | – | 32 | – | **107** | 43 | 20 | – | **63** | **44** | 32 |
| | *Previous year* | *705* | – | *178* | *(1)* | *882* | *144* | *199* | – | *343* | *539* | *561* |
| | **Total** | 35,921 | 145 | 3,980 | (220) | **39,826** | 8,280 | 4,538 | (76) | **12,742** | **27,084** | 27,641 |
| | Total | 32,612 | 145 | 3,555 | (219) | **36,093** | 7,827 | 4,288 | (76) | **12,039** | **24,054** | 24,785 |
| | Total R and D | 3,309 | – | 425 | (1) | **3,733** | 453 | 250 | – | **703** | **3,030** | 2,856 |
| | *Previous year* | 32,507 | – | 3,750 | (336) | **35,921** | 3,916 | 4,400 | (36) | **8,280** | **27,641** | 28,591 |
| | **Capital work–in–progress** | 227 | – | 1,657 | (225) | **1,659** | – | – | – | **–** | **1,659** | 227 |
| | *Previous year* | *801* | – | *227* | *(801)* | *227* | – | – | – | – | *227* | *801* |

1 *R and D denotes research and development.*

2 *Certain portion of land and building has been given on operating lease.*

## Notes to the consolidated financial statements for the year ended 31 March 2019

Rs. in Lacs

| | | Particulars of Assets | Gross Block | | | | | Depreciation and amortisation | | | | Net Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | As at 01 April 2018 | Fair Value of assets acquired on business combination (Refer note 41) | Additions | Adjustments / disposals | As at 31 March 2019 | As at 01 April 2018 | For the year | Adjustments / disposals | As at 31 March 2019 | As at 31 March 2019 | As at 31 March 2018 |
| 3B | **Intangible assets** | | | | | | | | | | | | |
| | (a) | **Brand** | - | 382 | - | - | **382** | - | 35 | - | **35** | **347** | - |
| | | Brand | - | 382 | - | - | **382** | - | 35 | - | **35** | **347** | - |
| | | *Previous year* | - | - | - | - | - | - | - | - | - | - | - |
| | (b) | **Computer software** | 1,447 | - | 84 | (4) | **1,527** | 642 | 438 | (4) | **1,076** | **451** | 805 |
| | | Computer software | 1,264 | - | 75 | (4) | **1,335** | 543 | 388 | (4) | **927** | **408** | 721 |
| | | R and D computer software | 183 | - | 9 | - | **192** | 99 | 50 | - | **149** | **43** | 84 |
| | | *Previous year* | *1,303* | - | *144* | - | *1,447* | *175* | *467* | | *642* | *805* | *1,128* |
| | (c) | **Technical knowhow** | 1,456 | 943 | 17 | - | **2,416** | 535 | 415 | - | **950** | **1,466** | 921 |
| | | Technical knowhow | - | - | 17 | - | **17** | - | 3 | - | **3** | **14** | - |
| | | R and D technical knowhow | 1,456 | 943 | - | - | **2,399** | 535 | 412 | - | **947** | **1,452** | 921 |
| | | *Previous year* | *1,021* | - | *435* | - | *1,456* | *264* | *271* | | *535* | *921* | *757* |
| | (d) | **Non-compete agreement** | - | 617 | - | - | **617** | - | 28 | - | **28** | **589** | - |
| | | Non-compete agreement | - | 617 | - | - | **617** | - | 28 | - | **28** | **589** | - |
| | | *Previous year* | - | - | - | - | - | - | - | - | - | - | - |
| | **Total** | | 2,903 | 1,942 | 101 | (4) | **4,942** | 1,177 | 916 | (4) | **2,089** | **2,853** | 1,726 |
| | Total | | 1,264 | 999 | 92 | (4) | **2,351** | 543 | 454 | (4) | **993** | **1,358** | 721 |
| | Total R and D | | 1,639 | 943 | 9 | - | **2,591** | 634 | 462 | - | **1,096** | **1,495** | 1,005 |
| | *Previous year* | | 2,324 | - | 579 | - | **2,903** | 439 | 738 | - | **1,177** | **1,726** | 1,885 |
| | **Intangible assets under development** | | 447 | - | 134 | - | **581** | - | - | - | **-** | **581** | 447 |
| | *Previous year* | | *588* | - | *447* | *(588)* | *447* | - | - | - | - | *447* | *588* |

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 2019*** |
|---|---|
| *(a) Design Cost for washing machines* | *The entire net block would be amortised in 4 years.* |
| *(b) Engineering design and process for Industrial Launderete Equipments* | *The entire net block would be amortised in 7 years.* |
| *(c) Design cost of Motors* | *The entire net block would be amortised in 5 years.* |
| *(d) Brand* | *The entire net block would be amortised in 5 years.* |
| *(e) Non-compete agreement* | *The entire net block would be amortised in 10 years.* |

4 *R&D approval is pending for technical knowhow acquired on business combination from Department of Science and Industrial Research, Government of India, Ministry of Science and Technology.*

# Notes to the standalone financial statements for the year ended 31 March 2019

## 4. Investment property

**Rs. in Lacs**

| | Gross Block / Net Book Value | | | |
|---|---|---|---|---|
| | As at 01 April, 2018 | **Additions** | **Adjustments /disposals** | **As at 31 March 2019** |
| 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 2018: Rs. 7 lacs) being assets given on an operating lease.
2. As at 31 March 2019 and 31 March 2018 the fair values of the properties are **Rs. 530 lacs** and Rs. 500 lacs respectively. These valuations are based on valuations performed by Nag Chowdhury Associates, an accredited independent valuer. Nag Chowdhury 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:

| | **Year ended** | |
|---|---|---|
| | **31 March 2019 Rs. in Lacs** | 31 March 2018 Rs. in Lacs |
| Rental income derived from investment property | **6** | 6 |
| Profit arising from investment property | **6** | 6 |

## 5. Investments

| **Particulars** | **As at 31 March 2019** | | | As at 31 March 2018 | | |
|---|---|---|---|---|---|---|
| | | **Current** | **Non Current** | | Current | Non Current |
| | **Nos** | **Rs. in Lacs** | **Rs. in Lacs** | Nos | Rs. in Lacs | 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 2019

**5. Investments** *(Contd.)*

| Particulars | As at 31 March 2019 | | | As at 31 March 2018 | | |
|---|---|---|---|---|---|---|
| | | **Current** | **Non Current** | | Current | Non Current |
| | **Nos** | **Rs. in Lacs** | **Rs. in Lacs** | Nos | Rs. in Lacs | 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/-) | **19,24,974** | **1,928** | **–** | – | – | – |
| b) Reliance Regular Savings Fund - Debt Plan - Growth plan - growth option (face value Rs. 10/-) | **23,03,578** | **594** | **–** | 50,84,272 | 1,230 | – |
| c) ICICI Prudential Regular Saving Fund - Growth (face value Rs 10/-) | **10,27,149** | **204** | **–** | 10,27,149 | 191 | – |
| d) Reliance Medium Term Fund - Direct growth plan (face value Rs. 10/-) | **–** | **–** | **–** | 59,61,180 | 2,216 | – |
| e) ICICI Prudential Money Market Fund Option - Direct plan daily dividend (face value Rs. 100/-) | **–** | **–** | **–** | 19,83,515 | 1,986 | – |
| f) Kotak Low Duration Fund - Standard growth - regular plan (face value Rs. 10/-) | **–** | **–** | **–** | 72,503 | 1,538 | – |
| g) Franklin India Low Duration Fund - Growth plan (face value Rs 10/-) | **–** | **–** | **–** | 61,66,526 | 1,232 | – |
| h) L&T Income Oppurtunities Fund - Growth (face value Rs 10/-) | **–** | **–** | **–** | 18,02,955 | 360 | – |
| i) Aditya Birla Sun Life Savings Fund - Growth direct plan (face value Rs. 100/-) | **–** | **–** | **–** | 91,183 | 313 | – |
| j) ICICI Prudential Liquid - Direct plan - growth (face value Rs 100/-) | **–** | **–** | **–** | 78,333 | 201 | – |
| **Total** | | **2,726** | **–** | | 9,267 | – |
| **Total investments** | | **2,726** | **3,360** | | 9,267 | 3,360 |
| **Other disclosures** | | | | | | |
| Aggregate amount of unquoted investments | | **2,726** | **3,360** | | 9,267 | 3,360 |
| Aggregate amount of impairment in value of investments | | **–** | **–** | | – | – |

## Notes to the standalone financial statements for the year ended 31 March 2019

**5. Investments** *(Contd.)*

| **Details of investment in subsidiaries :** | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| 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 2019** | | As at 31 March 2018 | |
|---|---|---|---|---|
| | **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 38) | **4** | **2** | 3 | 2 |
| - Other loans to employees | **49** | **54** | 52 | 52 |
| **Total** | **53** | **56** | 55 | 54 |

**7. Other financial assets**

| **Particulars** | **As at 31 March 2019** | | As at 31 March 2018 | |
|---|---|---|---|---|
| | **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 | **–** | **1** | – | – |
| Bank deposit with more than 12 months maturity | **–** | **11** | – | 6 |
| Security deposits | | | | |
| - to related parties (unsecured, considered good) - refer note 38 | **–** | **58** | – | 58 |
| - to others | | | | |
| (i) Unsecured, considered good | **58** | **1,019** | 36 | 789 |
| (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 | **3** | **–** | 6 | – |
| - Interest accrued on fixed deposits | **92** | **–** | 2 | 1 |
| - Insurance and other claim receivable | **1** | **–** | 2 | – |
| **Total** | **154** | **1,089** | 46 | 854 |
| 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 2019

## 8. Income tax assets (net)

| Particulars | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Advance tax (net of provision) | **844** | 289 |
| **Total** | **844** | 289 |

## 9. Other assets

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | Current | Non Current | Current | Non Current |
| | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs |
| Capital advance | **–** | **1,350** | – | 503 |
| Advances other than capital advance | | | | |
| - deposit with statutory authorities | **26** | **438** | 1 | 461 |
| - advances with statutory authorities | **2,742** | **1,485** | 4,893 | 1,508 |
| - advances with related parties (refer note 38) | **836** | **–** | 1,275 | – |
| Other advances | | | | |
| - advances for goods and services | **116** | **14** | 762 | 14 |
| - prepaid expenses | **391** | **–** | 198 | – |
| - prepaid lease rent | **50** | **1,282** | 4 | 5 |
| less : allowance for doubtful advances | **–** | **14** | – | 14 |
| **Total** | **4,161** | **4,555** | 7,133 | 2,477 |
| Advance with related parties includes advances to private limited companies in which any director is a director or a member | **299** | **–** | 763 | – |

## 10. Inventories (valued at lower of cost and net realisable value)

| Particulars | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Raw materials | **9,941** | 7,150 |
| Work-in-progress | **2,087** | 1,602 |
| Finished goods | **10,664** | 10,051 |
| Stock-in-trade | **13,313** | 9,471 |
| Stores and spares | **3,254** | 2,796 |
| **Total** | **39,259** | 31,070 |
| The above includes goods in transit as under: | | |
| Raw materials | **837** | 835 |
| Stock-in-trade | **2,041** | 3,530 |
| Stores and spares | **62** | 176 |
| | **2,940** | 4,541 |

1. The cost of inventories recognised as an expense during the year was **Rs. 1,74,890 lacs** (31 March 2018: Rs. 1,44,130 lacs).
2. The cost of inventories recognised as an expense includes **Rs. 428 lacs** (31 March 2018 : Rs. 349 lacs) in respect of write-downs of inventory to its net realisable value. Further a sum of **Rs. 219 lacs** (31 March 2018: Rs. 306 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. 1,433 Lacs** (31 March 2018: Rs. 898 lacs).

# Notes to the standalone financial statements for the year ended 31 March 2019

## 11. Trade receivables

| Particulars | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| **Unsecured, considered good** | | |
| - receivable from subsidiaries(*) (refer note 38) | **26** | 53 |
| - receivable from related parties other than subsidiaries(*) (refer note 38) | **1,670** | 777 |
| - receivable from others | **19,437** | 16,404 |
| **Unsecured, considered doubtful** | | |
| - receivable from others | **99** | 77 |
| Less : allowances for doubtful debts | **(99)** | (77) |
| **Total** | **21,133** | 17,234 |
| (*) Includes trade receivable from private limited companies in which any director is a director or a member | **1,670** | 779 |

**Transfer of financial assets**

The Company discounted certain trade receivable with an aggregate carrying amount of **Rs. 4,472 lacs** (31 March 2018: Rs. 1,940 lacs) to a bank for cash proceeds of **Rs. 4,439 lacs** (31 March 2018: Rs. 1,916 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 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Trade receivable that has been transferred but have not been derecognised | **359** | 219 |
| Bill discounting liability for the above | **359** | 219 |

# Notes to the standalone financial statements for the year ended 31 March 2019

## 12. Cash and cash equivalents

| | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Balances with banks | | |
| - current account | 4,490 | 5,786 |
| - deposit account | **1,964** | 27 |
| Cheques on hand | **532** | 374 |
| Cash on hand | **53** | 54 |
| **Total** | **7,039** | 6,241 |

## 13. Other bank balances

| | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| In deposit account | **2,420** | 47 |
| Margin money deposits | **25** | 21 |
| **Total** | **2,445** | 68 |

## 14. Equity share capital

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | 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 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | 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 2018: 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 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 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 2019** | | As at 31 March 2018 | |
|---|---|---|---|---|
| | % | **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 |

## 15. Non-current borrowings

| | **As at 31 March 2019 Rs. in Lacs** | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Term loan from a bank - secured | **250** | 1,000 |
| **Total** | **250** | 1,000 |

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.

The scheduled maturity of the above borrowings is as under:

| | **As at 31 March 2019 Rs. in Lacs** | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Repayable in first year | **750** | 750 |
| **Current maturies of long-term debt (refer note 16)** | **750** | 750 |
| In the second year | **250** | 750 |
| In the third to fifth year | **–** | 250 |
| **Non-current borrowings** | **250** | 1,000 |

# Notes to the standalone financial statements for the year ended 31 March 2019

## 16. Other financial liabilities

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | 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) | **750** | – | 750 | – |
| Interest accrued but not due on borrowings | **8** | – | 13 | – |
| Derivative instruments at fair value through statement of profit and loss and not designated as hedges | **245** | – | 11 | – |
| Others | | | | |
| - Security deposit | **435** | **14** | 362 | 9 |
| - Payable for property, plant and equipment and intangibles | **404** | – | 281 | – |
| **Total** | **1,842** | **14** | 1,417 | 9 |

## 17. Other liabilities

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | Current | Non Current | Current | Non Current |
| | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs |
| Income earned in advance on annual maintenance contracts and extended warranty services | **4,207** | **994** | 3,698 | 1,050 |
| Advance from customers | **1,039** | – | 1,177 | – |
| Others | | | | |
| – Statutory liabilities | **1,511** | – | 2,598 | – |
| **Total** | **6,757** | **994** | 7,473 | 1,050 |

## 18. Provisions

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | Current | Non Current | Current | Non Current |
| | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs |
| Provision for employee benefits | | | | |
| Gratuity | – | **957** | – | 1,068 |
| Leave | – | **1,657** | – | 817 |
| Sick Leave | **56** | **278** | 47 | 254 |
| Others | | | | |
| Warranty | **360** | **2,554** | 340 | 2,058 |
| **Total** | **416** | **5,446** | 387 | 4,197 |

**Details of movement in warranty provisions**

| | Rs. in Lacs |
|---|---|
| Balance as at 01 April 2017 | 1,886 |
| Additional provisions recognised | 1,340 |
| Effect of unwinding of discount | 128 |
| Amounts used (i.e. incurred and charged against the provision) during the period | (956) |
| Balance as at 31 March 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** |

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 assets / liabilities (net)**

| | **As at 31 March 2019 Rs. in Lacs** | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Deferred tax liabilities | **3,410** | 3,868 |
| Less: Deferred tax assets | **2,809** | 3,342 |
| **Total Deferred tax liabilities (net)** | **601** | 526 |

## Notes to the standalone financial statements for the year ended 31 March 2019

**Breakup of deferred tax liabilities / (asset) balances is as under :**

| | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| **Deferred tax liabilities** | | |
| On provision for warranty | **229** | 181 |
| On changes in fair value of investments | **45** | 158 |
| On property, plant and equipment and intangible assets | **3,136** | 3,529 |
| | **3,410** | 3,868 |
| **Deferred tax assets** | | |
| On unused tax credits (Minimum Alternate Tax Credit) (*) | **1,650** | 2,452 |
| On changes in fair value of derivative instruments | **–** (#) | 4 |
| On allowance for doubtful debts and advances | **44** | 36 |
| On employee benefits | **1,045** | 780 |
| Other timing differences | **70** | 70 |
| | **2,809** | 3,342 |
| **Deferred tax (assets) / liabilities (net)** | **601** | 526 |

*(*) Unused tax credits are due to expire starting from financial year 2026-27 to 2031-32.*
*(#) Represents amount less than Rs. 50,000*

**Movement of deferred tax (assets) / liabilities (net) is as under**

| | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| **Deferred tax liabilities / (assets) as at the beginning of the year** | 526 | (420) |
| Deferred tax for the year recognised in profit and loss (@) | **(727)** | (113) |
| Minimum alternate tax credit related to previous years - Net (@) | **47** | 67 |
| Minimum alternate tax credit utilisation relating to previous years | **–** | 3 |
| Minimum alternate tax credit utilised during the year | **755** | 989 |
| **Deferred tax liabilities / (assets) as at the end of the year** | **601** | 526 |

*(@) refer note 31*

# Notes to the standalone financial statements for the year ended 31 March 2019

## 20. Current borrowings

| | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| **Secured** | | |
| Loans from banks | | |
| – Bill discounting | **403** | 408 |
| **Total** | **403** | 408 |

**Hypothecation details for current borrowings existing as at 31 March 2019**

For sanction of credit facilities amounting to Rs. 3,500 lacs by DBS Bank Ltd., following securities have been created:

(i) Hypothecation by way of first pari passu and floating charge over goods being finished goods, semi-finished goods, stocks of raw-materials, work-in-process located at various factories/ warehouses/ godowns of the company and whether in transit or lying at any other place and hypothecation by way of first pari passu and floating charge over the company's present and future book debts, outstanding monies receivables, claims, bills, contracts, engagements, securities, investments, rights and assets.

