

## INDEPENDENT AUDITOR'S REPORT

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### To The Members of IFB Industries Limited Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of IFB Industries Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2020, and the Statement of Profit and Loss (including Other Comprehensive Loss), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



Sr. No.	Key Audit Matter	Auditor's Response
1	<p><b>Recognition of Revenue</b></p> <p>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.</p> <p>The timing of revenue recognition is relevant to the reported performance of the Company. Revenue may be recognised before completion of contractual performance obligation due to incorrect recording of point of time when the customer obtains control of the asset.</p> <p>Refer to 1(B)(c) for the Accounting policy on recognition on revenue.</p>	<p>Our audit approach was a combination of test of internal controls and substantive procedures including:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the Company's revenue recognition accounting policies, in line with Ind AS 115 ("Revenue from Contracts with Customers").</li> <li>• Evaluating the design and implementation of Company's controls in respect of revenue recognition. Testing the effectiveness of such controls over revenue cut off during the year.</li> <li>• Testing the supporting documentation for sales transactions recorded during the period closer to the yearend including customer acknowledgments of receipt of goods on a sample basis.</li> <li>• Testing sales returns subsequent to the yearend, including examination of credit notes issued after the yearend to determine whether revenue was recognised in the correct period.</li> <li>• Rolling out confirmation requests to customers to confirm the recorded yearend balances on a sample basis.</li> </ul>

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit, we report to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, refer clause (xi) of "Annexure B" to the Independent Auditor's report on the Standalone Financial Statements.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in Note 36 of the standalone financial statements.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



**Abhijit Bandyopadhyay**  
Partner

(Membership No. 054785)

**UDIN: 20054785AAAABT5548**

Place: Kolkata  
Date: 6 July, 2020

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of IFB Industries Limited ("the Company") as of 31 March, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



A handwritten signature in black ink, appearing to read "Abhijit Bandyopadhyay".

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

**UDIN: 20054785AAAABT5548**

Place: Kolkata  
Date: 6 July 2020

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The property, plant and equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/ transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as Right- of Use assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, inventories were physically verified during the year by the Management at reasonable intervals (including the verifications conducted by the Management post year end on account of the lock-down) and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and had no unclaimed deposits at the beginning of the year as per the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- (vi) The maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013 in respect of specified products of the Company. For such products we have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:





- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Customs Duty, Cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods & Services Tax, Customs Duty, Cess and other material statutory dues in arrears as at 31 March, 2020 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Value Added Tax which have not been deposited as on 31 March, 2020 on account of disputes are given below:

(Rs. in Lacs)

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the amount relates	Amount involved net of amount paid under protest	Amount Paid under Protest
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	AY 2012-13	24.00	-
Central Excise Act 1944	Excise Duty	Customs Excise and Service Tax Appellate Tribunal (CESTAT)	2004-05 to 2009-10	43.00	6.47
Central Sales Tax Act and Local Sales Tax Act	Sales Tax including trade tax	Assessing officer	1991-92 to 1994-95	176.00	-
		Assistant Commissioner	2002-03	1.00	-
		Additional Commissioner	2008-09 and 2009-10	10.00	-
		Commissioner Appeals	2009-10 and 2015-16	-	3.92
		Deputy Commissioner (Appeals)	2009-10 and 2010-11	1.00	0.78
		Deputy Commissioner	2013-14	1.00	0.21
		Trade Tax Tribunal	1999-2000	1.00	0.47



## Deloitte Haskins & Sells

Name of Statute	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
		Joint Commissioner	2011-13	11.00	8.48
		Commercial Tax Appellate Board	2009-10	42.00	16.25
		Sr. Jt. Commissionerate, Corporate division	2013-14	69.00	12.30
		Appellate Tribunal	2002-03 and 2005-06	9.00	39.92
		Supreme Court	2001-03	62.00	82.96
Central Goods & Service Tax	GST	High Court	2017-18	67.00	-
	GST	Commissioner Customs	2019-20	70.00	-
Customs Act, 1962	Customs duty	Additional Director General, Directorate of Revenue Intelligence	2008-2012	2.00	-
The Finance Act, 1994	Service Tax	Assistant Commissioner	2013 – 2015	7.00	-
		Customs Excise and Service Tax Appellate Tribunal (CESTAT)	2005-06 to 2011-12	529.00	-
		Deputy / Assistant Commissioner (Appeal)	2012-16	16.00	-

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and



## **Deloitte Haskins & Sells**

explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised.

- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in excess of the limits and approvals prescribed under section 197 read with Schedule V to the Companies Act, 2013 to 2 directors. The excess amount of remuneration paid/ provided has been charged to the Statement of Profit and Loss. The Company proposes to seek necessary approval from the shareholders in next annual general meeting.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



**Abhijit Bandyopadhyay**  
Partner

(Membership No. 054785)

**UDIN: 20054785AAAABT5548**


Place: Kolkata  
Date: 6 July, 2020

**IFB Industries Limited**  
**Standalone Balance Sheet**

	Notes	As at 31 March 2020 Rs. in lacs	As at 31 March 2019 Rs. in lacs
<b>Assets</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	3A	44,753	27,084
(b) Capital work-in-progress	3A	700	1,659
(c) Right of use assets	3C	6,808	-
(d) Investment property	4	11	11
(e) Goodwill		1,355	1,355
(f) Other intangible assets	3B	4,106	2,853
(g) Intangible assets under development	3B	96	581
(h) Financial assets			
(i) Investments	5	3,360	3,360
(ii) Loans	6	55	56
(iii) Others	7	2,356	1,089
(i) Income tax assets (net)	8	1,829	844
(j) Other non-current assets	9	4,411	4,555
<b>2 Current assets</b>			
(a) Inventories	10	37,337	39,259
(b) Financial assets			
(i) Investments	5	15,280	2,726
(ii) Trade receivables	11	18,514	21,133
(iii) Cash and cash equivalents	12	10,140	7,039
(iv) Other bank balances	13	1,949	2,445
(v) Loans	6	55	53
(vi) Others	7	432	154
(c) Other current assets	9	7,819	4,161
<b>Total assets</b>		<b>161,366</b>	<b>120,417</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	14	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	15	25,167	250
(ii) Lease Liabilities		4,413	-
(iii) Other financial liabilities	16	26	14
(b) Provisions	18	6,535	5,446
(c) Deferred tax liabilities (net)	19	804	601
(d) Other non-current liabilities	17	1,651	994
<b>2 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	2,606	403
(ii) Lease Liabilities		1,508	-
(iii) Trade payables			
(A) total outstanding dues of micro enterprises and small enterprises		2,517	3,833
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		41,731	37,796
(iv) Other financial liabilities	16	2,067	1,842
(b) Other current liabilities	17	7,189	6,757
(c) Provisions	18	422	416
<b>Total equity and liabilities</b>		<b>161,366</b>	<b>120,417</b>

The accompanying notes 1 to 44 are an integral part of the financial statements

In terms of our report attached  
for **Deloitte Haskins & Sells**  
Chartered Accountants

  
**Abhijit Bandyopadhyay**  
Partner

Kolkata  
06 July 2020

For and on behalf of the Board of Directors  
of **IFB Industries Limited**

Joint Executive Chairman  
and Managing Director

Director and  
Chief Financial Officer

Chief Executive Officer,  
Home Appliances Division


Chief Executive Officer,  
Engineering Division

Company Secretary

Bengaluru / Kolkata / Goa  
06 July 2020

  
Bikram Nag

  
Prabir Chatterjee

  
Rajshankar Ray

  
Partha Sen

  
G. Ray Chowdhury

**IFB Industries Limited**  
**Standalone Statement of Profit and Loss**

		For the year ended 31 March 2020	For the year ended 31 March 2019
	Notes	Rs. in lacs	Rs. in lacs
I Revenue from operations	21	255,142	253,779
II Other income	22	1,276	1,241
III Total income (I + II)		<b>256,418</b>	<b>255,020</b>
IV Expenses			
(a) Cost of materials consumed	23	100,209	106,022
(b) Purchases of stock-in-trade	24	37,519	47,098
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	25	6,628	(4,782)
(d) Employee benefits expense	26	28,785	25,505
(e) Finance costs	27	1,450	575
(f) Depreciation and amortisation expense	28	8,898	5,454
(g) Other expenses	29	70,107	67,463
<b>Total expenses (IV)</b>		<b>253,596</b>	<b>247,335</b>
V Profit before exceptional items and tax (III - IV)		2,822	7,685
VI Exceptional Items	41	148	1,935
VII Profit before tax (V + VI)		2,970	9,620
VIII Tax expense			
(a) Current tax	30A	172	2,905
(b) Deferred tax	30A	(1)	(680)
		171	2,225
IX Profit for the year (VII - VIII)		2,799	7,395
X Other comprehensive income			
A (i) Items that will not to be reclassified to profit or loss - Remeasurements of the defined benefit plan	32	(656)	(552)
(ii) Income tax relating to items that will not be reclassified to profit or loss	30B	-	193
B (i) Items that will be reclassified to profit and loss		-	-
(ii) Income tax relating to items that will be reclassified to profit and loss		-	-
<b>Total other comprehensive income</b>		<b>(656)</b>	<b>(359)</b>
XI Total comprehensive income for the year (IX + X)		2,143	7,036
XII Earnings per equity share (Face value Rs. 10 each)			
(a) Basic (in Rs.)	31	6.91	18.25
(b) Diluted (in Rs.)	31	6.91	18.25

The accompanying notes 1 to 44 are an integral part of the financial statements

In terms of our report attached  
for **Deloitte Haskins & Sells**  
Chartered Accountants



**Abhijit Bandyopadhyay**  
Partner

Kolkata  
06 July 2020

For and on behalf of the Board of Directors  
of **IFB Industries Limited**

Joint Executive Chairman  
and Managing Director

  
Bikram Nag

Director and  
Chief Financial Officer

  
Prabir Chatterjee

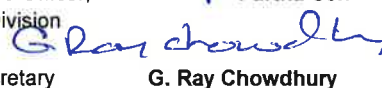
Chief Executive Officer,  
Home Appliances Division

  
Rajshankar Ray

Chief Executive Officer,  
Engineering Division

  
Partha Sen

Company Secretary

  
G. Ray Chowdhury

Bengaluru / Kolkata / Goa  
06 July 2020

**IFB Industries Limited**  
**Standalone Statement of Changes in Equity**

**A Equity share capital**

	As at the beginning of the reporting year	Changes in equity share capital during the year	As at the end of the reporting year
	Rs. in lacs	Rs. in lacs	Rs. in lacs
For the year ended 31 March 2019	4,128	-	4,128
For the year ended 31 March 2020	4,128	-	4,128

**B Other equity**

	Reserves and surplus					Total
	Capital Reserve	Securities Premium	Capital redemption reserve	Debt restructuring reserve	Retained earnings	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	
Balance as at 01 April 2018	-	17,433	1,605	8,981	22,882	50,901
Profit for the year	-	-	-	-	7,395	7,395
Other comprehensive income (net of tax)	-	-	-	-	(359)	(359)
Total comprehensive income for the year	-	-	-	-	7,036	7,036
Balance as at 31 March 2019	-	17,433	1,605	8,981	29,918	57,937
Recognised on business combination (refer note 40)	522	-	-	-	-	522
Profit for the year	-	-	-	-	2,799	2,799
Other comprehensive income (net of tax)	-	-	-	-	(656)	(656)
<b>Total comprehensive income for the year</b>	<b>522</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,143</b>	<b>2,665</b>
<b>Balance as at 31 March 2020</b>	<b>522</b>	<b>17,433</b>	<b>1,605</b>	<b>8,981</b>	<b>32,061</b>	<b>60,602</b>

**Capital reserve**

This reserve represents the difference between the value of net assets acquired by the Company in the course of business combinations and the consideration paid for such combinations.

**Securities premium**

This reserve represents premium on issue of shares and expenses on employee stock purchase scheme and can be utilised in accordance with the provisions of the Companies Act, 2013.

**Capital redemption reserve**

This reserve has been created under the Companies Act, 1956 on redemption of redeemable preference shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

**Debt restructuring reserve**

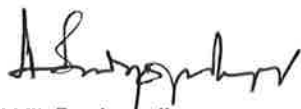
This reserve represents the principal loan amount that were waived off in earlier years.

**Retained earnings**

This reserve represents the cumulative profits of the Company and effects of remeasurement of defined benefit plans. This can be utilised in accordance with the provisions of the Companies Act, 2013.

