

## **INDEPENDENT AUDITOR'S REPORT ON AUDIT OF ANNUAL STANDALONE FINANCIAL RESULTS AND REVIEW OF QUARTERLY FINANCIAL RESULTS**

### **TO THE BOARD OF DIRECTORS OF IFB INDUSTRIES LIMITED**

#### **Opinion and Conclusion**

We have (a) audited the Standalone Financial Results for the year ended 31 March, 2020 and (b) reviewed the Standalone Financial Results for the quarter ended 31 March, 2020 (refer 'Other Matters' section below), which were subject to limited review by us, both included in the accompanying "Statement of Standalone Financial Results for the Quarter and Year Ended 31 March, 2020" of **IFB Industries Limited** ("the Company"), ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

#### **(a) Opinion on Annual Financial Results**

In our opinion and to the best of our information and according to the explanations given to us, the Standalone Financial Results for the year ended 31 March, 2020:

- i. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; and
- ii. gives a true and fair view in conformity with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India of the net profit and total comprehensive income and other financial information of the Company for the year then ended.

#### **(b) Conclusion on Unaudited Standalone Financial Results for the quarter ended 31 March, 2020**

With respect to the Standalone Financial Results for the quarter ended 31 March, 2020, based on our review conducted as stated in paragraph (b) of Auditor's Responsibilities section below, nothing has come to our attention that causes us to believe that the Standalone Financial Results for the quarter ended 31 March, 2020, prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



**Basis for Opinion on the Audited Standalone Financial Results for the year ended 31 March, 2020**

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in paragraph (a) of Auditor's Responsibilities section below. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the Standalone Financial Results for the year ended 31 March, 2020 under the provisions of the Act and the Rules 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.

**Management's Responsibilities for the Statement**

This Statement which includes the Standalone Financial Results is the responsibility of the Company's Board of Directors and has been approved by them for the issuance. The Standalone Financial Results for the year ended 31 March, 2020 has been compiled from the related audited standalone financial statements. This responsibility includes the preparation and presentation of the Standalone Financial Results for the quarter and year ended 31 March, 2020 that give a true and fair view of the net profit and other comprehensive loss and other financial information in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 the 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 Results that give a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Results, the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

**Auditor's Responsibilities**

**(a) Audit of the Standalone Financial Results for the year ended 31 March, 2020**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Results for the year ended 31 March, 2020 as a whole is 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 this Standalone Financial Results.

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 Annual Standalone Financial Results, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors.
- Evaluate the appropriateness and reasonableness of disclosures made by the Board of Directors in terms of the requirements specified under Regulation 33 of the Listing Regulations.
- Conclude on the appropriateness of the Board of Directors' 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 Company 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 Statement 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 Annual Standalone Financial Results, including the disclosures, and whether the Annual Standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the Annual Standalone Financial Results of the Company to express an opinion on the Annual Standalone Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities or business activities included in the Annual Standalone Financial Results of which we are the independent auditors.

Materiality is the magnitude of misstatements in the Annual Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Annual Standalone Financial Results 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 Annual Standalone Financial Results.

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.

**(b) Review of the Standalone Financial Results for the quarter 31 March, 2020**

We conducted our review of the Standalone Financial Results for the quarter ended 31 March, 2020 in accordance with the Standard on Review Engagements ("SRE") 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the ICAI. A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with SAs specified under section 143(10) of the Act and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Other Matters**

- As stated in the Statement, the figures for the corresponding quarter ended 31 March, 2019 are the balancing figures between the annual audited figures for the year then ended and the year to date figures for the 9 months period ended 31 December, 2018. We have not issued a separate limited review report on the results and figures for the quarter ended 31 March, 2019. Our report on the Statement is not modified in respect of this matter.
- The Statement includes the results for the Quarter ended 31 March, 2020 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us. Our report on the Statement is not modified in respect of this matter.

