

INDEPENDENT AUDITOR'S REPORT

To the Members of Indian Furniture Products Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Indian Furniture Products Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss including the statement of Other Comprehensive Income, 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.

Management's Responsibility for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS 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 accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone Ind AS financial statements.



Basis for qualified opinion

Financial assets in Note 6 to the financial statements include Rs.112.50 million (Previous year – Rs.112.50 million), representing intercompany deposits and interest thereon up to March 31, 2010, recoverable from Straight Curve Ideas Private Limited (“SCIPL”). As more fully discussed in note 30 to the financial statements, the Company has initiated legal proceedings against SCIPL, and is confident of recovery of the amount outstanding. In view of the legal uncertainties involved, we are unable to comment on the possible adjustments, if any, that may be required to be made to the financial statements in this regard. Our audit opinion on the financial statements for the year ended March 31, 2016 was also qualified in respect of this matter.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, of its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s report) Order, 2016 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive income, Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;



S.R. BATLIBOI & ASSOCIATES LLP

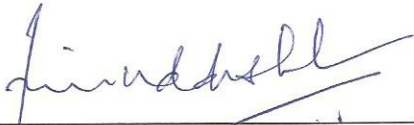
Chartered Accountants

- (g) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013;
- (h) The matters relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- (i) 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 2" to this report;
- (j) 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, in our opinion and to the best of our information and according to the explanations given to us:
- i. To the extent discussed in the Basis for Qualified Opinion paragraph above, the Company has not recorded the impact of pending litigations on its financial position in its standalone Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in Note 42 to these standalone Ind AS financial statements as to the holdings of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Aniruddh Sankaran**

Partner

Membership Number: 211107



Place of Signature: Chennai

Date: May 19, 2017

Annexure 1 referred to in paragraph 1 under the section, 'Report on Other Legal and Regulatory Requirements' of our report of even date

Re: Indian Furniture Products Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties are held in the name of the company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans during the current year, 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.
- (b) The Company has granted loans in earlier years that are re-payable on demand, to a firm covered in the register maintained under section 189 of the Companies Act, 2013. The loans granted are re-payable on demand. We are informed that the Company has demanded repayment of such loan during the year, and there has been no default on the part of parties to whom the money has been lent. The payment of interest has been regular
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are outstanding for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.



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- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, customs duty, excise duty, cess and other material statutory dues applicable to it. Undisputed statutory dues including sales-tax, income-tax, service tax and value added tax have not generally been regularly deposited with the appropriate authorities though there have been serious delays in large number of cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, dues outstanding of income tax, sales tax, service tax, duty of excise, duty of customs and value added tax which have not been deposited on account of any dispute, are as follows:

Statute	Nature of dues	Amount (In millions) *	Period to which the amount relates	Forum where the dispute is pending
West Bengal Sales tax Act, 1941	Sales Tax	1.97	2003-04	West Bengal Appellate & Revision Board
Finance Act, 1994	Service Tax	9.00	2005-07	CESTAT
Finance Act, 1994	Service Tax	3.61	2006-09	CESTAT
Income tax Act, 1961	Income Act	10.71	2008-09 / 2009-10 / 2010-11	High Court
Income tax Act, 1961	Income Act	1.54	2014-15	CIT (Appeals)
West Bengal Sales tax Act, 1941	Sales Tax	5.90	2004-05	Joint Commissioner (Appeals)
West Bengal Sales tax Act, 1941	Sales Tax	0.36	2001-02	Deputy Commissioner (Appeals)
West Bengal Sales tax Act, 1941	Sales Tax	0.76	2003-04	Revision Board
West Bengal Sales tax Act, 1941	Sales Tax	0.39	2009-10	Commercial Tax Appellate Authority
Kerala VAT Act, 2003	Sales Tax	1.63	2009-10 / 2010-11	Deputy Commissioner (Appeals)

* Amount are net of deposits paid under protest as more fully disclosed in note 31 to the financial statements.



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- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank. There are no dues to financial institution or debenture holders or government during the year.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management and on an overall examination of the balance sheet, we report that monies raised by way of term loans were applied for the purposes for which those were raised. Initial public offer / further public offer / debt instruments are not applicable to the Company.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.



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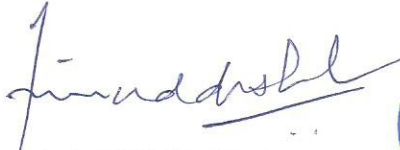
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- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm registration number: 101049W/E300004



per Aniruddh Sankaran

Partner

Membership No.: 211107



Place: Chennai

Date: May 19, 2017

**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
STANDALONE FINANCIAL STATEMENTS OF INDIAN FURNITURE PRODUCTS LIMITED**

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

To the Members of Indian Furniture Products Limited

We have audited the internal financial controls over financial reporting of Indian Furniture Products Limited ("the Company") as of March 31, 2017, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls over financial reporting of the Company.

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.

Disclaimer of Opinion

We were not provided with relevant documents to support adequacy of internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2017. In the absence of sufficient and appropriate audit evidence in this regard, we are unable and do not express an opinion on Internal Financial Controls over Financial Reporting.



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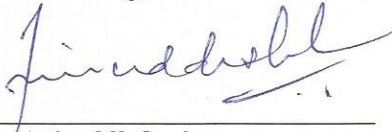
Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of Company, which comprise the Balance Sheet as at March 31, 2017, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 19, 2017 expressed qualified opinion. We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not affect our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Aniruddh Sankaran**

Partner

Membership Number: 211107



Place of Signature: Chennai

Date: May 19, 2017

Indian Furniture Products Limited
Balance Sheet as at 31 March 2017
(Amount in Lakhs of Indian Rupees, unless otherwise stated)

Particulars	Notes	As at	As at	As at
		31 March 2017	31 March 2016	01 April 2015
I ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	3	13,116.48	13,350.80	13,576.17
(b) Other Intangible Assets	4	7.66	21.66	42.01
(c) Investment in subsidiaries, associates and joint ventures	5	1,413.00	12.50	12.50
(d) Financial Assets				
(i) Loans	6	1,644.57	1,495.53	1,516.61
(ii) Others	11	-	16.08	86.27
(d) Other non-current assets	7	2.11	61.57	89.84
(e) Tax assets (net)		194.36	98.73	96.33
(2) Current assets				
(a) Inventories	8	3,450.64	4,694.67	4,809.98
(b) Financial Assets				
(i) Investments				
(ii) Trade receivables	9	2,362.43	2,089.61	1,311.63
(iii) Cash and cash equivalents	10	145.21	272.32	316.67
(iv) Bank balances other than (iii) above	11	425.44	427.83	335.55
(v) Loans	6	31.87	101.31	110.26
(vi) Others	6	24.85	35.71	36.27
(c) Other current assets	7	349.56	368.67	317.74
Total Assets		23,168.18	23,046.99	22,657.83
II EQUITY AND LIABILITIES				
(1) Equity				
Equity Share capital	12	7,009.95	7,009.95	7,009.95
Other Equity	13	(173.87)	1,918.13	2,253.71
		6,836.08	8,928.08	9,263.66
LIABILITIES				
(1) Non-current liabilities				
Financial Liabilities				
(i) Borrowings	14	2,769.82	1,869.21	446.30
Provisions	19	-	200.44	278.74
Deferred tax liabilities(Net)	20	2,311.23	2,313.93	2,317.43
(2) Current liabilities				
Financial Liabilities				
(i) Borrowings	15	4,679.06	4,386.17	5,302.72
(ii) Trade Payables	16	3,801.39	3,300.99	2,838.15
(iii) Other financial liabilities	17	1,202.96	776.78	938.51
Other current liabilities	18	1,288.13	1,223.11	1,222.65
Provisions	19	279.51	48.28	49.67
Total Equity and Liabilities		23,168.18	23,046.99	22,657.83

Summary of significant accounting policies 1&2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

Aniruddh Sankaran
per **Aniruddh Sankaran**
Partner

Membership No: 211107



Place: Chennai
Date: May 19, 2017

For and on behalf of the Board of
Indian Furniture Products Limited

Pervesh Kumar Gandhi
Pervesh Kumar Gandhi
Whole Time Director

N Suresh Krishnan
N Suresh Krishnan
Director



Place: Chennai
Date: May 19, 2017

Indian Furniture Products Limited
Statement of Profit and Loss for the period ended 31 March 2017
(Amount in Lakhs of Indian Rupees, unless otherwise stated)

Particulars	Notes	31 March 2017	31 March 2016
I INCOME			
Revenue from operations	21	11,422.75	11,929.33
Other income	22	211.84	118.49
Total Revenue (I)		11,634.59	12,047.82
II EXPENSES			
Cost of raw materials and components consumed	23	2,310.12	2,889.73
Purchase of traded goods		2,268.62	2,166.61
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	24	1,213.45	5.28
Excise duty on goods	24.1	673.81	848.81
Employee benefits expense	25	1,705.46	1,772.69
Finance costs	26	1,052.14	949.60
Depreciation and amortization expense	27	230.22	260.73
Other expenses	28	4,250.79	4,304.02
Total expenses (II)		13,704.61	13,197.47
III Loss before exceptional items and tax (I-II)		(2,070.02)	(1,149.65)
IV Exceptional Items			
V Loss before tax (III-IV)		(2,070.02)	(1,149.65)
VI Tax expense:			
(1) Current Tax	20	-	-
(2) Deferred Tax	20	(2.70)	(3.50)
VII Profit/(loss) for the period (V-VI)		(2,067.32)	(1,146.15)
VIII Other Comprehensive Income			
A Items that will not be reclassified to profit or loss			
Re-measurement gains (losses) on defined benefit plans	20	(24.65)	38.90
Income tax effect			
IX Total Comprehensive Income for the period (VII + VIII)		(2,091.97)	(1,107.25)
X Earnings per equity share:			
(1) Basic	29	(2.95)	(1.63)
(2) Diluted	29	(2.95)	(1.63)

Summary of significant accounting policies 1&2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

Aniruddh Sankaran
per **Aniruddh Sankaran**
Partner

Membership No: 211107



Place: Chennai

Date: May 19, 2017

For and on behalf of the Board of
Indian Furniture Products Limited

Pervesh Kumar Gandhi
Pervesh Kumar Gandhi
Whole Time Director

N Suresh Krishnan
N Suresh Krishnan
Director



Place: Chennai

Date: May 19, 2017

Indian Furniture Products Limited
Statement of Cash Flows for the year ended 31 March 2017
(Amount in Lakhs of Indian Rupees, unless otherwise stated)

Particulars	31 March 2017	31 March 2016
A Operating Activities		
Loss before tax	(2,070.05)	(1,149.67)
Adjustments to reconcile loss before tax to net cash flows:		
(Gain)/Loss on disposal of property, plant and equipment	6.17	0.47
Depreciation / Amortisations on Tangible & Intangible Assets	230.20	260.74
Assets written off	27.10	-
Finance income	(24.13)	50.11
Finance costs	839.98	767.96
Provision for doubtful debts and advances	259.92	108.25
Advances written off	209.50	-
Operating loss before working capital changes	(521.31)	37.86
Working capital adjustments:		
(Increase)/Decrease in Inventories	1,244.03	115.31
(Increase)/Decrease in Trade receivables	(742.24)	(886.23)
(Increase)/Decrease in Short term Loans and advances	80.29	9.52
(Increase)/Decrease in Long term Loans and advances	(149.04)	21.08
Decrease / (increase) in Other current assets	78.59	(22.70)
Increase/(Decrease) in Trade payables	500.40	462.84
Increase/(Decrease) in Other current liabilities	65.03	0.45
Increase/(Decrease) in Provisions	432.32	(230.46)
Cash generated from / (used in) operations	988.07	(492.33)
Income tax paid	(95.62)	(2.40)
Net cash flows from operating activities	892.45	(494.73)
B Investing Activities		
Purchase of property, plant and equipment	(15.18)	(15.47)
Proceeds from redemption of deposits	18.47	(22.08)
Investment in Joint Venture	(1,400.50)	-
Interest received (finance income)	24.13	(50.11)
Net cash from / (used) in investing activities	(1,373.08)	(87.66)
C Cash flow from Financing Activities		
Repayment of borrowings	(278.86)	77.21
Proceeds from borrowings	3,065.31	1,357.10
Proceeds from issuance of preference shares	(1,578.02)	771.69
Inter Corporate Deposit received / (repaid)	(14.93)	(900.00)
Interest paid	(839.98)	(767.96)
Net Cash flows from / (used) in Financing Activities	353.52	538.04
D Net increase in cash and cash equivalents (A + B + C)	(127.11)	(44.35)
Cash and cash equivalents at the beginning of the year	272.32	316.67
Cash and cash equivalents at the end of the year	145.21	272.32

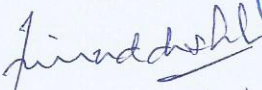


Indian Furniture Products Limited
Statement of Cash Flows for the year ended 31 March 2017
 (Amount in Lakhs of Indian Rupees, unless otherwise stated)

Components of cash and cash equivalents as at year end		
Cash in hand	50.03	44.26
Cheques in hand	31.08	31.84
Balances with scheduled banks		
- in current accounts	64.10	196.22
- in deposit accounts		
Components of cash and cash equivalents as at year end	145.21	272.32

As per our report of even date.
For S.R. Batliboi & Associates LLP
 Chartered Accountants
 ICAI Firm Registration number: 101049W/E300004

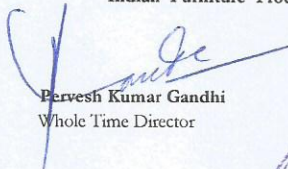
per **Aniruddh Sankaran**
 Partner
 Membership No: 211107



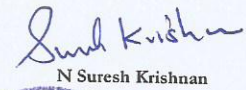
Place: Chennai
 Date: May 19, 2017



For and on behalf of the Board of
Indian Furniture Products Limited



Pervesh Kumar Gandhi
 Whole Time Director



N Suresh Krishnan
 Director



Place: Chennai
 Date: May 19, 2017

Indian Furniture Products Limited
Statement of Changes in Equity for the year ended 31 March 2017
(Amount in Lakhs of Indian Rupees, unless otherwise stated)

(a) Equity Share Capital
Equity shares of Rs. 10 each issued, subscribed and fully paid

	Number	Amount
At 1 April 2015	46,500,080	4,650.01
At 31 March 2016	70,099,470	7,009.95
Issue of share capital	-	-
At 31 March 2017	70,099,470	7,009.95

(b) Other equity

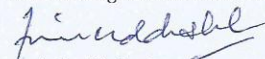
For the year ended 31 March 2017:

	Equity Component of preference shares	Reserves and surplus		Total
		Securities Premium Reserve	Retained earnings / General reserve	
		(Note 13)	(Note 13)	
As at 1 April 2016	771.69	53.33	1,093.11	1,918.13
Profit for the period	-	-	(2,067.35)	(2,067.35)
Other comprehensive income	-	-	(24.65)	(24.65)
Total comprehensive income as at 31 March 2017	771.69	53.33	(998.89)	(173.87)

For the year ended 31 March 2016:

	Equity Component of preference shares	Reserves and surplus		Total
		Securities Premium Reserve	Retained earnings / General reserve	
		(Note 13)	(Note 13)	
As at 1 April 2015	-	53.33	2,200.38	2,253.71
Profit for the period	-	-	(1,146.17)	(1,146.17)
Issue of redeemable convertible non-cumulative preference shares	771.69	-	-	771.69
Other comprehensive income	-	-	38.90	38.90
Total comprehensive income as at 31 March 2016	771.69	53.33	1,093.11	1,918.13

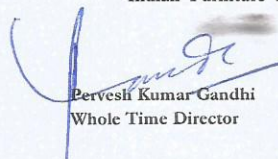
As per our report of even date.
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W/E300004

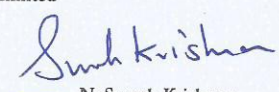

per Aniruddh Sankaran
Partner
Membership No: 211107

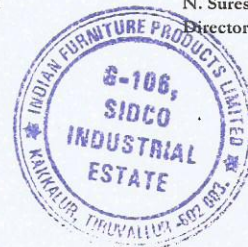


Place: Chennai
Date: May 19, 2017

For and on behalf of the Board of
Indian Furniture Products Limited


Perveshi Kumar Gandhi
Whole Time Director


N. Suresh Krishnan
Director



Place: Chennai
Date: May 19, 2017

Indian Furniture Products Limited

Notes to Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

1 Corporate Information

The standalone financial statements of "Indian Furniture Products Limited" ("the Company" or "IFPL") are for the year ended 31 March 2017. The Company is a Public Company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company is engaged in manufacturing and trading Ready to Assemble Furniture (RTAF). The Company markets the product under the brand name of Style Spa and Zuari. The registered office the Company is located at G-106, Sidco Industrial Estate, Kakkalur, Thiruvallur, Tamil Nadu- 602 003. Information on other related party relationships of the Company is provided in Note 40.

The financial statements of Company were authorised for issue in accordance with a resolution of the Directors on May 19, 2017.

Application of new and revised Accounting Standard

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized have been considered in preparing these standalone financial statements.

Standard issued but not effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendment is applicable to the Company from 01 April 2017.

Amendment to Ind AS 7: The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

2 Significant Accounting Policies

2.1 Basis of preparation

2.1.1 The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2017 are the first such statements the Company has prepared in accordance with Ind AS.

The standalone financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at -
- The valuation of Land included in the Property, Plant and Equipment has been measured at fair value.
- Certain other financial assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in INR except when otherwise indicated.

2.1.2 In terms of the Joint Venture agreement dated 18th January 2017 entered into by the Company with Fabryki Mebli Forte S.A., Poland whereby both the parties have formed a joint venture company namely Forte Furniture Products India Pvt Ltd. (FFPL) whereby FFPL has agreed to takeover and / or lease selected units or items of the Company's business and FFPL shall be engaged in manufacturing, assembling, distribution and selling of furniture and furniture related products in India and other countries. The management believes that with the new joint venture and remaining business operation, the business plans for the future are profitable and would strengthen the financial position of the Company in the coming years.

Further, Zuari Global Limited, the holding company, intends to provide financial and operational support in the foreseeable future to enable the Company to operate and settle its obligations as they become due. Accordingly, these financial statements have been prepared on a going concern assumption and do not include any adjustments relating to the recoverability and classification of carrying amounts of assets and the amount of liabilities that might result should the Company be unable to continue as a going concern.

2.2 Summary of significant accounting policies

a. Property, plant and equipment

Fixed Assets are stated at acquisition cost less accumulated depreciation / amortization and cumulative impairment. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Recognition:

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.



Indian Furniture Products Limited

Notes to Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

When significant parts of plant and equipment are required to be replaced at intervals, Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposable proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months.

Nature of tangible asset	Useful life(years)
Buildings	3 - 30
Display furniture	10
Electrical installations	10
Plant & Machinery	10 - 15
Furniture and fittings	10
Office equipment's	5
Vehicles	8 - 10
Computers	3 - 6
Software	3
Leasehold Improvements	3

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

b. Intangible assets

Intangible assets in the nature of computer software are amortised over three years on a straight-line basis based on management's estimates.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognized.

c. Leases (other than land leases)

1 Finance leases

Where the Company is the lessee

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments.

2 Operating leases

Where the Company is the lessee

Lease rentals are recognized as expense or income on a straight line basis with reference to lease terms and other considerations except where-

- (i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease.; or
- (ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

d. Inventories

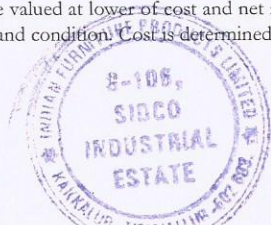
The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories are valued at the lower of Cost and Net Realisable Value.

The cost of various categories of inventories are determined as follows:

- (a) Stores and spares, raw materials and packing materials: at moving weighted average basis.
- (b) Work-in-progress and finished goods: Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.
- (c) Cost of finished goods includes excise duty. Cost is determined on a moving weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.



Indian Furniture Products Limited

Notes to Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

e. Provisions, Contingent Liabilities And Capital Commitments

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

The Company estimates the liability for the purposes of recognising and measuring provisions for warranty obligations, in relation to repair or replace the items that fail to perform satisfactorily during the warranty period. Warranty provisions are recognised when the risks and rewards of ownership of the goods are sold or a service is provided. In order to determine the level of the provision, various factors are taken into consideration, including estimations based on past experience with the nature and amount of claims, technical evaluations etc. These estimations also involve assessing the future level of potential repair costs other factors. Provisions for warranties are adjusted regularly to take account of new circumstances and the impact of any changes recognised in the income statement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. No reimbursements are expected.

Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be continued by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

f. Revenue recognition

1 Revenue from sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The Company has concluded that it is the principal in all of its revenue arrangements.

Revenue from sale of goods is recognized when the significant risk and rewards of ownership of the goods have passed to the customers. , recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

Based on the clarifications on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

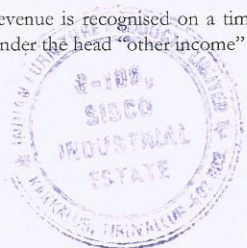
However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

2 Rendering of services

Revenue from management services are recognized as and when the services are rendered. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

3 Other items of revenue

Interest income - Revenue is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.



Indian Furniture Products Limited

Notes to Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

g. Taxes

1 Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss are recognised as a part of these items (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2 Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes probable that sufficient future taxable income will be available.

Deferred tax relating to items recognised outside profit or loss are recognised as a part of these items (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

h. Retirement and other employee benefits

1 Short term employee benefits

All employee benefits payable wholly within twelve months are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. and the expected cost of bonus, ex-gratia are recognised in the statement of profit and loss during the period in which the employee renders related service.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contribution.

2 Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Contributions to the provident fund are made monthly at a pre determined rate.

3 Long-term employee benefits:

3.1 Gratuity

The Company operates a defined benefit scheme for its employees, viz., gratuity scheme. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. The effect of changes to the asset ceiling and the return on plan assets is reflected immediately in the statement of Comprehensive Income. All other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

3.2 Leave encashment

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Short term compensated absences are provided for based on estimates.



Indian Furniture Products Limited

Notes to Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Long term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. Such long- term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after reporting date.