(ii) Hypothecation by way of exclusive charge over all present and future movable fixed assets of the engineering division of the Company including without limitation its movable plant and machinery, furniture and fittings, equipment, computer hardware, computer software, machinery spares, tools and accessories and other movables etc. stored or to be stored at Company's godowns or premises situated at 14, Taratolla Road, Kolkata and 16/17, Visveswaraiah Industrial Estate, Whitefield Road, Bangalore - 560048 (Engineering Division) or wherever else the same may be.

**Hypothecation details for credit facilities**

For sanction of capex letter of credit amounting to **Rs 2,000 lacs** by Standard Chartered Bank (undrawn as at 31 March, 2019), following securities have been created:

First charge on existing movable fixed assets of Goa (Verna) plant (except exclusive charge to term lenders) of the company including without limitations its movable plant and machinery, furniture and fittings, equipment, computer hardware, computer software, machinery spares, tools and accessories and other movables etc stored or to be stored at the company's godown or premises situated at Plot no L-1, Verna Electronic City, Verna Industrial Estate, Goa - 403722 or wherever else the same may be.

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.

# Notes to the standalone financial statements for the year ended 31 March 2019

## 21. Revenue from operations

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| Gross revenue from sale of manufactured products | **2,14,419** | 1,82,137 |
| Revenue from sale of traded products | **93,508** | 80,484 |
| **Total sale of products** | **3,07,927** | 2,62,621 |
| Less: trade schemes and discounts | **65,567** | 53,086 |
| **Sale of products (net of trade schemes and discounts)** | **2,42,360** | 2,09,535 |
| Sale of services | **7,473** | 6,522 |
| Other operating revenues | | |
| - Scrap sales | **3,887** | 2,971 |
| - Others | **267** | 151 |
| | **2,53,987** | 2,19,179 |

**Details of sale of products**

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| **A. Finished goods** | | |
| Press tools and dies | **398** | 492 |
| Fine blanked components | **40,639** | 34,981 |
| Motor | **136** | 106 |
| Home appliances | | |
| - Washing machines | **1,68,463** | 1,43,882 |
| - Dryers | **1,976** | 1,741 |
| - Industrial Launderete Equipments | **1,274** | - |
| Others | **1,533** | 935 |
| | **2,14,419** | 1,82,137 |
| **B. Stock-in-trade** | | |
| Home appliances | | |
| - Microwave ovens | **28,212** | 27,097 |
| - Accessories and additives | **18,924** | 15,998 |
| - Dishwashers | **6,254** | 5,171 |
| - Air conditioners | **29,970** | 23,597 |
| - Spares | **7,077** | 5,564 |
| - Others | **3,071** | 3,057 |
| | **93,508** | 80,484 |
| **Details of sale of services :** | | |
| Annual maintenance/ service contracts income | **6,411** | 5,594 |
| Extended warranty income | **122** | 74 |
| Others | **940** | 854 |
| | **7,473** | 6,522 |

# Notes to the standalone financial statements for the year ended 31 March 2019

## 22. Other income

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| **Interest income** | | |
| - Interest on financial assets measured at amortised cost | **281** | 142 |
| - Other interest | **50** | 32 |
| **Dividend from investments in mutual fund** | **180** | 102 |
| **Other non-operating income** | | |
| (i) Operating lease rental income | | |
| - Investment property | **6** | 6 |
| - Others | **33** | 35 |
| (ii) Gain / (Loss) on disposal of property, plant and equipment | **(2)** | 131 |
| (iii) Net foreign exchange gain / (loss) | **24** | (68) |
| (iv) Net gain arising on financial instruments measured at fair value through statement of profit and loss (FVTPL) | | |
| - Mutual fund | **194** | 345 |
| - Derivative instrument | **(238)** | 192 |
| (v) Net gain on disposal of financial instrument measured at FVTPL | | |
| - Mutual fund | **36** | 13 |
| (vi) Insurance claim received | **60** | 144 |
| (vii) Write back of liabilities no longer required | **231** | 83 |
| (viii) Write back of provision on debts/advances no longer required | **15** | 17 |
| (ix) Recovery of balance written off in previous year | **–** | 6 |
| (x) Miscellaneous income | **371** | 351 |
| | **1,241** | 1,531 |

## 23. Cost of materials consumed

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| **Raw material consumed** | | |
| Raw material inventory at the beginning of the year | **7,150** | 5,738 |
| Add: Fair value of raw material acquired on business acquisition (refer note 41) | **297** | - |
| Add: Purchases during the year | **1,08,724** | 89,442 |
| | **1,16,171** | 95,180 |
| Raw material inventory at the end of the year | **9,941** | 7,150 |
| **Cost of materials consumed** | **1,06,230** | 88,030 |

**Expenditure related to research and development at Verna, Goa included in note 23 are:**

| | | |
|---|---|---|
| Raw material consumed | **186** | 114 |

# Notes to the standalone financial statements for the year ended 31 March 2019

## 24. Purchases of stock-in-trade

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| Home appliances | | |
| - Microwave ovens | **13,953** | 12,222 |
| - Accessories and additives | **7,699** | 7,038 |
| - Dishwashers | **3,235** | 3,320 |
| - Air conditioners | **20,568** | 14,377 |
| - Others | **1,643** | 1,477 |
| | **47,098** | 38,434 |

## 25. Changes in inventories of finished goods, stock-in-trade and work-in-progress

| | | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|---|
| **Inventories as at the end of the year** | | | |
| Stock-in-trade | | **13,313** | 9,471 |
| Work-in-progress (@) | | **2,087** | 1,602 |
| Finished goods | | **10,664** | 10,051 |
| | **(A)** | **26,064** | 21,124 |
| **Inventories as at the beginning of the year** | | | |
| Stock-in-trade | | **9,471** | 6,451 |
| Work-in-progress | | **1,602** | 1,116 |
| Fair value of work-in-progress acquired on business acquisition (refer note 41) | | **158** | – |
| Finished goods | | **10,051** | 7,541 |
| | **(B)** | **21,282** | 15,108 |
| | **(B - A)** | **(4,782)** | (6,016) |

| | | |
|---|---|---|
| **Details of inventories** | | |
| **Stock-in-trade** | | |
| - Microwave ovens | **3,205** | 2,108 |
| - Accessories and additives | **556** | 478 |
| - Dishwashers | **1,096** | 1,270 |
| - Air conditioners | **7,530** | 4,777 |
| - Kitchen Appliances | **451** | 336 |
| - Others | **475** | 502 |
| | **13,313** | 9,471 |

## Notes to the standalone financial statements for the year ended 31 March 2019

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| **Finished goods** | | |
| - Washing machines | **8,472** | 8,591 |
| - Industrial Launderete Equipments | **241** | - |
| - Dryers | **197** | 142 |
| - Fine blanked components | **1,250** | 910 |
| - Press tools and dies | **490** | 391 |
| - Others | **14** | 17 |
| | **10,664** | 10,051 |

(@) Includes semi finished fine blanked components and semi finished press tools and dies amounting to **Rs. 1,151 Lacs** (31 March 2018: Rs. 1,396 Lacs).

### 26. Excise duty on sale of goods

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| Excise duty on sale of manufactured products | **–** | 3,946 |
| Excise duty on scrap sales | **–** | 68 |
| | **–** | 4,014 |

### 27. Employee benefits expense

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| Salaries and wages | **20,683** | 17,546 |
| Contribution to provident and other funds | **1,901** | 1,617 |
| Staff welfare expenses | **2,921** | 1,951 |
| | **25,505** | 21,114 |
| **Expenditure related to research and development at Verna, Goa included in note 27 are :** | | |
| Salaries and wages | **2,531** | 2,326 |
| Contribution to provident and other funds | **229** | 178 |
| Staff welfare expenses | **102** | 99 |
| | **2,862** | 2,603 |

### 28. Finance costs

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| Interest on financial liabilities measured at amortised cost | **345** | 302 |
| Effect of unwinding of discount for warranty provision | **168** | 128 |
| Others | **62** | - |
| | **575** | 430 |

# Notes to the standalone financial statements for the year ended 31 March 2019

## 29. Depreciation and amortisation expense

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| Depreciation of property, plant and equipment | **4,538** | 4,400 |
| Amortisation of intangible assets | **916** | 738 |
| | **5,454** | 5,138 |

## 30. Other expenses

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| Consumption of stores and spare parts | **12,177** | 10,437 |
| Rent (refer note 35) | **3,132** | 2,356 |
| Insurance | **186** | 162 |
| Freight, octroi and carriage | **9,137** | 7,548 |
| Power and fuels | **2,491** | 2,252 |
| Ancillary cost | **6,273** | 4,975 |
| Rates and taxes | **185** | 434 |
| Expenditure on corporate social responsibility | **49** | 62 |
| Office expenses | **3,966** | 3,429 |
| Advertisement and sales promotion | **15,808** | 13,391 |
| Travelling | **3,561** | 3,040 |
| Repairs | | |
| Buildings | **123** | 59 |
| Plant and machinery | **960** | 799 |
| Others | **675** | 657 |
| Write-off of property, plant and equipment | **111** | 29 |
| Write-off of debts/ advances | **22** | 42 |
| Write-off of statutory advances | **5** | 17 |
| Allowances for doubtful debts and advances | **37** | 45 |
| Bank charges | **119** | 127 |
| Directors' sitting fees | **23** | 19 |
| Service expenses | **5,020** | 4,512 |
| Warranty expenses | **1,399** | 1,340 |
| Miscellaneous expenses | **2,004** | 1,900 |
| | **67,463** | 57,632 |

**Payment to statutory auditors included under office expenses (excluding taxes)**

| | | |
|---|---|---|
| As auditors : | | |
| Audit fees | **43** | 43 |
| Tax audit fees | **16** | 16 |
| Limited review fees | **16** | 16 |
| Others | **18** | 12 |
| Reimbursement of expenses | **3** | 3 |
| | **96** | 90 |

# Notes to the standalone financial statements for the year ended 31 March 2019

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| **Expenditure on corporate social responsibility** | | |
| (a) Gross amount required to be spent by the Company during the year | **144** | 100 |
| (b) Amount spent during the year on purpose other than construction/acquisition of assets in cash | **49** | 62 |
| **Expenditure related to research and development at Verna, Goa included in note 30 are:** | | |
| Rent | **15** | 27 |
| Power and fuels | **71** | 62 |
| Ancillary cost | **11** | 12 |
| Rates and taxes | **1** | |
| Office expenses | **205** | 249 |
| Travelling | **96** | 139 |
| Repairs | | |
| Building | **4** | 3 |
| Plant and machinery | **3** | 14 |
| Others | **2** | 2 |
| Miscellaneous expenses | **49** | 35 |
| | **457** | 543 |

## 31. Tax expense

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| **A. Amount recognised in statement of profit and loss** | | |
| **Current tax** | | |
| Income tax for the year | **2,667** | 3,652 |
| Adjustments related to previous years (net) | **238** | 3 |
| **Total current tax** | **2,905** | 3,655 |
| **Deferred tax** | | |
| Deferred tax for the year | **(727)** | (113) |
| Minimum alternate tax credit related to previous years (net) | **47** | 67 |
| **Total deferred tax** | **(680)** | (46) |
| | **2,225** | 3,609 |

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 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)** | (235) |
| | **(193)** | (235) |
| **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** | **9,620** | 11,934 |
| Income tax expense calculated @ 34.944% (31 March 2018 - 34.608%) | **3,362** | 4,130 |
| Effect of income not taxable | **(730)** | (35) |
| Effect of additional deductions under tax | **(664)** | (632) |
| Effect of different tax rate on certain items | **(20)** | (15) |
| Effect of non allowable expenses | **75** | 66 |
| Effect of rate change on deferred tax (from 34.608% to 34.944%) | **–** | 25 |
| Effect of adjustments relating to earlier year | **202** | 70 |
| **Income tax recognised in Statement of Profit and Loss** | **2,225** | 3,609 |
| Tax rate used for current tax | **34.944%** | 34.608% |
| Tax rate used for deferred tax | **34.944%** | 34.944% |

## 32. Earnings per share

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| (a) Profit after taxes available to equity shareholders | **7,395** | 8,325 |
| (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)] | **18.25** | 20.55 |

## 33. 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.

**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 2019** | 31 March 2018 |
| 1. | Defined benefit obligations at the beginning of the year | **3,701** | 2,618 |
| 2. | Current service cost | **333** | 227 |
| 3. | Interest costs | **268** | 176 |
| 4. | Past service cost - plan amendments | **–** | 137 |
| 5. | Acquisition cost / (credit) | **32** | 3 |
| 6. | Effect of experience adjustment | **398** | 372 |
| 7. | Effect of assumption change | **97** | 297 |
| 8. | Benefits paid | **(157)** | (129) |
| 9. | Defined benefit obligations at the end of the year | **4,672** | 3,701 |

**II. Changes in fair value of plan assets**

**Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2019** | 31 March 2018 |
| 1. | Fair value of assets at the beginning of the year | **2,633** | 1,989 |
| 2. | Interest income on plan assets | **228** | 154 |
| 3. | Employer contribution | **1,068** | 629 |
| 4. | Return on plan assets (less than discount rate) | **(57)** | (10) |
| 5. | Benefits paid | **(157)** | (129) |
| 6. | Fair value of assets at the end of the year | **3,715** | 2,633 |
| 7. | Actual returns | **171** | 144 |

## Notes to the standalone financial statements for the year ended 31 March 2019

### III. Net assets / (liabilities) recognised in balance sheet

**Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2019** | 31 March 2018 |
| 1. | Defined benefit obligations | **4,672** | 3,701 |
| 2. | Fair value of plan assets | **3,715** | 2,633 |
| 3. | Funded status - deficit | **957** | 1,068 |
| 4. | Net liability recognised in balance sheet | | |
| | – Current | **–** | – |
| | – Non current | **957** | 1,068 |

### IV. Components of employer expenses

**Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2019** | 31 March 2018 |
| **Recognised in statement of profit and loss** | | | |
| 1. | Current service cost | **333** | 227 |
| 2. | Past service cost - plan amendments | **–** | 137 |
| 3. | Net interest costs | **40** | 22 |
| 4. | Total recognised in profit or loss (*) | **373** | 386 |
| **Recognised in other comprehensive income** | | | |
| 1. | Effect of experience adjustment | **398** | 372 |
| 2. | Effect of assumption change | **97** | 297 |
| 3. | Return on plan assets (less than discount rate) | **57** | 10 |
| 4. | Total recognised in other comprehensive income | **552** | 679 |
| **Total expense recognised in total comprehensive income** | | **925** | 1,065 |

(*) recognised in "Contribution to provident and other funds" in "Employee benefits expense" under note 27

### V. Actuarial assumptions

| | Gratuity (funded) | |
|---|---|---|
| | **31 March 2019** | 31 March 2018 |
| Discount rate | **7.0%** | 7.4% |
| 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.

**VI. Plan asset information**

| | Gratuity (funded) | |
|---|---|---|
| | **31 March 2019** | 31 March 2018 |
| Cash | **1%** | 21% |
| Scheme of insurance - conventional products | **56%** | 22% |
| Scheme of insurance - ULIP products | **43%** | 57% |

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 2019** | 31 March 2018 |
| 1. | Present value of defined benefit obligations | **4,672** | 3,701 |
| 2. | Fair value of plan assets | **3,715** | 2,633 |
| 3. | Funded Status - deficit | **957** | 1,068 |
| 4. | Experience adjustment of plan assets -gain/(loss) | **(57)** | (10) |
| 5. | Experience adjustment of obligations - (loss) | **(398)** | (372) |

**VIII. Expected employer contribution for the next year (Rs. in lacs)** **957** 1,068

**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 2019** | 31 March 2018 |
| Defined benefit obligations on base assumptions (refer point no V) | | **4,672** | 3,701 |
| a. | 1% increase in discount rate | **4,436** | 3,487 |
| b. | 1% decrease in discount rate | **4,936** | 3,941 |
| c. | 1% increase in salary escalation rate | **4,903** | 3,919 |
| d. | 1% decrease in salary escalation rate | **4,454** | 3,498 |

**X. Maturity analysis of benefit payments** **Rs. in Lacs**

| | Gratuity (funded) | |
|---|---|---|
| | **31 March 2019** | 31 March 2018 |
| Year 1 | **677** | 453 |
| Year 2 | **792** | 453 |
| Year 3 | **615** | 440 |
| Year 4 | **727** | 473 |
| Year 5 | **612** | 506 |
| Next 5 years | **3,334** | 3,267 |

The Company has contributed **Rs. 1,528 lacs** (31 March, 2018: Rs. 1,231 lacs) to defined contribution schemes.