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



**Abhijit Bandyopadhyay**

Partner

(Membership No. 054785)

UDIN : 20054785AAAABR3889

Place: Kolkata

Date: 6 July, 2020

**IFB INDUSTRIES LIMITED**  
**CIN: L51109WB1974PLC029637**  
**REGISTERED OFFICE: 14, TARATALA ROAD, KOLKATA-700088**  
**STATEMENT OF STANDALONE FINANCIAL RESULTS**

Particulars	Quarter ended		Year ended	
	31.03.2020	31.12.2019	31.03.2020	31.03.2019
	Audited(@)	Unaudited	Audited	Audited
1 Revenue from operations	48,566	69,864	255,142	253,779
2 Other income	439	375	1,276	1,241
3 Total Income (1+2)	49,005	70,239	256,418	255,020
4 Expenses				
(a) Cost of materials consumed	20,811	26,501	100,209	106,022
(b) Purchases of stock- in- trade	7,248	6,666	37,519	47,098
(c) Changes in inventories of finished goods, stock-in-trade and work-in progress	(1,995)	6,200	6,628	(4,782)
(d) Employee benefits expense	7,361	7,338	28,785	25,505
(e) Finance costs	844	276	1,450	575
(f) Depreciation and amortisation expense	4,178	1,689	8,898	5,454
(g) Other expenses	14,983	19,304	70,107	67,463
Total expenses	53,430	67,974	253,596	247,335
5 Profit before exceptional items and tax (3-4)	(4,425)	2,265	2,822	7,685
6 Exceptional items (Refer Note 3)	7	141	148	1,935
7 Profit before tax (5+6)	(4,418)	2,406	2,970	9,620
8 Tax expense				
(a) Current tax	(1,762)	445	172	2,905
(b) Deferred tax	(834)	534	(1)	(680)
9 Profit for the year/period (7 - 8)	(1,822)	1,427	2,799	7,395
10 Other comprehensive income				
A (i) Items that will not be reclassified to profit or loss	(159)	(166)	(656)	(552)
(ii) Income tax relating to items that will not be reclassified to profit or loss	(174)	58	-	193
B (i) Items that will be reclassified to profit or loss	-	-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
Total other comprehensive income	(333)	(108)	(656)	(359)
11 Total comprehensive income for the year/period (9+10)	(2,155)	1,319	2,143	7,036
12 Paid-up equity share capital (Face Value - Rs. 10/- each)	4,128	4,128	4,128	4,128
13 Other equity				
14 Earnings Per Share (of Rs. 10/- each) -Basic and Diluted * - In Rs.	(4.51)	3.52	6.91	18.25

\* Figures for quarters are not annualised

@ The figures for the 3 months ended 31.03.2020 and corresponding 3 months ended 31.03.2019 are the balancing figures between the audited figures in respect of the full financial year and the reviewed year to date figures upto the third quarter of the respective financial years.



**SEGMENT WISE STANDALONE REVENUE, RESULTS, ASSETS AND LIABILITIES**

Particulars	Rs. in lacs			
	Quarter ended		Year ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2019
	Audited(@)	Unaudited	Audited(@)	Audited
<b>1 Segment Revenue</b>				
(a) Home appliances	38,066	57,607	50,422	210,812
(b) Engineering	9,589	10,835	11,527	42,134
(c) Motor	1,162	1,529	-	2,691
<b>Total</b>	<b>48,817</b>	<b>69,971</b>	<b>61,949</b>	<b>254,007</b>
Less: Inter-segment revenue	251	107	30	495
<b>Revenue from operations</b>	<b>48,566</b>	<b>69,864</b>	<b>61,919</b>	<b>253,779</b>
<b>2 Segment Results - Profit before interest and tax</b>				
(a) Home appliances	(3,516)	1,218	(228)	2,517
(b) Engineering	336	717	1,269	2,724
(c) Motor	(42)	(12)	-	(54)
<b>Total</b>	<b>(3,222)</b>	<b>1,923</b>	<b>1,041</b>	<b>5,187</b>
Less:				
(i) Finance costs	844	276	181	1,450
(ii) Eliminations	(1)	(6)	(1)	15
(iii) Other un-allocable expenditure net off un-allocable income	353	(753)	345	752
<b>Total Profit before tax</b>	<b>(4,418)</b>	<b>2,406</b>	<b>516</b>	<b>2,970</b>
<b>3 Segment Assets</b>				
(a) Home appliances	100,044	94,773	84,151	100,044
(b) Engineering	36,770	32,182	27,298	36,770
(c) Motor	3,073	3,495	-	3,073
(d) Unallocable assets	21,479	19,162	8,968	21,479
<b>Total Segment Assets</b>	<b>161,366</b>	<b>149,612</b>	<b>120,417</b>	<b>161,366</b>
<b>4 Segment Liabilities</b>				
(a) Home appliances	72,260	62,861	46,510	72,260
(b) Engineering	18,825	13,514	7,868	18,825
(c) Motor	1,165	1,471	-	1,165
(d) Unallocable liabilities	4,386	4,881	3,974	4,386
<b>Total Segment Liabilities</b>	<b>96,636</b>	<b>82,727</b>	<b>58,352</b>	<b>96,636</b>