3.3 Termination benefit

The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than 12 months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

3.4 Re-measurements

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to the retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

i. 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.

1 Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at 'fair value through profit or loss' (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.



Indian Furniture Products Limited

Notes to Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading.

For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument by - instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

J. Investment in subsidiaries, associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries. Investment in joint ventures is measured at cost.

k. Impairment of financial assets

In accordance with Ind AS 109, the Company applies 'expected credit loss' (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Trade receivables or any contractual right to receive cash (including revenue earned in excess of billing) or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables (including Revenue earned in excess of billing).

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The twelve month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve months after the reporting date.



Indian Furniture Products Limited

Notes to Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., net of all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

-All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

-Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

-Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

-For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

Financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment

allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

I. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

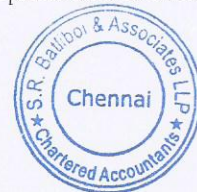
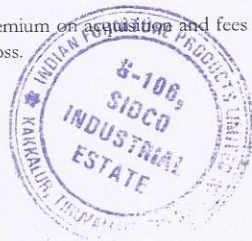
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.



Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

m. **Derivative financial instruments - Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability**

Initial recognition and subsequent measurement

The Company uses derivative financial instruments such as forward exchange contracts to hedge its foreign currency risks. Such derivative contracts are marked to market on portfolio basis, and the net loss / gain, is charged to the Statement of profit and loss.

n. **Derivative instruments - Forward contract for firm commitment**

Initial recognition and subsequent measurement

Derivative contracts entered for firm commitment, are marked to market on portfolio basis, and the net loss / gain is charged/credited to the Statement of profit and loss.

o. **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

p. **Earnings per share**

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

q. **Segment reporting**

The Company considers business segment as its primary segment. The Company's operations predominantly relates to sale of furnitures and accordingly, this is the only primary reportable segment. The Company considers geographical segment as its secondary segment, The Company's operations are predominantly within India and accordingly this is the secondary reportable segment.



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Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

3. Property, plant and equipment

Particulars	Land	Buildings	Plant & machinery	Computers	Furniture & fixtures	Office equipment	Display Furniture	Lease hold improvement	Electrical Installations	Vehicles	Total
Cost											-
As at April 1, 2015	11,555.00	606.80	1,025.01	16.57	98.58	69.88	66.68	88.59	44.44	4.62	13,576.17
Additions	-	-	5.67	0.10	7.28	1.85	-	-	-	-	14.90
Disposals	-	-	-	-	(2.43)	(0.39)	-	-	-	-	(2.82)
As at March 31, 2016	11,555.00	606.80	1,030.68	16.67	103.43	71.34	66.68	88.59	44.44	4.62	13,588.25
Additions	-	-	6.99	1.12	1.88	2.02	-	-	3.17	-	15.18
Disposals	-	-	-	(1.28)	-	-	(18.38)	-	-	-	(19.66)
Adjustments (Note 3(a))	-	-	-	-	-	-	(24.15)	(88.59)	-	-	(112.74)
As at March 31, 2017	11,555.00	606.80	1,037.67	16.51	105.31	73.36	24.15	-	47.61	4.62	13,471.03
Depreciation											
As at April 1, 2015	-	-	-	-	-	-	-	-	-	-	-
Provided during the year	-	42.10	88.34	7.25	12.96	30.07	7.65	45.10	4.18	2.16	239.81
Disposals	-	-	-	-	(2.06)	(0.30)	-	-	-	-	(2.36)
As at March 31, 2016	-	42.10	88.34	7.25	10.90	29.77	7.65	45.10	4.18	2.16	237.45
Provided during the year	-	42.12	88.39	4.64	13.28	15.33	7.21	39.29	4.16	1.80	216.22
Disposals	-	-	-	(1.12)	-	-	(12.36)	-	-	-	(13.48)
Adjustments (Note 3(a))	-	-	-	-	-	-	(1.25)	(84.39)	-	-	(85.64)
As at March 31, 2017	-	84.22	176.73	10.77	24.18	45.10	1.25	-	8.34	3.96	354.55
Net book value											
As at March 31, 2017	11,555.00	522.58	860.94	5.74	81.13	28.26	22.90	-	39.27	0.66	13,116.48
As at March 31, 2016	11,555.00	564.70	942.34	9.42	92.53	41.57	59.03	43.49	40.26	2.46	13,350.80
As at April 1, 2015	11,555.00	606.80	1,025.01	16.57	98.58	69.88	66.68	88.59	44.44	4.62	13,576.17

Note 3 (a) : On January 18, 2017, the Company has entered into a Joint Venture agreement with Fabryki Mebli Forte S.A., Poland whereby it has been agreed by the Company to transfer by way lease all its assets to Forte Furniture Products India Pvt Ltd (the joint venture company) with effect from April 01, 2017 and all the products will be manufactured and sold by the joint venture company. Based on terms of agreement, Company has written off assets which cannot be leased to JV Company.

The Company has determined that value as at 31 March 2014 does not differ materially from fair valuation as at 1 April 2015 (date of transition to Ind AS). Accordingly, the group has not revalued the property, plant and equipment at 1 April 2014 again except for land. As on the transition date April 01, 2015, the company has adopted fair value of the land based on an independent report.



Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

4. Intangible Assets

Particulars	Software	Total
Cost		
As at April 1, 2015	42.01	42.01
Additions	0.57	0.57
Disposals	-	-
As at March 31, 2016	42.58	42.58
Additions	-	-
Disposals	-	-
As at March 31, 2017	42.58	42.58
Amortization		
As at April 1, 2015	-	-
Provided during the year	20.92	20.92
Disposals	-	-
As at March 31, 2016	20.92	20.92
Provided during the year	14.00	14.00
Deductions	-	-
As at March 31, 2017	34.92	34.92
Net book value		
As at March 31, 2017	7.66	7.66
As at March 31, 2016	21.66	21.66
As at April 1, 2015	42.01	42.01

5. Investment in subsidiaries, associates and joint ventures

	31 March 2017	31 March 2016	01 April 2015
Investments			
Non Current investments			
Investments in equity shares			
Investments in joint venture			
Un-Quoted:			
Investment in Soundarya IFPL Interiors Limited 125,001 shares (March 31, 2016: 125,001)(March 31, 2015: 125,001) @ Rs. 10 per share	12.50	12.50	12.50
Investment in Forte Furniture Products India Private Limited 14,000,500 shares (March 31, 2016: Nil)(March 31, 2015: Nil) @ Rs. 10 per share	1,400.50	-	-
Total Non Current investments	1,413.00	12.50	12.50
Aggregate value of unquoted investments	1,413.00	12.50	12.50

6. Financial assets

	Non Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Loans (Unsecured considered good unless otherwise stated)						
Loans						
To Employees	-	-	-	-	-	6.39
Inter Corporate deposits						
To Related party (Refer Note 40)	-	-	-	-	70.00	70.00
To Others	1,125.00	1,125.00	1,125.00	-	-	-
Security Deposits	519.57	370.53	391.61	31.87	31.31	33.87
Total loans	1,644.57	1,495.53	1,516.61	31.87	101.31	110.26

Other Financial assets (at amortised cost):

	Current		
	31 March 2017	31 March 2016	01 April 2015
Interest accrued but not due on deposits	15.98	9.02	7.54
Advances recoverable in cash or kind			
EMD, insurance claim	8.87	26.69	28.73
Total	24.85	35.71	36.27



Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

7. Other assets

	Non-current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Balance with Statutory Authorities	2.11	8.59	-	83.46	118.18	84.28
Advances recoverable in Cash or Kind						
Vendor advances	-	-	-	249.17	161.73	125.00
Prepaid expenses	-	-	-	16.93	64.78	80.41
Prepaid lease	-	52.98	89.84	-	23.98	28.05
Total other assets	2.11	61.57	89.84	349.56	368.67	317.74

8. Inventories

(Valued at lower of cost and net realisable value)

	31 March 2017	31 March 2016	1 April 2015
Raw materials	473.98	492.31	601.74
Work-in-progress	220.56	30.44	18.03
Finished goods	1,696.20	2,452.17	2,310.59
Traded goods	904.61	1,552.21	1,711.48
Stores and spares	142.81	160.09	158.06
Packing materials	12.48	7.45	10.08
Total inventories at the lower of cost and net realisable value	3,450.64	4,694.67	4,809.98

During the year ended 31 March 2017, Rs.305.31 (31 March 2016: Rs.146.23)(31 March 2015: Rs.288.83) was recognised as an expense for inventories carried at net realisable value.

Details of inventory - raw material

Particulars	31 March 2017	31 March 2016	1 April 2015
Particle boards	192.83	151.33	207.02
Decorative papers	87.01	56.41	101.33
Others	194.14	284.57	293.39
Total	473.98	492.31	601.74

Details of inventory of traded goods

Furniture and accessories	904.61	1,552.21	1,711.48
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Details of inventory of finished goods

Furniture and accessories	1,696.20	2,452.17	2,310.59
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Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

9. Trade receivables

	31 March 2017	31 March 2016	1 April 2015
Trade receivables	1,515.27	1,823.74	1,293.26
Receivables from related parties (Note 40)	847.16	265.87	18.37
Total Trade Receivables	2,362.43	2,089.61	1,311.63
Break-up for security details:			
Secured – considered good	2,260.67	2,016.10	1,236.97
Unsecured – considered good	101.76	73.51	74.66
Unsecured – considered doubtful	381.44	144.26	36.01
	2,743.87	2,233.87	1,347.64
Impairment Allowance (allowance for bad and doubtful debts)			
Unsecured, considered doubtful	(381.44)	(144.26)	(36.01)
Total trade receivables	2,362.43	2,089.61	1,311.63

For terms and conditions relating to related party receivables, refer Note 40

Trade receivables, other than the showroom sales, are non-interest bearing and are generally on terms of 30 to 60 days. The showroom sales are generally on case basis.

10. Cash and Cash Equivalent

Particulars	31 March 2017	31 March 2016	1 April 2015
a. Balances with banks			
- on current accounts	64.10	196.22	178.88
- Deposits with original maturity less than 3 months			
b. Cash on hand	50.03	44.26	43.64
c. Cheque on hand	31.08	31.84	94.15
Total	145.21	272.32	316.67

At 31 March 2017, the Company had available Rs 5,700 (2016: nil, 1 April 2015: nil) of undrawn committed borrowing facilities.

The Company has pledged a part of its short-term deposits to fulfil collateral requirements.

11. Other bank balances

Particulars	31 March 2017	31 March 2016	1 April 2015
Current			
Balances with banks:			
Margin money deposit*	142.02	142.02	96.41
Other Deposits	283.42	301.89	325.41
Less : Amount disclosed under Non current assets		(16.08)	(86.27)
Total	425.44	427.83	335.55

*Margin money deposit with carrying amount of Rs.142.02 (March, 31 2016 Rs. 142.02) (March 31, 2015 Rs.96.41) are subject to first charge to secure the Company's Bank guarantee



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Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

12. Share Capital

Authorised Share Capital	Equity Shares of Rs.10 each		7% Redeemable Convertible non-cumulative Preference Shares of Rs.100 each	
	No.	Amount in lakhs	No.	Amount in lakhs
At April 1, 2015	72,600,000	7,260.00	1,130,220	1,130.22
Increase/(Decrease) during the year	-	-	-	-
At March 31, 2016	72,600,000	7,260.00	1,130,220	1,130.22
Increase/(Decrease) during the year	-	-	-	-
At March 31, 2017	72,600,000	7,260.00	1,130,220	1,130.22

Particulars	31 March 2017	31 March 2016	1 April 2015
Issued, subscribed and fully paid-up:			
70,099,470 (31st March 2016: 70,099,470) Equity Shares of Rs.10/- Each Fully paid	7,009.95	7,009.95	7,009.95
Total issued, subscribed and fully paid-up share capital	7,009.95	7,009.95	7,009.95

a. Reconciliation of Shares Outstanding at the beginning and end of the reporting year

Equity Shares	31 March 2017		31 March 2016		1 April 2015	
	In Numbers	Amount	In Numbers	Amount	In Numbers	Amount
At the beginning of the year	70,099,470	7,009.95	70,099,470	7,009.95	46,500,080	4,650.01
Issued during the year	-	-	-	-	23,599,390	2,359.94
Outstanding at the end of the year	70,099,470	7,009.95	70,099,470	7,009.95	70,099,470	7,009.95

Note: March 31, 2015 includes 10,000,000 equity shares issued pursuant to conversion of Inter-corporate deposits from M/s Zuari Global Limited aggregating Rs.1,000 in to equity share capital.

The shares issued include 2,35,99,390 shares of Rs 10 each fully paid issued during the financial year 2014-15 pursuant to a scheme of amalgamation of Style Spa Furniture Limited with the Company pursuant to the Honourable High Court of Madras vide it's order dated March 27, 2014.

b. Terms/Rights Attached to equity Shares

The company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Terms of conversion/ redemption of redeemable convertible non-cumulative preference shares

During the year ended March 31, 2016, the company issued 1,000,000 redeemable convertible non-cumulative preference shares of Rs. 100 each fully paid-up per share. Redeemable convertible non-cumulative preference shares carry cumulative dividend @ 7% p.a. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Each holder of redeemable convertible non-cumulative preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to redeemable convertible non-cumulative preference shares.

If redeemable convertible non-cumulative preference share holders do not exercise conversion option, all preference shares are redeemable at par at the end of 12th year from the date of issue. In the event of liquidation of the company before conversion/ redemption of redeemable convertible non-cumulative preference shares, the holders of redeemable convertible non-cumulative preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

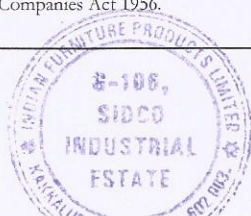
d. Details of Shareholders holding more than 5% of equity shares in the Company

Name of Shareholder	31 March 2017		31 March 2016		1 April 2015	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
<i>Equity shares of Rs. 10 each fully paid up</i>						
Zuari Global Limited (72.45%)	50,785,714	72.45%	50,785,714	72.45%	50,785,714	72.45%
Zuari Investment Ltd (10.05%)	7,044,643	10.05%	7,044,643	10.05%	7,044,643	10.05%
Adventz Investment Company Private Limited (10.09%)	7,071,429	10.09%	7,071,429	10.09%	7,071,429	10.09%
Others (7.41%)	5,197,684	7.41%	5,197,684	7.41%	5,197,684	7.41%
	70,099,470	100.00%	70,099,470	100.00%	70,099,470	100.00%

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares

e. Shares issued for consideration other than cash

Equity Shares	31 March 2017		31 March 2016		1 April 2015	
	in Numbers	Amount in lakhs	in Numbers	Amount in lakhs	in Numbers	Amount in lakhs
Equity shares allotted as fully paid-up for consideration other than cash pursuant to amalgamation of Style Spa Furniture Limited w e f 01.04.2014 in accordance with the order of the Hon'ble High Court of Madras under section 391 to 394 of the erstwhile Companies Act 1956.	2,359,939	235.99	2,359,939	235.99	2,359,939	235.99



Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

13. Other Equity

Particulars	31 March 2017	31 March 2016	1 April 2015
Securities premium account			
Balance as per last financial statements	53.33	53.33	53.33
Closing Balance	<u>53.33</u>	<u>53.33</u>	<u>53.33</u>
Equity component of convertible preference shares of Rs. 100 each (issued and fully paid)			
Balance as per last financial statements	771.69	771.69	-
Closing Balance	<u>771.69</u>	<u>771.69</u>	<u>-</u>
(Deficit) in the statement of profit and loss			
Balance as per last financial statements	1,054.21	2,200.38	3,558.86
Net profit for the year	(2,067.35)	(1,146.17)	(1,358.48)
Net deficit in the statement of profit and loss	<u>(1,013.14)</u>	<u>1,054.21</u>	<u>2,200.38</u>
FVTOCI Reserve			
Balance Bought Forward from Last Year's Account	38.90	-	-
Add/Less: Movement during the year	(24.65)	38.90	-
Balance carried forward to next year	<u>14.25</u>	<u>38.90</u>	<u>-</u>
Total reserves and surplus	<u>(173.87)</u>	<u>1,918.13</u>	<u>2,253.71</u>

14. Long term Borrowings (at amortised cost)

Particulars	31 March 2017	31 March 2016	1 April 2015
Non-current Borrowings			
From bank			
Secured loans			
Term loans	1,028.32	1,426.48	54.03
Working capital term loan	93.71	210.30	342.85
From other parties			
Secured loans			
Loan from Non banking financial corporation	1,385.00	-	-
Unsecured loans			
Deferred sales tax loan	-	-	49.42
Liability component of compound financial instrument			
Redeemable Preference Shares (unsecured)	262.79	232.43	-
Total Non-current Borrowings	<u>2,769.82</u>	<u>1,869.21</u>	<u>446.30</u>

1) Term loan from Axis bank

Term loan from Axis bank was taken during the year 2013-14 and carries an annual Interest @15% . The loan is repayable in 48 equal instalments starting from April 2014 onwards. The term loan is secured against first charge on the immovable and movable fixed asset purchased and constructed under the term loan. The loan is also secured by hypothecation of entire inventory and trade receivables of the Company. Further, the loan has been guaranteed by corporate guarantee of M/s.Zuari Global Limited (formerly M/s.Zuari Industries Limited).

2) Term loan from ICICI bank

Term loan from ICICI bank for Rs. 1,500 lakhs, was taken during the year 2015-16 and carries an annual Interest @12.10%. The loan is repayable in 48 equal instalments of Rs. 31.25 lakhs, first instalment is due from January 2017 (13 months from the drawdown date). The term loan is secured against first charge on the immovable and movable fixed asset purchased. The second pari passu charge is secured by hypothecation of entire current assets (both present and future) of the Company. Further, the loan has been guaranteed by corporate guarantee of M/s.Zuari Global Limited (Formerly M/s.Zuari Industries Limited).

3) Term loan from IL&FS Financial Services Limited

Term loan from Infrastructure Leasing and Financial Services (IL&FS) was sanctioned for Rs. 7,200 lakhs out of which Rs 1,500 lakhs was disbursed on March 31, 2017. It carries an annual Interest @12.50%. It is repayable in 15 equal instalments of Rs.100 lakhs starting from March 31, 2018. The term loan is secured against first charge on the immovable and movable fixed asset purchased. The second pari passu charge is secured by hypothecation of entire current assets (both present and future) of the Company. Further, the loan has been guaranteed by corporate guarantee of M/s.Zuari Global Limited (Formerly M/s.Zuari Industries Limited).

3) Working Capital Term Loan

Working Capital Term Loan ("WCTL") from Axis bank was taken during the March 2014, and carries an annual Interest @13.50% - 14.00%. The loan is repayable in 48 equal monthly instalment of Rs.10.4 lakhs starting from January 2015. The WCTL is secured against paripasu first charge with Ratnakar bank over the entire Current Assets of the company, both present and future, first charge over the movable fixed assets of the company funded out of Axis Bank Term Loan (Second Paripassu charge will be ceded to secure WC Limit). Further, the loan has been guaranteed by corporate guarantee of M/s.Zuari Global Limited (Formerly M/s.Zuari Industries Limited), the holding company.



Indian Furniture Products Limited**Notes to the Financial Statements for the year ended March 31, 2017**

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

4) Deferred sales tax loan

Deferred sales tax scheme is interest free and payable in 96 monthly Instalments of amounts, which varies from month to month based on the actual liability. The repayment had started from May 2008 onwards.

5) Terms of conversion/ redemption of redeemable convertible non-cumulative preference shares

During the year ended March 31, 2016, the company issued 1,000,000 Redeemable convertible non-cumulative preference shares of Rs. 100 each fully paid-up per share. Redeemable convertible non-cumulative preference shares carry cumulative dividend @ 7% p.a. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Each holder of redeemable convertible non-cumulative preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to redeemable convertible non-cumulative preference shares.

If redeemable convertible non-cumulative preference share holders do not exercise conversion option, all preference shares are redeemable at par at the end of 12th year from the date of issue. In the event of liquidation of the company before conversion/ redemption of redeemable convertible non-cumulative preference shares, the holders of redeemable convertible non-cumulative preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

15. Short term Borrowings (at amortised cost)

Particulars	31 March 2017	31 March 2016	1 April 2015
Current Borrowings			
From bank			
Loans repayable on demand (Secured)			
Cash Credit	3,882.83	3,577.30	3,786.40
Buyers Credit	311.16	308.87	116.32
Current maturities of long term loans (Refer Note 17)	614.12	301.19	273.25
From other parties			
Unsecured loans			
Inter corporate deposits	485.07	500.00	1,400.00
Deferred sales tax loan	-	-	-
Total	5,293.18	4,687.36	5,575.97
Less : Current maturities of long term loans disclosed in Other financial liabilities (Refer Note 17)	(614.12)	(301.19)	(273.25)
Total current Borrowings	4,679.06	4,386.17	5,302.72

1) Cash Credit

Cash credit from bank is secured against security on stocks and book debts and fixed assets as collateral. The cash credit is repayable on demand and carries interest @ 13.75% - 14% p.a.

2) Inter corporate deposit

The Company during earlier years had received an inter corporate deposit from M/s. Simon India Limited for Rs.1,000 lakhs at an interest rate of 13.5%, which has been fully repaid. Further, the Company had received an inter corporate deposit from M/s/ Duke Commerce Limited for Rs. 400 lakhs during the year 2010-11 at an interest rate of 13.5%, which is repayable on demand.

3) Buyers credit

Company has taken buyers credit for the import LC payment. Each BC will be payable to the buyers credit party with different agreed date along with interest. Buyers credit is secured against first paripasu charges on all Current Assets of the company, both present and future. Holds first paripasu charge on all movable fixed assets (except vehicles & movable fixed assets funded out of term Loan from Axis bank) of the company, both present and future. Holds first pari passu charge on Land and factory building of the company located at G-106, SIDCO Industrial estate, Kakkalur, Tiruvallur, Tamilnadu. Second paripasu charge on movable fixed assets funded out of term loan from Axis Bank Ltd. Further, the loan has been Guaranteed by Unconditional and Irrecoverable corporate guarantee of M/S Zuari Global Limited (Formerly M/s.Zuari Industries Limited), the holding company. The average interest on the buyers' credit is 1.73% (annualised).

