

Date: 19th June, 2018

To
The Department of Corporate services
Bombay Stock Exchange Limited
P.J Towers, Dalal Street
Mumbai-400001
Scrip Code: - 540425

To
National Stock Exchange of India Limited
5th Floor, Exchange Plaza
Bandra (E)
Mumbai-400051
Scrip Symbol- SHANKARA

Dear Sir/Madam

Subject: Pursuant to Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Pleased find enclosed herewith Annual Report of M/s Shankara Building Products Limited as required in terms of Regulation 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

You are requested to take note of the same in your records.

Thanking You

For Shankara Building Products Limited

Ereena Vikram

Ereena Vikram

Company Secretary & Compliance Officer



Enclosed: As above

Shankara
Building Products Ltd.



Annual Report 2017 - 2018

A photograph of a large, dark metal truss structure, possibly a bridge or part of a building, silhouetted against a vibrant sunset. The sky is filled with horizontal bands of orange, yellow, and pink, transitioning into a darker blue at the top. The truss has several vertical columns and diagonal beams forming a complex geometric pattern.

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Board of Directors

Managing Director
Sukumar Srinivas

Directors
V. Ravichandar
C. Ravikumar
R.S.V. Sivaprasad
Jayashri Murali
Chandu Nair

Auditors
Haribhakti & Co., LLP
Chartered Accountants
Chennai

Company Secretary
Ereena Vikram

Bankers
Citibank N.A.
Kotak Mahindra Bank Ltd
Indusind Bank Ltd
Standard Chartered Bank
Axis Bank Ltd
Federal Bank Ltd
IDFC Bank Ltd

Registered Office
C2 Farah Winsford
133, Infantry Road
Bengaluru - 560 001





Shankara
Building Products Ltd.

ANNUAL REPORT 2017 - 2018

Chairman's Message

2017 would go down in the annals of Shankara's history as a path breaking year. Your Company went for an IPO, had a historic over subscription and its shares were duly listed on the NSE & BSE. Shankara now is included in the BSE 500 & Nifty 500 index list of companies. We have over 20,000 shareholders which includes Institutional investors, both domestic and foreign, as well as large number of individuals. My thanks to you and all the investors for the continuous faith in us.

Shankara has kept its tryst with destiny and has emerged as one of the largest retailers of building material in India in the organized sector. Your Company has always believed that change is a constant and strives to be ahead of the curve. Your Company thought it fit over two years ago, to offer a range of comprehensive building materials under one roof when the market place was totally fragmented and disaggregated. Over the last year, a large number of new building materials categories have been added to the bouquet of offerings by Shankara. The number of items went up from ~20,000 to over 30,000 over the year. 23 new stores were added and about 40 existing stores were revamped and upgraded. The Company has 129 retail stores as on 31st March 2018. We have also started our own online store www.buildpro.store.

Shankara believes that like any life system, an organization too is constantly in a state of evolution. There are learnings to be had from the industry, experts and also from self-experience. As part of this process, the Company believes that acquisitions and takeovers would help it rapidly gain market share, experience and entry into new geographies. Consequently, your Company took over two retail firms in the plumbing and tile segment in Chennai & Bangalore. These takeovers are of strategic importance to Shankara. We have not only created revenue trajectory but also added existing supplier and customer relationships to our fold.

Shankara has posted a strong operating performance for the financial year 2017-18. Quarter 4 results ending 31st March 2018 are particularly heartening.

I. Revenue for the IV Quarter ending 31st March 2018

(Amount in ₹ Million)

Total revenue	Q4			FY 18 Q3	Growth
	FY18	FY 17	Growth		
Sales	7,608.10	6,003.89	26.72%	6,246.16	21.80%
Sales adjusted GST*	7,608.10	5,336.79	42.56%		

(Amount in ₹ Million)

Retail revenue	Q4			FY 18 Q3	Growth
	FY 18	FY 17	Growth		
Sales	3,778.44	2,650.19	42.57%	2,989.30	26.40%
Sales adjusted GST*	3,778.44	2,355.73	60.39%		

*Before GST implementation, excise duty was part of revenue. Post GST implementation, excise duty is subsumed in GST and not a part of revenue. The above data points have been prepared, using estimates, to provide a like for like comparison across periods.



II. Consolidated financials for the year 2017-18

Particulars	FY 18	FY 17	Growth
Sales	25,486.66	23,101.41	10.33%
Sales adjusted CST*	24,829.31	20,534.58	20.91%
EBITDA	1,758.34	1,522.37	15.50%
Total comprehensive income	739.06	586.50	26.01%

The robust growth has been led by the retail segment which now accounts for around 50% of overall revenues up from around 42% in the previous year. Profits are up by 26% and is the highest ever recorded in the history of the Company.

Your Company proposes to recommend to the General Body a dividend of ₹3.25 per equity share for year ending 31st March 2018.

The runway ahead for growth is long and wide. Housing is a basic need for humanity. The demographics of India indicate rising income levels and aspirations. Increasing urbanization, nuclear families and population are key growth drivers. Government intervention with programs such as "housing for all", low cost housing schemes, subsidies and tax incentives for housing are further enablers for growth.

The building material industry is very large and can be classified under institutional and retail consumption. Institutional would include large infrastructure projects, industrial consumption and housing projects in the organized sector. Retail would encompass the individual house builder (IHB), small and local housing projects, the influencer and the replenishment, home improvement and renovation space. Your Company is focused on the latter. The retail segment is largely unorganized and the standalone stores offer limited product categories under one roof. With rising costs, enforced tax compliances, tax reforms like GST, succession issues and increasing demands from the discerning buyer, the environment is slowly but surely paving the way to organized retailing in the building material sector.

Therefore, Shankara stands at the confluence of the two significant demand drivers - growth in housing and the growth in organized retailing. Your Company, being the pioneer in this segment is well poised to participate and lead in this multi decade growth opportunity.

The other segments of the Company, the enterprise and channel have performed creditably. The backend processing facilities continued to function well and provided the necessary products which augment the offerings of Shankara.

Your Company is constantly endeavouring to add to its infrastructure in logistics and warehousing which is a very important and integral part of achieving success in retail and for the rapid growth Shankara envisages in the future.

At this juncture, I thank all the members of the Shankara family for their constant endeavor to change, improve, excel and contribute to the foundation and growth of the Company.

I thank my fellow Directors of the Board for their valuable advice, feedback and guidance. My gratitude to the statutory auditors, practicing company secretary and internal auditors who have risen to the challenges posed to them in a constantly changing regulatory environment. My sincere thanks and appreciation to our banks, suppliers, customers, investors and stakeholders for believing in our dream called Shankara.

Warm regards

V. Ravichandar
Chairman

NOTICE TO THE MEMBERS

Notice is hereby given that the 23rd Annual General Meeting of the Members of Shankara Building Products Limited will be held at "The LalitAshok (an enterprise of Bharat Hotels Limited), Kumara Krupa High Grounds, Bengaluru - 560 001, India" on Tuesday June 12, 2018 at 3.00 p.m. to transact the following businesses:

Ordinary Business

To receive, consider and adopt

Item No. 1 - Adoption of Financial Statements and Reports of the Board of Directors and the Auditors thereon

The Audited Financial Statements of the Company for the financial year ended March 31, 2018, together with Reports of the Board of Directors and the Auditors thereon

Item No. 2 - Declaration of Dividend

To declare a dividend of ₹ 3.25/- per equity share of ₹ 10/- each for the financial year 2017-2018.

Item No. 3 - Re-appointment of Mr. RSV. Siva Prasad (DIN: 01247339) , as a Director, retiring by rotation

"RESOLVED THAT pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013, Mr. RSV. Siva Prasad (DIN: 01247339), who retires by rotation, be and is hereby re-appointed as a Director of the Company.

RESOLVED FURTHER THAT Directors be and are hereby severally authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution."

Special Business

ITEM No. 4 - To approve re-appointment of Mr. RSV. Siva Prasad (DIN: 01247339) as Whole-time Director of the Company and to approve revision in remuneration

To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with

Schedule-V of the Companies Act, 2013 and Article of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. RSV. Siva Prasad, as Whole-time Director of the Company with effect from 1st April, 2018 to 31st March, 2021.

"**RESOLVED THAT** pursuant to the provisions of Article of Association of the Company read with Section 196 of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) subject to such other consents, approvals and permissions if any needed, remuneration of Mr. RSV. Siva Prasad, Whole-time Director, be and is hereby revised on the terms and conditions hereinafter mentioned with effect from 1st April 2018.

Salary: ₹ 3,48,320/- (per month) with current perquisites and other statutory obligations.

RESOLVED FURTHER THAT all other terms and conditions as per the HR policy of the company be and is hereby applicable including Earned/Privilege leave, contribution to Provident Fund, Superannuation fund or annuity fund/Gratuity in terms of applicable provisions of the relevant statutes.

RESOLVED FURTHER THAT pursuant to provisions of the Section 197 of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 the revised remuneration of Mr. RSV. Siva Prasad, Whole-Time Director is hereby confirmed that it is well within the prescribed limit mentioned in the said section.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

ITEM No.5 - To approve re-appointment of Mr. Sukumar Srinivas (DIN: 01668064) as Managing Director of the Company

To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution.

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board and subject to the provisions of



Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule-V of the Companies Act, 2013 and Article of Association of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Sukumar Srinivas, as Managing Director of the Company with effect from 1st April, 2018 to 31st March, 2021.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

ITEM No. 6 - To approve re-appointment of Mr. C. Ravikumar (DIN: 01247347) as Whole-time Director of the Company and to approve revision in remuneration

To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule-V of the Companies Act, 2013 and Article of Association of Company of the Company, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. C. Ravikumar, as Whole-time Director of the Company with effect from 1st April, 2018 to 31st March, 2021.

"RESOLVED THAT pursuant to the provisions of Article of Association of the Company read with Section 196 of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) subject to such other consents, approvals and permissions if any needed, remuneration of Mr. C. Ravikumar, Whole-time Director, be and is hereby revised on the terms and conditions hereinafter mentioned with effect from 1st April 2018

Salary : ₹ 4,36,800/- (per month) with current perquisites and other statutory obligations.

RESOLVED FRUTHER THAT all other terms and conditions as per the HR policy of the company be

and is hereby applicable including Earned/Privilege leave, contribution to Provident Fund, Superannuation fund or annuity fund/Gratuity in terms of applicable provisions of the relevant statutes.

RESOLVED FURTHER THAT pursuant to provisions of the Section 197 of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 the revised remuneration of Mr. C. Ravikumar, Whole-Time Director, is hereby confirmed that it is well within the prescribed limit mentioned in the said section.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

ITEM No. 7 - In compliance with relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to approve capital raising by the Company by way of issuance of securities through qualified institutions placement, private placement/public issue of equity, preferential issue, or through any mode and/ or a combination thereof, in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"), and section 42 of the Companies Act, 2013, and the rules framed thereunder.

To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution

"RESOLVED THAT the approval of the Shareholders of the Company be and hereby accorded to create, issue, offer, and allot (including with provisions on firm and / or competitive basis, or such part of issue and for such categories of persons as may be permitted) such number of equity shares of the Company of face value INR 10 ("Equity Shares"), for cash, in one or more tranches, with or without green shoe option, for an aggregate amount up to INR 3,000 million (Rupees Three Thousand Million) by way of one or more public and / or private offerings, and / or on preferential allotment basis including qualified institutions placement ("QIP") in accordance with The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended

NOTICE TO THE MEMBERS

("SEBI ICDR Regulations"), or any combination thereof through issue of prospectus and / or placement document or any other permissible / requisite offer document, at a discount or premium to market price or prices permitted under applicable law, including an authority to retain oversubscription up to such percentage as may be permitted under applicable law, on such terms and conditions as decided by the Board in consultation with the book running lead managers, to eligible domestic / foreign investors, institutional investors, foreign portfolio investors, non-resident Indians, Indian public, individuals, companies / corporate bodies (whether incorporated in India or abroad), mutual funds, banks, insurance companies, pension funds, venture capital funds, financial institutions, trusts, qualified institutional buyers within the meaning of Regulation 2(1)(zd) of the SEBI ICDR Regulations, whether shareholders of the company or not, as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and / or intermediaries and / or other advisor(s) and as may be permitted under applicable law from time to time (the "Issue")."

"RESOLVED FURTHER THAT the issue shall be undertaken pursuant to the provisions of Section 23, Section 42, Section 62(1)(c) and other applicable provisions of the Companies Act, 2013, the rules issued thereunder, and other applicable provisions, if any (including any amendments, statutory modification(s) and / or reenactment thereof for the time being in force), all other applicable laws and regulations, the Foreign Exchange Management Act, 1999, and the rules and regulations issued thereunder, including any amendments, statutory modification(s) and / or re-enactment thereof, the Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India dated 28 August 2017, and such other statutes, clarifications, rules, regulations, circulars, notifications, guidelines, if any, as may be applicable, as amended from time to time issued by the Government of India, the Reserve Bank of India ("RBI"), BSE Limited ("BSE"), National Stock Exchange of India Limited ("NSE", and together with

BSE, the "Stock Exchanges") where the Equity Shares are listed, the Securities and Exchange Board of India ("SEBI") including the SEBI ICDR Regulations, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, or any other appropriate authority whether in India or abroad as may be applicable, and in accordance with the provisions of the memorandum of association and articles of association of the Company, and subject to all other approval(s), consent(s), permission(s) and / or sanction(s) as may be required from various regulatory and statutory authorities, including the Government of India, the RBI, SEBI and the Stock Exchanges (hereinafter referred to as "Appropriate Authorities") as may be required, and subject to such terms, conditions and modifications as may be prescribed by any of the Appropriate Authorities while granting any such approval, consent, permission, sanction (as may be necessary)."

"RESOLVED FURTHER THAT in case of issue and allotment of Equity Shares by way of QIP in terms of Chapter VIII of the SEBI ICDR Regulations:

1. the allotment of the Equity Shares, shall be completed within 12 months from the date of resolution of the shareholders of the Company or such other time as may be allowed under the SEBI ICDR Regulations;
2. the Equity Shares issued shall rank pari passu in all respects including entitlement to dividend with the existing Equity Shares of the Company in all respects as may be provided under the terms of issue and in accordance with the placement document(s);
3. the relevant date for the purpose of pricing of the Equity Shares to be issued, shall be the date of the meeting in which the Board or the committee of directors authorised by the Board decides to open the proposed issue of Equity Shares, subsequent to the receipt of members' approval in terms of provisions of Companies Act, 2013 and other applicable laws, rules, regulations and guidelines in relation to the proposed issue of the Equity Shares;
4. any issue of Equity Shares made by way of a QIP shall be at such price which is not less than the price determined in accordance with the pricing formula provided under SEBI ICDR Regulations (the "QIP Floor Price"). The Board may, however, at its absolute discretion, issue Equity Shares at a discount



of not more than five percent or such other discount as may be permitted under applicable regulations to the QIP Floor Price;

5. the Equity Shares shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognized stock exchange or except as may be permitted from time to time by the SEBI ICDR Regulations; and

6. the total amount raised in such manner through the QIP, together with other QIP(s) made in the same financial year, if any, shall not exceed five times the net worth of the Company as per the audited Balance Sheet of the previous financial year or as may be permitted from time to time by the SEBI ICDR Regulations."

"RESOLVED FURTHER THAT, the Board be and is hereby authorised, in its absolute discretion, in such manner as it may deem fit, in accordance with applicable law, to dispose-off such of the Equity Shares that are not subscribed."

"RESOLVED FURTHER THAT, in pursuance of the aforesaid resolution the Equity Shares that may be issued by the Company shall rank pari passu with the existing Equity Shares of the Company in all respects."

"RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue, or allotment of Equity Shares as described above, the Board or the relevant committee thereof be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of the nature of the issuance, terms and conditions for the issuance of Equity Shares, issue price and discounts permitted under applicable law, premium amount on issue, if any, timing for issuance of such Equity Shares and shall be entitled to vary, modify or alter any of the terms and conditions as it may deem expedient, entering into and executing arrangements for managing, underwriting, marketing, listing, trading and entering into and executing arrangements with merchant bankers, lead managers, legal advisors, depository, custodian, registrar, stabilizing agent, paying and conversion agent, trustee, escrow agent and executing other agreements, including any amendments or supplements thereto, as necessary

or appropriate and to finalize, approve and issue any document(s) or agreements including but not limited to the placement document and filing such documents (in draft or final form) with any Indian or foreign regulatory authority or stock exchanges and sign all deeds, documents and writing and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Equity Shares and take all steps which are incidental and ancillary in this connection, including in relation to utilization of the issue proceeds, as it may in its absolute discretion deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

By Order of the Board of Directors
For Shankara Building Products Limited

EREENA VIKRAM
Company Secretary & Compliance Officer

Date: May 10, 2018
Place: Bengaluru

NOTICE TO THE MEMBERS

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and a proxy need to be a member of the company. Proxies in order to be effective must be duly filled, stamped, signed and should be deposited at the Company's Registered Office not later than **FORTY-EIGHT HOURS** before the commencement of the meeting. Proxies submitted on behalf of the limited companies, societies, partnership firms, etc., must be supported by appropriate resolution/authority as applicable, issued on behalf of the appointing organization. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act proxy for any other person or member.
2. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 ("Act") setting out the materials facts in respect of special businesses under item Nos. 4 to 7 is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the person seeking re-appointment as Director under Item No.3 of the Notice, are also annexed.
3. Members, Proxies and Authorized Representatives attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from June 10, 2018 to June 12, 2018 (both days inclusive).
5. The dividend, as recommended by the Board of Directors of the Company, if declared at the Annual General Meeting, will be paid within **Thirty days**, to those members whose names stand registered on the Company's Register of Members.

6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, Karvy Computershare Pvt Ltd ("Karvy") to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Karvy.

The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their depository participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN details to Karvy.

7. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or Karvy for assistance in this regard.
8. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or Karvy, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such members after making requisite changes.
9. In case of joint holders attending the AGM, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
10. Members seeking any information with regard to the accounts, are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the AGM.



11. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their Demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.
12. The Notice of the AGM along with the Annual Report 2017-18 is being sent by electronic mode to those members whose e-mail addresses are registered with the Company / Depositories, unless any member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this notice and the annual report 2017-18 will also be available on the Company's website viz. www.shankarabuildpro.com.
13. To support the 'Green Initiative', members who have not registered their e-mail addresses are requested to register the same with DPs / Karvy. Members are requested to provide their e-mail address and ensure that the same is also updated with their respective DP for their demat account(s). The registered e-mail address will be used for sending future communications.
14. The route map showing directions to reach the venue of the twenty-third AGM is annexed.
15. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Pvt. Ltd, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
16. The board of directors has appointed **Mr. S. Kannan of S Kannan and Associate, Practicing Company Secretaries (Firm No. S2017KR473100, Membership No. 13016)** as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.
17. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
18. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the agency to provide e-voting facility & insta voting facility.
19. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. Friday, June 8, 2018.

A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Friday, June 8, 2018 only shall be entitled to avail the facility of remote e-voting as well as voting at AGM through insta voting.
20. The instructions fore-voting are as under:

Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. Friday, June 8, 2018, may obtain the User ID and password in the manner as mentioned below:

 - a) If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number plus Folio No. or DP ID Client ID to 9212993399
Example for NSDL: MYEPWD <SPACE> IN1 2345612345678
Example for CDSL: MYEPWD <SPACE> 1402345612345678
Example for Physical: MYEPWD <SPACE> XXXX1 234567890
 - b) If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - c) Member may call Karvy's toll free number 1800-3454-001
 - d) Member may send an e-mail request to evoting@karvy.com.

NOTICE TO THE MEMBERS

If the member is already registered with Karvy e-voting platform then he can use his existing user ID and password for casting the vote through remote e-voting.

The remote e-voting facility will be available during the following period:

Commencement of remote e-voting: From 9.00 a.m. (IST) Saturday, June 9, 2018

End of remote e-voting: Up to 5.00 p.m. (IST) Monday, June 11, 2018

The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.

e) The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting, will, not later than three days of conclusion of the meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.shankarabuildpro.com and on the website of Karvy <https://evoting.karvy.com>. The results shall simultaneously be communicated to BSE/NSE Limited.

f) Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting, i.e. Tuesday, June 12, 2018

Instructions and other information relating to remote e-voting:

A. In case of Members receiving Notice through mail:

a. Open e-mail and open PDF File viz. ".....pdf" with your client ID or folio No. as password. The said PDF File contains your user ID and password for e-voting. Please note that the password is an initial password.

b. Use the following URL for e-voting: From Karvy website: <https://evoting.karvy.com>

c. Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.

d. Enter the login credentials. Your Folio No/DP ID Client ID will be your user ID.

e. After entering the details appropriately, click on LOGIN.

f. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc., on first login.

You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

g. You need to login again with the new credentials.

h. On successful login, the system will prompt you to select the EVENT i.e., Shankara Building Products Limited.

i. On the voting page, enter the number of shares as on the cut-off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.

j. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.

k. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the Resolution.

l. Once the vote on the Resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

m. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with



attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to scrutinizer mail id with a copy marked to evoting@karvy.com.

n. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the download section of <https://evoting.karvy.com> or contact Karvy Computershare Pvt. Ltd. at Tel No. 1800 345 4001 (toll free).

B. In case of members receiving notice through post/courier:

(i) Initial password is provided, as below, in the attendance slip of the AGM.

EVEN (E- Voting Event Number)	User ID	Password
3759		

(ii) Please follow all steps mentioned above to cast your vote by electronic means.



NOTICE TO THE MEMBERS

EXPLANATORY STATEMENT

Item No.4

The Board of Directors at its meeting held on 30th January, 2018 re-appointed Mr. RSV. Siva Prasad (DIN No. 01247339) as Whole-time Director of the Company with effect from April 1, 2018 for a period of three years on the basis of recommendation of Nomination & Remuneration Committee and subject to approval of shareholders.

Mr. RSV Siva Prasad is an Executive Director of our Company. He has been associated with our Company since 1995, having joined as a senior manager, and has 34 years in the field of sales. He was appointed as a director of the Company in 2001. In view of this the Board of Directors is requesting your approval for the revise in the remuneration of Mr. RSV. Siva Prasad, Whole-Time Director.

None of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in this resolution.

Item No.5

The Board of Directors at its meeting held on 30th January, 2018 re-appointed Mr. Sukumar Srinivas (DIN No. 01668064) as Managing Director of the Company with effect from April 1, 2018 for a period of three years on the basis of recommendation of Nomination & Remuneration Committee and subject to approval of shareholders.

None of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in this resolution.

Item No.6

The Board of Directors at its meeting held on 30th January, 2018 re-appointed Mr. C. Ravikumar (DIN No. 01247347) as Whole-time Director of the Company with effect from April 1, 2018 for a period of three years on the basis of recommendation of Nomination & Remuneration Committee and subject to approval of shareholders.

Mr. C Ravikumar is an Executive Director of our Company. He has been associated with our Company since 1995, having joined as a senior manager. He was appointed as a director of the Company in 2001. He has 29 years of experience in

the steel pipes and building products industry. In view of this the Board of Directors is requesting your approval for the revise in the remuneration of Mr. C.Ravi Kumar, Whole-Time Director.

None of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in this resolution.

Item No.7

Pursuant to Sections 23, 42, 62(1)(c) of the Companies Act, 2013, Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other applicable provisions, if any, (including any amendments, statutory modification(s) and/ or re-enactment thereof for the time being in force), SEBI ICDR Regulations and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other law for the time being in force, approval of members is required to be obtained by a special resolution for making any further issue of Equity Shares or Securities to any person(s) other than the existing members of the Company.

The special resolution contained at item number 7 of the Notice relates to a resolution by the Company enabling the Board to create, issue, offer and allot Equity Shares, including by way of a qualified institutions placement to be subscribed by all eligible investors, including eligible domestic / foreign investors, institutional investors, foreign portfolio investors, non-resident Indians, Indian public, individuals, companies / corporate bodies (whether incorporated in India or abroad), mutual funds, banks, insurance companies, pension funds, venture capital funds, financial institutions and trusts, who are QIBs as defined under the SEBI ICDR Regulations and who are authorised to invest in the Equity Shares of the Company as per extant rules / regulations / guidelines, as may be deemed appropriate by the Board in its absolute discretion and, whether or not such investors are members of the Company in accordance with Chapter VII of the SEBI ICDR Regulations, in one or more tranches, at such price, at a discount or premium to market price or prices permitted under applicable law on such terms and conditions as may be deemed appropriate by the Board / Committee in accordance with applicable law and shall retain the discretion to determine the categories of Investors to



whom the issue, offer, and allotment shall be made. The Board may retain over subscription up to such percentage as may be permitted by appropriate authorities, on such terms and conditions as decided by the Board in consultation with the book running lead managers appointed for such capital raising activities.

The Company is engaged in the business of retail trade of home improvement and building products in several states and union territories across India, and caters to a large customer base across various end-user segments in urban and semi-urban markets. The Company requires adequate capital to meet the needs of its growing business. Accordingly, it is thought prudent for the Company to have enabling approvals from the shareholders to raise further capital for meeting the needs of its growing business.

This special resolution enables the Board to issue Equity Shares for an aggregate amount of up to INR 3,000 million (Rupees Three Thousand Million) ("Issue Proceeds"). The Board shall issue Equity Shares pursuant to this special resolution and utilize such Issue Proceeds at its absolute discretion towards, inter alia, meeting expenditure in relation to setting up of new stores, refurbishment of existing stores, setting up of warehouses, setting up of value added processing facilities, meeting working capital requirements of the Company, strategic acquisition or takeover and / or other general corporate purposes.

The special resolution also seeks to empower the Board or committee thereof to issue Equity Shares by way of QIP to QIBs in accordance with the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 and rules thereunder, amended from time to time. The pricing of the Equity Shares that may be issued to QIBs pursuant to SEBI ICDR Regulations shall be determined subject to such price not being less than the QIP Floor Price.

Further, the Board may also offer a discount of not more than five percent or such other percentage as permitted on the QIP Floor Price calculated in accordance with the pricing formula provided under SEBI ICDR Regulations. The "Relevant Date" for this purpose will be the date of the meeting in which the Board or the committee thereof decides to open the proposed issue in accordance with applicable law. The allotment of Equity Shares shall be completed within a period of 12 months from the date on which the shareholders pass this special resolution.

The Board, at its meeting held on May 10, 2018, has accorded its approval for raising of funds by the Company through issue of Equity Shares, subject to members' approval and such other approvals as may be required under the applicable laws.

The Board accordingly commends the resolution of the accompanying Notice for your approval.

The directors or key managerial personnel of the Company or their relatives may be deemed to be concerned or interested in the proposed resolution to the extent of Equity Shares that may be subscribed by the companies / institutions in which they are Directors or members and to the extent of their equity holdings in the Company, if any.

By Order of the Board of Directors
For Shankara Building Products Limited

EREENA VIKRAM
Company Secretary & Compliance Officer

Date: May 10, 2018
Place: Bengaluru



Details of Director seeking re-appointment at the Annual General Meeting

Particulars	Mr. RSV. Siva Prasad
Date of Birth	October 1, 1957
Date of Appointment	October 1, 2009
Qualifications	He holds a bachelors' degree in science from the Andhra University, and a masters' degree in science in zoology from the Bhopal University and diploma in business management from the Rajendra Prasad Institute of Communication Studies, Bombay.
Expertise in specific functional areas	He has been associated with our Company since 1995, having joined as a senior manager, and has 35 years in the field of sales. He was appointed as a director of our Company in 2001. Prior to joining our Company, he was associated with Shivmoni Steel Tubes Ltd in 1982. He is currently a member of the Hyderabad Tube Association and has held positions in various capacities in the association.
Directorship held in other public companies (excluding foreign companies and Section 8 companies)	Nil
Memberships/Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee)	Nil
Number of shares held in the Company	61,550

Website: www.alumina-india.com

Route Map of AGM Venue :





DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Third Annual Report on the business and operations of your Company together with the Standalone and Consolidated Audited Financial Statements for the year ended March 31st, 2018.

1. Results of our operations

(₹ in Crores, except as stated)

Particulars	Consolidated		Standalone	
	Year Ended March 31, 2018	Year Ended March 31, 2017	Year Ended March 31, 2018	Year Ended March 31, 2017
Revenue from Operations	2,548.67	2,310.14	2,247.98	1,976.04
Other Income	0.64	0.68	0.64	0.90
Total Income	2,549.31	2,310.82	2,248.82	1,978.94
Other Expenditure	2,373.48	2,158.58	2,154.08	1,910.68
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	175.83	152.24	91.59	63.64
Depreciation and Amortization Expenses	13.59	11.41	4.98	4.02
Finance Cost	46.35	50.62	27.44	29.11
Profit before Tax (PBT)	115.89	90.21	59.17	30.51
Tax expense:				
Current Year	38.15	28.94	21.54	11.47
Earlier Year	1.10	0.22	(0.27)	0.26
Deferred Tax	2.84	2.27	(0.36)	(0.52)
Profit After Tax (PAT)	73.80	58.78	38.25	19.30
Add: Other Comprehensive Income	0.10	(0.13)	0.04	0.00
Total Comprehensive Income	73.90	58.85	38.29	19.30
EARNING PER EQUITY SHARE (Face Value of ₹10 each)				
i) Basic	32.29	26.87	16.74	8.83
ii) Diluted	32.29	26.87	16.74	8.83

Our Company operates along three business segments - retail, enterprise and channel. Retail segment comprises sales to home owners, professional customers (such as architects and contractors) and small enterprises through our extensive network of 129 retail outlets. Enterprise sales are primarily to large end users, contractors and OEMs. Channel sales cater to dealers and other retailers through our branch network.

We are pleased to report that Company recorded consolidated revenues of ₹2,548.67 crores for the year ended 31st March, 2018 representing a growth of 10.33% over the previous year. The Company

recorded a consolidated EBITDA of ₹175.83 crores and the EBITDA margins stood at 6.9%. We reported the highest ever consolidated PAT in our history at ₹73.80 crores. The PAT grew by 26% as compared to the previous year.

We added 23 stores to our retail store network and increased our retail store footprint to 129 stores. Our stores are now spread over an area of 5,05,034 sqft. We also took over store operations of two retail firms in Chennai and Bangalore. We added capacity of 9,200 tons in our processing vertical.



Our standalone revenues increased by 14% and stood at ₹2,247.98 crores for the year ended 31st March, 2018. The standalone PAT grew by 98% and stood at ₹38.25 crores. Given the presence of the Company across the value chain, the consolidated financials of the Company reflect the overall performance of the Company.

2. Dividend

The Board has, subject to the approval of the members at the ensuing Annual General Meeting, recommended dividend of ₹3.25 per fully paid up equity shares of Rs. 10 each of the Company for the year ended 31 March, 2018 as against ₹2.75 for the previous year.

3. Key consolidated balance sheet information

In compliance with the applicable provisions of the Companies Act, 2013 ("Act") and regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the Company has prepared consolidated financial statements and as per the applicable Accounting Standards issued by the Institute of Chartered Accountant of India.

The audited consolidated financial statements along with the Auditors' Report have been annexed to the Annual Report.