@ The figures for the 3 months ended 31.03.2020 and corresponding 3 months ended 31.03.2019 are the balancing figures between the audited figures in respect of the full financial year and the reviewed year to date figures upto the third quarter of the respective financial years

## STANDALONE BALANCE SHEET

Rs. in lacs

Particulars	As at	As at
	31.03.2020	31.03.2019
	Audited	Audited
<b>Assets</b>		
<b>1. Non-current assets</b>		
(a) Property, plant and equipment	44,753	27,084
(b) Capital work-in-progress	700	1,659
(c) Right of use assets	6,808	-
(d) Investment property	11	11
(e) Goodwill	1,355	1,355
(f) Intangible assets	4,106	2,853
(g) Intangible assets under development	96	581
(h) Financial assets		
(i) Investments	3,360	3,360
(ii) Loans	55	56
(iii) Others	2,356	1,089
(i) Income tax assets (net)	1,829	844
(j) Other non-current assets	4,411	4,555
<b>2. Current assets</b>		
(a) Inventories	37,337	39,259
(b) Financial assets		
(i) Investments	15,280	2,726
(ii) Trade receivables	18,514	21,133
(iii) Cash and cash equivalents	10,140	7,039
(iv) Other bank balances	1,949	2,445
(v) Loans	55	53
(vi) Others	432	154
(c) Other current assets	7,819	4,161
<b>Total assets</b>	<b>161,366</b>	<b>120,417</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
(a) Equity share capital	4,128	4,128
(b) Other equity	60,602	57,937
<b>Liabilities</b>		
<b>1. Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	25,167	250
(ii) Lease liabilities	4,413	-
(iii) Other financial liabilities	26	14
(b) Provisions	6,535	5,446
(c) Deferred tax liabilities (Net)	804	601
(d) Other non-current liabilities	1,651	994
<b>2. Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	2,606	403
(ii) Lease liabilities	1,508	-
(iii) Trade payables		
(A) total outstanding dues of micro enterprises and small enterprises	2,517	3,833
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	41,731	37,796
(iv) Other financial liabilities	2,067	1,842
(b) Other current liabilities	7,189	6,757
(c) Provisions	422	416
<b>Total equity and liabilities</b>	<b>161,366</b>	<b>120,417</b>



**IFB Industries Limited**  
**Standalone Cash Flow Statement**

	For the year ended 31 March 2020 Rs. in lacs	For the year ended 31 March 2019 Rs. in lacs
<b>A. Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>2,970</b>	9,620
Adjustments for:		
Depreciation and amortisation expense	8,898	5,454
Loss on disposal of property, plant and equipment	3	2
Exceptional Gain on Compulsary acquisition	-	(1,935)
Exceptional Loss of inventory due to fire	1,157	-
Write-off of property, plant and equipment	88	111
Write-off of debts/ advances	57	27
Allowances for doubtful debts and advances	76	37
Dividend from investments in mutual fund	(331)	(180)
Net loss/(gain) on disposal of mutual funds measured at fair value through statement of profit and loss (FVTPL)	76	(36)
Write back of liabilities no longer required	(57)	(231)
Write back of provision on assets no longer required	(47)	(15)
Unrealised exchange loss/ (gain)	1,346	(372)
Interest income on financial assets	(312)	(281)
Net gain arising on mutual funds measured at FVTPL	(101)	(194)
Net (gain)/loss arising on derivative instruments measured at FVTPL	(1,413)	238
Finance costs	1,255	345
<b>Operating profit before working capital changes</b>	<b>13,665</b>	12,590
Adjustments for:		
Trade payables	2,147	5,596
Provisions	374	726
Other financial liabilities	151	78
Other liabilities	1,051	(772)
Trade receivables	2,607	(3,947)
Other financial assets	(313)	(257)
Other assets	(2,906)	1,735
Inventories	1,013	(8,175)
<b>Cash generated from operations</b>	<b>17,789</b>	7,574
Income tax paid (net of refunds)	(953)	(2,595)
<b>Net cash generated from operating activities</b>	<b>16,836</b>	4,979
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(21,173)	(6,520)
Sale of property, plant and equipment	1	7
Proceeds from Compulsary acquisition of immovable property	-	1,959
Consideration paid for business combination (Refer Note 2 below)	(3,650)	(3,350)
Purchase of current investments	(57,091)	(41,562)
Sale of current investments	44,893	48,513
Increase in bank balances (with maturity more than 12 months)	496	(2,377)
Interest income on financial assets	297	192
<b>Net cash used in investing activities</b>	<b>(36,227)</b>	(3,138)
<b>C. Cash flows from financing activities</b>		
Proceeds from borrowing	49,528	25,140
Repayment of borrowing	(23,534)	(25,895)
Lease rent paid	(2,843)	-
Finance costs	(659)	(288)
<b>Net cash generated from / (used in) financing activities</b>	<b>22,492</b>	(1,043)





