

Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
IFGL Refractories Limited

Report on the audit of the Standalone Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date standalone financial results of IFGL Refractories Limited (the "Company") for the quarter ended March 31, 2021 and for the year ended March 31, 2021 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information of the Company for the quarter ended March 31, 2021 and for the year ended March 31, 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to:

- a) Note 3 to the standalone financial results, relating to amalgamation of the erstwhile IFGL Refractories Limited with the Company (the amalgamated entity was thereafter renamed as IFGL Refractories Limited) with effect from April 01, 2016 following Scheme of Amalgamation approved by the Hon'ble National Company Law Tribunal, Kolkata Bench, vide its Order date August 03, 2017, under the provisions of sections 230 and 232 of the Companies Act, 2013 (the "Scheme"). Pursuant to the Scheme, the aforesaid business combination was recognized under the 'Purchase Method' as defined under Accounting Standard (AS) 14, Accounting for Amalgamations, and Goodwill arising on such amalgamation aggregating Rs. 26,699 lakhs had been recognized. Based on management's assessment, such Goodwill is being amortized over a period of ten years with a charge of Rs. 667 lakhs per quarter. As per Indian Accounting Standard (Ind AS) 103, Business Combinations, the aforesaid amalgamation had to be recognized under 'Pooling of Interest Method' since these were entities under common control.
- b) Note 4 to the standalone financial results regarding Company's position with respect to determination of tax payable after the introduction of the 'Explanation' to Section 10AA(1) of the Income Tax Act, 1961 inserted on and from assessment year beginning April 01, 2018 for which the Company has filed a writ which has been admitted by the Hon'ble High Court at Calcutta. Pending decision by the Hon'ble High Court, uncertainty exists as regards realisability of resultant recognized deferred tax assets of Rs. 1,204 lakhs.

Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 controls, that were operating effectively for ensuring the accuracy

and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Results

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

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

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

The Statement includes the results for the quarter ended March 31, 2021 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2021 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Bhaswar Digitally signed by
Bhaswar Sarkar
Sarkar Date: 2021.06.05
14:09:39 +05'30'

per Bhaswar Sarkar

Partner

Membership No.: 055596

UDIN: 21055596AAAABU7700

Kolkata

June 5, 2021

IFGL REFRACTORIES LIMITED

Registered Office: Sector B, Kalunga Industrial Estate, P.O. Kalunga 770031, Dist: Sundergarh, Odisha.

Head & Corporate Office:3, Netaji Subhas Road, Kolkata 700001

CIN: L51909OR2007PLC027954; E-mail : ifgl.ho@ifgl.in; Website : www.ifglref.com

STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2021

Sr. No.	Particulars	₹ in lakhs except as otherwise stated)				
		Quarter ended		Year ended		
		31/03/2021 (Audited) Refer Note 10	31/12/2020 (Unaudited)	31/03/2020 (Audited) Refer Note 10	31/03/2021 (Audited)	31/03/2020 (Audited)
1.	Revenue from Operations	17,477	17,920	11,601	64,907	49,861
2.	Other Income	198	243	174	677	808
3.	Total Income [1 + 2]	17,675	18,163	11,775	65,584	50,669
4.	Expenses					
	a. Cost of Materials Consumed	7,541	6,599	5,233	25,298	21,069
	b. Purchase of Stock-in-Trade	1,325	914	1,146	5,862	4,063
	c. Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	(500)	587	(828)	(763)	485
	d. Employee Benefit Expenses	1,240	1,456	1,139	5,176	4,425
	e. Finance Costs	58	48	61	236	296
	f. Depreciation and Amortisation Expenses	1,004	945	1,018	3,929	3,937
	g. Other Expenses	4,359	4,286	3,324	15,716	12,817
5.	Total Expenses [4(a) to 4(g)]	15,027	14,835	11,093	55,454	47,092
6.	Profit before Tax (3-5) #	2,648	3,328	682	10,130	3,577
7.	Tax Expense					
	a. Current Tax	1,589	848	115	3,284	628
	b. Deferred Tax (Credit) / Charge [refer note 8]	2,179	14	(59)	2,391	(24)
	c. Excess Provision of Tax relating to earlier years written back	(29)	-	-	(29)	-
8.	Profit / (Loss) for the year / period (6-7)	(1,091)	2,466	626	4,484	2,973
9.	Other Comprehensive Income / (Loss)					
	a. Items that will not be reclassified to profit or loss	45	(1)	27	42	(4)
	b. Income tax relating to items that will not be reclassified to profit or loss	(15)	-	(10)	(15)	1
10.	Total Other Comprehensive Income/ (Loss) for the year / period	30	(1)	17	27	(3)
11.	Total Comprehensive Income / (Loss) for the year / period (8+10)	(1,061)	2,465	643	4,511	2,970
12.	Paid up Equity Share Capital (Face value ₹ 10/- each)	3,604	3,604	3,604	3,604	3,604
13.	Other Equity				52,307	47,797
14.	Earnings Per Share (of ₹ 10/- each) *					
	Basic & Diluted (₹)	(3.03)	6.84	1.74	12.44	8.25
	Basic & Diluted (₹) (Adjusted) [refer note 8]	2.98	6.84	1.74	18.04	8.25

There are no Exceptional and Extra-ordinary items.* Figures for quarters are not annualised.