16. Trade payables (at amortised cost)

Particulars	31 March 2017	31 March 2016	1 April 2015
Sundry Creditors:			
Trade payables (Refer Note 37 for details of dues to micro and small enterprises)	3,801.39	3,300.99	2,838.15
TOTAL	3,801.39	3,300.99	2,838.15

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled in accordance with terms of the purchase orders. For imported materials, the same are normally procured against 180 days Letter of credit.

For terms and conditions with related parties, refer to Note 40

For explanations on the Company's credit risk management processes, refer to Note 33



Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

17. Other Financial Liabilities

	Current		
	31 March 2017	31 March 2016	1 April 2015
Other financial liabilities at amortised cost			
Interest accrued and due on borrowings	-	3.91	35.53
Employee related payables	303.47	194.04	286.93
Security deposits from dealers and employees	285.37	277.64	342.80
Current maturities of long term loans (Refer Note 15)	614.12	301.19	273.25
Total other financial liabilities at amortised cost	1,202.96	776.78	938.51
Total other financial liabilities	1,202.96	776.78	938.51

18. Other Current Liabilities

	Current		
	31 March 2017	31 March 2016	1 April 2015
Advances received for sale of land	700.00	700.00	700.00
Excise & service tax payable	208.71	247.87	198.03
Sales Tax and VAT	37.12	77.18	168.48
TDS payable	28.40	20.07	25.72
Advances received from customers and others	313.90	177.99	130.42
Total	1,288.13	1,223.11	1,222.65

19. Provisions (Current and Non-Current)

Particulars	Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Provision for employee benefits (Refer note 39 for Ind AS 19 disclosures)	-	200.44	278.74	265.20	33.98	41.58
Others provisions:						
Provision for Warranty*	-	-	-	14.31	14.30	8.09
Total	-	200.44	278.74	279.51	48.28	49.67

* The movement for "Provisions for Warranty" during the year is as follows :-

	Current		
	31 March 2017	31 March 2016	1 April 2015
Opening Balance	14.31	8.09	8.69
Additions during the year	14.31	14.31	8.09
Amount used during the year			
Unused amount reversed during the year	(14.31)	(8.09)	(8.69)
Unwinding of discount and changes in the discount rate			
Closing balance**	14.31	14.31	8.09

** The above provision is expected to be utilised within the next two years.

20. Income Tax

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are:

Profit or loss section

Particulars	31 March 2017	31 March 2016
Current income tax:		
Current income tax charge	-	-
Adjustments in respect of current income tax of previous year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(2.70)	(3.50)
Income tax expense reported in the statement of profit or loss	(2.70)	(3.50)

OCI section

Deferred tax related to items recognised in OCI during in the year:

Particulars	31 March 2017	31 March 2016
Net loss/(gain) on remeasurements of defined benefit plans	(24.65)	38.90
Deferred tax charged/(credit) to OCI	-	-



Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016

Particulars	As at	As at
	31 March 2017	31 March 2016
Accounting profit/(loss) before Income tax	(2,070.02)	(1,149.65)
At India's statutory income tax rate of 30.90% (March 31, 2016: 33.063%)	(639.64)	(380.11)
Non recognition of tax deferred taxes due to virtual certainty of	639.64	380.11
Tax effects of amortisation of fair value of land during the year (Capital gains)	(2.70)	(3.50)
Net impact	(2.70)	(3.50)
Income tax impact reported in the statement of profit and loss at the effective income tax rate of 30.90% (March 31, 2016: 33.063%)	(2.70)	(3.50)

Deferred tax:

	As at 1 April 2015	Provided during the year	As at 31 March 2016	Provided during the year	As at 31 March 2017
Deferred tax liability:					
Fixed assets Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	22.12	(0.91)	21.21	(4.57)	16.64
Total deferred tax liability (A)	22.12	(0.91)	21.21	(4.57)	16.64
Deferred tax assets:					
Expenses allowable in Income tax on payment basis and deposition of Statutory dues (restricted to the extent of deferred tax liability)	19.62	(2.83)	16.79	(4.57)	12.22
Provision for warranties	2.50	1.92	4.42	-	4.42
Total deferred tax assets (B)	22.12	(0.91)	21.21	(4.57)	16.64
Deferred Tax Liability (Net) (A - B)	-	-	-	-	-
Deferred tax liability - Others					
Amortisation of fair value of land during the year (Capital gains)	2,317.43	(3.50)	2,313.93	(2.70)	2,311.23
Total deferred tax liability	2,317.43	(3.50)	2,313.93	(2.70)	2,311.23

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

On the transition date April 01, 2015, the company has adopted fair value of the land based on an independent report. The Company has calculated the gain on account of such valuation and recognised deferred tax liability on account of virtual certainty of such gain on actual realisation. During the year, based on the indexation of cost, the company has amortised the gain to that extent and accordingly the deferred tax liability has been reduced.



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Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

21. Revenue From Operations

	31 March 2017	31 March 2016
Revenue from operations		
Sale of products(including excise duty)		
Finished goods	6,879.98	8,016.51
Traded goods	3,540.82	3,859.56
Total sale of products	10,420.80	11,876.07
Sale of Services		
Installation services	79.99	3.21
Fee for management services	1,049.31	200.00
Other operating revenue		
Scrap Sales	16.29	18.06
Commission- incentives	(143.64)	(168.01)
Total revenue from operations	11,422.75	11,929.33

Sale of goods includes excise duty collected from customers of Rs. 779.13 (31 March 2016: Rs.793.00). Sale of goods net of excise duty is Rs. 9,641.66 (31 March 2016: Rs.11,083.07).

22. Other income

	31 March 2017	31 March 2016
Other non-operating income		
<u>Finance income:</u>		
On bank deposits	24.13	50.11
Others	-	38.09
Other non-operating income	187.71	30.29
Total Other income	211.84	118.49

23. Cost of raw materials and components consumed

	31 March 2017	31 March 2016
a. Raw materials and components consumed		
Inventory at the beginning of the year	492.31	601.74
Add : Purchases	2,291.79	2,780.30
Less: inventory at the end of the year	(473.98)	(492.31)
Total cost of Raw materials and components consumed	2,310.12	2,889.73



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Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

24. (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods

	31 March 2017	31 March 2016
Inventories at the end of the year		
Work-in-progress	220.56	30.44
Traded goods	904.61	1,552.21
Finished goods	1,696.20	2,452.17
	2,821.37	4,034.82
Inventories at the beginning of the year		
Work-in-progress	30.44	18.03
Traded goods	1,552.21	2,310.59
Finished goods	2,452.17	1,711.48
	4,034.82	4,040.10
(Increase)/decrease in inventories	1,213.45	5.28

24.1 Excise duty on goods

	31 March 2017	31 March 2016
Excise duty on sale of goods	779.13	793.00
(Increase)/decrease of excise duty and cess on inventories	(105.32)	55.81
	673.81	848.81

25. Employee Benefits Expense

	31 March 2017	31 March 2016
Salaries, wages and bonus	1,548.36	1,587.46
Contribution to provident and other funds	78.02	83.48
Gratuity expense	28.44	29.26
Employees' welfare expenses	50.64	72.49
Total	1,705.46	1,772.69

26. Finance Costs

	31 March 2017	31 March 2016
Interest on debt and borrowings		
- to banks	723.52	586.18
- to others	116.46	181.78
Bank charges	212.16	181.64
Total	1,052.14	949.60

27. Depreciation and amortization expense

	31 March 2017	31 March 2016
Depreciation of tangible assets (note 3)	216.22	239.81
Amortization of intangible assets (note 4)	14.00	20.92
Total	230.22	260.73



Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

28. Other expense

	31 March 2017	31 March 2016
Power and fuel	288.58	326.01
Consumption of stores and spares	60.23	64.45
Consumption of packing materials	208.93	287.47
Repairs and maintenance:		
Buildings	3.60	6.79
Plant and machinery	17.12	11.97
Others	120.21	156.23
Outward freight and forwarding charges	821.69	1,054.64
Contract labour	130.61	178.93
Commission	3.34	0.92
Rent	1,115.84	1,214.51
Provision for doubtful debts	259.92	108.25
Advances written off	209.50	-
Product write off	6.54	101.02
Rates and taxes	128.78	60.69
Insurance	50.43	174.96
Travelling and conveyance	157.19	28.05
Legal and Professional fees	95.08	57.44
Payment to auditors (Refer details below)	15.41	15.41
Communication costs	70.34	354.80
Advertising and sales promotion	315.28	6.21
Provision for warranties	-	25.94
Exchange differences (net)	-	0.47
Loss on sale of fixed asset (net)	6.17	-
Assets write off	27.10	-
Miscellaneous expenses	138.90	68.86
Total	4,250.79	4,304.02

Payment to auditors

	31 March 2017	31 March 2016
As auditor:		
Audit Fees	12.37	12.37
Tax Audit Fees	2.29	2.29
In other capacity	-	-
Reimbursement of expenses	0.75	0.75
Total	15.41	15.41

29. Earnings Per Share (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31 March 2017	31 March 2016
Profit attributable to equity holders of the parent	(2,067.32)	(1,146.15)
Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted)	70,099,470	70,241,936
Earning Per Share (Basic and Diluted) (Rs)	(2.95)	(1.63)
Face value per share (Rs)	10	10



Indian Furniture Products Limited**Notes to the Financial Statements for the year ended March 31, 2017**

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

30. Commitments and Contingencies**a. Leases****Operating lease commitments — as lessee**

The company has entered into commercial lease on certain office premises. These lease have an average life of between 3 and 9 years. Lease Rentals charged to the Statement of profit and loss during the current year is Rs. 1,115.84 (31 March 2016: 1,214.51)(31 March 2015: 1,563.48).

Future minimum rentals payable under non-cancellable operating leases as at 31 March are, as follows:

	31 March 2017	31 March 2016	01 April 2015
Lease Obligations			
- Within one year	10.20	923.36	1,054.88
- After one year but not more than five years	-	2,600.14	3,710.98
- More than five years	-	400.45	865.99

b. Contingent Liabilities

Future cash outflows in respect of matters considered disputed are determinable only on receipt of judgments / decisions pending at various forums/authorities. The management does not expect these claims to succeed and accordingly, no provision for the contingent liability has been recognized in the financial statements.

Particulars	31 March 2017	31 March 2016	01 April 2015
In respect of:			
- Income tax matters *	122.59	107.16	-
- Sales tax matters **	109.62	110.89	93.94
- Service tax matters ***	126.11	119.11	119.11
	358.32	337.16	213.05

* Amount includes deposits made under protest Rs. 3.80 (March 31, 2016 - Rs 3.80)(March 31, 2015 - Nil)

** Amount includes deposits made under protest for Rs. 4.73 (March 31, 2016 - Rs 4.73)(March 31, 2015 - Rs 9.08)

*** Amount includes deposits made under protest for Rs. 21.25 (March 31, 2016 - Rs 21.25)(March 31, 2015 - Rs 21.25)

31. First Time Adoption of Ind AS**First-time adoption of Ind-AS**

These standalone financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind-AS. For periods up to and including the year ended 31 March 2016, the Company prepared its standalone financial statements in accordance with statutory reporting requirement in India immediately before adopting Ind AS ('previous GAAP').

Accordingly, the Company has prepared standalone financial statements which comply with Ind-AS applicable for periods ending on or after 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these consolidated financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind-AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the standalone financial statements as at and for the year ended 31 March 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

The following exemptions are available to the company:

Mandatory exemptions:**Classification and measurement of financial assets:****Financial Instruments: (Loan to employees, Security deposits received and security deposits paid) :**

Financial assets like loan to employees, security deposits received and security deposits paid, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind ASs. Since, it is impracticable for the Company to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind As by applying amortised cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

Government Loans: (Deferred sales tax loan)

The Company has applied the requirements in Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to Ind ASs and has not recognised the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Accordingly, the Company has used its previous GAAP carrying amount of loan at the date of transition to Ind ASs as carrying amount of loan in the opening Ind AS Balance Sheet i.e. Provisions of Ind AS 20 has applied prospectively.



Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Impairment of financial assets: (Trade receivables and other financial assets)

At the date of transition to Ind AS, the Company has determined that there significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).

Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- FVTOCI – unquoted equity shares

- FVTOCI – debt securities

- Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

Optional exemptions:

Fair value measurement of financial assets or financial liabilities

First-time adopters may apply Ind AS 109 to day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS. Therefore, unless a first-time adopter elects to apply Ind AS 109 retrospectively to day one gain or loss transactions, transactions that occurred prior to the date of transition to Ind AS do not need to be retrospectively restated.

Deemed cost-Previous GAAP carrying amount: (PPE and Intangible)

The Company has elected to continue with the carrying value for all of Property, Plant and Equipment and Intangible Assets, as recognised in its Indian GAAP financial as deemed cost at the transition date except land for which the company adopted fair value on the transition date April 01, 2015 based on an independent valuation report.

32. Other Notes

The Company had placed on January 1, 2009, a short term intercorporate Deposit (ICD) amounting to Rs 1,000 lakhs for a period of 3 months with M/s Straight Curve Ideas Private Ltd (Straight Curve). The deposit carried an interest rate of 15% p.a and out of the aggregate interest accrued from inception of deposit to March 31, 2010 of Rs. 183.28 lakhs Straight Curve has made payments (including Tax Deducted at Source) aggregating to Rs.58.28 lakhs. On account of the continuing default by Straight Curve in respect of payment of principal and interest, the Company has suspended accruing for further interest with effect from April 1, 2010. Further the Company has initiated legal proceedings for the recovery of the outstanding amount. The Company is of the view that based on the actions initiated, personal guarantee provided by one of the directors of Straight Curve and pledge of shares of straight curve obtained as security, the amount outstanding is fully recoverable and hence, no provision has been made in the financial statements in this regard. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

Loans given to Soundarya IFPL Interiors Limited (subsidiary)

Balance as at 31 March 2017 NIL (31 March 2016: Rs. 70)(31 March 2015: Rs. 70)

Loan given to the subsidiary in earlier year has been repaid in full during the year.

Maximum amount outstanding during the year Rs. 70 (31 March 2016: Rs. 70)(31 March 2015: Rs. 70)

Appointment of company secretary

In accordance with section 203 of the Companies Act, 2013, a Public limited Company (not being a Listed Company) having paid up capital of Rs. 10 crore or more, is required to appoint key managerial personnel, which also includes a Company Secretary. The existing Company secretary of the Company had resigned on October 28, 2015. However, subsequent to resignation, the Company is still in the process of appointing a Company secretary on a whole time basis.

Amalgamation with Style Spa Furniture Limited

The Honorable High Court of Madras, on 27 March 2014, sanctioned a scheme of amalgamation (the scheme) under sections 391 to 394 of the Companies Act, 1956. In accordance with the scheme, Style Spa Furniture Limited ("SSFL"/ transferor company) merges with the Company with effect from 1 April 2014. In accordance with the High Court order, the Company has taken over net liabilities aggregating to Rs. 862.92 lakhs. The Company had issued 15 (Fifteen) Equity shares of IFPL of Rs.10 each (fully paid) as consideration for every 14 (Fourteen) Equity shares of Rs.10 (fully paid) of Style Spa Furniture Limited (SSFL) to the shareholders of SSFL. The difference between the amount recorded as share capital issued, plus any additional consideration in the form of cash or other assets, and the amount of share capital of the transferor company were adjusted in the reserves.



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Indian Furniture Products Limited**Notes to the Financial Statements for the year ended March 31, 2017**

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

33. Financial risk management objectives and policies

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, security deposits, employee liabilities. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Finance team that advises on financial risks and the appropriate financial risk governance framework for the Company. The finance team provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Interest rate risk**Applicability - Financial liabilities****Long-term debt obligations with fixed interest rates.***Term loans from banks**Working capital term loan**Preference share**Loan from an Non banking financial Company***Short term loans with fixed interest rates***Cash Credit from bank**Buyers Credit**Inter corporate deposits*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company has not taken any floating rate borrowing, hence the interest rate risk is considered to be minimal. The Company has used movement in bank rates by Reserve Bank of India for making a sensitivity analysis for interest rate risk.

	Increase/decrease in basis points	Effect on profit before tax (Rs.)
31-Mar-17		
INR	+50	(35.02)
INR	-50	35.02
31-Mar-16		
INR	+50	(27.33)
INR	-50	27.33

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk**Applicability -**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The company management constantly keeps a track of the foreign currency movement and takes advice from the corporate treasury for hedging the foreign exchange rates. As the volume of transactions and outstanding position at a given point of time is very low and the risk due to foreign exchange fluctuation would not be material, the management decided not to hedge the foreign currency exposure.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant, the impact on the Company's profit before tax is due to changes in the fair value of monetary liabilities including non-designated foreign currency derivatives and embedded derivatives.



	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-17	+5%	(15.56)	-
	-5%	15.56	-
31-Mar-16	+5%	(15.44)	-
	-5%	15.44	-



Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Applicability

- Trade receivables
- Inter Corporate Deposit
- Deposits with Banks
- Security deposits given
- Loans to employees

Trade receivables

Customer credit risk is managed by monitoring individual category customers subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. Based on the aging of receivables, the Company assesses the recoverability of the amount from each customer

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		Less than 1 year	More than 1 year	
Trade Receivables as of March 31, 2017	532.65	1,810.00	401.23	2,743.88
Trade Receivables as of March 31, 2016	317.46	1,587.86	328.55	2,233.87

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made in fixed deposits with banks only. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure relating to financial guarantees is Rs.1,117.00 (March 31, 2017) Rs.1,257.37 (March 31, 2016), Rs. 1,257.37 (March 31, 2015)

Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company monitors its risk of a shortage of funds using future cash flow projections. The Company manages its liquidity needs by continuously monitoring cash flows from customers and by maintaining adequate cash and cash equivalents. The Company's objective is to maintain a balance between continuity of funding and flexibility through shareholder funds or borrowings from the holding company or sister concerns. Considering the stability of the company's holding company, liquidity risk of the Company is considered to be low.

The table below summarises the maturity profile of the Company's financial liabilities based on **contractual undiscounted payments**.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended						
31-Mar-17						
Borrowings	4,367.90	445.16	480.12	2,507.03	262.79	8,063.00
Trade payables	3,398.91	402.48	-	-	-	3,801.39
Other financial liabilities	-	434.00	768.96	-	-	1,202.96
	7,766.81	1,281.64	1,249.08	2,507.03	262.79	13,067.35
Year ended						
31-Mar-16						
Borrowings	4,077.30	398.54	211.52	1,636.78	232.43	6,556.58
Trade payables	3,097.66	203.33	-	-	-	3,300.99
	7,174.96	601.87	211.52	1,636.78	232.43	9,857.56
As at 1 April 2015						
Borrowings	5,249.75	156.57	169.65	509.65	-	6,085.62
Trade payables	2,559.65	278.50	-	-	-	2,838.15
Other financial liabilities	-	40.25	(40.25)	-	-	-
	7,809.40	475.32	129.40	509.65	-	8,923.77



Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Collateral

The Company has pledged part of its short-term deposits in order to fulfil the collateral requirements for the derivatives contracts. At 31 March 2017, 31 March 2016 and 1 April 2015, the fair values of the short-term deposits pledged were Rs.142.02 , Rs.142.02 and Rs. 96.41, respectively. The counterparties have an obligation to return the securities to the Company.



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Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

34. Fair values

The management consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

The following table summarises carrying values of the financial assets and liabilities by each category

	Carrying value		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Financial assets (at amortised cost)			
(i) Security deposits	551.45	401.84	425.48
ii) Trade receivables	2,362.43	2,089.61	1,311.63
iii) Cash and cash equivalents	145.21	272.32	316.67
iv) Bank balances other than above	425.44	427.83	335.55
v) Loans	1,676.45	1,596.84	1,626.86
vi) Other financial assets	24.85	51.79	196.53
Total	5,185.82	4,840.22	4,212.72
Financial liabilities			
Borrowings (at amortised costs):			
(i) Long term borrowings	2,769.82	1,869.21	446.30
(ii) Short term borrowings	4,679.06	4,386.17	5,302.72
(iii) Trade payables	3,801.39	3,300.99	2,838.15
(iv) Liability component Preference shares	262.79	232.43	-
Total	11,513.06	9,788.80	8,587.17

The management assessed that cash and cash equivalents, other bank balances, trade receivables, cash credit, buyers credit, inter corporate deposits, loan to related party, loan to employee and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the company based on parameters such as interest Rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

- The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

- The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- The fair values of the company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2017 was assessed to be insignificant.



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Indian Furniture Products Limited**Notes to the Financial Statements for the year ended March 31, 2017**

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

35. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Company. In particular, the Company seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating. In this context, the Company manages its capital structure and adjusts that structure when changes in economic conditions so require.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

The management constantly monitors and reviews the debt to equity ratio. As part of this review, the management considers the cost of capital and risks associated with each class of capital requirements and maintenance of adequate liquidity buffer.

The position on reporting date is summarized in the following table:

Particulars	31 March 2017	31 March 2016	31 March 2015
Debt			
Long term borrowings (including financial liability component of non cumulative redeemable preference shares)- Note 14	2,769.82	1,869.21	446.30
Current maturities of long-term borrowings- Note 15	614.12	301.19	273.25
Short-term borrowings- Note 15	4,679.06	4,386.17	5,302.72
Less: Cash and Cash equivalents - Note 10	(145.21)	(272.32)	(316.67)
Net debt	7,917.79	6,284.24	5,705.60
Equity	7,009.95	7,009.95	7,009.95
Other equity	(173.87)	1,918.13	2,253.71
Total Capital	6,836.08	8,928.08	9,263.66
Capital and Net debt	14,753.87	15,212.32	14,969.26

Gearing ratio 54% 41% 38%

36. Events After the Reporting Period

On January 18, 2017, the Company has entered into a Joint Venture agreement with Fabryki Mebli Forte S.A., Poland whereby it has been agreed by the Company to transfer by way lease all its assets to Forte Furniture Products India Pvt Ltd (the joint venture company) with effect from April 01, 2017 and all the products will be manufactured and sold by the joint venture company. The Joint venture company will also take over selected items of inventories at a value mutually agreed between the joint venture parties post balance sheet date. All the employees of the Company except a few will be transferred to the joint venture company with effect from 01.04.2017. However, the company will continue to procure and sell products other than furniture within and outside India.

37. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

There are no dues to Micro, Small and Medium Enterprises which are out standing for more than 45 days as at Balance Sheet date and no interest has been paid to any such parties during the year. This is based on the information available with the Company.



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Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

38. Significant accounting judgements, estimates and assumptions

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

JUDGEMENTS

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The company has Rs.8,797.28 (31 March 2016: Rs.6,829.02, 1 April 2015: Rs.5,833.02) of tax losses carried forward. These losses, expire in 8 years and may not be used to offset taxable income elsewhere in the company. The Company neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the company was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by Rs. 2,897.87. Further details on taxes are disclosed in Note 20.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

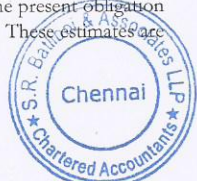
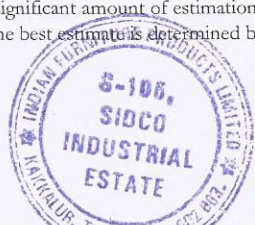
Further details about gratuity obligations are given in Note 39

Allowance for uncollectible trade receivables

Trade receivables do not carry interest and are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not be collectible.

Warranties

Provision for warranties involves a significant amount of estimation. The provision is based on the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The best estimate is determined based on the Company's past experience of warranty claims and future expectations. These estimates are revised periodically.



Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

39. Gratuity and other post-employment benefit plans

	31-Mar-17	31-Mar-16	1-Apr-15
Plans			
- Gratuity (Not Funded)	175.23	140.32	-

The company has a defined gratuity plan. Under the gratuity plan, every employee who has completed at least five year of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is non funded.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and amounts recognised in the balance sheet for the respective plans:

Net employee benefit expense (recognized in Employee Cost) for the year ended 31st March 2017

Particulars	Gratuity	
	31 March 2017	31 March 2016
Current Service Cost	17.57	15.60
Net Interest Cost	10.87	13.66

Amount recognised in Other Comprehensive Income for the year ended 31st March,2017

Particulars	Gratuity	
	31 March 2017	31 March 2016
Actuarial (gain)/ loss on obligations	(24.65)	38.90

Changes in the present value of the defined benefit obligation are, as follows:

Particulars	Gratuity	
	31 March 2017	31 March 2016
Opening defined obligation	111.06	191.45
Current service cost	17.57	15.60
Interest cost	10.87	13.66
Transfer In	24.65	(38.90)
Benefits paid	(18.19)	(41.49)
Actuarial (gain)/ loss on obligations	-	-
Defined benefit obligation	145.96	140.32

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	31 March 2017	31 March 2016
Discount rate (in %)	7.75%	7.50%
Salary Escalation (in %)	9% for first 2 years & 7.5% thereafter	5.00%
Life expectation for (in years):	22.38	23.52

A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below:

Gratuity Plan

Assumptions	Discount rate		Future salary increases	
	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Sensitivity Level				
Impact on defined benefit obligation 31-Mar 17	(5.79)	6.15	6.12	(5.81)
Impact on defined benefit obligation 31-Mar 16	(4.16)	4.41	4.50	(4.28)

The sensitivity due to mortality and withdrawals are not material & hence change impact is not calculated.

Sensitivities as to rate of inflation, rate of increase in pension in payment, rate of increase in pension before retirement & life expectancy are not applicable being a a lump sum payment on retirement

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

	31-Mar-17	31-Mar-16
Within the next 12 months (next annual reporting period)	18.74	26.12
Between 2 and 5 years	58.26	62.94
Beyond 5 years	98.22	51.27
Total expected payments	175.22	140.33

The average duration of the defined benefit plan obligation at the end of the reporting period is 23.52 years (31 March 2016: 22.38 years).



Indian Furniture Products Limited
Notes to the Financial Statements for the year ended March 31, 2017
 (All amounts are in lakhs of Indian Rupees unless otherwise stated)

40. Related party transactions

The list of related parties as identified by the management are as under

Holding company: Zuari Global Limited (ZGL) - (Formerly Zuari Industries Limited)
 Related parties with whom transactions have taken place during the year:

Company under common control
 Chambal Fertiliser And Chemicals Ltd (CFCL)
 Zuari Agro Chemicals Limited (ZACL) (Formerly Zuari Holding Limited)
 Globex Limited
 Adventz Infra World India Limited (AHL)
 Zuari Fertilisers and chemicals ltd (ZFL)
 Paradeep Phosphates Limited (PPL)
 Simon India Limited (SIL)
 Leonel India Limited (LINEL)
 Zuari Investments Limited (ZINIL)
 Govind Sugul Mills Ltd (GSL)
 Zuari Management Services Limited (ZMSL)

Joint Venture
 Soundarya HFPL Interiors Ltd (SIFL)
 Forte Furniture Products India Pvt Ltd (FFPIPL)

Key Management Personnel:
 Mr. P.K Gantha, Whole Time Director (from September 03, 2014)
 Mr. Suresh Krishnan, Director
 Mr. K. K Gupta, Director
 Mr. V. K. Sinha, Director
 Mr. R. S. Raghavan, Director
 Ms. S.S.Srin, Company Secretary (resigned with effect from October 28, 2015)
 Mr. A. T. Sudhakaran, Chief Financial Officer (resigned with effect from July 15, 2015)
 Mr. Prasanna Das, Chief Financial Officer

The following transactions were carried out with the related parties during the year

S.No	Holding company	Company under common control													Key Management Personnel
		SIFL	FFPIPL	ZACL	ZINIL	ZFL	PPL	SIL	ZMSL	AIFL	LINEL	GSL	CFCL		
1	Sale of goods	55.50	105.00	51.03	-	-	(4.24)	(24.62)	-	-	-	209.38	5.67	-	
2	Management fees	-	370.29	(141.42)	-	-	-	-	-	-	-	-	(5.55)	-	
3	Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-	
4	Expenses reimbursement paid	1.25	-	-	0.02	-	(0.24)	0.06	-	-	(0.00)	-	-	41.85	
5	Expenses reimbursement received	-	-	0.02	-	-	-	0.06	-	-	-	-	-	-	
6	Interest Received	-	-	-	-	-	-	-	-	-	-	-	-	-	



Indian Furniture Products Limited
Notes to the Financial Statements for the year ended March 31, 2017
(All amounts are in lakhs of Indian Rupees unless otherwise stated)

S.No	Holding company	Joint Venture				Company under common control										Key Management Personnel	
		ZGL	SIFL	FPPL	ZACL	ZINL	ZFL	PPL	SIL	ZMSL	AIFL	LINEL	GSL	CFCL			
8	ICD repaid	-	70.00	-	-	-	-	-	115.67 (900.00)	-	-	-	-	-	-	-	-
9	Advance received	-	-	-	-	-	-	10.42	-	-	-	-	-	-	-	-	-
10	Purchase of Goods & Services received	-	-	-	-	-	-	-	-	-	-	-	39.01	-	-	-	-
11	Managerial Remuneration P K Gandhi * Salary and bonus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Prasanna Das Salary and bonus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31.75 (11.99)
	A.T.Sudhakaram Salary and bonus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11.03)
	Smiti.SS Salary and bonus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3.47)
12	Balance due to	2.25 (1.00) (1.00)	(0.22)	-	700.00 (700.00) (700.29)	(0.02) (0.02) (0.02)	0.05 (0.05) (0.05)	(0.23) (0.47)	(78.15) 1,029.96	(0.00)	0.06 (0.06)	24.15	-	-	-	-	-
13	Balance due from	-	177.09 (301.48) (70.00)	642.00	2.32 (29.16)	-	18.41	-	-	-	-	27.89 (0.58)	-	-	-	-	-

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.
Figures in brackets pertain to the previous years FY 2015-16 and FY 2014-15
* The number is rounded off to nearest lakhs



Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

41. Segment Information

Information regarding Primary Segment Reporting as per Ind AS-108

The Board of directors monitors the operating results of its business as a single primary segment "Manufacture and sale of Furniture" for the purpose of making operational decisions. The business of the Company falls under a single primary segment for the purpose of Ind AS 108.

42. Disclosure of specified bank notes

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 08 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08 November 2016	12.70	18.20	30.91
(+) Permitted receipts	-	114.22	114.22
(-) Permitted payments	-	(48.60)	(48.60)
(-) Amount deposited in banks	(12.70)	-	(12.70)
Closing cash in hand as on 30 December 2016	-	83.82	83.82

i) For this purpose the specified bank notes (SBN) shall be the notes specified in notification no S.O. 3407(E), dated 08 November 2016.

Specified Bank Notes (SBN) means Rs 500 and Rs 1000 notes which ceased to be legal tender post 08 November 2016 midnight as per notification no S.O. 3407(E), dated 08 November 2016.

ii) The Company does not maintain independent records of denomination of currency in its books of accounts. However, on 08 November 2016 when Rs. 500 and Rs. 1000 ceased to be legal tender, the Company management counted and prepared details of total cash, and deposited the entire SBNs with its bankers.



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Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

43. FTA Reconciliations

Equity Reconciliation as at March 31, 2016

Particulars	Note	Previous GAAP	Ind AS Adjustments	As per Ind AS
I ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	A	1,894.49	11,456.31	13,350.80
(b) Other Intangible Assets		21.66	-	21.66
(c) Investment in subsidiaries, associates and joint ventures		12.50	-	12.50
(d) Financial Assets				
(i) Loans	B	1,575.33	(79.80)	1,495.53
(ii) Others		16.08	-	16.08
(d) Other non-current assets	B	8.59	52.98	61.57
(e) Tax assets (net)		98.73	-	98.73
(2) Current assets				
(a) Inventories		4,694.67	-	4,694.67
(b) Financial Assets				
(i) Trade receivables		2,089.61	-	2,089.61
(ii) Cash and cash equivalents		272.32	-	272.32
(iii) Bank balances other than (iv) above		427.83	-	427.83
(iv) Loans		101.31	-	101.31
(v) Others		35.71	-	35.71
(c) Other current assets	B	344.67	24.00	368.67
Total Assets		11,593.50	11,453.49	23,046.99
II EQUITY AND LIABILITIES				
(1) Equity				
Equity Share capital	D	8,009.95	(1,000.00)	7,009.95
Other Equity		(7,997.43)	9,915.56	1,918.13
		12.52	8,915.56	8,928.08
LIABILITIES				
(1) Non-current liabilities				
Financial Liabilities				
(i) Borrowings	C & D	1,645.21	224.00	1,869.21
Provisions		200.44	-	200.44
Deferred tax liabilities (Net)	A	-	2,313.93	2,313.93
(2) Current liabilities				
Financial Liabilities				
(i) Borrowings		4,386.17	-	4,386.17
(ii) Trade Payables		3,300.99	-	3,300.99
(iii) Other financial liabilities		776.78	-	776.78
Other current liabilities		1,223.11	-	1,223.11
Provisions		48.28	-	48.28
Total Equity and Liabilities		11,593.50	11,453.49	23,046.99



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Equity Reconciliation as at March 31, 2015

Particulars	Note	Previous GAAP	Ind AS Adjustments	As per Ind AS
I ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	A	2,119.87	11,456.30	13,576.17
(b) Other Intangible Assets		42.01	-	42.01
(c) Investment in subsidiaries, associates and joint ventures		12.50	-	12.50
(d) Financial Assets		-	-	-
(i) Loans	B	1,634.50	(117.89)	1,516.61
(ii) Others		86.27	-	86.27
(d) Other non-current assets	B	-	89.84	89.84
(e) Tax assets (net)		96.33	-	96.33
(2) Current assets				
(a) Inventories		4,809.98	-	4,809.98
(b) Financial Assets		-	-	-
(i) Investments		-	-	-
(ii) Trade receivables		1,311.63	-	1,311.63
(iii) Cash and cash equivalents		316.67	-	316.67
(iv) Bank balances other than (iii) above		335.55	-	335.55
(v) Loans		110.26	-	110.26
(vi) Others		36.27	-	36.27
(c) Other current assets	B	289.69	28.05	317.74
Total Assets		11,201.53	11,456.30	22,657.83
II EQUITY AND LIABILITIES				
(1) Equity				
Equity Share capital		7,009.95	-	7,009.95
Other Equity	A, B & C	(6,886.26)	9,139.97	2,253.71
		123.69	9,139.97	9,263.66
LIABILITIES				
(1) Non-current liabilities				
Financial Liabilities				
(i) Borrowings	C	447.40	(1.10)	446.30
Provisions		278.74	-	278.74
Deferred tax liabilities (Net)	A	-	2,317.43	2,317.43
(2) Current liabilities				
Financial Liabilities				
(i) Borrowings		5,302.72	-	5,302.72
(ii) Trade Payables		2,838.15	-	2,838.15
(iii) Other financial liabilities		938.51	-	938.51
Other current liabilities		1,222.65	-	1,222.65
Provisions		49.67	-	49.67
Total Equity and Liabilities		11,201.53	11,456.30	22,657.83



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Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(Amount in Rupees, unless otherwise stated)

Profit and loss reconciliation for the year ended March 31, 2016

Particulars	Notes	Previous GAAP	Ind AS Adjustments	As per Ind AS
I INCOME				
Revenue from operations	E	11,941.09	(11.75)	11,929.33
Other income	B	90.03	28.46	118.49
Total Revenue (I)		12,031.12	16.71	12,047.82
II EXPENSES				
Cost of raw materials and components consumed		2,889.73	-	2,889.73
Purchase of traded goods		2,166.61	-	2,166.61
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods		5.28	-	5.28
Excise duty on sale of goods		848.81	-	848.81
Employee benefits expense	F	1,743.43	29.26	1,772.69
Finance costs	C	952.82	(3.22)	949.60
Depreciation and amortization expense		260.74	-	260.73
Other expenses	B	4,274.85	29.17	4,304.02
Total expenses (II)		13,142.26	55.21	13,197.47
III Loss before exceptional items and tax (I-II)		(1,111.17)	(38.50)	(1,149.67)
IV Exceptional Items		-	-	-
V Loss before tax (III-IV)		(1,111.17)	(38.50)	(1,149.67)
VI Tax expense:				
(1) Current Tax		-	-	-
(2) Deferred Tax	A	-	(3.50)	(3.50)
VII Profit/(loss) for the period (V-VI)		(1,111.17)	(35.00)	(1,146.17)
VIII Other Comprehensive Income				
Re-measurement gains (losses) on defined benefit plans	F	-	38.90	38.90
IX Total Comprehensive Income for the period (VII + VIII)		(1,111.17)	3.90	(1,107.27)



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Indian Furniture Products Limited

Notes to the Financial Statements for the year ended March 31, 2017

(All amounts are in lakhs of Indian Rupees unless otherwise stated)

A Leasehold land

Under the previous GAAP (Indian GAAP), freehold land and buildings, and other assets were carried in the balance sheet on the basis of historical cost. The Company has also determined that value as at 31 March 2014 does not differ materially from fair valuation as at 1 April 2015 (date of transition to Ind AS). Accordingly, the group has not revalued the property, plant and equipment at 1 April 2014 again except for land.

As on the transition date April 01, 2015, the company has adopted fair value of the land based on an independent report. The Company has calculated the gain on account of such valuation and recognised deferred tax liability on account of virtual certainty of such gain on actual realisation. During the year, based on the indexation of cost, the company has amortised the gain to that extent and accordingly the deferred tax liability has been reduced.

B Other financial assets

Under Indian GAAP, the Company measures the deposits paid to Showroom lease and others at transaction value. Under Ind AS, the deposits have been measured at fair value and the difference between the fair value and the transaction value has been recorded as prepaid lease rent.

The excess of principal amount over its fair value will be considered as prepaid expense and will be amortized over the period of deposit on straight line basis. On a related note, interest will be accreted on the fair value of the deposit.

C Loans

This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process

D Borrowings

The Company has issued 10,00,000 7% Redeemable Preference Shares to its holding ZGL at par value i.e. INR 10 per share. The preference shares carry fixed cumulative dividend which is non-discretionary. Under Indian GAAP, the preference shares were classified as equity and dividend payable thereon was treated as distribution of profit.

Under Ind AS, convertible preference shares are separated into liability and equity components based on the terms of the contract. Interest on liability component is recognised using the effective interest method.

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

E Revenue from Operations

Target achievement incentives have been adjusted from revenue under Ind AS. Under IGAAP, such expenses are classified as commission expenses.

Target achievement incentives have been netted off from the revenue on an estimate basis under Ind AS. Under IGAAP, such incentives were recorded only when actually provided to the customer.

F Defined benefit plans

Under IGAAP, the Company recognized actuarial gains/losses and expected rate of return on post-employment defined benefit plans in the income statement. Under Ind AS, the Company has recognized the actuarial gains/losses and a the return on assets (excluding interest) relating to post-employment defined benefit plans in other comprehensive income (OCI). However, this has no impact on total comprehensive income and total equity.

G Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

H Statement of cash flows

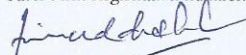
The transition from IGAAP to Ind AS has not had a material impact on the statement of cash flows.

As per our report of even date.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004



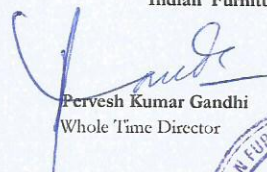
per Aniruddh Sankarsh

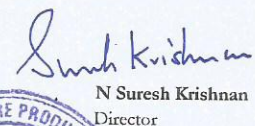
Partner

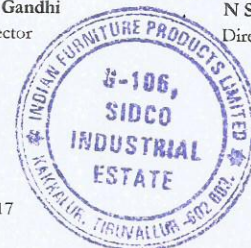
Membership No: 211107



For and on behalf of the Board of
Indian Furniture Products Limited


Pervesh Kumar Gandhi
Whole Time Director


N Suresh Krishnan
Director



Place: Chennai
Date: May 19, 2017

Place: Chennai
Date: May 19, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Indian Furniture Products Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Indian Furniture Products Limited (hereinafter referred to as "the Holding Company"), its joint ventures comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the holding Company including its Joint Venture in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Holding Company and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Holding Company and of its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and



the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for qualified opinion

Financial assets in Note 6 to the financial statements include Rs.112.50 million (Previous year – Rs.112.50 million), representing intercompany deposits and interest thereon up to March 31, 2010, recoverable from Straight Curve Ideas Private Limited (“SCIPL”). As more fully discussed in note 6 to the consolidated financial statements, the Holding Company has initiated legal proceedings against SCIPL, and is confident of recovery of the amount outstanding. In view of the legal uncertainties involved, we are unable to comment on the possible adjustments, if any, that may be required to be made to the financial statements in this regard. Our audit opinion on the consolidated financial statements for the year ended March 31, 2016 was also qualified in respect of this matter.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of joint ventures, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of consolidated the state of affairs of the Holding Company and joint ventures as at March 31, 2017, of their consolidated profit/loss including other comprehensive income and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of joint ventures, as noted in the 'other matter' paragraph, to the extent applicable, we report that:
 - (a) Except for the matter described in Basis for Qualified Opinion paragraph, We / the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
 - (b) Except for the matter described in Basis for Qualified Opinion paragraph, In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept by the Company so far as appears from our examination of those books and the reports of the other auditors;
 - (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (d) Except for the matter described in Basis for Qualified Opinion paragraph above, In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Holding Company;
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its joint ventures incorporated in India, none of the directors of the Holding Company, its joint ventures incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- (h) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its joint ventures incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (i) 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, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the joint ventures, as noted in the 'Other matter' paragraph:
 - i. Except for the possible effect of the matter described in Basis of Qualified Opinion above, the consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Holding Company and joint ventures – Refer Note 6 to the consolidated Ind AS financial statements;
 - ii. The Holding Company and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2017.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and joint ventures incorporated in India during the year ended March 31, 2017.
 - iv. The Holding Company and joint ventures incorporated in India have provided requisite disclosures in Note 42 to these consolidated Ind AS financial statements as to the holdings of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. In case of Holding Company, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Other Matter

- (a) The consolidated Ind AS financial statements also include the Holding Company's share of net loss of Rs. 324.58 lakhs for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of 2 joint ventures, whose financial statements/ financial information, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these joint ventures, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid joint ventures, is based solely on the reports of such other auditors.

Our above opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Aniruddh Sankaran

Partner

Membership Number: 211107



Place of Signature: Chennai

Date: May 19, 2017

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF INDIAN FURNITURE PRODUCTS LIMITED

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

To the Members of Indian Furniture Products Limited

We were engaged to audit the internal financial controls over financial reporting of (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of March 31, 2017, in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, are responsible for laying down and maintaining internal financial controls based on [the internal control over financial reporting criteria established by the Holding 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 (ICAI)] . These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls over financial reporting of the Company.

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.