Our overall consolidated bank debt levels stood at ₹247.86 crors as on 31st March, 2018 with a D:E ratio of 0.54. Our credit ratings have improved to A as per credit rating issued by CRISIL. Last year has seen a higher utilization of working capital on account of un-availed GST input tax credit. The takeover of stores has also increased the working capital intensity while having not contributed materially to the profitability of the business.

4. Capital Expenditure on tangible assets

This year, on a standalone basis, we undertook a capital expenditure of ₹15.43 Crores as against ₹12.18 Crores in the previous year. On a consolidated basis, our capital expenditure stood at ₹39.64 Crores for FY 2018 as against ₹36.69 Crores for the previous year.

5. Particulars of loans, guarantees or investments

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the Notes to the financial statements provided in this Annual Report.

6. Transfers to reserves

No transfer to reserves has been done in FY 2018.

7. Nature of Business

There has been no change in the nature of business of the Company.

8. Particulars of contracts or arrangements made with related parties

During the financial year ended 31st March, 2018, all the contracts or arrangements or transactions entered into by the Company with the related parties were in the ordinary course of business and on arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (LODR), 2015.

Further, the Company has not entered into any contract or arrangement or transaction with the related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

In view of the above, disclosure in FORM AOC-2 is not applicable. The related party transaction policy as approved by the Board is available on the website of the Company i.e www.shankarabuildpro.com

9. Subsidiary Companies

Shankara Building Products Limited has the following subsidiary companies

1. Taurus Value Steel & Pipes Pvt. Ltd. - Having a tube & galvanized strip processing facility at Hyderabad.
2. Vishal Precision Steel Tubes & Strips Pvt. Ltd. – Having a tube & cold rolled strip processing facility at Bangalore.
3. Steel Network Holdings Pte. Ltd. – Wholly owned subsidiary, registered at Singapore, having an Indian colour coated roofing profiling subsidiary Centurywells Roofing India Pvt. Ltd.



4. Centurywells Roofing India Pvt. Ltd - Step-down, wholly owned subsidiary held through Steel Network Holdings Pte Limited primarily engaged in providing colour coated roofing products. It has processing facilities in Chennai, Bangalore, Coimbatore, Pune, Vijayawada and Hubli.

No new subsidiary was added and no company has ceased to be a Shankara Building Products Limited subsidiary during FY 2017-18

The details in Form AOC1 for each subsidiary is as per Annexure- I

11. Human Resource

As of March 31, 2018 we had 1,571 employees on the payroll of our Company and Subsidiaries. The following table sets forth the break-up as of March 31, 2018

Sr. No	Departments	No.of Employees
1.	Sales and marketing	498
2.	Finance, accounts and administration	415
3.	Operations	446
4.	Supply Chain	212
	Total	1,571

In addition to the employees listed above, we also engage contract labourers to facilitate our processing operations. As of March 31, 2018, we engaged 776 contract workers. Our Company is in compliance with the Contract Labour (Regulation and Abolition) Act, 1970, and the rules prescribed thereunder in this regard.

12. Directors' Responsibility Statement

Pursuant to section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- iii. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. they have prepared the annual accounts on a going concern basis;
- v. they have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;
- vi. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



DIRECTORS' REPORT

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant board committees, including the audit committee, the board is of the opinion that the Company's internal financial controls were adequate and effective during FY.2017-18

13. Director & key managerial personnel

A. Composition and size of the Board:

The Board has an optimum combination of executive, non-executive and independent directors. The total strength of the Board as on the date of reporting is six Directors, of which three are Independent Directors.

B. Director retiring by rotation:

Mr. RSV. Siva Prasad, Director, is liable to retire by rotation in terms of provisions of the Act at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

As stipulated under Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 brief resume of the director proposed to be re-appointed is given in the Notice of the Annual General Meeting.

Pursuant to the provisions of section 149 of the Act, Mr. V. Ravichandar, Mr. Chandu Nair and Ms. Jayashri Murali were appointed as independent directors of the Company. They have submitted a declaration that each of them meets the criteria of independence as provided in section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director.

Pursuant to the provisions of section 203 of the Act, the key managerial personnel of the Company are - Mr. Sukumar Srinivas, Managing Director, Mr. Siddhartha Mundra, Chief Executive Officer (w.e.f 9th June, 2017) Mr. Alex Varghese, Chief Financial Officer and Ms. Ereena Vikram, Company Secretary.

14. Number of meetings of the Board

Seven meetings of the board were held during the year. For details of the meetings of the board, please refer to the corporate governance report, which forms part of this report.

15. Policy on directors' appointment and remuneration and other details

The Company's policy on directors' appointment and remuneration and other matters provided in section 178(3) of the Act has been disclosed in the corporate governance report, which forms part of this report.

The Company has formulated and adopted a nomination and remuneration policy which is disclosed on our website at <http://shankarabuildpro.com/investorrelations>

16. Internal financial control systems and their adequacy

The Company has in place adequate internal financial controls with reference to financial statements and no material reportable weakness was observed in the system during the year. The details in respect of internal financial control and their adequacy are included in the management discussion & analysis, which forms part of this report. The Board has reappointed M/s GRSM Associates, Chartered Accountants as Internal Auditor in the Board Meeting held on May 10, 2018.

17. Audit committee

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

18. Auditors

(i) **Statutory Auditor:** M/s Haribhakti & Co., LLP (Firm Registration No. 103523W/ W100048), were appointed as statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting till the Conclusion of 24th Annual General Meeting to be held during calendar year 2019 (F.Y 2018-19). They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed there under for reappointment as Statutory Auditors of the Company.

(ii) **Secretarial Auditor:** Mr. K Jayachandran, Practicing Company Secretary (ACS No. 11309 and Certificate of Practice No. 4031) was appointed as the Secretarial Auditor of the Company to conduct



Secretarial Audit of the Company for the Financial Year 2017-18 as required under Section 204 of the Companies Act, 2013 and the Rules made there under. The Secretarial Audit Report for FY 2017-18 is appended as **Annexure II** to the Directors' Report.

19. Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made

(i) Statutory Auditor's report

The Auditors Report to the Shareholders for the year under review does not contain any reservation, qualification, or adverse remark. The comments in the Auditors' Report to the shareholders for the year under review are self-explanatory and does not need further explanation.

(ii) Secretarial Auditor's Report

It has been observed in the secretarial audit that the Company had not filed its Foreign Liabilities and Assets (FLA return) as per the provisions of Foreign Exchange Management Act, 1999 with respect to overseas investment in Steel Network Holdings Pte Ltd Singapore during the financial year. The Board of Directors wish to clarify that they have instructed the management to take necessary steps to resolve this matter in consultation with the authorized dealer.

20. Risk Management

In terms of regulation 179(b) of the Listing Regulations, the Board of Directors adopted a Risk Management Policy. The main objective of Risk Management Policy is to enable long term sustainable growth by creating a robust risk management framework involving identification, evaluation & management of risks by partnering with businesses and its associate functions.

21. Corporate social responsibility

The brief outline of the corporate social responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure III** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

For other details regarding the CSR Committee, please refer to the corporate governance report, which forms part of this report. The policy is

available on the website of the Company <http://www.shankarabuildpro.com/investor-relations>.

22. Board Evaluation

The Board in its earlier meeting on 30th January, 2018 discussed all parameters for Board evaluation. They developed a questionnaire for reviewing all sub-committees performance. These include Audit & Risk Management Committee, Nomination & Remuneration, Whistle Blower, Sexual Harassment, Corporate Social Responsibility, Stakeholders Relationship and Corporate Governance Committee. Another questionnaire was prepared for Board evaluation. This includes self appraisal of Independent Directors and their peers on the Board. The Board decided to do a full evaluation in the year 2018-19.

23. Business Responsibility Report

Your Directors are pleased to inform you that Shankara is now ranked in the top 500 listed entities based on market capitalization. Regulation 34(2) of the SEBI (Listing Requirement & Obligations), 2015 interalia, provides that the annual reports of the top 500 listed entities, based on market capitalization (calculated as on March 31st of every financial year), shall include a Business Responsibility Report as detailed in **Annexure IV**. The Board has advised the management to work towards fulfilling these requirements at the earliest.

24. Dividend Distribution Policy

Regulation 43A of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, mandates top 500 listed companies based on their market capitalization to formulate a Dividend Policy. In compliance with this, the Board has formulated a policy that will provide clarity to the stakeholders on the dividend distribution framework of the Company. The dividend distribution policy is attached as **Annexure V** to this report and is also available on the website of the Company www.shankarabuildpro.com

25. Extract of annual return

In accordance with Section 134(3) (a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format (MGT-9) is appended as **Annexure VI** to the Directors' Report.

26. Corporate Governance

The Company has complied with the requirements of corporate governance. A report on corporate governance has been enclosed in the annexure to this report.

As per regulation 34 of the Listing Regulations, a separate section on corporate governance practices followed by your Company, together with a certificate from Mr. K.Jayachandran, Company Secretary, on compliance with corporate governance norms under the Listing Regulations, is given as Annexure VII

27. Management Discussion and Analysis Report

In terms of regulation 34 of the Listing Regulations, the Management Discussion and Analysis Report on your Company's performance, industry trends and other material changes with respect to your Company and its subsidiaries, wherever applicable, are presented of this Annual Report.

28. Particulars of employees

The ratio of the remuneration of each director and key managerial personnel (KMP) to the median employees' remuneration as per section 197(12) of the Act read with Rule 5(1) and (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in Annexure VIII which forms part of the Board Report.

Further, particulars of employees pursuant to Rule 5(2) and 5(3) of the above Rules, form part of this report.

Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms remuneration is as per the remuneration policy of the Company.

29. Disclosure requirements

As per SEBI Listing Regulations, corporate governance report with auditors' certificate thereon and management discussion and analysis are attached, which form part of this report.

30. Deposits from public

The Company has not accepted any deposits as defined in the Act and rules framed thereunder, during the year under review. Further, there is no deposit which is remaining unclaimed or unpaid as at the end of the year.

31. Conservation of energy, technology absorption, foreign exchange earnings and outgo

Conservation of energy:

The information pursuant to Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014, in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are enclosed in the Annexure IX to the Directors' report.

Technology absorption, adaptation and innovation:-

The Company continues to use the latest technologies for improving the productivity and quality of its services and products. The Company's operations do not require significant import of technology.

Foreign Exchange earnings and outgo:-

There was no Foreign Exchange inflow and outflow during the year.

32. Disclosure under the sexual harassment of women at workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has in place, policy on Prevention, Prohibition and Redressal of Sexual Harassment for women at workplace in accordance with the requirements of "The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013". All women employees are covered under this policy. The Company has not received any complaints during the year.

33. The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future;

No significant or material orders have been passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.



34. Other disclosures

- (i) **Details of equity shares with differential rights**
The Company has not issued any equity shares with differential rights during the year.
- (ii) **Details of sweat equity shares issued**
The Company has not issued any sweat equity shares during the year.
- (iii) **Buy Back of Securities**
The Company has not bought back any of its securities during the year under review.
- (iv) **Bonus Shares**
No Bonus Shares were issued during the year under review.

35. Vigil Mechanism

The Company in compliance with Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI Listing Regulations has established a Whistle Blower policy / Vigil Mechanism for the directors and employees to report genuine concerns or grievances

about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct or Ethics Policy. The Company has a vigil mechanism process wherein the employees are free to report violations of laws, rules, regulations or unethical conduct.

Protected Disclosure against the Whistle Blower and Ethics Officer should be addressed to the Chairman of the Audit & Risk Management Committee.

"The Chairman of the Audit & Risk Management Committee,
Shankara Building Products Limited
G-2, Farah Winsford, 133 Infantry Road,
Bangalore - 560 001"

The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice. The whistle blower policy of the Company is disclosed on our website at the below link:-

<http://shankarabuildpro.com/investor relations>

Acknowledgement

Your Directors acknowledge the co-operation extended by the employees and business associates of the Company and thank them for their services and continued support. Your Directors would particularly like to acknowledge & thank our bankers namely Citibank, Kotak Mahindra Bank Ltd, IndusInd Bank Ltd, Standard Chartered Bank, Axis Bank Ltd, IDFC Bank and Federal Bank Ltd.

The directors appreciate and value the contributions made by every member of the Shankara family.

For and on behalf of the Board of Directors

Date: May 10, 2018
Place: Bengaluru

Sd/-
Sukumar Srinivas
Managing Director
DIN: 01668064

Sd/-
C. Ravikumar
Whole-time Director
DIN: 01247347



**Annexure - 1
AOC-1**

Pursuant to first proviso to sub-section (3) of section 129 of Companies Act, 2013, read with rule 5 of Companies (Accounts), Rules, 2014, the Company is presenting summarised financial information about individual subsidiaries as at March 31, 2018.

Information relating to Subsidiaries as at March 31, 2018

Sr. No	Name of the Subsidiary	Reporting Currency	Share Capital	Reserve & Surplus	Total Assets	Total Liabilities	Investments	% of Holding	Sales & Other Income	Profit before Taxation	Provision for taxation	Profit after Tax	Proposed Dividend
1	Taurus Value Steel & Pipes Pvt. Ltd	Rupees	151.01	9,284.17	26,380.30	16,941.30	Nil	100%	77,430.94	2,744.57	959.86	1,784.71	Nil
2	Vishal Precision Steel Tubes & Strips Pvt. Ltd	Rupees	350.00	4,985.52	13,734.30	8,394.96	Nil	99.89%	53,288.16	2,143.33	881.74	1,261.59	Nil
3	Century Wells Roofing India Pvt. Ltd	Rupees	199.92	1,474.39	4,703.57	3,025.44	Nil	100%	18,228.89	770.97	276.59	494.38	Nil
4	Steel Network Holdings Pte Limited	USD	20	(0.42)	19.71	0.31	Nil	100%	Nil	(0.06)	Nil	(0.06)	Nil



Annexure-II

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
SHANKARA BUILDING PRODUCTS LIMITED
CIN: L26922KA1995PLC018990
G-2, Farah Winsford, No.133, Infantry Road,
Bangalore - 560001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SHANKARA BUILDING PRODUCTS LIMITED (formerly SHANKARA INFRASTRUCTURE MATERIALS LIMITED) having CIN: L26922KA1995PLC018990 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts and statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- (i) The Companies Act, 2013 ('the Act') and the Rules made there under and the relevant provisions of The Companies Act, 1956;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and External Commercial Borrowings;
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The SEBI (listing obligations and disclosure requirements) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
 - (vi) There were no specific Laws, Norms and Directions applicable to the Company except Labour Laws.
- I have also examined compliance with the applicable clauses of the following:
- (i) The Listing Agreement entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange Limited;
 - (ii) Secretarial Standard- 1 (Secretarial Standard on Meetings of the Board of Directors) and Secretarial Standard – 2 (Secretarial Standard on General Meetings) issued by The Institute of Company Secretaries of India.
- During the period under review the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observations:
- The Company has not filed Annual return on Foreign Liabilities and Assets (FLA Return) as per the provisions of Foreign Exchange Management Act, 1999 with respect to overseas investment in Steel Network Holdings Pte. Ltd. Singapore during the financial year. However, it was brought to the notice of the Board and the Board has confirmed that it is taking necessary steps to comply with the provisions in consultation with the authorized dealer.*



I further report that:

Based on the information provided by the Company, its officers and authorized representatives, during the conduct of the audit and also on the review of the details, records, documents and papers provided, in my opinion, adequate systems and processes and control mechanism exists in the Company to monitor and to ensure compliance with applicable general laws like labour laws, competition law and environmental law.

The compliance of applicable financial laws, like direct and indirect tax laws, have not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and at least one Independent Director was present wherein the Board meetings were held at a shorter notice to transact urgent matters and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions were carried unanimously and there were no dissenting views.

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

1. Pursuant to Initial Public Offering (IPO) by way of fresh issue of 9,78,289 Equity Shares and an Offer for Sale of 65,21,740 Equity shares by selling shareholders at an offer price of ₹460/- per Equity Shares including a premium of ₹450/- per Equity Share, the Company has listed 2,28,49,326 Equity Shares of 10/- each on BSE Limited(BSE) and National Stock Exchange of India Limited (NSE) on 5th April, 2017.
2. The Company has given guarantee to wholly owned subsidiary companies.
3. The Board has considered all the related party transactions are on arm's length basis and are in the ordinary course of business.

K. Jayachandran
ACS No.: 11309
CP No.: 4031

Date: 10.05.2018
Place: Bengaluru

DIRECTORS' REPORT

Annexure A

To,
The Members,
SHANKARA BUILDING PRODUCTS LIMITED
CIN: L26922KA1995PLC018990
G-2, Farah Winsford, No.133, Infantry Road,
Bangalore - 560001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

K. Jayachandran
ACS No. : 11309
CP No.: 4031

Date: 10.05.2018
Place: Bengaluru

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members of SHANKARA BUILDING PRODUCTS LIMITED
CIN: L26922KA1995PLC018990
G-2, Farah Winsford, No.133, Infantry Road,
Bangalore – 560001.

I have examined all the relevant records of "SHANKARA BUILDING PRODUCTS LIMITED" ("the Company") for the purpose of certifying compliance of the conditions of the Corporate Governance under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the Financial Year 31st March, 2018. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In my opinion and to the best of my information and according to the explanations and information furnished to me, I certify that the Company has complied with the conditions of Corporate Governance as specified in Regulation 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of Listing Regulations, as applicable.

K. Jayachandran
Company Secretary
ACS No.: 11309
CP. No. : 4031

Date: May 10, 2018
Place: Bengaluru



Annexure III

ANNUAL REPORT ON CSR ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

Our Company firmly believes in its contribution to society. Shankara Building Products Limited has a clear commitment to promote women's welfare and help destitute children and the elderly. To pursue this objective the Company partnered with NGOs like Concern India and Amar Seva Sangam to conduct the following activities

- Empower women and adolescent girls through a health program in outer Bangalore.
- Supporting an educational & livelihood program for abandoned girls in Hyderabad.
- Ongoing program to sponsor an old age outreach program through NGO- 'Dhrithi' in Bangalore.
- Sponsored a program 'Child rights through soccer' in Chennai.
- Ongoing financial support to rehabilitate & educate physically & mentally challenged children in remote areas.
- Distribution of school materials to needy children in rural areas.
- Sponsor cultural programs like classical dance and music in local communities in Bangalore.
- Supported an outreach program to help HIV affected families in Bangalore through an NGO- 'MILANA'.

Shankara Building Products Limited ("SBPL") on a consolidated basis was expected to spend ₹115.98 Lacs towards CSR in the year 2017-18. It has identified and allocated ₹88.60 lakhs out of which ₹52.93 Lacs has been disbursed.

2. The composition of the CSR Committee: The Company has a CSR committee of directors comprising of Ms. Jayashri Murali, Chairman of the Committee, Mr. Chandu Nair and Mr. Sukumar Srinivas.
3. Average net profit of the Company for last three years for the purpose of computation of CSR: ₹5799.24 Lacs

4. Prescribed CSR Expenditure (two percent of the amount as in item no 3 above): ₹115.98 Lacs

5. Details of CSR spent during the financial year:

- a. Total amount to be spent for the financial year: ₹52.93 Lacs

- b. Amount unspent: ₹63.05 Lacs

Reason: We have identified ₹88.60 Lacs on certain projects qualifying under our CSR expenditure guidelines but have been unable to exhaust the entire money in the financial year 2017-18

- c. Manner in which the amount spent during the financial year: Attached

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

Please refer to item no. 5(b) above.

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

We hereby declare that implementation and monitoring of the CSR policy are in compliance with CSR objectives and policy of the Company.

Sd/-
Sukumar Srinivas
Managing Director

Sd/-
Jayashri Murali
Chairman,
Corporate Social
Responsibility

Date : May 10, 2018

Place : Bengaluru

5(c) Manner in which amount spent during the financial year is detailed below:

Sr. No	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs & Area	Amount Outlay (budget) ₹	Amount spent on the projects or programmes ₹	Cumulative Expenditure upto the reporting period	Amount spent direct or through implementing agency
1	Concern india Foundation	Health camp for Cancer in Rural and Urban areas & Education for Orphan Girls	Urban & Rural	11.85	7.00	7.00	Direct
2	Dhriti	Medical Checkup sensitization program, group activities for elderly women	Urban	4.50	2.50	2.50	Direct
3	Amar Seva Sangh	Sponsorship for spinal cord & medical checkup	Urban & Rural	2.90	2.90	2.90	Direct
4	CRY	Sponsorship of Soccer for child Rights for slum kids	Urban	12.00	12.00	12.00	Direct
5	Milana	Treatment and Medical care for people living with HIV & AIDS	Urban & Rural	15.00	10.00	10.00	Direct
6	HelpAge india	Mobile Medicare Unit Sharing basis providing free Medical services for disadvantaged elderly people	Urban	13.34	8.50	8.50	Direct
7	Need Base india	Empower street and vulnerable children through comprehensive education	Urban	25.32	6.33	6.33	Direct
8	Others	Donation charges for literature festival, deserving poor student to improve the quality of education	Urban & Rural	3.70	3.70	3.70	Direct
Total				88.60	52.93	52.93	



ANNEXURE-IV

BUSINESS RESPONSIBILITY REPORT

SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company:- L26922KA1995PLC018990
2. Name of the Company:- Shankara Building Products Limited
3. Registered address:- G2,Farah Winsford, 133 Infantry Road, Bangalore-560001
4. Website:- www.shankarabuildpro.com
5. Email id:- cs@shankarabuildpro.com
6. Financial Year reported:- 2017-2018
7. Sector(s) that the company is engaged in (industrial activity code-wise):- 477 (Retail), 466 (Enterprise), 466 (Channel)
8. List the products/services that the company manufactures/provides:- Building Materials
9. Total number of locations where business activity is undertaken by the Company
 - a. Number of International Locations:- 1 (Singapore)
 - b. Number of National Locations:- 129 (retail outlets), 34 (warehouse), 12 (manufacturing) & 4 (offices) as on 31st March, 2018
10. Markets served by the Company- Local/ State/ National/ International:- National

SECTION B : FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR):- ₹22.84 Crores
2. Total Turnover (INR):- ₹2,548.67 Crores
3. Total profit after taxes (INR):- ₹73.90 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax %):- 0.71 %
5. List of activities in which expenditure in 4 above has been incurred: - Refer Annexure-III of the Directors' Report

SECTION C : OTHER DETAILS

1. Does the company have any Subsidiary Company/Companies:-

Yes, the Company has four wholly owned subsidiaries namely:

- a. Taurus Value Steel & Pipes Pvt Ltd. - Having a tube & galvanized strip processing facility at Hyderabad.
- b. Vishal Precision Steel Tubes & Strips Pvt Ltd. – Having a tube & cold rolled strip processing facility at Bangalore.
- c. Steel Network Holdings Pte Ltd. – Wholly owned subsidiary, registered at Singapore, having an Indian colour coated roofing profiling subsidiary Centurywells Roofing India Pvt. Ltd.
- d. Centurywells Roofing India Pvt. Ltd – Step-down, wholly owned subsidiary held through Steel Network Holdings Pte Limited primarily engaged in providing colour coated roofing products. It has processing facilities in Chennai, Bangalore, Secunderabad, Coimbatore, Pune, Vijayawada and Hubli.

2. Do the subsidiary Company/Companies participate in BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):-

The three subsidiary companies Taurus Value Steel & Pipes Pvt. Ltd, Vishal Precision Steel Tubes & Strips Pvt. Ltd and Centurywells Roofing India Pvt. Ltd are working towards establishing a BR Policy and should be in place in the coming year.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the company does business with, participate in the BR initiative of the Company? If yes, then indicate the percentage of such entity/entities? (Less than 30%, 30-60%, More than 60%):-

No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Directors/Directors responsible for implementation of the BR policy/policies

No.	Particulars	Details
1.	DIN Number (if applicable)	1668064
2.	Name	Mr. Sukumar Srinivas
3.	Designation	Managing Director

(b) Details of BR head

No.	Particulars	Details
1.	Name	Mr. Siddhartha Mundra
2.	Designation	Chief Executive Officer
3.	Telephone number	080-4011 7777
4.	E-mail Id	siddhartha@shankarabuildpro.com

2. Principle-wise (as per NVGs) BR Policy/Policies
The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. Briefly these are as follows:

- P1 Business should conduct and govern themselves with Ethics, Transparency and Accountability
- P2 Business should provide goods and services that are safe and contribute to sustainability throughout their life cycles
- P3 Business should promote the wellbeing of all employees

- P4 Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
- P5 Business should respect and promote human rights
- P6 Business should respect, protect, and make efforts to restore the environment
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- P8 Businesses should support inclusive growth and equitable development
- P9 Businesses should engage with and provide value to their customers and consumers in a reasonable manner



No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify?	Yes, the policy is based on "National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business" released by the Ministry of Corporate Affairs, Government of India.								
4	Has the policy been approved by the board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	Y*	Y***	Y**	Y**	Y**	Y**	N	Y***	Y****
5	Does the company have a specified committee of the Board/Director/Officials to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	Y
6	Indicate the link for the policy to be viewed online?	www.shankarabuildpro.com								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policy has been posted on the Company's website for information of all stakeholders. For internal stakeholders, appropriate communication means are used.								
8	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
9	Does the company have a grievance redressal mechanism related to the policy/policies to address stakeholders grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	N	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

* Shankara Code of Conduct

** CSR Policy

*** Shankara Vision & Mission

****Shankara Quality Policy

DIRECTORS' REPORT

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. The company has not understood the Principles									
2. The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles							The company believes that it does not need to engage in public policy and did not influence statutory and regulatory framework. In case the need arises, the company is a member of numerous trade & industry organization where it can raise such issues.		
3. The company does not have financial or manpower resources available for the task									
4. It is planned to be done within next 6 months									
5. It is planned to be done within the next 1 year									
6. Any other reason (please specify)									

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:-

As the company has been included in the top 500 hundred listed companies of BSE/Nifty index by way of market capitalization in March, 2018, a formal review of BRR by the Board was not required till now. However, the Board was assessing business responsibility of the company in an informal manner over the last few years. Henceforth, the BR performance will be assessed every quarter by the Board of Directors.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink? :-

As the need for a formal Business Responsibility Report has arisen only in the FY 19, the same is being prepared by the Company. The BR will be displayed shortly on the website of the Company at www.shankarabuildpro.com

(c) Do any other entity/entities (e.g suppliers, distributors etc.) that the company does business with, participate in the BR initiative of the company? If yes, then indicate the percentage of such entity/entities? (less than 30%, 30-60%, more than 60%)

No

SECTION E : PRINCIPLE-WISE PERFORMANCE

Stakeholder	Complaints Received during FY 2017-18	Complaints Resolved during FY 2017-18	Complaints Resolved (%)
Investor Complaints	207	207	100%



Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:-

The Company manufactures and sells a vast variety of products with a focus on sustainability and environment. Some of the products are detailed below:

(a) The Company has encouraged its customers to use steel tubes and steel roofing sheets rather than wooden roofing which is a great opportunity to safeguard the environment. This also replaces the use of clay tiles which helps to save and conserve the upper layer of soil.

(b) The Company has also invested in optimization of power consumption and promotes renewable energy products such as solar pumps and solar water heaters.

(c) The Company sells products such as drip irrigation and greenhouse structures which help conserve water usage and improve farm productivity.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):-

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

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

Considering the nature of business of the Company the above details are not applicable to the Company.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes, the Company operates a fleet of vehicles and to minimize diesel consumption, we have created a synchronized pickup and delivery routing pattern structured like a "milk run system". This helps in increasing our supply chain efficiencies and reduces

the number of vehicles on road. In addition to our own vehicles, we also have a number of third party vehicles servicing us. We are working to ensure sustainable sourcing procedures for our ecosystem.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company sources fabrications from small scale vendors. In order to achieve this, the Company shares knowledge and expertise in sustainable practices with the small vendors. The Company is creating opportunities for vendors who are registered in our data base by providing their details to customers.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as 10%):- N/A

Principle 3: Business should promote the well-being of all employees

1. Please indicate the total number of employees:- 1,571

2. Please indicate the total number of employees hired on temporary/contractual/casual basis:-

Contractual:- 776

3. Please indicate the number of permanent women employees:- 115

4. Please indicate the number of permanent employees with disabilities:- 6

5. Do you have an employee association that is recognized by management:- Nil

6. What percentage of your permanent employees is members of this recognized employee association
N/A

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No	Category	No. of complaints filed during the financial year	No of complaints pending as on end of the financial year
		NIL	

8. What percentage of your under mentioned employees were given safety & skill up gradation training in the last year?

(a) Permanent Employees:- 519

(b) Permanent Women Employees- 8

(c) Casual/Temporary/Contractual Employees - 776

(d) Employees with Disabilities- 2

Principle 4: Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

As a part of Company's CSR initiative, the Company is providing funds for education and healthcare of marginalized communities. Further details are available in CSR section of Annual Report.

Principle 5: Business should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company's policy covers the Company and its Subsidiaries.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

There have been no complaints received on account of human rights issue.

Principle 6: Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Company's policy covers the Company is working towards covering its subsidiaries.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

The company is studying the issue to see the relevance of its business activities towards this issue. And if found relevant will come out with suitable policy.

3. Does the company identify and assess potential environmental risks? Y/N

Yes, the Company has always been sensitive to the environmental impact of its operations and has proactively adopted environmental sustainable practices. The very endeavor led to the Green initiatives such as planting trees and using high energy efficient machines among others.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

None

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.:-

Yes, the Company proactively promotes renewable energy products such as solar pumps and solar water heaters.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/ SPCB for the financial year being reported?

Yes

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL

Principle 7: Business when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Company is a member of various trades and chambers or associations. Some of these includes:

- Karnataka Pipes Dealer Association



- Bangalore Iron & Steel Merchant Association
 - Bangalore Builders Association
 - Telangana State Tube Manufacturers Association
 - Salem Pipe Dealers Association
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

No. The Company's Senior Management represents the Company in various industry forums. Shankara uses the Shankara Code of Conduct as a guide for its actions in influencing public and regulatory policy.

Principle 8: Business should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes. The Company has a well drafted CSR Policy in line with Section 135 of the Companies Act, 2013. On the basis of needs and requests the initiatives for the benefit of society are chosen and implemented.

2. Are the programmes/projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organization?

The Company undertakes programmes/projects through External Agencies.

3. Have you done any impact assessment of your initiative? :-

Yes, in one of our earlier projects which dealt with self empowerment of women in a village in Haveri district, Karnataka, The project was funded for four years and subsequently no further fund was required as the group had achieved self sustainability.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

₹52.93 Lakh was spent during the previous year. Details of project undertaken are available in Annexure-III of Directors' Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Yes. Initiatives conducted under CSR are tracked to determine the outcomes achieved and the benefits

to the community. The Company also interacts with stakeholders to ensure that its projects are being implemented effectively.

Principle 9: Business should engage with and provide value to their customers and consumers in a reasonable manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year. Nil
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information) :- Yes
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so :- No
4. Did your company carry out any consumer survey/ consumer satisfaction trends? Yes

ANNEXURE-V

DIVIDEND DISTRIBUTION POLICY

1. BACKGROUND, SCOPE PURPOSE AND EFFECTIVE DATE

The Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations). Vide these Regulations, SEBI has inserted Regulation 43A after Regulation 43 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed companies (based on market capitalization of every financial year) to formulate a Dividend Distribution Policy, which shall be disclosed in its Annual Report and on its website.