STATEMENT OF STANDALONE ASSETS AND LIABILITIES

Sr. No.	Particulars	₹ in lakhs	
		As at	
		31/03/2021 (Audited)	31/03/2020 (Audited)
A	ASSETS		
	1. Non-Current Assets		
	(a) Property, Plant and Equipment	7,761	8,069
	(b) Right to Use Asset	1,564	1,623
	(c) Capital work-in-progress	1,808	389
	(d) Goodwill	13,350	16,020
	(e) Other Intangible assets	20	7
	(f) Financial Assets		
	(i) Investments	6,244	5,777
	(ii) Loans and Deposits	227	220
	(iii) Others	325	-
	(g) Deferred tax assets (net)	-	529
	(h) Income Tax Assets (net)	240	145
	(i) Other non-current assets	329	109
	Total Non - Current Assets	31,868	32,888
	2. Current Assets		
	(a) Inventories	10,052	7,375
	(b) Financial Assets		
	(i) Investments	12,165	9,221
	(ii) Trade receivables	15,672	12,505
	(iii) Cash and cash equivalents	18	777
	(iv) Bank balances other than (iii) above	4,325	108
	(v) Others	187	208
	(c) Other current assets	884	596
	Total Current Assets	43,303	30,790
	Total Assets (1+2)	75,171	63,678
B	EQUITY AND LIABILITIES		
	1. Equity		
	(a) Equity Share capital	3,604	3,604
	(b) Other Equity	52,307	47,797
	Total Equity	55,911	51,401
	Liabilities		
	2. Non-Current Liabilities		
	(a) Financial Liabilities - Lease	885	867
	(b) Deferred tax liabilities (net) [refer note 8]	3,381	-
	Total Non - Current Liabilities	4,266	867
	3. Current Liabilities		
	(a) Financial Liabilities		
	(i) Borrowings	3,603	3,179
	(ii) Lease Liabilities	77	77
	(iii) Trade payables		
	Total outstanding dues of micro enterprises and small enterprises	678	259
	Total outstanding dues of creditors other than micro enterprises and small enterprises	7,836	5,979
	(iv) Other financial liabilities	828	478
	(b) Income Tax Liabilities (net)	157	41
	(c) Other current liabilities	1,786	1,371
	(d) Provisions	29	26
	Total Current Liabilities	14,994	11,410
	Total Equity and Liabilities (1+2+3)	75,171	63,678

STANDALONE CASH FLOW STATEMENT	₹ in lakhs	
	For the year ended March 31, 2021	For the year ended March 31, 2020
	(Audited)	(Audited)
Particulars		
Cash Flows from Operating Activities		
Profit before tax for the year	10,130	3,577
Adjustments for:		
Finance costs	236	296
Interest income	(223)	(215)
Provision for unspent liabilities reversed	(121)	(158)
Loss on disposal of property, plant and equipment	125	29
Profit on sale of Investments in Mutual Fund (net)	(117)	(396)
Net gain arising on financial assets measured at fair value through profit and loss	(212)	(38)
Sundry Debit Balances/advances written off	184	476
Provision for doubtful Trade Receivables/Advances (net)	161	83
Depreciation and amortisation expense	3,929	3,937
Unrealised foreign exchange gain	(21)	(209)
	14,071	7,382
Change in working capital:		
(Increase) / Decrease in trade and other receivables	(3,603)	1,156
(Increase) / Decrease in inventories	(2,677)	1,297
Increase in trade, other payables and provisions	3,031	1,521
Net change in working capital	(3,249)	3,974
Cash generated from Operations	10,822	11,356
Income taxes (paid) / refund received (net)	(1,731)	541
Net cash generated from operating activities (1)	9,091	11,897
Cash Flows from Investing Activities		
Purchase of Investments	(19,505)	(25,378)
Proceeds from sale of Investments	16,424	21,044
Proceeds from maturity of term deposits with banks	4,950	2,326
Payment for term deposits with banks	(9,505)	(1,515)
Interest received	83	244
Payments for property, plant and equipment, other intangibles and capital work-in-progress	(2,573)	(1,718)
Proceeds from disposal of property, plant and equipment	8	3
Net cash used in investing activities (2)	(10,118)	(4,994)
Cash Flows from Financing Activities		
Dividend on Equity share and Dividend Distribution Tax thereon	-	(2,172)
Repayment of long-term borrowings	-	(188)
Proceeds from / (repayments) of short-term borrowings (net)	486	(3,504)
Payments of Lease Liabilities	(69)	(74)
Interest paid	(149)	(218)
Net cash flows from/ (used in) financing activities (3)	268	(6,156)
Net Increase / (decrease) in Cash and Cash Equivalents (1+2+3)	(759)	747
Cash and Cash Equivalents at the beginning of the year	777	30
Cash and Cash Equivalents at the end of the year	18	777