The accompanying notes 1 to 44 are an integral part of the financial statements

In terms of our report attached  
for **Deloitte Haskins & Sells**  
Chartered Accountants



**Abhijit Bandyopadhyay**  
Partner

Kolkata  
06 July 2020

For and on behalf of the Board of Directors  
of **IFB Industries Limited**

Joint Executive Chairman  
and Managing Director

Director and  
Chief Financial Officer

Chief Executive Officer,  
Home Appliances Division

Chief Executive Officer,  
Engineering Division

Company Secretary

Bengaluru / Kolkata / Goa  
06 July 2020

  
Bikram Nag

  
Prabir Chatterjee

  
Rajshankar Ray

  
Partha Sen

  
G. Ray Chowdhury

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



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

	<b>For the year ended 31 March 2020 Rs. in lacs</b>	<b>For the year ended 31 March 2019 Rs. in lacs</b>
<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	<b>248</b>	455
Loans	<b>1</b>	-
Trade receivables	<b>66</b>	-
Other assets	<b>7</b>	-
Trade payables	<b>279</b>	334
Other liabilities	<b>38</b>	107
Other financial liability	<b>3</b>	-
Provisions	<b>65</b>	-

The accompanying notes 1 to 44 are an integral part of the financial statements

In terms of our report attached  
for **Deloitte Haskins & Sells**  
Chartered Accountants

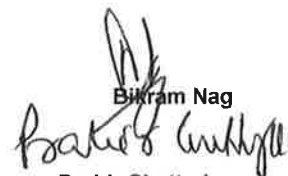


**Abhijit Bandyopadhyay**  
Partner

Kolkata  
06 July 2020

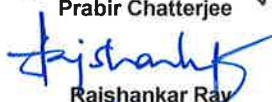
For and on behalf of the Board of Directors  
of **IFB Industries Limited**

Joint Executive Chairman  
and Managing Director



**Bikram Nag**

Director and  
Chief Financial Officer



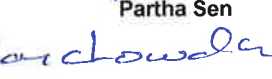
**Prabir Chatterjee**

Chief Executive Officer,  
Home Appliances Division



**Rajshankar Ray**

Chief Executive Officer,  
Engineering Division



**Partha Sen**

Company Secretary



**G. Ray Chowdhury**

Bengaluru / Kolkata / Goa  
06 July 2020



## IFB Industries Limited

### Notes to the standalone financial statements for the year ended 31 March 2020

#### 1A. BACKGROUND

IFB Industries Limited ("the Company") is a Listed Public Limited Company having its registered office in Kolkata. The Company is engaged in the business of manufacturing of fine blanked components and in manufacturing and trading of home appliances.

#### 1B. SIGNIFICANT ACCOUNTING POLICIES:

##### a. Statement of compliance

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind ASs) notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendments) Rules, 2016. These financial statements have also been prepared in accordance with the relevant presentation requirements of the Companies Act, 2013.

Except for the changes below, the company has consistently applied accounting policies to all periods.

- i) The company adopted Ind AS 116 'Leases' with the date of initial application being 1 April, 2019. Ind AS 116 replaces Ind AS 17 - Leases and related interpretation guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Effective 1 April, 2019, on transition, the Company has recorded the lease liability at the present value of future lease payments discounted using the incremental borrowing rate and has also chosen to measure the right-of-use at the same value as the lease liability. The adoption of the new standard resulted in recognition of 'Right-of-use' asset and an equivalent lease liability as on 1 April, 2019. As a result, the comparative information has not been restated. Refer Note 34 for further details.
- ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On 30 March, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from 1 April, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.
- iii) Amendment to Ind AS 19 'Employee Benefits': On 30 March, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from 1 April, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.



## IFB Industries Limited

### Notes to the standalone financial statements for the year ended 31 March 2020

iv) Amendment to Ind AS 12 'Income Taxes': On 30 March, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from 1 April, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no impact.

#### b. Basis of preparation

The standalone financial statements are prepared in accordance with the historical cost convention, except for certain items that are measured at fair values at the end of each reporting period, as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions (such estimates and judgements are renewed every year) that affect the application of the accounting policies and the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year.

Actual results could differ from those estimates. The estimates and underlying assumptions



## **IFB Industries Limited**

### **Notes to the standalone financial statements for the year ended 31 March 2020**

are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

All assets and liabilities have been classified as current or non-current as per Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act 2013 and Ind AS 1 - Presentation of Financial Statements based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

#### **c. Revenue recognition**

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at a point of time or over a period of time. Performance obligations satisfied over a period of time are recognised as per the terms of relevant contractual agreements/ arrangements. Performance obligations are said to be satisfied at a point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and 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 provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

Interest income from financial assets is recognized when it is probable that the economic benefit will flow to the company and the amount can be measured reliably. Interest income is accrued on time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income from operating leases is accounted for on a straight-line basis over the lease term.

#### **d. Property, plant and equipment**

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment, if any.

Cost is inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational



## IFB Industries Limited

### Notes to the standalone financial statements for the year ended 31 March 2020

expenses form part of the value of assets capitalised. Expenses capitalised also include applicable borrowing costs for qualifying assets, if any. All upgradation / enhancements are charged off as revenue expenditure unless they bring significant additional benefits.

Depreciation on property, plant and equipment has been provided on the straight-line method less residual values as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the tools and moulds, in whose case the life of the assets has been assessed as 5 years based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. Depreciation commences when the assets are ready for their intended use.

Freehold land is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of property, plant and equipment of the Company are as follows:

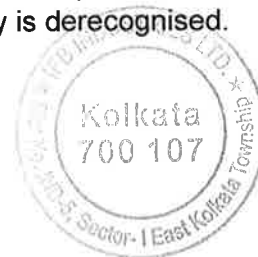
Buildings	30 years
Buildings (Roads and Fences)	5 years
Plant and equipment	10 – 15 years
Plant and equipment (Tools and Moulds)	5 years
Furniture and fixtures	10 years
Office equipment	5 years
Vehicles	8 years
Computers	3-6 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the standalone statement of profit and Loss.

#### e. Investment property

Investment property are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 – Property, Plant and Equipment requirement for cost model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with Ind AS 105 – Non-current Assets Held for Sale and Discontinued Operations.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the standalone statement of profit and loss in the period in which the property is derecognised.



## IFB Industries Limited

### Notes to the standalone financial statements for the year ended 31 March 2020

#### f. Intangible assets

Intangible assets that the Company acquires separately and from which it expects future economic benefits are capitalised upon acquisition and measured initially at cost comprising the purchase price (including import duties and non-refundable taxes) and directly attributable costs to prepare the asset for its intended use.

Internally generated assets for which the cost is clearly identifiable are capitalised at cost. All directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets.

Research expenditure is recognised as an expense when it is incurred. Development costs are capitalised only after the technical and commercial feasibility of the asset for sale or use has been established. All directly attributable expenditure incurred to prepare the asset for its intended use are recognised as the cost of such assets.

Internally generated brands, websites and customer lists are not recognised as intangible assets.

The useful life of an intangible asset is considered finite where the rights to such assets are limited to a specified period of time by contract or law (e.g., patents, licences, trademarks, franchise and servicing rights) or the likelihood of technical, technological obsolescence (e.g., computer software, design, prototypes) or commercial obsolescence (e.g., lesser known brands are those to which adequate marketing support may not be provided).

Intangible assets that have finite lives are amortised over their estimated useful lives by the straight-line method unless it is practical to reliably determine the pattern of benefits arising from the asset. An intangible asset with an indefinite useful life is not amortised.

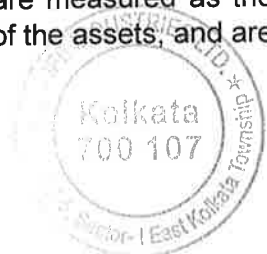
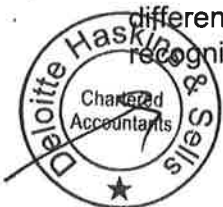
The estimated useful lives of intangible assets of the Company are as follows:

Computer software	3 years
Technical knowhow	5 years / 7 years
Brand	5 years
Non-Compete Agreement	10 years

All intangible assets are tested for impairment. Amortisation expenses and impairment losses and reversal of impairment losses are taken to the Standalone statement of profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortisation and / or impairment losses.

The useful lives of intangible assets are reviewed annually to determine if a reset of such useful life is required for assets with finite lives and to confirm that business circumstances continue to support an indefinite useful life assessment for assets so classified. Based on such review, the useful life may change or the useful life assessment may change from indefinite to finite. The impact of such changes is accounted for as a change in accounting estimate.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses from derecognitions are measured as the difference between the net disposal proceeds and the carrying amount of the assets, and are recognised in profit or loss when the asset is derecognised.



## **IFB Industries Limited**

### **Notes to the standalone financial statements for the year ended 31 March 2020**

#### **g. Impairment of tangible and intangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the standalone statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in standalone statement of profit and loss.

#### **h. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the standalone statement of profit and loss in the period in which they are incurred.

#### **i. Foreign currency transactions**

The functional and presentation currency of the Company is Indian Rupee.

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the respective transactions. Gains / losses arising on foreign currency transactions settled during the year are recognised in the standalone statement of profit and loss.



## **IFB Industries Limited**

### **Notes to the standalone financial statements for the year ended 31 March 2020**

Exchange differences arising on translation of monetary items are recognised in the standalone statement of profit and loss except for exchange differences on foreign currency borrowings relating to assets under constructions for future productive use, which are included in the cost of the assets when they are regarded as an adjustment to interest costs on these foreign currency borrowings.

Exchange differences arising on monetary items that, in substance, form part of the Company's net investment in a foreign operation (having a functional currency other than Indian Rupee) are accumulated in foreign currency translation reserve.

Non-monetary items denominated in foreign currency are carried at cost.

#### **j. Derivatives**

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts, to manage its exposure to foreign exchange risks.

Derivatives are initially recognised at fair value and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gains / losses is recognised in the standalone statement of profit and loss.

#### **k. Investment in subsidiaries**

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

#### **l. Inventories**

Inventories are valued at the lower of cost and net realisable value. Costs of inventories are determined using weighted average method. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and condition and includes, where applicable, appropriate overheads based on normal level of activity. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories

#### **m. Employee benefits**

##### Retirement benefit costs

Contribution payable for provident fund and superannuation fund, which are defined contribution schemes are recognised as an employee benefit expense in the standalone statement of profit and loss.

For retirement benefit - defined benefit 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



## IFB Industries Limited

### Notes to the standalone financial statements for the year ended 31 March 2020

projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit in other comprehensive income for gratuity and standalone statement of profit and loss for leave encashment and sick leave in the period in which they occur.

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit and loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit and loss in the line item 'Employee benefits expense'.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

#### Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

## n. Taxation

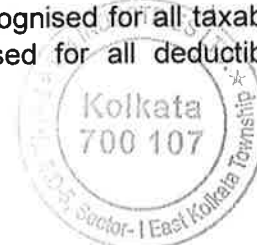
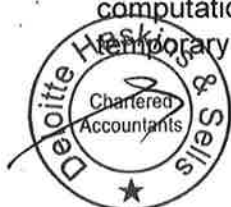
Tax expenses comprises current and deferred tax.

#### Current tax

Current tax is measured at the amount expected to be paid to tax authorities in accordance with the Income Tax Act, 1961. The Company's current tax is calculated using tax rates and tax laws that have been enacted during the period, together with any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on net basis, or to realise the asset and settle the liability simultaneously

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible





## **IFB Industries Limited**

### **Notes to the standalone financial statements for the year ended 31 March 2020**

temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Income tax, in so far as it relates to items disclosed under other comprehensive income or equity, are disclosed separately under other comprehensive income or equity, as applicable.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority.

Minimum Alternate Tax (MAT) credit entitlement is recognised only to the extent there is convincing evidence that the Company will pay normal tax during the period specified by the Income Tax Act, 1961. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of credit to the standalone statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

#### **o. Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received, and the Company will comply with the conditions attached to the grant. Accordingly, government grants:

- a) related to or used for assets are included in the Balance Sheet as deferred income and recognised as income over the useful life of the assets.
- b) related to incurring specific expenditures are taken to the standalone statement of profit and loss on the same basis and in the same periods as the expenditures incurred.
- c) by way of financial assistance on the basis of certain qualifying criteria are recognised as they become receivable.

#### **p. Warranties**

Warranty costs are estimated by the Management on the basis of a technical evaluation and based on specific warranties, claims and claim history. Provision is made for estimated liability in respect of warranty cost in the year of sale of goods. Warranty provisions are measured at discounted amounts. The Company discounts its provision for warranty to present value at



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### **Notes to the standalone financial statements for the year ended 31 March 2020**

reporting dates. Consequently, the unwinding of discount is recognised in the standalone statement of profit and loss.

Provision for warranty is expected to be utilised over a period of one to five years.