# Notes to the standalone financial statements for the year ended 31 March 2019

## 34. Segment reporting

**Rs. in Lacs**

| | | Engineering | Home Appliances | Unallocated | Intersegment | Total |
|---|---|---|---|---|---|---|
| Revenue from sale of products and services | **31 March 2019** | **41,286** | **2,08,775** | **–** | **(228)** | **2,49,833** |
| | 31 March 2018 | 35,555 | 1,80,611 | – | (109) | 2,16,057 |
| Other operating revenue | **31 March 2019** | **3,524** | **630** | **–** | **–** | **4,154** |
| | 31 March 2018 | 2,631 | 491 | – | – | 3,122 |
| Revenue from operations | **31 March 2019** | **44,810** | **2,09,405** | **–** | **(228)** | **2,53,987** |
| | 31 March 2018 | 38,186 | 1,81,102 | – | (109) | 2,19,179 |
| Other income | **31 March 2019** | **392** | **217** | **632** | **–** | **1,241** |
| | 31 March 2018 | 312 | 855 | 549 | (185) | 1,531 |
| Total income | **31 March 2019** | **45,202** | **2,09,622** | **632** | **(228)** | **2,55,228** |
| | 31 March 2018 | 38,498 | 1,81,957 | 549 | (294) | 2,20,710 |
| Segment results before finance costs | **31 March 2019** | **6,695** | **5,697** | **(2,140)** | **(57)** | **10,195** |
| | 31 March 2018 | 3,987 | 9,675 | (1,269) | (29) | 12,364 |
| Less: finance costs | **31 March 2019** | | | | | **575** |
| | 31 March 2018 | | | | | 430 |
| Profit before tax | **31 March 2019** | | | | | **9,620** |
| | 31 March 2018 | | | | | 11,934 |
| Tax expense | **31 March 2019** | | | | | **2,225** |
| | 31 March 2018 | | | | | 3,609 |
| Profit for the year | **31 March 2019** | | | | | **7,395** |
| | 31 March 2018 | | | | | 8,325 |
| Segment assets | **31 March 2019** | **27,298** | **84,151** | **8,968** | **–** | **1,20,417** |
| | 31 March 2018 | 24,526 | 71,986 | 11,688 | – | 1,08,200 |
| Segment liabilities | **31 March 2019** | **7,868** | **46,510** | **3,974** | **–** | **58,352** |
| | 31 March 2018 | 9,122 | 41,064 | 2,985 | – | 53,171 |

**Other information :**

| | | | | | | |
|---|---|---|---|---|---|---|
| Depreciation and amortisation expense | **31 March 2019** | **1,961** | **3,477** | **16** | **–** | **5,454** |
| | 31 March 2018 | 1,939 | 3,157 | 42 | – | 5,138 |
| Capital expenditure | **31 March 2019** | **1,712** | **5,988** | **34** | **–** | **7,734** |
| | 31 March 2018 | 1,232 | 2,390 | (8) | – | 3,614 |
| Non cash expenditure other than depreciation and amortisation | **31 March 2019** | **17** | **158** | **–** | **–** | **175** |
| | 31 March 2018 | 39 | 94 | – | – | 133 |

**34. Segment reporting** *(Contd.)*

| | | Rs. in lacs |
|---|---|---|
| **Geographical information** | | |
| **Revenue from external customers** | | |
| - Within India | **31 March 2019** | **2,54,206** |
| | 31 March 2018 | 2,19,014 |
| - Outside India | **31 March 2019** | **1,022** |
| | 31 March 2018 | 1,696 |
| **Total** | **31 March 2019** | **2,55,228** |
| | 31 March 2018 | 2,20,710 |
| **Non - Current assets excluding financial assets and deferred tax assets** | | |
| - Within India | **31 March 2019** | **38,942** |
| | 31 March 2018 | 32,818 |
| - Outside India | **31 March 2019** | **–** |
| | 31 March 2018 | – |
| **Total** | **31 March 2019** | **38,942** |
| | 31 March 2018 | 32,818 |

**NOTES :**

– The Company is primarily engaged in business of fine blanked components 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.

**35. Leases**

The Company is obligated under cancellable leases for residential, office premises, warehouses, etc. Total rental expense under cancellable operating lease amounted to **Rs. 3,127 Lacs** (31 March 2018: Rs. 2,352 lacs).

# Notes to the standalone financial statements for the year ended 31 March 2019

**36. Commitments**

**Rs. in Lacs**

| | | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|---|
| i) | Outstanding capital commitments for tangible assets | **3,908** | 723 |
| ii) | Outstanding capital commitments for intangible assets | **–** | 43 |

**37. Contingent Liabilities :** **Rs. in Lacs**

| | | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|---|
| 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.) | **1,512** | 1,710 |
| ii) | Custom duty and interest obligation for advance licenses [1] | **–** | 752 |

It is not practicable for the Company to estimate the closure of these cases and the consequential timings of cash flows, if any, in respect of the above.

[1] The Hon'ble Delhi High Court by its order dated 10 September 2015 set aside the order of Policy Relaxation Committee (PRC) with liberty to the petitioner to file a representation before the PRC. The respondents were directed to pass a reasoned order after giving the opportunity of hearing. The matter was heard by PRC and PRC by its order dated 13 October 2015 rejected the prayer of petitioner. Being aggrieved by PRC's order the company filed writ application before Division Bench of Delhi High Court. After prolonged hearing the bench by its order dated 03 April 2017 allowed the writ petition and set aside the order of PRC and directed PRC inter-alia to reconsider its order dated 13 October 2015 in the light of observation made by the Division Bench. Subsequently the PRC in its meeting held on 05 September 2017 allowed most of the prayers of the Company and decided inter alia that Regional Authorities (RA) shall ensure that other requirement as per Free Trade Agreements (FTA)/ Hand Book of Procedures (HBP) are complied with. During the year the Company has obtained the necessary Export Obligation Discharge Certificates for 11 nos of above advance licenses from Additional Director General of Foreign Trade, Government of India, Ministry of Commerce & Industry.

**38. 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 |
| | **- Mr. Prabir Chatterjee,** Director and Chief Financial Officer |
| | **- Mr. G. Ray Chowdhury,** Company Secretary |
| | **- Mr. A. K. Nag,** President |
| | **- Mr. Sujan Kumar Ghosh Dastidar,** President, Legal |
| | **- Mr. Susanta Das,** Head of Personnel and administration (upto 16 February 2019) |
| | **- Ms. Souravi Sinha,** General Manager - Human Resource - Corporate |
| | **- Mr. Uma Shankar Ghosh Dastidar,** Head, Taxation |
| | **- Mr. Rajat Paul,** Assistant Vice President, IT |
| | **- Mr. Diptanil Saha,** General Manager (GM), Corporate Affairs (upto 17 December 2018). |
| | **- Mr. Soumitra Goswami,** GM, Accounts and Finance |
| | **Home Appliances Division** |
| | **- Mr. Rajshankar Ray,** Chief Executive Officer (CEO), Home Appliances Division |
| | **- Mr. A. S. Negi, National Service Head,** Home Appliances Division |
| | **- Mr. B. M. Shetye, Vice President, Sustainability,** Home Appliances Division |
| | **- Mr. Pawan Koul,** Head of Goa Factory |
| | **- Mr. Sukhdev Nag,** National Sales Head |
| | **- Mr. T. R. Ramesh,** Business Head, Home Appliances Division - West Zone |
| | **- Mr. Ranjan Mohan Mathur,** Business Head, Home Appliances Division – Retail |
| | **- Mr. Abhijit Gangopadhyay,** Business Head, East |
| | **- Mr. R. Anand,** Head, Motor Division |
| | **- Mr. C.S. Govindaraj,** CEO, Industrial Business & Projects |
| | **- Mr. Niladri Datta,** Vice President, Sales & Marketing, Goa Factory |
| | **- Mr. Mohit Chawla,** Business Head - North |
| | **- Mr. Deepak Kumar Behara,** Business Head - South |
| | **- Mr. Vilas Sanjeev Kamath,** AVP, Goa Factory |

| | |
|---|---|
| | **Engineering division:** |
| | **- Mr. Partha Sen,** CEO, Engineering Division |
| | **- Mr. K. R. K. Prasad,** CEO, Bangalore Engineering Factory |
| | **- Mr. Jayanta Chanda,** GM, Finance |
| | **- Mr. Ashok Hazra,** DGM, Finance |
| | **- Mr. Arup Das,** Head Marketing, Engineering Division |

| | |
|---|---|
| **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>- IFBL Senior Management Superannuation Fund (IFBLSMSF)<br>- IFBL Employees' (Category-I) Superannuation Scheme (IFBLESS-Cat-I)<br>- IFBL Employees (Category Two) Group Superannuation Scheme (IFBLEGSS-Cat two) |

**(B) Transactions with related parties**

| | | **For the year ended 31 March 2019 Rs. in Lacs** | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|---|
| 1 | **Sales, service and other income** | | |
| | - Investor Company | **4,161** | 3,258 |
| | - Subsidiaries* | **229** | 154 |
| | - KMP | **5** | 3 |
| | - Other related parties | **19** | 13 |
| | **Total** | **4,414** | 3,428 |
| 2 | **Purchase of inventories** | | |
| | - Investor Company | **634** | 69 |
| | - Subsidiaries* | **5,205** | 2,574 |
| | - Other related parties | **10** | 6 |
| | **Total** | **5,849** | 2,649 |
| 3 | **Expenditure on other services** | | |
| | - Investor Company | **235** | 132 |
| | - KMP | **-** | 1 |
| | - Other related parties | **9,355** | 7,529 |
| | **Total** | **9,590** | 7,662 |

## Notes to the standalone financial statements for the year ended 31 March 2019

| | | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|---|
| 4 | **Expenses recovered** | | |
| | - Investor Company | **35** | 52 |
| | - Subsidiaries* | **39** | 14 |
| | - Other related parties | **2** | – |
| | **Total** | **76** | 66 |
| 5 | **Purchase of shares of subsidiaries** | | |
| | - Investor Company | **–** | 2,000 |
| | - Subsidiaries* | **–** | 160 |
| | **Total** | **–** | 2,160 |
| 6 | **Contribution to employees' benefit plans** | | |
| | - Employee trusts | **1,484** | 993 |
| | **Total** | **1,484** | 993 |
| 7 | **Remuneration** | | |
| | (a) Short term benefits - KMP | **2,238** | 1,565 |
| | (b) Post employment benefits - KMP | **130** | 150 |
| | (c) Other long term benefits - KMP | **116** | 120 |
| | **Total** | **2,484** | 1,835 |

* last year numbers include transaction for the period prior to 13th July 2017 in respect of TAAL which was a related party other than a subsidiary during that period.

**(C) Outstanding balances with related parties**

| | | As at 31 March 2019 Rs. in lacs | As at 31 March 2018 Rs. in lacs |
|---|---|---|---|
| 1 | Trade Receivables | | |
| | - Investor Company | **1,670** | 776 |
| | - Subsidiaries | **26** | 53 |
| | - Other related parties | **–** | 1 |
| | **Total** | **1,696** | 830 |
| 2 | Security deposits given | | |
| | - Investor Company | **50** | 50 |
| | - Other related parties | **8** | 8 |
| | **Total** | **58** | 58 |
| 3 | Advances given | | |
| | - Investor Company | **74** | 95 |
| | - Subsidiaries | **225** | 668 |
| | - KMP | **–** | 1 |
| | - Other related parties | **537** | 511 |
| | **Total** | **836** | 1,275 |

# Notes to the standalone financial statements for the year ended 31 March 2019

| | | As at 31 March 2019 Rs. in lacs | As at 31 March 2018 Rs. in lacs |
|---|---|---|---|
| 4 | Loans given | | |
| | - KMP | **6** | 5 |
| | **Total** | **6** | 5 |
| 5 | Trade payables | | |
| | - Investor Company | **104** | 33 |
| | - Subsidiaries | **7** | 96 |
| | - KMP | **4** | 10 |
| | - Other related parties | **1,304** | 1,194 |
| | **Total** | **1,419** | 1,333 |
| 6 | Other payables | | |
| | - Employee trusts | **1,079** | 1,096 |
| | **Total** | **1,079** | 1,096 |
| 7 | Advance taken | | |
| | - Investor Company | **–** | 33 |
| | **Total** | **–** | 33 |

**(D) Party-wise details of significant transactions with related parties**

| | | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|---|
| 1 | **Sales, service and other income** | | |
| | - TMPL | **10** | 19 |
| | - TAAL | **219** | 135 |
| | - IFB Agro Industries Limited | **12** | 12 |
| 2 | **Purchase of inventories** | | |
| | - TMPL | **5,158** | 2,409 |
| | - TAAL | **47** | 165 |
| 3 | **Expenditure on other services** | | |
| | - Travel Systems Limited | **1,732** | 1,515 |
| | - IFB Appliances Limited | **7,191** | 5,682 |
| 4 | **Expenses recovered:** | | |
| | - TMPL | **39** | 14 |
| 5 | **Purchase of shares of subsidiaries** | | |
| | - GAAL | **–** | 160 |
| 6 | **Contribution to employees' benefit plans** | | |
| | - IFBLEGF | **1,068** | 629 |
| | - IFBLSMSF | **172** | 156 |
| | - IFBLESS-Cat-I | **223** | 189 |

**(E) Party-wise details of significant balances with related parties**

| | | As at 31 March 2019 Rs. in lacs | As at 31 March 2018 Rs. in lacs |
|---|---|---|---|
| 1) | **Trade Receivables** | | |
| | - TAAL | **26** | 50 |
| 2) | **Security deposits given** | | |
| | - IFB Agro Industries Limited | **8** | 8 |
| 3) | **Advances given** | | |
| | - TMPL | **225** | 668 |
| | - IFB Appliances Limited | **459** | 452 |
| | - IFB Agro Industries Limited | **52** | 50 |
| 4) | **Trade payable** | | |
| | - TMPL | **3** | 78 |
| | - IFB Appliances Limited | **1,272** | 1,178 |
| 5) | **Other payable** | | |
| | - IFBLEGF | **957** | 1,068 |

**39. 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 2019 : Rs 3,833 lacs** (31 March 2018 : 4,728 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.