Shankara Building Products Limited (the "Company") being one of the top five hundred listed company as per the criteria mentioned above, the Company has approved and adopted this Dividend Distribution Policy (the "Policy") at its meeting held on May 10, 2018, being the effective date of the Policy.

The intent of the Policy is to broadly specify the external and internal factors including financial parameters that shall be considered while declaring dividend and the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized, etc.



The Policy shall not apply to:

- Determination and declaration of dividend on preference shares, as and when issued by the Company, as the same will be as per the terms of issue approved by the shareholders
- Issue of Bonus Shares by the Company
- Buyback of Securities.

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board.

2. DEFINITIONS

2.1 "Board" shall mean Board of Directors of the Company.

2.2 "Companies Act" shall mean the Companies Act, 2013 and Rules thereunder, notified by the Ministry of Corporate Affairs, Government of India, as amended.

2.3 "Dividend" includes any interim dividend.

2.4 "Listed Entity / Company" shall mean Shankara Building Products Limited.

2.5 "Policy" means Dividend Distribution Policy.

2.6 "Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified by The Securities and Exchange Board of India, as amended, from time to time.

2.7 "Stock Exchange" shall mean a recognized Stock Exchange as defined under clause (f) of Section 2 of the Securities Contracts (regulation) Act, 1956.

3. POLICY

A. PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND

The dividend pay-out decision of the Board depends upon the following financial parameters and internal and external factors:

Internal Factors:

- i. Operating cash flow of the Company
- ii. Profit earned during the year
- iii. Up gradation of technology and physical infrastructure
- iv. Creation of contingency fund
- v. Acquisition of brands and business
- vi. Cost of Borrowing

- vii. Past dividend payout ratio / trends
- viii. Profit available for distribution
- ix. Working capital requirements
- x. Capital expenditure requirement
- xi. Business expansion and growth
- xii. Earnings Per Share (EPS)
- xiii. Likelihood of crystallization of contingent liabilities, if any
- xiv. Additional investment in subsidiaries and associates of the company

External Factors:

- i. Economic environment
- ii. Capital markets
- iii. Global conditions
- iv. Government regulations
- v. Statutory provisions and guidelines
- vi. Dividend payout ratio of competitors
- vii. Any other factors

Subject to the other considerations as provided in the Policy, the Board shall determine the dividend payout in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management and other relevant factors.

B. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS OF THE COMPANY MAY OR MAY NOT EXPECT DIVIDEND

The decision regarding dividend pay-out is a crucial decision as it determines the amount of profit to be distributed among shareholders of the Company and the amount of profit to be retained in business. The decision seeks to balance the dual objectives of appropriately rewarding shareholders through dividends and retaining profits in order to maintain a healthy capital structure to support future growth. The shareholders of the Company may not expect dividend in the following circumstances, notwithstanding the parameters and factors conducive for dividend, subject to discretion of the Board of Directors.

- i. Proposed expansion plans requiring higher capital allocation
- ii. Whenever it undertakes any acquisitions, amalgamation, merger, joint ventures, business combinations, new product launches etc. which requires significant capital outflow
- iii. Requirement of higher working capital for the purpose of business of the Company
- iv. Whenever company proposes to utilise surplus cash for buy back of securities.
- v. In the event of loss or inadequacy of profit
- vi. Any restrictions and covenants contained in any agreement as may be entered with the lenders.



C. UTILIZATION OF THE RETAINED EARNING

The portions of profits not distributed among the shareholders but retained and used in business are termed as retained earnings. It is also referred to as ploughing back of profit. The Company should ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. These earnings may be utilised for internal financing of its various activities and for fixed as well as working capital. Thus, the retained earnings shall be utilised for carrying out the main objectives of the Company and maintaining adequate liquidity levels. The decision of utilisation of the retained earnings of the Company shall be based on the following factors:

- Where the cost of debt is expensive
- Long term strategic plans
- Diversification of business
- Market expansion plan
- Modernisation plan
- Other such criteria as the board may deem fit from time to time.

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year(s) or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

D. MANNER OF DIVIDEND PAYOUT

In case of final dividend:

- i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
- ii. The dividend as recommended by the Board shall be approved/ declared at the Annual General Meeting of the Company.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration, to those shareholders who are entitled to receive the dividend on the record date/ book closure period, as per the applicable law.

In case of interim dividend:

- i. Interim dividend, if any, shall be declared by the Board.

- ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.
- iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

E. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

At present, the issued and paid-up share capital of the Company comprises only equity shares; the Company does not have different classes of shares. As and when the Company issues other kind of shares, the Board of Directors may suitably amend this Policy.

4. DISCLOSURES

The Company shall make appropriate disclosures as required under the SEBI Regulations.

5. POLICY REVIEW AND AMENDMENTS

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities Exchange Board of India (SEBI) or such other regulatory authority as may be authorised, from time to time, on the subject matter. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy. In case of any amendment(s), clarification(s), circular(s) and so on issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) and so on shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), and circular(s), among others.



Annexure VI

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2018
 [Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i. CIN: L26922KA1995PLC018990
- ii. Registration Date: October 13, 1995
- iii. Name of the Company: Shankara Building Products Limited
- iv. Category/ Sub-Category of the Company: Company limited by Shares/ Non-Govt company/ Public
- v. Address of the registered office and contact details:
G-2 Farah Winsford, No.133,
Infantry road, Bangalore – 560001

Tel: +91 80 4011 7777

Fax: +91 804111 9317

Email:compliance@shankarabuildpro.com

Website: www.shankarabuildpro.com

vi. Whether listed company: Yes

vii. Name, Address and Contact details of Registrar and Transfer Agent, if any:

Karvy Computershare Private limited

Karvy Selenium Tower B

Plot 31-32, Gachibowli, Financial District

Nanakramguda,

Hyderabad-500032

Tel: +91 4067162222

Fax: +91 4023431551

Email: einward.ris@karvy.com

Investor Grievance Email:

Shankara.ipo@karvy.com

Website: karisma.karvy.com

II.PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total consolidated turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/Service	% of total consolidated turnover of the Company
1.	Retail Sales	477	47.86%
2.	Enterprise Sales	466	31.58%
3.	Channel Sales	466	20.56%

III.PARTICULARS OF HOLDING, SUBSIDIARY COMPANIES

Sl.No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary	% of Shares held
1	Vishal Precision Steel Tubes and Strips Pvt Ltd	U00291 KA1991 PTC012581	Subsidiary	99.89%
2	Taurus Value Steel & Pipes Pvt Ltd	U28112TG2009PTC064592	Subsidiary	100%
3	Steel Networks Holdings Pte Ltd	201324866N	Subsidiary	100%
4	Century wells Roofing India Pvt Ltd	U28112TN2002PTC049959	Subsidiary	100%

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

(₹ in Lakhs)

Category of Shareholders	No.of Shares held at the begining of the year (As on 1-Apr-2017)				No.of Shares held at the end of the year (As on 31-Mar-2018)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	1,26,80,548		1,26,80,548	55.50	1,26,80,548		1,26,80,548	55.50	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	1,61,200		1,61,200	0.71	1,61,200		1,61,200	0.71	-
e) Banks/ FI	-	-	-	-	-	-	-	-	-
f) Anyother	-	-	-	-	-	-	-	-	-
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Anyother	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
TOTAL (A)	1,28,41,748		1,28,41,748	56.20	1,28,41,748		1,28,41,748	56.20	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	11,57,145		11,57,145	5.06	15,90,949		15,90,949	6.96	37.48
b) Banks / FI	3,23,244		3,23,244	1.41	35,446		35,446	0.16	(89.02)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-



(₹ in Lakhs)

Category of Shareholders	No. of Shares held at the beginning of the year (As on 1-Apr-2017)				No. of Shares held at the end of the year (As on 31-Mar-2018)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total	
Shares									
i) Others (specify)									
Alternate Investments Fund	3,60,066	-	3,60,066	1.58	12,37,071	-	12,37,071	5.41	243.56
Foreign Portfolio Investors	10,73,918	-	10,73,918	4.70	33,55,811	-	33,55,811	14.69	212.48
Sub - total (B) (1):-	29,14,373	-	29,14,373	12.75	62,19,277	-	62,19,277	27.22	113.40
2. Non-Institutions									
a) Bodies Corp.	28,86,438	-	28,86,438	12.63	11,65,471	-	11,65,471	5.10	(59.62)
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	28,69,335	3,68,050	32,37,385	14.17	11,60,258	3,68,056	15,28,314	6.69	(52.79)
ii) Individual shareholders holding nominal share capital in 2 lakh	4,79,224	2,37,670	7,16,894	3.14	6,09,556	2,37,670	8,47,226	3.17	18.18
c) Other (specify)	-	-	-	-	-	-	-	-	-
NBFC with RBI	-	-	-	-	5,690	-	5,690	0.02	-
Clearing Members	-	-	-	-	15,990	-	15,990	0.07	-
Non Resident Indians	1280	-	1280	0.01	1,94,506	-	1,94,506	0.85	15095.78
Non Resident Indian Non Repatriable Overseas corporate Bodies	-	-	-	-	28,910	-	28,910	0.13	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	2,51,208	-	2,51,208	1.10	2,194	-	2,194	0.01	(99.12)
Foreign Bodies-DR Bodies Corporate	-	-	-	-	-	-	-	-	-
Sub-total (B) (2):-	64,87,413	6,05,720	70,93,205	31.04	31,82,575	6,05,726	37,88,301	16.58	(46.59)
Total Public (B)	94,01,786	6,05,720	1,00,07,576	44.34	94,01,852	6,05,726	1,00,07,576	43.80	-
C.Shares held by Cutodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	2,22,43,534	6,05,720	2,28,49,326	100	2,22,43,600	6,05,726	2,28,49,326	100	-

DIRECTORS' REPORT

(ii) Shareholding of Promoter (including Promoter Group)

(₹ in Lakhs)

Sl. No	Name of the Shareholder	Shareholding at the beginning of the year 01.04.2017			Shareholding at the end of the year 31.03.2018			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/en cumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/e n cumber ed to total shares	
1.	Mr. Sukumar Srinivas	1,25,19,998	54.79%	-	1,25,19,998	54.79%	-	-
2.	Mrs Parwathi. S. Mirlay	1,00,000	0.44%	-	1,00,000	0.44%	-	-
3.	Mr. Dhananjay Mirlay Srinivas	60,550	0.26%	-	60,550	0.26%	-	-
4.	M/s. Shankara Holding Private Ltd	1,61,200	0.71 %	-	1,61,200	0.71%	-	-

(iii) Change in Promoters' (including Promoter Group) Shareholding (please specify, if there is no change)

Sl. No	Name of the Shareholder	Shareholding at beginning of the year 01.04.2017		Date	Reason	Increase/ Decrease in shareholding	Cumulative Shareholding	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1.	Mr. Sukumar Srinivas							
2.	Mrs Parwathi. S. Mirlay							
3.	Mr.Dhananjay Mirlay Srinivas							
4.	M/s Shankara Holdings Pvt Ltd							

No change in shareholding



(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of CDRs and ADRs):

(₹ in Lakhs)

Sl. No	Name of the Shareholder	Shareholding at beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
(1) Amansa Holdings Private Limited					
	At the beginning of the year	-	-	-	-
<i>Reason: Purchase of shares</i>					
	At the end of the year	-	-	10,76,114	4.70%
(2) Franklin India Smaller Companies Fund					
	At the beginning of the year	3,49,381	1.52%	-	-
<i>Reason : Purchase of shares</i>					
	At the end of the year	-	-	7,97,182	3.48%
(3) Ashoka Pte Ltd					
	At the beginning of the year	1,95,680	0.85%	-	-
<i>Reason : Purchase of shares</i>					
	At the end of the year	-	-	7,52,460	3.29%
(4) DSP Blackrock Core Fund					
	At the beginning of the year	3,16,156	1.38%	-	-
<i>Reason : Purchase of shares</i>					
	At the end of the year	-	-	6,96,156	3.04%
(5) ICICI Prudential Life Insurance Company Limited					
	At the beginning of the year	2,44,998	1.07%	-	-
<i>Reason : Purchase of shares</i>					
	At the end of the year	-	-	4,88,743	2.13%
(6) IL & FS Trust Company Limited- Forefront Alternative					
	At the beginning of the year	85,064	0.37%	-	-
<i>Reason : Purchase of shares</i>					
	At the end of the year	-	-	2,98,596	1.30%
(7) Axis Multicap Fund					
	At the beginning of the year	-	-	-	-
<i>Reason : Purchase of shares</i>					
	At the end of the year	-	-	2,80,000	1.22%
(8) Lizard International Master Fund LP					
	At the beginning of the year	-	-	-	-
<i>Reason : Purchase of shares</i>					
	At the end of the year	-	-	2,51,659	1.10%
(9) BNP Paribas Mid Cap Fund					
	At the beginning of the year	1,08,704	0.47%	-	-
<i>Reason : Purchase of shares</i>					
	At the end of the year	-	-	2,28,743	1.10%
(10) Generation IM Fund PLC Generation IM Asia Fund					
	At the beginning of the year	-	-	-	-
<i>Reason : Purchase of shares</i>					
	At the end of the year	-	-	1,78,653	1.10%

DIRECTORS' REPORT

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name	Shareholding during the year	
		No. of Shares	% of total shares of the company
(1)	Mr. Sukumar Srinivas		
	At the beginning of the year	1,25,19,998	54.79%
	<i>No increase / decrease in no. of shares held during the year</i>		
	At the end of the year	1,25,19,998	54.79%
(2)	Mr. C. Ravikumar		
	At the beginning of the year	72,400	0.33%
	<i>No increase / decrease in no. of shares held during the year</i>		
	At the end of the year	72,400	0.33%
(3)	Mr. RSV. Siva Prasad		
	At the beginning of the year	61,550	0.28%
	<i>No increase / decrease in no. of shares held during the year</i>		
	At the end of the year	61,550	0.28%
(4)	Mr. Alex Varghese		
	At the beginning of the year	20,620	0.09%
	<i>No increase / decrease in no. of shares held during the year</i>		
	At the end of the year	20,620	0.09%

V. INDEBTEDNESS

Indebtedness of the Company (consolidated) including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

	Secured Loan excluding deposits	Unsecured Loan	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	20,874.44	1,486.30	Nil	22,360.74
(ii) Interest due but not paid	Nil	Nil	Nil	Nil
(iii) Interest accrued but not due	145.20	Nil	Nil	145.20
Total (i+ii+iii)	21,019.64	1,486.30	Nil	22,505.94
Change in Indebtedness during the financial year				
• Addition	3,798.38	Nil	Nil	3,798.38
• Reduction	Nil	1,486.30	Nil	1,486.30
Net Change	3,798.38	1,486.30	Nil	2,312.08
Indebtedness at the end of the financial year				
i) Principal Amount	24,786.33	Nil	Nil	24,786.33
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	31.69	Nil	Nil	31.69
Total(i+ii+iii)	24,818.02	Nil	Nil	24,818.02



VI. Remuneration of directors and key managerial personnel

A. Remuneration to Managing Director, Whole-time Directors and/ or Manager:

(₹ in Lakhs)

S.No	Particulars of Remuneration	Name of MD/WTD/Manager		
		Mr. Sukumar Srinivas Managing Director	Mr. C. Ravikumar WTD	Mr. RSV Siva Prasad WTD
1.	Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	125.66	54.48	43.45
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	-	-	-
	Stock Option	-	-	-
	Commission & other Allowance	-	-	-
	Total	125.66	54.48	43.45

B. Remuneration to other directors

Sr. No	Particulars of Remuneration	Fee for attending board Meetings ₹	Total Amount Paid ₹
	Independent Director		
1.	Mr. V. Ravichandar	25,000	1,50,000
2.	Mr. Chandu Nair	25,000	1,25,000
3.	Ms. Jayashri Murali	25,000	1,50,000
	Total		4,25,000

C. Remuneration to Key Managerial Personnel other than MD/WTD/Manager

(₹ in Lakhs)

S.No	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Siddhartha Mundra CEO (w.e.f 9th June, 2017)	Mr. Alex Varghese, CFO	Ms. Ereena Vikram, Company Secretary Compliance Officer
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	79.21	26.60	6.65
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961			
	(c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961			
	Stock Option	-		-
	Commission & other Allowance			
	Total	79.21	26.60	6.65

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority (Rd)/NCLT /COURT	Appeal made if any (give Details)
A. COMPANY					
Penalty Punishment					
	Section 81 (1A)	As per provisions of Unlisted Public Companies (Preferential Allotment) Rules, 2003 in the Explanatory statement to the notice for the General Meeting as required by sectionn 173 of the companies Act, 1956 shall contain mandatory points in the Explanatory Statement. The Company inadvertently missed few of explanatory Statement and hereby violation of section 81 (1A)		NCLT	



Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority (Rd)/NCLT /COURT)	Appeal made if any (give Details)
A.COMPANY					
Penalty Punishment					
Compounding	Section 187C of the Companies Act 1956	As per the provisions of Section 187C of the Companies Act, 2013, The Company has received applicable declaration from the nominee as well as from the beneficial owner of the shares(31 st March, 1998) but the Company failed to file the applicable return in the prescribed form with ROC with regard to such declaration, thereby violating the provisions of section 187C subsection(4) of the Companies Act, 1956		NCLT	
	Section 187C of the Companies Act 1956	As per the provisions of Section 187C of the Companies Act, 2013, The Company has received applicable declaration from the nominee as well as from the beneficial owner of the shares(31 st March, 2000) but the Company failed to file the applicable return in the prescribed form with ROC with regard to such declaration, thereby violating the provisions of section 187C subsection(4) of the Companies Act, 1956		NCLT	
B. DIRECTORS					
Penalty Punishment Compounding		Nil - -	Nil - -	Nil - -	Nil - -
C. OTHER OFFICERS IN DEFAULT					
Penalty Punishment Compounding		Nil - -	Nil - -	Nil - -	Nil - -

ANNEXURE-VII

Corporate Governance Report for the year 2017-18

I. Shankara Philosophy on Corporate Governance

The Shankara Building Products Limited philosophy on Code of Governance is "Corporate Governance is the framework of rules and practices by which a board of directors ensures accountability, fairness and transparency in a company's relationship with its all stakeholders. It encompasses every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

We believe in balancing the interests of a company's many stakeholders, such as shareholders, management, customers, suppliers, financiers & government. Your Company is committed to good Corporate Governance, based on an effective independent Board, separation of supervisory role from the executive management and constitution of Committees to oversee critical areas thus upholding the standards practically at every sphere ranging from action plan to performance measurement and customer satisfaction.

II Board of Directors

i. As on March 31st 2018, the Company has Six Directors. Of the six Directors, three are Executive

Directors, three are Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.

ii. None of the Directors on the Board hold directorships in more than ten public companies. Further none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2018 have been made by the Directors. None of the Directors are related to each other.

iii. Independent Directors are non-executive directors as defined under Regulation 16(1) (b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1) (b) of the SEBI Listing Regulations read with Section 149(6) of the Act.

iv. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on March 31st, 2018 are given herein below.

Name of the Director	Category	Number of Board Meetings during the year 2017-18		Whether attended Last AGM held on 21 st July 17	Number of Directorship in other public Companies		Number of Committee Positions held in listed entities including this listed entity	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. V. Ravichandar Chairman DIN 0634180	Independent Non-Executive	7	6	Yes	-	-	-	4
Mr. Sukumar Srinivas Managing Director DIN 1668064	Executive Director	7	7	Yes	-	-	-	3
Mr. Chandu Nair DIN 0259276	Independent Non Executive	7	5	Yes	-	-	-	5
Ms. Jayashri Murali DIN 01284437	Independent Non-Executive	7	6	No	-	-	-	6
Mr. C. Ravikumar DIN 01247347	Executive Director	7	7	Yes	-	-	-	1
Mr. RSV Siva Prasad DIN 01247339	Executive Director	7	4	Yes	-	-	-	Nil



Note:- Directorship in private limited companies, foreign companies, associations and government bodies are excluded.

v. Seven Board Meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held:

April 17, 2017; May 5, 2017; June 19, 2017; August 9, 2017; November 14, 2017; December 12, 2017; January 30, 2018

The necessary quorum was present for all the meetings.

vi. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company.

vii. The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.

viii. The details of the familiarization policy of the Independent Directors are available on the website of the Company (<http://shankarabuildpro.com/investor relations>).

ix. Details of equity shares of the Company held by the Directors as on March 31, 2018

Name	Category	Number of Equity Shares
Mr. Sukumar Srinivas	Executive, Non-Independent	1,25,19,998
Mr. C. Ravikumar	Executive, Non-Independent	72,400
Mr. RSV. Siva Prasad	Executive, Non-Independent	61,550

III Committees of the Board

A. Audit & Risk Management Committee

i. The audit committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act. The Audit Committee was reconstituted and renamed as "Audit & Risk Management Committee on April 17, 2017. It was further reconstituted on June 19, 2017. The terms of reference of the Audit Committee were revised pursuant to Board resolution dated September 19, 2016.

ii. The terms of reference of the audit committee are broadly as under:

- a) Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommending to the Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the statutory auditor and the fixation of audit fee;
- c) Reviewing and monitoring the auditor's independence and performance and the effectiveness of audit process;
- d) Approving payments to the statutory auditors for any other services rendered by statutory auditors;
- e) Reviewing with the management, the annual

financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

- (i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3) (c) of the Companies Act, 2013;
- (ii) Changes, if any, in accounting policies and practices and reasons for the same;
- (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
- (iv) Significant adjustments made in the financial statements arising out of audit findings;
- (v) Compliance with listing and other legal requirements relating to financial statements;
- (vi) Disclosure of any related party transactions; and
- (vii) Qualifications and modified opinions in the draft audit report.
- f) Reviewing with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- g) Scrutiny of inter-corporate loans and investments;
- h) Valuation of undertakings or assets of our Company, wherever it is necessary;
- i) Evaluation of internal financial controls and risk management systems;
- j) Approval or any subsequent modification of transactions of our Company with related parties;

- k) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- l) Approving or subsequently modifying transactions of our Company with related parties;
- m) Evaluating undertakings or assets of our Company, wherever necessary;
- n) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- o) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- p) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- q) Discussion with internal auditors on any significant findings and follow up thereon;
- r) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- s) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- t) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- u) Approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- v) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
- w) Carrying out any other functions as provided under the Companies Act, the Listing Regulations and other applicable laws; and

- x) To formulate, review and make recommendations to the Board to amend the Audit and Risk Management Committee charter from time to time.

The powers of the Audit & Risk Management Committee include the following:

- a) To investigate activity within its terms of reference;
- b) To seek information from any employees;
- c) To obtain outside legal or other professional advice; and
- d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit and Risk Management Committee shall mandatorily review the following information:

- a) Management discussion and analysis of financial condition and result of operations;
- b) Statement of significant related party transactions (as defined by the Audit and Risk Management Committee), submitted by management;
- c) Management letters/letters of internal control weaknesses issued by the statutory auditors;
- d) Internal audit reports relating to internal control weaknesses;
- e) The appointment, removal and terms of remuneration of the chief internal auditor; and
- f) Statement of deviations:
 - (i) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations; and
 - (ii) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations

The Audit Committee is required to meet at least four times in a year, and not more than 120 days are permitted to elapse between two meetings in accordance with the terms of the Listing Regulations.



xi. The composition of the Audit & Risk Management Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the financial year 2017-18	
		Held	Attended
Mr. Chandu Nair	Independent Non - Executive	4	3
Ms. Jayashri Murali	Independent Non - Executive	4	4
Mr. V. Ravichandar	Independent Non - Executive	4	3
Mr. Sukumar Srinivas	Managing Director, Executive Director	4	3

Four Audit & Risk Management committee meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are as follows:

May 5, 2017; August 9, 2017; November 14, 2017; January 30, 2018

The necessary quorum was present for all the meetings.

The Audit committee was reconstituted and renamed as "Audit & Risk Management Committee" by Board of Directors on April 17, 2017 and consist of following members:

Name	Designation in relation to membership of the Committee	Category
Mr. Chandu Nair	Chairman	independent, Non-Executive
Mr. V. Ravichandar	Member	independent, Non-Executive
Ms. Jayashri Murali	Member	independent, Non-Executive

Reconstituted on June 19, 2017

Name	Designation in relation to membership of the Committee	Category
Mr. Chandu Nair	Chairman	independent, Non-Executive
Mr. V. Ravichandar	Member	independent, Non-Executive
Ms. Jayashri Murali	Member	independent, Non-Executive
Mr. Sukumar Srinivas	Member	Executive Director

DIRECTORS' REPORT

B. Nomination & Remuneration Committee

The Nomination and Remuneration Committee was reconstituted by our Board of Directors at their meeting held on April 17, 2017. The terms of reference of the Nomination and Remuneration Committee were revised pursuant to Board resolution dated September 19, 2016. The scope and functions of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations.

The terms of reference of the Nomination and Remuneration Committee include:

- a) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b) Formulation of criteria for evaluation of independent directors and the Board;
- c) Devising a policy on Board diversity;
- d) Identify persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. Our Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- e) Analysing, monitoring and reviewing various human resource and compensation matters;
- f) Determining our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation

payment, and determining remuneration packages of such directors;

- g) Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
- h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- i) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- j) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; or
 - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;
- k) Determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and
- l) Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.
- m) The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the financial year 2017-18	
		Held	Attended
Mr. V. Ravichandar	Independent Non- Executive	2	2
Ms. Jayashri Murali	Independent Non- Executive	2	2
Mr. Chandu Nair	Independent Non- Executive	2	2

Two nomination and remuneration committee meetings were held.

The dates on which the said meeting was held are as follows:

June 19, 2017 & January 30, 2018



The Nomination and Remuneration Committee was reconstituted by Board of Directors on April 17, 2017 and consist of following members:

Name	Designation in relation to membership of the Committee	Category
Mr. Chandu Nair	Chairman	Independent, Non-Executive
Mr. V. Ravichandar	Member	Independent Non- Executive
Ms. Jayashri Murali	Member	Independent Non- Executive

C. Stakeholders' relationship committee

The Stakeholders' Relationship Committee was reconstituted by our Board of Directors at their meeting held on June 19, 2017. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations. The terms of reference are as follows:

- a) Redressal of grievances of shareholders, debenture holders and other security holders, including complaints related to the transfer of shares;
- b) Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

c) Issue of duplicate certificates and new certificates on split/consolidation/renewal;

d) Non-receipt of declared dividends, balance sheets of our Company, annual report or any other documents or information to be sent by our Company to its shareholders; and

e) Carrying out any other function as prescribed under the Listing Regulations, Companies Act, 2013 and the rules and regulations made thereunder, each as amended or other applicable law.

Two meetings of the stakeholders' relationship committee were held during the year on June 19, 2017 & August 9, 2017

The composition of the stakeholders' relationship committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the financial year 2017-18	
		Held	Attended
Ms. Jayashri Murali	Independent Non- Executive	2	2
Mr. Chandu Nair	Independent Non- Executive	2	2
Mr. V. Ravichandar	Independent Non- Executive	2	2
Mr. C. Ravikumar	Executive Director	2	1

f) Name, designation and address of Compliance Officer:

Ms. Ereena Vikram

Company Secretary & Compliance Officer
Shankara Building Products Limited
G-2, Farah Winsford, 133 Infantry Road
Bengaluru-560001
Tel:- 080-40117777

DIRECTORS' REPORT

D. Corporate Social Responsibility ("CSR") Committee

The Corporate Social Responsibility Committee was reconstituted by our Board of Directors at their meeting held on April 17, 2017 . The terms of reference of the Corporate Social Responsibility Committee were revised pursuant to Board resolution dated September 19, 2016.

The terms of reference of the Corporate Social Responsibility Committee of our Company include the following:

- a) Formulating and recommending to the Board the corporate social responsibility policy of the Company, including any amendments thereto in accordance with Schedule VII of the Companies Act, 2013 and the rules made thereunder;
- b) Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
- c) Recommending the amount of corporate social responsibility policy expenditure for the corporate

social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;

- d) Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required;
- e) Delegating responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- f) Reviewing and monitoring the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and
- g) Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company.

One meetings of the CSR committee were held during the year on June 19, 2017

The composition of the CSR Committee and details of the meeting attended by its members are given below:

Name	Category	Number of Meetings during the financial year 2017-18	
		Held	Attended
Ms. Jayashri Murali	Independent Non- Executive	1	1
Mr. Chandu Nair	Independent Non- Executive	1	1
Mr. Sukumar Srinivas	Executive Director	1	1

The CSR Committee was reconstituted by Board of Directors on April 17, 2017 and consist of following members:

Name	Designation in relation to membership of the Committee	Category
Ms. Jayashri Murali	Member	Independent Non- Executive
Mr. Chandu Nair	Chairman	Independent, Non-Executive
Ms. Sukumar Srinivas	Member	Executive



E. Other Committee

1. WHISTLE BLOWER COMMITTEE

1.1 The Whistle Blower Committee was constituted by our Board of Directors on August 9, 2017 and the policy was revised to adhere to the current provisions of the Companies Act, 2013. Shankara Building Products Limited ("Company") believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. The Company has formulated Shankara Code of Conduct for Board of Directors and Senior Management ("Code") which is attached to the policy as Annexure A, for the Company to keep a check on malpractices and unethical behavior by all such persons related with the management, administration and operations of the Company with the Company ("Senior Personnel"). The role of the employees/stakeholders in pointing out violations by the Company and keep check on the ethical practices are in place cannot be undermined. The Company is committed to developing a culture where it is safe for all employees without fear to raise concerns about any poor or unacceptable practice and any event of misconduct impacting the Company and any of its stakeholders.

1.2 Section 177 of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 4(2)(d)(iv) and Regulation 22 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with revised Clause 49 of the Listing Agreement between the Company and Stock Exchanges, interalia, requires all listed companies to establish a mechanism called "Vigil Mechanism/Whistleblower Policy" for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation by the Company of any statutory, legal, mandatory and other compliances of whatever nature and also to ensure that no fraudulent act is committed by the Company whether it impacts the stakeholders or not.

1.3 Accordingly, this Whistleblower Policy ("the Policy") has been formulated to provide a mechanism for directors, employees and other stakeholders of the Company to approach the Whistleblower Committee/Audit Committee of the Company for the purpose of raising genuine

concerns relating to any kind of malpractice indulged by the Company and address the same effectively as required. This Policy will come into effect from the date of its adoption by the Board of Directors of the Company.

2. OBJECTIVE OF THE POLICY

2.1 The Company is committed to adhere to the highest standards of ethical, moral and legal parameters in the conduct of its business operations. To maintain these standards, the Company encourages its employees and others ("Stakeholders") who have concerns about suspected misconduct by any of the Senior Personnel to come forward and express these concerns without fear of punishment or unfair treatment. This Policy aims to provide an avenue for all the Stakeholders to raise concerns on and bring to the notice of the Whistleblower Committee/Audit Committee about any violations of legal or regulatory or legal requirements, incorrect or misrepresentation of any financial statements and reports, etc. generated by the Company.

2.2 The purpose of this Policy is to provide a framework to promote responsible and secure whistleblowing system. It protects all Stakeholders who bring to the notice of the Whistleblower Committee/Audit Committee raise any concern about serious irregularities within the Company and any of its Senior Personnel.

2.3 The Policy neither releases the Stakeholders from their duty of confidentiality in the course of their work/association with the Company nor is it a route for taking up any kind of grievance about a personal situation.