#### **q. Provisions and contingent liabilities**

The Company recognises a provision when there is a present obligation as a result of an obligating event that probably requires outflow of resources and a reliable estimate can be made of the amount of the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A disclosure of a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation and the likelihood of outflow of resources is remote, no provision or disclosure of contingent liability is made.

#### **r. Leasing**

The Company has adopted Ind AS 116 – “Leases” w.e.f. 1 April, 2019. Accordingly, at the inception of a contract, the Company assesses whether the contract is a lease or not. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after 1 April, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The



## **IFB Industries Limited**

### **Notes to the standalone financial statements for the year ended 31 March 2020**

Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight-line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

#### **s. Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Segments are organised based on business which have similar economic characteristics as well as exhibit similarities in nature of products and services offered, the nature of production processes, the type and class of customer and distribution methods.

Segment revenue arising from third party customers is reported on the same basis as revenue in the financial statements. Inter-segment revenue is reported on the basis of transactions which are primarily market led. Segment results represent profits before finance charges, unallocated expenses and taxes.

“Unallocated Expenses” represents revenue and expenses attributable to the enterprise as a whole and are not attributable to segments.

#### **t. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through standalone statement of profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit and loss.

Financial assets and liabilities are offset and the net amount is included in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.



## IFB Industries Limited

### Notes to the standalone financial statements for the year ended 31 March 2020

#### u. Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Recognition

Financial assets include investments, trade receivables, derivative instruments, cash and cash equivalents, other bank balances, loans and other financial assets. Such assets are initially recognised at transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being fair valued through the standalone statement of profit and loss.

#### Classification

Management determines the classification of an asset at initial recognition depending on the purpose for which the assets were acquired. The subsequent measurement of financial assets depends on such classification.

Financial assets are classified as those measured at:

(a) Amortised cost, where the financial assets are held solely for collection of cash flows arising from payments of principal and / or interest.

(b) Fair value through other comprehensive income, where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

(c) Fair value through statement of profit and loss, where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on their fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the standalone statement of profit and loss in the period in which they arise.

Trade receivables, cash and cash equivalents, other bank balances, loans and other financial assets are classified for measurement at amortised cost. Derivative instruments are measured at fair value through statement of profit and loss while investments may fall under any of the aforesaid classes. However, in respect of particular investments in equity instruments that would otherwise be measured at fair value through profit and loss, an irrevocable election at initial recognition may be made to present subsequent changes in fair value through other comprehensive income.

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The effective interest method is a method of calculating the amortised cost of an instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts including all fees and points paid or received that form an integral part of the effective interest



## IFB Industries Limited

### Notes to the standalone financial statements for the year ended 31 March 2020

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.



## **IFB Industries Limited**

### **Notes to the standalone financial statements for the year ended 31 March 2020**

#### **v. Financial liabilities and equity instruments**

##### Classification:

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company are recognised at the proceeds received.

##### Financial liabilities

Borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. They are subsequently measured at amortised cost. Any discount or premium on redemption / settlement is recognised in the standalone statement of profit and loss as finance cost over the life of the liability using the effective interest method and adjusted to the liability figure disclosed in the balance sheet.

Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry.

#### **w. Earnings per share**

Basic earnings per share are calculated by dividing the profit and loss for the year attributable to shareholders by the weighted average number of shares outstanding during the year. For the purpose of calculating diluted earnings per share, the profit and loss for the year attributable to shareholders and weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential shares

#### **x. Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.



## IFB Industries Limited

### Notes to the standalone financial statements for the year ended 31 March 2020

#### y. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date value of the assets transferred and liabilities incurred by the Company to the former owner of the acquiree and the equity interest issued by the Company in exchange of control of the acquiree.

Acquisition related costs are generally recognised in the Statement of profit or loss as incurred. The identifiable assets acquired and liabilities assumed are recognised at fair value except deferred tax assets or liabilities, liabilities related to employee benefit arrangements.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

In case of bargain purchase, the group recognises the gain in other comprehensive income and accumulates the same in equity as capital reserve.

#### 2. 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
- (vi) Estimation uncertainty relating to COVID – 19 outbreak

#### Useful life of property, plant and equipment and intangible assets

As described in the significant accounting policies, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. The Company is required to determine whether its intangible assets have indefinite or finite life which is a subject matter of judgement.



## **IFB Industries Limited**

### **Notes to the standalone financial statements for the year ended 31 March 2020**

#### 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.

#### Estimation uncertainty relating to COVID – 19 outbreak

The Management has considered the possible effects, if any that may result from the pandemic relating to COVID-19 on the carrying amounts of assets. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the management has considered the global economic conditions prevailing as at the date of approval of these financial statements, and has used internal and external sources of information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

#### RECENT ACCOUNTING PRONOUNCEMENT: -

Standards issued but not effective. As at the date of issue of financial statements, there are no new standards or amendments which have been notified by the MCA but not yet adopted by the Company. Hence, the disclosure is not applicable.





**IFB INDUSTRIES LIMITED**

Notes to the standalone financial statements for the year ended 31 March 2020

**3A Property, plant and equipment**

Rs. in lacs

	Gross Block				Depreciation and amortisation				Net Book Value	
	As at 01 April 2019	Fair Value of assets acquired on business combination (Refer note 40)	Additions	Adjustments /disposals	As at 31 March 2020	As at 01 April 2019	For the year	Adjustments /disposals	As at 31 March 2020	As at 31 March 2019
<b>(a) Land</b>	506	-	-	-	506	-	-	-	506	506
Land	506	-	-	-	506	-	-	-	506	506
Previous year	527	-	-	(21)	506	-	-	-	506	527
<b>(b) Buildings</b>	4,842	525	4,193	-	9,560	668	264	-	8,628	4,174
Buildings	3,574	525	4,193	-	8,292	544	219	-	7,529	3,030
R and D buildings	1,268	-	-	-	1,268	124	45	-	1,099	1,144
Previous year	4,756	-	89	(3)	4,842	436	232	-	4,174	4,320
<b>(c) Plant and equipment</b>	30,751	3,539	14,000	(129)	48,161	10,804	4,386	(50)	33,021	19,947
Plant and equipment	28,784	3,539	13,959	(126)	46,156	10,382	4,214	(49)	31,609	18,402
R and D plant and equipment	1,967	-	41	(3)	2,005	422	172	(1)	1,412	1,545
Previous year	27,535	145	3,212	(141)	30,751	7,034	3,819	(49)	19,947	20,507
<b>(d) Furniture and fixtures</b>	2,211	18	269	(20)	2,478	512	235	(8)	1,739	1,699
Furniture and fixtures	1,856	18	267	(19)	2,122	431	200	(8)	1,499	1,425
R and D furniture and fixtures	355	-	2	(1)	356	81	35	-	240	274
Previous year	1,823	-	422	(34)	2,211	317	210	(15)	1,699	1,506
<b>(e) Vehicles</b>	58	-	3	-	61	24	8	-	29	34
Vehicles	30	-	3	-	33	15	5	-	13	15
R and D vehicles	28	-	-	-	28	9	3	-	16	19
Previous year	58	-	-	-	58	16	8	-	34	42
<b>(f) Office equipment</b>	390	-	87	(4)	473	196	68	(4)	260	194
Office equipment	382	-	87	(4)	465	192	66	(4)	254	190
R and D office equipment	8	-	-	-	8	4	2	-	6	4
Previous year	340	-	57	(7)	390	134	66	(4)	194	206
<b>(g) Computers</b>	1,068	3	308	(4)	1,375	538	223	(3)	758	530
Computers	961	3	289	(4)	1,249	475	207	(3)	679	486
R and D computers	107	-	19	-	126	63	16	-	79	44
Previous year	882	-	200	(14)	1,068	343	203	(8)	530	539
<b>Total</b>	39,826	4,085	18,860	(157)	62,614	12,742	5,184	(65)	44,753	27,084
Total	36,093	4,085	18,798	(153)	58,823	12,039	4,911	(64)	41,937	24,054
Total R and D	3,733	-	62	(4)	3,791	703	273	(1)	2,816	3,030
Previous year	35,921	145	3,980	(220)	39,826	8,280	4,538	(76)	27,084	27,641
<b>Capital work-in-progress</b>	1,659	-	688	(1,647)	700	-	-	-	700	1,659
Previous year	227	-	1,657	(225)	1,659	-	-	-	1,659	227

1 R and D denotes research and development.

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



**IFB INDUSTRIES LIMITED**

Notes to the standalone financial statements for the year ended 31 March 2020

**3B Intangible assets**

	Gross Block				Depreciation and amortisation			Net Book Value	
	As at 01 April 2019	Fair Value of assets acquired on business combination	Additions	Adjustments /disposals	As at 31 March 2020	As at 01 April 2019	For the year	As at 31 March 2020	As at 31 March 2019
<b>(a) Brand</b>	382	-	-	-	382	35	76	271	347
Brand Previous year	382	-	-	-	382	35	76	271	347
<b>(b) Computer software</b>	1,527	-	302	(2)	1,827	1,076	403	1,477	350
Computer software	1,335	-	138	(2)	1,471	927	361	1,286	408
R and D computer software	192	-	164	-	356	149	42	191	43
Previous year	1,447	-	84	(4)	1,527	642	438	1,076	451
<b>(c) Technical knowhow</b>	2,416	-	1,962	-	4,378	950	470	1,420	2,958
Technical knowhow	17	-	-	943	960	3	138	202	758
R and D technical knowhow	2,399	-	1,962	(943)	3,418	947	332	1,218	2,200
Previous year	1,456	943	17	-	2,416	535	415	950	1,466
<b>(d) Non-compete agreement</b>	617	-	-	-	617	28	62	90	527
Non-compete agreement	617	-	-	-	617	28	62	90	527
Previous year	-	617	-	-	617	-	28	28	589
<b>Total</b>	4,942	-	2,264	(2)	7,204	2,089	1,011	3,098	4,106
Total	2,351	-	138	941	3,430	993	637	1,689	1,741
Total R and D	2,591	-	2,126	(943)	3,774	1,096	374	1,409	2,365
Previous year	2,903	1,942	101	(4)	4,942	1,177	916	2,089	1,726
<b>Intangible assets under development</b>	581	-	67	(552)	96	-	-	-	96
Previous year	447	-	134	-	581	-	-	-	581

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**

- (a) Design Cost for washing machines  
The entire net block would be amortised in 3 years.
- (b) Engineering design and process for Industrial Launderette Equipments  
The entire net block would be amortised in 6 years.
- (c) Design cost of Motors  
The entire net block would be amortised in 4 years.
- (d) Brand  
The entire net block would be amortised in 4 years.
- (e) Non-compete agreement  
The entire net block would be amortised in 9 years.
- (f) Design cost for Air Conditioner  
The entire net block would be amortised in 4 years.
- (g) Design cost for Washer Dryer  
The entire net block would be amortised in 4 years.

**Remaining useful life as at 31 March 2020**

- The entire net block would be amortised in 3 years.
- The entire net block would be amortised in 6 years.
- The entire net block would be amortised in 4 years.
- The entire net block would be amortised in 4 years.
- The entire net block would be amortised in 9 years.
- The entire net block would be amortised in 4 years.
- The entire net block would be amortised in 4 years.



**IFB INDUSTRIES LIMITED**

Notes to the standalone financial statements for the year ended 31 March 2020

**3C Right of use assets**

	Gross Block		Depreciation		Net Book Value		
	Recognised on 1 April, 2019 (Refer Note 34)	Additions	As at 31 March 2020	For the year	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
<b>Right of use assets</b>	8,070	1,441	9,511	2,703	2,703	6,808	-
<i>Previous year</i>	-	-	-	-	-	-	-
<b>Total</b>	8,070	1,441	9,511	2,703	2,703	6,808	-
<i>Previous year</i>	-	-	-	-	-	-	-



**4 Investment property**

**Rs. in lacs**

	<b>Gross Block / Net Book Value</b>			
	<b>As at 1 April 2019</b>	<b>Additions</b>	<b>Adjustments /disposals</b>	<b>As at 31 March 2020</b>
Land	11	-	-	11
<b>Total</b>	11	-	-	11

1 The Company's investment properties consist of lands in India and it includes an amount of **Rs. 7 lacs** (31 March 2019: Rs. 7 lacs) being assets given on an operating lease.

2 As at 31 March 2020 and 31 March 2019 the fair values of the properties are **Rs. 530 lacs** and Rs. 500 lacs respectively. These valuations are based on valuations performed by NagChowdhury Associates, an accredited independent valuer. NagChowdhury Associates is a specialist in valuing these types of investment properties. A valuation model (market approach) in accordance with that recommended by Indian Institute of Surveyors has been applied. The fair value measurement can be categorised into level 3 category.