**IFB Industries Limited**  
**Standalone Cash Flow Statement**

	For the year ended 31 March 2020 Rs. in lacs	For the year ended 31 March 2019 Rs. in lacs
<b>Net change in cash and cash equivalents (A+B+C)</b>	<b>3,101</b>	798
<b>Cash and cash equivalents at the beginning of the year</b>	<b>7,039</b>	6,241
<b>Cash and cash equivalents at the end of the year [refer note 12]</b>	<b>10,140</b>	7,039

**Notes:**

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Ind AS 7 - Statements of Cash Flow.
2. Pursuant to business combinations, the fair value of the following assets and liabilities assumed as at the date of acquisition has been adjusted in the respective places in the Statement of Cash Flow (Refer note 40):

Property, plant and equipment	<b>4,085</b>	145
Other intangible assets	-	1,942
Inventories	-	455
Loans	<b>248</b>	-
Trade receivables	1	-
Other assets	<b>66</b>	-
Trade payables	7	-
Other liabilities	<b>279</b>	334
Other financial liability	<b>38</b>	107
Provisions	3	-
	<b>65</b>	-



**Notes:**

1 The standalone financial results were reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on 06 July 2020. This statement is as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by circular number CIR/CFD/FAC/62/2016 dated 5 July 2016.

2 On 1 October, 2019, the Company acquired on a going concern, the Stamping business on a slump sale basis from IFB Automotive Private Limited (a related party) for a consideration of **Rs. 3,500 lacs**. The transactions is at arm's length basis. The acquisition is in the similar line of business of the Company and will help in consolidation and growth of Company's existing business.

During the year the Company acquired certain assets of Motor business from IFB Automotive Private Limited (a related party) for a consideration of **Rs. 1,000 lacs**. The transactions is at arm's length basis.

3 Exceptional items during the year ended 31 March, 2020 includes the following:-

(a) An amount of **Rs. 1305 lacs** received/receivable from The IFBL Group Superannuation Scheme for refund of Surplus money as per the Deed of Variance dated 3 October, 2019 approved by the Commissioner of Income Tax vide order dated 30 December, 2019.

(b) An estimated amount of **Rs. 1157 lacs** on account of loss of Inventory lying at a warehouse of the Company due to fire on 2 December, 2019. The Insurance claim for the same has been lodged.

4 Effective from 1 April, 2019, the Company has adopted Ind AS 116, 'Leases'. On transition, the Company has recorded the lease liability at the present value of future lease payments discounted using the incremental borrowing rate and has also chosen to measure the right-of-use at the same value as the lease liability and lease payments made before 1 April, 2019. The adoption of the new standard resulted in recognition of 'Right-of-use' asset and lease liability as on 1 April, 2019. The impact of Ind AS 116 on the financial results for the year ended 31 March, 2020 is as under:

	Rs. in lacs
	Year ended
	31.03.2020
Decrease in 'Other expenses'	2,843
Increase in 'Depreciation and amortisation expense'	2,703
Increase in 'Finance costs'	580
Total decrease in 'Profit before Tax'	440

5 The Company is primarily engaged in business of fine blanked components, motors and home appliances. Accordingly the Company considers the above business segment as the primary segment. 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.

6 CoVID-19 was declared as a pandemic by the World Health Organisation in March, 2020. CoVID-19 pandemic is an unforeseen and rare event for the world economy. Pursuant to the imposition of National Lockdown, the Company had suspended operations from 25th March, 2020. However partial operations have resumed since mid of May, 2020.

On the basis of the assessment done by the management and internal/ external sources of information up to the date of approval of these financial results, the carrying amounts of assets are recoverable. The impact of pandemic may be different from that estimated as at the date of these financial results and the Company will closely monitor any material changes to the future economic conditions.

7 Figures for the corresponding previous periods are re-arranged, wherever necessary, to conform to the figures of the current period.



On behalf of the Board of Directors

  
Bikram Nag

Joint Executive Chairman and Managing Director