The details of the Whistle Blower Policy are available on the website of the Company

(<http://shankarabuildpro.com/investor relations>).

IV. General Body Meetings

a. Annual General Meeting ("AGM"):

Financial Year	Date	Time	Venue
2014-15	July 29, 2015	10.00A.M	My Fortune 46, Richmond road, Bangalore-560025
2015 - 16	July 20, 2016	10.30A.M	G-2,Farah Winsford, 133 Infantry Road, Bengaluru - 560001
2016 - 17	July 21, 2017	11.00A.M	Radisson Blu Atria, No.1, Palace Road, Bengaluru-560001

- i. In compliance with Regulation 44 of SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015, and in compliance with the provisions of Companies Act 2013, and the Companies (Management and Administration) Rules, 2014, Members were provided with the facility to cast their vote electronically through the e-voting services provided by Karvy Computer Share Private Limited ("Karvy") on all resolutions set forth in the Notice. Members were also given an option to vote by Insta Poll.
- ii. The Company has appointed Mr. S. Kannan, proprietor of S Kannan And Associates, Practicing Company Secretary as scrutinizer to conduct the Insta Poll/e voting process in fair and transparent manner.

V. Means of Communication

The Company's equity shares were listed on April 5, 2017 and hence the SEBI Listing Regulations pertaining to equity shares were applicable.

i. Publication of quarterly/half yearly/nine monthly/annual results

Quarterly and annual financial results are normally published in Economic Times, Vijay Karnataka etc., and are promptly furnished to the Stock Exchanges for display on their respective websites. The results are also displayed on the website of the Company "www.shankarabuildpro.com".

ii. Press Release

To provide information to investor and other press release are send to the other stock exchanges as well as displayed on the Company's website i.e. www.shankarabuildpro.com

iii. Presentation to analysts

Six presentations were made to analysts/investors during the financial year 2017-18. The same are

available on the Company's website. The presentations broadly covered operational and financial performance of the Company and industry outlook.

VI. Other disclosures

i. Related party transactions

All material transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provision of Section 188 of the Companies Act, 2013. There was no materially significant transactions with the related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS 18) has been made in the Financial Statements. The board has approved a policy for related party transactions which has been uploaded on the Company's website at the following link

http://shankarabuildpro.com/corporate_info.html

ii. Management discussion and analysis report

Management discussion and analysis report for the year under review, as stipulated under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 is presented in the separate section forming part of the Annual Report.

iii. Business Responsibility and Analysis Report

Business Responsibility Report for the year under review, as stipulated under Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015 is presented in a separate section forming part of the Annual Report.



iv. Disclosure on accounting treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied have been set out in the Financial Statements.

v. The corporate governance report of the Company for the financial year ended March 31, 2018 are in compliance with the requirements of Corporate Governance under the listing regulations, as applicable.

vi. Listing of equity shares & stock code

The equity shares of the company are listed at Bombay Stock Exchange Limited ("BSE") and National Stock Exchange Limited ("NSE")

Name and Address of the Stock Exchange

BSE Limited
1st Floor PJ Towers, Dalal Street
Mumbai-400001

NSE Limited
5th Floor, Exchange Plaza
Bandra (E)
Mumbai-400051

vii. Details of non-compliance by the Company, penalties imposed on the Company by the stock exchanges or the SEBI or any statutory authority, on any matter related to capital markets, during the last three years, 2015-16 2016-17 and 2017-18 respectively: Nil

viii. The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI Listing Regulations for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of the audit committee. The said policy has been also put up on the website of the Company at the following link-

http://shankarabuildpro.com/corporate_info.html

ix. The Company has also adopted Policy on Determination of Materiality for Disclosures
[\(http://shankarabuildpro.com/investorrelations\)](http://shankarabuildpro.com/investorrelations)

Policy on Archival of Documents
[\(http://shankarabuildpro.com/investorrelations\)](http://shankarabuildpro.com/investorrelations)
and Policy for Preservation of Documents

(<http://shankarabuildpro.com/investorrelations>).

x. The Company has duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI Listing Regulations:

a. The auditors' report on statutory financial statements of the Company are unqualified.

b. Mr. V. Ravichandar is the Chairman of the Company and Mr. Sukumar Srinivas is the Managing Director of the Company. The Company has complied with the requirement of having separate persons to the post of Chairman and Managing Director

c. GRSM & Associates, Chartered Accountant, the internal auditors of the Company, make presentations to the audit committee on their reports.

xi. Reconciliation of share capital audit:

A qualified Practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

xii. Code of Conduct

The members of the board and senior management personnel have affirmed the compliance with Code applicable to them during the year ended March 31, 2018. The annual report of the Company contains a certificate by the Managing Director and CEO in terms of SEBI Listing Regulations on the compliance declarations received from Independent Directors, Non-executive Directors and Senior Management.

xiii. Disclosure with respect to demat suspense account/ unclaimed suspense account

There were no shares in the demat suspense account or unclaimed suspense account during the financial year 2017-18.

VII. Subsidiary companies

The audit committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the board meetings along with a report on significant developments of the unlisted subsidi-

ary companies are periodically placed before the Board of Directors of the Company.

The Company has a policy for determining' material subsidiaries' which is disclosed on its website at the following link
http://shankarabuildpro.com/corporate_info.html.

VIII. General shareholder information

i. Annual General Meeting for FY 2017-18

Date	:	June 12, 2018
Time	:	3.00 PM
Venue	:	The Lalit Ashok (an enterprise of Bharat Hotels Limited), Kumara Krupa High Grounds, Bengaluru-560001

ii. Financial Calendar

Year ending	:	March 31, 2018
AGMin	:	
Dividend Payment	:	The final dividend, if declared, shall be paid/credited within Thirty days, to those members whose names stand registered on the Company's Register of Members

iii. Date of Book Closure / Record Date

:

As mentioned in the Notice of the AGM to be held on

iv. Listing on Stock Exchanges

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (East), Mumbai 400 051
BSE Limited ("BSE")
25th floor, P. J. Towers, Dalal Street
Mumbai 400 001

v. Stock Codes/Symbol:

NSE	:	SHANKARA
BSE	:	540425

Listing Fees as applicable have been paid.

vi. Corporate Identity Number (CIN) of the Company

:

L26922KA1995PLC018990

vii. Registrars and Transfer Agents: Name and Address

:

Karvy Computershare Private limited
 Karvy Selenium Tower B
 Plot 31-32, Gachibowli, Financial District
 Nanakramguda,
 Hyderabad-500032

Telephone	:	+91 4067162222
Fax	:	+91 4023431551
E-mail	:	
Website	:	karisma.karvy.com



viii. Shareholding as on March 31, 2018

a. Distribution of equity shareholding as on March 31, 2018

Category(Amount)	No.of Shareholders	% of Holders	No.Of Shares	% of Equity
1-5000	20,064	99.26	13,75,522	6.02
5001- 10000	58	0.29	4,01,393	1.76
10001-20000	21	0.10	3,03,762	1.33
20001- 30000	11	0.05	2,67,265	1.17
30001- 40000	9	0.04	3,21,420	1.41
40001- 50000	14	0.07	6,26,891	2.74
50001-100000	21	0.10	15,20,119	6.65
100001 & Above	16	0.08	1,80,32,954	78.92
Total	20,214	100.00	2,28,49,326	100.00

b. Categories of equity shareholders as on March 31, 2018

Category	No of Holders	No of equity shares held	Percentage of Holding
Promoters	1	1,25,19,998	54.79
Resident Individuals	18,792	23,47,810	10.28
Bodies Corporate	448	11,65,471	5.10
Mutual Funds	20	15,90,949	6.96
Foreign Portfolio Investors	57	32,90,577	14.40
Alternative Investment Fund	6	12,37,071	5.41
Trusts	4	2,194	0.01
Banks	3	29,483	0.13
HUF	526	43,720	0.19
Foreign Institutional Investors	3	65,234	0.29
Promoters Companies	1	1,61,200	0.71
Promoters Individual	2	1,60,550	0.70
Indian Financial Institutions	1	5,963	0.03
NBFC	3	5,690	0.02
Non Resident Indian Non Repatriable	110	28,910	0.13
Non Resident Indians	237	1,94,506	0.85
Total	20,214	2,28,49,326	100.00

DIRECTORS' REPORT

c. Top ten equity shareholders of the Company as on March 31, 2018:

Sr. No	Name of the shareholder	Number of Equity held	Percentage of holding
1.	Sukumar Srinivas	1,25,19,998	54.79
2.	Amansa Holdings Private Limited	10,76,114	4.71
3.	Franklin India Smaller Companies Fund	7,97,182	3.49
4.	Ashoka Pte Limited	7,52,460	3.29
5.	DSP Black Rock core Fund	6,96,156	3.05
6.	ICICI Prudential Life Insurance Company Limited	4,88,743	2.14
7.	IL & FS Trust Company Limited - Forefront Alternate	2,98,596	1.31
8.	Lizard International Master Fund IP	2,51,659	1.10
9.	Axis Multicap Fund	2,00,000	0.88
10.	Generation IM Fund PLC-Generation IMAsia Fund	1,78,653	0.78
Total		1,72,59,561	75.74

d. Market Price Data

Months	BSE		NSE	
	High	Low	High	Low
April, 2017	789.00	545.00	788.80	555.00
May, 2017	733.00	653.00	735.00	665.35
June, 2017	869.85	692.40	870.00	692.20
July, 2017	1,111.95	810.00	1112.40	812.05
August, 2017	1,207.00	956.25	1211.00	957.85
September, 2017	1,519.55	1,173.35	1518.00	1172.05
October, 2017	1,572.00	1,365.10	1574.60	1366.00
November, 2017	2,137.25	1,446.65	2139.80	1440.05
December, 2017	2,365.00	1,690.00	2364.80	1690.00
January, 2018	1,840.00	1,581.10	1845.95	1580.50
February, 2018	1,824.00	1,792.20	1825.00	1480.20
March, 2018	1,915.00	1,663.25	1919.60	1662.05

(Source: www.bseindia.com and www.nseindia.com

ix. Dematerialization of shares and liquidity

The Company's shares are compulsorily traded in dematerialized form on NSE and BSE. Equity shares of the Company representing 97.35% of the Company's equity share capital are dematerialized as on March 31, 2018.

x. Share Transfer System

Share transfer and related operations for Shankara Building Products are conducted by M/s Karvy Computer Share Private limited.



ANNEXURE VIII

PARTICULARS OF EMPLOYEES

As prescribed in Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the ratio of the remuneration of each Director to the median employee's remuneration is required to be disclosed in the Director's Report. The tables below specify the details of remuneration of the Directors and key managerial personnel, in compliance with the above stated provisions.

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of the directors	Ratio to median remuneration
Mr. Sukumar Srinivas	60.32x
Mr. C. Ravikumar	25.16x
Mr. RSV Siva Prasad	20.06x

- b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Directors, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Mr. Sukumar Srinivas	12%
Mr. C Ravikumar	10%
Mr. RSV Sivaprasad	12%
Mr. Alex Varghese	44%
Ms. Ereena Vikram	38%

ANNEXURE- IX

Energy conservation, technology absorption, R&D cell and foreign exchange earnings and outgo Pursuant to Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014

Subsidiary Companies:

Taurus Value Steel & Pipes Pvt. Ltd.	Units	Amt in ₹	Rate/Unit
Total Energy purchased	95,60,235	7,58,47,525	7.93
Vishal Precision Steel Tubes & Strips Pvt. Ltd.	Units	Amt in ₹	Rate/Unit
Total Energy purchased	71,43,213	5,69,27,860	7.97
Centurywells Roofing India Pvt. Ltd.	Units	Amt in ₹	Rate/Unit
Total Energy purchased	1,24,515	16,79,298	13.49

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry structure and development

Economic environment

India's GDP growth rate trended lower in FY 18 at around 6.6% (E) as compared to 7.1% for FY 17. However, after a dip in performance in Q1 FY 18, growth rates picked up in subsequent quarters. The last quarter of the financial year saw pickup across multiple industry categories as also in rural demand. Improved demand across emerging economies and advanced economies led to strengthening of global trade volumes. Benign inflation globally also helped boost demand. Global GDP growth stood at 3.6% in 2017 as compared to 3.2% in 2016.

Building products industry

Building products serve as key ingredients to new home construction and home renovation demand and is witnessing significant growth. There is a strong unmet demand for housing across all socio economic categories. The overall housing shortage is estimated at ~100 million homes. Population growth, increasing nuclearisation, rising aspirations coupled with increasing affordability are key drivers for housing growth demand. Low interest rates and easy availability of finance become significant enablers for housing growth. In addition to housing, building products find applications in varied segments. The fundamental nature of these products helps them ride growth across the varied sectors of the economy.

The building products industry, for some of the key selected categories, is growing at a rate of 8.5% and is expected to reach a size ~ ₹ 2 lakh crore by 2022. As per Crisil estimates, around 34% to 38 % of these products get sold through the retail channel presenting a huge opportunity for building product retailers. GST and e-way bill implementation, which bring in further transparency in the sector and impact the entire chain right from the manufacturers to the retailers, is expected to be a huge boost for organized retailers of building products.

Evolving nature of the building products retail industry

A large part of the building product industry is fragmented with a number of small standalone players operating in the country. Many of these

stores face challenges of scaling up on account of lack of systems and processes, adequate funding and succession issues. Increased competitive intensity, compliance costs further impacts their viability. Consequently many of these store owners are offering themselves for takeovers.

Manufacturers of building products are keen to build a strong brand as well as a direct connect and relationship with customers. They want retail stores to keep pace with their product evolutions. Manufacturers look to aligning themselves with customer needs in a transparent manner. Organized stores are best positioned to offer this. A healthy relationship with manufacturers in turn ensures the retail stores to provide good service levels to their customers in terms of product knowledge and in-time deliveries.

A large part of India stays in small independent houses or small building structures. Living in one's own home is a very deep seated aspiration for most Indians. Many of the people also build homes themselves with the help of a contractor. People also undertake periodic home renovations or have additional structural requirements. The process of home construction or home renovation can be challenging for a middle class customer in terms of the knowledge, time taken and financial outlay. A one stop building materials organized retailer is able to address these difficulties in a transparent manner.

The professional customers of building products are demanding in terms of variety and service. Access to a wide product portfolio across brands is critical to satisfy their needs. Availability of a trusted source which can supply these products at competitive prices is finding increased acceptance. Omni channel delivery networks can also play a big role in engaging with customers.

Outlook

After a dip in GDP growth rate in FY 18 at 6.6%, RBI expects India's GDP to grow at 7.4% in FY 19. There is a discernible increase in housing demand across India. We continue to be very positive on the growth prospects of the building products industry.

2. Opportunities and threats

Opportunities

- The go-to brand for building products:

The retailing of building products is a fragmented industry with largely standalone stores operating in single locations in limited product categories.



Shankara has already embarked on this journey as multi-product, multi-brand, multi-location retail chain with 129 stores. The growth opportunity is substantial in the geographies we operate. We see similar such opportunities in other parts of the country. We can build multiple levels of differentiators on top of this large store network. This is a high service level oriented industry. An organized retailer has a better control on supply chain, tighter integration with suppliers and an ability to give better training to its staff. We could influence repeat purchase behaviour through better service levels and innovative loyalty programs. Availability of loans on purchase of our products could be another means to increase sales opportunities.

- **Consolidation:** Consolidation is a significant opportunity for us. We believe that the industry is rightly poised for consolidation. The Company has executed a few takeovers and believe that there are more such opportunities for us to accelerate our growth plans.

Threats

- **Competition:** We could face competition from large players with deep pockets entering the domain. We believe that this industry is a very operations intensive business with thin margin structures. The ability of a large player to operate at fine cost structures may be a challenge. Our

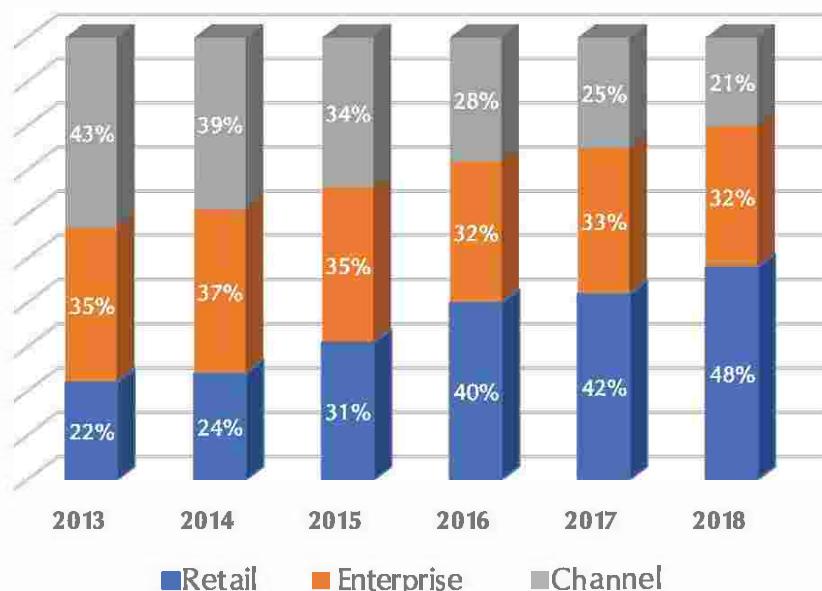
business is layered and built over three decades. There are a lot of insights that the team has built over a period of time which are critical for execution. These strengths will stand us in good stead to tackle competition.

- **Technology disruption:** Newer ways of doing business could pose challenges. These may be more cost efficient or integrate better with the customers. We are looking at technology interventions and building on these capabilities. We have launched our online digital store. We are also looking at building capabilities to make our sales teams more effective.

3. Segment wise performance

Our business is structured across three key revenue streams – retail, enterprise and channel. The retail segment is the largest and the fastest growing segment of the Company. Retail contributes ~48% of the total revenues of the Company and grew at 24% in FY 18 (36% after adjusting for GST impact). This is the key focus area of the Company. The enterprise business contributes ~32% of the total revenues. In the enterprise segment we are looking to focus on margin accretive opportunities. The emphasis is more on bottom line growth rather than topline growth for this segment. The channel business contributes to ~20% of the total revenues. This segment is being de-grown consciously. The following chart captures the revenue share of the key business segments and how their share has changed over the last few years.

Revenue Mix



RETAIL SEGMENT

We are one of the largest retailers of home improvement and building products in India based on the number of stores. We run a chain of 129 retail stores (as on 31st March, 2018) operating under the brand "Shankara Buildpro". Our retail operations are spread across South, West and East India. We carry 30,000+ SKUs across the entire home construction and renovation lifecycle spread across categories of construction materials, plumbing and sanitaryware, flooring, electrical items and interior-exterior finishing. In certain semi-urban locations we also carry building products catering to the needs of the farmer.

The growth drivers of the retail segment are across four vectors:

1. Organic store expansion

We added 23 stores to our store network in FY 17-18. Our retail footprint spans ~5 lac sqft. We now have our presence in 65 unique towns / cities across Tier 1, 2 and 3 locations. We are looking to focus on South India in the near term and adopt a cluster based growth approach. Our average store size is ~3,915 sqft. We have also started a large format store in Mysore measuring ~22,000 sqft. While we are trying different formats, we remain focused on the operating costs of our stores so that we stay competitive.

2. Inorganic store takeovers

In addition to our organic store rollout, we took over store operations of 3 stores of a Chennai based retailer in November, 2017. We also took over store

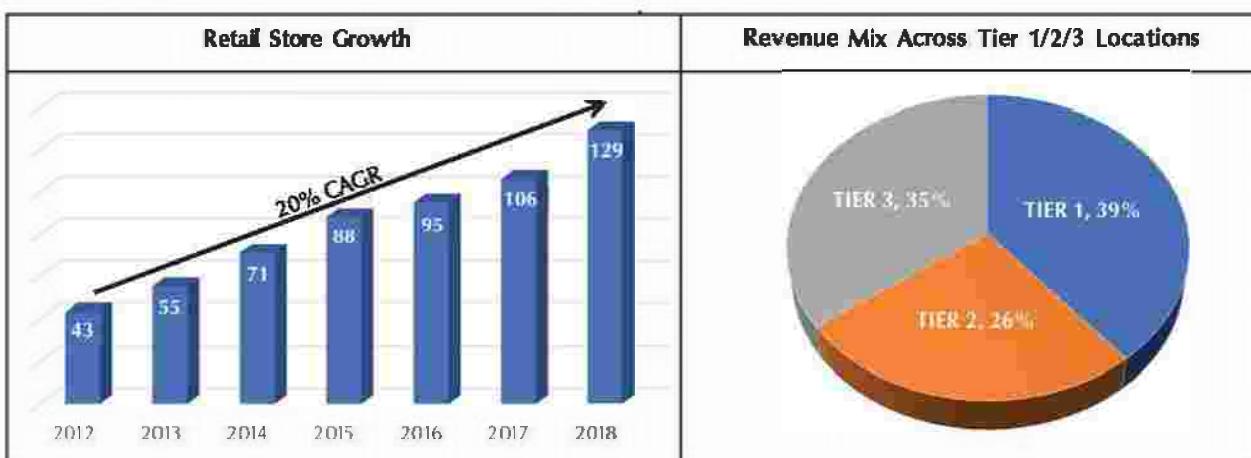
operations of a 3 store chain in February, 2018 in Bangalore. Both these retailers have been in existence for over 30 years. They have built a significant brand and goodwill among home owners, architects, builders and leading suppliers. These store additions will help us further accelerate our presence in the new building product categories of tiles, CP fittings, sanitaryware and plumbing materials. We have also taken over trained manpower from these stores which will help us in building deeper product understanding. The integration of the teams is complete and we look to cross sell products to customers of Shankara Buildpro and those of the newly taken over store

3. Category expansion

We are looking to build depth across all our product categories. In addition to providing in-store display of products, we also do catalogue based selling. We are also looking to use our digital store as a product discovery platform for our customers. As we roll out the new product categories to our stores, we are creating opportunities to capture larger share of wallet of our existing customers. Lot of our existing stores are in various stages of upgrade to carry the expanded range of products.

With new product categories, we are also adding new customers. We are also looking to leverage the strength of the brands we deal with to create customer pull for our stores. All these should have a positive impact on the revenue growth opportunities of our stores. The following graphic captures our key categories and brands that we deal with.s.

The following chart details the retail store rollout and the revenue mix across locations:





Plumbing & Sanitaryware	Flooring	Electricals	SHANKARA Buildpro Building Materials and more www.shankarabuildpro.com www.buildpro.store		Irrigation	In - House Brands
Jaguar	JOHNSON For your Glass, Ceramic	PHILIPS			Finolex	Prince Wire BINDING WIRE
Parryware dimovisualfashion	Kajaria	SM SCHNEIDER ELECTRIC	DR. FIXIT WATERPROOFING & SEALANT	3M	Supreme® People & materials performance	TAURUS Value Steel & Pipes
KOHLER	NICO	HAVELLS	FEVICOL	V-GUARD	ASTRAL PIPES	Prince Galva
Interior - Exterior				Construction Materials		
CENTURY PLY	ARCHIPEX INTERIOR EXTERIOR	ALSTONE	BARYA	ACC	Zuari Cement HEIDELBERG - Thakur Group	UltraTech The Engineering Company
FRANKE	Berger	HAFELE FINDING BETTER LIVES	Greencycle	MEENAKSHI	BIRLA SUPER CEMENT	KAMDENU GROUP
					NIDUS HOME	DS SOUTHERN

4. Customer expansion

Our product portfolio is largely focused towards a value conscious, middle class customer looking to build a home for himself. Most of these customers would like to be involved in the product purchase process. This involvement is more pronounced in Tier 2 / 3 locations. In addition to home owners, our customers also include professionals like architects, contractors, fabricators, plumbers, tile layers, carpenters, electricians etc. We are looking to step up efforts to reach out to customers through a focused customer meet plan at customer premises, our store premises as well as in conference settings.

Buildpro customers carry an advantage when they Build with Buildpro:

- **Genuine products:** Buildpro has direct relationships with 100+ leading brands to help its customer's source genuine products and in registering these products with the brands to avail warranty.
- **Competitive pricing:** Buildpro is the largest retailer of some of the leading brands in India. Buildpro brings purchase efficiencies of its large store network for the benefit of its customers.

- **Shopping convenience:** Buildpro is building a deep store network. It has 28 stores in Bangalore. Its customers can also shop online at its digital store @ www.buildpro.store

- **Personalized customer service:** Buildpro has 20+ years of service to over 1 lakh customers. It has its own warehousing (6 lakhs+ sqft) and logistics capabilities to ensure on-time deliveries.

Backend operations

Retailing of building products is a segment which requires high levels of personalized service. Towards this objective we engage in regular training programs to ensure our staff is well trained in all product categories. We are also aligning our backend processes like warehousing and logistics to ensure we can cater to the varied demands of the new product categories. A strong backend becomes critical to address the increasing complexities arising in the supply chain. To derive efficiencies in inventory we will need to continue strengthening our warehousing and logistics assets.

We are exploring technology options which could enhance service levels for our customers. Customers also look for end-to-end services and we will need to build capabilities to provide complete solutions.

Operating performance

We recorded retail revenues of ₹1,220 crores for FY 18. Our retail revenues have grown at a CAGR of 27% over the last 6 years. Our same store sales growth stood at 16% for FY 18. Adjusted for GST impact, the same store sales growth would have been 27%. Our EBITDA margins have also expanded from 2.3% in FY 12 to 10.7% in FY 18. The following table captures the key operating metrics of our retail operations.

	2012	2013	2014	2015	2016	2017	2018	CAGR
Number of stores	43	55	71	88	95	106	129	20%
Total area (sqft)	1,25,672	1,80,298	2,23,869	2,91,139	3,23,070	3,81,070	5,05,034	26%
Revenue	294.7	383.6	464.7	619.3	807.8	980.7	1,219.70	27%
Same store sales Growth	31%	17%	13%	24%	28%	19%	16%	
EBITDA	6.9	12.9	21.8	46.1	77.5	96.2	130.3	63%
EBITDA Margins	2.3%	3.4%	4.7%	7.4%	9.6%	9.8%	10.7%	
EBITDA/ store	0.16	0.23	0.31	0.52	0.82	0.92	1.01	36%
EBITDA/ sqft (rs/ sqft)	549	715	974	1,583	2,399	2,551	2,580	29%

ENTERPRISE SEGMENT

Enterprise segment grew by 6% in FY 18 to record revenues of ₹805 crores. In this segment, we cater to the requirements of large end users, contractors and OEMs. Our focus in this segment has been to integrate more closely with our customers by supplying them more customized and value added products. Towards this endeavor, we have started a new draw bench facility which can produce steel tubes of any size or shape. This facility carries the flexibility of catering to even small quantity requirements of our customers. We have further added to our capabilities in the roofing segment with products like purlins which are used in PEB structures and sheds. We are looking to undertake certifications to be able to cater to specific requirements of our customers. We have strengthened our focus on the auto and construction sector with products like stainless steel tubes and strips, rolling shutters and bright rods. We are also looking to add cutting and shearing facilities. The extent of bespoke solutions for our customers would be ~30% of our overall segment sales and we are looking to take this to a higher number in the coming years.

CHANNEL SEGMENT

The channel business declined by ~8% and recorded revenues of ₹524 cr for FY 18. In this segment we cater to dealers and other retailers through our branch network. The Channel segment continues to be a strategic business for us. It builds understanding of the

markets and the emerging trends. The Channel business also helps us in our other business segments. The decline in this segment is as a part of our overall strategy to realign parts of our revenue streams which are not as remunerative. The Channel segment contributes ~21% of the overall revenues of the Company. The absolute revenues as well as share of overall business are likely to further consolidate in the next few years.

We are looking to add some new categories in this segment which can be more margin accretive. Recently we have added some products in the irrigation segment where we cater to the needs of the farmer.

Processing

Our own processing facilities form a key part of our business and help us provide customized, in-time solutions for our customers. Our current processing capacities stand at ~3,32,400 tons operating at a capacity utilization of ~90%. Our processing facilities are spread over 12 locations – Hyderabad (three), Bengaluru (four), Hubli, Chennai, Coimbatore, Pune and Vijayawada. Hyderabad and Bengaluru house the key processing facilities. Most of these facilities can be scaled in a modular fashion with limited capital requirement. Our colour coated roofing sheet processing facilities integrate very closely with the demand from our retail outlet customers.



Supply chain management

Supply chain becomes a key ingredient for the delivery of our services. We have a warehousing network spread over ~690,000 sqft. Each warehouse has the capacity to serve over 10 stores. This further helps us deliver our cluster based retail strategy in a more efficient manner. In addition, we have our own fleet of 51 vehicles which enables us to meet timely local delivery requirements. With increase in number of stores and geographical presence we would also plan and increase our back-end strength by opening new warehouses in an efficient and cost-effective manner.

4. Risks and concerns

- Place – Location selection is very important to ensure volume pickup in the retail stores. We have been in the retail business for over 10 years and have had a good track record of location identification. Our experience in the geographies we operate in also helps us in appropriate location identification.
- Product – Selecting the right products in the stores is important to ensure healthy sales and continued movement of stocks. We do not carry a lot of inventory in our stores or warehouses. The inventory that we carry is also for select products which, to our understanding, are fast moving. We try to ensure that we supply material on a back to back order basis. Further our products do not have as much of an obsolescence risk. We also have the ability to move the products within our own wide network.
- People–Trained manpower is important for retailing of building products as there is some element of consultative selling required for this category. We are training our own manpower as well as recruiting from the industry. We conduct regular training sessions for our staff. Our takeovers have also helped us acquire trained people.
- Pricing – Some of our product categories like steel could witness price volatility. We try to ensure that our inventory levels of such products is kept at low levels. Further, price fluctuations take time to reach the retail segment as well as Tier 2 / 3 locations. This provides us some buffer against such price volatility.

5. Internal control system and their adequacy

Shankara has a robust system of internal controls in place which is commensurate with the size and nature of business. It forms an integral part of the Company's corporate governance and plays a critical role in managing operational risks. Both operational and systems audits govern the part of audit conducted by the Company.

The report is also presented to the Audit Committee for

feedback and further strategy development. Extensive and systematic program of risk and transaction based internal audits cover all divisions, plants, branches and different areas of operations. Based on the inputs received through internal audits, compliance with accounting standards, risk management and different control systems, the major objectives of the Audit Committee of the Board is updated at regular intervals.

6. Discussion on financial performance with respect to operational performance

Over the course of the previous year we have added 23 stores to our overall retail store network. Our retail chain network stood at 129 stores at the end of 31st March, 2018. We have undertaken takeovers of two retail firms in Chennai and Bangalore and added to our capabilities in our new product categories. Our retail stores are now spread over an area of 5.05 lac sqft and the average size of our stores has increased from ~2,900 in FY 12 to ~3,900 in FY 18. The number of SKUs that we have carry has increased from ~20,000 in FY 17 to over 30,000 in FY 18.

We have also added strength in our backend capabilities. We have added capacity of ~9,200 tons in our processing vertical. We have also added marginally to our fleet of vehicles and our warehousing space. All of these are critical investments for us to serve our customers better.