**40. 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 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|---|---|---|
| | | | | 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 | **21,133** | **21,133** | 17,234 | 17,234 |
| | | ii) Cash and cash equivalents | 12 | **7,039** | **7,039** | 6,241 | 6,241 |
| | | iii) Other bank balances | 13 | **2,445** | **2,445** | 68 | 68 |
| | | iv) Loans | 6 | **109** | **109** | 109 | 109 |
| | | v) Other financial assets | 7 | **1,240** | **1,240** | 894 | 894 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | b) | **Measured at fair value through Statement of Profit and Loss :** | | | | | |
| | | i) Investments | 5 | **2,726** | **2,726** | 9,267 | 9,267 |
| | c) | **Derivatives measured at fair value through Statement of Profit and Loss :** | | | | | |
| | | i) Derivatives not designated as hedges | 7 | **3** | **3** | 6 | 6 |
| **B.** | **Financial liabilities** | | | | | | |
| | a) | **Measured at amortised cost :** | | | | | |
| | | i) Term loan from a bank | 15 | **250** | **250** | 1,000 | 1,000 |
| | | ii) Bill discounting | 20 | **403** | **403** | 408 | 408 |
| | | iii) Trade payable | | **41,629** | **41,629** | 36,639 | 36,639 |
| | | iv) Other financial liabilities | 16 | **1,611** | **1,611** | 1,415 | 1,415 |
| | b) | **Derivatives measured at fair value through Statement of Profit and Loss :** | | | | | |
| | | i) Derivative instruments not designated as hedges | 16 | **245** | **245** | 11 | 11 |

Investments exclude investment in subsidiaries of **Rs. 3,360 lacs** (31 March 2018: 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 lines 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 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** |

**As at 31 March 2018**

| | Total | Due within one year | Due after one year |
|---|---|---|---|
| | Rs. in lacs | Rs. in lacs | Rs. in lacs |
| Borrowings | 1,408 | 408 | 1,000 |
| Trade payables | 36,639 | 36,639 | - |
| Other financial liabilities (including current maturities of long-term debt) | 1,415 | 1,406 | 9 |
| Derivative financial liabilities | 11 | 11 | - |
| **Total** | 39,473 | 38,464 | 1,009 |

**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 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 2019** | | As at 31 March 2018 | |
|---|---|---|---|---|
| | **Financial Assets** | **Financial Liabilities** | Financial Assets | Financial Liabilities |
| | **Rs. in lacs** | **Rs. in lacs** | **Rs. in lacs** | **Rs. in lacs** |
| USD | **127** | **12,078** | 74 | 9,855 |
| Euro | **23** | **816** | 21 | 1,118 |
| RMB | **–** | **175** | – | 29 |
| GBP | **–** | **1** | – | – |
| AED | **–** | **2** | – | – |
| THB | **–** | **1** | – | 1 |
| **Total** | **150** | **13,073** | 95 | 11,003 |

The Company uses forward exchange contracts 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) |
|---|---|---|---|---|
| **As at 31 March 2019** | **83** | **142** | **16** | **6** |
| As at 31 March 2018 | 47 | 94 | 8 | 5 |

The aforesaid forwards have a maturity of less than one year from the year end.

ii) **Unhedged foreign currency exposure as at the end of the respective reporting dates :**

| | **As at 31 March 2019** | | As at 31 March 2018 | |
|---|---|---|---|---|
| | **Financial Asset** | **Financial Liability** | Financial Asset | Financial Liability |
| USD | **2** | **29** | 1 | 58 |
| Rs. in lacs | **124** | **2,026** | 67 | 3,777 |
| EURO | * | **4** | * | 9 |
| Rs. in lacs | **23** | **325** | 21 | 706 |
| RMB | – | **17** | – | 3 |
| Rs. in lacs | – | **175** | – | 29 |
| THB | – | * | – | * |
| Rs. in lacs | – | **1** | – | 1 |
| GBP | – | * | – | – |
| Rs. in lacs | – | **1** | – | – |
| AED | – | * | – | – |
| Rs. in lacs | – | **2** | – | – |
| CHF | – | – | – | * |
| Rs. in lacs | – | – | – | 1 |
| **Total Rs.** | **147** | **2,529** | 88 | 4,513 |

* 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. 129 lacs** for the year ended 31 March 2019 (31 March 2018: Rs 109 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 2019 Rs. in lacs | As at 31 March 2018 Rs. in lacs |
|---|---|---|
| **Balance at beginning of the year** | **91** | 63 |
| Provision recognised in the year | **37** | 45 |
| Amounts written off during the year as uncollectible | **(1)** | (6) |
| Amounts recovered during the year | **(12)** | (3) |
| Provisions written back | **(2)** | (8) |
| **Balance at end of the year** | **113** | 91 |

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 2019 | As at 31 March 2018 |
| | | | | Rs. in lacs | Rs. in lacs |
| A. | **Financial Assets** | | | | |
| | a) | **Measured at amortised cost** | | | |
| | | Loans | 3 | **56** | 54 |
| | | Other financial assets | 3 | **1,089** | 854 |
| | b) | **Measured at FVTPL:** | | | |
| | | Investment in mutual funds | 1 | **2,726** | 9,267 |
| | c) | **Derivatives measured at FVTPL:** | | | |
| | | Derivatives not designated as hedges | 2 | **3** | 6 |
| B. | **Financial Liabilities** | | | | |
| | a) | **Derivatives measured at FVTPL:** | | | |
| | | Derivatives not designated as hedges | 2 | **245** | 11 |
| | b) | **Measured at amortised cost** | | | |
| | | Borrowings | 3 | **250** | 1,000 |
| | | Other financial liabilities | 3 | **14** | 9 |

There were no transfers between Level 1 and Level 2 during the year ended 31 March 2019 and 31 March 2018.

# Notes to the standalone financial statements for the year ended 31 March 2019

## 41. Business Combinations

a) The Company entered into business transfer agreement with Ramsons Garments Finishing Equipment Private Limited, Ramsons Udhyog Private Limited and its Promoters at a consideration of Rs. 3,500 lacs to acquire the entire 'Industrial Laundry Equipment' business from above two companies. The Company has taken control of the business w.e.f. 18 October, 2018 (acquisition date).

No voting interest were acquired in the above transaction.

Ramsons has been a pioneer in the design and manufacture of Commercial Laundry Equipment. This acquisition is in the same field of business and will help in consolidation and growth of 'Industrial Landry Equipment' business of the Company.

b) The acquisition-date fair value of the total consideration transferred was **Rs. 3,456 lacs** and the interest on present valuation of the same amounted to **Rs. 44 lacs.** The sum of **Rs. 3,500 lacs** was paid in cash (online transfer). Out of the above consideration an amount of **Rs. 150 lacs** was subsequently paid after the year end.

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. Goodwill * | | 1,355 |
| 2. Property, plant and equipment | 3A | 145 |
| 3. Intangible assets | | |
| -Engineering design and process | 3B | 943 |
| -Brand | 3B | 382 |
| -Non-compete agreement | 3B | 617 |
| 4. Current assets | | |
| -Inventories | | |
| (a) Raw materials | 23 | 297 |
| (b) Work-in-progress | 25 | 158 |
| **Total** | | **3,897** |
| **Liabilities assumed :** | | |
| 1. Financial liabilities | | |
| -Trade payables | | 334 |
| 2. Other current liabilities | | |
| -Advance from customers | | 107 |
| **Total** | | **441** |

* The entire goodwill is expected to be deductible for tax purposes under section 32(1)(ii) of the Income Tax Act, 1961.

**(d) A reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period showing separately :**

| | **As at 31 March 2019** |
|---|---|
| | **Rs. in lacs** |
| (Amount as at the 1 April 2019 (net of accumulated impairment loss of Nil | – |
| Additional goodwill recognised during the period | 1,355 |
| (Amount as at the 31 March 2019 (net of accumulated impairment loss of Nil | 1,355 |

(e) An amount of **Rs. 1,317 lacs** and a loss of **Rs. 233 lacs** pertaining to the 'Industrial Laundry Equipment' manufacture business from the acquisition date till 31 March, 2019 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'.

**42.** Exceptional item 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.

**43.** The company has adopted new standard on revenue recognition, Ind AS 115 "Revenue from Contract with Customer" and has also appropriately evaluated its revenue recognition policy with effect from 1 April 2018. The Company has used "Modified Retrospective Approach" for transition to Ind AS 115 and thus the previous period/year numbers are not restated. The adoption of the standard did not have any material impact on the financial statements.

The Company has disaggregated revenues from contract with cutomers for the year ended 31 March 2019 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 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 earned in advance on annual maintenance contracts | 4,019 | 716 | – | – | – |
| Income earned in advance on extended warranty services | 188 | 159 | 79 | 29 | 11 |
| Advance from customers | 1,039 | – | – | – | – |
| **Total** | **5,246** | **875** | **79** | **29** | **11** |

The Company recognized revenue of **Rs. 4,875 lacs** (31 March 2018 : Rs. 4,096 lacs) arising from contract liability balances comprising of income earned in advance on annual maintenance contracts and extended warranty services and advance from customers at the beginning of the year.

## Notes to the standalone financial statements for the year ended 31 March 2019

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 2019 Rs. in lacs | As at 31 March 2018 Rs. in lacs |
|---|---|---|
| **Opening Balance** | **5,925** | 4,953 |
| Progress billing during the year | **2,50,148** | 2,17,029 |
| Less: Revenue recognised during the year | **2,49,833** | 2,16,057 |
| **Closing Balance** | **6,240** | 5,925 |

Invoicing in excess of revenues from sale of services are classified as "Income earned 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.

**44.** The standalone financial statements were approved by the Board of Directors on 29 May 2019.

# 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 2019, and the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows 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 2019, 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. | **Principal Audit Procedures**<br>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"). |

| Sr. No. | Key Audit Matter | Auditor's Response |
|---|---|---|
| | **Revenue Recognition**<br>The timing of revenue recognition is relevant to the reported performance of the Group. 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 the Accounting Policy para 1d and Notes 21 to the Consolidated Financial Statements. | **Principal Audit Procedures**<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 at year-end. Testing the supporting documentation for sales transactions recorded during the period closer to the year end and subsequent to the year end, including examination of credit notes issued after the year end to determine whether revenue was recognised in the correct period.<br>• Developing an expectation of the current year revenue based on monthly trend analysis and comparing this expectation against actual revenue. Where appropriate, conducting further enquiries and testing. |

**Information Other than the Financial Statements and Auditor's Report Thereon**

- The Parent Company's Board of Directors is responsible for the other information. The other information comprises the Director's Report, but does not include the consolidated 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 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.
- 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 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, 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 consolidated 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 Company, 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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or 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 Group 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 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 Company 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 and we report 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 Income, the Consolidated Statement of Cash Flows 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 Parent Company as on 31 March, 2019 taken on record by the Board of Directors of the Parent Company none of the directors of the Parent company is disqualified as on 31 March, 2019 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 Company. 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.

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent Company, and its subsidiary company, incorporated in India.

For **DELOITTE HASKINS & SELLS**
*Chartered Accountants*
(Firm Registration No. 302009E)

**Abhijit Bandyopadhyay**
*Partner*
(Membership No. 054785)

Place : Bengaluru
Date : 29 May, 2019

## 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 financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting of **IFB INDUSTRIES LIMITED** (hereinafter referred to as "the Parent"), as of that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Parent, 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 ("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 the Parent 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 Parent'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 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 Parent'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 Parent, 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 2019, 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.

For **DELOITTE HASKINS & SELLS**
*Chartered Accountants*
(Firm Registration No. 302009E)

**Abhijit Bandyopadhyay**
*Partner*
(Membership No. 054785)

Place : Bengaluru
Date : 29 May, 2019

# Consolidated Balance Sheet

| | Notes | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|---|
| **ASSETS** | | | |
| 1. **Non-current assets** | | | |
| (a) Property, plant and equipment | 3A | **30,555** | 31,173 |
| (b) Capital work-in-progress | 3A | **1,848** | 271 |
| (c) Investment property | 4 | **11** | 11 |
| (d) Goodwill | 3C | **2,330** | 943 |
| (e) Other intangible assets | 3B | **2,866** | 1,739 |
| (f) Intangible assets under development | 3B | **581** | 447 |
| (g) Financial assets | | | |
| (i) Loans | 5 | **56** | 54 |
| (ii) Others | 6 | **1,137** | 893 |
| (h) Income tax assets (net) | 7 | **846** | 290 |
| (i) Other non-current assets | 8 | **4,598** | 2,566 |
| 2. **Current assets** | | | |
| (a) Inventories | 9 | **40,391** | 31,907 |
| (b) Financial assets | | | |
| (i) Investments | 10 | **2,726** | 9,267 |
| (ii) Trade receivables | 11 | **24,829** | 18,749 |
| (iii) Cash and cash equivalents | 12 | **7,164** | 6,570 |
| (iv) Other bank balances | 13 | **2,506** | 211 |
| (v) Loans | 5 | **53** | 55 |
| (vi) Others | 6 | **157** | 48 |
| (c) Other current assets | 8 | **4,179** | 6,571 |
| **Total assets** | | **1,26,833** | 1,11,765 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| (a) Equity share capital | 14 | **4,128** | 4,128 |
| (b) Other equity | | **57,711** | 50,665 |
| **Non-controlling interest** | | **207** | 394 |
| **Liabilities** | | | |
| 1. **Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 15 | **614** | 1,341 |
| (ii) Other financial liabilities | 16 | **17** | 9 |
| (b) Provisions | 17 | **5,449** | 4,200 |
| (c) Deferred tax liabilities (net) | 18 | **1,005** | 865 |
| (d) Other non-current liabilities | 19 | **1,019** | 1,083 |
| 2. **Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 20 | **1,460** | 940 |
| (ii) Trade payables | | | |
| (A) Total outstanding dues of micro enterprises and small enterprises | | **3,833** | 4,728 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | | **41,908** | 33,818 |
| (iii) Other financial liabilities | 16 | **2,119** | 1,601 |
| (b) Other current liabilities | 19 | **6,931** | 7,536 |
| (c) Provisions | **17** | **418** | 392 |
| (d) Income tax liabilities (net) | | **14** | **65** |
| **Total equity and liabilities** | | **1,26,833** | **1,11,765** |

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*

*Bengaluru*
29 May 2019

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
29 May 2019

# Consolidated Statement of Profit and Loss

| | | Notes | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|---|---|
| I | Revenue from operations | 21 | **2,65,915** | 2,26,186 |
| II | Other income | 22 | **1,266** | 1,567 |
| III | **Total income (I + II)** | | **2,67,181** | 2,27,753 |
| IV | **Expenses** | | | |
| | (a) Cost of materials consumed | 23 | **1,12,910** | 92,843 |
| | (b) Purchases of stock-in-trade | | **48,744** | 38,434 |
| | (c) Changes in inventories of finished goods, stock-in-trade and work-in-progress | 24 | **(4,850)** | (6,046) |
| | (d) Excise duty on sale of goods | 25 | **-** | 4,141 |
| | (e) Employee benefits expense | 26 | **26,383** | 21,639 |
| | (f) Finance costs | 27 | **723** | 544 |
| | (g) Depreciation and amortisation expense | 28 | **5,755** | 5,381 |
| | (h) Other expenses | 29 | **70,039** | 59,303 |
| | **Total expenses (IV)** | | **2,59,704** | 2,16,239 |
| V | **Profit before exceptional items and tax (III - IV)** | | **7,477** | 11,514 |
| VI | **Exceptional Items** | 42 | **1,935** | - |
| VII | **Profit before tax (V + VI)** | | **9,412** | 11,514 |
| VIII | **Tax expense** | | | |
| | (a) Current tax | 30A | **2,919** | 3,655 |
| | (b) Deferred tax | 30A | **(615)** | (69) |
| IX | **Profit for the year (VII - VIII)** | | **7,108** | 7,928 |
| X | **Other comprehensive income** | | | |
| | **A** (i) Items that will not to be reclassified to profit or loss<br>- Remeasurements of the defined benefit plan | 32 | **(552)** | (687) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | 30B | **193** | 235 |
| | **B** (i) Items that will be reclassified to profit or loss<br>– Exchange differences in translating the financial statements of foreign operations | | **110** | 182 |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | | **-** | - |
| | **Other comprehensive income** | | **(249)** | |
| XI | **Total comprehensive income for the year (IX+X)** | | **6,859** | **7,658** |
| | **Profit for the year** | | | |
| | Attributable to : | | | |
| | Owners of the parent | | **7,295** | 8,097 |
| | Non-controlling interests | | **(187)** | (169) |
| | **Total comprehensive income for the year** | | | |
| | Attributable to: | | | |
| | Owners of the parent | | **7,046** | 7,831 |
| | Non-controlling interests | | **(187)** | (173) |
| XII | **Earnings per equity share (Face value Rs. 10 each)** | | | |
| | (a) Basic (in Rs.) | 31 | **18.00** | 19.98 |
| | (b) Diluted (in Rs.) | 31 | **18.00** | 19.98 |

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*

*Bengaluru*
29 May 2019

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
29 May 2019

# Consolidated Cash Flow Statement

| | | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|---|
| **A.** | **Cash flows from operating activities** | | |
| | **Profit before tax** | **9,412** | 11,514 |
| | Adjustments for: | | |
| | Depreciation and amortisation expense | **5,755** | 5,381 |
| | Gain on disposal of property, plant and equipment | **2** | (131) |
| | Exceptional Gain (Refer note 42) | **(1,935)** | - |
| | Write-off of property, plant and equipment | **112** | 29 |
| | Write-off of debts/ advances | **27** | 85 |
| | Write-off of debts/ advances | | |
| | Allowances for doubtful debts and advances | **37** | 45 |
| | Dividend from investments in mutual fund | **(180)** | (102) |
| | "Net gain on disposal of mutual funds measured at FVTPL" | **(36)** | (18) |
| | Write back of liabilities no longer required | **(231)** | (114) |
| | Write back of provision on assets no longer required | **(15)** | (17) |
| | Income in respect to deferred revenue from government grant | **(8)** | (10) |
| | Unrealised exchange (gain)/loss | **(372)** | 38 |
| | Interest income on financial assets | **(290)** | (152) |
| | Net gain arising on mutual funds measured at FVTPL | **(194)** | (345) |
| | Net (gain)/loss arising on derivative instruments measured at FVTPL | **238** | (192) |
| | Finance costs | **490** | 416 |
| | **Operating profit before working capital changes** | **12,812** | 16,427 |
| | Adjustments for: | | |
| | Trade payables, provisions, financial and other liabilities | **7,960** | 11,985 |
| | Trade receivables, loans, financial and other assets | **(5,242)** | (6,427) |
| | Inventories | **(8,470)** | (7,438) |
| | **Cash generated from operations** | **7,060** | 14,547 |
| | Income tax paid (net of refunds) | **(2,596)** | (2,098) |
| | **Net cash from operating activities** | **4,464** | 12,449 |
| | | | |
| B. | **Cash flows from investing activities** | | |
| | Proceeds from Compulsary acquisition of immovable property | **1,959** | - |
| | Consideration paid for business combination ((Refer Note 2 below) | **(3,350)** | - |
| | Cash outflow on acquisition of a subsidiary | **-** | (2,000) |
| | Purchase of property, plant and equipment | **(6,826)** | (4,279) |
| | Sale of property, plant and equipment | **6** | 402 |
| | Purchase of current investments | **(41,562)** | (26,960) |
| | Sale of current investments | **48,513** | 23,572 |
| | Increase in other bank balances | **(2,295)** | (98) |
| | Interest income on financial assets | **200** | 150 |
| | **Net cash used in investing activities** | **(3,355)** | (9,213) |

# Consolidated Cash Flow Statement

| | | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|---|
| C. | **Cash flows from financing activities** | | |
| | Proceeds from borrowing | **26,269** | 19,341 |
| | Repayment of borrowing | **(26,358)** | (20,207) |
| | Finance costs | **(433)** | (422) |
| | **Net cash used in financing activities** | **(522)** | (1,288) |
| | **Net change in cash and cash equivalents (A+B+C)** | **587** | 1,948 |
| | **Cash and cash equivalents at the beginning of the year** | **6,570** | 4,567 |
| | **Cash and cash equivalents on acquisition of subsidiary** | **-** | 55 |
| | **Foreign currency translation adjustment on cash and cash equivalent** | **7** | - |
| | **Cash and cash equivalents at the end of the year [refer note 12]** | **7,164** | 6,570 |

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:

| | | |
|---|---|---|
| Property, plant and equipment | **145** | – |
| Other intangible assets | **1,942** | – |
| Inventories | **455** | – |
| Trade payables | **334** | – |
| Advance from customers | **107** | – |

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*

*Bengaluru*
29 May 2019

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
29 May 2019

# 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** |

## B. Other equity

| | Reserves and Surplus | | | | Other comprehensive income | Attributable to owners of the parent | Non-controlling interest | Total |
|---|---|---|---|---|---|---|---|---|
| | 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 |
| Balance as at 01 April 2017 of Holding company | 17,433 | 1,605 | 8,981 | 15,382 | - | 42,834 | 567 | 43,401 |
| Profit for the year | - | - | - | 7,928 | - | 8,097 | (169) | 7,928 |
| Other comprehensive income (net of tax) | - | - | - | (452) | 182 | (266) | (4) | (270) |
| Total comprehensive income for the year | - | - | - | 7,476 | 182 | 7,831 | (173) | 7,658 |
| Balance as at 31 March 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** |

**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*

*Bengaluru*
29 May 2019

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 Financial Officer, Home Appliances Division* **Rajshankar Ray**
*Chief Financial Officer, Engineering Division* **Partha Sen**
*Company Secretary* **G. Ray Chowdhury**

Bengaluru
29 May 2019

## Notes to the consolidated financial statements for the year ended 31 March 2019

1. **SIGNIFICANT ACCOUNTING POLICIES:**

   a. **Accounting convention**

   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.

   b. **Statement of compliance**

   These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind ASs) notified under section 133 of the Companies Act, 2013. These consolidated financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

   c. **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.