NOTES :

- Above financial results have been reviewed by the Audit Committee at its meeting held on June 05, 2021 and approved by the Board of Directors (Board) at their meeting held on that date. The statutory auditor have audited the same.
- The above audited financial results of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended. These financial results have been prepared in accordance with the recognition and measurement principles of Ind AS - 34 Interim Financial Reporting, prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.
- A scheme of amalgamation of erstwhile IFGL Refractories Ltd. with the Company with effect from April 01, 2016 was approved by the Hon'ble National Company Law Tribunal, Kolkata vide order dated August 03, 2017. Goodwill of ₹ 26,699 lakhs arose on such merger which was accounted for under "Purchase Method" as defined under erstwhile Accounting Standard 14 – Accounting for Amalgamation. Useful life of such Goodwill was estimated to be 10 years and it is being amortised accordingly.
- The Company's Writ Petition No. 544 of 2019 challenging vires of the Explanation to Section 10AA(1) of the Income Tax Act, 1961 inserted on and from assessment year beginning April 1, 2018, on grounds that such explanation denies the benefit that was intended to be provided under the said section, was admitted by the Hon'ble High Court at Calcutta on November 7, 2019. Supported by a legal opinion obtained in this regard, management believes that the Company has a good case on merit in this matter and consequently, the resultant deferred tax assets of ₹ 1,204 lakhs (March 31, 2020 : ₹ 1,164 lakhs) have been recognised in these financials statements till March 31, 2021 .
- The Company operates in a single segment and is engaged in the business of manufacture, trading and sale of refractories based on customer specifications.
- Operations at one of the manufacturing facilities of the Company was partially impacted during the start of the year due to temporary disruptions following nationwide lockdown on and from 25th March 2020 enforced by the Government of India because of pandemic COVID-19 outbreak. With the gradual relaxations in the lockdown conditions and good performance of the steel industry driven by better realisation and rising demand, the financial performance of the Company for the current year has improved significantly in comparison to last year.
As at the year end, there has been a renewed surge of the pandemic. Management has taken into account the possible impact of such renewed surge of the pandemic in preparation of these standalone financial results, including assessment of recoverability of its assets based on the internal and external information up to the date of approval of the results and will continue to monitor any material changes to future economic conditions.

7. The Board of Directors, at its meeting on June 05, 2021, have proposed a final dividend of ₹ 4 (40 %) and one time special dividend of ₹6 (60%) per equity share for the financial year ended March 31, 2021 subject to the approval of shareholders at the forthcoming Annual General Meeting, and following Policy on Dividend Distribution of the Company. Total proposed dividends is higher by ₹7.5 (75%) per equity share compared to Dividend paid for preceding financial year 2019-20, and if approved would result in a cash outflow of approximately ₹ 3,604 lakhs. Proposed dividend is accounted for in the year in which it is approved by the shareholders.
8. Following amendments made by the Finance Act 2021 to the relevant sections of the Income Tax Act 1961, whereby Goodwill on amalgamation will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective April 1, 2020, the Company, in accordance with the requirements of Ind-AS 12, has recognised one time deferred tax charge of ₹ 2,165 lakhs for the quarter (including adjustment for corresponding net deferred tax credit recognised in prior quarters) and ₹ 2,019 lakhs (net) for the year consequent to the reduction of the depreciable amount of goodwill for tax purposes to nil. Accordingly, profit after tax for the quarter and year are lower by respective amounts as indicated above. This deferred tax charge does not involve any cash outflow either in the current year or future. Adjusted EPS for the quarter and year have been calculated without taking into consideration such additional deferred tax charge.
9. The Indian Parliament has approved the Code on Social Security, 2020 ('the Code') which, inter alia, deals with employee benefits during employment and post-employment. The Code has been published in the Gazette of India. The effective date of the Code is yet to be notified and the rules for quantifying the financial impact are also yet to be issued. In view of this, the impact of the change, if any, will be assessed and recognized post notification of the relevant provisions.
10. The figures of the last quarter March 31, 2021 and March 31, 2020 are the balancing figures between the audited figures in respect of the financial year ended March 31, 2021 and March 31, 2020 and the unaudited published year to date figures up to December 31, 2020 and December 31, 2019, being the date of the end of the third quarter of that financial year which were subjected to Limited Review.

Kolkata
June 05, 2021

PRADEEP
BAJORIA

On behalf of the Board
of IFGL Refractories Limited

Digitally signed by PRADEEP
BAJORIA
Date: 2021.06.05 13:34:10 +05'30'

P Bajoria
Managing Director
(DIN : 00084031)

COMMITTED TO CLEAN METAL