7. Material developments in HR/ industrial relations front

Shankara considers its employees as an integral part of their family. The goal of the HR Team is to ensure that all the employees are engaged, motivated and working towards achieving the Company's strategic objectives.

All HR policies and processes are in place which covers complete organisation life-cycle of employees. Further we have added a HR software which will help in maintaining master database, leave and time management and pay roll and make HR services accurate and faster.

Key HR initiatives also include activities around employee safety; training and development as well as employee engagement.

8. Disclosure of accounting treatment

In accordance with the Companies (Indian Accounting Standards), Rules, 2015 of the Companies Act, 2013, Shankara has adopted the Indian Accounting Standards (Ind AS) for preparation of its financial statements with effect from April 1, 2017. The company has made available a note explaining the areas of difference between Indian GAAP and Ind AS.



**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND
SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the Company's website.

I confirm that the Company has in respect of the year ended March 31, 2018 received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

May 10, 2018

Place: Bengaluru

Sukumar Srinivas
Managing Director

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER ("CEO") AND CHIEF FINANCIAL OFFICER
("CFO") IN TERMS OF REGULATION 17 (8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE
REQUIREMENTS) REGULATIONS, 2015**

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of Shankara Building Products Limited ("the Company") to the best of our knowledge and belief, hereby certify that:

A. We have reviewed the financial statements for the year ended 31st March, 2018 and that to the best of our knowledge and belief, we state that:

1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. We further state that to the best of our knowledge and belief, no transactions were entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting

and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee

1. there has been no significant change in internal control over financial reporting during the year;
2. there has been no significant change in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3. there has been no instance of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control systems over financial reporting

Place: Bengaluru

Date: May 10, 2018

Sd/-

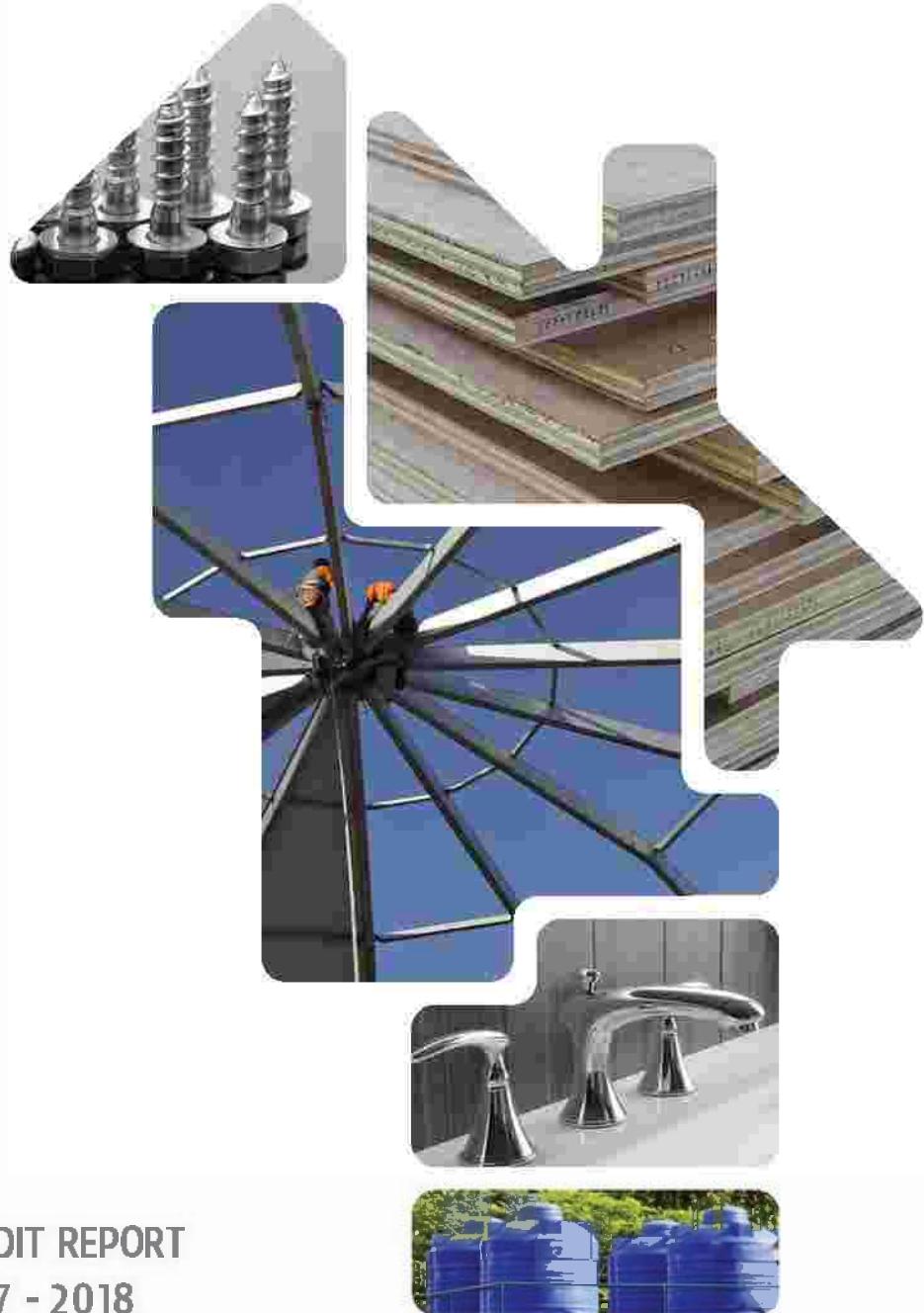
Siddhartha Mundra
CEO

Sd/-

Alex Varghese
CFO







**CONSOLIDATED AUDIT REPORT
& FINANCIALS 2017 - 2018**

Shankara
Building Products Ltd.

To the Members of Shankara Building Products Limited Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Shankara Building Products Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS 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 requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued there under. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 there under. We conducted our audit in accordance with the Standards on Auditing 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 Consolidated 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 Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion/qualified audit opinion on the consolidated Ind AS financial statements.

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 Ind AS financial statements and on the other financial information of the subsidiaries, 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 including the Ind AS, of the consolidated state of



affairs of the Group, as at 31st March, 2018, their consolidated profit/loss, consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the Ind AS financial statements of 3 subsidiaries, whose Ind AS financial statements reflects total assets of ₹19,640.71 Lacs and net assets of ₹8,204.78 Lacs as at March 31, 2018, total revenues of ₹71,517.05 Lacs and net cash flows amounting to (₹4.69 Lacs) for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These Ind AS financial statements have been audited by other auditors whose reports have been furnished to us by the Management and 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 subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the Consolidated Ind AS Financial Statements and our report on the Other Legal and Regulatory Requirements below, 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 Ind AS financial statements certified by the management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements;
- b. 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 it appears from our examination of those books and the reports of the other auditors;
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements;

d. In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued there under;

e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the the Group, and the operating effectiveness of such controls, we give our separate Report in the "Annexure".

g. 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) The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 36 to the Consolidated Ind AS Financial Statements;

(ii) The Group did not have any long-term contracts include derivative contracts. Hence, the question of any material foreseeable losses does not arise;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, incorporated in India.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W /W1 00048
S. Sundaraman
Partner
Membership No. 028423
Bangalore
May 10, 2018

INDEPENDENT AUDITOR'S REPORT

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to under Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Shankara Building Products Limited on the consolidated financial statements for the year ended March 31, 2018

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, We have audited the internal financial controls over financial reporting of the Group, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Group, which are companies incorporated in India, are 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 (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 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 specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are



being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Group, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to 2 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048

S. Sundararaman

Partner

Membership No.028423

Bengaluru

May 10, 2018

SHANKARA BUILDING PRODUCTS LIMITED

Consolidated Balance Sheet As at 31st March 2018

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	Note No.	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
I ASSETS				
Non-current assets				
(a) Property, plant and equipment	4	2,725,757,260	2,448,369,156	2,191,441,152
(b) Investment property	5	1,365,952	1,386,374	1,406,796
(c) Intangible assets	6	103,517,532	-	-
(d) Goodwill on Consolidation	7	140,402,758	140,402,758	140,402,758
(e) Financial Assets				
(i) Trade receivables	8	30,601,635	22,992,373	13,723,697
(ii) Loans	9	179,559,623	103,479,174	72,425,812
(f) Other non-current assets	10	25,208,553	22,662,639	29,638,444
Total Non current assets		3,206,413,313	2,739,292,474	2,449,038,659
Current Assets				
(a) Inventories	11	4,157,089,565	2,794,535,497	2,558,771,419
(b) Financial Assets				
(i) Trade receivables	12	4,241,379,714	3,083,994,510	2,786,116,324
(ii) Cash and cash equivalents	13	12,340,938	18,355,320	13,850,947
(iii) Bank balances other than (ii) above	14	47,688,756	643,772,905	9,877,003
(iv) Other financial assets	15	11,629,937	13,874,035	10,861,493
(c) Other current assets	16	450,992,425	126,294,376	111,985,203
Total current assets		8,921,121,335	6,680,826,643	5,491,462,389
Total Assets		12,127,534,648	9,420,119,117	7,940,501,048
II EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	17	228,493,260	228,493,260	218,710,370
(b) Other equity	18	4,328,533,600	3,669,388,697	2,669,772,142
Equity attributable to owners of the Company		4,557,026,860	3,897,881,957	2,888,482,512
Non-Controlling interest		611,793	467,203	339,172
Total Equity		4,557,638,653	3,898,349,160	2,888,821,684
Non-Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	19	8,511,766	58,004,785	52,640,334
(ii) Other financial liabilities	20	150,000	150,000	150,000
(b) Provisions	21	5,933,635	8,099,964	6,454,476
(c) Deferred tax liabilities (Net)	22	169,432,412	140,517,112	118,599,351
Total Non-current liabilities		184,027,813	206,771,861	177,844,161
Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	23	2,419,694,741	2,101,040,777	2,082,741,953
(ii) Trade payables	24	4,612,200,035	2,610,078,919	2,338,105,980
(iii) Other financial liabilities	25	181,481,730	228,676,124	185,343,717
(b) Provisions	26	6,686,145	4,468,354	1,656,754
(c) Current tax liabilities (Net)	22	80,896,493	181,754,424	125,667,526
(d) Other current liabilities	27	84,909,038	188,979,498	140,319,273
Total current liabilities		7,385,868,182	5,314,998,096	4,873,835,203
Total Equity and Liabilities		12,127,534,648	9,420,119,117	7,940,501,048
See accompanying notes to the consolidated financial statements				

As per our report attached of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Reg.No. 103523W/W100048

For and on behalf of the Board

S.Sundararaman
Partner
Membership No: 028423

Sukumar Srinivas
Managing Director
DIN: 01668064

Chandu Nair
Director
DIN: 00259276

Place: Bangalore
Date: May 10, 2018

Ereena Vikram
Company Secretary
Place: Bangalore
Date: May 10, 2018

Alex Varghese
Chief Financial Officer



Consolidated Statement of Profit & Loss for the year ended 31st March 2018

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	Note No.	For the Year ended March 31, 2018	For the Year ended March 31, 2017
I Revenue from operations	28	25,486,655,820	23,101,406,134
II Other income	29	6,443,102	6,797,329
III Total Income (I+II)		25,493,098,922	23,108,203,463
IV Expenses			
Cost of Materials Consumed	30	12,516,607,746	10,349,313,759
Purchase of Stock-in-Trade		10,104,132,804	9,624,415,161
Changes in inventories of finished goods & stock in trade	31	(882,825,331)	(179,888,506)
Employee benefits expense	32	592,342,846	491,873,765
Finance costs	33	463,468,966	506,166,027
Depreciation and amortization expenses	4,5,6	135,906,536	114,061,694
Other expenses	34	1,404,497,455	1,300,123,726
Total expenses (IV)		24,334,131,022	22,206,065,626
V Profit before tax (III-IV)		1,158,967,900	902,137,837
VI Tax expense:	22		
Current tax		381,479,676	289,380,000
for earlier years		10,984,769	2,260,789
Deferred tax		28,461,935	22,666,678
		420,926,380	314,307,467
VII Profit for the year		738,041,520	587,830,370
VIII Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or loss		1,310,000	(2,164,000)
(ii) Income tax relating to items will not be reclassified to Profit or loss		(453,365)	748,917
Total A		856,635	(1,415,083)
B (i) Items that will be reclassified to Profit or loss		158,888	83,788
(ii) Income tax relating to items will be reclassified to Profit or loss		-	-
Total B		158,888	83,788
Total Other Comprehensive Income/(loss) (A+B)		1,015,523	(1,331,295)
IX Total Comprehensive Income		739,057,043	586,499,075
Total Profit for the year attributable to:			
- Owners of the Company		737,896,930	587,702,339
- Non-controlling interest		144,590	128,031
Other comprehensive income/(loss) for the year attributable to:		738,041,520	587,830,370
- Owners of the Company		1,015,317	(1,330,389)
- Non-controlling interest		206	(906)
Total comprehensive income for the year attributable to:		1,015,523	(1,331,295)
- Owners of the Company		738,912,247	586,371,950
- Non-controlling interest		144,796	127,125
X Earning per equity share: [Face value Rs.10 per share]	35	739,057,043	586,499,075
Basic & Diluted		32.29	26.87

See accompanying notes to the consolidated financial statements

As per our report attached of even date

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Reg.No. 103523W/W100048

For and on behalf of the Board

S. Sundararaman
Partner
Membership No: 028423

Sukumar Srinivas
Managing Director
DIN: 01668064

Chandu Nair
Director
DIN: 00259276

Place: Bangalore
Date: May 10, 2018

Ereena Vikram
Company Secretary
Place: Bangalore
Date: May 10, 2018

Alex Varghese
Chief Financial Officer

Consolidated Statement of Changes in Equity for the year ended 31st March 2018

A. Equity Share Capital (Refer Note 17) (All amount are in Indian Rupees, unless stated otherwise) ₹

	As at 01-04-2016	Movement during the year	As at 31-03-2017	Movement during the year	As at 31-03-2018
	218,710,370	9,782,890	228,493,260	-	228,493,260

B. Other Equity (Refer Note 18)

Particulars	Reserve and Surplus				Attributable to
	Capital Reserve	Securities Premium reserve	General Reserve	Retained Earnings	
Opening Balance as at April 01, 2016	1,861,710	703,728,892	12,357,598	1,952,667,735	2,659,772,142
Profit for the year	-	-	-	587,702,339	128,031
Other comprehensive income for the year, net of income tax	-	-	-	83,788	(1,331,295)
Securities premium on issue of shares	-	440,230,050	-	-	440,230,050
Utilisation of securities premium (Refer Note 40)	-	(26,984,539)	-	-	(26,984,539)
Closing balance as at March 31, 2017	1,861,710	1,116,974,493	12,357,598	2,540,370,074	3,669,388,687
Profit for the year	-	-	-	737,896,930	-
Other comprehensive income for the year, net of income tax	-	-	-	158,888	856,635
Dividend including DDT	-	-	-	(75,627,507)	-
Utilisation of securities premium (Refer Note 40)	-	(4,140,043)	-	-	(4,140,043)
Closing balance as at March 31, 2018	1,861,710	1,112,834,360	12,357,598	3,202,639,497	4,328,533,600

See accompanying notes to the consolidated financial statements

As per our report attached of even date

For **Haribhakti & Co. LLP**
Chartered Accountants
ICAI Firm Reg.No. 103523WW/W100048

S. Sundaraman
Partner
Membership No: 028423
Place: Bangalore
Date: May 10, 2018

Sukumar Srinivas
Managing Director
DIN: 01668064

Chandu Nair
Director
DIN: 00259276

Alex Varghese
Chief Financial Officer

Ereena Vikram
Company Secretary
Place: Bangalore
Date: May 10, 2018



Consolidated Statement of Cash Flows for the year ended 31-3-2018

(All amount are in Indian Rupees, unless stated otherwise)(₹)

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Cash flow from operating activities		
Profit before tax	1,158,967,900	902,137,837
Adjustments for:		
Depreciation and amortization expenses	135,906,536	114,061,694
Loss on sale of Property, plant & equipment	11,975	537,414
Profit on sale of Property, plant & equipment	(444,518)	-
Interest income	(2,468,153)	(2,051,541)
Interest expense	447,286,509	496,075,571
Bad Debts written off	664,757	769,011
Loss Allowance for doubtful trade receivables	21,828,060	28,556,827
Foreign Currency Translation Reserve	158,888	83,788
Operating profit before working capital changes	1,761,911,954	1,540,170,601
Adjustments for:		
(Increase) / Decrease in inventories	(1,213,927,862)	(235,764,078)
(Increase) / Decrease in trade receivable	(1,065,295,482)	(336,472,700)
Decrease/ (Increase) in Other Assets	(376,435,852)	(48,257,415)
(Decrease)/ Increase in trade payables	1,923,137,663	271,972,939
(Decrease)/ Increase in other liabilities	(128,803,631)	100,313,963
(Decrease)/Increase in provisions	1,361,462	2,293,088
Cash flow from operations	901,948,252	1,294,256,398
Income taxes paid	(493,322,376)	(235,553,891)
Net cash generated from/(used in) operating activities (A)	408,625,876	1,058,702,507
Cash flow from investing activities		
Payment for Property, Plant & Equipment, Intangible assets including capital Advances	(396,430,482)	(366,937,885)
Proceeds from sale of Property, plant & equipment	1,538,016	2,407,000
Consideration for Business combination (Refer Note 46)	(322,232,928)	-
Bank deposits not considered as cash and cash equivalents (net)	(33,820,568)	(3,991,185)
Interest received	914,865	1,933,879
Net cash generated from/(used in) investing activities (B)	(750,031,097)	(366,588,191)
Cash flow from financing activities		
Proceeds from Issue of Shares including securities premium	-	450,012,940
Share Issue expenses (Refer Note no 40)	(4,140,043)	(26,984,539)
Amount in escrow account	629,904,717	(629,904,717)
Proceeds from non current borrowings	-	109,905,350
Repayment of non current borrowings	(74,761,685)	(120,243,090)
Proceeds from/ (Repayment of) Current borrowings (net)	318,653,964	18,298,824
Interest paid	(458,638,607)	(481,987,319)
Dividend paid (including corporate dividend tax)	(75,627,507)	(6,707,392)
Net cash used in financing activities (C)	335,390,839	(687,609,943)
Net increase in cash and cash equivalents(A+B+C)	(6,014,382)	4,504,373
Cash and cash equivalents - opening balances	18,355,320	13,850,947
Cash and cash equivalents - closing balances	12,340,938	18,355,320

See accompanying notes to the consolidated financial statements

As per our report attached of even date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Reg.No. 103523W/W100048

S. Sundararaman

Partner

Membership No: 028423

Place: Bangalore

Date May 10, 2018

For and on behalf of the Board

Sukumar Srinivas

Managing Director

DIN: 01668064

Ereena Vikram

Company Secretary

Place: Bangalore

Date: May 10, 2018

Chandu Nair

Director

DIN: 00259276

Alex Varghese

Chief Financial Officer



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Shankara Building Products Limited ("the Company" or "the Parent") is one of the India's leading organized retailer of home improvement and building products in India. The Parent and its subsidiaries (together referred to as "the Group") caters to a large customer base spread across various end-user segments in urban and semi-urban markets through a retail led, multi-channel sales approach complemented by processing facilities, supply chain and logistics facilities. It deals with a number of product categories including structural steel, cement, TMT bars, hollow blocks, pipes and tubes, roofing solutions, welding accessories, primers, solar heaters, plumbing, tiles, sanitary ware, water tanks, plywood, kitchen sinks, lighting and other allied products. The Company has operations spread across ten states in India.

The company's shares are listed with BSE & NSE.

2 SIGNIFICANT ACCOUNTING POLICIES

A. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 10 May 2018. These financial statements are prepared and presented in Indian Rupees and rounded-off to the nearest rupees, except when otherwise stated. The group's financial statements up to and for the year ended 31st March, 2017 were prepared in accordance with the Standards as per Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Companies Act, 2013 and other relevant provisions of the Act which was the previous GAAP ("IGAAP"). These are the first Ind AS Consolidated Financial Statements of the group. The date of transition to Ind AS is 1 April, 2016. Refer note 2(V) below for the details of first-time adoption exemptions availed by the group.

B. BASIS OF PREPARATION AND PRESENTATION

These financial statements have been prepared and presented on the accrual basis of accounting under historical cost convention or fair values as per the requirements of Ind AS prescribed under section 133 of the Companies Act, 2013.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

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

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

All assets and liabilities have been classified as current or non-current as per the group's normal operating cycle or 12 months or other criteria as set out in the Schedule III to the Companies Act, 2013. Based on the nature of its business, the group has ascertained its operating cycle to be 12 months for the purpose of current and non-current classification of assets and liabilities.



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

C. BASIS OF CONSOLIDATION

The Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee
- is exposed to, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than majority of the voting rights of an investee, it has power over the investee when such voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

D. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. The Company recognizes revenues on sale of products, net of discounts, rebates, returns, sales taxes and duties when the products are delivered to customer or when delivered to a carrier for sale, which is when significant risks and rewards of ownership pass to the customer. Sale of products is presented gross of manufacturing taxes like excise duty wherever applicable.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Interest income is recognised on time proportion basis. Other income is recognised on accrual basis provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

E. PROPERTY, PLANT AND EQUIPMENT

The cost of property, plant and equipment comprises its purchase price, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning, net of any trade discounts and rebates. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

period in which the costs are incurred unless such expenditure results in a significant increase in the future benefits of the concerned asset.

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

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS i.e. 1 April, 2016, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Depreciation commences when the assets are ready for their intended use. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Management has re-assessed the useful lives of the Property, plant and equipment and on the basis of technical evaluation, management is of the view that useful lives used by management, as above, are indicative of the estimated economic useful lives of the Property, plant and equipment. In respect of additions to Property, plant and equipment, depreciation has been charged on pro rata basis. Individual assets costing less than ₹5,000/- are depreciated fully during the year of purchase.

The Company reviews the residual value, useful lives and depreciation method annually and, if current estimates differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

F. INVESTMENT PROPERTIES

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable, the borrowing costs. Subsequent expendi-

ture is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of investment property is replaced, the carrying amount of the replaced part is derecognised

Investment properties are depreciated using straight-line method over their estimated useful lives. Investment properties generally have a useful life of 60 years. The useful life has been determined based on technical evaluation by management.

On transition to Ind AS, the group has elected to continue with the carrying value of all of its investment properties recognised as at 1st April 2016, measured as per previous GAAP and use that carrying value as the deemed cost of investment properties.

G. INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit or Loss when the asset is derecognised.

For transition to Ind AS, the Company has elected to continue with carrying value of all its intangible assets recognised as of 1 April, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of transition date.

H. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists,

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated

to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Any reversal of the previously recognised impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

I. BUSINESS COMBINATIONS

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Company. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value

on the date of acquisition. Business combinations between entities under common control is accounted for at carrying value. Transaction costs that the Company incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

J. LEASES

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

Where the company is lessor

Rental income from operating leases is recognised on straight-line basis over the term of the relevant lease. Initial direct cost, if any, incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on straight-line basis over the lease term.

Where the company is lessee

Payments made under operating leases are charged to the Statement of Profit and Loss on a straight line basis over the period of the lease determined in the respective agreements which is representative of the time pattern in which benefit derived from the use of the leased asset. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The outstanding liability is included in other long-term borrowings. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

K. INVENTORIES

Inventories are stated at lower of cost and net realizable value. Cost comprises of purchase price, freight, other attributable cost, applicable taxes not eligible for credit, less rebates and discounts, which is determined on First in First out ('FIFO') basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Stores and spares which does not meet the definition of Property, plant and equipment are accounted as inventories. All items of inventories which are considered to be damaged, unmarketable or unserviceable and have become otherwise obsolete are valued at the estimated net realizable value.

L. EMPLOYEE BENEFITS

In respect of defined contribution plan the company makes the stipulated contributions to provident fund, Employee state insurance and pension fund, in respect of employees to the respective authorities under which the liability of the company is limited to the extent of the contribution.

The liability for gratuity, considered as defined benefit, is determined actuarially using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

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

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

losses are accounted for as past service costs.

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

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

M. TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Indian Income Tax Act, 1961.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

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

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

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.

Current and deferred tax are recognised in the statement of profit and loss, except when they are related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

N. FOREIGN CURRENCIES

The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR).

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in Foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried

at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to Statement of Profit and Loss on repayment of the monetary items.

O. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent Liabilities and Contingent Assets are not recognised but are disclosed in the notes.



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

P. EARNING PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share is computed by dividing the profit / (loss) after tax attributable to equity shareholders as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

Q. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

R. GOVERNMENT GRANTS AND SUBSIDIES

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Government grants relating to Property, plant and equipment are treated as deferred income and released to the Statement of profit and loss over the expected useful lives of the assets concerned. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

S. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss ('FVTPL')) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

a) Financial Assets

(i) Initial recognition and measurement

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through Statement of Profit or Loss L ('FVTPL')) are added to the fair value of the financial assets, on initial recognition. Transaction cost directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in Statement of Profit and Loss.

(ii) Subsequent measurement

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

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments 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 amortized cost if both the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI:

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- 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).

Debt instrument at FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as amortized cost or as FVTOCI, is classified as FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as FVTPL. However, such election is chosen only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

(iii) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar

financial assets) is primarily de-recognized 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 recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes 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.

b) Financial liabilities and equity instruments

(i) Initial recognition and measurement

All financial liabilities are recognized initially at fair value plus transaction cost (if any) that is attributable to the acquisition of the financial liabilities which is also adjusted.

(ii) Subsequent measurement

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de-recognised as well as through the EIR amortization 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 amortization is included as finance costs in the statement of profit and loss.



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

Trade and other payables

These amounts represent liabilities for goods or services provided to the Company which are unpaid at the end of the reporting period. Trade and other payables are presented as current liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade and other payables classified as current, the carrying amounts approximate fair value due to the short maturity of these instruments. Other payables falling due after 12 months from the end of the reporting period are presented as non-current liabilities and are measured at amortised cost unless designated as fair value through profit and loss at the inception.

The Company enters into deferred payment arrangements (acceptances) whereby lenders such as banks and other financial institutions make payments to supplier's banks for purchase of raw materials. The banks and financial institutions are subsequently repaid by the Company at a later date. These are normally settled up to 90 days. These arrangements for raw materials are recognized as Acceptances (under trade payables).

Other 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. Gains or losses on liabilities held for trading or designated as at FVTPL are recognized in the profit or loss.

Derecognition of financial liabilities:

A financial liability is de-recognised 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

c) Offsetting

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

d) Impairment of Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

T. FAIR VALUE MEASUREMENT:

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability which are accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level Input that is significant to the fair value measurement as a whole) at the end of each reporting period.

U. CASH & CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

V. FIRST TIME ADOPTION – MANDATORY EXCEPTIONS, OPTIONAL EXEMPTIONS

Overall principle

The Company has prepared the opening consolidated Balance Sheet as per Ind AS as of 1 April, 2016 (the transition date) by,

- recognising all assets and liabilities whose recognition is required by Ind AS;
- not recognising items of assets or liabilities which are not permitted by Ind AS;
- by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and
- applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below. Since, the financial statements are the first financial statements, the first time adoption – mandatory exceptions and optional exemptions have been explained in detail.

(i) Deemed cost for Property, plant and equipment and Investment properties

The Company has elected to continue with the carrying value of all of its property, plant and equipment as of 1 April, 2016 (transition date) measured as per the previous GAAP as its deemed cost as at the date of transition.

(ii) Determining whether an arrangement contains a lease

The Company has opted to apply the Appendix C of Ind AS 17 - Determining whether an Arrangement contains a Lease, to determine whether the arrangements existing as on the transition date contains a lease, on the basis of facts and circumstances existing as at the transition date.

(iii) De-recognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2016 (the transition date).

(iv) Designation of previously recognised financial instruments

The Company has designated financial liabilities and financial assets at fair value through profit or loss on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

(v) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

(vi) Past business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of 1st April, 2016. Consequently,

- The Company has kept the same classification for the past business combinations as in its previous GAAP financial statements;
- The Company has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the consolidated balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquiree;
- The Company has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

- The Company has tested the goodwill for impairment at the transition date based on the conditions as of the transition date;
- The effects of the above adjustments have been given to the measurement of deferred tax.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENTS

In the course of applying the policies outlined in all notes under section 2 above, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

(i) Useful lives of property, plant and equipment

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

(ii) Provisions and liabilities

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(iii) Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations, which requires the identifiable intangible assets and contingent consideration to be measured at fair value in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the business. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

(iv) Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

(v) Fair value measurements

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility."

(vi) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. 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.

4. PROPERTY, PLANT AND EQUIPMENT
Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

Particulars	Freehold Land	Buildings	Equipment	Plant and Furniture and fixtures	Vehicles	Office equipment	Computers	Tangible assets	Total
									(All amount are in Indian Rupees, unless stated otherwise) ₹
Deemed cost as at April 01, 2016	561,086,584	811,729,842	662,562,271	95,588,911	41,605,842	13,209,484	5,658,218	2,191,441,152	
Additions	18,454,644	116,693,811	172,169,834	28,972,638	30,192,020	4,183,329	3,247,414	373,913,690	
Disposals	-	-	560,010	-	2,384,404	-	-	-	2,944,414
Gross carrying amount as at March 31, 2017	579,541,228	928,423,653	834,172,095	124,561,549	69,413,458	17,392,813	8,905,632	2,562,410,428	
Additions	3,410,130	101,102,706	212,301,068	59,887,705	12,069,576	9,539,209	7,321,789	405,632,183	
Disposals	-	-	1,000,000	-	1,334,988	-	-	-	2,334,988
Gross carrying amount as at March 31, 2018	582,951,358	1,029,526,359	1,045,473,163	184,449,254	80,148,046	26,932,022	16,227,421	2,965,707,623	
Accumulated depreciation / amortisation and impairment									
Balance as at April 01, 2016	-	-	-	-	-	-	-	-	
Depreciation for the year	-	24,046,259	54,334,919	14,128,870	10,835,764	7,609,386	3,086,074	114,041,272	
Depreciation on disposals	-	-	-	-	-	-	-	-	
Balance as at March 31, 2017	-	24,046,259	54,334,919	14,128,870	10,835,764	7,609,386	3,086,074	114,041,272	
Depreciation for the year	-	25,607,921	64,909,870	18,452,786	12,638,432	2,187,971	3,341,626	127,138,606	
Depreciation on disposals	-	-	-	-	1,229,515	-	-	-	1,229,515
Balance as at March 31, 2018	-	49,654,180	119,244,789	32,581,656	22,244,681	9,797,357	6,427,700	299,950,363	
Net Carrying amount									
As at March 31, 2018	582,951,358	979,872,179	926,228,374	151,867,598	57,903,365	17,134,665	9,799,721	2,725,757,260	
As at March 31, 2017	579,541,228	904,377,394	779,837,176	110,432,679	58,577,694	9,783,427	5,819,558	2,448,369,156	
As at April 01, 2016	561,086,584	811,729,842	662,562,271	95,588,911	41,605,842	13,209,484	5,658,218	2,191,441,152	
Useful Life of the asset (in Years)	N/A	Refer note (C)	15 Years	10 Years	8 - 10 Years	5 Years	3 Years		
Method of depreciation	N/A				Straight Line Method				

Note

- a) The Group has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS i.e. 1 April, 2016, measured as per the previous GAAP and use that its deemed cost as at the date of transition. The carrying value as at April 01, 2016 amounting to ₹ 2,191,441,152 of property, plant and equipment represents gross cost of ₹2,644,879,823 net of accumulated depreciation of ₹453,438,671 as at March 31, 2016.
- b) Property, plant & equipment have been pledged as security against certain borrowings of the group as at 31 March 2018 (Refer note 19).
- c) 30 years for Factory buildings and 60 years for other buildings.