Disclaimer of Opinion

In relation to Holding Company, we were not provided with relevant documents to support adequacy of internal financial control over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2017. In the absence of sufficient and appropriate audit evidence in this regard, we are unable and do not express an opinion on Internal Financial Controls over Financial Reporting.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

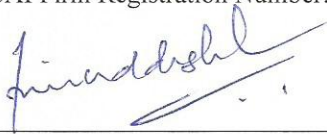
Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the consolidated financial statements of the holding company, which comprise the Balance Sheet as at March 31, 2017, and the related Statement of consolidated Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 19, 2017 expressed qualified opinion. We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer does not affect our opinion on the consolidated financial statements of the Company and we have issued a qualified opinion on the consolidated financial statements.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Aniruddh Sankaran**

Partner

Membership Number: 211107

Place of Signature: Chennai

Date: May 19, 2017



Indian Furniture Products Limited
 Consolidated Balance Sheet as at 31 March 2017
 (Amount in Lakhs of Indian Rupees, unless otherwise stated)

Particulars	Notes	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
I ASSETS				
(1) Non-current assets	3	13,116.48	13,350.80	13,576.17
(a) Property, Plant and Equipment	4	7.66	21.66	42.01
(b) Other Intangible Assets	5	1,075.92	-	-
(c) Investment in subsidiaries, associates and joint ventures				
(d) Financial Assets	6	1,644.57	1,495.53	1,516.61
(i) Loans	11	-	16.08	86.27
(ii) Others	7	2.11	61.57	89.84
(d) Other non-current assets		194.36	98.73	96.33
(e) Tax assets (net)				
(2) Current assets	8	3,450.64	4,694.66	4,809.98
(a) Inventories				
(b) Financial Assets	9	2,362.43	2,089.61	1,311.63
(i) Trade receivables	10	145.21	272.32	316.67
(ii) Cash and cash equivalents	11	425.44	427.83	335.55
(iii) Bank balances other than (iii) above	6	31.87	101.31	110.26
(iv) Loans	6	24.85	35.71	36.27
(v) Others	7	349.56	368.67	317.74
(c) Other current assets				
Total Assets		22,831.10	23,034.48	22,645.33
II EQUITY AND LIABILITIES				
(1) Equity	12	7,009.95	7,009.95	7,009.95
Equity Share capital	13	(510.94)	1,905.61	2,241.21
Other Equity		6,499.01	8,915.56	9,251.16
LIABILITIES				
(1) Non-current liabilities				
Financial Liabilities	14	2,769.82	1,869.21	446.30
(i) Borrowings	19	-	200.44	278.74
Provisions	20	2,311.23	2,313.93	2,317.43
Deferred tax liabilities(Net)				
(2) Current liabilities				
Financial Liabilities	15	4,679.06	4,386.17	5,302.72
(i) Borrowings	16	3,801.39	3,300.99	2,838.15
(ii) Trade Payables	17	1,202.96	776.78	938.51
(iii) Other financial liabilities	18	1,288.13	1,223.11	1,222.65
Other current liabilities	19	279.51	48.29	49.67
Provisions				
Total Equity and Liabilities		22,831.11	23,034.48	22,645.33

Summary of significant accounting policies 18&2

The accompanying notes are an integral part of the financial statements.

As per our report of even date.
 For S.R. Batliboi & Associates LLP
 Chartered Accountants
 ICAI Firm Registration number: 101049W/E300004

per Aniruddh Sankaran
 Partner
 Membership No: 211107



Place: Chennai
 Date: May 19, 2017

For and on behalf of the Board of
 Indian Furniture Products Limited

Pervesh Kumar Gandhi
 Whole Time Director

N Suresh Krishnan
 Director

Place: Chennai
 Date: May 19, 2017



Indian Furniture Products Limited
 Consolidated Statement of Profit and Loss for the period ended 31 March 2017
 (Amount in Lakhs of Indian Rupees, unless otherwise stated)

Particulars	Notes	31 March 2017	31 March 2016
I INCOME			
Revenue from operations	21	11,422.75	11,929.33
Other income	22	211.84	118.49
Total Revenue (I)		11,634.59	12,047.82
II EXPENSES			
Cost of raw materials and components consumed	23	2,310.12	2,889.73
Purchase of traded goods	24	2,268.62	2,166.61
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	24.1	1,213.45	5.28
Excise duty on goods	25	673.81	848.81
Employee benefits expense	26	1,705.46	1,772.69
Finance costs	27	1,052.14	949.60
Depreciation and amortization expense	28	230.22	260.73
Other expenses		4,250.79	4,304.06
Total expenses (II)		13,704.61	13,197.51
III Profit/(loss) before share of profit/(loss) joint venture, exceptional items and tax (I-II)		(2,070.02)	(1,149.69)
IV Share of profit/(loss) of an joint venture		(324.58)	-
V Profit/(loss) before exceptional items and tax (III-IV)		(2,394.60)	(1,149.69)
VI Exceptional Items		(2,394.60)	(1,149.69)
VII Loss before tax (V-VI)		-	-
VIII Tax expense:			
(1) Current Tax	20	-	-
(2) Deferred Tax	20	(2.70)	(3.50)
IX Profit/(loss) for the period (VII-VIII)		(2,391.90)	(1,146.19)
X Other Comprehensive Income			
A Items that will not be reclassified to profit or loss			
Re-measurement gains (losses) on defined benefit plans		(24.65)	38.90
Income tax effect		-	-
XI Total Comprehensive Income for the period (IX + X)		(2,416.55)	(1,107.29)
Profit for the year			
Attributed to:			
Equity holders of the parent		(2,067.32)	(1,146.19)
Non Controlling Interest		(324.58)	-
Other Comprehensive income for the year			
Attributed to:			
Equity holders of the parent		(24.65)	38.90
Non Controlling Interest		-	-
Total Comprehensive income for the year			
Attributed to:			
Equity holders of the parent		(2,091.97)	(1,107.29)
Non Controlling Interest		(324.58)	-
XII Earnings per equity share:			
(1) Basic	29	(2.95)	(1.63)
(2) Diluted	29	(2.95)	(1.63)

Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

per Aniruddh Sankaran
 Partner

Membership No: 211107



Place: Chennai

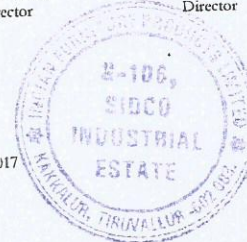
Date: May 19, 2017

For and on behalf of the Board of
 Indian Furniture Products Limited

[Signature]
 Pervesh Kumar Gandhi
 Whole Time Director

[Signature]
 N Suresh Krishnan
 Director

Place: Chennai
 Date: May 19, 2017



Indian Furniture Products Limited
 Consolidated Statement of Cash Flows for the year ended 31 March 2017
 (Amount in Lakhs of Indian Rupees, unless otherwise stated)

Particulars	31 March 2017	31 March 2016
A Operating Activities	(2,394.60)	(1,149.69)
Loss before tax	324.58	-
Less : Share of loss of a joint ventures (Loss) before share of (loss) joint venture, exceptional items	<u>(2,070.02)</u>	<u>(1,149.69)</u>
Adjustments to reconcile loss before tax to net cash flows:		
(Gain)/Loss on disposal of property, plant and equipment	6.17	0.47
Depreciation / Amortisations on Tangible & Intangible Assets	230.20	260.74
Assets written off	27.10	-
Finance income	(24.13)	50.11
Finance costs	839.98	767.96
Provision for doubtful debts and advances	259.92	108.25
Advances written off	209.50	-
Operating loss before working capital changes	<u>(521.28)</u>	<u>37.84</u>
Working capital adjustments:	1,244.03	115.31
(Increase)/Decrease in Inventories	(742.24)	(886.23)
(Increase)/Decrease in Trade receivables	80.29	9.52
(Increase)/Decrease in Short term Loans and advances	(149.04)	21.08
(Increase)/Decrease in Long term Loans and advances	78.57	(22.68)
Decrease / (increase) in Other current assets	500.40	462.84
Increase/(Decrease) in Trade payables	65.03	0.45
Increase/(Decrease) in Other current liabilities	432.31	(230.46)
Increase/(Decrease) in Provisions	988.07	(492.33)
Cash generated from / (used in) operations	<u>(95.62)</u>	<u>(2.40)</u>
Income tax paid	<u>892.45</u>	<u>(494.73)</u>
Net cash flows from operating activities		
B Investing Activities	(15.18)	(15.47)
Purchase of property, plant and equipment	18.47	(22.08)
Proceeds from redemption of deposits	(1,400.50)	-
Investment in Joint Venture	24.13	(50.11)
Interest received (finance income)	<u>(1,373.08)</u>	<u>(87.66)</u>
Net cash from / (used) in investing activities		
C Cash flow from Financing Activities	(278.86)	77.21
Repayment of borrowings	3,065.31	1,357.10
Proceeds from borrowings	(1,578.02)	771.69
Proceeds from issuance of preference shares	(14.93)	(900.00)
Inter Corporate Deposit received / (repaid)	(839.98)	(767.96)
Interest paid	<u>353.52</u>	<u>538.04</u>
Net Cash flows from / (used) in Financing Activities	<u>(127.11)</u>	<u>(44.35)</u>
D Net increase in cash and cash equivalents (A + B + C)	272.32	316.67
Cash and cash equivalents at the beginning of the year	<u>145.21</u>	<u>272.32</u>
Cash and cash equivalents at the end of the year		



Indian Furniture Products Limited
Consolidated Statement of Cash Flows for the year ended 31 March 2017
(Amount in Lakhs of Indian Rupees, unless otherwise stated)

Components of cash and cash equivalents as at year end		
Cash in hand	50.03	44.26
Cheques in hand	31.08	31.84
Balances with scheduled banks		
- in current accounts	64.10	196.22
- in deposit accounts	-	-
Components of cash and cash equivalents as at year end	145.21	272.32

As per our report of even date.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004

Aniruddh Sankaran
per **Aniruddh Sankaran**

Partner

Membership No: 211107



Place: Chennai

Date: May 19, 2017

For and on behalf of the Board of
Indian Furniture Products Limited

Pervesh Kumar Gandhi
Pervesh Kumar Gandhi
Whole Time Director

N Suresh Krishnan
N Suresh Krishnan
Director



Place: Chennai

Date: May 19, 2017

Indian Furniture Products Limited
Statement of Changes in Equity for the year ended 31 March 2017
(Amount in Lakhs of Indian Rupees, unless otherwise stated)

(a) Equity Share Capital
Equity shares of Rs. 10 each issued, subscribed and fully paid

	Number	Amount
At 1 April 2015	46,500,080	4,650.01
At 31 March 2016	70,099,470	7,009.95
Issue of share capital	-	-
At 31 March 2017	70,099,470	7,009.95

(b) Other equity
For the year ended 31 March 2017:

	Equity Component of preference shares	Reserves and surplus		Total
		Securities Premium Reserve	Retained earnings / General reserve	
		(Note 13)	(Note 13)	
As at 1 April 2016	771.69	53.33	1,080.59	1,905.61
Profit for the period	-	-	(2,391.90)	(2,391.90)
Other comprehensive income	-	-	(24.65)	(24.65)
Total comprehensive income as at 31 March 2017	771.69	53.33	(1,335.96)	(510.94)

For the year ended 31 March 2016:

	Equity Component of preference shares	Reserves and surplus		Total
		Securities Premium Reserve	Retained earnings / General reserve	
		(Note 13)	(Note 13)	
As at 1 April 2015	-	53.33	2,187.88	2,241.21
Profit for the period	-	-	(1,146.19)	(1,146.19)
Issue of redeemable convertible non-cumulative preference shares	771.69	-	-	771.69
Other comprehensive income	-	-	38.90	38.90
Total comprehensive income as at 31 March 2016	771.69	53.33	1,080.59	1,905.61

As per our report of even date.
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration number: 101049W/E300004

Aniruddh Sankaran
per Aniruddh Sankaran
Partner
Membership No: 211107



Place: Chennai
Date: May 19, 2017

For and on behalf of the Board of
Indian Furniture Products Limited

Pervesh Kumar Gandhi
Pervesh Kumar Gandhi
Whole Time Director

N Suresh Krishnan
N Suresh Krishnan
Director



Place: Chennai
Date: May 19, 2017

Indian Furniture Products Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

1 Corporate Information

The consolidated financial statements comprise financial statements of "Indian Furniture Products Limited" ("the Company" or "IFPL") and its joint ventures (collectively, the Group) are for the year ended 31 March 2017. The Company is a Public Company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Group is engaged in manufacturing and trading Ready to Assemble Furniture (RTAF). The Group markets the product under the brand name of Style Spa and Zuari. The registered office the Company is located at G-106, Sidco Industrial Estate, Kakkalur, Thiruvallur, Tamil Nadu- 602 003.

Information on other related party relationships of the Company is provided in Note 40.

The consolidated financial statements were authorised for issue in accordance with a resolution of the Directors on May 19, 2017.

Application of new and revised Accounting Standard

All the Ind AS issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are authorized have been considered in preparing these consolidated financial statements.

Standard issued but not effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendment is applicable to the Company from 01 April 2017.

Amendment to Ind AS 7: The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

2 Significant Accounting Policies

2.1 Basis of preparation

2.1.1 The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2016, the Group prepared its consolidated financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2017 are the first such statements the Group has prepared in accordance with Ind AS.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- The valuation of Land included in the Property, Plant and Equipment has been measured at fair value.
- Certain other financial assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments).

The consolidated financial statements are presented in INR except when otherwise indicated.

2.1.2 In terms of the Joint Venture agreement dated 18th January 2017 entered into by the Company with Fabryki Mebli Forte S.A., Poland whereby both the parties have formed a joint venture company namely Forte Furniture Products India Pvt Ltd. (FFPL) whereby FFPL has agreed to takeover and / or lease selected units or items of the Company's business and FFPL shall be engaged in manufacturing, assembling, distribution and selling of furniture and furniture related products in India and other countries. The management believes that with the new joint venture and remaining business operation, the business plans for the future are profitable and would strengthen the financial position of the Company in the coming years.

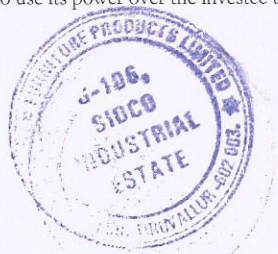
Further, Zuari Global Limited, the holding company, intends to provide financial and operational support in the foreseeable future to enable the Company to operate and settle its obligations as they become due. Accordingly, these financial statements have been prepared on a going concern assumption and do not include any adjustments relating to the recoverability and classification of carrying amounts of assets and the amount of liabilities that might result should the Company be unable to continue as a going concern.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its joint ventures as at 31 March 2017. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns



Indian Furniture Products Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., year ended on 31 March.

2.3 Summary of significant accounting policies

a Business Combination and Goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward with minimal adjustment. The same first time adoption exemption is also used for associates and joint ventures.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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 in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

b Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.



Indian Furniture Products Limited**Notes to Consolidated Financial Statements for the year ended March 31, 2017**

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

c Property, plant and equipment

Fixed Assets are stated at acquisition cost less accumulated depreciation / amortization and cumulative impairment. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Recognition:

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- (a) it is probable that future economic benefits associated with the item will flow to the entity; and
- (b) the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced at intervals, Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Gains or losses arising from de-recognition of tangible assets are measured as the difference between the net disposable proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.

Spare parts are capitalized when they meet the definition of PPE, i.e., when the company intends to use these during more than a period of 12 months.

Nature of tangible asset	Useful life (years)
Buildings	3 - 30
Display furniture	10
Electrical installations	10
Plant & Machinery	10 - 15
Furniture and fittings	10
Office equipment's	5
Vehicles	8 - 10
Computers	3 - 6
Software	3
Leasehold Improvements	3



Indian Furniture Products Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

d Intangible assets

Intangible assets in the nature of computer software are amortised over three years on a straight-line basis based on management's estimates.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

e Leases (other than land leases)

1 Finance leases

Where the Group is the lessee

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments.

2 Operating leases

Where the Group is the lessee

Lease rentals are recognized as expense or income on a straight line basis with reference to lease terms and other considerations except where-

- (i) Another systematic basis is more representative of the time pattern of the benefit derived from the asset taken or given on lease.; or
- (ii) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

f Inventories

The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Inventories are valued at the lower of Cost and Net Realisable Value.

The cost of various categories of inventories are determined as follows:

- (a) Stores and spares, raw materials and packing materials: at moving weighted average basis.
- (b) Work-in-progress and finished goods: Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.
- (c) Cost of finished goods includes excise duty. Cost is determined on a moving weighted average basis.

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

g Provisions, Contingent Liabilities And Capital Commitments

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



Indian Furniture Products Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

Warranty provisions

The Group estimates the liability for the purposes of recognising and measuring provisions for warranty obligations, in relation to repair or replace the items that fail to perform satisfactorily during the warranty period. Warranty provisions are recognised when the risks and rewards of ownership of the goods are sold or a service is provided. In order to determine the level of the provision, various factors are taken into consideration, including estimations based on past experience with the nature and amount of claims, technical evaluations etc. These estimations also involve assessing the future level of potential repair costs other factors. Provisions for warranties are adjusted regularly to take account of new circumstances and the impact of any changes recognised in the income statement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. No reimbursements are expected.

Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be continued by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

h Revenue recognition

1 Revenue from sale of goods

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The Group has concluded that it is the principal in all of its revenue arrangements.

Revenue from sale of goods is recognized when the significant risk and rewards of ownership of the goods have passed to the customers. , recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

Based on the clarifications on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

2 Rendering of services

Revenue from management services are recognized as and when the services are rendered. The company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

3 Other items of revenue

Interest income - Revenue is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

i Taxes

1 Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss are recognised as a part of these items (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2 Deferred tax

Deferred tax is provided using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:



Indian Furniture Products Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes probable that sufficient future taxable income will be available.

Deferred tax relating to items recognised outside profit or loss are recognised as a part of these items (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j Retirement and other employee benefits

1 Short term employee benefits

All employee benefits payable wholly within twelve months are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. and the expected cost of bonus, ex-gratia are recognised in the statement of profit and loss during the period in which the employee renders related service.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contribution.

2 Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Contributions to the provident fund are made monthly at a pre determined rate.

3 Long-term employee benefits:

3.1 Gratuity

The Company operates a defined benefit scheme for its employees, viz., gratuity scheme. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. The effect of changes to the asset ceiling and the return on plan assets is reflected immediately in the statement of Comprehensive Income. All other expenses related to defined benefit plans are recognised in the Statement of Profit and Loss.

3.2 Leave encashment

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. Short term compensated absences are provided for based on estimates

Long term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method. Such long- term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after reporting date.

3.3 Termination benefit

The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than 12 months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

3.4 Re-measurements

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to the retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss.



Indian Furniture Products Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

k 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.

1 Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at 'fair value through profit or loss' (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPL.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost is classified as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading.

For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument by - instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.



Indian Furniture Products Limited

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When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

l Investment in subsidiaries, associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries. Investment in joint ventures is measured at cost.

m Impairment of financial assets

In accordance with Ind AS 109, the Company applies 'expected credit loss' (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Trade receivables or any contractual right to receive cash (including revenue earned in excess of billing) or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables (including Revenue earned in excess of billing).

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The twelve month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., net of all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

-All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

-Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

-Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

-For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired financial assets, i.e., financial assets which are credit impaired on purchase/ origination.



Indian Furniture Products Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

Financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis. The company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.



Indian Furniture Products Limited

Notes to Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the statement of profit and loss. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Company's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

o Derivative financial instruments - Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

Initial recognition and subsequent measurement

The Company uses derivative financial instruments such as forward exchange contracts to hedge its foreign currency risks. Such derivative contracts are marked to market on portfolio basis, and the net loss / gain, is charged to the Statement of profit and loss.

p Derivative instruments - Forward contract for firm commitment

Initial recognition and subsequent measurement

Derivative contracts entered for firm commitment, are marked to market on portfolio basis, and the net loss / gain is charged/credited to the Statement of profit and loss.

q Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

r Earnings per share

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

s Segment reporting

The Company considers business segment as its primary segment. The Company's operations predominantly relates to sale of furnitures and accordingly, this is the only primary reportable segment. The Company considers geographical segment as its secondary segment, The Company's operations are predominantly within India and accordingly this is the secondary reportable segment.



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Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

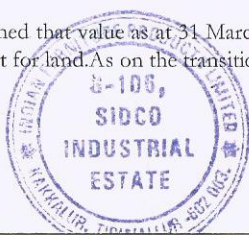
(Amount in Lakhs of Indian Rupees, unless otherwise stated)

3. Property, plant and equipment

Particulars	Land	Buildings	Plant & machinery	Computers	Furniture & fixtures	Office equipment	Display Furniture	Lease hold improvement	Electrical Installations	Vehicles	Total
Cost											-
As at April 1, 2015	11,555.00	606.80	1,025.01	16.57	98.58	69.88	66.68	88.59	44.44	4.62	13,576.17
Additions	-	-	5.67	0.10	7.28	1.85	-	-	-	-	14.90
Disposals	-	-	-	-	(2.43)	(0.39)	-	-	-	-	(2.82)
As at March 31, 2016	11,555.00	606.80	1,030.68	16.67	103.43	71.34	66.68	88.59	44.44	4.62	13,588.25
Additions	-	-	6.99	1.12	1.88	2.02	-	-	3.17	-	15.18
Disposals	-	-	-	(1.28)	-	-	(18.38)	-	-	-	(19.66)
Adjustments (Note 3(a))	-	-	-	-	-	-	(24.15)	(88.59)	-	-	(112.74)
As at March 31, 2017	11,555.00	606.80	1,037.67	16.51	105.31	73.36	24.15	-	47.61	4.62	13,471.03
Depreciation											
As at April 1, 2015	-	-	-	-	-	-	-	-	-	-	-
Provided during the year	-	42.10	88.34	7.25	12.96	30.07	7.65	45.10	4.18	2.16	239.81
Disposals	-	-	-	-	(2.06)	(0.30)	-	-	-	-	(2.36)
As at March 31, 2016	-	42.10	88.34	7.25	10.90	29.77	7.65	45.10	4.18	2.16	237.45
Provided during the year	-	42.12	88.39	4.64	13.28	15.33	7.21	39.29	4.16	1.80	216.22
Disposals	-	-	-	(1.12)	-	-	(12.36)	-	-	-	(13.48)
Adjustments (Note 3(a))	-	-	-	-	-	-	(1.25)	(84.39)	-	-	(85.64)
As at March 31, 2017	-	84.22	176.73	10.77	24.18	45.10	1.25	-	8.34	3.96	354.55
Net book value											
As at March 31, 2017	11,555.00	522.58	860.94	5.74	81.13	28.26	22.90	-	39.27	0.66	13,116.48
As at March 31, 2016	11,555.00	564.70	942.34	9.42	92.53	41.57	59.03	43.49	40.26	2.46	13,350.80
As at April 1, 2015	11,555.00	606.80	1,025.01	16.57	98.58	69.88	66.68	88.59	44.44	4.62	13,576.17

Note 3 (a) : On January 18, 2017, the Company has entered into a Joint Venture agreement with Fabryki Mebli Forte S.A., Poland whereby it has been agreed by the Company to transfer by way lease all its assets to Forte Furniture Products India Pvt Ltd (the joint venture company) with effect from April 01, 2017 and all the products will be manufactured and sold by the joint venture company. Based on terms of agreement, Company has written off assets which cannot be leased to JV Company.