   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 for leasing transactions that are within the scope of Ind AS 17 – Leases, 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 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 consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions 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.

**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, when is the fair value of the consideration received or receivable, stated net of discounts, returns and value added 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 established.

Interest income is recognised using the effective interest method.

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 similar significant additional benefits.

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life stated below.

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 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) | 5 years / 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 group of 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 Group 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.

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). If, there are no such limitations, the useful life is taken to be indefinite.

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.

**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.

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 consolidated 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 consolidated statement of profit and loss. 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.

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 benefits expense in the consolidated statement of profit and loss.

For retirement benefit – defined benefit plan i.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 consolidated 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 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 are 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.

**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.

**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**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**Group as lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Group is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the consolidated statement of profit and loss on a straight-line basis over the term of the lease unless the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

**Group as lessee**

Assets used under finance leases are recognised as property, plant and equipment in the consolidated balance sheet for an amount that corresponds to the lower of fair value and the present value of minimum lease payments determined at the inception of the lease and a liability is recognised for an equivalent amount.

The minimum lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the consolidated statement of profit and loss.

Rentals payable under operating leases are charged to the consolidated statement of profit and loss on a straight-line basis over the term of the relevant lease unless the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**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 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 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 market place 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 consolidated statement of 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 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 the Holding 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. Earnings per share**

Basic earnings per share are calculated by dividing the consolidated 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 consolidated 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.

**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

**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 other long 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.

**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.

**2B. RECENT ACCOUNTING PRONOUNCEMENTS:**

**Ind AS 116 – Leases**

On 30 March 2019, Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases. Ind AS 116 will replace the existing Standard i.e., Ind AS – 17 Leases and related interpretations.

Ind AS 116 requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. It also contains enhanced disclosure requirements for lessees. The effective date of adoption of Ind AS 116 is annual periods beginning on or after 1 April, 2019. The Group is currently evaluating the effect this standard on the standalone financial statements.

**Ind AS 12 – Income Taxes**

On 30 March 2019, Ministry of Corporate Affairs (MCA) issued amendments to the guidance in Ind AS 12 in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividend in profit or loss, OCI or equity according to where the entity originally recognises those past transactions or events. The effective date for application of this amendment is annual periods beginning on or after 1 April, 2019.The Group is currently evaluating the effect this standard on the standalone financial statements.

**Ind AS 19 – Employee Benefits**

On 30 March 2019, Ministry of Corporate Affairs (MCA) issued amendments to the Ind AS 19 – Employee Benefits in connection with accounting for plan amendments, curtailments and settlements.

The amendment require an entity to use updated assumptions to determine current service costs and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in the profit or loss as part of past service cost or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of impact of the asset ceiling. The effective date for application of this amendment is annual periods beginning on or after 1 April, 2019. The Group does not have an impact on account of this amendment.

## Notes to the consolidated financial statements for the year ended 31 March 2019

Rs. in Lacs

| | Gross Block | | | | | | Depreciation and amortisation | | | | | | Net Book Value | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2018 | Fair Value of assets acquired on business combination (Refer note 41) | Additions | Adjustments / disposals | Foreign currency translation reserve adjustment | As at 31 March 2019 | As at 1 April 2018 | Acquisition through business combination | For the year | Adjustments / disposals | Foreign currency translation reserve adjustment | As at 31 March 2019 | As at 31 March 2019 | As at 31 March 2018 |
| **3A Property, plant and equipment** | | | | | | | | | | | | | | |
| (a) **Land** | **1,426** | **-** | **-** | **(21)** | **-** | **1,405** | **-** | **-** | **-** | **-** | **-** | **-** | **1,405** | **1,426** |
| *Previous year* | *1,426* | *-* | *-* | *-* | *-* | *1,426* | *-* | *-* | *-* | *-* | *-* | *-* | *1,426* | |
| (b) **Buildings** | **5,483** | **-** | **98** | **(3)** | **2** | **5,580** | **541** | **-** | **262** | **-** | **3** | **806** | **4,774** | **4,942** |
| *Previous year* | *5,339* | *1* | *92* | *(2)* | *53* | *5,483* | *234* | *-* | *255* | *-* | *52* | *541* | *4,942* | |
| (c) **Plant and equipment** | **30,637** | **145** | **3,371** | **(149)** | **93** | **34,097** | **8,171** | **-** | **4,062** | **(50)** | **42** | **12,225** | **21,872** | **22,466** |
| *Previous year* | *25,315* | *1,093* | *3,531* | *(329)* | *1,027* | *30,637* | *3,387* | *-* | *3,915* | *(35)* | *904* | *8,171* | *22,466* | |
| (d) **Furniture and fixtures** | **1,866** | **-** | **423** | **(34)** | **1** | **2,256** | **336** | **-** | **215** | **(15)** | **1** | **537** | **1,719** | **1,530** |
| *Previous year* | *1,459* | *6* | *387* | *(3)* | *17* | *1,866* | *140* | *-* | *182* | *(1)* | *15* | *336* | *1,530* | |
| (e) **Vehicles** | **81** | **-** | **-** | **-** | **1** | **82** | **36** | **-** | **10** | **-** | **1** | **47** | **35** | **45** |
| *Previous year* | *61* | *2* | *-* | *-* | *18* | *81* | *8* | *-* | *10* | *-* | *18* | *36* | *45* | |
| (f) **Office equipment** | **367** | **-** | **68** | **(7)** | **1** | **429** | **151** | **-** | **73** | **(4)** | **-** | **220** | **209** | **216** |
| *Previous year* | *270* | *7* | *77* | *(1)* | *14* | *367* | *65* | *-* | *72* | *-* | *14* | *151* | *216* | |
| (g) **Computers** | **907** | **-** | **205** | **(14)** | **1** | **1,099** | **359** | **-** | **207** | **(8)** | **-** | **558** | **541** | **548** |
| *Previous year* | *709* | *4* | *183* | *(1)* | *12* | *907* | *145* | *-* | *202* | *-* | *12* | *359* | *548* | |
| **Total** | **40,767** | **145** | **4,165** | **(228)** | **99** | **44,948** | **9,594** | **-** | **4,829** | **(77)** | **47** | **14,393** | **30,555** | **31,173** |
| *Previous year* | *34,579* | *1,113* | *4,270* | *(336)* | *1,141* | *40,767* | *3,979* | *-* | *4,636* | *(36)* | *1,015* | *9,594* | *31,173* | |
| **Capital work–in–progress** | **271** | **-** | **1,912** | **(337)** | **2** | **1,848** | **-** | **-** | **-** | **-** | **-** | **-** | **1,848** | **271** |
| *Previous year* | *844* | *21* | *596* | *(1,193)* | *3* | *271* | *-* | *-* | *-* | *-* | *-* | *-* | *271* | |
| **3B Intangible assets** | | | | | | | | | | | | | | |
| (a) **Brand** | **-** | **382** | **-** | **-** | **-** | **382** | **-** | **-** | **35** | **-** | **-** | **35** | **347** | **-** |
| *Previous year* | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | |
| (b) **Computer software** | **1,496** | **-** | **94** | **(4)** | **1** | **1,587** | **678** | **-** | **448** | **(4)** | **1** | **1,123** | **464** | **818** |
| *Previous year* | *1,308* | *35* | *149* | *-* | *4* | *1,496* | *176* | *24* | *474* | *-* | *4* | *678* | *818* | |
| (c) **Technical knowhow** | **1,456** | **943** | **17** | **-** | **-** | **2,416** | **535** | **-** | **415** | **-** | **-** | **950** | **1,466** | **921** |
| *Previous year* | *1,021* | *-* | *435* | *-* | *-* | *1,456* | *264* | *-* | *271* | *-* | *-* | *535* | *921* | |
| (d) **Non-compete agreement** | *-* | *617* | *-* | *-* | *-* | *617* | *-* | *-* | *28* | *-* | *-* | *28* | *589* | **-** |
| *Previous year* | *-* | *-* | *-* | *-* | *-* | *-* | *-* | *-* | *-* | *-* | *-* | *-* | *-* | |
| **Total** | **2,952** | **1,942** | **111** | **(4)** | **1** | **5,002** | **1,213** | **-** | **926** | **(4)** | **1** | **2,136** | **2,866** | **1,739** |
| *Previous year* | *2,329* | *35* | *584* | *-* | *4* | *2,952* | *440* | *24* | *745* | *-* | *4* | *1,213* | *1,739* | |
| **Intangible assets under development** | **447** | **-** | **134** | **-** | **-** | **581** | **-** | **-** | **-** | **-** | **-** | **-** | **581** | **447** |
| *Previous year* | *588* | *-* | *447* | *(588)* | *-* | *447* | *-* | *-* | *-* | *-* | *-* | *-* | *447* | |

1. The amortisation of intangible assets is disclosed in the face of Consolidated Statement of Profit and 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 2019** |
|---|---|
| (a) Design Cost for washing machines | The entire net block would be amortised in 4 years. |
| (b) Engineering design and process for Industrial Launderete Equipments | The entire net block would be amortised in 7 years. |
| (c) Design cost of Motors | The entire net block would be amortised in 5 years. |
| (d) Brand | The entire net block would be amortised in 5 years. |
| (e) Non-compete agreement | The entire net block would be amortised in 10 years. |

## Notes to the consolidated financial statements for the year ended 31 March 2019

### 3C Goodwill

Rs. in lacs

| Particulars | As at 31 March 2019 | As at 31 March 2018 |
|---|---|---|
| Balance as at the beginning of the year | **943** | **426** |
| **Add: Goodwill on acqusiition of a foreign subsidiary** | **-** | **512** |
| Add: Goodwill of the holding company on business combination | **1,355** | - |
| Add: Translation differences | **32** | 5 |
| | **2,330** | 943 |

### 4. Investment property

Rs. in lacs

| Particulars | Gross Block/Net Book Value | | | |
|---|---|---|---|---|
| | As at 31 March 2018 | Additions | Adjustments/ disposals | **As at 31 March 2019** |
| 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 2018: Rs. 7 lacs) being assets given on an operating lease.

2 As at 31 March 2019 and 31 March 2018 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 2019** | **31 March 2018** |
| Rental income derived from investment property (refer note 22) | **6** | 6 |
| Profit arising from investment property | **6** | 6 |

### 5. Loans

| Particulars | **As at 31 March 2019** | | As at 31 March 2018 | |
|---|---|---|---|---|
| | **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) | **4** | **2** | 3 | 2 |
| - Other loans to employees | **49** | **54** | 52 | 52 |
| **Total** | **53** | **56** | 55 | 54 |

# Notes to the consolidated financial statements for the year ended 31 March 2019

## 6. Other financial assets

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | 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 | - | 1 | - | - |
| Bank deposit with more than 12 months maturity | - | 21 | - | 15 |
| Security deposits | | | | |
| - to related parties (unsecured, considered good) - refer note 37 | - | 58 | - | 58 |
| - to others | | | | |
| (i) Unsecured, considered good | 58 | 1,057 | 36 | 819 |
| (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 | 3 | - | 6 | - |
| - Interest accrued on fixed deposits | 95 | - | 4 | 1 |
| - Insurance and other claim receivable | 1 | - | 2 | - |
| **Total** | 157 | 1,137 | 48 | 893 |

## 7. Income tax assets (net)

| Particulars | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Advance tax (net of provision) | 846 | 290 |
| **Total** | 846 | 290 |

## 8. Other assets

| Particulars | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | Current | Non Current | Current | Non Current |
| | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs | Rs. in Lacs |
| Capital advance | - | 1,385 | - | 572 |
| Advances other than capital advance | | | | |
| - deposit with statutory authorities | 26 | 439 | 1 | 473 |
| - deposit with others | - | 5 | - | 6 |
| - advances with statutory authorities | 2,813 | 1,485 | 4,926 | 1,508 |
| - advances with related parties (refer note 37) | 611 | - | 607 | - |
| Other advances | | | | |
| - advances for goods and services | 266 | 14 | 854 | 14 |
| less: allowance for doubtful advances | - | 14 | 31 | 14 |
| - prepaid expenses | 413 | 2 | 210 | 2 |
| - prepaid lease rent | 50 | 1,282 | 4 | 5 |
| **Total** | 4,179 | 4,598 | 6,571 | 2,566 |

**9. Inventories (valued at lower of cost and net realisable value)**

| Particulars | **As at 31 March 2019 Rs. in Lacs** | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Raw materials | **10,333** | 7,367 |
| Work-in-progress | **2,420** | 1,897 |
| Finished goods | **10,975** | 10,323 |
| Stock-in-trade | **13,313** | 9,471 |
| Stores and spares | **3,350** | 2,849 |
| **Total** | **40,391** | 31,907 |

The above includes goods in transit as under:

| | | |
|---|---|---|
| Raw materials | **837** | 831 |
| Stock-in-trade | **2,041** | 3,530 |
| Stores and spares | **62** | 176 |
| **Total** | **2,940** | 4,537 |

The cost of inventories recognised as an expense during the year was Rs. 1,90,989 lacs (for the year ended 31 March 2018: Rs. 1,50,564 lacs)

The cost of inventories recognised as an expense includes Rs. 438 lacs (31 March 2018 : Rs. 349 lacs) in respect of write-downs of inventory to its net realisable value. Further a sum of Rs. 219 lacs (31 March 2018: Rs. 349 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. 1,433 Lacs (31 March 2018: Rs.898 lacs)

# Notes to the consolidated financial statements for the year ended 31 March 2019

## 10. Investments

| | As at 31 March 2019 Nos | As at 31 March 2019 Current Rs. in Lacs | As at 31 March 2018 Nos | As at 31 March 2018 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/-) | **19,24,974** | **1,928** | - | - |
| b) Reliance Regular Savings Fund - Debt Plan - Growth plan - growth option (face value Rs. 10/-) | **23,03,578** | **594** | 50,84,272 | 1,230 |
| c) ICICI Prudential Regular Saving Fund - Growth (face value Rs 10/-) | **10,27,149** | **204** | 10,27,149 | 191 |
| d) Reliance Medium Term Fund - Direct growth plan (face value Rs. 10/-) | **-** | **-** | 59,61,180 | 2,216 |
| e) ICICI Prudential Money Market Fund Option - Direct plan daily dividend (face value Rs. 100/-) | **-** | **-** | 19,83,515 | 1,986 |
| f) Kotak Low Duration Fund - Standard growth - regular plan (face value Rs. 10/-) | **-** | **-** | 72,503 | 1,538 |
| g) Franklin India Low Duration Fund - Growth plan (face value Rs 10/-) | **-** | **-** | 61,66,526 | 1,232 |
| h) L&T Income Oppurtunities Fund - Growth (face value Rs 10/-) | **-** | **-** | 18,02,955 | 360 |
| i) Aditya Birla Sun Life Savings Fund - Growth direct plan (face value Rs. 100/-) | **-** | **-** | 91,183 | 313 |
| j) ICICI Prudential Liquid - Direct plan - growth (face value Rs 100/-) | **-** | **-** | 78,333 | 201 |
| **Total Investments** | | **2,726** | | 9,267 |
| **Other disclosures** | | | | |
| **Aggregate amount of unquoted investments** | | **2,726** | | 9,267 |
| **Aggregate amount of impairment in value of investments** | | - | | - |