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

5. INVESTMENT PROPERTIES

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	Freehold Land	Buildings	Total
Deemed cost as at April 01, 2016	395,843	1,010,953	1,406,796
Additions	-	-	-
Disposals	-	-	-
Gross carrying amount as at March 31, 2017	395,843	1,010,953	1,406,796
Additions	-	-	-
Disposals	-	-	-
Gross carrying amount as at March 31, 2018	395,843	1,010,953	1,406,796
Accumulated depreciation and impairment			
Balance as at April 01, 2016	-	-	-
Depreciation for the year	-	20,422	20,422
Depreciation on disposals	-	-	-
Balance as at March 31, 2017	-	20,422	20,422
Depreciation for the year	-	20,422	20,422
Depreciation on disposals	-	-	-
Balance as at March 31, 2018	-	40,844	40,844
Net Carrying amount			
As at March 31, 2018	395,843	970,109	1,365,952
As at March 31, 2017	395,843	990,531	1,386,374
As at April 01, 2016	395,843	1,010,953	1,406,796
Useful Life of the asset (In Years)	N/A	60 years	
Method of depreciation	N/A	Straight Line Method	

Note: The Group has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS i.e. 1 April, 2016, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The carrying value as at April 01, 2016 amounting to ₹16,92,826 of Property, plant and equipment represents gross cost of ₹2,86,030 net of accumulated depreciation of ₹14,06,796 as at March 31, 2016.

INCOME EARNED AND EXPENSE INCURRED FOR INVESTMENT PROPERTY

Particulars	For the year ended	
	31-03-18	31-03-17
Rental income from investment property	193,200	184,100
Direct operating expenses (including repairs and maintenance)	36,876	39,003
Profit from investment properties before depreciation	156,324	145,097
Depreciation	20,422	20,422
Profit from investment property	135,902	124,675

Fair Value

Particulars	31-Mar-18	31-Mar-17	01-Apr-16
Investment properties	8,700,000	8,390,000	8,450,000

Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties. Since investment properties are leased out by the Group, the market rate for sale/purchase of such premises are representative of fair values. Group's investment properties are at a location where active market is available for similar kind of properties. Hence fair value is ascertained on the basis of market rates prevailing for similar properties in those location determined by an independent registered valuer and consequently classified as a level 2 valuation.

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

6. INTANGIBLE ASSETS

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	Brand*	Software	Total
Deemed cost as at April 01, 2016	-	-	-
Additions	-	-	-
Disposals	-	-	-
Gross carrying amount as at March 31, 2017			
Additions	107,765,040	4,500,000	112,265,040
Disposals	-	-	-
Gross carrying amount as at March 31, 2018	107,765,040	4,500,000	112,265,040
Accumulated depreciation and impairment			
Balance as at April 01, 2016	-	-	-
Depreciation for the year		-	-
Depreciation on disposals	-	-	-
Balance as at March 31, 2017	-	-	-
Depreciation for the year	8,139,289	608,219	8,747,508
Depreciation on disposals	-	-	-
Balance as at March 31, 2018	8,139,289	608,219	8,747,508
Net Carrying amount			
As at March 31, 2018	99,625,751	3,891,781	103,517,532
As at March 31, 2017	-	-	-
As at April 01, 2016	-	-	-
Useful Life of the asset (In Years)	3 Years		
Method of depreciation	Straight Line Method		

*Refer Note 46



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

7. Goodwill On Consolidation

(All amount are in Indian Rupees, unless stated otherwise) ₹

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
As per Last Balance Sheet	140,402,758	140,402,758	140,402,758
Total	140,402,758	140,402,758	140,402,758

8. Trade Receivable (Non-current)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Unsecured:			
Considered Good	30,601,635	22,992,373	13,723,697
Considered Doubtful	30,601,634	27,572,806	13,723,697
Less: Allowance for doubtful debts (Expected credit loss allowance)	61,203,269 (30,601,634)	50,565,179 (27,572,806)	27,447,394 (13,723,697)
Total	30,601,635	22,992,373	13,723,697

9. Loans (Non-current)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Unsecured considered good:			
Security Deposit	168,775,673	98,810,388	69,723,576
Dealers deposit	10,073,950	3,808,786	1,842,236
Gratuity advance to staff	710,000	860,000	860,000
Total	179,559,623	103,479,174	72,425,812

10. Other Non Current Assets

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Unsecured, Considered good:			
Capital advances	25,208,553	22,662,639	29,638,444
Total	25,208,553	22,662,639	29,638,444

11. Inventories

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Inventories:(at lower of cost and Net realisable value)			
Raw Materials	1,053,922,647	582,509,038	541,563,838
Finished goods	461,527,417	525,322,708	320,516,438
Stock-in-trade	2,550,961,071	1,604,232,662	1,629,150,426
Stores and spares	90,678,430	82,471,089	67,540,717
Total	4,157,089,565	2,794,535,497	2,558,771,419

Inventories have been pledged as security against certain bank borrowings of the group as at 31 March 2018
(Refer note 19 and note 23)

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

12. Trade Receivable (Current)

(All amount are in Indian Rupees, unless stated otherwise)(₹)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Unsecured:			
Considered Good	4,241,379,714	3,083,994,510	2,786,116,324
Considered Doubtful	57,789,132	38,989,900	24,282,181
Less: Allowance for doubtful debts (Expected credit loss allowance)	4,299,168,846 (57,789,132)	3,122,984,410 (38,989,900)	2,810,398,505 (24,282,181)
Total	4,241,379,714	3,083,994,510	2,786,116,324

Ageing of receivables that are past due but not impaired

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
60 - 90 days	462,951,758	574,791,994	545,844,317
90-180 days	123,714,295	273,814,563	947,86,401
> 180 days	419,014,692	72,778,603	58,362,712
Total	1,005,680,745	921,385,160	698,993,430

The credit period on sales of goods ranges from 30 to 45 days without security. No interest is charged on trade receivables.

In determining the allowances for doubtful trade receivables, the group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. There has been no significant change in the credit quality of receivables past due for more than 180 days.

Credit risk is managed at the respective entity level. Before accepting any new customer, the group evaluates the financial position, past performance, business opportunities, credit references etc of the new customer and defines credit limit and credit period. The credit limit and the credit period are reviewed at periodical intervals.

The group does not generally hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the group to the counterparty.

Trade receivables have been given as collateral towards borrowings (refer security note below Note 19 and Note 23).

In determining the recoverability of a trade receivable, the group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

13. Cash And Cash Equivalent

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Balances with banks:			
In current account	1,141,942	3,148,166	1,986,325
Cash on hand	11,198,996	15,207,154	11,864,622
Total	12,340,938	18,355,320	13,850,947

The group has entered into cash management service agreement with certain banks for the collection of cheques at various branches and transfer of the funds to certain cash credit accounts by way of standing instructions. Pending such credits in the account, the same is disclosed as net of such collections. The above mentioned cash and cash equivalents does not contain any amount that are not available for use by the group.



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

14. Bank Balance Other Than Cash And Cash Equivalents

(All amount are in Indian Rupees, unless stated otherwise)(₹)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Earmarked balances:			
In Escrow account	-	629,904,717	-
Margin Money	2,478,096	29,610	24,969
Fixed Deposit	45,210,660	13,838,578	9,852,034
Total	47,688,756	643,772,905	9,877,003

15. Other Financial Assets (Current)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Unsecured, considered good			
Rent receivable	604,977	46,200	14,700
Staff Advance	8,628,826	12,984,989	10,121,609
Interest accrued on others	2,396,134	842,846	725,184
Total	11,629,937	13,874,035	10,861,493

16. Other Current Assets

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Unsecured, considered good			
Advances other than capital advances:			
Advances for purchases	183,921,982	61,280,703	63,418,859
Prepayments and others	22,690,794	16,940,652	11,080,717
Balances with government authorities	244,379,649	48,073,021	37,485,627
Total	450,992,425	126,294,376	111,985,203

17. Equity Share Capital

Particulars	As at 31-03-2018		As at 31-03-2017		As at 01-04-2016	
	No.of Shares	Amount	No.of Shares	Amount	No.of Shares	Amount
Authorised Share Capital:						
Equity shares of ₹10/- each	25,000,000	250,000,000	25,000,000	250,000,000	25,000,000	250,000,000
Issued, subscribed and paid up capital:						
Equity shares of ₹10/- each, fully paid	22,849,326	228,493,260	22,849,326	228,493,260	21,871,037	218,710,370

a) Reconciliation of number of equity shares and equity share capital

Particulars	31-03-18		31-03-17		01-04-16	
	Number	Amount(₹)	Number	Amount (₹)	Number	Amount (₹)
Balance as at the beginning of the year	22,849,326	228,493,260	21,871,037	218,710,370	21,871,037	218,710,370
Add: Shares issued on initial public offering	-	-	978,289	9,782,890	-	-
Balance as at the end of the year	22,849,326	228,493,260	22,849,326	228,493,260	21,871,037	218,710,370

SHANKARA BUILDING PRODUCTS LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

- b) Pursuant to Initial Public Offering (IPO), 9,78,289 equity shares of the Company of ₹10 each were allotted at ₹460 per equity share:

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Date of allotment	No. of shares	Share Capital	Securities Premium	Total
31st March 2017	978,289	9,782,890	440,230,050	450,012,940

- c) Rights, preferences and restrictions attached to shares and terms of conversion of other securities into equity.

The company has one class of equity shares having par value of ₹10 each. Each share holder is eligible for one vote per share held and carry a right to dividend. In the event of liquidation, the equity share holders are eligible to receive the 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.

- d) Details of shareholders holding more than 5% of the aggregate shares in the Company:

Name of Shareholder	As at 31-03-2018		As at 31-03-2017		As at 01-04-2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Mr. Sukumar Srinivas	12,519,998	54.79%	12,519,998	54.79%	13,436,250	61.43%
Fairwinds Trustee Services Pvt Limited	-	-	1,640,962	7.18%	7,607,317	34.78%

- e) For the period of five years immediately preceding the date of Balance Sheet,

Aggregate number & class of shares allotted by the company as fully paid up pursuance to contracts without receipt of cash Nil

Aggregate number & class of shares bought back by the company Nil

Aggregate number & class of shares allotted by the company as fully paid up by way of bonus shares Nil

- f) The Board of Directors, in its meeting on May 10, 2018, has proposed a final dividend of ₹3.25 (PY - ₹2.75) per equity share for the financial year ended March 31, 2018. The proposal is subject to the approval of Shareholders at the ensuing Annual General Meeting and if approved, would result in a cash outflow of approximately ₹8.95 Crores (PY - ₹7.60 Crores) including Dividend Distribution Tax.

18. OTHER EQUITY

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
General Reserve	12,357,598	12,357,598	12,357,598
Retained earnings	3,202,639,497	2,540,370,074	1,952,667,735
OTHER COMPREHENSIVE INCOME:			
Remeasurements of the net defined benefit plans	(558,448)	(1,415,083)	-
Foreign currency translation Reserve	(601,117)	(760,005)	(843,793)
OTHER RESERVES			
Capital Reserve	1,861,710	1,861,710	1,861,710
Securities Premium Account	1,112,834,360	1,116,974,403	703,728,892
Total	4,328,533,600	3,669,388,697	2,669,772,142

General Reserve

Under the erstwhile Indian Companies Act 1956, a general reserve was required to be created through an annual transfer of 10% of net profit in case dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year.

Consequent to introduction of Companies Act 2013, the requirement of mandatory transfer of a specified percentage of the net profit to general reserve has been withdrawn.



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

Capital Reserve

Reserve is primarily created on amalgamation as per statutory requirement.

Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Currency Units) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

19. Borrowings (Non - Current)

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
TERM LOANS:			
Secured loan from bank	8,511,766	58,004,785	52,640,334
Total	8,511,766	58,004,785	52,640,334
Terms and security			
Repayable in 15 monthly installments of ₹27.77 lacs each till June 10, 2019; Rate of interest 9.77% p.a. floating; Security - First pari passu floating charges on certain existing fixed asset, existing and future current assets belonging to the company	33,333,333	7,931,807	40,581,211
Vehicle loan Repayable in 14 monthly installments of ₹2.84 lacs each till May 15, 2019; Rate of interest 9.65% p.a.; Security - First charge on the vehicle	3,570,598	579,959	4,834,486
Repayable in 5 monthly installments of ₹27.04 lacs each till August 31, 2018; Rate of interest 10.5% p.a.; Security - First pari passu floating charges on certain existing fixed asset, existing and future current assets belonging to the subsidiary company	13,521,667	-	13,521,667

20. Other financial liabilities (Non-current)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Rent advance received	150,000	150,000	150,000
Total	150,000	150,000	150,000

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

21. Provisions (Non-current)

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Provision for Employee benefits			
Provision for Gratuity*	3,891,461	6,340,000	4,950,000
Provision for employee benefits - Compensated Absences	2,042,174	1,759,964	1,504,476
Total	5,933,635	8,099,964	6,454,476

* Not covered by the gratuity fund

22. Income Taxes

Indian companies are subject to Indian income tax on a standalone basis. Each entity is assessed to tax on taxable profits determined for each fiscal year beginning on April 1 and ending on March 31.

Statutory income taxes are assessed based on book profits prepared under generally accepted accounting principles in India adjusted in accordance with the provisions of the (Indian) Income tax Act, 1961. Such adjustments generally relate to depreciation of fixed assets, disallowances of certain provisions and accruals, deduction for tax holidays, the set-off of tax losses and depreciation carried forward and retirement benefit costs. Statutory income tax is charged at 30% plus a surcharge and education cess.

a) Income tax expenses

Particulars	For the year ended	
	31-03-18	31-03-17
Current tax:		
Current tax	381,479,676	289,380,000
Tax pertaining to earlier years	10,984,769	2,260,789
Deferred tax	28,461,935	22,666,678
Total	420,926,380	314,307,467

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to income tax expense recognised for the year is indicated below:

Particulars	For the year ended	
	31-03-2018	31-03-2017
Profit before tax	1,158,967,900	902,137,837
Enacted tax rate in India	34.608%	34.608%
Expected income tax expense at statutory tax rate	401,095,611	312,211,863
Tax impact on account of		
Depreciation under Income-tax Act	(35,476,678)	(40,750,254)
Provision for doubtful debts disallowed	7,554,255	8,297,751
Expenses allowed only on payment basis	2,273,674	4,501,806
Expenses not deductible in determining taxable profits	4,801,212	4,976,301
Deductions allowable under tax laws	(2,086,857)	(897,561)
Others	3,318,459	1,040,094
Tax expenses pertaining to current year	381,479,676	289,380,000
Effective income tax rate	32.915%	32.077%



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

b) Current Tax Liabilities

(All amount are in Indian Rupees, unless stated otherwise) ₹

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Current tax liabilities(Net)*	80,896,493	181,754,424	125,667,526

* The above includes ₹35,57,270/- paid/adjusted towards disputed tax demands. The disputes are pending disposal before appellate authorities and the management, based on nature of dispute and the opinion of the legal counsel, is of the view that the no provision is necessary as at present.

c) Deferred Tax Liabilities

The majority of the deferred tax balance represents differential rates of depreciation for property plant and equipment under income tax act and disallowance of certain expenditure under income tax act. Significant components of deferred tax assets / (liabilities) recognized in the financial statements are as follows:

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Deferred Tax Liability:			
On account of depreciation	206,172,838	167,414,383	133,339,590
Deferred Tax Asset:			
Expenses allowed on payment basis	(7,710,335)	(6,241,072)	(2,774,455)
Allowance for doubtful receivables and advances	(27,593,142)	(20,038,887)	(11,741,136)
Others	(1,436,949)	(617,312)	(224,648)
Deferred Tax Asset/Liabilities (Net)	169,432,412	140,517,112	118,599,351

Deferred tax balance (Asset)/Liability in relation to	As at 31-03-2017	Recognised/ (reversed) through profit and loss	Recognised in/ reclassified from other comprehen- sive income	As at 31-03-2018
Depreciation under income tax	167,414,383	38,758,455		206,172,838
Provision for employee benefit	(6,241,072)	(1,922,628)	453,365	(7,710,335)
Allowance for doubtful receivables and advances	(20,038,887)	(7,554,255)		(27,593,142)
Others	(617,312)	(819,637)		(1,436,949)
Total	140,517,112	28,461,935	453,365	169,432,412

Deferred tax balance (Asset)/Liability in relation to	As at 01-04-2016	Recognised/ (reversed) through profit and loss	Recognised in/ reclassified from other comprehen- sive income	As at 31-03-2017
Depreciation under income tax	133,339,590	34,074,793		167,414,383
Provision for employee benefit	(2,774,455)	(2,717,700)	(748,917)	(6,241,072)
Allowance for doubtful receivables and advances	(11,741,136)	(8,297,751)		(20,038,887)
Others	(224,648)	(392,664)		(617,312)
Total	118,599,351	22,666,678	(748,917)	140,517,112

SHANKARA BUILDING PRODUCTS LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

23. BORROWINGS (CURRENT)

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
SECURED LOAN			
Working Capital Loans repayable on demand from Banks*	2,419,694,741	1,952,410,725	1,933,118,537
UNSECURED LOAN			
Other Parties - Short term loan with interest at 12.5% p.a	-	148,630,052	149,623,416
Total Borrowings	2,419,694,741	2,101,040,777	2,082,741,953

*Working capital loans are repayable on demand and carries interest@ 7.9% to 12% p.a and secured by:

- a) First pari passu floating charge on the existing and future current assets and existing fixed assets belonging to the company
- b) Guarantee by Managing Director

24. TRADE PAYABLES

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Due to Micro and Small Enterprises [Refer note 39(d)]	2,698,739	-	-
Due to Others			
- Acceptances	1,823,613,928	1,131,884,910	825,550,579
- Other than acceptances	2,785,887,368	1,478,194,009	1,512,555,401
Total Trade Payables	4,612,200,035	2,610,078,919	2,338,105,980

Acceptances include credit availed by the group from banks for payment to suppliers for goods purchased by the group. The arrangements are interest-bearing and are payable within 90 days.

Payables Other than acceptances are normally settled within 30 to 90 days.

25. OTHER FINANCIAL LIABILITIES (CURRENT)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Current maturities of long term debt (Refer note 19)	50,425,598	75,694,264	91,396,455
Interest payable	3,168,543	14,520,641	432,389
Employee Benefits payable	65,192,136	46,264,220	43,075,182
Other expense payable	62,685,703	92,187,249	50,439,691
Unpaid Dividend	9,750	9,750	-
Total Other Financial Liabilities	181,481,730	228,676,124	185,343,717



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

26. PROVISIONS (CURRENT)

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Provision for Employee benefits			
Provision for Gratuity (Refer note 42)	5,530,153	3,714,475	825,000
Provision for compensated absences	1,155,992	753,879	831,754
Total Provisions	6,686,145	4,468,354	1,656,754

27. OTHER CURRENT LIABILITIES

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Advances from customer	71,333,929	48,645,296	37,708,391
Statutory liabilities	13,575,109	140,334,202	95,893,740
Dividend Distribution Tax	-	-	6,717,142
Total Other Current liabilities	84,909,038	188,979,498	140,319,273

28. REVENUE FROM OPERATIONS

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Sale of Building Products	25,486,655,820	23,101,406,134
Total	25,486,655,820	23,101,406,134

29. OTHER INCOME

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Interest Income on deposits	2,468,153	2,051,541
Rent received	193,200	184,100
Profit on sale of Property, plant & equipment	444,518	-
Unwinding of interest income on rental deposits	2,027,233	3,934,447
Miscellaneous income	1,309,998	627,241
Total	6,443,102	6,797,329

SHANKARA BUILDING PRODUCTS LIMITED

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

30. COST OF MATERIALS CONSUMED

(All amount are in Indian Rupees, unless stated otherwise) ₹

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Opening stock of raw materials	582,509,038	541,563,838
Add: Purchases	12,988,129,142	10,390,258,959
Less: Closing Stock	(1,054,030,434)	(582,509,038)
Total	12,516,607,746	10,349,313,759

31. CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Closing stock of Finished goods	(461,527,417)	(525,322,708)
Opening stock of Finished goods	525,322,708	320,516,438
	63,795,291	(204,806,270)
Closing stock of Stock in trade	(2,550,853,284)	(1,604,232,662)
Opening stock of Stock in trade	1,604,232,662	1,629,150,426
	(946,620,622)	24,917,764
Total	(882,825,331)	(179,888,506)

32. EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Salaries and Wages	531,308,231	447,143,250
Contribution for:		
Provident fund	26,676,115	19,528,894
Employee state insurance	7,986,593	4,117,010
Gratuity-Employees [Refer Note No.42]	9,375,000	6,799,000
Staff Welfare Expenses	16,996,907	14,285,611
Total	592,342,846	491,873,765

* Including ₹10 lacs for employ not covered under gratuity fund

33. FINANCE COST

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Interest Expense on borrowings	427,965,268	467,595,711
Other borrowing costs	19,321,241	28,479,860
Interest on Income Tax	16,182,457	10,090,456
Total	463,468,966	506,166,027



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

34. OTHER EXPENSES

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Power & Fuel	155,454,612	133,367,397
Consumption of Stores & Spares	456,080,655	422,185,530
Rent	125,910,559	97,744,232
Repairs and Maintenance		
Buildings	549,364	125,971
Others	53,067,830	49,749,641
Insurance	7,638,349	5,229,232
Rates & Taxes	21,452,179	53,190,035
Travelling Expenses	28,645,921	27,982,645
Payment to Auditors (Refer Note below)	4,180,938	3,514,096
Professional fees	23,223,510	14,285,124
Directors sitting fees	803,000	325,000
Communication Expenses	14,970,661	13,237,595
Advertisement & Publicity Expenses	11,168,893	9,252,454
Loss Allowance for doubtful trade receivables	21,828,060	28,556,827
Coolie Charges	101,599,358	76,031,278
Freight Charges	272,226,625	272,013,967
Commission Charges	6,204,874	10,324,443
Bad Debts written off	664,757	769,011
Loss on sale of Property, plant & equipment	11,975	537,414
Drawing & Cutting Charges	3,574,920	11,037,468
Miscellaneous Expenses	95,240,415	70,664,366
Total	1,404,497,455	1,300,123,726

Note : Breakup for Payment to Auditors is as under (Excluding Service tax/GST):

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
a) For Statutory Audit	2,990,000	2,472,000
b) For Tax Audit	470,000	470,000
c) For Other Services	-	63,225*
d) Out of Pocket Expenses	720,938	508,871*
Total	4,180,938	3,514,096

* Excludes ₹ 68,20,000 towards fee and out of pocket expenses related to initial public offer of equity shares, included in IPO expenses which has been proportionately adjusted with the securities premium reserve as detailed in Note No.40

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

35. Earnings Per Share

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Basic & Diluted		
A. Profit attributable to equity shareholders (in ₹)	737,896,930	587,702,339
B. Weighted average number of equity shares (in Nos.)	22,849,326	21,873,717
C. Basic and Diluted EPS (₹) [A/B]	32.29	26.87
Face value per share (₹)	10	10

36. Contingent liabilities:

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Bank Guarantee	24,270,000	22,000,000	3,000,000
Disputed Income tax demand	3,620,030	3,620,030	6,343,060
Total	27,890,030	25,620,030	9,343,060

37. Commitments

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Estimated value of capital commitments towards buildings (Net of advances)	11,813,516	-	3,587,200
Estimated value of capital commitments towards purchase of machinery. (Net of advance)	11,588,649	84,057,573	41,443,204
Total	23,402,165	84,057,573	45,030,404

38. Operating lease

a) As lessor:

The company has entered into leasing arrangements for renting:

- Building admeasuring approximately 1000 Square feet at the rate of ₹16.10per square feet for a period of 11 months, which is renewable.

Disclosure in respect of assets (building) given on operating lease:

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Gross carrying amount of assets	1,406,796	1,406,796	1,406,796
Accumulated Depreciation	40,844	20,422	-
Depreciation for the year	20,422	20,422	-



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

b) As lessee:

Various Buildings have been taken on operating lease with lease term between 11 and 60 months for office premises, storage space and retail shop, which are renewable on a periodic basis by mutual consent of both parties. All the operating leases are cancellable by either parties for any reason by giving a prior notice before 1 to 3 months. There is no restriction imposed by lease arrangements, such as those concerning dividends, additional debts.

Lease payments recognized under rent expenses is as follows:

(All amount are in Indian Rupees, unless stated otherwise)(₹)

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Minimum lease payment made on operating lease	125,910,559	97,744,232

39. Additional Information

- a) CIF Value of imports - Nil (PY - Nil)
- b) Foreign currency earnings - Nil (PY - Nil)
- c) Details of Foreign currency expenditure - Nil (PY - Nil)
- d) Disclosure pertaining to micro and small enterprises as required under MSMED Act, 2006 (as per information available with the group):

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Principal amount due outstanding as at end of year	2,698,739	-	-
Interest due on above and unpaid as at end of year	-	-	-
Balances pertaining to Micro and Small Enterprises	2,698,739	-	-

40 a) Pursuant to Initial Public Offering ('IPO'), 75,00,029 equity shares of ₹10 each which were allotted on 31st March 2017 at a premium of ₹450 per share consisting of fresh issue of 9,78,289 equity shares and offer for sale of 65,21,740 equity shares by the selling shareholders. The proceeds of the IPO have been utilised as under:

Particulars	Amount in ₹
Gross Proceeds from IPO (Including Securities premium of ₹44,02,30,050)	450,012,940
Less: Share Issue Expenses during the financial year 2016-17	26,984,539
Net Proceeds from IPO	423,028,401
Less: Utilisation towards repayment of short term borrowings	423,028,401
Amount kept unutilised	-

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

b)Amount utilised for share issue expenses includes payment made for merchant banker fees, legal counsel fees, brokerage and selling commission, auditors fees, registrar to the issue, printing and stationary expenses, advertising and marketing expenses, statutory fees to regulator and stock exchanges and other incidental expenses towards Initial Public Offering ('IPO'). Of the total expenses relating to share issue, expenses aggregating to ₹3,11,24,582 (including ₹41,40,043 during the financial year 2017-18) have been adjusted against the Securities Premium Account and expenses aggregating to ₹18,23,60,059 have been recovered from the selling shareholders. The recovery of expenses is in proportion to shares offered for sale by the selling shareholders to total shares offered for IPO.

41. Segment Reporting

The Group is engaged in selling various building products to Retail and Channel & Enterprise segments. The group identifies these business segments as the primary segment as per Ind AS 108 –Operating Segments, which is regularly reviewed by the Chief Operating Decision Maker for assessment of Group's performance and resource allocation. Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments. The group does not have any material operations outside India and hence disclosure of geographic segments is not applicable. Non-controlling interest is not part of segment liabilities.

(All amount are in Indian Rupees, unless stated otherwise)(₹)

Particulars	31st March 2018			31st March 2017		
	Retail	Channel & Enterprise *	Total	Retail	Channel & Enterprise *	Total
Income						
External Sale	12,196,968,372	13,289,687,448	25,486,655,820	9,807,286,000	13,294,120,134	23,101,406,134
Segment Revenue	12,196,968,372	13,289,687,448	25,486,655,820	9,807,286,000	13,294,120,134	23,101,406,134
Segment Result	1,303,145,625	754,719,195	2,057,864,820	962,040,360	833,786,754	1,795,827,114
Other Unallocated Items						
Finance Cost			463,468,966			506,166,027
Unallocable Corporate Expenses (Net)			435,427,954			387,523,250
Profit before tax			1,158,967,900			902,137,837

Other Information

Segment assets	2,960,340,860	5,637,581,940	8,597,922,800	1,745,225,146	4,933,503,082	6,678,728,228
Unallocated assets			3,529,611,848			2,741,390,889
Total Assets			12,127,534,648			9,420,119,117
Segment Liabilities	759,289,691	3,852,910,344	4,612,200,035	411,026,509	2,240,230,038	2,651,256,547
Unallocated Liabilities			2,957,695,960			2,870,513,410
Total Liabilities			7,569,895,995			5,521,769,957
Capital Expenditure			51,7,897,223			373,913,690
Depreciation			135,906,536			114,061,694
Non-cash expenses other than depreciation			-			-

* Revenue from Channel & Enterprise segment are as follows:

Particulars	For the year ended	
	31-Mar-18	31-Mar-17
Channel	5,240,113,792	5,699,067,482
Enterprise	8,049,573,656	7,595,052,652
Total	13,289,687,448	13,294,120,134



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

42. Employee benefits

a) Defined contribution plan

Contribution to Defined Contribution Plans, recognised as an expense for the year is as under:

(All amount are in Indian Rupees, unless stated otherwise) ₹

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Employer's Contribution to Provident Fund (includes pension fund)	26,676,115	19,528,894
Employer's Contribution to Employee State Insurance	7,986,593	4,117,010

b) Defined benefit plans

The group has funded the gratuity liability ascertained on actuarial basis, wherein every employee who has completed five years or more of service is entitled to gratuity on retirement or resignation or death calculated at 15 days salary for each completed year of service, subject to a maximum of ₹20 lacs per employee. The vesting period for Gratuity as payable under The Payment of Gratuity Act is 5 years.

The plans in India typically expose the group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

There are no other post-retirement benefits provided to employees.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 March 2018 by M/S Ankolekar & Co., Actuaries and Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

Gratuity (Funded)

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	31-03-18	31-03-17
Liability recognized in the Balance Sheet		
Present value of defined benefit obligation		
Opening Balance	46,413,000	36,352,000
Current Service Cost	6,487,000	5,462,000
Past Service Cost	1,241,000	1,041,000
Interest Cost	3,249,000	2,762,000
Actuarial Loss/(Gain) on obligation	(2,099,000)	3,085,000
Benefits paid	(2,028,000)	(2,289,000)
Closing Balance	53,263,000	46,413,000
Less: Fair Value of Plan Assets		
Opening Balance	37,386,000	31,973,000
Expected Return on Plan assets less loss on investments	2,602,000	2,466,000
Actuarial (Loss)/Gain on Plan Assets	(789,000)	921,000
Employers' Contribution	8,204,000	4,315,000
Benefits paid	(2,028,000)	(2,289,000)
Closing Balance	45,375,000	37,386,000
Amount recognized in Balance Sheet	7,888,000	9,027,000
Expenses during the year		
Current Service cost	6,487,000	5,462,000
Past Service cost	1,241,000	1,041,000
Interest cost	3,249,000	2,762,000
Expected Return on Plan assets	(2,602,000)	(2,466,000)
Component of defined benefit cost recognized in statement of profit & loss	8,375,000	6,799,000
Remeasurement of net defined benefit liability		
-Actuarial Loss/(Gain) on defined benefit obligation	(2,099,000)	3,085,000
-Actuarial Loss/(Gain) on Plan Assets	789,000	(921,000)
Component of defined benefit cost recognized in other comprehensive income	(1,310,000)	2,164,000
Total		
Actual Return on plan assets	1,813,000	3,387,000
Break up of Plan Assets:		
i) Equity instruments	-	-
ii) Debt instruments	-	-
iii) Investment Funds with Insurance Company	100%	100%
Of which, Unit Linked	100%	100%
Of which, Traditional/ Non-Unit Linked	-	-
iv) Asset-backed securities	-	-
v) Structured debt	-	-

Note: None of the assets carry a quoted market price in an active market or represent the entity's own transferable financial instruments or are property occupied by the entity.