3 The Company has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

4 Information regarding income and expenditure of investment property:

<b>Year ended</b>	
<b>31 March 2020</b>	<b>31 March 2019</b>
<b>Rs. in lacs</b>	<b>Rs. in lacs</b>
6	6
6	6

Rental income derived from investment property  
Total profit arising from investment property



5 Investments

Particulars	As at 31 March 2020			As at 31 March 2019		
	Nos	Rs. in lacs	Rs. in lacs	Nos	Rs. in lacs	Rs. in lacs
		Current	Non Current		Current	Non Current
<b>A. At cost</b>						
<b>Unquoted investments (fully paid)</b>						
<b>Investment in subsidiaries</b>						
- Trishan Metals Private Limited (equity shares of Rs. 10/- each)	12,000,000	-	1,200	12,000,000	-	1,200
- Global Automotive & Appliances Pte. Ltd. (ordinary shares of USD. 1/- each)	4,755,625	-	2,160	4,755,625	-	2,160
<b>Total</b>		-	3,360		-	3,360
<b>B. At fair value through statement of profit and loss</b>						
<b>Investments in mutual fund - unquoted</b>						
a) ICICI Prudential Liquid - Direct Plan - Daily Dividend (face value Rs.100/-)	977,276	978	-	1,924,974	1,928	-
b) ICICI Prudential Regular Saving Fund - Growth (face value Rs 10/-)	-	-	-	1,027,149	204	-
c) Reliance Regular Savings Fund - Debt Plan - Growth plan - growth option (face value Rs. 10/-)	-	-	-	2,303,578	594	-
d) AXIS Liquid Fund - Direct Plan- growth (face value Rs. 100/-)	56,970	1,256	-	-	-	-
e) HDFC Short term Debt Fund -Dividend Reinvestment-fortnightly (face value Rs. 10/-)	13,197,202	1,361	-	-	-	-
f) HDFC Liquid Fund - Direct Plan-growth (face value Rs. 1000/-)	80,833	3,158	-	-	-	-
g) ICICI Prudential Money Market Fund Option - Direct plan daily dividend (face value Rs. 100/-)	1,444,108	1,446	-	-	-	-
h) ICICI Prudential Liquid - Direct plan - growth (face value Rs 100/-)	1,284,678	3,774	-	-	-	-
i) Kotak Equity Arbitrage fund - Direct Plan- growth (face value Rs 10/-)	5,515,321	1,603	-	-	-	-
j) UTI Arbitrage fund - Direct Plan- growth (face value Rs 10/-)	6,235,374	1,704	-	-	-	-
<b>Total</b>		15,280	-		2,726	-
<b>Total investments</b>		15,280	3,360		2,726	3,360
<b>Other disclosures</b>						
Aggregate amount of unquoted investments		15,280	3,360		2,726	3,360
Aggregate amount of impairment in value of investments		-	-		-	-

1 Details of investment in subsidiaries:

Name  
Principal place of business  
Proportion of the ownership interest and voting rights held  
Method used to account for above stated subsidiary

	As at 31 March 2020	As at 31 March 2019
Trishan Metals Private Limited West Bengal 51.12% Cost		Trishan Metals Private Limited West Bengal 51.12% Cost

2 Name

Principal place of business  
Proportion of the ownership interest and voting rights held  
Method used to account for above stated subsidiary

Global Automotive & Appliances Pte. Singapore 100% Cost	Global Automotive & Appliances Pte. Ltd Singapore 100% Cost
--	--



**IFB INDUSTRIES LIMITED**

**Notes to the standalone financial statements for the year ended 31 March 2020**

**6 Loans**

Particulars	As at 31 March 2020		As at 31 March 2019	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
	Current	Non Current	Current	Non Current
Unsecured, considered good				
- Loans to related parties (refer note 37)	1	1	4	2
- Other loans to employees	54	54	49	54
<b>Total</b>	<b>55</b>	<b>55</b>	<b>53</b>	<b>56</b>

**7 Other financial assets**

Particulars	As at 31 March 2020		As at 31 March 2019	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
	Current	Non Current	Current	Non Current
Margin money with more than 12 months maturity	-	31	-	1
Bank deposit with more than 12 months maturity	-	1	-	11
Security deposits				
- to related parties (unsecured, considered good) - refer note 37	-	58	-	58
- to others				
(i) Unsecured, considered good	64	1,298	58	1,019
(ii) Unsecured, considered doubtful	-	14	-	14
Less: Allowance for doubtful deposits	-	14	-	14
Others				
- Derivative instruments at fair value through profit or loss and not designated as hedges	286	934	3	-
- Interest accrued on fixed deposits	73	34	92	-
- Insurance and other claim receivable	9	-	1	-
<b>Total</b>	<b>432</b>	<b>2,356</b>	<b>154</b>	<b>1,089</b>

Security deposit to related parties includes advances to private limited companies in which any director is a director or a member

50

50



**IFB Industries Limited**

**Notes to the standalone financial statements for the year ended 31 March 2020**

**8 Income tax assets (net)**

Particulars	As at 31 March 2020	As at 31 March 2019
	Rs. in lacs	Rs. in lacs
Advance tax (net of provision)	1,829	844
<b>Total</b>	<b>1,829</b>	<b>844</b>

**9 Other assets**

Particulars	As at 31 March 2020		As at 31 March 2019	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
	Current	Non Current	Current	Non Current
Capital advance	-	3,278	-	1,350
Advances other than capital advance				
- deposit with statutory authorities	61	414	26	438
- advances with statutory authorities	4,668	719	2,742	1,485
- advances with related parties (refer note 37)	1,209	-	836	-
Other advances				
- advances for goods and services	1,392	14	116	14
- prepaid expenses	489	-	391	-
- prepaid lease rent	-	-	50	1,282
less: allowance for doubtful advances	-	14	-	14
<b>Total</b>	<b>7,819</b>	<b>4,411</b>	<b>4,161</b>	<b>4,555</b>

Advance with related parties includes advances to private limited companies in which any director is a director or a member

1,092

299



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

Particulars	As at 31 March 2020	As at 31 March 2019
	Rs. in lacs	Rs. in lacs
Raw materials	13,596	9,941
Work-in-progress	2,073	2,087
Finished goods	10,951	10,664
Stock-in-trade	6,524	13,313
Stores and spares	4,193	3,254
<b>Total</b>	<b>37,337</b>	<b>39,259</b>

The above includes goods in transit as under:

Raw materials	3,044	837
Stock-in-trade	918	2,041
Stores and spares	48	62
	<b>4,010</b>	<b>2,940</b>

1. The cost of inventories recognised as an expense during the year was **Rs. 1,69,162 lacs** (31 March 2019: Rs. 1,74,890 lacs)

2. The cost of inventories recognised as an expense includes **Rs. 500 lacs** (31 March 2019 : Rs. 428 lacs) in respect of write-downs of inventory to its net realisable value. Further a sum of **Rs. 232 lacs** (31 March 2019: Rs. 219 lacs) is in respect of reversal of such write-downs. The write downs have been reduced primarily as a result of increased sales price or subsequent disposals.

3. Carrying amount of inventories carried at fair value **Rs. 1,054 Lacs** (31 March 2019: Rs. 1433 lacs)

4. During the year carrying amount of inventories of **Rs. 1036 lacs (Rs. 1157 lacs including taxes and freight)** was charged off on account of loss of Inventory lying at a warehouse of the Company due to fire on 2 December, 2019. The Insurance claim for the same has been lodged. The same has been treated as exceptional item. Refer note 41

**11 Trade receivables**

Particulars	As at 31 March 2020	As at 31 March 2019
	Rs. in lacs	Rs. in lacs
<b>Unsecured, considered good</b>		
- receivable from subsidiaries(*) (refer note 37)	41	26
- receivable from related parties other than subsidiaries(*) (refer note 37)	1,969	1,670
- receivable from others	16,504	19,437
<b>Unsecured, considered doubtful</b>		
- receivable from others	128	99
Less: allowances for doubtful debts	(128)	(99)
<b>Total</b>	<b>18,514</b>	<b>21,133</b>

(\*) Includes trade receivable from private limited companies in which any director is a director or a member

1,968

1670

**Transfer of financial assets**

The Company discounted certain trade receivable with an aggregate carrying amount of **Rs. 760 lacs** (31 March 2019: Rs. 4,472 lacs) to a bank for cash proceeds of **Rs. 751 lacs** (31 March 2019: Rs. 4,439 lacs). If the trade receivable are not paid at maturity, the bank has the right to request the Company to pay the unsettled balance. As the Company has not transferred the significant risks and rewards relating to these trade receivable, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowings.

At the end of the reporting period, the carrying amount of the trade receivable that has been transferred but have not been derecognised and the carrying amount of the associated liability is as under:

Particulars	As at 31 March 2020	As at 31 March 2019
	Rs. in lacs	Rs. in lacs
Trade receivable that has been transferred but have not been derecognised		359
Bill discounting liability for the above		359





**IFB Industries Limited**

**Notes to the standalone financial statements for the year ended 31 March 2020**

**12 Cash and cash equivalents**

Particulars	As at 31 March 2020	As at 31 March 2019
	Rs. in lacs	Rs. in lacs
Balances with banks		
- current account	4,389	4,490
- deposit account	5,672	1,964
Cheques on hand	13	532
Cash on hand	66	53
<b>Total</b>	<b>10,140</b>	<b>7,039</b>

**13 Other bank balances**

Particulars	As at 31 March 2020	As at 31 March 2019
	Rs. in lacs	Rs. in lacs
In deposit account	1,949	2,420
Margin money deposits	-	25
<b>Total</b>	<b>1,949</b>	<b>2,445</b>



**IFB Industries Limited****Notes to the standalone financial statements for the year ended 31 March 2020****14 Equity share capital**

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Rs. in lacs	No. of shares	Rs. in lacs
<b>Authorised share capital</b>				
Equity shares of Rs. 10 each	65,000,000	6,500	65,000,000	6,500
<b>Total</b>	<b>65,000,000</b>	<b>6,500</b>	<b>65,000,000</b>	<b>6,500</b>

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Rs. in lacs	No. of shares	Rs. in lacs
<b>Issued, subscribed and fully paid up</b>				
Equity shares of Rs. 10 each	40,518,796	4,052	40,518,796	4,052
<b>Forfeited shares</b>				
30,50,000 (31 March 2019: 30,50,000) equity shares of Rs. 10 each, Rs. 2.50 paid - up	-	76	-	76
<b>Total</b>	<b>40,518,796</b>	<b>4,128</b>	<b>40,518,796</b>	<b>4,128</b>

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**

Particulars	As at 31 March 2020		As at 31 March 2019	
	%	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
4. Jwalamukhi Investment Holdings	7.17%	2,905,140	2.84%	1,149,759



**15 Non-current borrowings**

Particulars	As at 31 March 2020	As at 31 March 2019
	Rs. in lacs	Rs. in lacs
Term loans from banks - secured	25,167	250
<b>Total</b>	<b>25,167</b>	<b>250</b>

(a) For sanction of credit facilities amounting to Rs. 2,000 lacs and Rs. 3,000 lacs by ICICI Bank Ltd. (Utilised as at 31.03.2020 Rs. 3,500 lacs), following securities have been created:

- Exclusive charge over the movable properties including its movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future, whether installed or not and whether now lying loose or in cases or which are now lying or stored in or about or shall hereafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about all the borrower's factories, premises and godowns or wherever else the same may be or be held by any party to the order or disposition of the borrower or in the course of transit or in high seas or on order, or delivery, howsoever and wheresoever in the possession of the borrower and either by way of substitution or addition in such manner that the security cover of 1.25 times is maintained. For the limit utilised the Term Loan is repayable in 20 quarterly installments starting from 19 May, 2022.

(b) For sanction of credit facilities amounting to Rs. 2,500 lacs by DBS Bank India Ltd., following securities have been created:

- First and exclusive floating charge over all present and future movable property, plant and equipment of the Company's engineering division located at Kolkata and Bangalore stored or to be stored at the Company's godown or premises or wherever else the same may be. The Term Loan is repayable in 16 quarterly installments from the end of the 15th month from the date of first disbursement i.e. 09 March 2016.