The Company has determined that value as at 31 March 2014 does not differ materially from fair valuation as at 1 April 2015 (date of transition to Ind AS). Accordingly, the group has not revalued the property, plant and equipment at 1 April 2014 again except for land. As on the transition date April 01, 2015, the company has adopted fair value of the land based on an independent report.



Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

4. Intangible Assets

Particulars	Software	Total
Cost		
As at April 1, 2015	42.01	42.01
Additions	0.57	0.57
Disposals	-	-
As at March 31, 2016	42.58	42.58
Additions	-	-
Disposals	-	-
As at March 31, 2017	42.58	42.58
Amortization		
As at April 1, 2015	-	-
Provided during the year	20.92	20.92
Disposals	-	-
As at March 31, 2016	20.92	20.92
Provided during the year	14.00	14.00
Deductions	-	-
As at March 31, 2017	34.92	34.92
Net book value		
As at March 31, 2017	7.66	7.66
As at March 31, 2016	21.66	21.66
As at April 1, 2015	42.01	42.01

5. Investment in subsidiaries, associates and joint ventures

	31 March 2017	31 March 2017	31 March 2016	31 March 2016	01 April 2015	01 April 2015
Investments						
Non Current investments						
Investments in equity shares						
Investments in joint venture						
Un-Quoted:						
Investment in Soundarya IFPL Interiors Limited 125,001 shares (March 31, 2016: 125,001)(March 31, 2015: 125,001) @ Rs. 10 per share	-	-	-	-	-	-
Add: Share of Profit for the Current Year	38.63	38.63	-	-	-	-
Investment in Forte Furniture Products India Private Limited 14,000,500 shares (March 31, 2016: Nil)(March 31, 2015: Nil) @ Rs. 10 per share	1,400.50	-	-	-	-	-
Less: Share of Loss for the Current Year	(363.21)	1,037.29	-	-	-	-
Total Non Current investments		1,075.92				
Aggregate value of unquoted investments		1,075.92				

6. Financial assets

	Non Current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Loans (Unsecured considered good unless otherwise stated)						
Loans						
To Employees	-	-	-	-	-	6.39
Inter Corporate deposits						
To Related party (Refer Note 40)	-	-	-	-	70.00	70.00
To Others	1,125.00	1,125.00	1,125.00	-	-	-
Security Deposits	519.57	370.53	391.61	31.87	31.31	33.87
Total loans	1,644.57	1,495.53	1,516.61	31.87	101.31	110.26

Other Financial assets (at amortised cost):	Current		
	31 March 2017	31 March 2016	01 April 2015
Interest accrued but not due on deposits	15.98	9.02	7.54
Advances recoverable in cash or kind EMD, insurance claim	8.87	26.69	28.73
Total	24.85	35.71	36.27



Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

7. Other assets

	Non-current			Current		
	31 March 2017	31 March 2016	01 April 2015	31 March 2017	31 March 2016	01 April 2015
Balance with Statutory Authorities	2.11	8.59	-	83.46	118.18	84.28
Advances recoverable in Cash or Kind						
Vendor advances	-	-	-	249.17	161.73	125.00
Prepaid expenses	-	-	-	16.93	64.78	80.41
Prepaid lease	-	52.98	89.84	-	23.98	28.05
Total other assets	2.11	61.57	89.84	349.56	368.67	317.74

8. Inventories

(Valued at lower of cost and net realisable value)

	31 March 2017	31 March 2016	1 April 2015
Raw materials	473.98	492.31	601.74
Work-in-progress	220.56	30.44	18.03
Finished goods	1,696.20	2,452.17	2,310.59
Traded goods	904.61	1,552.21	1,711.48
Stores and spares	142.81	160.09	158.06
Packing materials	12.48	7.45	10.08
Total inventories at the lower of cost and net realisable value	3,450.64	4,694.66	4,809.98

During the year ended 31 March 2017, Rs.305.31 (31 March 2016: Rs.146.23) (31 March 2015: Rs.288.83) was recognised as an expense for inventories carried at net realisable value.

Details of inventory - raw material

Particulars	31 March 2017	31 March 2016	1 April 2015
Particle boards	192.83	151.33	207.02
Decorative papers	87.01	56.41	101.33
Others	194.14	284.57	293.39
Total	473.98	492.31	601.74
Details of inventory of traded goods			
Furniture and accessories	904.61	1,552.21	1,711.48
Details of inventory of finished goods			
Furniture and accessories	1,696.20	2,452.17	2,310.59



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Indian Furniture Products Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2017
(Amount in Lakhs of Indian Rupees, unless otherwise stated)

9. Trade receivables

	31 March 2017	31 March 2016	1 April 2015
Trade receivables	1,515.27	1,823.74	1,293.26
Receivables from related parties (Note 40)	847.16	265.87	18.37
Total Trade Receivables	2,362.43	2,089.61	1,311.63
Break-up for security details:			
Secured – considered good	2,260.67	2,016.10	1,236.97
Unsecured – considered good	101.76	73.51	74.66
Unsecured – considered doubtful	381.44	144.26	36.01
	2,743.87	2,233.87	1,347.64
Impairment Allowance (allowance for bad and doubtful debts)			
Unsecured, considered doubtful	(381.44)	(144.26)	(36.01)
Total trade receivables	2,362.43	2,089.61	1,311.63

For terms and conditions relating to related party receivables, refer Note 40

Trade receivables, other than the showroom sales, are non-interest bearing and are generally on terms of 30 to 60 days. The showroom sales are generally on case basis.

10. Cash and Cash Equivalent

Particulars	31 March 2017	31 March 2016	1 April 2015
a. Balances with banks			
- on current accounts	64.10	196.22	178.88
- Deposits with original maturity less than 3 months			
b. Cash on hand	50.03	44.26	43.64
c. Cheque on hand	31.08	31.84	94.15
Total	145.21	272.32	316.67

At 31 March 2017, the Company had available Rs 5,700 (2016: nil, 1 April 2015: nil) of undrawn committed borrowing facilities.

The Company has pledged a part of its short-term deposits to fulfil collateral requirements.

11. Other bank balances

Particulars	31 March 2017	31 March 2016	1 April 2015
Current			
Balances with banks:			
Margin money deposit*	142.02	142.02	96.41
Other Deposits	283.42	301.89	325.41
Less : Amount disclosed under Non current assets	-	(16.08)	(86.27)
Total	425.44	427.83	335.55

*Margin money deposit with carrying amount of Rs.142.02 (March, 31 2016 Rs. 142.02) (March 31, 2015 Rs.96.41) are subject to first charge to secure the Company's Bank guarantee



Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

12. Share Capital

Authorised Share Capital	Equity Shares of Rs.10 each		7% Redeemable Convertible non-cumulative Preference Shares of Rs.100 each	
	No.	Amount in lakhs	No.	Amount in lakhs
At April 1, 2015	72,600,000	7,260.00	1,130,220	1,130.22
Increase/(Decrease) during the year	-	-	-	-
At March 31, 2016	72,600,000	7,260.00	1,130,220	1,130.22
Increase/(Decrease) during the year	-	-	-	-
At March 31, 2017	72,600,000	7,260.00	1,130,220	1,130.22

Particulars	31 March 2017	31 March 2016	1 April 2015
Issued, subscribed and fully paid-up:			
70,099,470 (31st March 2016: 70,099,470) Equity Shares of Rs.10/- Each Fully paid	7,009.95	7,009.95	7,009.95
Total issued, subscribed and fully paid-up share capital	7,009.95	7,009.95	7,009.95

a. Reconciliation of Shares Outstanding at the beginning and end of the reporting year

Equity Shares	31 March 2017		31 March 2016		1 April 2015	
	In Numbers	Amount	In Numbers	Amount	In Numbers	Amount
At the beginning of the year	70,099,470	7,009.95	70,099,470	7,009.95	46,500,080	4,650.01
Issued during the year	-	-	-	-	23,599,390	2,359.94
Outstanding at the end of the year	70,099,470	7,009.95	70,099,470	7,009.95	70,099,470	7,009.95

Note: March 31, 2015 includes 10,000,000 equity shares issued pursuant to conversion of Inter-corporate deposits from M/s Zuari Global Limited aggregating Rs.1,000 in to equity share capital.

The shares issued include 2,35,99,390 shares of Rs 10 each fully paid issued during the financial year 2014-15 pursuant to a scheme of amalgamation of Style Spa Furniture Limited with the Company pursuant to the Honourable High Court of Madras vide it's order dated March 27, 2014.

b. Terms/Rights Attached to equity Shares

The company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Terms of conversion/ redemption of redeemable convertible non-cumulative preference shares

During the year ended March 31, 2016, the company issued 1,000,000 redeemable convertible non-cumulative preference shares of Rs. 100 each fully paid-up per share. Redeemable convertible non-cumulative preference shares carry cumulative dividend @ 7% p.a. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Each holder of redeemable convertible non-cumulative preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to redeemable convertible non-cumulative preference shares.

If redeemable convertible non-cumulative preference share holders do not exercise conversion option, all preference shares are redeemable at par at the end of 12th year from the date of issue. In the event of liquidation of the company before conversion/ redemption of redeemable convertible non-cumulative preference shares, the holders of redeemable convertible non-cumulative preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

d. Details of Shareholders holding more than 5% of equity shares in the Company

Name of Shareholder	31 March 2017		31 March 2016		1 April 2015	
	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class	No. of Shares held	% Holding in Class
<i>Equity shares of Rs. 10 each fully paid up</i>						
Zuari Global Limited (72.45%)	50,785,714	72.45%	50,785,714	72.45%	50,785,714	72.45%
Zuari Investment Ltd (10.05%)	7,044,643	10.05%	7,044,643	10.05%	7,044,643	10.05%
Adventz Investment Company Private Limited (10.09%)	7,071,429	10.09%	7,071,429	10.09%	7,071,429	10.09%
Others (7.41%)	5,197,684	7.41%	5,197,684	7.41%	5,197,684	7.41%
	70,099,470	100.00%	70,099,470	100.00%	70,099,470	100.00%

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares

e. Shares issued for consideration other than cash

Equity Shares	31 March 2017		31 March 2016		1 April 2015	
	in Numbers	Amount in lakhs	in Numbers	Amount in lakhs	in Numbers	Amount in lakhs
Equity shares allotted as fully paid-up for consideration other than cash pursuant to amalgamation of Style Spa Furniture Limited w e f 01.04.2014 in accordance with the order of the Hon'ble High Court of Madras under section 391 to 394 of the erstwhile Companies Act 1956.	2,359,939	235.99	2,359,939	235.99	2,359,939	235.99



13. Other Equity

Particulars	31 March 2017	31 March 2016	1 April 2015
Securities premium account			
Balance as per last financial statements	53.33	53.33	53.33
Closing Balance	53.33	53.33	53.33
Equity component of convertible preference shares of Rs. 100 each (issued and fully paid)			
Balance as per last financial statements	771.69	771.69	-
Closing Balance	771.69	771.69	-
(Deficit) in the statement of profit and loss			
Balance as per last financial statements	1,041.69	2,187.88	3,558.86
Net profit for the year	(2,391.90)	(1,146.19)	(1,370.98)
Net deficit in the statement of profit and loss	(1,350.21)	1,041.69	2,187.88
FVTOCI Reserve			
Balance Bought Forward from Last Year's Account	38.90	-	-
Add/Less: Movement during the year	(24.65)	38.90	-
Balance carried forward to next year	14.25	38.90	-
Total reserves and surplus	(510.94)	1,905.61	2,241.21

14. Long term Borrowings (at amortised cost)

Particulars	31 March 2017	31 March 2016	1 April 2015
Non-current Borrowings			
From bank			
Secured loans			
Term loans	1,028.32	1,426.48	54.03
Working capital term loan	93.71	210.30	342.85
From other parties			
Secured loans			
Loan from Non banking financial corporation	1,385.00	-	-
Unsecured loans			
Deferred sales tax loan	-	-	49.42
Liability component of compound financial instrument			
Redeemable Preference Shares (unsecured)	262.79	232.43	-
Total Non-current Borrowings	2,769.82	1,869.21	446.30

1) Term loan from Axis bank

Term loan from Axis bank was taken during the year 2013-14 and carries an annual Interest @15% . The loan is repayable in 48 equal instalments starting from April 2014 onwards. The term loan is secured against first charge on the immovable and movable fixed asset purchased and constructed under the term loan. The loan is also secured by hypothecation of entire inventory and trade receivables of the Company. Further, the loan has been guaranteed by corporate guarantee of M/s.Zuari Global Limited (formerly M/s.Zuari Industries Limited).

2) Term loan from ICICI bank

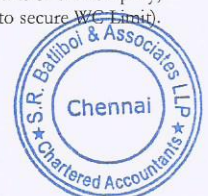
Term loan from ICICI bank for Rs. 1,500 lakhs, was taken during the year 2015-16 and carries an annual Interest @12.10%. The loan is repayable in 48 equal instalments of Rs. 31.25 lakhs, first instalment is due from January 2017 (13 months from the drawdown date). The term loan is secured against first charge on the immovable and movable fixed asset purchased. The second pari passu charge is secured by hypothecation of entire current assets (both present and future) of the Company. Further, the loan has been guaranteed by corporate guarantee of M/s.Zuari Global Limited (Formerly M/s.Zuari Industries Limited).

3) Term loan from IL&FS Financial Services Limited

Term loan from Infrastructure Leasing and Financial Services (IL&FS) was sanctioned for Rs. 7,200 lakhs out of which Rs 1,500 lakhs was disbursed on March 31, 2017. It carries an annual Interest @12.50%. It is repayable in 15 equal instalments of Rs.100 lakhs starting from March 31, 2018. The term loan is secured against first charge on the immovable and movable fixed asset purchased. The second pari passu charge is secured by hypothecation of entire current assets (both present and future) of the Company. Further, the loan has been guaranteed by corporate guarantee of M/s.Zuari Global Limited (Formerly M/s.Zuari Industries Limited).

3) Working Capital Term Loan

Working Capital Term Loan ("WCTL") from Axis bank was taken during the March 2014, and carries an annual Interest @13.50% - 14.00%. The loan is repayable in 48 equal monthly instalment of Rs.10.4 lakhs starting from January 2015. The WCTL is secured against pari passu first charge with Ratnakar bank over the entire Current Assets of the company, both present and future, first charge over the movable fixed assets of the company funded out of Axis Bank Term Loan (Second Paripassu charge will be ceded to secure WCTL). Further, the loan has been guaranteed by corporate guarantee of M/s.Zuari Global Limited (Formerly M/s.Zuari Industries Limited), the holding company.



Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

4) Deferred sales tax loan

Deferred sales tax scheme is interest free and payable in 96 monthly Instalments of amounts, which varies from month to month based on the actual liability. The repayment had started from May 2008 onwards.

5) Terms of conversion/ redemption of redeemable convertible non-cumulative preference shares

During the year ended March 31, 2016, the company issued 1,000,000 Redeemable convertible non-cumulative preference shares of Rs. 100 each fully paid-up per share. Redeemable convertible non-cumulative preference shares carry cumulative dividend @ 7% p.a. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Each holder of redeemable convertible non-cumulative preference shares is entitled to one vote per share only on resolutions placed before the company which directly affect the rights attached to redeemable convertible non-cumulative preference shares.

If redeemable convertible non-cumulative preference share holders do not exercise conversion option, all preference shares are redeemable at par at the end of 12th year from the date of issue. In the event of liquidation of the company before conversion/ redemption of redeemable convertible non-cumulative preference shares, the holders of redeemable convertible non-cumulative preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

15. Short term Borrowings (at amortised cost)

Particulars	31 March 2017	31 March 2016	1 April 2015
Current Borrowings			
From bank			
Loans repayable on demand (Secured)			
Cash Credit	3,882.83	3,577.30	3,786.40
Buyers Credit	311.16	308.87	116.32
Current maturities of long term loans (Refer Note 17)	614.12	301.19	273.25
From other parties			
Unsecured loans			
Inter corporate deposits	485.07	500.00	1,400.00
Total	5,293.18	4,687.36	5,575.97
Less : Current maturities of long term loans disclosed in Other financial liabilities (Refer Note 17)	(614.12)	(301.19)	(273.25)
Total current Borrowings	4,679.06	4,386.17	5,302.72

1) Cash Credit

Cash credit from bank is secured against security on stocks and book debts and fixed assets as collateral. The cash credit is repayable on demand and carries interest @ 13.75% - 14% p.a.

2) Inter corporate deposit

The Company during earlier years had received an inter corporate deposit from M/s. Simon India Limited for Rs.1,000 lakhs at an interest rate of 13.5%, which is fully repaid. Further, the Company had received an inter corporate deposit from M/s/ Duke Commerce Limited for Rs. 400 lakhs during the year 2010-11 at an interest rate of 13.5%, which is repayable on demand.

3) Buyers credit

Company has taken buyers credit for the import LC payment. Each BC will be payable to the buyers credit party with different agreed date along with interest. Buyers credit is secured against first paripasu charges on all Current Assets of the company, both present and future. Holds first paripasu charge on all movable fixed assets (except vehicles & movable fixed assets funded out of term Loan from Axis bank) of the company, both present and future. Holds first pari passu charge on Land and factory building of the company located at G-106, SIDCO Industrial estate, Kakkalur, Tiruvallur, Tamilnadu. Second paripasu charge on movable fixed assets funded out of term loan from Axis Bank Ltd. Further, the loan has been Guaranteed by Unconditional and Irrecoverable corporate guarantee of M/S Zuari Global Limited (Formerly M/s.Zuari Industries Limited),the holding company. The average interest on the buyers' credit is 1.73% (annualised)

16. Trade payables (at amortised cost)

Particulars	31 March 2017	31 March 2016	1 April 2015
Sundry Creditors:			
Trade payables (Refer Note 37 for details of dues to micro and small enterprises)	3,801.39	3,300.99	2,838.15
TOTAL	3,801.39	3,300.99	2,838.15

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled in accordance with terms of the purchase orders. For imported materials, the same are normally procured against 180 days Letter of credit.

For terms and conditions with related parties, refer to Note 40

For explanations on the Company's credit risk management processes, refer to Note 33



Indian Furniture Products Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2017
(Amount in Lakhs of Indian Rupees, unless otherwise stated)

17. Other Financial Liabilities

	Current		
	31 March 2017	31 March 2016	1 April 2015
Other financial liabilities at amortised cost			
Interest accrued and due on borrowings	-	3.91	35.53
Employee related payables	303.47	194.04	286.93
Security deposits from dealers and employees	285.37	277.64	342.80
Current maturities of long term loans (Refer Note 15)	614.12	301.19	273.25
Total other financial liabilities at amortised cost	1,202.96	776.78	938.51
Total other financial liabilities	1,202.96	776.78	938.51

18. Other Current Liabilities

	Current		
	31 March 2017	31 March 2016	1 April 2015
Advances received for sale of land	700.00	700.00	700.00
Excise & service tax payable	208.71	247.87	198.03
Sales Tax and VAT	37.12	77.18	168.48
TDS payable	28.40	20.07	25.72
Advances received from customers and others	313.90	177.99	130.42
Total	1,288.13	1,223.11	1,222.65

19. Provisions (Current and Non-Current)

Particulars	Non Current			Current		
	31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	1 April 2015
Provision for employee benefits (Refer note 39 for Ind AS 19 disclosures)	-	200.44	278.74	265.20	33.98	41.58
Others provisions:						
Provision for Warranty*	-	-	-	14.31	14.31	8.09
Total	-	200.44	278.74	279.51	48.29	49.67

* The movement for "Provisions for Warranty" during the year is as follows :-

	Current		
	31 March 2017	31 March 2016	1 April 2015
Opening Balance	14.31	8.09	8.69
Additions during the year	14.31	14.31	8.09
Amount used during the year			
Unused amount reversed during the year	(14.31)	(8.09)	(8.69)
Unwinding of discount and changes in the discount rate			
Closing balance**	14.31	14.31	8.09

** *The above provision is expected to be utilised within the next two years.

20. Income Tax

The major components of income tax expense for the years ended March 31, 2017 and March 31, 2016 are:

Profit or loss section

Particulars	31-Mar-17	31-Mar-16
Current income tax:		
Current income tax charge	-	-
Adjustments in respect of current income tax of previous year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(2.70)	(3.50)
Income tax expense reported in the statement of profit or loss	(2.70)	(3.50)

OCI section

Deferred tax related to items recognised in OCI during in the year:

Particulars	31-Mar-17	31-Mar-16
Net loss/(gain) on remeasurements of defined benefit plans	(24.65)	38.90
Deferred tax charged/(credit) to OCI	-	-



Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017
(Amount in Lakhs of Indian Rupees, unless otherwise stated)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016

Particulars	As at 31-Mar-17	As at 31-Mar-16
Accounting profit/(loss) before Income tax	(2,394.60)	(1,149.69)
At India's statutory income tax rate of 30.90%% (March 31, 2016: 33.063%)	(739.93)	(380.12)
Adjustment on account of share of loss from Joint Venture	100.30	-
Non recognition of tax deferred taxes due to virtual certainty of profits	639.64	380.12
Tax effects of amortisation of fair value of land during the year (Capital gains)	(2.70)	(3.50)
Net impact	(2.70)	(3.50)
Income tax impact reported in the statement of profit and loss at the effective income tax rate of 30.90%% (March 31, 2016: 33.063%)	(2.70)	(3.50)

Deferred tax:

	As at 1-Apr-15	Provided during the year	As at 31-Mar-16	Provided during the year	As at 31-Mar-17
Deferred tax liability:					
Fixed assets Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	22.12	(0.91)	21.21	(4.57)	16.64
Total deferred tax liability (A)	22.12	(0.91)	21.21	(4.57)	16.64
Deferred tax assets:					
Expenses allowable in Income tax on payment basis and deposition of Statutory dues (restricted to the extent of deferred tax liability)	19.62	(2.83)	16.79	(4.57)	12.22
Provision for warranties	2.50	1.92	4.42	-	4.42
Total deferred tax assets (B)	22.12	(0.91)	21.21	(4.57)	16.64
Deferred Tax Liability (Net) (A - B)	-	-	-	-	-
Deferred tax liability - Others					
Amortisation of fair value of land during the year (Capital gains)	2,317.43	(3.50)	2,313.93	(2.70)	2,311.23
Total deferred tax liability	2,317.43	(3.50)	2,313.93	(2.70)	2,311.23

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

On the transition date April 01, 2015, the company has adopted fair value of the land based on an independent report. The Company has calculated the gain on account of such valuation and recognised deferred tax liability on account of virtual certainty of such gain on actual realisation. During the year, based on the indexation of cost, the company has amortised the gain to that extent and accordingly the deferred tax liability has been reduced.