Principal actuarial assumptions

Particulars	31-03-18	31-03-17	01-04-16
Discount Rate	7% - 7.6%	7.00%	7% - 7.6%
Expected rate(s) of salary increase	7% - 7.5%	7.00%	7% - 10%
Expected return on plan assets	7.00%	7.60%	7.6% - 7.8%
Attrition rate	10.00%	10.00%	2% - 10%
Mortality rate during employment	Indian assured lives mortality 2006-2008 Ult.		



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

Experience adjustments

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	31-03-18	31-03-17	31-03-16	31-03-15	31-03-14
Defined Benefit Obligation	53,263,000	46,413,000	36,352,107	33,971,240	12,353,097
Plan Assets	45,375,000	37,386,000	31,972,646	24,820,000	9,072,125
Surplus / (Deficit)	(7,888,000)	(9,027,000)	(4,379,461)	(9,151,240)	(3,280,972)
Experience Adjustments on Plan Liabilities – (Loss)/Gain	543,000	(1,317,000)	3,975,000	(4,393,000)	3,039,879
Experience Adjustments on Plan Assets – (Loss)/Gain	(1,013,000)	934,000	(284,000)	1,167,000	(486,000)

The group expects to contribute ₹1,10,00,000 (previous year ₹70,00,000) to its gratuity plan for the next year.

In assessing the group's post retirement liabilities, the Company monitors mortality assumptions and uses up-to-date mortality tables, the base being the Indian assured lives mortality (2006-08) ultimate. Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations after considering several applicable factors such as the composition of plan assets, investment strategy, market scenario, etc.

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

"The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheetdate for the estimated term of the obligations."

Effective March 29, 2018, the Government of India has notified the Payment of Gratuity (Amendment) Act, 2018 to raise the statutory ceiling on gratuity benefit payable to each employee to ₹20 lacs from ₹10 lacs. Accordingly the amended and improved benefits, if any, are recognised as current year's expense as provided under paragraph 103, Ind AS 19.

"The amount included in the financial statements arising from the entity's obligation in respect of its defined benefitplan is as follows:"

Particulars	31-03-18	31-03-17	01-04-16
Defined Benefit Obligation	53,263,000	46,413,000	36,352,107
Plan Assets	45,375,000	37,386,000	31,972,646
Net (liability) /asset arising from defined benefit obligation	(7,888,000)	(9,027,000)	(4,379,461)

"The actual return on plan assets for the year ended 31 March 2018 was ₹33,87,000 (for the year ended 31 March 2017 : ₹18,13,000)"

Sensitivity Analysis:

"Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant."

Particulars	Impact on Defined benefit obligation			
	31-03-18		31-03-17	
	Increase	Decrease	Increase	Decrease
Discount rate (1 % movement)	3,561,000	3,466,000	3,126,000	3,058,000
Future salary growth (1 % movement)	3,702,000	3,348,000	3,252,000	2,925,000
Attrition rate (1 % movement)	49,000	55,000	105,000	104,000

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The average expected remaining lifetime of the plan members is 6 years as at the valuation date which represents the weighted average of the expected remaining lifetime of all plan participants.

The group had deployed its investment assets in an insurance plan which is invested in market linked bonds. The investment returns of the market-linked plan are sensitive to the changes in interest rates as compared with the investment returns from the smooth return investment plan. The liabilities' duration is not matched with the assets' duration.

The liabilities of the fund are funded by assets. The group aims to maintain a close to full-funding position at each Balance Sheet date. Future expected contributions are disclosed based on this principle.

43. Related party disclosures

A. Names of Related parties and nature of relationship:

Enterprise which are able to exercise significant influence	Fairwinds Trustee Services Private Limited (till 31.03.2017)
Companies over which Key Managerial Personnel can exercise significant influence	Shankara Meta-Steel India Private Limited
	Shankara Holdings Private Limited
Key Managerial Personnel	Mr. Sukumar Srinivas (Managing Director)
	Mr. C.Ravikumar (Whole time Director)
	Mr. R.S.V.Sivaprasad (Whole time Director)
	Mr. Siddhartha Mundra (Chief Executive Officer) from 09.06.2017
	Mr. Alex Varghese (Chief Financial Officer)
	Ms. Ereena Vikram (Company Secretary)

B. Transactions with Related Parties	For the year ended 31-03-2018	For the year ended 31-03-2017
IPO expenses Incurred by the company and received subsequently (Refer Note No: 40)		
Mr. Sukumar Srinivas	-	22,515,007
Fairwinds Trustee Services Private Limited	-	157,376,770
Remuneration paid to Key Managerial Personnel (Refer note 1 below)		
Short term benefits	33,606,824	22,188,657



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

(All amount are in Indian Rupees, unless stated otherwise) ₹

Note:

1) As the future liability for gratuity is provided on an actuarial basis for the company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above

C. Amount due to/ from related parties	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Due from Director	654,655	1,263,855	1,984,977
Due from Chief Financial Officer	300,000	403,962	449,130

44. Details of Subsidiaries

Details of the Group's subsidiaries at the end of reporting period are as follows:

Name of the Subsidiary	Place of incorporation	Proportion of ownership			Principal activity
		31-03-18	31-03-17	01-04-16	
Direct Subsidiary					
Vishal Precision Steel Tubes & Strips Private Limited	India	99.89%	99.89%	99.89%	Manufacturing of steel products
Taurus Value Steel & Pipes Private Limited	India	100%	100%	100%	Manufacturing of steel products
Steel Networks Holdings Pte Limited	Singapore	100%	100%	100%	Investment holding company
Indirect Subsidiary					
Centurywells Roofing India Private Limited	India	100%	100%	100%	Manufacturing of steel products

45. Financial Instruments

A. Capital risk management

The group's capital requirements are mainly to fund its expansion, working capital and strategic acquisitions. The principal source of funding of the group has been, and is expected to continue to be, cash generated from its operations supplemented by short term borrowing from bank and the funds from capital markets. The group is not subject to any externally imposed capital requirements.

The group regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and closely monitors its judicious allocation amongst competing expansion projects and strategic acquisitions, to capture market opportunities at minimum risk

The group monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, Bank balances other than cash and cash equivalents.

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Long term borrowings	8,511,766	58,004,785	52,640,334
Current maturities of long term debt	50,425,598	75,694,264	91,396,455
Short term borrowings	2,419,694,741	2,101,040,777	2,082,741,953
Less: Cash and cash equivalents	(12,340,938)	(18,355,320)	(13,850,947)
Less: Bank balances other than cash and cash equivalents	(47,688,756)	(643,772,905)	(9,877,003)
Net Debt	2,418,602,411	1,572,611,601	2,203,050,792
Total Equity	4,557,638,653	3,898,349,160	2,888,821,684
Gearing Ratio	0.53	0.40	0.76

i) Equity includes all capital and reserves of the group that are managed as capital.

ii) Debt is defined as long and short term borrowings (excluding financial guarantee contracts), as described in Note 19 and 23

B. Categories of financial instruments

(All amount are in Indian Rupees, unless stated otherwise) ₹

Particulars	31-03-18	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	01-04-16
Financial assets								
Measured at amortised cost								
Loans	179,559,623	179,559,623	103,479,174	103,479,174	72,425,812	72,425,812		
Other financial assets	11,629,937	11,629,937	13,874,035	13,874,035	10,861,493	10,861,493		
Trade receivables	4,271,981,349	4,271,981,349	3,106,986,883	3,106,986,883	2,799,840,021	2,799,840,021		
Cash and cash equivalents	12,340,938	12,340,938	18,355,320	18,355,320	13,850,947	13,850,947		
Bank balances other than cash and cash equivalents	47,688,756	47,688,756	643,772,90	643,772,905	9,877,003	9,877,003		
Total financial assets at amortised cost (A)	4,523,200,603	4,523,200,603	3,886,468,317	3,886,468,317	2,906,855,276	2,906,855,276		
Measured at fair value through other comprehensive income (B)								
Measured at fair value through profit and loss (C)								
Total financial assets (A+B+C)	4,523,200,603	4,523,200,603	3,886,468,317	3,886,468,317	2,906,855,276	2,906,855,276		
Financial liabilities								
Measured at amortised cost								
Long term Borrowings *	58,937,364	60,379,752	133,699,049	136,902,855	144,036,789	144,036,789		
Short term Borrowings	2,419,694,741	2,419,694,741	2,101,040,777	2,101,040,777	2,082,741,953	2,082,741,953		
Trade payables	4,612,200,035	4,612,200,035	2,610,078,919	2,610,078,919	2,338,105,980	2,338,105,980		
Other financial liabilities	131,206,132	131,206,132	153,131,860	153,131,860	94,097,262	94,097,262		
Total financial liabilities carried at amortised cost	7,222,038,272	7,223,480,650	4,997,950,605	5,001,154,411	4,658,981,984	4,658,981,984		

* including current maturities of long term debt



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

C. Financial risk management

(All amount are in Indian Rupees, unless stated otherwise) ₹

The Company has a Audit and Risk Management Committee established by its Board of Directors for overseeing the Risk Management Framework and developing and monitoring the Company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the group's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the group.

The risk management policies aims to mitigate the following risks arising from the financial instruments:-

- Market risk
- Credit risk and
- Liquidity risk

D. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The group is exposed in the ordinary course of its business to risks related to changes in foreign currency exchange rates, commodity prices and interest rates.

E. Commodity price risk:

The group's revenue is exposed to the market risk of price fluctuations related to the sale of its steel and other building products. Market forces generally determine prices for the steel products sold by the group. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the group earns from the sale of its steel products.

The Company purchases the steel and other building products in the open market from third parties as well as from subsidiaries in prevailing market price. The group is therefore subject to fluctuations in the prices of Steel coil, Steel pipes, zinc, Sanitary wares etc.

The group aims to sell the products at prevailing market prices. Similarly the group procures the products based on prevailing market rates as the selling prices of steel products and the prices of inputs move in the same direction.

F. Interest rate risk

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 group is exposed to interest rate risk since funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the group are principally denominated in rupees. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings.

The following table provides a break-up of the Company's fixed and floating rate borrowings:

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Fixed rate borrowings	4,150,557	7,393,919	18,944,455
Floating rate borrowings	2,474,883,076	2,228,680,017	1,433,996,666
Total borrowings	2,479,033,633	2,236,073,936	2,226,778,742
Total Net borrowings	2,478,632,105	2,234,739,826	2,226,778,742
Add: Upfront fees	401,528	1,334,110	-
Total borrowings	2,479,033,633	2,236,073,936	2,226,778,742

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

G. Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of credit worthiness as well as concentration risks.

Group's credit risk arises principally from the trade receivables and advances

Trade receivables:

Customer credit risk is managed centrally by each entities in the group and subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on financial position, past performance, business/ economic conditions, market reputation, expected business etc. Based on that credit limit & credit terms are decided. Outstanding customer receivables are regularly monitored

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas with no significant concentration of credit risk. The outstanding trade receivables are regularly monitored and appropriate action is taken for collection of overdue receivables

H. Liquidity risk management

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The group requires funds both for short term operational needs as well as for strategic acquisitions. The group generates sufficient cash flow for operations, which together with the available cash and cash equivalents and short term borrowings provide liquidity. The group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods and its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the group may be required to pay.

Liquidity exposure as at 31 March 2018

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial assets				
Loans	-	-	179,559,623	179,559,623
Other financial assets	11,629,937	-	-	11,629,937
Trade receivables	4,241,379,714	30,601,635	-	4,271,981,349
Cash and cash equivalents	12,340,938	-	-	12,340,938
Bank balances other than cash and cash equivalents	47,688,756	-	-	47,688,756
Total financial assets	4,313,039,345	30,601,635	179,559,623	4,523,200,603
Financial liabilities				
Long term Borrowings *	50,425,598	8,511,766	-	58,937,364
Short term Borrowings	2,419,694,741	-	-	2,419,694,741
Trade payables	4,612,200,035	-	-	4,612,200,035
Other financial liabilities	131,056,132	-	150,000	131,206,132
Total financial liabilities	7,213,376,506	8,511,766	150,000	7,222,038,272

* including current maturities of long term debt



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

(All amount are in Indian Rupees, unless stated otherwise)(₹)

Liquidity exposure as at 31 March 2017

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial assets				
Loans			103,479,174	103,479,174
Other financial assets	13,874,035	-	-	13,874,035
Trade receivables	3,083,994,510	22,992,373	-	3,106,986,883
Cash and cash equivalents	18,355,320	-	-	18,355,320
Bank balances other than cash and cash equivalents	643,772,905	-	-	643,772,905
Total financial assets	3,759,996,770	22,992,373	103,479,174	3,886,468,317
Financial liabilities				
Long term Borrowings *	75,694,264	58,004,785		133,699,049
Short term Borrowings	2,101,040,777	-	-	2,101,040,777
Trade payables	2,610,078,919	-	-	2,610,078,919
Other financial liabilities	152,981,860	-	150,000	153,131,860
Total financial liabilities	4,939,795,820	58,004,785	150,000	4,997,950,605

* including current maturities of long term debt

Liquidity exposure as at 01 April 2016

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial assets				
Loans	-	-	72,425,812	72,425,812
Other financial assets	10,861,493	-	-	10,861,493
Trade receivables	2,786,116,324	13,723,697	-	2,799,840,021
Cash and cash equivalents	13,850,947	-	-	13,850,947
Bank balances other than cash and cash equivalents	9,877,003	-	-	9,877,003
Total financial assets	2,820,705,767	13,723,697	72,425,812	2,906,855,276
Financial liabilities				
Long term Borrowings *	91,396,455	52,640,334	-	144,036,789
Short term Borrowings	2,082,741,953	-	-	2,082,741,953
Trade payables	2,338,105,980	-	-	2,338,105,980
Other financial liabilities	93,947,262	-	150,000	94,097,262
Total financial liabilities	4,606,191,650	52,640,334	150,000	4,658,981,984

* including current maturities of long term debt

Collateral

The group has pledged part of its trade receivables, short term investments and cash and cash equivalents in order to fulfil certain collateral requirements for the banking facilities extended to the group. There is an obligation to return the securities to the group once these banking facilities are surrendered. (Refer note 19 and 23)



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

I. Level wise disclosure of financial instruments

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016	Level	Valuation techniques and key inputs
Long term borrowings(including current maturities)					
- Carrying value	58,937,364	133,699,049	144,036,789		Discounted cash flow—observable future cash flows are based on terms discounted at a rate that reflects market risks.
- Fair Value	60,379,752	136,902,855	144,036,789	2	
Security Deposit	168,775,673	98,810,388	69,723,576	2	Discounted cash flow—observable future cash flows are based on terms discounted at a rate that reflects market risks.

The carrying amounts of short-term borrowings, trade receivables, trade payables, cash and cash equivalents, other bank balances and other financial assets and liabilities other than those disclosed in the above table, are considered to be the same as their fair values, due to their short term nature.

46. Business Combinations

- a) On 27th October, 2017, the group acquired the identified assets and liabilities of business of Vaigai Sanitation Private Limited including the brand for a total consideration of ₹10 crores, subject to stipulated conditions. The results of the acquired business have been accounted by the group from the effective date of 1st November, 2017.
- b) On 28th January, 2018, the group acquired the identified assets and liabilities of business of JP Sanitation India Private Limited for a total consideration of ₹22.22 crores, subject to stipulated conditions. The results of the acquired business have been accounted by the group from the effective date of 1st February, 2018.
- c) The summary of Fair values of the identifiable assets and liabilities acquired on account of the above mentioned business combination is as follows:

Particulars	Amount in (₹)
Property, plant and equipment (net) [Refer Note 1]	16,247,615
Inventories	148,626,206
Long term loans and advances	19,897,946
Trade receivable	122,191,801
Short term loans and advances	647,314
Brand [Refer Note 1]	107,765,040
Total assets (A)	415,375,922
Trade payable	78,983,453
Other current liabilities	14,159,541
Total liabilities (B)	93,142,994
Acquisition date fair value of net assets (C) = [A-B]	322,232,928
Total consideration on business combination	322,232,928

Note:-

- Tangible and Intangible assets acquired in a business combination are initially recognised at their fair value at the acquisition date, which is regarded as their cost. [Refer Note 6]
- Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.



47. First time adoption Ind AS reconciliations

A. Reconciliations of Balance Sheet

(All amounts are in Indian Rupees, unless stated otherwise) (₹)

Particulars	Note No	As at 31-03-2017			As at 01-04-2016		
		Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS	Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS
I ASSETS							
Non-current assets							
(a) Property, plant and equipment	4	2,449,755,530	(1,386,374)	2,448,369,156	2,192,847,948	(1,406,796)	2,191,441,152
(b) Investment property	5	-	1,386,374	-	-	1,406,796	1,406,796
(c) Goodwill on Consolidation	7	140,402,758	-	140,402,758	140,402,758	-	140,402,758
(d) Financial Assets							
(i) Trade receivables	8	41,904,940	(8,912,568)	22,992,373	23,367,589	(9,643,892)	13,723,697
(ii) Loans	9	116,545,447	(13,066,273)	103,479,174	80,413,595	(7,987,783)	72,425,812
(e) Other non-current assets	10	22,662,639	-	22,662,639	29,638,444	-	29,638,444
Total Non-current assets		2,771,271,314	(31,978,840)	2,739,292,474	2,466,670,334	(17,631,675)	2,449,038,659
Current Assets							
(a) Inventories	11	2,794,535,497	-	2,794,535,497	2,558,771,419	-	2,558,771,419
(b) Financial Assets							
(i) Trade receivables	12	3,122,984,410	(38,989,900)	3,083,994,510	2,810,398,505	(24,282,181)	2,786,116,324
(ii) Cash and cash equivalents	13	18,355,320	-	18,355,320	13,850,947	-	13,850,947
(iii) Bank balances other than (ii) above	14	643,772,905	-	643,772,905	9,877,003	-	9,877,003
(iv) Other current assets	15	13,874,035	-	13,874,035	10,861,493	-	10,861,493
(c) Other current assets	16	116,345,938	9,948,438	126,294,376	104,646,543	7,338,660	111,985,203
Total current assets		6,709,868,105	(29,041,462)	6,680,826,643	5,508,405,910	(16,943,521)	5,491,462,389
Total Assets		9,481,139,419	(61,020,302)	9,420,119,117	7,975,076,244	(34,575,196)	7,940,501,046
II EQUITY AND LIABILITIES							
Equity							
(a) Equity Share Capital	17	228,493,260	-	228,493,260	218,710,370	-	218,710,370
(b) Other equity	18	3,708,418,685	(39,029,988)	3,669,388,697	2,692,551,554	(22,609,412)	2,659,772,142
(c) Non - Controlling Interest		467,203	-	467,203	339,172	-	339,172
Total Equity		3,937,379,148	(39,029,988)	3,898,349,160	2,911,431,096	(22,609,412)	2,868,821,684
Non-Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings	19	59,338,895	(1,334,110)	58,004,785	52,640,334	-	52,640,334
(ii) Other financial liabilities	20	150,000	-	150,000	150,000	-	150,000
(iii) Other financial liabilities	21	8,099,964	-	8,099,964	6,454,476	-	6,454,476
(b) Provisions	22	161,173,316	(20,656,204)	140,517,112	130,553,135	(11,965,784)	118,599,351
(c) Deferred tax liabilities (Net)							
Total Non-current Liabilities		228,762,175	(21,990,314)	206,771,861	189,809,945	(11,965,784)	177,844,161
Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings	23	2,101,040,777	-	2,101,040,777	2,082,741,953	-	2,082,741,953
(ii) Trade payables	24	2,610,078,919	-	2,610,078,919	2,338,105,980	-	2,338,105,980
(iii) Other financial liabilities	25	228,676,124	-	228,676,124	185,343,717	-	185,343,717
(b) Provisions	26	4,468,354	-	4,468,354	1,656,754	-	1,656,754
(c) Current tax liabilities(Net)	22	181,754,424	-	181,754,424	125,667,526	-	125,667,526
(d) Other current liabilities	27	188,979,498	-	188,979,498	140,319,273	-	140,319,273
Total current Liabilities		5,314,998,096	(61,020,302)	5,253,998,096	4,873,855,203	-	4,873,855,203
Total Equity and Liabilities		9,481,139,419	(61,020,302)	9,420,119,117	7,975,076,244	(34,575,196)	7,940,501,046



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

47. First time adoption Ind AS reconciliations (contd.,)

B. Reconciliation of total comprehensive income for the year ended March 31, 2017

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	Note No.	Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS
I Revenue from operations	28	23,101,406,134	-	23,101,406,134
II Other Income	29	2,862,882	3,934,447	6,797,329
III Total Income (I+II)		23,104,269,016	3,934,447	23,108,203,463
IV Expenses				
Cost of Materials Consumed	30	10,349,313,759	-	10,349,313,759
Purchases of Stock-in-trade		9,624,415,161	-	9,624,415,161
Changes in inventories of finished goods, stock in trade	31	(179,888,506)	-	(179,888,506)
Employee benefit expense	32	494,037,765	(2,164,000)	491,873,765
Finance cost	33	507,500,137	(1,334,110)	506,166,027
Depreciation and amortization expense	4,5,6	114,061,694	-	114,061,694
Other expenses	34	1,269,744,173	30,379,553	1,300,123,726
Total expenses (IV)		22,179,184,183	26,881,443	22,206,065,626
V Profit before tax (III-IV)		925,084,833	(22,946,996)	902,137,837
VI Tax expense:				
Current Tax		289,380,000		289,380,000
for earlier years		2,260,789	-	2,260,789
Deferred tax		30,608,176	(7,941,498)	22,666,678
		322,248,965	(7,941,498)	314,307,467
VII Profit for the period		602,835,868	(15,005,498)	587,830,370
VIII Other Comprehensive Income/(Loss)		-	(1,331,295)	(1,331,295)
IX Total Comprehensive Income		602,835,868	(16,336,793)	586,499,075

C. Effects of IND AS adoption on Total Equity

Particulars	Note Below	As at 31-03-2017	As at 01-04-2016
Net Worth under IGAAP		3,937,379,148	2,911,431,096
Amortisation of prepaid rent component of security rental deposit	4	(13,426,920)	(7,023,761)
Recognition of unwinding interest income on Rental Deposits	4	10,309,085	6,374,638
Provision for doubtful debts under expected credit loss method	2	(57,902,460)	(33,926,073)
De recognition of unamortised finance cost from expenses	3	2,700,000	-
Effect of amortisation of long term borrowings	3	(1,365,890)	-
Deferred tax impact	5	20,656,197	11,965,784
Net Worth under IND AS		3,898,349,160	2,888,821,684

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

D. Effects of IND AS adoption on Cash Flows for year ended 31 March 2017

(All amount are in Indian Rupees, unless stated otherwise) ₹

Particulars	Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS
Net cash generated from/(used in) operating activities	1,065,683,414	(6,980,907)	1,056,702,507
Net cash generated from/(used in) investing activities	(369,572,806)	2,984,615	(366,588,191)
Net cash generated from/(used in) financing activities	(687,619,691)	9,748	(687,609,943)
Net increase/(decrease) in cash and cash equivalents	8,490,917	(3,986,544)	4,504,373
Cash and cash equivalents at start of year/period	23,702,981	(9,852,034)	13,850,947
Cash and cash equivalents at close of year/ period	32,193,898	(13,838,578)	18,355,320

Notes:

1. The previous GAAP figures have been reclassified to conform to Ind AS presentation
2. **Recognition of expected credit losses**

The group has recognised a loss allowance for expected credit losses on financial assets in accordance with the requirements of Ind AS 109 retrospectively. However, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised.

3. **Financial liabilities and related transaction costs:**

Borrowings and other financial liabilities which were recognized at historical cost under previous GAAP have been recognized at amortised cost under IND AS with the difference been adjusted to opening retained earnings.

Under previous GAAP, transaction costs incurred in connection with borrowings were accounted separately. Under IND AS, transaction costs are deducted from the initial recognition amount of the borrowings and charged over the tenure of borrowing using the effective interest method.

Difference in the un-amortised borrowing cost as per IND AS and previous GAAP on transition date has been adjusted with opening retained earnings.

4. **Financial assets at amortised cost:**

Certain financial assets held on with an objective to collect contractual cash flows in the nature of principal and interest have been recognized at amortised cost on transition date as against historical cost under the previous GAAP with the difference been adjusted to the opening retained earnings.

5. **Deferred tax as per balance sheet approach:**

Under previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period. Under IND AS, deferred tax is recognized following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base. In addition, various transitional adjustments has also lead to recognition of deferred taxes on new temporary differences.

6. **Defined benefit liabilities:**

"Under IND AS, Remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability, are recognized in other comprehensive income instead of profit or loss in previous GAAP."



Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

7 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable, the borrowing costs.

8 Other comprehensive income:

Under IND AS, all items of income and expense recognized in the period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss and "other comprehensive income" includes remeasurements of defined benefit plans, Foreign currency translation Reserve. The concept of other comprehensive income did not exist under previous GAAP.



48. Additional information, as required under Schedule III to the Companies Act, 2013

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.,)

(All amounts are in Indian Rupees, unless stated otherwise) ₹

Name of the entity	2017-18			Share in OCI			Share in TCI	
	As % of consolidated Net assets	Amount in ₹	As % of consolidated Profit	Amount in ₹	As % of consolidated OCI	Amount in ₹	As % of consolidated TCI	Amount in ₹
Parent:								
Shankara Building Products Limited	69.48%	3,166,606,493	51.83%	382,485,926	42.19%	428,318	51.82%	382,914,244
Subsidiaries- Indian :								
Taurus Value Steel & Pipes Private Limited	20.71%	943,900,494	24.19%	178,471,196	21.45%	217,755	24.18%	178,688,951
Vishal Precision Steel Tubes & Strips Private Limited	11.72%	533,933,814	17.10%	126,159,100	17.78%	180,482	17.10%	126,339,582
Subsidiaries- Foreign:								
Steel Networks Holdings Pte Limited	2.61%	118,730,978	(0.06%)	(410,140)	0.00%	0	(0.06%)	(410,140)
Step down subsidiary- Indian:								
Centurywells Roofing India Private Limited (Subsidiary of Steel Networks Holdings Pte Limited)	3.68%	167,813,264	6.70%	49,437,463	2.96%	30,080	6.69%	49,467,543
Non-controlling interest								
(8.18%)	(611,793)	(0.02%)	(144,590)	(0.02%)	(206)	(0.02%)	(144,796)	
Inter-company Elimination & Consolidation Adjustments								
Total	100.00%	4,557,638,653	100.00%	737,896,930	100.00%	1,015,317	100.00%	738,912,247



48. Additional information, as required under Schedule III to the Companies Act, 2013(contd.)

Notes to the Consolidated Financial Statements for the year ended 31st March 2018 (Contd.)

(All amounts are in Indian Rupees, unless stated otherwise) ₹

Name of the entity	2016-17				
	Net Assets, i.e., total assets minus total liabilities	Share in profit	Share In OCI	Share in TCI	
As % of consolidated Net assets	As % of consolidated Profit	As % of consolidated OCI	As % of consolidated Amount in ₹	As % of consolidated TCI	
Parent:					
Shankara Building Products Limited	73.45% 2,863,459,799	32.85% 193,044,230	0.49% (6,539)	32.92%	193,037,691
Subsidiaries- Indian :					
Taurus Value Steel & Pipes Private Limited	19.63% 765,211,544	40.22% 236,366,422	45.61% (606,838)	40.21%	235,759,584
Vishal Precision Steel Tubes & Strips Private Limited	10.46% 407,594,228	18.90% 111,061,217	59.57% (792,551)	18.81%	110,268,666
Subsidiaries- Foreign:					
Steel Networks Holdings Pte Limited	3.05% 118,982,230	(0.11%) (620,217)	0.00%	0	(0.11%) (620,217)
Step down subsidiary- Indian:					
Centurywells Roofing India Private Limited (Subsidiary of Steel Networks Holdings Pte Limited)	3.04% 118,345,722	9.06% 53,264,174	0.69% (9,155)	9.08%	53,255,019
Non-controlling interest	(0.01%) (467,203)	(0.02%) (128,031)	(0.07%) 906	(0.02%)	(127,125)
Inter-company Elimination & Consolidation Adjustments	(9.61%) (374,777,160)	(0.90%) (5,285,456)	(6.30%) 83,788	(0.89%)	(5,201,668)
Total	100.00% 3,898,349,160	100.00% 587,702,339	100.00% (1,330,389)	100.00%	586,371,950





STANDALONE AUDIT REPORT
& FINANCIALS 2017 - 2018

Shankara
Building Products Ltd.

TO THE MEMBERS OF SHANKARA BUILDING PRODUCTS LIMITED

Report On The Standalone Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Shankara Building Products Limited, (formerly Shankara Infrastructure Materials Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including 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, (hereinafter referred to as "Ind AS Financial Statements")

Management's Responsibility for the Standalone 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, profit or loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued there under. 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 design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 there under.

We conducted our audit in accordance with the Standards on Auditing 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 auditors' 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 audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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 and the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, its profit (financial performance including other comprehensive income) its cash flows and changes in equity for the year ended on that date.



Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditors' 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 "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2) As required by Section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued there under;

e. On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2".

g. 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) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note

36 on Contingent Liabilities to the standalone Ind AS financial statements;

(ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Haribhakti & Co.LLP
Chartered Accountants
ICAI Firm Registration No.103523W/W100048

S. Sundararaman
Partner
Membership No. 028423

Bangalore
May 10, 2018

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Shankara Building Products Limited on the standalone financial statements for the year ended 31st March 2018]

- (i)(a) The Company is in the process of updating its fixed asset register showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, the fixed assets of the Company have been physically verified by the management and as informed, no material discrepancies were noticed on such verification. [In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.]
- (c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3 (iii)(a), 3 (iii)(b) and 3 (iii)(c) of the Order are not applicable to the Company.
- (iv) Based on information and explanation given to us in respect of loans, investments, guarantees and securities, the Company has complied with the provisions of Section 185 and 186 of the Act.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.
- (vii)(a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues with respect to income tax, sales tax, service tax, value added tax, goods and service tax, customs duty, excise duty, which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institution(s), bank(s), government(s) or dues to debenture holder(s).
- (ix) In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of initial public issue offer / further public offer (including debt instruments) and the term loans during the year for the purposes for which they were raised.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.



- (xi) According to the information and explanations given to us, 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 Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W/W100048

S. Sundaraman
Partner
Membership No.028423

Bangalore
May 10, 2018

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Shankara Building Products Limited on the standalone financial statements for the year ended 31st March 2018.

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

We have audited the internal financial controls over financial reporting of Shankara Building Products Limited ("the Company") as of March 31, 2018 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 ("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 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.