# Notes to the consolidated financial statements for the year ended 31 March 2019

## 11. Trade receivables

| | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Unsecured, considered good | | |
| - receivable from related parties (refer note 37) | **1,748** | 845 |
| - receivable from others | **23,081** | 17,904 |
| **Unsecured, considered doubtful** | | |
| - receivable from others | **102** | 80 |
| Less : allowances for doubtful debts | **(102)** | (80) |
| **Total** | **24,829** | 18,749 |

**Transfer of financial assets**

The company discounted certain trade receivable with an aggregate carrying amount of Rs. 4,472 lacs (31 March 2018: Rs. 1,940 lacs) to a bank for cash proceeds of Rs. 4,439 lacs (31 March 2018: Rs. 1,916 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 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Trade receivable that has been transferred but have not been derecognised | **359** | 219 |
| Bill discounting liability for the above | **359** | 219 |

## 12. Cash and cash equivalents

| | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Balances with banks | | |
| - current account (*) | **4,615** | 6,115 |
| - deposit account | **1,964** | 27 |
| Cheques on hand | **532** | 374 |
| Cash on hand | **53** | 54 |
| **Total** | **7,164** | 6,570 |

## 13. Other bank balances

| | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| In deposit account | **2,420** | 47 |
| Margin money deposits | **86** | 164 |
| **Total** | **2,506** | 211 |

## 14. Equity share capital

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | **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 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | **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 2018: 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 Company**

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | **%** | **No. of shares** | % | No. of shares |
| 1. IFB Automotive Private Limited | **46.54** | **18,856,833** | 46.54 | 18,856,833 |
| 2. Nurpur Gases Private Limited | **14.83** | **6,010,416** | 14.83 | 6,010,416 |
| 3. Asansol Bottling & Packaging Company Private Limited | **8.31** | **3,366,428** | 8.31 | 3,366,428 |

## 15. Non-current borrowings

| | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Term loan from banks - secured (*) | **614** | 1,341 |
| **Total** | **614** | 1,341 |

(*) 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 Rs. 364 lacs which is repayable in 16 instalments by way of graded quaterly 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 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Repayable in first year | **990** | 872 |
| **Current maturities of long term debt (refer note 16)** | **990** | 872 |
| In the second year | **413** | 913 |
| In the third to fifth year | **201** | 428 |
| **Non-current borrowings** | **614** | 1,341 |

**For sanction of term loan amounting to Rs 3,000 lacs by DBS Bank Ltd, following securities have been created:**

First and exclusive floating charge over all present and future movable fixed assets 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.

**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 and 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 fixed assets (present and future) in the name of the Company.

# Notes to the consolidated financial statements for the year ended 31 March 2019

## 16. Other financial liabilities

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | **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) | **990** | **-** | 872 | - |
| Interest accrued but not due on borrowings | **8** | **-** | 13 | - |
| Derivative instruments at fair value through profit or loss and not designated as hedging instruments | **245** | **-** | 11 | - |
| Others | | | | |
| - Security deposit | **435** | **14** | 362 | 9 |
| - Payable for property, plant and equipment and intangibles | **441** | **3** | 343 | - |
| **Total** | **2,119** | **17** | 1,601 | 9 |

## 17. Provisions

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | **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) | **-** | **960** | - | 1,071 |
| Leave encashment | **2** | **1,657** | 5 | 817 |
| Sick Leave | **56** | **278** | 47 | 254 |
| Others | | | | |
| Warranty | **360** | **2,554** | 340 | 2,058 |
| **Total** | **418** | **5,449** | 392 | 4,200 |

**Details of movement in warranty provisions**

| | **As at 31 March 2019 Rs. in Lacs** | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Balance as at the beginning of the year | **2,398** | 1,886 |
| Additional provisions recognised (refer note 29) | **1,399** | 1,340 |
| Effect of unwinding of discount (refer note 27) | **168** | 128 |
| Amounts used (i.e. incurred and charged against the provision) during the year | **(1,051)** | (956) |
| **Balance as at the end of the year** | **2,914** | 2,398 |

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.

**18. Deferred tax (assets) / liabilities (net)**

| | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| Deferred tax liabilities | **3,816** | 4,210 |
| Less: Deferred tax assets | **2,811** | 3,345 |
| **Total Deferred tax liabilities (net)** | **1,005** | 865 |

**Breakup of deferred tax liabilities / asset balances is as under :**

| | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| **Deferred tax liabilities** | | |
| On provision for warranty | **229** | 181 |
| On changes in fair value of investments | **45** | 158 |
| On property, plant and equipment and intangible assets | **3,542** | 3,871 |
| | **3,816** | 4,210 |
| **Deferred tax assets** | | |
| On unused tax credits (Minimum Alternate Tax Credit) (*) | **1,650** | 2,452 |
| On changes in fair value of derivative instruments | **-#** | 4 |
| On allowance for doubtful debts and advances | **45** | 37 |
| On employee benefits | **1,046** | 782 |
| Other timing differences | **70** | 70 |
| | **2,811** | 3,345 |
| **Deferred tax (assets) / liabilities (net)** | **1,005** | 865 |

*(*) Unused tax credits are due to expire starting from financial year 2026-27 to 2031-32.*

*(#) Represents amount less than Rs. 50,000*

# Notes to the consolidated financial statements for the year ended 31 March 2019

**Movement of deferred tax (assets) / liabilities (net) is as under**

| | 31 March 2019 Rs. in Lacs | 31 March 2018 Rs. in Lacs |
|---|---|---|
| **Deferred tax liabilities / (assets) as at the beginning of the year** | 865 | (58) |
| - Deferred tax for the year (@) | **(662)** | (136) |
| - Minimum alternate tax credit related to previous years - Net (@) | **47** | 67 |
| - Minimum alternate tax credit utilisation relating to previous years | **-** | 3 |
| - Minimum alternate tax credit utilised during the year | **755** | 989 |
| **Deferred tax liabilities as at the end of the year** | **1,005** | 865 |

*(@) refer note 30*

## 19. Other liabilities

| | As at 31 March 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|
| | Current Rs. in Lacs | Non Current Rs. in Lacs | Current Rs. in Lacs | Non Current Rs. in Lacs |
| **Revenue received in advance** | | | | |
| – Income earned in advance on annual maintenance contracts and extended warranty services | **4,207** | **994** | 3,698 | 1,050 |
| – Deferred capital grant | **7** | **25** | 7 | 33 |
| Advance from customers | **1,198** | **-** | 1,221 | - |
| Others | | | | |
| – Statutory liabilities | **1,519** | **-** | 2,610 | - |
| **Total** | **6,931** | **1,019** | 7,536 | 1,083 |

## 20. Current borrowings

| | As at 31 March 2019 Rs. in Lacs | As at 31 March 2018 Rs. in Lacs |
|---|---|---|
| **Secured** | | |
| Loans from banks | | |
| - Cash Credit facility from bank | **764** | 235 |
| - Bill discounting | **403** | 408 |
| Unsecured loans from Others | **293** | 297 |
| **Total** | **1,460** | 940 |

**Hypothecation details of current borrowings existing as at 31 March 2019**

For sanction of working capital facilities by The Federal Bank Limited of Rs. 1,500 lacs which can be used inter-changeably between fund based and non-fund based. Interest rate for fund based limits is MCLR+0.48 percent. Following securities has been created:

**Primary security:**

Cash credit / working capital demand loan. Hypothecation of the all the current assets (present and future).

**Collateral security:**

Equitable mortgage of factory land and building along with the fixed assets (present and future) in the name of the Company.

For sanction of credit facilities amounting to Rs. 3,500 lacs by DBS Bank Ltd., following securities have been created:

(i) Hypothecation by way of first pari passu and floating charge over goods being finished goods, semi-finished goods, stocks of raw-materials, work-in-process located at various factories/ warehouses/ godowns of the Holding Company and whether in transit or lying at any other place and hypothecation by way of first pari passu and floating charge over the Holding Company's present and future book debts, outstanding monies receivables, claims, bills, contracts, engagements, securities, investments, rights and assets.

(ii) Hypothecation by way of exclusive charge over all present and future movable fixed assets of the engineering division of the Holding Company including without limitation its movable plant and machinery, furniture and fittings, equipment, computer hardware, computer software, machinery spares, tools and accessories and other movables etc. stored or to be stored at Holding Company's godowns or premises situated at 14, Taratolla Road, Kolkata and 16/17, Visveswaraiah Industrial Estate, Whitefield Road, Bangalore - 560048 (Engineering Division) or wherever else the same may be.

**Hypothecation details of current borrowings unutilised as at 31 March 2019**

For sanction of capex letter of credit amounting to Rs 2,000 lacs by Standard Chartered Bank (undrawn as at 31 March, 2019), following securities have been created:

First charge on existing movable fixed assets of Goa (Verna) plant (except exclusive charge to term lenders) of the company including without limitations its movable plant and machinery, furniture and fittings, equipment, computer hardware, computer software, machinery spares, tools and accessories and other movables etc stored or to be stored at the Holding Company's godown or premises situated at Plot no L-1, Verna Electronic City, Verna Industrial Estate, Goa - 403722 or wherever else the same may be.

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.

# Notes to the consolidated financial statements for the year ended 31 March 2019

## 21. Revenue from operations

| | **For the year ended 31 March 2019 Rs. in Lacs** | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| Gross revenue from sale of manufactured products | 223,941 | 188,800 |
| Revenue from sale of traded products | **95,360** | 80,483 |
| **Total sale of products** | **319,301** | 269,283 |
| Less: trade schemes and discounts | **65,567** | 53,102 |
| **Sale of products (net of trade schemes and discounts)** | **253,734** | 216,181 |
| Sale of services | **7,449** | 6,522 |
| Other operating revenues | | |
| - Scrap sales | **4,452** | 3,292 |
| - Others | **280** | 191 |
| | **265,915** | 226,186 |

## 22. Other income

| | **For the year ended 31 March 2019 Rs. in Lacs** | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| **Interest income** | | |
| - Interest on financial assets measured at amortised cost | **290** | 152 |
| - Other interest | **50** | 32 |
| **Dividend from investments in mutual fund** | **180** | 102 |
| **Other non-operating income** | | |
| (i) Operating lease rental income | | |
| - Investment property | **6** | 6 |
| - Others | **33** | 35 |
| (ii) Gain / (Loss) on disposal of property, plant and equipment | **(2)** | 131 |
| (iii) Net foreign exchange gain/(loss) | **28** | (82) |
| (iv) Net gain arising on financial instruments measured at fair value through statement of profit and loss (FVTPL) | | |
| - Mutual fund | **194** | 345 |
| - Derivative instrument | **(238)** | 192 |
| (v) Net gain on disposal of financial instrument measured at FVTPL | | |
| - Mutual fund | **36** | 18 |
| (vi) Insurance claim received | **60** | 144 |
| (vii) Write back of liabilities no longer required | **231** | 114 |
| (viii) Write back of provision on debts/advances no longer required | **15** | 17 |
| (ix) Recovery of balance written off in previous year | **-** | 6 |
| (x) Income in respect to deferred revenue from government grant | **8** | 10 |
| (xi) Miscellaneous income | **375** | 345 |
| | 1,266 | 1,567 |

## 23. Cost of materials consumed

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| **Raw materials consumed** | | |
| Raw material inventory at the beginning of the year | **7,367** | 6,096 |
| Add: Fair value of raw material acquired on business acquisition (refer note 41) | **297** | - |
| Add: Raw material stock on acquisition of subsidiaries | **-** | 59 |
| Add: Purchases during the year | **115,574** | 94,047 |
| Translation difference | **5** | 8 |
| | **123,243** | 100,210 |
| Raw material inventory at the end of the year | **10,333** | 7,367 |
| Cost of materials consumed | **112,910** | 92,843 |

## 24. Changes in inventories of finished goods, stock-in-trade and work-in-progress

| | | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|---|
| **Inventories as at the end of the year** | | | |
| Stock-in-trade | | **13,313** | 9,471 |
| Work-in-progress (@) | | **2,420** | 1,897 |
| Finished goods | | **10,975** | 10,323 |
| | **(A)** | **26,708** | 21,691 |
| **Inventories as at the beginning of the year** | | | |
| Stock-in-trade | | **9,471** | 6,451 |
| Work-in-progress | | **1,897** | 1,338 |
| Work-in-progress on acquisition of subsidiaries | | **-** | 114 |
| Fair value of work-in-progress acquired on business acquisition (refer note 41) | | **158** | - |
| Finished goods | | **10,323** | 7,676 |
| Finished goods on acquisition of subsidiaries | | **-** | 44 |
| | **(B)** | **21,849** | 15,623 |
| **Translation difference** | **(C)** | **9** | 22 |
| | **(B + C - A)** | **(4,850)** | (6,046) |

(@) Includes semi finished fine blanked components and semi finished press tools and dies amounting to Rs. 1,325 lacs (31 March 2018: Rs. 1,396 lacs).

# Notes to the consolidated financial statements for the year ended 31 March 2019

## 25. Excise duty on sale of goods

| | **For the year ended 31 March 2019 Rs. in Lacs** | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| Excise duty on sale of manufactured products | **-** | 4,065 |
| Excise duty on scrap sales | **-** | 76 |
| | **-** | 4,141 |

## 26. Employee benefits expense

| | **For the year ended 31 March 2019 Rs. in Lacs** | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| Salaries and wages | **21,498** | 18,043 |
| Contribution to provident and other funds | **1,924** | 1,633 |
| Staff welfare expenses | **2,961** | 1,963 |
| | **26,383** | 21,639 |

## 27. Finance costs

| | **For the year ended 31 March 2019 Rs. in Lacs** | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| Interest on financial liabilities measured at amortised cost | **490** | 416 |
| Effect of unwinding of discount for warranty provision | **168** | 128 |
| Other interest expense | **65** | - |
| | **723** | 544 |

## 28. Depreciation and amortisation expense

| | **For the year ended 31 March 2019 Rs. in Lacs** | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| Depreciation of property, plant and equipment | **4,829** | 4,636 |
| Amortisation of intangible assets | **926** | 745 |
| | **5,755** | 5,381 |

## Notes to the consolidated financial statements for the year ended 31 March 2019

### 29. Other expenses

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| Consumption of stores and spare parts | **12,622** | 10,601 |
| Rent (refer note 34) | **3,216** | 2,407 |
| Insurance | **222** | 167 |
| Freight, octroi and carriage | **9,370** | 7,669 |
| Power and fuels | **3,156** | 2,803 |
| Ancillary cost | **6,450** | 5,141 |
| Rates and taxes | **202** | 449 |
| Expenditure on corporate social responsibility | **49** | 62 |
| Office expenses | **4,140** | 3,523 |
| Advertisement and sales promotion | **15,809** | 13,396 |
| Travelling | **3,602** | 3,065 |
| Repairs : | | |
| Buildings | **139** | 68 |
| Plant and machinery | **1,168** | 862 |
| Others | **680** | 741 |
| Write-off of property, plant and equipment | **112** | 29 |
| Write-off of debts/ advances | **22** | 68 |
| Write-off of statutory advances | **5** | 17 |
| Allowances for doubtful debts and advances | **37** | 45 |
| Bank charges | **125** | 132 |
| Directors' sitting fees | **23** | 19 |
| Service expenses | **5,020** | 4,512 |
| Warranty expenses | **1,399** | 1,340 |
| Miscellaneous expenses | **2,471** | 2,187 |
| | **70,039** | 59,303 |

### 30. Tax expense

| | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|
| **A. Amount recognised in statement of profit and loss** | | |
| **Current tax** | | |
| Income tax for the year | **2,681** | 3,652 |
| Adjustments related to previous years (net) | **238** | 3 |
| **Total current tax** | **2,919** | 3,655 |
| **Deferred tax** | | |
| Deferred tax for the year | **(662)** | (136) |
| Minimum alternate tax credit for the year | **-** | - |
| Minimum alternate tax credit related to previous years (net) | **47** | 67 |
| **Total deferred tax** | **(615)** | (69) |
| **Total** | **2,304** | 3,586 |

| | | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 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)** | (235) |
| | | **(193)** | (235) |
| **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** | **9,412** | 11,514 |
| | Income tax expense calculated @ 34.944% (31 March 2018 - 34.608%) | **3,289** | 3,985 |
| | Effect of income not taxable | **(730)** | (35) |
| | Effect of additional deductions under tax | **(664)** | (632) |
| | Effect of difference in tax rates of subsidiary companies | **4** | 31 |
| | Effect of non allowance of carry forward of losses | **148** | 127 |
| | Effect of different tax rate on certain items | **(20)** | (15) |
| | Effect of non allowable expenses | **75** | 61 |
| | Effect of rate change on deferred tax | **-** | (6) |
| | Effect of tax relating to uncertain tax positions | **-** | - |
| | **Effect of adjustments relating to earlier year** | **202** | 70 |
| | **Income tax recognised in statement of profit and loss** | **2,304** | 3,586 |
| | Tax rate used for current tax | **34.944%** | 34.608% |
| | Tax rate used for deferred tax | **34.944%** | 34.944% |

**31. Earnings per share**

| | | For the year ended 31 March 2019 Rs. in Lacs | For the year ended 31 March 2018 Rs. in Lacs |
|---|---|---|---|
| (a) | Profit after taxes available to equity shareholders | **7,295** | 8,097 |
| (b) | Weighted average number of equity shares outstanding | **40,518,796** | 40,518,796 |
| (c) | Basic and diluted earnings per equity share of face value Rs. 10 each (in Rs.) [(a)/(b)] | **18.00** | 19.98 |

**32. Defined benefit plan - Gratuity**

The Group 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.