(c) For sanction of credit facilities amounting to Rs. 6,000 lacs and Rs. 1,000 lacs by DBS Bank India Ltd., following securities have been created:

- Hypothecation by way of first and exclusive floating charge all present and future moveable plant and machinery, equipment, appliances, furniture, vehicles, machinery, spares and stores, tools and accessories and other moveable whether or not installed and whether lying loose or in cases or which are now lying or stored in or about and may hereafter from time to time during the currency of this deed be brought into or upon or be stores in or about all the counterparty's factories, premises, warehouses and godowns or whenever else the same may be or be held by any party to the order or disposition of the counterparty or in the courses of transit or on high seas or on order, or delivery, howsoever and wheresoever in the possession of the counterparty and either by way of substitution or addition (all pertaining to borrower's units located at Kolkata and Bangalore) stores or to be stored at the Company's Godowns or premises or wherever else the same may be except asset charged specifically for debt availed, if any for purchase of conventional press line subject to NOC being sought from DBS). The Term Loan is repayable in 15 equal quarterly installments starting from 11 March, 2021.



(d) For sanction of external commercial borrowings amounting to Rs. 14,160 lacs (USD 200 lacs) by Standard Chartered Bank, London, following securities have been created:

- Hypothecation by way of first and exclusive charge over all present and future of the moveable properties of the borrower pertaining to the proposed capex for setting up of facility for manufacturing of air conditioners in Goa and on the existing plant and machinery of washing machine division at Goa (Verna) plant (except exclusive charge to term lenders), including without limitations its moveable plant and machinery, furniture and fittings, equipments, computers, hardware, computer software, machinery spares, tools and accessories and other movables, both whether now lying loose or in cases or which are now lying or stored in or about or shall hereafter from time to time during the continuance of the security of these presents be brought into or upon or be stored or be in or about all the borrower's premises, warehouses, stockyards and godowns or those of the borrower's agents, affiliates, associates or representatives or at various worksites or at any upcountry place or places wherever else the same maybe or be held by any party including, without limitation, the following plot no. N-7, Phase IV, Survey No. 261/10, Verna Industrial Estate, Verna, Goa - 403722. The external commercial borrowings repayable in 13 equal quarterly installments starting from 1 October, 2021.

The scheduled maturity of the above borrowings is as under:

Particulars	As at 31 March 2020	As at 31 March 2019
	Rs. in lacs	Rs. in lacs
Repayable in first year	717	750
<b>Current maturities of long-term debt (refer note 16)</b>	<b>717</b>	<b>750</b>
In the second year	4,195	250
In the third to fifth year	19,572	-
Beyond fifth year	1,400	-
<b>Non-current borrowings</b>	<b>25,167</b>	<b>250</b>



**IFB Industries Limited**

**Notes to the standalone financial statements for the year ended 31 March 2020**

**16 Other financial liabilities**

Particulars	As at 31 March 2020		As at 31 March 2019	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
	Current	Non Current	Current	Non Current
Current maturities of long-term debt (refer note 15)	717	-	750	-
Interest accrued but not due on borrowings	24	-	8	-
Derivative instruments at fair value through statement of profit and loss and not designated as hedges	49	-	245	-
Others				
- Security deposit	577	26	435	14
- Payable for property, plant and equipment and intangibles	700	-	404	-
<b>Total</b>	<b>2,067</b>	<b>26</b>	<b>1,842</b>	<b>14</b>

**17 Other liabilities**

Particulars	As at 31 March 2020		As at 31 March 2019	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
	Current	Non Current	Current	Non Current
Income received in advance on annual maintenance contracts and extended warranty services	3,466	1,651	4,207	994
Advance from customers	1,948	-	1,039	-
Others				
- Statutory liabilities	1,775	-	1,511	-
<b>Total</b>	<b>7,189</b>	<b>1,651</b>	<b>6,757</b>	<b>994</b>



**IFB Industries Limited**

**Notes to the standalone financial statements for the year ended 31 March 2020**

**18 Provisions**

Particulars	As at 31 March 2020		As at 31 March 2019	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
	Current	Non Current	Current	Non Current
Provision for employee benefits				
Gratuity (Refer note 32)	-	1,260	-	957
Leave	-	1,376	-	1,657
Sick Leave	67	349	56	278
Others				
Warranty	355	3,550	360	2,554
<b>Total</b>	<b>422</b>	<b>6,535</b>	<b>416</b>	<b>5,446</b>

**Details of movement in warranty provisions**

	Rs. in lacs
Balance as at 01 April 2018	2,398
Additional provisions recognised	1,399
Effect of unwinding of discount	168
Amounts used (i.e. incurred and charged against the provision) during the period	(1,051)
Balance as at 31 March 2019	2,914
Additional provisions recognised	2,024
Effect of unwinding of discount	195
Amounts used (i.e. incurred and charged against the provision) during the period	(1,228)
<b>Balance as at 31 March 2020</b>	<b>3,905</b>

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 processes 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.



**IFB Industries Limited**

**Notes to the standalone financial statements for the year ended 31 March 2020**

**19 Deferred tax liabilities (net)**

Particulars	As at 31 March 2020	As at 31 March 2019
	Rs. in lacs	Rs. in lacs
Deferred tax liabilities	4,506	3,410
Less: Deferred tax assets	3,702	2,809
<b>Total Deferred tax liabilities (net)</b>	<b>804</b>	<b>601</b>

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

<b>Deferred tax liabilities</b>		
On provision for warranty	259	229
On changes in fair value of investments	16	45
On property, plant and equipment and intangible assets	4,231	3,136
	<b>4,506</b>	<b>3,410</b>
<b>Deferred tax assets</b>		
On unused tax credits (Minimum Alternate Tax Credit) (*)	1,834	1,650
On tax losses	407	-
On changes in fair value of derivative instruments	-	-
On allowance for doubtful debts and advances	55	44
On employee benefits	1,336	1,045
Other timing differences	70	70
	<b>3,702</b>	<b>2,809</b>
<b>Deferred tax liabilities (net)</b>	<b>804</b>	<b>601</b>

(\*) Unused tax credits are due to expire starting from financial year 2026-27 to 2034-35.

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

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

Particulars	As at 31 March 2020	As at 31 March 2019
	Rs. in lacs	Rs. in lacs
<b>Deferred tax liabilities / (assets) as at the beginning of the year</b>	<b>601</b>	<b>526</b>
Deferred tax for the year recognised in profit and loss (@)	387	(727)
Minimum alternate tax credit for the year (@)	(389)	-
Minimum alternate tax credit related to previous years - Net (@)	1	47
Minimum alternate tax credit utilisation relating to previous years	203	-
Minimum alternate tax credit utilised during the year	1	755
<b>Deferred tax liabilities as at the end of the year</b>	<b>804</b>	<b>601</b>

(@) refer note 30



**20 Current borrowings**

Particulars	As at 31 March 2020	As at 31 March 2019
	Rs. in lacs	Rs. in lacs
<b>Secured</b>		
Loans from banks		
- Working capital buyers credit	2,606	-
- Bill discounting	-	403
<b>Total</b>	<b>2,606</b>	<b>403</b>

**Hypothecation details for credit facilities**

For sanction of working capital facility amounting to **Rs 10,000 lacs** by Standard Chartered Bank, following securities have been created:

- (i) First pari passu charge on all current assets, both present and future.
- (ii) First charge on existing movable fixed assets of Goa (Verna) plant (except exclusive charge to term lenders).
- (iii) Second charge on the leasehold land and building of Goa (Verna) unit on all that piece and parcel of non-agricultural land bearing at No. L1 situated within the village panchayat of Nagoa, Verna Plateau, Verna Industrial Estate, Taluka Salcete, District South Goa and registration sub district ILHAS in the state of Goa containing by admeasuring 48,695 square meters or thereabout.





	For the year ended 31 March 2020 Rs. in lacs	For the year ended 31 March 2019 Rs. in lacs
<b>21 Revenue from operations</b>		
Gross revenue from sale of manufactured products	215,228	214,419
Revenue from sale of traded products	97,193	93,508
<b>Total sale of products</b>	<b>312,421</b>	<b>307,927</b>
Less: trade schemes and discounts	69,480	65,567
<b>Sale of products (net of trade schemes and discounts)</b>	<b>242,941</b>	<b>242,360</b>
Sale of services	8,616	7,473
Other operating revenues		
- Scrap sales	3,458	3,887
- Others	127	59
	<b>255,142</b>	<b>253,779</b>
<b>Details of sale of products</b>		
<b>A Finished goods</b>		
Press tools and dies	743	398
Fine blanked components	38,406	40,639
Motor	2,772	136
Home appliances		
- Washing machines	167,369	168,463
- Dryers	2,213	1,976
- Industrial Launderete Equipments	2,769	1,274
Others	956	1,533
	<b>215,228</b>	<b>214,419</b>
<b>B Stock-in-trade</b>		
Home appliances		
- Microwave ovens	26,600	28,212
- Accessories and additives	20,159	18,924
- Dishwashers	6,156	6,254
- Air conditioners	31,974	29,970
- Spares	8,925	7,077
- Others	3,379	3,071
	<b>97,193</b>	<b>93,508</b>
<b>Details of sale of services:</b>		
Annual maintenance/ service contracts income	7,214	6,411
Extended warranty income	182	122
Others	1,220	940
	<b>8,616</b>	<b>7,473</b>



**IFB Industries Limited**

**Notes to the standalone financial statements for the year ended 31 March 2020**

	For the year ended 31 March 2020 Rs. in lacs	For the year ended 31 March 2019 Rs. in lacs
<b>22 Other income</b>		
<b>Interest income</b>		
- Interest on financial assets measured at amortised cost	312	281
- Other interest	5	50
<b>Dividend from investments in mutual fund</b>	331	180
<b>Other non-operating income</b>		
(i) Operating lease rental income		
- Investment property	6	6
- Others	73	33
(ii) Net loss on disposal of property, plant and equipment	(3)	(2)
(iii) Net foreign exchange gain / (loss)	(1,401)	24
(iv) Net gain arising on financial instruments measured at fair value through statement of profit and loss (FVTPL)		
- Mutual fund	101	194
- Derivative instrument	1,413	(238)
(v) Net gain on disposal of financial instrument measured at FVTPL		
- Mutual fund	(76)	36
(vi) Insurance claim received	52	60
(vii) Write back of liabilities no longer required	57	231
(viii) Write back of provision on debts/advances no longer required	47	15
(ix) Miscellaneous income	359	371
	<b>1,276</b>	<b>1,241</b>
<b>23 Cost of materials consumed</b>		
<b>Raw material consumed</b>		
Raw material inventory at the beginning of the year	9,941	7,150
Add: Fair value of raw material acquired on business acquisition (refer note 40)	127	297
Add: Purchases during the year	103,737	108,516
	<b>113,805</b>	<b>115,963</b>
Raw material inventory at the end of the year	13,596	9,941
<b>Cost of materials consumed</b>	<b>100,209</b>	<b>106,022</b>
<b>Expenditure related to research and development at Verna, Goa included in note 23 are:</b>		
Raw material consumed	148	186
<b>24 Purchases of stock-in-trade</b>		
Home appliances		
- Microwave ovens	10,821	13,953
- Accessories and additives	8,940	7,699
- Dishwashers	3,108	3,235
- Air conditioners	12,918	20,568
- Others	1,732	1,643
	<b>37,519</b>	<b>47,098</b>



	For the year ended 31 March 2020 Rs. in lacs	For the year ended 31 March 2019 Rs. in lacs
<b>25 Changes in inventories of finished goods, stock-in-trade and work-in-progress</b>		
<b>Inventories as at the end of the year</b>		
Stock-in-trade	6,524	13,313
Work-in-progress (@)	2,073	2,087
Finished goods	10,951	10,664
<b>(A)</b>	<b>19,548</b>	<b>26,064</b>
<b>Inventories as at the beginning of the year</b>		
Stock-in-trade	13,313	9,471
Work-in-progress	2,087	1,602
Fair value of Finished goods acquired on business acquisition (refer note 40)	7	-
Fair value of work-in-progress acquired on business acquisition (refer note 40)	105	158
Finished goods	10,664	10,051
<b>(B)</b>	<b>26,176</b>	<b>21,282</b>
<b>(B - A)</b>	<b>6,628</b>	<b>(4,782)</b>

**Details of inventories****Stock-in-trade**

- Microwave ovens	1,870	3,205
- Accessories and additives	904	556
- Dishwashers	875	1,096
- Air conditioners	2,019	7,530
- Kitchen Appliances	417	451
- Others	439	475
	<b>6,524</b>	<b>13,313</b>

**Finished goods**

- Washing machines	8,555	8,472
- Industrial Launderete Equipments	222	241
- Dryers	120	197
- Fine blanked components	1,588	1,250
- Press tools and dies	331	490
- Others	135	14
	<b>10,951</b>	<b>10,664</b>

(@) Includes semi finished fine blanked components and semi finished press tools and dies amounting to Rs. 1,494 Lacs (31 March 2019: Rs. 1,151 Lacs)