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Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

21. Revenue From Operations

	31 March 2017	31 March 2016
Revenue from operations		
Sale of products(including excise duty)		
Finished goods	6,879.98	8,016.51
Traded goods	3,540.82	3,859.56
Total sale of products	10,420.80	11,876.07
Sale of Services		
Installation services	79.99	3.21
Fee for management services	1,049.31	200.00
Other operating revenue		
Scrap Sales	16.29	18.06
Commission- incentives	(143.64)	(168.01)
Total revenue from operations	11,422.75	11,929.33

Sale of goods includes excise duty collected from customers of Rs. 779.13 (31 March 2016: Rs.793.00). Sale of goods net of excise duty is Rs. 9,641.66 (31 March 2016: Rs.11,083.07).

22. Other income

	31 March 2017	31 March 2016
Other non-operating income		
<u>Finance income:</u>		
On bank deposits	24.13	50.11
Others	-	38.09
Other non-operating income	187.71	30.29
Total Other income	211.84	118.49

23. Cost of raw materials and components consumed

	31 March 2017	31 March 2016
a. Raw materials and components consumed		
Inventory at the beginning of the year	492.31	601.74
Add : Purchases	2,291.79	2,780.30
Less: inventory at the end of the year	(473.98)	(492.31)
Total cost of Raw materials and components consumed	2,310.12	2,889.73



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Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

24. (Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods

	31 March 2017	31 March 2016
Inventories at the end of the year		
Work-in-progress	220.56	30.44
Traded goods	904.61	1,552.21
Finished goods	1,696.20	2,452.17
	<u>2,821.37</u>	<u>4,034.82</u>
Inventories at the beginning of the year		
Work-in-progress	30.44	18.03
Traded goods	1,552.21	2,310.59
Finished goods	2,452.17	1,711.48
	<u>4,034.82</u>	<u>4,040.10</u>
(Increase)/decrease in inventories	1,213.45	5.28

24.1 Excise duty on goods

	31 March 2017	31 March 2016
Excise duty on sale of goods	779.13	793.00
(Increase)/decrease of excise duty and cess on inventories	(105.32)	55.81
	<u>673.81</u>	<u>848.81</u>

25. Employee benefits expense

	31 March 2017	31 March 2016
Salaries, wages and bonus	1,548.36	1,587.46
Contribution to provident and other funds	78.02	83.48
Gratuity expense	28.44	29.26
Employees' welfare expenses	50.64	72.49
Total	1,705.46	1,772.69

26. Finance Costs

	31 March 2017	31 March 2016
Interest on debt and borrowings		
- to banks	723.52	586.18
- to others	116.46	181.78
Bank charges	212.16	181.64
Total	1,052.14	949.60

27. Depreciation and amortization expense

	31 March 2017	31 March 2016
Depreciation of tangible assets (note 3)	216.22	239.81
Amortization of intangible assets (note 4)	14.00	20.92
Total	230.22	260.73



Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

28. Other expense

	31 March 2017	31 March 2016
Power and fuel	288.58	326.01
Consumption of stores and spares	60.23	64.45
Consumption of packing materials	208.93	287.47
Repairs and maintenance:		
Buildings	3.60	6.79
Plant and machinery	17.12	11.97
Others	120.21	156.23
Outward freight and forwarding charges	821.69	1,054.64
Contract labour	130.61	178.93
Commission	3.34	0.92
Rent	1,115.84	1,214.51
Provision for doubtful debts	259.92	108.25
Advances written off	209.50	-
Product write off	6.54	101.02
Rates and taxes	128.78	60.69
Insurance	50.43	174.96
Travelling and conveyance	157.19	28.05
Legal and Professional fees	95.08	57.44
Payment to auditors (Refer details below)	15.41	15.41
Communication costs	70.34	354.80
Advertising and sales promotion	315.28	6.21
Provision for warranties	-	25.94
Exchange differences (net)	-	0.47
Loss on sale of fixed asset (net)	6.17	-
Assets write off	27.10	-
Miscellaneous expenses	138.90	68.92
Total	4,250.79	4,304.06

Payment to auditors

	31 March 2017	31 March 2016
As auditor:		
Audit Fees	12.37	12.37
Tax Audit Fees	2.29	2.29
In other capacity		
Reimbursement of expenses	0.75	0.75
Total	15.41	15.41

29. Earnings Per Share (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	31 March 2017	31 March 2016
Profit attributable to equity holders of the parent	(2,067.32)	(1,146.19)
Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted)	70,099,470	70,241,936
Earning Per Share (Basic and Diluted) (Rs)	(2.95)	(1.63)
Face value per share (Rs)	10	10



Indian Furniture Products Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2017**

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

30. Commitments and Contingencies**a. Leases****Operating lease commitments — as lessee**

The company has entered into commercial lease on certain office premises. These lease have an average life of between 3 and 9 years. Lease Rentals charged to the Statement of profit and loss during the current year is Rs. 1,115.84 (31 March 2016: 1,214.51)(31 March 2015: 1,563.48).

Future minimum rentals payable under non-cancellable operating leases as at 31 March are, as follows:

	31 March 2017	31 March 2016	01 April 2015
Lease Obligations			
- Within one year	10.20	923.36	1,054.88
- After one year but not more than five years	-	2,600.14	3,710.98
- More than five years	-	400.45	865.99

b. Contingent Liabilities

Future cash outflows in respect of matters considered disputed are determinable only on receipt of judgments / decisions pending at various forums/authorities. The management does not expect these claims to succeed and accordingly, no provision for the contingent liability has been recognized in the financial statements.

Particulars	31 March 2017	31 March 2016	01 April 2015
In respect of:			
- Income tax matters *	122.59	107.16	-
- Sales tax matters **	109.62	110.89	93.94
- Service tax matters ***	126.11	119.11	119.11
	358.32	337.16	213.05

* Amount includes deposits made under protest Rs. 3.80 (March 31, 2016 - Rs 3.80)(March 31, 2015 - Nil)

** Amount includes deposits made under protest for Rs. 4.73 (March 31, 2016 - Rs 4.73)(March 31, 2015 - Rs 9.08)

*** Amount includes deposits made under protest for Rs. 21.25 (March 31, 2016 - Rs 21.25)(March 31, 2015 - Rs 21.25)

31. First Time Adoption of Ind AS**First-time adoption of Ind-AS**

These consolidated financial statements, for the year ended 31 March 2017, are the first the Group has prepared in accordance with Ind-AS. For periods up to and including the year ended 31 March 2016, the Group prepared its consolidated financial statements in accordance with statutory reporting requirement in India immediately before adopting Ind AS (previous GAAP).

Accordingly, the Group has prepared consolidated financial statements which comply with Ind-AS applicable for periods ending on or after 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these consolidated financial statements, the Group's opening balance sheet was prepared as at 1 April 2015, the company's date of transition to Ind-AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the consolidated financial statements as at and for the year ended 31

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

The following exemptions are available to the company:

Mandatory exemptions:**Classification and measurement of financial assets:****Financial Instruments: (Loan to employees, Security deposits received and security deposits paid) :**

Financial assets like loan to employees, security deposits received and security deposits paid, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind ASs. Since, it is impracticable for the Company to apply retrospectively the effective interest method in Ind AS 109, the fair value of the financial asset or the financial liability at the date of transition to Ind AS by applying amortised cost method, has been considered as the new gross carrying amount of that financial asset or the financial liability at the date of transition to Ind AS.

Government Loans: (Deferred sales tax loan)

The Company has applied the requirements in Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to Ind ASs and has not recognised the corresponding benefit of the government loan at a below-market rate of interest as a government grant. Accordingly, the Company has used its previous GAAP carrying amount of loan at the date of transition to Ind ASs as carrying amount of loan in the opening Ind AS Balance Sheet i.e. Provisions of Ind AS 20 has applied prospectively.

Impairment of financial assets: (Trade receivables and other financial assets)

At the date of transition to Ind AS, the Company has determined that there significant increase in credit risk since the initial recognition of a financial instrument would require undue cost or effort, the Company has recognised a loss allowance at an amount equal to lifetime expected credit losses at each reporting date until that financial instrument is derecognised (unless that financial instrument is low credit risk at a reporting date).



Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- FVTOCI – unquoted equity shares
- FVTOCI – debt securities
- Impairment of financial assets based on expected credit loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1 April 2015, the date of transition to Ind AS and as of 31 March 2016.

Optional exemptions:

Fair value measurement of financial assets or financial liabilities

First-time adopters may apply Ind AS 109 to day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS. Therefore, unless a first-time adopter elects to apply Ind AS 109 retrospectively to day one gain or loss transactions, transactions that occurred prior to the date of transition to Ind AS do not need to be retrospectively restated.

Deemed cost-Previous GAAP carrying amount: (PPE and Intangible)

The Company has elected to continue with the carrying value for all of Property, Plant and Equipment and Intangible Assets, as recognised in its Indian GAAP financial as deemed cost at the transition date except land for which the company adopted fair value on the transition date April 01, 2015 based on an independent valuation report.

32. Other Notes

The Company had placed on January 1, 2009, a short term intercorporate Deposit (ICD) amounting to Rs 1,000 lakhs for a period of 3 months with M/s Straight Curve Ideas Private Ltd (Straight Curve). The deposit carried an interest rate of 15% p.a and out of the aggregate interest accrued from inception of deposit to March 31, 2010 of Rs. 183.28 lakhs Straight Curve has made payments (including Tax Deducted at Source) aggregating to Rs.58.28 lakhs. On account of the continuing default by Straight Curve in respect of payment of principal and interest, the Company has suspended accruing for further interest with effect from April 1, 2010. Further the Company has initiated legal proceedings for the recovery of the outstanding amount. The Company is of the view that based on the actions initiated, personal guarantee provided by one of the directors of Straight Curve and pledge of shares of straight curve obtained as security, the amount outstanding is fully recoverable and hence, no provision has been made in the financial statements in this regard. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the company's financial position and results of operations.

Loans given to Soundarya IFPL Interiors Limited (subsidiary)

Balance as at 31 March 2017 NIL (31 March 2016: Rs. 70)(31 March 2015: Rs. 70)

Loan given to the subsidiary in earlier year has been repaid in full during the year.

Maximum amount outstanding during the year Rs. 70 (31 March 2016: Rs. 70)(31 March 2015: Rs. 70)

Appointment of company secretary

In accordance with section 203 of the Companies Act, 2013, a Public limited Company (not being a Listed Company) having paid up capital of Rs. 10 crore or more, is required to appoint key managerial personnel, which also includes a Company Secretary. The existing Company secretary of the Company had resigned on October 28, 2015. However, subsequent to resignation, the Company is still in the process of appointing a Company secretary on a whole time basis.

Amalgamation with Style Spa Furniture Limited

The Honorable High Court of Madras, on 27 March 2014, sanctioned a scheme of amalgamation (the scheme) under sections 391 to 394 of the Companies Act, 1956. In accordance with the scheme, Style Spa Furniture Limited ("SSFL"/ transferor company) merges with the Company with effect from 1 April 2014. In accordance with the High Court order, the Company has taken over net liabilities aggregating to Rs. 862.92 lakhs. The Company had issued 15 (Fifteen) Equity shares of IFPL of Rs.10 each (fully paid) as consideration for every 14 (Fourteen) Equity shares of Rs.10 (fully paid) of Style Spa Furniture Limited (SSFL) to the shareholders of SSFL. The difference between the amount recorded as share capital issued, plus any additional consideration in the form of cash or other assets, and the amount of share capital of the transferor company were adjusted in the reserves.



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Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

33. Financial risk management objectives and policies

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables, security deposits, employee liabilities. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Finance team that advises on financial risks and the appropriate financial risk governance framework for the Company. The finance team provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Interest rate risk

Applicability - Financial liabilities

Long-term debt obligations with fixed interest rates.

Term loans from banks

Working capital term loan

Preference share

Loan from an Non banking financial Company

Short term loans with fixed interest rates

Cash Credit from bank

Buyers Credit

Inter corporate deposits

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company has not taken any floating rate borrowing, hence the interest rate risk is considered to be minimal. The Company has used movement in bank rates by Reserve Bank of India for making a sensitivity analysis for interest rate risk.

	Increase/decrease in basis points	Effect on profit before tax (Rs.)
31-Mar-17		
INR	+50	(35.02)
INR	-50	35.02
31-Mar-16		
INR	+50	(27.33)
INR	-50	27.33

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Applicability -

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The company management constantly keeps a track of the foreign currency movement and takes advice from the corporate treasury for hedging the foreign exchange rates. As the volume of transactions and outstanding position at a given point of time is very low and the risk due to foreign exchange fluctuation would not be material, the management decided not to hedge the foreign currency exposure.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant, the impact on the Company's profit before tax is due to changes in the fair value of monetary liabilities including non-designated foreign currency derivatives and embedded derivatives.

	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
31-Mar-17	+5%	(15.56)	-
	-5%	15.56	-
31-Mar-16	+5%	(15.44)	-
	-5%	15.44	-



Indian Furniture Products Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2017**

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Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Applicability

Trade receivables
Inter Corporate Deposit
Deposits with Banks
Security deposits given
Loans to employees

Trade receivables

Customer credit risk is managed by monitoring individual category customers subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored. Based on the aging of receivables, the Company assesses the recoverability of the amount from each customer

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The ageing analysis of trade receivables as of the reporting date is as follows:

Particulars	Neither past due nor impaired	Past due but not impaired		Total
		Less than 1 year	More than 1 year	
Trade Receivables as of March 31, 2017	532.65	1,810.00	401.23	2,743.88
Trade Receivables as of March 31, 2016	317.46	1,587.86	328.55	2,233.87

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made in fixed deposits with banks only. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure relating to financial guarantees is Rs.1,117.00 (March 31, 2017) Rs.1,257.37 (March 31, 2016), Rs. 1,257.37 (March 31, 2015).

Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company monitors its risk of a shortage of funds using future cash flow projections. The Company manages its liquidity needs by continuously monitoring cash flows from customers and by maintaining adequate cash and cash equivalents. The Company's objective is to maintain a balance between continuity of funding and flexibility through shareholder funds or borrowings from the holding company or sister concerns. Considering the stability of the company's holding company, liquidity risk of the Company is considered to be low.



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Indian Furniture Products Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2017**

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended						
31-Mar-17						
Borrowings	4,367.90	445.16	480.12	2,507.03	262.79	8,063.00
Trade payables	3,398.91	402.48	-	-	-	3,801.39
Other financial liabilities	-	434.00	768.96	-	-	1,202.96
	7,766.81	1,281.64	1,249.09	2,507.03	262.79	13,067.35
Year ended						
31-Mar-16						
Borrowings	4,077.30	398.54	211.52	1,636.78	232.43	6,556.57
Trade payables	3,097.66	203.33	-	-	-	3,300.99
	7,174.96	601.87	211.52	1,636.78	232.43	9,857.56
As at 1 April 2015						
Borrowings	5,249.75	156.57	169.65	509.65	-	6,085.62
Trade payables	2,559.65	278.50	-	-	-	2,838.15
Other financial liabilities	-	40.25	(40.25)	-	-	-
	7,809.40	475.32	129.40	509.65	-	8,923.77

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Collateral

The Company has pledged part of its short-term deposits in order to fulfil the collateral requirements for the derivatives contracts. At 31 March 2017, 31 March 2016 and 1 April 2015, the fair values of the short-term deposits pledged were Rs.142.02, Rs.142.02 and Rs. 96.41, respectively. The counterparties have an obligation to return the securities to the Company.



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Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

34. Fair values

The management consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

The following table summarises carrying values of the financial assets and liabilities by each category

	Carrying value		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Financial assets (at amortised cost)			
(i) Security deposits	551.45	401.84	425.48
ii) Trade receivables	2,362.43	2,089.61	1,311.63
iii) Cash and cash equivalents	145.21	272.32	316.67
iv) Bank balances other than above	425.44	427.83	335.55
v) Loans	1,676.45	1,596.84	1,626.86
vi) Other financial assets	24.85	51.79	196.53
Total	5,185.82	4,840.22	4,212.72
Financial liabilities			
Borrowings (at amortised costs):			
(i) Long term borrowings	2,769.82	1,869.21	446.30
(ii) Short term borrowings	4,679.06	4,386.17	5,302.72
(iii) Trade payables	3,801.39	3,300.99	2,838.15
(iv) Liability component Preference shares	262.79	232.43	-
Total	11,513.06	9,788.80	8,587.17

The management assessed that cash and cash equivalents, other bank balances, trade receivables, cash credit, buyers credit, inter corporate deposits, loan to related party, loan to employee and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the company based on parameters such as interest Rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project. based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

- The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

- The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates, within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- The fair values of the company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2017 was assessed to be insignificant.



Indian Furniture Products Limited**Notes to the Consolidated Financial Statements for the year ended March 31, 2017**

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35. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group's objectives for managing capital comprise safeguarding the business as a going concern, creating value for stakeholders and supporting the development of the Group. In particular, the Group seeks to maintain an adequate capitalization that enables it to achieve a satisfactory return for shareholders and ensure access to external sources of financing, in part by maintaining an adequate rating. In this context, the Group manages its capital structure and adjusts that structure when changes in economic conditions so require.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

The management constantly monitors and reviews the debt to equity ratio. As part of this review, the management considers the cost of capital and risks associated with each class of capital requirements and maintenance of adequate liquidity buffer.

The position on reporting date is summarized in the following table:

Particulars	31 March 2017	31 March 2016	31 March 2015
Debt			
Long term borrowings (including financial liability component of non cumulative redeemable preference shares)- Note 14	2,769.82	1,869.21	446.30
Current maturities of long-term borrowings- Note 15	614.12	301.19	273.25
Short-term borrowings- Note 15	4,679.06	4,386.17	5,302.72
Less: Cash and Cash equivalents - Note 10	(145.21)	(272.32)	(316.67)
Net debt	7,917.79	6,284.24	5,705.60
Equity	7,009.95	7,009.95	7,009.95
Other equity	(510.94)	1,905.61	2,241.21
Total Capital	6,499.01	8,915.56	9,251.16
Capital and Net debt	14,416.80	15,199.80	14,956.76

Gearing ratio 55% 41% 38%

36. Events After the Reporting Period

On January 18, 2017, the Company has entered into a Joint Venture agreement with Fabryki Mebli Forte S.A., Poland whereby it has been agreed by the Company to transfer by way lease all its assets to Forte Furniture Products India Private Limited (the joint venture company) with effect from April 01, 2017 and all the products will be manufactured and sold by the joint venture company. The Joint venture company will also take over selected items of inventories at a value mutually agreed between the joint venture parties post balance sheet date. All the employees of the Company except a few will be transferred to the joint venture company with effect from 01.04.2017. However, the company will continue to procure and sell products other than furniture within and outside India.

37. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

There are no dues to Micro, Small and Medium Enterprises which are out standing for more than 45 days as at Balance Sheet date and no interest has been paid to any such parties during the year. This is based on the information available with the Company.



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Indian Furniture Products Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2017

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38. Significant accounting judgements, estimates and assumptions

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The company has Rs.8,797.28 (31 March 2016: Rs.6,829.02, 1 April 2015: Rs.5,833.02) of tax losses carried forward. These losses, expire in 8 years and may not be used to offset taxable income elsewhere in the company. The Company neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the company was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by Rs. 2,897.87. Further details on taxes are disclosed in Note 20.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and other post-employment medical benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 39

Allowance for uncollectible trade receivables

Trade receivables do not carry interest and are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not be collectible.

Warranties

Provision for warranties involves a significant amount of estimation. The provision is based on the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The best estimate is determined based on the Group's past experience of warranty claims and future expectations. These estimates are revised periodically.



Indian Furniture Products Limited

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39. Gratuity and other post-employment benefit plans

	31-Mar-17	31-Mar-16	1-Apr-15
Plans			
- Gratuity (Not Funded)	175.23	140.32	-

The Group has a defined gratuity plan. Under the gratuity plan, every employee who has completed at least five year of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The scheme is non funded.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and amounts recognised in the balance sheet for the respective plans:

Net employee benefit expense (recognized in Employee Cost) for the year ended 31st March 2017

Particulars	Gratuity	
	31 March 2017	31 March 2016
Current Service Cost	17.57	15.60
Net Interest Cost	10.87	13.66

Amount recognised in Other Comprehensive Income for the year ended 31st March,2017

Particulars	Gratuity	
	31 March 2017	31 March 2016
Actuarial (gain)/ loss on obligations	(24.65)	38.90

Changes in the present value of the defined benefit obligation are, as follows:

Particulars	Gratuity	
	31 March 2017	31 March 2016
Opening defined obligation	111.06	191.45
Current service cost	17.57	15.60
Interest cost	10.87	13.66
Transfer In	24.65	(38.90)
Benefits paid	(18.19)	(41.49)
Actuarial (gain)/ loss on obligations	-	-
Defined benefit obligation	145.96	140.32

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	31 March 2017	31 March 2016
Discount rate (in %)	7.75%	7.50%
Salary Escalation (in %)	9% for first 2 years & 7.5% thereafter	5.00%
Life expectation for (in years):	22.38	23.52

A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below:

Gratuity Plan

Assumptions	Discount rate		Future salary increases	
	0.50% increase	0.50% decrease	0.50% increase	0.50% decrease
Sensitivity Level				
Impact on defined benefit obligation 31-Mar 17	(5.79)	6.15	6.12	(5.81)
Impact on defined benefit obligation 31-Mar 16	(4.16)	4.41	4.50	(4.28)

The sensitivity due to mortality and withdrawals are not material & hence change impact is not calculated.

Sensitivities as to rate of inflation, rate of increase in pension in payment, rate of increase in pension before retirement & life expectancy are not applicable being a lump sum payment on retirement

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

	31-Mar-17	31-Mar-16
Within the next 12 months (next annual reporting period)	18.74	26.12
Between 2 and 5 years	58.26	62.94
Beyond 5 years	98.22	51.27
Total expected payments	175.22	140.33

The average duration of the defined benefit plan obligation at the end of the reporting period is 23.52 years (31 March 2016: 22.38 years).



Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

40. Related party transactions

The list of related parties as identified by the management are as under

Holding company:	Zuari Global Limited (ZGL) - (Formerly Zuari Industries Limited)
Related parties with whom transactions have taken place during the year:	
Company under common control	Chambal Fertiliser And Chemicals Ltd (CFCL) Zuari Agro Chemicals Limited (ZACL) (Formerly Zuari Holding Limited) Globex Limited Adventz Infra World India Limited (AIWL) Zuari Fertilisers and chemicals ltd (ZFL) Paradeep Phosphates Limited (PPL) Simon India Limited (SIL) Lionel India Limited (LINEL) Zuari Investments Limited (ZINL) Govind Sugai Mills Ltd (GSL) Zuari Management Services Limited (ZMSL)
Joint Venture	Soundarya IIPPL Interiors Ltd (SIFL) Forte Furniture Products India Pvt Ltd (FFPIPL)
Key Management Personnel:	Mr. P.K Gandhi, Whole Time Director (From September 03, 2014) Mr Suresh Krishnan, Director Mr K K Gupta, Director Mr V K Sinha, Director Mr R S Raghvan, Director Ms. S.S.Simi, Company Secretary (resigned with effect from October 28, 2015) Mr.A.T.Sudhakaran, Chief Financial Officer (resigned with effect from July 15,) Mr. Prasanta Das, Chief Financial Officer

The following transactions were carried out with the related parties during the year

S.No		Holding company	Joint Venture		Company under common control										Key Management Personnel	
		ZGL	SIFL	FFPIPL	ZACL	ZINL	ZFL	PPL	SIL	ZMSL	AIWL	LINEL	GSL	CFCL		
1	Sale of goods	- (58.46)	55.50	105.00	51.03 (141.42)	-	-	-	-	-	-	-	-	209.38	5.67 (5.55)	-
2	Management fees	-	370.29	739.08	-	-	-	-	-	-	-	-	-	-	-	-
3	Interest paid	-	-	-	-	-	-	-	13.02 (132.88)	-	-	-	-	-	-	-
4	Expenses reimbursement paid	1.25	838.54	-	-	0.02	-	-	0.06	-	-	41.85	-	-	-	-
5	Expenses reimbursement received	-	860.78 (31.60)	-	0.02	-	-	-	0.06	-	-	-	-	-	-	-
6	Interest Received	-	2.73 (10.00)	-	-	-	-	-	-	-	-	-	-	-	-	-



Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

S.No		Holding company	Joint Venture		Company under common control										Key Management Personnel
		ZGL	SIFL	FFPL	ZACL	ZINL	ZFL	PPL	SIL	ZMSL	AIFL	LINEL	GSL	CFCL	
8	ICD repaid	-	70.00	-	-	-	-	-	115.67 (900.00)	-	-	-	-	-	-
9	Advance received	-	-	-	-	-	-	10.42	-	-	-	-	-	-	
10	Purchase of Goods & Services received	-	-	-	-	-	-	-	-	-	-	39.01	-	-	
11	Managerial Remuneration P K Gandhi *	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Salary and bonus	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Prasanta Das Salary and bonus	-	-	-	-	-	-	-	-	-	-	-	-	31.75 (11.99)	
	A.T.Sudhakaran Salary and bonus	-	-	-	-	-	-	-	-	-	-	-	-	(11.03)	
	Simi.S.S Salary and bonus	-	-	-	-	-	-	-	-	-	-	-	-	(3.47)	
12	Balance due to	2.25 (1.00) (1.00)	- - (0.22)	- - -	700.00 (700.00) (700.29)	- (0.02) (0.02)	0.05 (0.05) (0.05)	- (0.23) (0.47)	- (78.15) 1,029.96	- - (0.00)	0.06 (0.06) -	24.15 - -	- - -	- - -	
13	Balance due from	- - -	177.09 (301.48) (70.00)	642.00 - -	2.32 (29.16) -	- - -	- - -	18.41 - -	- - -	- - -	- - -	- - -	27.89 - (0.58)	- - -	

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

Figures in brackets pertain to the previous years FY 2015-16 and FY 2014-15

* The number is rounded off to nearest lakhs



Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

41. Segment Information

Information regarding Primary Segment Reporting as per Ind AS-108

The Board of directors monitors the operating results of its business as a single primary segment "Manufacture and sale of Furniture" for the purpose of making operational decisions. The business of the Company falls under a single primary segment for the purpose of Ind AS 108.

42. Disclosure of specified bank notes

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 08 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08 November 2016	12.70	18.20	30.91
(+) Permitted receipts	-	114.22	114.22
(-) Permitted payments	-	(48.60)	(48.60)
(-) Amount deposited in banks	(12.70)	-	(12.70)
Closing cash in hand as on 30 December 2016	-	83.82	83.82

i) For this purpose the specified bank notes (SBN) shall be the notes specified in notification no S.O. 3407(E), dated 08 November 2016.

Specified Bank Notes (SBN) means Rs 500 and Rs 1000 notes which ceased to be legal tender post 08 November 2016 midnight as per notification no S.O. 3407(E), dated 08 November 2016.

ii) The Company does not maintain independent records of denomination of currency in its books of accounts. However, on 08 November 2016 when Rs. 500 and Rs. 1000 ceased to be legal tender, the Company management counted and prepared details of total cash, and deposited the entire SBNs with its bankers.



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Indian Furniture Products Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2017
(Amount in Lakhs of Indian Rupees, unless otherwise stated)

43. Disclosure of Interest in joint arrangements :

1) Disclosure of Interest in the following categories of Joint Arrangements:

(a) Joint Ventures:

Name	Country of Incorporation /Principal place of business	Proportion of Ownership Interest (%)		
		As on March 31, 2017	As on March 31, 2016	As on April 01, 2015
(i) Soundarya IFPL Interiors Limited	India	50.00%	50.00%	50.00%
(ii) Forte Furniture Products India Private Limited	India	50.00%	-	-

44. Interest in Joint Venture

The Group's interest in joint venture is accounted for using the equity method in the consolidated financial statements.

Financial information of joint ventures is provided below:

Proportion of equity interest held in joint venture:

Name	Country of Incorporation and operation	March 31, 2017	March 31, 2016	April 01, 2015
Soundarya IFPL Interiors Limited	India	50.00%	50.00%	50.00%
Forte Furniture Products India Private Limited	India	50.00%	-	-

Information regarding Joint Ventures

Name	March 31, 2017	March 31, 2016	April 01, 2015
Carrying amount of investment			
Soundarya IFPL Interiors Limited	38.63	-	-
Forte Furniture Products India Private Limited	1,037.29	-	-
	1,075.92	-	-
Share of Profit/(loss) of joint ventures			
Soundarya IFPL Interiors Limited	38.63	-	-
Forte Furniture Products India Private Limited	(363.20)	-	-
	(324.57)	-	-

Summarised financial information of the joint ventures, based on its Ind AS financial statements and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

A. SOUNDARYA IFPL INTERIORS LIMITED**

Summarised balance sheet as at March 31, 2017:

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Current assets, including cash and cash equivalents Rs. 1.30 lakhs (March 31 2016: Rs. 292.26 lakhs, 01 April 2015: Rs. 754.02 lakhs)	897.41	966.39	875.09
Non-current assets	3.24	11.43	13.69
Current liabilities including financial liability Rs.576.66 (31 March 2016: Rs. 373.30 lakhs, 01 April 2015: Rs. 70.24 lakhs)	(823.25)	(1,187.06)	(956.14)
Non-current liabilities, including deferred tax Rs. 0.15 lakhs (31 March 2016: Rs. 0.35 lakhs, 01 April 2015: Rs. 0.27 lakhs)	(0.15)	(0.35)	(0.27)
Equity	77.25	(209.59)	(67.63)
Proportion of the Group's ownership	50%	50%	50%
Carrying amount of the investment	38.63	(104.80)	(33.81)



Indian Furniture Products Limited
Notes to the Consolidated Financial Statements for the year ended March 31, 2017
(Amount in Lakhs of Indian Rupees, unless otherwise stated)

Summarised statement of profit and loss

Particulars	March 31, 2017	March 31, 2016
	Rs. Lakhs	Rs. Lakhs
Revenue	4,063.60	708.66
Other Income	0.42	26.39
Total Revenue	4,064.02	735.05
Cost of materials Consumed	(1,677.83)	(504.12)
Change in Inventories of Finished Goods, Stock In Trade & Work In Progress	313.98	142.19
Direct Operating Expenses	(660.46)	(130.58)
Employee Benefit Expenses	(105.24)	(90.78)
Financial Costs	(3.03)	(10.00)
Depreciation and Amortization Expenses	(2.30)	(2.31)
Other Expenses	(1,619.04)	(281.34)
Total Expenses	(3,753.92)	(876.94)
Profit/(Loss) before Exceptional items & tax	310.10	(141.89)
Exceptional Items	-	-
Profit/(loss) before tax	310.10	(141.89)
Income tax (expense)/credit	(23.26)	(0.08)
Profit/(loss) for the year	286.84	(141.97)
Other Comprehensive Income	-	-
Total comprehensive income	286.84	(141.97)
Group's share	50%	50%
Group's share of profit/(loss) for the year	143.42	(70.98)

**As per Para 38 of Ind AS 28 Investment in Associate and Joint Ventures:

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. In line with the aforesaid, the loss has been booked on the date of transition till the amount of investment amounting to Rs. 12.5 lakhs and in case of further losses in the year ended March 31, 2016, further losses were not recognised.

B. FORTE FURNITURE PRODUCTS INDIA PRIVATE LIMITED***

Summarised balance sheet as at March 31, 2017:

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Current assets, including cash and cash equivalents Rs. 2698.04 lakhs (March 31 2016: NIL, 01 April 2015: Rs. NIL)	2,800.57	-	-
Non-current assets	-	-	-
Current financial liabilities	(725.99)	-	-
Non-current liabilities	-	-	-
Equity	2,074.58	-	-
Proportion of the Group's ownership	50%	-	-
Carrying amount of the investment	1,037.29	-	-

Summarised statement of profit and loss

Particulars	March 31, 2017	March 31, 2016
	Rs. Lakhs	Rs. Lakhs
Revenue	2.01	-
Other Expenses	(728.42)	-
Profit/(loss) before tax	(726.41)	-
Income tax (expense)/credit	-	-
Profit/(loss) for the year	(726.41)	-
Other Comprehensive Income	-	-
Total comprehensive income	(726.41)	-
Group's share	50%	0%
Group's share of profit/(loss) for the year	(363.20)	-

*** Based on Management certified unaudited financial statements for the period from February 01, 2017 to March 31, 2017.



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Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

Note 45 Statutory Group Information

S. No.	Name of the Entity	Net Assets, i.e., total assets minus total liabilities as at 31st March 2017		Share in Profit or Loss for the year ended 31st March 2017		Share in Other comprehensive Income for the year ended 31st March 2017		Share in Total comprehensive Income for the year ended 31st March 2017	
		As % of consolidated net assets	Amount (Rs. in lakhs)	As % of consolidated profit or loss	Amount (Rs. in lakhs)	As % of consolidated net assets	Amount (Rs. in lakhs)	As % of consolidated profit or loss	Amount (Rs. in lakhs)
1	Parent Indian Furniture Products Limited	105.19	6,836.08	86.43	(2,067.32)	100.00	(24.65)	86.57	(2,091.97)
2	Indian Joint Venture Soundaryaa IFPL Interiors Limited	-	-	(1.62)	38.63	-	-	(1.60)	38.63
	Forte Furniture Products India Private Limited	-	-	15.19	(363.21)	-	-	15.03	(363.21)
	Eliminations and adjustments due to consolidation	(5.19)	(337.08)	-	-	-	-	-	-
	Total	100.00	6,499.00	100.00	(2,391.90)	100.00	(24.65)	100.00	(2,416.55)

S. No.	Name of the Entity	Net Assets, i.e., total assets minus total liabilities as at 31st March 2016		Share in Profit or Loss for the year ended 31st March 2016		Share in Other comprehensive Income for the year ended 31st March 2016		Share in Total comprehensive Income for the year ended 31st March 2016	
		As % of consolidated net assets	Amount (Rs. in lakhs)	As % of consolidated profit or loss	Amount (Rs. in lakhs)	As % of consolidated net assets	Amount (Rs. in lakhs)	As % of consolidated profit or loss	Amount (Rs. in lakhs)
1	Parent Indian Furniture Products Limited	100.14	8,928.08	100.00	(1,146.19)	100.00	38.90	45.82	(1,107.29)
2	Indian Joint Venture Soundaryaa IFPL Interiors Limited	-	-	-	-	-	-	-	-
	Forte Furniture Products India Private Limited	-	-	-	-	-	-	-	-
	Eliminations and adjustments due to consolidation	(0.14)	(12.50)	-	-	-	-	-	-
	Total	100.00	8,915.58	47.92	(1,146.19)	100.00	38.90	45.82	(1,107.29)

S. No.	Name of the Entity	Net Assets, i.e., total assets minus total liabilities as at 31st March 2015	
		As % of consolidated net assets	Amount (Rs. in lakhs)
1	Parent Indian Furniture Products Limited	100.14	9,263.65
2	Indian Joint Venture Soundaryaa IFPL Interiors Limited	-	-
	Forte Furniture Products India Private Limited	-	-
	Eliminations and adjustments due to consolidation	(0.14)	(12.50)
	Total	100.00	9,251.15



Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

46. FTA Reconciliations

Equity Reconciliation as at March 31, 2016

Particulars	Note	Previous GAAP	Ind AS Adjustments	As per Ind AS
I ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	A	1,894.49	11,456.31	13,350.80
(b) Other Intangible Assets		21.66	-	21.66
(c) Financial Assets				
(i) Loans	B	1,575.32	(79.79)	1,495.53
(ii) Others		16.08	-	16.08
(d) Other non-current assets	B	8.59	52.98	61.57
(e) Tax assets (net)		98.73	-	98.73
(2) Current assets				
(a) Inventories		4,694.66	-	4,694.66
(b) Financial Assets				
(i) Trade receivables		2,089.61	-	2,089.61
(ii) Cash and cash equivalents		272.32	-	272.32
(iii) Bank balances other than (iv) above		427.83	-	427.83
(iv) Loans		101.31	-	101.31
(v) Others		35.71	-	35.71
(c) Other current assets	B	344.67	24.00	368.67
Total Assets		11,580.98	11,453.50	23,034.48
II EQUITY AND LIABILITIES				
(1) Equity				
Equity Share capital	D	8,009.95	(1,000.00)	7,009.95
Other Equity		(8,009.95)	9,915.56	1,905.61
		-	8,915.56	8,915.56
LIABILITIES				
(1) (a) Financial Liabilities				
Financial Liabilities				
(i) Borrowings	C & D	1,645.20	224.01	1,869.21
Provisions		200.44	-	200.44
Deferred tax liabilities(Net)	A	-	2,313.93	2,313.93
(2) (a) Financial Liabilities				
Financial Liabilities				
(i) Borrowings		4,386.17	-	4,386.17
(ii) Trade Payables		3,300.99	-	3,300.99
(iii) Other financial liabilities		776.78	-	776.78
Other current liabilities		1,223.11	-	1,223.11
Provisions		48.29	-	48.29
Total Equity and Liabilities		11,580.98	11,453.50	23,034.48



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Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

Equity Reconciliation as at March 31, 2015

Particulars		Note	Previous GAAP	Ind AS Adjustments	As per Ind AS
I	ASSETS				
(1)	Non-current assets				
(a)	Property, Plant and Equipment	A	2,119.88	11,456.29	13,576.17
(b)	Other Intangible Assets		42.01	-	42.01
(c)	Financial Assets				
(i)	Loans	B	1,634.50	(117.89)	1,516.61
(ii)	Others		86.27	-	86.27
(d)	Other non-current assets	B	-	89.84	89.84
(e)	Tax assets (net)		96.33	-	96.33
(2)	Current assets				
(a)	Inventories		4,809.98	-	4,809.98
(b)	Financial Assets				
(i)	Trade receivables		1,311.63	-	1,311.63
(ii)	Cash and cash equivalents		316.67	-	316.67
(iii)	Bank balances other than (iii) above		335.55	-	335.55
(iv)	Loans		110.26	-	110.26
(v)	Others		36.27	-	36.27
(c)	Other current assets	B	289.68	28.06	317.74
	Total Assets		11,189.03	11,456.30	22,645.33
II	EQUITY AND LIABILITIES				
(1)	Equity				
	Equity Share capital		7,009.95	-	7,009.95
	Other Equity	A, B & C	(6,898.76)	9,139.97	2,241.21
			111.19	9,139.97	9,251.16
	LIABILITIES				
(1)	Non-current liabilities				
	Financial Liabilities				
(i)	Borrowings	C	447.40	(1.10)	446.30
	Provisions		278.74	-	278.74
	Deferred tax liabilities(Net)	A	-	2,317.43	2,317.43
(2)	Current liabilities				
	Financial Liabilities				
(i)	Borrowings		5,302.72	-	5,302.72
(ii)	Trade Payables		2,838.15	-	2,838.15
(iii)	Other financial liabilities		938.51	-	938.51
	Other current liabilities		1,222.65	-	1,222.65
	Provisions		49.67	-	49.67
	Total Equity and Liabilities		11,189.03	11,456.30	22,645.33



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Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

(Amount in Lakhs of Indian Rupees, unless otherwise stated)

Profit and loss reconciliation for the year ended March 31, 2016

Particulars	Notes	Previous GAAP	Ind AS Adjustments	As per Ind AS
I INCOME				
Revenue from operations	E	11,941.09	(11.76)	11,929.33
Other income	B	90.03	28.46	118.49
Total Revenue (I)		12,031.12	16.70	12,047.82
II EXPENSES				
Cost of raw materials and components consumed		2,889.73	-	2,889.73
Purchase of traded goods		2,166.61	-	2,166.61
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods		5.28	-	5.28
Excise duty on sale of goods		848.81	-	848.81
Employee benefits expense	F	1,743.42	29.27	1,772.69
Finance costs	C	952.82	(3.22)	949.60
Depreciation and amortization expense		260.73	-	260.73
Other expenses	B	4,274.86	29.16	4,304.02
Total expenses (II)		13,142.26	55.21	13,197.47
III Loss before exceptional items and tax (I-II)		(1,111.14)	(38.51)	(1,149.65)
IV Exceptional Items		-	-	-
V Loss before tax (III-IV)		(1,111.14)	(38.51)	(1,149.65)
VI Tax expense:				
(1) Current Tax		-	-	-
(2) Deferred Tax	A	-	(3.50)	(3.50)
VII Profit/(loss) for the period (V-VI)		(1,111.14)	(35.01)	(1,146.15)
VIII Other Comprehensive Income				
A Items that will not be reclassified to profit or loss				
Re-measurement gains (losses) on defined benefit plans	F	-	38.90	26.43
Income tax effect		-	-	-
IX Total Comprehensive Income for the period (VII + VIII)		(1,111.14)	3.89	(1,107.25)



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Indian Furniture Products Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2017

A Leasehold land

Under the previous GAAP (Indian GAAP), freehold land and buildings, and other assets were carried in the balance sheet on the basis of historical cost. The Company has also determined that value as at 31 March 2014 does not differ materially from fair valuation as at 1 April 2015 (date of transition to Ind AS). Accordingly, the group has not revalued the property, plant and equipment at 1 April 2014 again except for land.

As on the transition date April 01, 2015, the company has adopted fair value of the land based on an independent report. The Company has calculated the gain on account of such valuation and recognised deferred tax liability on account of virtual certainty of such gain on actual realisation. During the year, based on the indexation of cost, the company has amortised the gain to that extent and accordingly the deferred tax liability has been reduced.

B Other financial assets

Under Indian GAAP, the Company measures the deposits paid to Showroom lease and others at transaction value. Under Ind AS, the deposits have been measured at fair value and the difference between the fair value and the transaction value has been recorded as prepaid lease rent.

The excess of principal amount over its fair value will be considered as prepaid expense and will be amortized over the period of deposit on straight line basis. On a related note, interest will be accreted on the fair value of the deposit.

C Loans

This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process

D Borrowings

The Company has issued 10,00,000 7% Redeemable Preference Shares to its holding ZGL at par value i.e. INR 10 per share. The preference shares carry fixed cumulative dividend which is non-discretionary. Under Indian GAAP, the preference shares were classified as equity and dividend payable thereon was treated as distribution of profit.

Under Ind AS, convertible preference shares are separated into liability and equity components based on the terms of the contract. Interest on liability component is recognised using the effective interest method.

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

E Revenue from Operations

Target achievement incentives have been adjusted from revenue under Ind AS. Under IGAAP, such expenses are classified as commission expenses.

Target achievement incentives have been netted off from the revenue on an estimate basis under Ind AS. Under IGAAP, such incentives were recorded only when actually provided to the customer.

F Defined benefit plans

Under IGAAP, the Company recognized actuarial gains/losses and expected rate of return on post-employment defined benefit plans in the income statement. Under Ind AS, the Company has recognized the actuarial gains/losses and a the return on assets (excluding interest) relating to post-employment defined benefit plans in other comprehensive income (OCI). However, this has no impact on total comprehensive income and total equity.

G Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

H Statement of cash flows

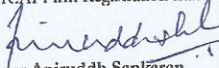
The transition from IGAAP to Ind AS has not had a material impact on the statement of cash flows.

As per our report of even date.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration number: 101049W/E300004


per **Aniruddh Sankaran**

Partner

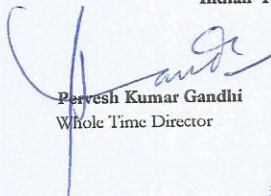
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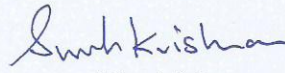


Place: Chennai

Date: May 19, 2017

For and on behalf of the Board of
Indian Furniture Products Limited


Pervesh Kumar Gandhi
Whole Time Director


N Suresh Krishnan

Director



Place: Chennai

Date: May 19, 2017