**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 2019** | 31 March 2018 |
| 1. | Defined benefit obligations at the beginning of the year | **3,720** | 2,626 |
| 2. | Current service cost | **339** | 229 |
| 3. | Interest costs | **269** | 177 |
| 4. | Past service cost - plan amendments | **-** | 137 |
| 5. | Acquisition cost / (credit) | **32** | 3 |
| 6. | Effect of experience adjustment | **398** | 374 |
| 7. | Effect of assumption change | **97** | 303 |
| 8. | Benefits paid | **(157)** | (129) |
| 9. | Defined benefit obligations at the end of the year | **4,698** | 3,720 |

**II. Changes in fair value of plan assets** **Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2019** | 31 March 2018 |
| 1. | Fair value of assets at the beginning of the year | **2,649** | 1,998 |
| 2. | Interest income on plan assets | **229** | 155 |
| 3. | Employer contribution | **1,074** | 635 |
| 4. | Return on plan assets (less than discount rate) | **(57)** | (10) |
| 5. | Benefits paid | **(157)** | (129) |
| 6. | Fair value of assets at the end of the year | **3,738** | 2,649 |
| | Actual returns | **172** | 145 |

## Notes to the consolidated financial statements for the year ended 31 March 2019

**III. Net assets / (liabilities) recognised in balance sheet** **Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2019** | 31 March 2018 |
| 1. | Defined benefit obligations | **4,698** | 3,720 |
| 2. | Fair value of plan assets | **3,738** | 2,649 |
| 3. | Funded status (deficit) | **960** | 1,071 |
| 4. | Net asset / (liability) recognised in balance sheet | | |
| | -- Current | **-** | - |
| | -- Non-current | **960** | 1,071 |

**IV. Components of employer expenses** **Rs. in Lacs**

| | | Gratuity (funded) | |
|---|---|---|---|
| | | **31 March 2019** | 31 March 2018 |
| **Recognised in statement of profit and loss** | | | |
| 1. | Current service cost | **339** | 229 |
| 2. | Past service cost - plan amendments | **-** | 137 |
| 3. | Net interest costs | **40** | 22 |
| 4. | Immediate recognition of gain/(loss) - other long term employee benefit plans | **-** | - |
| 5. | Total recognised in the statement of profit and loss (*) | **379** | 388 |
| **Recognised in other comprehensive income** | | | |
| 1. | Effect of experience adjustment | **398** | 374 |
| 2. | Effect of assumption change | **97** | 303 |
| 3. | Return on plan assets (less than discount rate) | **57** | 10 |
| 4. | Immediate recognition of gain/(loss) - other long term employee benefit plans | **-** | - |
| 5. | Total recognised in other comprehensive income | **552** | 687 |
| **Total expense recognised in total comprehensive income** | | **931** | 1,075 |

(*) recognised in "Contribution to provident and other funds" in "Employee benefits expense" under note 26.

**V. Actuarial assumptions**

| | Gratuity (funded) | |
|---|---|---|
| | **31 March 2019** | 31 March 2018 |
| Discount rate | **7% / 7.7%** | 7.4% / 7.7% |
| Rate of salary increase | **10%** | 10% |
| 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 2019

**VI. Plan asset information**

| | Gratuity (funded) | |
|---|---|---|
| | **31 March 2019** | 31 March 2018 |
| Cash | **1%** | 21% |
| Scheme of insurance - conventional products | **56%** | 11% |
| Scheme of insurance - ULIP products | **43%** | 68% |

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 2019** | 31 March 2018 |
| 1. | Present value of defined benefit obligations | **4,698** | 3,720 |
| 2. | Fair value of plan assets | **3,738** | 2,649 |
| 3. | Funded status (deficit) | **960** | 1,071 |
| 4. | Experience adjustment of plan assets -gain/(loss) | **(57)** | (10) |
| 5. | Experience adjustment of obligations -gain/(loss) | **(398)** | (374) |

**VIII. Expected employer contribution for the next year (Rs. in lacs) 960 1,071**

**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 2019** | 31 March 2018 |
| Defined benefit obligations on base assumptions (refer point no V) | | **4,698** | 3,720 |
| a. | 1% increase in discount rate | **4,459** | 3,504 |
| b. | 1% decrease in discount rate | **4,966** | 3,963 |
| c. | 1% increase in salary escalation rate | **4,933** | 3,941 |
| d. | 1% decrease in salary escalation rate | **4,477** | 3,515 |

**Rs. in Lacs**

| | Gratuity (funded) | |
|---|---|---|
| | **31 March 2019** | 31 March 2018 |
| Year 1 | **677** | 453 |
| Year 2 | **793** | 453 |
| Year 3 | **616** | 441 |
| Year 4 | **728** | 474 |
| Year 5 | **614** | 507 |
| Next 5 years | **3,359** | 3,279 |

The Group has contributed Rs. 1,545 lacs (31 March, 2018: Rs. 1,245 lacs) to defined contribution schemes

# Notes to the consolidated financial statements for the year ended 31 March 2019

**33. Segment reporting** Rs. in Lacs

| | 31 March 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Engineering | Home Appliances Division | Others | Unallocated | Intersegment | Total |
| Revenue from sale of products and services | **44,016** | **210,627** | **11,951** | **-** | **(5,411)** | **261,183** |
| | 37,281 | 180,611 | 7,398 | - | (2,587) | 222,703 |
| Other operating revenue | **3,642** | **630** | **469** | **-** | **(9)** | **4,732** |
| | 2,685 | 491 | 313 | - | (6) | 3,483 |
| Revenue from operations | **47,658** | **211,257** | **12,420** | **-** | **(5,420)** | **265,915** |
| | 39,966 | 181,102 | 7,711 | - | (2,593) | 226,186 |
| Other income | **397** | **214** | **23** | **632** | **-** | **1,266** |
| | 298 | 855 | 61 | 549 | (196) | 1,567 |
| Total revenue | **48,055** | **211,471** | **12,443** | **632** | **(5,420)** | **267,181** |
| | 40,264 | 181,957 | 7,772 | 549 | (2,789) | 227,753 |
| Segment results before finance costs | **6,708** | **5,834** | **(173)** | **(2,140)** | **(94)** | **10,135** |
| | 3,944 | 9,672 | (255) | (1,269) | (34) | 12,058 |
| Less: finance costs | | | | | | **723** |
| | | | | | | 544 |
| Profit before tax | | | | | | **9,412** |
| | | | | | | 11,514 |
| Tax expense | | | | | | **2,304** |
| | | | | | | 3,586 |
| Profit for the year | | | | | | **7,108** |
| | | | | | | 7,928 |
| Segment assets | **29,704** | **85,043** | **5,774** | **6,312** | **-** | **1,26,833** |
| | 26,219 | 72,141 | 4,368 | 9,037 | - | 1,11,765 |
| Segment liabilities | **8,567** | **47,116** | **5,129** | **3,975** | **-** | **64,787** |
| | 9,553 | 41,065 | 2,975 | 2,985 | - | 56,578 |

**Other information :**

| | | | | | | |
|---|---|---|---|---|---|---|
| Depreciation and amortisation expense | **2,098** | **3,479** | **162** | **16** | **-** | **5,755** |
| | 2,039 | 3,157 | 143 | 42 | - | 5,381 |
| Capital expenditure | **1,907** | **5,994** | **137** | **34** | **-** | **8,072** |
| | 1,290 | 2,390 | 444 | (8) | - | 4,116 |
| Non cash expenditure other than depreciation and amortisation | **17** | **158** | **1** | **-** | **-** | **176** |
| | 39 | 94 | 26 | - | - | 159 |

## Notes to the consolidated financial statements for the year ended 31 March 2019

**Segment reporting** *(Contd.)* **Rs. in Lacs**

| | **31 March 2019** |
|---|---|
| **Geographical information** | |
| **Revenue from external customers** | |
| - Within India | **261,856** |
| | 224,601 |
| - Outside India | **5,325** |
| | 3,152 |
| **Total** | **267,181** |
| | 227,753 |

| | |
|---|---|
| **Non - Current assets excluding financial assets and deferred tax assets** | |
| - Within India | **41,719** |
| | 35,671 |
| - Outside India | **1,916** |
| | 1,769 |
| **Total** | **43,635** |
| | 37,440 |

*(figures for previous year ended 31 March 2018, have been shown below each item)*

**NOTES :**

- The Group is primarily engaged in the business of fine blanked components, home appliances 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 2019

## 34. Leases

The Group is obligated under cancellable leases for residential, office premises, warehouses, etc. Total rental expense under cancellable operating lease amounted to **Rs. 3,211 lacs** (31 March 2018: Rs. 2,403 lacs).

## 35. Commitments

**Rs. in Lacs**

| | | **31 March 2019** | 31 March 2018 |
|---|---|---|---|
| i) | Outstanding capital commitments for tangible assets | **3,920** | 740 |
| ii) | Outstanding capital commitments for intangible assets | **-** | 43 |

## 36. Contingent Liabilities :

**Rs. in Lacs**

| | | **31 March 2019** | 31 March 2018 |
|---|---|---|---|
| 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.) | **1,704** | 1,887 |
| ii) | Custom duty and interest obligation for advance licenses [1] | **-** | 752 |

It is not practicable for the Group to estimate the closure of these cases and the consequential timings of cash flows, if any, in respect of the above.

[1] The Hon'ble Delhi High Court by its order dated 10 September 2015 set aside the order of Policy Relaxation Committee (PRC) with liberty to the petitioner to file a representation before the PRC. The respondents were directed to pass a reasoned order after giving the opportunity of hearing. The matter was heard by PRC and PRC by its order dated 13 October 2015 rejected the prayer of petitioner. Being aggrieved by PRC's order the Holding company filed writ application before Division Bench of Delhi High Court. After prolonged hearing the bench by its order dated 03 April 2017 allowed the writ petition and set aside the order of PRC and directed PRC inter-alia to reconsider its order dated 13 October 2015 in the light of observation made by the Division Bench. Subsequently the PRC in its meeting held on 05 September 2017 allowed most of the prayers of the Holding company and decided inter alia that Regional Authorities (RA) shall ensure that other requirement as per Free Trade Agreements (FTA)/ Hand Book of Procedures (HBP) are complied with. During the year the Holding company has obtained the necessary Export Obligation Discharge Certificates for 11 nos of above advance licenses from Additional Director General of Foreign Trade, Government of India, Ministry of Commerce & Industry.

Notes to the consolidated financial statements for the year ended 31 March 2019

**37. Related party disclosures**

(A) The Group 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 |
| | - **Mr. Prabir Chatterjee,** Director and Chief Financial Officer |
| | - **Mr. G. Ray Chowdhury,** Company Secretary |
| | - **Mr. A. K. Nag,** President |
| | - **Mr. Sujan Kumar Ghosh Dastidar,** President, Legal |
| | - **Mr. Susanta Das,** Head of Personnel and Administration (upto 16 February 2019). |
| | - **Ms. Souravi Sinha,** General Manager-Human Resource-Corporate |
| | - **Mr. Uma Shankar Ghosh Dastidar,** Head, Taxation |
| | - **Mr. Rajat Paul,** Assistant Vice President, IT |
| | - **Mr. Diptanil Saha,** General Manager (GM), Corporate Affairs (upto 17 December 2018). |
| | - **Mr. Soumitra Goswami,** GM, Accounts and Finance |
| | **Home Appliance division:** |
| | - **Mr. Rajshankar Ray,** Chief Executive Officer (CEO), Home Appliances Division |
| | - **Mr. A. S. Negi,** National Service Head, Home Appliances Division |
| | - **Mr. B. M. Shetye,** Vice President, Sustainability, Home Appliances Division |
| | - **Mr. Pawan Koul,** Head of Goa factory |
| | - **Mr. Sukhdev Nag,** National sales head |
| | - **Mr. T. R. Ramesh,** Business Head, Home Appliances Division - West Zone |
| | - **Mr. Ranjan Mohan Mathur,** Business Head, Home Appliances Division – Retail |
| | - **Mr. Abhijit Gangopadhyay,** Business Head, East |
| | - **Mr. R. Anand,** Head, Motor Division |
| | - **Mr. C.S.Govindaraj,** CEO, Industrial Business & Projects |
| | - **Mr. Niladri Datta,** Vice President, Sales & Marketing, Goa Factory |
| | - **Mr. Mohit Chawla,** Business Head-North |
| | - **Mr. Deepak Kumar Behara,** Business Head-South |
| | - **Mr. Vilas Sanjeev Kamath,** AVP, Goa Factory |
| | **Engineering division:** |
| | - **Mr. Partha Sen,** CEO, Engineering Division |
| | - **Mr. K. R. K. Prasad,** CEO, Bangalore Engineering Factory |
| | - **Mr. Jayanta Chanda,** GM, Finance |
| | - **Mr. Ashok Hazra,** DGM, Finance |
| | - **Mr. Arup Das,** Head Marketing, Engineering Division |

# Notes to the consolidated financial statements for the year ended 31 March 2019

| | |
|---|---|
| **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>- IFBL Senior Management Superannuation Fund (IFBLSMSF)<br>- IFBL Employees' (Category-I) Superannuation Scheme (IFBLESS-Cat-I)<br>- IFBL Employees (Category Two) Group Superannuation Scheme (IFBLEGSS-Cat Two) |

**(B) Transactions with related parties**

| | | | **For the year ended 31 March 2019 Rs. in lacs** | For the year ended 31 March 2018 Rs. in lacs |
|---|---|---|---|---|
| 1 | **Sales, service and other income** | | | |
| | - Investor Company | | **4,558** | 3,645 |
| | - KMP | | **5** | 3 |
| | - Other related parties | | **19** | 72 |
| | | **Total** | **4,582** | 3,720 |
| 2 | **Purchase of inventories** | | | |
| | - Investor Company | | **634** | 69 |
| | - Other related parties | | **10** | 55 |
| | | **Total** | **644** | 124 |
| 3 | **Expenditure on other services** | | | |
| | - Investor Company | | **235** | 132 |
| | - KMP | | **-** | 1 |
| | - Other related parties | | **9,359** | 7,534 |
| | | **Total** | **9,594** | 7,667 |
| 4 | Expenses recovered | | | |
| | - Investor Company | | **35** | 52 |
| | - Other related parties | | **2** | - |
| | | **Total** | **37** | 52 |
| 5 | **Purchase of shares of subsidiaries** | | | |
| | - Investor Company | | **-** | 2,000 |
| | | **Total** | **-** | 2,000 |
| 6 | **Contribution to employees' benefit plans** | | | |
| | - Employee trusts | | **1,484** | 993 |
| | | **Total** | **1,484** | 993 |
| 7 | **Remuneration** | | | |
| | (a) Short term benefits - KMP | | **2,238** | 1,565 |
| | (b) Post employment benefits - KMP | | **130** | 150 |
| | (c) Other long term benefits - KMP | | **116** | 120 |
| | | **Total** | **2,484** | 1,835 |

* last year numbers include transaction for the period prior to 13th July 2017 in respect of TAAL which was a related party other than a subsidiary during that period.

# Notes to the consolidated financial statements for the year ended 31 March 2019

**(C) Outstanding balances with related parties**

| | | As at 31 March 2019 Rs. in lacs | As at 31 March 2018 Rs. in lacs |
|---|---|---|---|
| 1 | **Trade Receivables** | | |
| | - Investor Company | **1,748** | 844 |
| | - Other related parties | **-** | 1 |
| | **Total** | **1,748** | 845 |
| 2 | **Security deposits given** | | |
| | - Investor Company | **50** | 50 |
| | - Other related parties | **8** | 8 |
| | **Total** | **58** | 58 |
| 3 | **Advances given** | | |
| | - Investor Company | **74** | 95 |
| | - KMP | **-** | 1 |
| | - Other related parties | **537** | 511 |
| | **Total** | **611** | 607 |
| 4 | Loans given | | |
| | - KMP | **6** | 5 |
| | **Total** | **6** | 5 |
| 5 | **Trade payables** | | |
| | - Investor Company | **104** | 33 |
| | - KMP | **4** | 10 |
| | - Other related parties | **1,304** | 1,194 |
| | **Total** | **1,412** | 1,237 |
| 6 | **Other payables** | | |
| | - Employee trusts | **1,079** | 1,096 |
| | **Total** | **1,079** | 1,096 |
| 7 | **Advance taken** | | |
| | - Investor Company | **-** | 33 |
| | **Total** | **-** | 33 |

**(D) Party-wise details of significant transactions with related parties**

| | | For the year ended 31 March 2019 Rs. in lacs | For the year ended 31 March 2019 Rs. in lacs |
|---|---|---|---|
| 1 | **Purchase of inventories** | | |
| | - TAAL (*) | - | 49 |
| 2 | **Expenditure on other services** | | |
| | - Travel Systems Limited | 1,736 | 1,520 |
| | - IFB Appliances Limited | 7,191 | 5,682 |
| 3 | **Contribution to employees' benefit plans** | | |
| | - IFBLEGF | 1,068 | 629 |
| | - IFBLSMSF | 172 | 156 |
| | - IFBLESS-Cat-I | 223 | 189 |

* last year numbers include transaction for the period prior to 13th July 2017 in respect of TAAL which was a related party other than a subsidiary during that period.