**26 Employee benefits expense**

Salaries and wages	24,042	20,683
Contribution to provident and other funds	2,107	1,901
Staff welfare expenses	2,636	2,921
	<b>28,785</b>	<b>25,505</b>

**Expenditure related to research and development at Verna, Goa Included in note 26 are:**

Salaries and wages	2,789	2,531
Contribution to provident and other funds	258	229
Staff welfare expenses	113	102
	<b>3,160</b>	<b>2,862</b>

**27 Finance costs**

Interest on financial liabilities measured at amortised cost	675	345
Effect of unwinding of discount for warranty provision	195	168
Interest on discounting of lease liability	580	-
Others	-	62
	<b>1,450</b>	<b>575</b>



**IFB Industries Limited**

**Notes to the standalone financial statements for the year ended 31 March 2020**

	For the year ended 31 March 2020 Rs. in lacs	For the year ended 31 March 2019 Rs. in lacs
<b>28 Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment	5,184	4,538
Amortisation of intangible assets	1,011	916
Depreciation of right to use assets	2,703	-
	<b>8,898</b>	<b>5,454</b>
<b>29 Other expenses</b>		
Consumption of stores and spare parts	13,317	12,177
Rent (refer note 34)	797	3,132
Insurance	243	186
Freight, octroi and carriage	8,677	9,137
Power and fuels	2,615	2,491
Ancillary cost	6,110	6,273
Rates and taxes	280	185
Expenditure on corporate social responsibility	69	49
Office expenses	4,615	3,966
Advertisement and sales promotion	18,087	15,808
Travelling	3,345	3,561
Repairs		
Buildings	117	123
Plant and machinery	1,061	960
Others	724	675
Write-off of property, plant and equipment	88	111
Write-off of debts/ advances	57	22
Write-off of statutory advances	-	5
Allowances for doubtful debts and advances	76	37
Bank charges	193	119
Directors' sitting fees	35	23
Service expenses	5,302	5,020
Warranty expenses	2,024	1,399
Miscellaneous expenses	2,275	2,004
	<b>70,107</b>	<b>67,463</b>
<b>Payment to statutory auditors included under office expenses (excluding taxes)</b>		
As auditors		
Audit fees	47	43
Tax audit fees	16	16
Limited review fees	18	16
Others	20	18
Reimbursement of expenses	3	3
	<b>104</b>	<b>96</b>
<b>Expenditure on corporate social responsibility</b>		
(a) Gross amount required to be spent by the company during the year	183	144
(b) Amount spent during the year on purpose other than construction/acquisition of assets in cash	69	49
<b>Expenditure related to research and development at Verna, Goa included in note 29 are:</b>		
Rent	15	15
Power and fuels	88	71
Ancillary cost	10	11
Rates and taxes	1	1
Office expenses	287	205
Travelling	89	96
Repairs		
Building	3	4
Plant and machinery	13	3
Others	2	2
Write-off of property, plant and equipment	2	-
Miscellaneous expenses	66	49
	<b>576</b>	<b>457</b>



	For the year ended 31 March 2020 Rs. in lacs	For the year ended 31 March 2019 Rs. in lacs
<b>30 Tax expense</b>		
<b>A Amount recognised in statement of profit and loss</b>		
<b>Current tax</b>		
Income tax for the year	389	2,667
Adjustments related to previous years (net)	(217)	238
<b>Total current tax</b>	<b>172</b>	<b>2,905</b>
<b>Deferred tax</b>		
Deferred tax for the year	387	(727)
Minimum alternate tax credit for the year	(389)	-
Minimum alternate tax credit related to previous years (net)	1	47
<b>Total deferred tax</b>	<b>(1)</b>	<b>(680)</b>
	<b>171</b>	<b>2,225</b>
<b>B Amount recognised in other comprehensive income</b>		
<b>Current tax:</b>		
On items that will not be reclassified to profit or loss		
- Remeasurements of the defined benefit liabilities / (asset)	-	(193)
	-	(193)
<b>C Reconciliation of effective tax rate</b>		
The income tax expense for the year can be reconciled to the accounting profit as follows:		
<b>Profit before tax</b>	<b>2,970</b>	<b>9,620</b>
Income tax expense calculated @ 34.944% (31 March 2019 - 34.944%)	<b>1,038</b>	<b>3,362</b>
Effect of income not taxable	<b>(116)</b>	<b>(730)</b>
Effect of additional deductions under tax	<b>(730)</b>	<b>(664)</b>
Effect of different tax rate on certain items	<b>(25)</b>	<b>(20)</b>
Effect of non allowable expenses	<b>205</b>	<b>75</b>
Effect of adjustments relating to earlier year	<b>(201)</b>	<b>202</b>
<b>Income tax recognised in Statement of Profit and Loss</b>	<b>171</b>	<b>2,225</b>
Tax rate used for current tax	<b>34.944%</b>	<b>34.944%</b>
Tax rate used for deferred tax	<b>34.944%</b>	<b>34.944%</b>

**31 Earnings per share**

(a) Profit after taxes available to equity shareholders	2,799	7,395
(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)]	6.91	18.25



**32 Defined benefit plan - Gratuity**

The Company operates a defined benefit plan for gratuity for its employees. It is administered through approved trust in accordance with its trust deeds and rules. The concerned trusts are managed by trustees who provide guidance with regard to the management of their assets and liabilities and review their performance periodically. Risk mitigation systems are in place to ensure that the health of the portfolio is regularly reviewed and the investments do not pose any significant risk of impairment. Periodic audits are conducted to ensure the adequacy of internal controls.

The liability arising in the defined benefit plan is determined by an independent professionally qualified actuary using the projected unit credit method.

**Risk management**

The risks commonly affecting the gratuity liability and the financial results are expected to be:

1. Interest rate risk - The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yield falls, the defined benefit obligations will tend to increase.
2. Salary Inflation risk - Higher the expected increase in salary will increase the defined benefit obligation.
3. Demographic risk - This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

**Rs. In lacs**

I Changes in defined benefit obligations	Gratuity (funded)	
	31 March 2020	31 March 2019
1. Defined benefit obligations at the beginning of the year	4,672	3,701
2. Current service cost	412	333
3. Interest costs	321	268
4. Past service cost - plan amendments	-	-
5. Acquisition cost / (credit)	159	32
6. Effect of experience adjustment	404	398
7. Effect of assumption change	293	97
8. Benefits paid	(150)	(157)
9. Defined benefit obligations at the end of the year	6,111	4,672

**Rs. In lacs**

II Changes in fair value of plan assets	Gratuity (funded)	
	31 March 2020	31 March 2019
1. Fair value of assets at the beginning of the year	3,715	2,633
2. Interest income on plan assets	287	228
3. Employer contribution	958	1,068
4. Return on plan assets (less than discount rate)	41	(57)
5. Benefits paid	(150)	(157)
6. Fair value of assets at the end of the year	4,851	3,715
7. Actual returns	328	171



**IFB Industries Limited**

**Notes to the standalone financial statements for the year ended 31 March 2020**

Rs. In lacs

III Net assets / (liabilities) recognised in balance sheet	Gratuity (funded)	
	31 March 2020	31 March 2019
1. Defined benefit obligations	6,111	4,672
2. Fair value of plan assets	4,851	3,715
3. Funded status - deficit	1,260	957
4. Net liability recognised in balance sheet		
-- Current	-	-
-- Non current	1,260	957

Rs. In lacs

IV Components of employer expenses	Gratuity (funded)	
	31 March 2020	31 March 2019
<b>Recognised in profit or loss</b>		
1. Current service cost	412	333
2. Past service cost - plan amendments	-	-
3. Net interest costs	34	40
4. Total recognised in profit or loss (*)	446	373
<b>Recognised in other comprehensive income</b>		
1. Effect of experience adjustment	404	398
2. Effect of assumption change	293	97
3. Return on plan assets (less than discount rate)	(41)	57
4. Total recognised in other comprehensive income	656	552
<b>Total expense recognised in total comprehensive income</b>	<b>1,102</b>	<b>925</b>

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

V Actuarial assumptions	Gratuity (funded)	
	31 March 2020	31 March 2019
Discount rate	6.1%	7.0%
Rate of salary increase	10.0%	10.0%
Mortality rate	Indian Assured Lives Mortality (2006-08) Ult	Indian Assured Lives Mortality (2006-08) Ult
Withdrawal rate	10.0%	10.0%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in employment market.



**IFB Industries Limited**

**Notes to the standalone financial statements for the year ended 31 March 2020**

VI Plan asset information	Gratuity (funded)	
	31 March 2020	31 March 2019
Cash	34%	1%
Scheme of insurance - conventional products	66%	56%
Scheme of insurance - ULIP products	0%	43%

In the absence of detailed information regarding plan assets which is funded with insurance companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

Rs. In lacs

VII Net asset / (liability) recognised in balance sheet (including experience adjustment impact)	Gratuity (funded)	
	31 March 2020	31 March 2019
1. Present value of defined benefit obligations	6,111	4,672
2. Fair value of plan assets	4,851	3,715
3. Funded Status - deficit	1,260	957
4. Experience adjustment of plan assets - gain/(loss)	41	(57)
5. Experience adjustment of obligations - (loss)	(404)	(398)

**VIII Expected employer contribution for the next year (Rs. in lacs)**

1,260                      957

**IX Sensitivity analysis**

The sensitivity results below determine their individual impact on the plan's year end defined benefit obligations. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligations in similar or opposite directions, while the plans's sensitivity to such changes can vary over time.

Rs. In lacs

	Gratuity (funded)	
	31 March 2020	31 March 2019
Defined benefit obligations on base assumptions (refer point no V)	6,111	4,672
a. 1% increase in discount rate	5,787	4,436
b. 1% decrease in discount rate	6,474	4,936
c. 1% increase in salary escalation rate	6,422	4,903
d. 1% decrease in salary escalation rate	5,817	4,454

Rs. In lacs

X Maturity analysis of benefit payments	Gratuity (funded)	
	31 March 2020	31 March 2019
Year 1	829	677
Year 2	863	792
Year 3	931	615
Year 4	745	727
Year 5	973	612
Next 5 years	4,058	3,334

The Company has contributed **Rs. 1,661 lacs** (31 March, 2019: Rs. 1,528 lacs) to defined contribution schemes.





33 Segment reporting

Rs. in lacs

		Engineering	Home appliances	Motor	Unallocated	Intersegment	Total
Revenue from sale of products and services	31 March 2020	39,164	210,197	2,691	-	(495)	251,557
	31 March 2019	41,286	208,775	-	-	(228)	249,833
Other operating revenue	31 March 2020	2,970	615	-	-	-	3,585
	31 March 2019	3,493	453	-	-	-	3,946
Revenue from operations	31 March 2020	42,134	210,812	2,691	-	(495)	255,142
	31 March 2019	44,779	209,228	-	-	(228)	253,779
Other income	31 March 2020	247	454	16	559	-	1,276
	31 March 2019	392	217	-	632	-	1,241
Total income	31 March 2020	42,381	211,266	2,707	559	(495)	256,418
	31 March 2019	45,171	209,445	-	632	(228)	255,020
Segment results before finance costs	31 March 2020	2,724	2,517	(54)	(752)	(15)	4,420
	31 March 2019	6,695	5,697	-	(2,140)	(57)	10,195
Less: finance costs	31 March 2020						1,450
	31 March 2019						575
Profit before tax	31 March 2020						2,970
	31 March 2019						9,620
Tax expense	31 March 2020						171
	31 March 2019						2,225
Profit for the year	31 March 2020						2,799
	31 March 2019						7,395
Segment assets	31 March 2020	36,770	100,044	3,073	21,479	-	161,366
	31 March 2019	27,298	84,151	-	8,968	-	120,417
Segment liabilities	31 March 2020	18,825	72,260	1,165	4,386	-	96,636
	31 March 2019	7,868	46,510	-	3,974	-	58,352

Other information

Depreciation and amortisation expense	31 March 2020	2,361	6,446	35	56	-	8,898
	31 March 2019	1,961	3,477	-	16	-	5,454
Capital expenditure	31 March 2020	6,586	24,652	602	1,436	-	33,276
	31 March 2019	1,712	5,988	-	34	-	7,734
Non cash expenditure other than depreciation and amortisation	31 March 2020	14	206	1	-	-	221
	31 March 2019	17	158	-	-	-	175



Segment reporting (continued)

		Rs. in lacs
<b>Geographical information</b>		
<b>Revenue from external customers</b>		
- Within India	31 March 2020	254,812
	31 March 2019	253,998
- Outside India	31 March 2020	1,606
	31 March 2019	1,022
<b>Total</b>	<b>31 March 2020</b>	<b>256,418</b>
	<b>31 March 2019</b>	<b>255,020</b>
<b>Non - Current assets excluding financial assets and deferred tax assets</b>		
- Within India	31 March 2020	64,069
	31 March 2019	38,942
- Outside India	31 March 2020	-
	31 March 2019	-
<b>Total</b>	<b>31 March 2020</b>	<b>64,069</b>
	<b>31 March 2019</b>	<b>38,942</b>

NOTES:

- The Company is primarily engaged in business of fine blanked components, motors and home appliances. Accordingly the Company considers the above business segment as the primary segment. Segment revenue, segment result, segment asset and segment liabilities include the respective amount identifiable to each of the segments as also amounts allocated on reasonable basis. The expenses, which are not directly relatable to the business segment, are shown as unallocable corporate cost and grouped as "Unallocated". Assets and liabilities that cannot be allocated between the segments are shown as unallocable corporate assets and liabilities and are grouped as "Unallocated". These segments have been reported in the manner consistent with the internal reporting to the Board of Directors, who are the chief operating decision makers.
- The geographical information considered for disclosure are revenue within India and revenue outside India.
- The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.



**34 Leases**

The Company is obligated under cancellable leases for residential, office premises, warehouses, etc. Total rental expense under cancellable short term operating lease amounted to **Rs. 750 Lacs** (31 March 2019: Rs. 3,094 lacs).

The Company has adopted Ind AS 116 – “Leases” w.e.f. 1 April, 2019.

In adopting Ind AS 116, the company applied the below practical expedients:

The company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics. The leases with remaining lease term of less than 12 months are considered as "short term leases".

On transition, the Company has recorded the lease liability at the present value of future lease payments discounted using the incremental borrowing rate and has also chosen to measure the right-of-use at the same value as the lease liability and lease payments made before 1 April, 2019. **The impact of Ind AS 116 on the financial results for year ended 31 March, 2020 is as under:**

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

**The movement of lease liabilities during the year is as under:-**

	Rs. in lacs
Addition on account of adoption of Ind AS 116	6,743
Addition during the year	1,441
Interest Expenses	580
Payments	(2,843)
<b>As at 31 March, 2020</b>	<b>5,921</b>

**35 Commitments**

	As at 31 March 2020 Rs. in lacs	As at 31 March 2019 Rs. in lacs
(i) Outstanding capital commitments for tangible assets	3,579	3,908
(ii) Outstanding capital commitments for intangible assets	-	-

**36 Contingent Liabilities**

	As at 31 March 2019 Rs. in lacs	As at 31 March 2018 Rs. in lacs
Disputed sales tax matters, excise matters, income tax matters and other matters contested in appeals.	1,403	1,512

(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.)



## 37 Related party disclosures

## (A) The Company has the following related parties

<b>Investor Company:</b>	IFB Automotive Private Limited
<b>Subsidiary Companies:</b>	Trishan Metals Private Limited (TMPL) Global Automotive and Appliances Pte Limited (GAAL) Thai Automotive and Appliances Limited (TAAL) –subsidiary of GAAL
<b>Key Management Personnel (KMP):</b>	<ul style="list-style-type: none"> <li>- <b>Mr. Bijon Nag</b>, Executive Chairman</li> <li>- <b>Mr. Bikram Nag</b>, Joint Executive Chairman and Managing director</li> <li>- <b>Mr. Sudam Maitra</b>, Deputy Managing Director (upto 6 February 2020).</li> <li>- <b>Mr. Prabir Chatterjee</b>, Director and Chief Financial Officer</li> <li>- <b>Mr. G. Ray Chowdhury</b>, Company Secretary</li> <li>- <b>Mr. A. K. Nag</b>, Senior President</li> <li>- <b>Mr. Sujan Kumar Ghosh Dastidar</b>, President, Legal</li> <li>- <b>Ms. Souravi Sinha</b>, General Manager-Human Resource-Corporate</li> <li>- <b>Mr. Uma Shankar Ghosh Dastidar</b>, Head, Taxation</li> <li>- <b>Mr. Rajat Paul</b>, Assistant Vice President, IT</li> <li>- <b>Mr. Soumitra Goswami</b>, GM, Accounts and finance</li> </ul> <p><b>Home Appliance division:</b></p> <ul style="list-style-type: none"> <li>- <b>Mr. Rajshankar Ray</b>, Chief Executive Officer (CEO)</li> <li>- <b>Mr. A. S. Negi</b>, National Service Head</li> <li>- <b>Mr. B. M. Shetye</b>, Senior Vice President, Sustainability</li> <li>- <b>Mr. Pawan Koul</b>, Head of Goa factory - Washing machine plant</li> <li>- <b>Mr. Sukhdev Nag</b>, National sales head</li> <li>- <b>Mr. Ranjan Mohan Mathur</b>, National retail head - IFB Points</li> <li>- <b>Mr. R. Anand</b>, Head, Motor Division</li> <li>- <b>Mr. C.S.Govindaraj</b>, CEO, Industrial Business &amp; Projects</li> <li>- <b>Mr. Deepak Kumar Behara</b>, Business Head-South</li> <li>- <b>Mr. Vilas Sanjeev Kamath</b>, Head, Supply Chain Projects</li> <li>- <b>Mr. Abhijit Gangopadhyay</b>, Business Head, North 2</li> <li>- <b>Mr. Venkata Subba Rao Madala</b>, Head of Factory - A.C. plant</li> <li>- <b>Mr. Manoj Agnihotri</b>, Head, Human Resources, A.C. plant</li> <li>- <b>Mr. Narayana Panth</b>, Head of R&amp;D, A.C. plant</li> <li>- <b>Mr. Praveen Tandon</b>, Head Supply Chain - A.C. plant</li> <li>- <b>Mr. Kartik Ishwar Muchandi</b>, Head, Finance and Accounts, Air conditioner and Washing Machine Plants</li> <li>- <b>Mr. Ashish Singh</b>, Head, Finance and Accounts, Marketing</li> </ul> <p><b>Engineering division:</b></p> <ul style="list-style-type: none"> <li>- <b>Mr. Partha Sen</b>, CEO</li> <li>- <b>Mr. K. R. K. Prasad</b>, CEO, Bangalore Engineering Factory</li> <li>- <b>Mr. Jayanta Chanda</b>, AVP, Finance</li> <li>- <b>Mr. Ashok Hazra</b>, DGM, Finance</li> <li>- <b>Mr. Arup Das</b>, Head Marketing</li> </ul>



<b>Other related parties:</b>	<ul style="list-style-type: none"><li>- IFB Agro Industries Limited</li><li>- Travel Systems Limited</li><li>- IFB Global Limited</li><li>- IFB Appliances Limited</li><li>- Anjali foundation</li></ul>
<b>Employee trusts where there is significant influence (Employee trusts):</b>	<ul style="list-style-type: none"><li>- Indian Fine Blank Limited Employees Gratuity Fund (IFBLEGF)</li><li>- The IFBL Group Superannuation Scheme (IFBLSAF) (merged and renamed on 3 October 2019) (Earlier known as The IFBL Senior management Group Superannuation Scheme)</li><li>- IFBL Employees' (Category-I) Superannuation Scheme (IFBLESS-Cat-I) (dissolved and merged on 3 October 2019)</li><li>- IFBL Employees (Category Two) Group Superannuation Scheme (IFBLEGSS-Cat two) (dissolved and merged on 3 October 2019)</li></ul>



## (B) Transactions with related parties

	For the year ended 31 March 2020 Rs. in lacs	For the year ended 31 March 2019 Rs. in lacs
<b>1 Sales, service and other income</b>		
- Investor Company	4,187	4,161
- Subsidiaries*	223	229
- KMP	3	5
- Other related parties	22	19
<b>Total</b>	<b>4,435</b>	<b>4,414</b>
<b>2 Purchase of inventories</b>		
- Investor Company	1,957	634
- Subsidiaries*	4,768	5,205
- Other related parties	13	10
<b>Total</b>	<b>6,738</b>	<b>5,849</b>
<b>3 Expenditure on other services</b>		
- Investor Company	221	235
- Other related parties	9,844	9,355
<b>Total</b>	<b>10,065</b>	<b>9,590</b>
<b>4 Expenses recovered</b>		
- Investor Company	11	35
- Subsidiaries*	-	39
- Other related parties	-	2
<b>Total</b>	<b>11</b>	<b>76</b>
<b>5 Purchase of property, plant and equipment and intangibles</b>		
- Investor Company	512	-
<b>Total</b>	<b>512</b>	<b>-</b>
<b>6 Purchase of business</b>		
- Investor Company	3,500	-
<b>Total</b>	<b>3,500</b>	<b>-</b>
<b>6 Contribution to employees' benefit plans</b>		
- Employee trusts	1,413	1,484
<b>Total</b>	<b>1,413</b>	<b>1,484</b>
<b>7 Exceptional gain - Surplus money received</b>		
- Employee trusts	1,305	-
<b>Total</b>	<b>1,305</b>	<b>-</b>
<b>8 Remuneration</b>		
(a) Short term benefits - KMP	2,517	2,238
(b) Post employment benefits - KMP	217	130
(c) Other long term benefits - KMP	167	116
<b>Total</b>	<b>2,901</b>	<b>2,484</b>



## (C) Outstanding balances with related parties

	As at 31 March 2020 Rs. in lacs	As at 31 March 2019 Rs. in lacs
<b>1 Trade Receivables</b>		
- Investor Company	1,968	1,670
- Subsidiaries	41	26
- Other related parties	1	-
<b>Total</b>	<b>2,010</b>	<b>1,696</b>
<b>2 Security deposits given</b>		
- Investor Company	50	50
- Other related parties	8	8
<b>Total</b>	<b>58</b>	<b>58</b>
<b>3 Advances given</b>		
- Investor Company	145	74
- Subsidiaries	947	225
- KMP	4	-
- Other related parties	113	537
<b>Total</b>	<b>1,209</b>	<b>836</b>
<b>4 Loans given</b>		
- KMP	2	6
<b>Total</b>	<b>2</b>	<b>6</b>
<b>5 Exceptional gain - Surplus money receivable</b>		
- Employee trusts	8	-
<b>Total</b>	<b>8</b>	<b>-</b>
<b>6 Trade payables</b>		
- Investor Company	95	104
- Subsidiaries	179	7
- KMP	-	4
- Other related parties	838	1,304
<b>Total</b>	<b>1,112</b>	<b>1,419</b>
<b>7 Other payables</b>		
- Employee trusts	1,260	1,079
<b>Total</b>	<b>1,260</b>	<b>1,079</b>
<b>8 Guarantees given</b>		
- Subsidiaries	1,781	-
<b>Total</b>	<b>1,781</b>	<b>-</b>



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

	For the year ended 31 March 2020 Rs. in lacs	For the year ended 31 March 2019 Rs. in lacs
<b>1 Sales, service and other income</b>		
- TMPL	53	10
- TAAL	170	219
- IFB Agro Industries Limited	14	12
<b>2 Purchase of inventories</b>		
- TMPL	4,255	5,158
- TAAL	78	47
- GAAL	435	-
<b>3 Expenditure on other services</b>		
- Travel Systems Limited	1,735	1,732
- IFB Appliances Limited	7,576	7,191
<b>4 Expenses recovered</b>		
- TMPL	-	39
<b>5 Contribution to employees' benefit plans</b>		
- IFBLEGF	957	1,068
- IFBLSAF	175	172
- IFBLESS-Cat-I	249	223
<b>6 Exceptional gain - Surplus money received</b>		
- IFBLSAF	1,305	-





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

	As at 31 March 2020 Rs. in lacs	As at 31 March 2019 Rs. in lacs
<b>1 Trade Receivables</b>		
- TAAL	41	26
<b>2 Security deposits given</b>		
- IFB Agro Industries Limited	8	8
<b>3 Advances given</b>		
- TMPL	947	225
- IFB Appliances Limited	-	459
- IFB Agro Industries Limited	59	52
<b>4 Exceptional gain - Surplus money receivable</b>		
- IFBLSAF	8	-
<b>5 Trade payables</b>		
- TMPL	-	3
- IFB Appliances Limited	772	1,272
- GAAL	164	-
<b>6 Other payables</b>		
- IFBLEGF	1,260	957
<b>7 Guarantees given</b>		
- TAAL	1,089	-
- GAAL	692	-



**38 Dues to micro, small and medium enterprises**

The Ministry of micro, small and medium enterprises has issued an office memorandum dated 26 August 2008 which recommends that the micro and small enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprise Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises has been made in the financial statements based on the information received and available with the Company. Payable to micro and small enterprises as at **31 March 2020: Rs. 2,517 lacs** (31 March 2019: Rs. 3,833 lacs).