**(E) Party-wise details of significant balances with related parties**

| | | As at 31 March 2019 Rs. in lacs | As at 31 March 2018 Rs. in lacs |
|---|---|---|---|
| 1 | **Security deposits given** | | |
| | - IFB Agro Industries Limited | 8 | 8 |
| 2 | **Advances given** | | |
| | - IFB Appliances Limited | 459 | 452 |
| | - IFB Agro Industries Limited | 52 | 50 |
| 3 | **Trade payables** | | |
| | - IFB Appliances Limited | 1,272 | 1,178 |
| 4 | **Other payables** | | |
| | - IFBLEGF | 967 | 1,068 |

**38. 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 2019 | Effective voting power held by the Holding company (%) as at 31 March 2018 |
|---|---|---|---|
| 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 2019

**Changes in Group structure:**

**31 March 2019 :**

There has been no changes in the group structure during the year.

**31 March 2018 :**

During the year, the Holding company entered into an agreement with IFB Automotive Private Limited towards acquisition of GAAL and consideration money of Rs. 2,000 lacs was paid to acquire 100% equity capital of GAAL. There by GAAL became a 100% subsidiary of the Holding company effective from 13 July, 2017. Also an investment of Rs. 160 lacs was made in GAAL for subsequent issue of ordinary shares by them, still retaining the 100% equity of GAAL.

Details of assets and liabilities which were recognized on acquisition of a subsidiary are as under:

| | 31 March 2018<br>Rs. in Lacs |
|---|---|
| Non-current assets | 1,179 |
| Current assets | 751 |
| Current liabilities | 442 |

**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 2019** | **100.03%** | **62,065** | **104.04%** | **7,395** | **144.18%** | **(359)** | **102.58%** | **7,036** |
| | 31 March 2018 | 99.71% | 55,029 | 105.01% | 8,325 | 164.44% | (444) | 102.91% | 7,881 |
| **Subsidiaries :** | | | | | | | | | |
| Trishan Metals Private Limited | | | | | | | | | |
| – Owner of the parent | **31 March 2019** | **0.35%** | **216** | **-2.76%** | **(196)** | **0.00%** | **-** | **-2.86%** | **(196)** |
| | 31 March 2018 | 0.75% | 412 | -2.23% | (177) | 1.48% | (4) | -2.36% | (181) |
| – Non-controlling interest | **31 March 2019** | **0.33%** | **207** | **-2.63%** | **(187)** | **0.00%** | **-** | **-2.73%** | **(187)** |
| | 31 March 2018 | 0.71% | 394 | -2.13% | (169) | 1.48% | (4) | -2.26% | (173) |
| Global Automotive and Appliances Pte. Limited (including subsidiary) | **31 March 2019** | **3.21%** | **1,991** | **1.80%** | **128** | **-31.33%** | **78** | **3.00%** | **206** |
| | 31 March 2018 | 3.23% | 1,785 | -0.51% | (40) | -17.40% | 47 | 0.09% | 7 |
| **Consolidation adjustments** | **31 March 2019** | **-3.92%** | **(2,433)** | **-0.45%** | **(32)** | **-12.85%** | **32** | **0.00%** | **-** |
| | 31 March 2018 | -4.40% | (2,433) | -0.14% | (11) | -50.00% | 135 | 1.62% | 124 |
| **Total** | **31 March 2019** | **100.00%** | **62,046** | **100.00%** | **7,108** | **100.00%** | **(249)** | **100.00%** | **6,859** |
| | 31 March 2018 | 100.00% | 55,187 | 100.00% | 7,928 | 100.00% | (270) | 100.00% | 7,658 |

**39. 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 2019: Rs 3,833 lacs (31 March 2018: 4,728 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.

**40. 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 2019 | | As at 31 March 2018 | |
|---|---|---|---|---|---|
| | | Carrying value | Fair value | Carrying value | Fair value |
| **A. Financial assets** | | | | | |
| **a) Measured at amortised cost :** | | | | | |
| i) Trade receivables | 11 | **24,829** | **24,829** | 18,749 | 18,749 |
| ii) Cash and cash equivalents | 12 | **7,164** | **7,164** | 6,570 | 6,570 |
| iii) Other bank balances | 13 | **2,506** | **2,506** | 211 | 211 |
| iv) Loans | 6 | **109** | **109** | 109 | 109 |
| v) Other financial assets | 7 | **1,291** | **1,291** | 935 | 935 |
| **b) Measured at fair value through statement of profit or loss :** | | | | | |
| i) Investments | 10 | **2,726** | **2,726** | 9,267 | 9,267 |
| **c) Derivatives measured at fair value through statement of profit or loss :** | | | | | |
| i) Derivatives not designated as hedges | 7 | **3** | **3** | 6 | 6 |
| **B. Financial liabilities** | | | | | |
| **a) Measured at amortised cost :** | | | | | |
| i) Term loan from a bank | 15 | **614** | **614** | 1,341 | 1,341 |
| ii) Cash credit facility from bank | 20 | **764** | **764** | 235 | 235 |
| iii) Bill discounting | 20 | **403** | **403** | 408 | 408 |
| iv) Loan from others | 20 | **293** | **293** | 297 | 297 |
| v) Trade payable | | **45,741** | **45,741** | 38,546 | 38,546 |
| vi) Other financial liabilities | 16 | **1,891** | **1,891** | 1,599 | 1,599 |
| **b) Derivatives measured at fair value through statement of profit or loss:** | | | | | |
| i) Derivative instruments not designated as hedges | 16 | **245** | **245** | 11 | 11 |

Investments exclude investment in subsidiaries of Rs. 3,360 lacs (31 March 2018: 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 liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Group has obtained fund and non-fund based working capital lines 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 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** |

**As at 31 March 2018** **Rs. in Lacs**

| | **Total** | **Due within one year** | **Due after one year** |
|---|---|---|---|
| Borrowings | 2,281 | 940 | 1,341 |
| Trade payables | 38,546 | 38,546 | - |
| Other financial liabilities (including current maturities of long-term debt) | 1,599 | 1,590 | 9 |
| Derivative financial liabilities | 11 | 11 | - |
| **Total** | 42,437 | 41,087 | 1,350 |

**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.

**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 2019** | | 31 March 2018 | |
|---|---|---|---|---|
| | **Rs. in lacs** | **Rs. in lacs** | Rs. in lacs | Rs. in lacs |
| | Financial assets | Financial Liabilities | Financial assets | Financial Liabilities |
| USD | **181** | **12,075** | 91 | 9,837 |
| Euro | **24** | **870** | 21 | 1,118 |
| RMB | **-** | **175** | - | 29 |
| GBP | **-** | **1** | - | - |
| AED | **-** | **2** | - | - |
| THB | **-** | **1** | - | 1 |
| Total | **205** | **13,124** | 112 | 10,985 |

The Group uses forward exchange contracts 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)** |
|---|---|---|---|---|
| **As at 31 March 2019** | **83** | **142** | **16** | **6** |
| As at 31 March 2018 | 47 | 94 | 8 | 5 |

The aforesaid forwards have a maturity of less than one year from the year end.

**ii) Unhedged foreign currency exposure as at the end of the respective reporting dates :**

| | | | | in lacs |
|---|---|---|---|---|
| | **31 March 2019** | | 31 March 2018 | |
| | **Financial asset** | **Financial liability** | Financial asset | Financial liability |
| USD | **1** | **29** | 1 | 58 |
| Rs. in lacs | **100** | **2,023** | 84 | 3,759 |
| Euro | * | **5** | * | 9 |
| Rs. in lacs | **24** | **378** | 21 | 706 |
| RMB | **-** | **17** | - | 3 |
| Rs. in lacs | **-** | **175** | - | 29 |
| THB | **-** | * | - | * |
| Rs. in lacs | **-** | **1** | - | 1 |
| GBP | **-** | * | - | - |
| Rs. in lacs | **-** | **1** | - | - |
| AED | **-** | * | - | - |
| Rs. in lacs | **-** | **2** | - | - |
| **Total Rs** | **124** | **2,580** | 105 | 4,495 |

*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. 129 lacs for the year ended 31 March 2019 (31 March 2018: Rs 109 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.

# Notes to the consolidated financial statements for the year ended 31 March 2019

The movement of allowance for doubtful advances and receivables is as under:-

**Rs. in Lacs**

| | 31 March 2019 | 31 March 2018 |
|---|---|---|
| **Balance at beginning of the year** | **94** | 66 |
| Provision recognised in the year | **37** | 45 |
| Amounts written off during the year as uncollectible | **(1)** | (6) |
| Amounts recovered during the year | **(12)** | (3) |
| Provisions written back | **(2)** | (8) |
| **Balance at end of the year** | **116** | 94 |

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.

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:

**Rs. in Lacs**

| | | | Fair value hierarchy (Level) | Fair Value | |
|---|---|---|---|---|---|
| | | | | 31 March 2019 | 31 March 2018 |
| A. | **Financial Assets** | | | | |
| | a) | **Measured at amortised cost** | | | |
| | | Loans | 3 | **56** | 54 |
| | | Other financial assets | 3 | **1,137** | 893 |
| | b) | **Measured at FVTL** | | | |
| | | Investment in mutual funds | 1 | **2,726** | 9,267 |
| | c) | **Derivatives measured at FVTPL:** | | | |
| | | Derivatives not designated as hedges | 2 | **3** | 6 |
| B. | **Financial Liabilities** | | | | |
| | a) | **Derivatives measured at FVTPL:** | | | |
| | | Derivatives not designated as hedges | 2 | **245** | 11 |
| | b) | **Measured at amortised cost** | | | |
| | | Borrowings | 3 | **614** | 1,341 |
| | | Other financial liabilities | 3 | **17** | 9 |

There were no transfers between Level 1 and Level 2 during the year ended 31 March 2019 and 31 March 2018.

# Notes to the consolidated financial statements for the year ended 31 March 2019

**41 Business Combinations**

(a) The Holding company entered into business transfer agreement with Ramsons Garments Finishing Equipment Private Limited, Ramsons Udhyog Private Limited and its Promoters at a consideration of Rs. 3,500 lacs to acquire the entire 'Industrial Laundry Equipment' business from above two companies. The Group has taken control of the business w.e.f. 18 October, 2018 (acquisition date).

No voting interest were acquired in the above transaction.

Ramsons has been a pioneer in the design and manufacture of Commercial Laundry Equipment. This acquisition is in the same field of business and will help in consolidation and growth of 'Industrial Landry Equipment' business of the Company.

(b) The acquisition-date fair value of the total consideration transferred was Rs. 3,456 lacs and the same was paid in cash (online transfer). Out of the above consideration an amount of Rs. 150 lacs was subsequently paid.

(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. Goodwill * | | 1,355 |
| 2. Property, plant and equipment | 3A | 145 |
| 3. Intangible assets | | |
| -Engineering design and process | 3B | 943 |
| -Brand | 3B | 382 |
| -Non-compete agreement | 3B | 617 |
| 4. Current assets | | |
| -Inventories | | |
| (a) Raw materials | 23 | 297 |
| (b) Work-in-progress | 24 | 158 |
| **Total** | | **3,897** |
| **Liabilities assumed:** | | |
| 1. Financial liabilities | | |
| -Trade payables | | 334 |
| 2. Other current liabilities | | |
| -Advance from customers | | 107 |
| **Total** | | **441** |

* The entire goodwill is expected to be deductible for tax purposes under section 32(1)(ii) of the Income Tax Act, 1961

(d) An amount of Rs. 1,317 lacs and a loss of Rs. 233 lacs pertaining to the 'Industrial Laundry Equipment' manufacture business from the acquisition date till 31 March, 2019 is included in the Revenue from operations and Profit before tax of the Group.

(e) Acquisition related cost amounting to Rs. 42 lacs has been included in in note no. 29 under 'Office expenses'.

## Notes to the consolidated financial statements for the year ended 31 March 2019

42. Exceptional item 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.

43. The Group has adopted new standard on revenue recognition, Ind AS 115 "Revenue from Contract with Customer" and has also appropriately evaluated its revenue recognition policy with effect from 1 January 2019. The Group has used "Modified Retrospective Approach" for transition to Ind AS 115 and thus the previous period/year numbers are not restated. The adoption of the standard did not have any material impact on the financial statements.

    The Group has disaggregated revenues from contract with cutomers 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 earned in advance on annual maintenance contracts | 4,019 | 716 | - | - | - |
| Income earned in advance on extended warranty services | 188 | 159 | 79 | 29 | 11 |
| Advance from customers | 1,198 | - | - | - | - |
| | **5,405** | **875** | **79** | **29** | **11** |

    The Group recognised revenue of Rs. 4,919 lacs (31 March 2018 : Rs. 4,143 lacs) arising from opening unearned 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

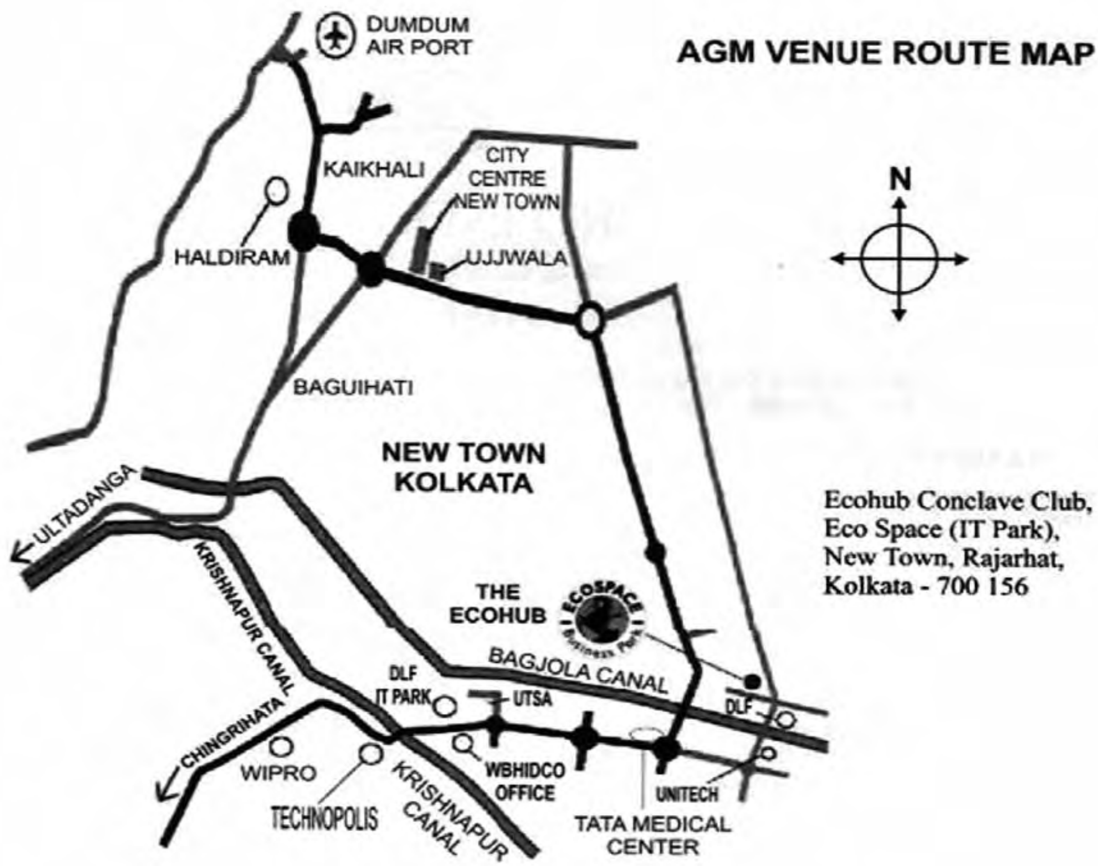
| | **As at 31 March 2019** | As at 31 March 2018 |
|---|---|---|
| | **Rs. in lacs** | Rs. in lacs |
| **Opening Balance** | **5,969** | **5,000** |
| Progress billing during the year | **41,791** | 27,191 |
| Less: Revenue recognised during the year | **41,361** | 26,222 |
| **Closing Balance** | **6,399** | **5,969** |

    Invoicing in excess of revenues from sale of services are classified as "Income earned 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.

44. The consolidated financial statements were approved by the Board of Directors on 29 May 2019.

# NOTES

# NOTES

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