Further, in view of the management, the impact of the interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

**39 Financial instruments and related disclosures****(i) Capital management**

The Company's capital management policy is focused on business growth and creating value for shareholders. The Company determines the amount of capital required on the basis of annual business plans and the funding needs are met through internal accruals and bank borrowings.

**(ii) Categories of financial instruments**

Particulars	Note	As at 31 March 2020		As at 31 March 2019	
		Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
		Carrying value	Fair value	Carrying value	Fair value
<b>A Financial assets</b>					
<b>a) Measured at amortised</b>					
i) Trade receivables	11	18,514	18,514	21,133	21,133
ii) Cash and cash equivalents	12	10,140	10,140	7,039	7,039
iii) Other bank balances	13	1,949	1,949	2,445	2,445
iv) Loans	6	110	110	109	109
v) Other financial assets	7	1,568	1,568	1,240	1,240
<b>b) Measured at fair value through Statement of Profit and Loss:</b>					
i) Investments	5	15,280	15,280	2,726	2,726
<b>c) Derivatives measured at fair value through Statement of Profit and Loss:</b>					
i) Derivatives not designated as hedges	7	1,220	1,220	3	3
<b>B Financial liabilities</b>					
<b>a) Measured at amortised cost:</b>					
i) Term loans from banks	15	25,167	25,167	250	250
ii) Short term borrowings from banks	20	2,606	2,606	403	403
iii) Lease Liabilities		5,921	5,921	-	-
iv) Trade payable		44,248	44,248	41,629	41,629
v) Other financial liabilities	16	2,044	2,044	1,611	1,611



Particulars	Note	As at 31 March 2020		As at 31 March 2019	
		Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
		Carrying value	Fair value	Carrying value	Fair value
b) Derivatives measured at fair value through Statement of Profit and Loss:					
i) Derivative instruments not designated as hedges	16	49	49	245	245

Investments exclude investment in subsidiaries of **Rs. 3,360 lacs** (31 March 2019: 3,360 lacs) which are shown at cost in balance sheet as per Ind AS 27 - 'Separate Financial Statements'.

(iii) **Financial risk management objectives**

The 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 2020**

	Total	Due within one year	Due after one year
	Rs. in lacs	Rs. in lacs	Rs. in lacs
Borrowings	27,773	2,606	25,167
Lease liabilities	5,921	1,508	4,413
Trade payables	44,248	44,248	-
Other financial liabilities (including current maturities of long term debt)	2,044	2,018	26
Derivative financial liabilities	49	49	-
<b>Total</b>	<b>80,035</b>	<b>50,429</b>	<b>29,606</b>

**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	-
<b>Total</b>	<b>44,138</b>	<b>43,874</b>	<b>264</b>



**b) Market risks**

The Company does not trade in equities. Treasury activities, focused on managing investments in debt instruments, are centralised and administered under a set of approved policies and procedures guided by the tenets of liquidity, safety and returns. This ensures that investments are only made within the acceptable risk parameters after due evaluation.

The Company's investments are predominantly held in debt mutual funds. Such investments are susceptible to market risks that arise mainly from changes in interest rate which may impact the return and value of such investments. Mark to market movements in respect of these investments are measured at fair value through Statement of Profit and Loss.

Fixed deposits are held with highly rated banks and generally have a short tenure and are not subject to interest rate volatility.

The company has short-term borrowings which are generally not susceptible to interest rate volatility since they are for short tenure. Long term loans from banks are at highly competitive rates and as such these loans are not that material taking into account the Company's asset base. Hence interest rate fluctuations on borrowings does not affect the Company significantly.

**c) Foreign currency risk**

The Company undertakes transactions denominated in foreign currency (mainly US Dollar, Euro, GBP, RMB, THB, JPY and AED) which are subject to the risk of exchange rate fluctuations.

The carrying amount of foreign currency denominated financial assets and liabilities, are as follows:

	As at 31 March 2020		As at 31 March 2019	
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
	Financial assets	Financial Liabilities	Financial assets	Financial Liabilities
USD	1,360	26,451	127	12,078
Euro	44	1,316	23	816
RMB	-	493	-	175
GBP	-	-	-	1
AED	-	-	-	2
THB	-	1	-	1
JPY	-	1	-	-
<b>Total</b>	<b>1,404</b>	<b>28,262</b>	<b>150</b>	<b>13,073</b>

The Company uses forward exchange contracts and currency swaps to hedge its exposure in foreign currency.

**i) Forward exchange contracts / Currency swaps that were outstanding for financial liabilities as at the end of respective reporting dates:**

Particulars	No. of contracts	USD (lacs)	No. of contracts	Euro (lacs)	No. of contracts	RMB (lacs)
As at 31 March 2020	163	406	31	17	18	21
As at 31 March 2019	83	142	16	6	-	-

The aforesaid forwards / currency swaps have a maturity of before 2nd October, 2024

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

	As at 31 March 2020		As at 31 March 2019	
	Financial assets	Financial Liabilities	Financial assets	Financial Liabilities
USD Rs. in lacs	2	-	2	29
EURO Rs. in lacs	162	-	124	2,026
	*	-	*	4
	22	-	23	325



	As at 31 March 2020		As at 31 March 2019	
	Financial assets	Financial Liabilities	Financial assets	Financial Liabilities
RMB	-	25	-	17
Rs. in lacs	-	266	-	175
THB	-	*	-	*
Rs. in lacs	-	1	-	1
GBP	-	-	-	*
Rs. in lacs	-	-	-	1
AED	-	-	-	*
Rs. in lacs	-	-	-	2
JPY	-	1	-	-
Rs. in lacs	-	1	-	-
<b>Total Rs.</b>	<b>184</b>	<b>267</b>	<b>147</b>	<b>2,529</b>

\* represents foreign currency less than 50,000

### iii) Foreign currency sensitivity

For every percentage point change in the underlying exchange rate of the outstanding foreign currency denominated assets and liabilities, holding all other variables constant, the profit before tax would change by **Rs. 269 lacs** for the year ended 31 March 2020 (31 March 2019: Rs 129 lacs).

### d) Credit risk

Credit risk arise from the possibility that the counter party may not be able to settle their obligations. Financial instruments that are subject to such risk primarily consists of investments, trade receivables, bank deposits, loans, derivative instruments and other financial assets.

Bank deposits are primarily held with highly rated and different banks.

The Company's customer base is large and diverse limiting the risk arising out of credit concentration. Further the credit is extended in business interest in accordance with guidelines issued centrally and business-specific credit policies that are consistent with such guidelines. Exceptions are managed and approved by appropriate authorities after due consideration of the counter parties credentials and financial capacity, trade practices and prevailing business and economic conditions.

The Company's historical experience of collecting receivable and the level of default indicates that the credit risk is low and generally uniform across markets. Loss allowances are recognised where considered appropriate by the management.

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

	As at 31	As at 31
	March 2020	March 2019
	Rs. in lacs	Rs. in lacs
<b>Balance at beginning of the year</b>	<b>113</b>	<b>91</b>
Provision recognised in the year	76	37
Amounts written off during the year as uncollectible	(36)	(1)
Amounts recovered during the year	(10)	(12)
Provisions written back	(1)	(2)
<b>Balance at end of the year</b>	<b>142</b>	<b>113</b>

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:

Particulars	Fair value hierarchy (Level)	Fair value	
		As at 31 March 2020	As at 31 March 2019
		Rs. in lacs	Rs. in lacs
<b>A Financial Assets</b>			
<b>a) Measured at amortised cost</b>			
Loans	3	55	56
Other financial assets	3	2,356	1,089
<b>b) Measured at FVTPL:</b>			
Investment in mutual funds	2	15,280	2,726
<b>c) Derivatives measured at FVTPL:</b>			
Derivatives not designated as hedges	2	1,220	3
<b>B Financial Liabilities</b>			
<b>a) Derivatives measured at FVTPL:</b>			
Derivatives not designated as hedges	2	49	245
<b>b) Measured at amortised cost</b>			
Borrowings	3	25,167	250
Other financial liabilities	3	26	14

There were no transfers between Level 1 and Level 2 during the year ended 31 March 2020 and 31 March 2019.

**40 Business Combinations**

- (a) On 1 October, 2019, the Company acquired on a going concern, the Stamping business on a slump sale basis from IFB Automotive Private Limited (a related party) for a consideration of **Rs. 3,500 lacs**. The transactions is at arm's length basis. The Company has taken control of the business w.e.f. 1 October, 2019 (acquisition date).

No voting interest were acquired in the above transaction.

The acquisition is in the similar line of business of the Company and will help in consolidation and growth of Company's existing business.

- (b) The acquisition-date fair value of the total consideration transferred was **Rs. 3,500 lacs**. The sum of **Rs. 3,500 lacs** was paid in cash (online transfer).



(c) The major class of assets acquired and liabilities assumed as on the acquisition date are as under:-

Particulars	Note	Rs. In lacs
<b>Assets acquired:</b>		
1. Property, plant and equipment	3A	4,085
2. Current assets		
-Inventories		
(a) Raw materials	23	127
(b) Work-in-progress	25	105
(c) Finished goods	25	7
(d) Stores and spare parts		9
-Trade receivables		66
- Loans		1
-Other non-financial assets		7
<b>Total</b>		<b>4,407</b>
<b>Capital reserve:</b>		<b>522</b>
<b>Liabilities assumed:</b>		
1. Financial liabilities		
-Trade payables		279
- Security deposit		3
2. Provision for employee benefits		65
3. Other current liabilities		
-Advance from customers		38
<b>Total</b>		<b>385</b>

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

	As at 31	As at 31
	March 2020	March 2019
	Rs. in lacs	Rs. in lacs
Amount as at the beginning of the year (net of accumulated impairment loss of Nil)	1,355	-
Additional goodwill recognised during the period	-	1,355
Amount as at the end of the year (net of accumulated impairment loss of Nil)	1,355	1,355

(e) An amount of **Rs. 1,865 lacs** and a loss of **Rs. 142 lacs** pertaining to the 'Stamping' business from the acquisition date till 31 March, 2020 is included in the Revenue from operations and Profit before tax of the Company.

(f) Acquisition related cost amounting to **Rs. 42 lacs** has been included in in note no. 30 under 'Office expenses'.



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

	Year ended 31 March 2020	Year ended 31 March 2019
	Rs. in lacs	Rs. in lacs
(a) Surplus from superannuation scheme (#)	1,305	-
(b) Loss of inventory due to fire (@)	(1,157)	-
(c) Gain from compulsory acquisition (&)	-	1,935
	<b>148</b>	<b>1,935</b>

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

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

& Represents gain of **Rs. 1,935 lacs** towards Compulsory Acquisition of 1578.63 square metres of factory land etc. situated at 16/17, Visveswariah Industrial Estate, Whitefield Road, Bangalore - 560048 by Bangalore Metro Rail Corporation Limited for a consideration of **Rs. 1956 lacs**. Out of the gain **Rs. 26 lacs** is towards building and the balance amount of **Rs. 1,909 lacs** is towards freehold land.

42 The Company has disaggregated revenues from contract with customers for the year by the type of goods and services. The Company believe that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenues and cash flows are affected by industry, market and other economic factors. Refer note 21 for revenue disaggregation

The following table includes revenue expected to be recognised in the future related to annual maintenance contracts and extended warranty services and advance from customers.

	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2024	Beyond 31 March 2024
	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
Income received in advance on annual maintenance contracts	3,249	1,474	-	-	-
Income received in advance on extended warranty services	217	123	44	10	-
Advance from customers	1,948	-	-	-	-
	<b>5,414</b>	<b>1,597</b>	<b>44</b>	<b>10</b>	<b>-</b>

The Company recognized revenue of **Rs. 5,246 lacs** (31 March 2019 : Rs. 4,875 lacs) arising from contract liability balances comprising of income received in advance on annual maintenance contracts and extended warranty services and advance from customers at the beginning of the year.





**IFB Industries Limited****Notes to the standalone financial statements for the year ended 31 March 2020**

The below table shows the movement of income received in advance on annual maintenance contracts and extended warranty services and advance from customers

	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>
	<b>Rs. in lacs</b>	<b>Rs. in lacs</b>
<b>Opening Balance</b>	<b>6,240</b>	<b>5,925</b>
Progress billing during the year	252,382	250,148
Less: Revenue recognised during the year	251,557	249,833
<b>Closing Balance</b>	<b>7,065</b>	<b>6,240</b>

Invoicing in excess of revenues from sale of services are classified as "Income received in advance on annual maintenance contracts and extended warranty services" and Invoicing in excess of revenues from sale of goods are classified as "Advance from customers" in note no 17

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

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

44 The standalone financial statements were approved by the Board of Directors on 06 July 2020.