Auditors' 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 specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that



transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 ICAI.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W/W100048

S Sundararaman

Partner
Membership No.028423
Bangalore

May 10, 2018

STANDALONE FINANCIALS

Standalone Balance Sheet As At 31st March 2018

(All amount are in Indian Rupees, unless stated otherwise) ₹

Particulars	Note No	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
I ASSETS				
Non-current assets				
(a) Property, plant and equipment	4	1,089,238,452	977,427,114	897,272,727
(b) Investment property	5	24,319,827	24,492,893	24,665,959
(c) Intangible Assets	6	103,517,532	-	-
(d) Financial Assets				
(i) Investments	7	384,830,920	389,776,788	387,070,031
(ii) Trade receivables	8	30,601,634	22,992,372	13,723,697
(iii) Loans	9	450,797,721	566,206,621	541,818,255
(e) Other non-current assets	10	17,197,284	3,862,441	6,375,102
Total Non current assets		2,100,503,370	1,984,758,229	1,870,925,771
Current Assets				
(a) Inventories	11	2,565,944,795	1,621,180,377	1,641,416,306
(b) Financial Assets				
(i) Trade receivables	12	3,780,640,438	2,579,295,639	2,337,831,855
(ii) Cash and cash equivalents	13	11,218,491	15,890,233	11,739,355
(iii) Bank balances other than (ii) above	14	4,822,117	629,914,595	5,237
(iv) Loans	15	243,201,295	-	-
(v) Other financial assets	16	173,825,896	10,512,840	8,509,106
(c) Other current assets	17	256,169,846	32,585,033	21,897,932
Total current assets		7,035,822,878	4,889,378,717	4,021,399,791
Total Assets		9,136,326,248	6,874,136,946	5,892,325,562
II EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	18	228,493,260	228,493,260	218,710,370
(b) Other equity	19	2,938,113,233	2,634,966,539	2,028,683,337
Total Equity		3,166,606,493	2,863,459,799	2,247,393,707
Non-Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	20	8,511,766	44,483,114	-
(ii) Other financial liabilities	21	150,000	150,000	150,000
(b) Provisions	22	5,911,775	10,123,420	7,969,031
(c) Deferred tax liabilities (Net)	23	7,660,852	10,997,447	16,203,673
Total Non-current liabilities		22,234,393	65,753,981	24,322,704
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	24	2,242,759,734	1,497,864,773	1,433,996,666
(ii) Trade payables	25	3,475,449,392	2,157,444,573	2,024,267,955
(iii) Other financial liabilities	26	113,430,314	122,290,513	59,235,878
(b) Provisions	27	5,584,012	4,136,067	682,188
(c) Current tax liabilities(Net)	23	37,512,411	95,667,261	40,290,335
(d) Other current liabilities	28	72,749,499	67,519,979	62,136,129
Total current liabilities		5,947,485,362	3,944,923,166	3,620,609,151
Total Equity and Liabilities		9,136,326,248	6,874,136,946	5,892,325,562

See accompanying notes to the standalone financial statements

As per our report attached of even date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Reg.No. 103523W/W100048

S. Sundararaman

Partner

Membership No: 028423

Place: Bangalore

Date: May 10, 2018

For and on behalf of the Board

Sukumar Srinivas

Managing Director

DIN:01668064

Chandu Nair

Director

DIN: 00259276

Ereena Vikram

Company Secretary

Place: Bangalore

Date: May 10, 2018

Alex Varghese

Chief Financial Officer



Standalone Statement Of Profit And Loss For The Year Ended 31st March 2018

(All amount are in Indian Rupees, unless stated otherwise) ₹

Particulars	Note No.	For the Year ended March 31, 2018	For the Year ended March 31, 2017
I Revenue from operations	29	22,479,770,998	19,760,367,031
II Other income	30	6,444,109	9,019,374
III Total Income (I+II)		22,486,215,107	19,769,386,405
 IV Expenses			
Purchases of Stock-in-trade		21,699,842,153	18,447,662,583
Change in inventories of stock in trade	31	(944,764,419)	19,635,930
Employee benefits expense	32	330,518,157	253,233,984
Finance costs	33	274,463,822	291,043,772
Depreciation and amortization expenses	4, 5, 6	49,782,047	40,247,986
Other expenses	34	484,687,878	412,431,673
 Total expenses (IV)		21,894,529,638	19,464,255,928
 V Profit before tax (III-IV)		591,685,469	305,130,477
 VI Tax expense:	23		
Current tax		215,449,676	114,700,000
for earlier years		(2,686,856)	2,589,012
Deferred tax		(3,563,277)	(5,202,765)
 Total VI		209,199,543	112,086,247
 VII Profit for the period		382,485,926	193,044,230
 VIII Other Comprehensive Income			
A (i) Items that will not be reclassified to Profit or loss		655,000	(10,000)
(ii) Income tax relating to items will not be reclassified to Profit or loss		(226,682)	3,461
 Total A		428,318	(6,539)
B (i) Items that will be reclassified to Profit or loss		-	-
(ii) Income tax relating to items will be reclassified to Profit or loss		-	-
 Total B		-	-
 Total Other Comprehensive Income/(loss) (A+B)		428,318	(6,539)
 IX Total Comprehensive Income		382,914,244	193,037,691
 X Earning per equity share: [Face value ₹10 per share]	35	Basic & Diluted	16.74 8.83

See accompanying notes to the standalone financial statements

As per our report attached of even date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Reg.No. 103523W/W100048

S. Sundararaman

Partner

Membership No: 028423

Place: Bangalore

Date: May 10, 2018

For and on behalf of the Board

Sukumar Srinivas
Managing Director
DIN: 01668064

Ereena Vikram
Company Secretary
Place: Bangalore
Date: May 10, 2018

Chandu Nair
Director
DIN: 00259276

Alex Varghese
Chief Financial Officer

STANDALONE FINANCIALS

Statement of Changes in Equity for the year ended 31st March 2018

A. Equity Share Capital (Refer Note 18)	As at 01-04-2016	Movement during the year	As at 31-03-2017	Movement during the year	As at 31-03-2018
	218,710,370	9,782,890	228,493,260	-	228,493,260
B. Other Equity (Refer Note 19)					

Particulars	Reserve and Surplus				Items of other comprehensive income Remeasurements of the net defined benefit plans	Total
	Capital Reserve	Securities Premium reserve	General Reserve	Retained Earnings		
Opening Balance as at April 01, 2016	1,861,710	703,728,892	12,357,598	1,310,735,137	-	2,028,683,337
Profit for the year	-	-	-	193,044,230	-	193,044,230
Other comprehensive income for the year, net of income tax	-	-	-	-	(6,539)	(6,539)
Securities premium on issue of shares	-	440,230,050	-	-	-	440,230,050
Utilisation of securities premium (Refer Note 41)	-	(26,984,539)	-	-	-	(26,984,539)
Closing balance as at March 31, 2017	1,861,710	1,116,974,403	12,357,598	1,503,779,367	(6,539)	2,634,966,539
Profit for the year	-	-	382,485,926	-	382,485,926	382,485,926
Other comprehensive income for the year, net of income tax	-	-	-	428,318	-	428,318
Dividend including DDT	-	-	-	(75,627,507)	-	(75,627,507)
Utilisation of securities premium (Refer Note 41)	-	(4,140,043)	-	-	-	(4,140,043)
Closing balance as at March 31, 2018	1,861,710	1,112,834,360	12,357,598	1,810,637,786	421,779	2,938,113,233

See accompanying notes to the standalone financial statements

As per our report attached of even date

For Haribhakti & Co. LLP

Chartered Accountants
ICAI Firm Reg.No. 103523WW100048

S. Sundaraman
Partner
Membership No: 028423

Place: Bangalore
Date: May 10, 2018

Sukumar Srinivas
Managing Director
DIN: 01668064

Ereema Vikram
Company Secretary
Place: Bangalore
Date: May 10, 2018

Chandu Nair
Director
DIN: 00259276

Alex Varghese
Chief Financial Officer

(All amount are in Indian Rupees, unless stated otherwise) ₹



Standalone Statement of Cash Flows For The Year Ended 31st March 2018

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Cash flow from operating activities		
Profit before tax	591,685,469	305,130,477
Adjustments for:		
Depreciation and amortization expenses	49,782,047	40,247,986
Loss on sale of Property, plant & equipment	11,975	99,085
Profit on sale of Property, plant & equipment	(444,518)	-
Commission on Guarantee given to subsidiaries	(265,777)	(552,368)
Amortisation of long term loan	932,583	(1,334,111)
Interest income	(120,349)	(178,627)
Interest expense	262,840,244	285,737,503
Bad Debts written off	657,565	763,099
Loss Allowance for doubtful trade receivables	19,968,602	25,229,318
Operating profit before working capital changes	925,047,841	655,142,362
Adjustments for:		
(Increase) / Decrease in inventories	(796,138,212)	20,235,929
(Increase) / Decrease in trade receivable	(1,107,388,427)	(276,724,876)
Decrease/ (Increase) in Other Assets	(494,048,275)	(37,079,201)
(Decrease)/ Increase in trade payables	1,239,021,366	133,176,618
(Decrease)/ Increase in other liabilities	(8,977,508)	45,631,556
(Decrease)/Increase in provisions	3,102,945	3,443,879
Cash flow from/(used in) operations	(239,380,270)	543,826,267
Income taxes paid	(270,917,670)	(61,912,086)
Net cash generated from/(used in) operating activities (A)	(510,297,940)	481,914,181
Cash flow from investing activities		
Payment for Property, Plant & Equipment, Intangible assets including capital Advances	(154,365,512)	(121,774,495)
Proceeds from sale of Property, plant & equipment	538,016	3,958,764
Consideration for Business combination (Refer Note 47)	(322,232,928)	-
Bank deposits not considered as cash and cash equivalents (net)	(4,812,239)	(4,641)
Interest received	23,620	178,627
Net cash generated from/(used in) investing activities (B)	(480,849,043)	(117,641,745)
Cash flow from financing activities		
Proceeds from Issue of Shares including securities premium	-	450,012,940
Share Issue expenses (Refer Note 41)	(4,140,043)	(26,984,539)
Amount in escrow account	629,904,717	(629,904,717)
Proceeds from non current borrowings	-	109,905,350
Repayment of non current borrowings	(36,576,695)	(46,455,885)
Proceeds from/ (Repayment of) Current borrowings (net)	744,894,961	63,868,107
Interest paid	(271,980,192)	(273,855,422)
Dividend paid (including corporate dividend tax)	(75,627,507)	(6,707,392)
Net cash generated from/(used in) financing activities (C)	986,475,241	(360,121,558)
Net increase in cash and cash equivalents(A+B+C)	(4,671,742)	4,150,878
Cash and cash equivalents - opening balances	15,890,233	11,739,355
Cash and cash equivalents - closing balances	11,218,491	15,890,233

See accompanying notes to the standalone financial statements

As per our report attached of even date

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Reg.No. 103523W/W/00048

S. Sundaraman

Partner

Membership No: 028423

Place: Bangalore

Date: May 10, 2018

For and on behalf of the Board

Sukumar Srinivas
Managing Director
DIN: 01668064

Chandu Nair
Director
DIN: 00259276

Ereena Vikram
Company Secretary
Place: Bangalore
Date: May 10, 2018

Alex Varghese
Chief Financial Officer

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

"Shankara Building Products Limited is one of the India's leading organized retailer of home improvement and building products in India. It caters to a large customer base spread across various end-user segments in urban and semi-urban markets through a retail led, multi-channel sales approach complemented by processing facilities, supply chain and logistics facilities. It deals with a number of product categories including structural steel, cement, TMT bars, hollow blocks, pipes and tubes, roofing solutions, welding accessories, primers, solar heaters, plumbing tiles, sanitary ware, water tanks, plywood, kitchen sinks, lighting and other allied products. The Company has operations spread across ten states in India. The company's shares are listed with BSE & NSE."

2 SIGNIFICANT ACCOUNTING POLICIES

A. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 10th May 2018. These financial statements are prepared and presented in Indian Rupees and rounded-off to the nearest rupees, except when otherwise stated.

The Company's financial statements upto and for the year ended 31st March, 2017 were prepared in accordance with the Standards as per Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Companies Act, 2013 and other relevant provisions of the Act which was the previous GAAP ("IGAAP"). These are the first Ind AS Standalone Financial Statements of the

Company. The date of transition to Ind AS is 1 April, 2016. Refer note 2(U) below for the details of first-time adoption exemptions availed by the Company.

B. BASIS OF PREPARATION AND PRESENTATION

These financial statements have been prepared and presented on the accrual basis of accounting under historical cost convention or fair values as per the requirements of Ind AS prescribed under section 133 of the Companies Act, 2013.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for sharebased payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

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



Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; -

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability."

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and 12 months or other criteria as set out in the Schedule III to the Companies Act, 2013. Based on the nature of its business, the company has ascertained its operating cycle to be 12 months for the purpose of current and non-current classification of assets and liabilities.

C. REVENUErecognition

Revenue is measured at the fair value of the consideration received or receivable. The Company recognizes revenues on sale of products, net of discounts, rebates, returns, sales taxes and duties when the products are delivered to customer or when delivered to a carrier for sale, which is when significant risks and rewards of ownership pass to the customer. Sale of products is presented gross of manufacturing taxes like excise duty wherever applicable.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

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

Interest income is recognised on time proportion basis.

Other income is recognised on accrual basis provided that it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

D. PROPERTY, PLANT AND EQUIPMENT

The cost of property, plant and equipment comprises its purchase price, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning, net of any trade discounts and rebates. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred unless such expenditure results in a significant increase in the future benefits of the concerned asset.

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

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS i.e. 1 April, 2016, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Depreciation commences when the assets are ready for their intended use. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

STANDALONE FINANCIALS

Depreciation is recognized so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Management has re-assessed the useful lives of the Property, plant and equipment and on the basis of technical evaluation, management is of the view that useful lives used by management, as above, are indicative of the estimated economic useful lives of the Property, plant and equipment. In respect of additions to Property, plant and equipment, depreciation has been charged on pro rata basis. Individual assets costing less than ₹5,000/- are depreciated fully during the year of purchase.

The Company reviews the residual value, useful lives and depreciation method annually and, if current estimates differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

E. INVESTMENT PROPERTIES

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable, the borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of investment property is replaced, the carrying amount of the replaced part is derecognised

Investment properties are depreciated using straight-line method over their estimated useful lives. Investment properties generally have a useful life of 60 years. The useful life has been determined based on technical evaluation by management.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its investment properties recognised as

at 1st April 2016, measured as per previous GAAP and use that carrying value as the deemed cost of investment properties.

F. INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit or Loss when the asset is derecognised.

"For transition to Ind AS, the Company has elected to continue with carrying value of all its intangible assets recognised as of 1 April, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of transition date."

G. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest



NOTES TO THE FINANCIAL STATEMENTS

group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Any reversal of the previously recognised impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

H. BUSINESS COMBINATIONS

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Company. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Business combinations between entities under common control is

accounted for at carrying value. Transaction costs that the Company incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

I. LEASES

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

Where the company is lessor

Rental income from operating leases is recognised on straight-line basis over the term of the relevant lease. Initial direct cost, if any, incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on straight-line basis over the lease term.

Where the company is lessee

Payments made under operating leases are charged to the Statement of Profit and Loss on a straight line basis over the period of the lease determined in the respective agreements which is representative of the time pattern in which benefit derived from the use of the leased asset. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Leases where the Company has transferred substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The outstanding liability is included in other long-term borrowings. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

STANDALONE FINANCIALS

J. INVENTORIES

Inventories are stated at lower of cost and net realizable value. Cost comprises of purchase price, freight, other attributable cost, applicable taxes not eligible for credit, less rebates and discounts, which is determined on First in First out ('FIFO') basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Stores and spares which does not meet the definition of Property, plant and equipment are accounted as inventories.

All items of inventories which are considered to be damaged, unmarketable or unserviceable and have become otherwise obsolete are valued at the estimated net realizable value.

K. EMPLOYEE BENEFITS

In respect of defined contribution plan the company makes the stipulated contributions to provident fund, Employee state insurance and pension fund, in respect of employees to the respective authorities under which the liability of the company is limited to the extent of the contribution.

The liability for gratuity, considered as defined benefit, is determined actuarially using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses

on curtailments and settlements);

- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs."

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

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

L.TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

"Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Indian Income Tax Act, 1961."

Deferred tax

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



Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

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

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.

Current and deferred tax are recognised in the statement of profit and loss, except when they are related to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing

evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

M. FOREIGN CURRENCIES

The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR).

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in Foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in Statement of Profit and Loss in the period in which they arise except for:

exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to Statement of Profit and Loss on repayment of the monetary items.

N. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent Liabilities and Contingent Assets are not recognized but are disclosed in the notes.

O. EARNING PER SHARE

Basic earnings per share is computed by dividing the profit / (loss) after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share is computed by dividing the profit / (loss) after tax attributable to equity shareholders as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the

exercise of the share options by the employees.

P. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

Q. GOVERNMENT GRANTS AND SUBSIDIES

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Government grants relating to Property, plant and equipment are treated as deferred income and released to the Statement of profit and loss over the expected useful lives of the assets concerned. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

R. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss ('FVTPL')) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the



acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

a) Financial Assets

(i) Initial recognition and measurement

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through Statement of Profit or Loss ('FVTPL')) are added to the fair value of the financial assets, on initial recognition. Transaction cost directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in Statement of Profit and Loss.

(ii) Subsequent measurement

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

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments 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 amortized cost if both the following conditions are met:

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

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI:

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- 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).

Debt instrument at FVTPL:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as amortized cost or as FVTOCI, is classified as FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as FVTPL. However, such election is chosen only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

(iii) Derecognition of financial assets:

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily de-recognized 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 recognize the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognizes 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.

(iv) Investment in Subsidiaries:

The Company’s investment in equity instruments of Subsidiaries are accounted for at cost as per Ind AS 27, including adjustment for fair value of obligations, if any, in relation to such subsidiaries.

b) Financial liabilities and equity instruments

(i) Initial recognition and measurement

All financial liabilities are recognized initially at fair value plus transaction cost (if any) that is attributable to the acquisition of the financial liabilities which is also adjusted.

(ii) Subsequent measurement

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

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de-recognised as well as through the EIR amortization 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 amortization is included as finance costs in the statement of profit and loss.

Trade and other payables:

These amounts represent liabilities for goods or services provided to the Company which are unpaid at the end of the reporting period. Trade and other payables are presented as current liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade and other payables classified as current, the carrying amounts approximate fair value due to the short maturity of these instruments. Other payables falling due after 12 months from the end of the reporting period are presented as non-current liabilities and are measured at amortised cost unless designated as fair value through profit and loss at the inception.

The Company enters into deferred payment arrangements (acceptances) whereby lenders such as banks and other financial institutions make payments to supplier’s banks for purchase of raw materials. The banks and financial institutions are subsequently repaid by the Company at a later date. These are normally settled up to 90 days. These arrangements for raw materials are recognized as Acceptances (under trade payables).

Other 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. Gains or losses on liabilities held for trading or designated as at FVTPL are recognized in the profit or loss.

Derecognition of financial liabilities:

A financial liability is de-recognised 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.



c) Offsetting

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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

d) Impairment of Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

S. FAIR VALUE MEASUREMENT

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability which are accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that

would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

T. CASH & CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

U. FIRST TIME ADOPTION – MANDATORY EXCEPTIONS, OPTIONAL EXEMPTIONS

Overall principle

The Company has prepared the opening Standalone Balance Sheet as per Ind AS as of 1 April, 2016 (the transition date) by,

- recognising all assets and liabilities whose recognition is required by Ind AS,
- not recognising items of assets or liabilities which are not permitted by Ind AS,

STANDALONE FINANCIALS

- by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and
- applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below. Since, the financial statements are the first financial statements, the first time adoption – mandatory exceptions and optional exemptions have been explained in detail.

(i) Deemed cost for Property, plant and equipment and Investment properties

The Company has elected to continue with the carrying value of all of its property, plant and equipment as of 1 April, 2016 (transition date) measured as per the previous GAAP as its deemed cost as at the date of transition.

(ii) Deemed cost for investments in subsidiaries

The Company has elected to continue with the carrying value of all of its investments in subsidiaries recognised as of 1 April, 2016 (transition date) measured as per the previous GAAP as its deemed cost as at the date of transition.

(iii) Determining whether an arrangement contains a lease

The Company has opted to apply the Appendix C of Ind AS 17 - Determining whether an Arrangement contains a Lease, to determine whether the arrangements existing as on the transition date contains a lease, on the basis of facts and circumstances existing as at the transition date.

(iv) De-recognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 1 April, 2016 (the transition date).

(v) Designation of previously recognised financial instruments

The Company has designated financial liabilities and financial assets at fair value through profit or loss on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

(vi) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

(vii) Past business combinations

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of 1 April, 2016. Consequently,

- The Company has kept the same classification for the past business combinations as in its previous GAAP financial statements;
- The Company has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the Standalone balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquiree;
- The Company has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;
- The Company has tested the goodwill for impairment at the transition date based on the conditions as of the transition date;
- The effects of the above adjustments have been given to the measurement of deferred tax.

3 KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENTS

In the course of applying the policies outlined in all notes under section 2 above, the Company is required to make judgements, estimates and assumptions about the carrying



amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

(i) Useful lives of property, plant and equipment

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

(ii) Impairment of investments in subsidiaries

Determining whether the investments in subsidiaries are impaired, requires an estimate in the value in use of investments. In considering the value in use, the Directors have anticipated the future commodity prices, capacity utilization of plants, operating margins, discount rates and other factors of the underlying businesses / operations of the investee companies. Any subsequent changes to the cash flows due to changes in the above mentioned factors could impact the carrying value of investments.

(iii) Provisions and liabilities

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value

of money and the risks specific to the liability.

(iv) Business combinations and intangible assets

Business combinations are accounted for using Ind AS 103, Business Combinations, which requires the identifiable intangible assets and contingent consideration to be measured at fair value in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the business. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

(v) Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

(vi) Fair value measurements

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

(vii) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. 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.

4. PROPERTY, PLANT AND EQUIPMENT

(All amount are in Indian Rupees, unless stated otherwise) ₹

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total Tangible asset
Deemed cost as at April 01, 2016	447,697,265	290,647,955	21,721,460	84,110,488	36,787,715	11,302,034	5,005,810	897,272,727
Additions	4,384,675	55,577,116	5,767,811	25,197,031	26,835,442	3,804,835	2,720,246	124,287,156
Disposals	-	-	1,693,668	-	2,364,181	-	-	4,057,849
Gross carrying amount as at March 31, 2017	452,081,940	346,225,071	25,795,603	109,307,519	61,258,976	15,106,869	7,726,056	1,017,502,034
Additions	3,410,130	64,816,574	5,408,577	56,578,981	6,846,264	8,704,023	7,013,735	152,778,284
Disposals	-	-	-	-	1,334,988	-	-	1,334,988
Gross carrying amount as at March 31, 2018	455,492,070	411,041,645	31,204,180	165,886,500	66,770,252	23,810,892	14,739,791	1,168,945,330
Accumulated depreciation / amortisation and impairment								
Balance as at April 01, 2016	-	-	12,921,402	12,966,350	9,716,060	6,486,992	2,646,375	40,074,920
Depreciation for the year	6,437,741							
Depreciation or disposals	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	-	6,437,741	1,821,402	12,966,350	9,716,060	6,486,992	2,646,375	40,074,920
Depreciation for the year	-	6,101,281	2,043,412	16,016,825	11,435,669	1,980,739	3,283,547	40,861,473
Depreciation on disposals	-	-	-	-	1,229,515	-	-	1,229,515
Balance as at March 31, 2018	-	12,539,022	3,864,814	28,983,175	19,922,214	8,467,731	5,929,922	79,706,878
Net Carrying amount								
As at March 31, 2018	455,492,070	398,502,623	27,339,366	136,903,325	46,848,038	15,343,161	8,809,869	1,089,238,452
As at March 31, 2017	452,081,940	339,787,330	23,974,201	96,341,169	51,542,916	8,619,877	5,079,681	977,427,114
As at April 01, 2016	447,697,265	290,647,955	21,721,460	84,110,488	36,787,715	11,302,034	5,005,810	897,272,727
Useful Life of the asset (in Years)	N/A	60 Years	15 Years	10 Years	8 - 10 Years	5 Years	3 Years	
Method of depreciation	N/A				Straight Line Method			

Note:

a) The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS i.e. 1 April, 2016, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The carrying value as at April 01, 2016 amounting to ₹97,272,727 of Property, plant and equipment represents gross cost of ₹1,054,162,349 net of accumulated depreciation of ₹156,889,622 as at March 31, 2016.

b) Property, plant & equipment have been pledged as security against certain long term borrowings of the company as at 31 March 2018 (Refer note 20).



Notes to the Standalone Financial Statements

5. INVESTMENT PROPERTIES

(All amount are in Indian Rupees, unless stated otherwise) ₹

Particulars	Freehold Land	Buildings	Total
Deemed cost as at April 01, 2016	14,492,809	10,173,150	24,665,959
Additions	-	-	-
Disposals	-	-	-
Gross carrying amount as at March 31, 2017	14,492,809	10,173,150	24,665,959
Additions	-	-	-
Disposals	-	-	-
Gross carrying amount as at March 31, 2018	14,492,809	10,173,150	24,665,959
Accumulated depreciation and impairment			
Balance as at April 01, 2016	-	-	-
Depreciation for the year	-	173,066	173,066
Depreciation on disposals	-	-	-
Balance as at March 31, 2017	-	173,066	173,066
Depreciation for the year	-	173,066	173,066
Depreciation on disposals	-	-	-
Balance as at March 31, 2018	-	346,132	346,132
Net Carrying amount			
As at March 31, 2018	14,492,809	9,827,018	24,319,827
As at March 31, 2017	14,492,809	10,000,084	24,492,893
As at April 01, 2016	14,492,809	10,173,150	24,665,959
Useful Life of the asset (In Years)	N/A	60 years	
Method of depreciation	N/A	Straight Line Method	

Note: The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS i.e. 1 April, 2016, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. The carrying value as at April 01, 2016 amounting to ₹24,665,959 of Property, plant and equipment represents gross cost of ₹25,444,823 net of accumulated depreciation of ₹778,864 as at March 31, 2016.



Notes to the Standalone Financial Statements

Income earned and expenses incurred for Investment Property

(All amount are in Indian Rupees, unless stated otherwise) ₹

Particulars	For the year ended	
	31-03-18	31-03-17
Rental income from investment property	6,247,440	6,161,870
Direct operating expenses (including repairs and maintenance)	295,651	111,853
Profit from investment properties before depreciation	5,951,789	6,050,017
Depreciation	173,066	173,066
Profit from investment property	5,778,723	5,876,951

Fair Value

Particulars	31-Mar-18	31-Mar-17	01-Apr-16
Investment properties	44,540,000	42,466,000	40,336,000

Estimation of fair value

The best evidence of fair value is current prices in an active market for similar properties. Since investment properties are leased out by the Company, the market rate for sale/purchase of such premises are representative of fair values. Company's investment properties are at a location where active market is available for similar kind of properties. Hence fair value is ascertained on the basis of market rates prevailing for similar properties in those location determined by an independent registered valuer and consequently classified as a level 2 valuation.



STANDALONE FINANCIALS

Notes to the Standalone Financial Statements

6. INTANGIBLE ASSETS

(All amount are in Indian Rupees, unless stated otherwise) ₹

Particulars	Brand*	Software	Total
Deemed cost as at April 01, 2016	-	-	-
Additions	-	-	-
Disposals	-	-	-
Gross carrying amount as at March 31, 2017	-	-	-
Additions	107,765,040	4,500,000	112,265,040
Disposals	-	-	-
Gross carrying amount as at March 31, 2018	107,765,040	4,500,000	112,265,040
<hr/>			
Accumulated Amortization and impairment			
Balance as at April 01, 2016	-	-	-
Amortization for the year	-	-	-
Amortization on disposals	-	-	-
Balance as at March 31, 2017	-	-	-
Amortization for the year	8,139,289	608,219	8,747,508
Amortization on disposals	-	-	-
Balance as at March 31, 2018	8,139,289	608,219	8,747,508
<hr/>			
Net Carrying amount			
As at March 31, 2018	99,625,751	3,891,781	103,517,532
As at March 31, 2017	-	-	-
As at April 01, 2016	-	-	-
Useful Life of the asset (In Years)	3 Years	3 Years	
Method of depreciation	Straight Line Method		

*Refer Note 47



7. INVESTMENTS (Non-current)

(All amounts are in Indian Rupees, unless stated otherwise) ₹

Particulars	Face Value	As at 31-03-2018		As at 31-03-2017		As at 01-04-2016		
		No.of Shares / units	₹	No.of Shares / units	₹	No.of Shares / units	₹	
Investment in Equity Instrument:								
Unquoted (At cost or deemed cost):								
Subsidiaries:								
Vishal Precision Steel Tubes and Strips Private Limited	Rs. 10 each	349,600	134,675,940	3,49,600	136,623,388	349,600	135,937,111	
Taurus Value steel & Pipes Private Limited	Rs. 10 each	1,510,100	152,360,620	1,510,100	154,680,120	1,510,100	153,205,080	
Steel Network (Holdings) Pte Ltd	USD 1 each	2,000,000	97,794,360	2,000,000	98,473,280	2,000,000	97,927,840	
Total Investments			384,830,920		389,776,788		387,070,031	

Particulars	As at 31-03-2018		As at 31-03-2017		As at 01-04-2016	
	Aggregate amount of unquoted investment	384,830,920	389,776,788	389,776,788	387,070,031	387,070,031

STANDALONE FINANCIALS

Notes to the Standalone Financial Statements

8. TRADE RECEIVABLE (NON-CURRENT)

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Unsecured:			
Considered Good	30,601,634	22,992,372	13,723,697
Considered Doubtful	30,601,635	22,992,373	13,723,697
	61,203,269	45,984,745	27,447,394
Less: Allowance for doubtful debts (Expected credit loss allowance)	(30,601,635)	(22,992,373)	(13,723,697)
Total	30,601,634	22,992,372	13,723,697

9. LOANS (NON-CURRENT)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Unsecured considered good:			
Loan to related party * (Non-current portion) (Also refer Note 16)	333,333,334	500,000,000	500,000,000
Security Deposit	108,315,437	62,164,341	39,742,525
Dealers deposit	8,438,950	3,182,280	1,215,730
Gratuity advance to staff	710,000	860,000	860,000
Total	450,797,721	566,206,621	541,818,255

* Part of consideration pertaining to past business combination (Non-interest bearing)

Details of loans and advances in the nature of loans to subsidiaries:

Name of the company	31-03-18	31-03-17	01-04-16
Taurus Value Steel & Pipes Private Limited			
-Amount outstanding (including current portion)	500,000,000	500,000,000	500,000,000
- Maximum amount outstanding during the year	500,000,000	500,000,000	500,000,000

10. OTHER NON CURRENT ASSETS

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Unsecured, Considered good:			
Capital advances	17,197,284	3,862,441	6,375,102
Total	17,197,284	3,862,441	6,375,102

11. INVENTORIES

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Inventories:(at lower of cost and Net realisable value)			
Stock-in-trade	2,584,180,015	1,619,415,596	1,639,051,526
Stores and spares	1,784,780	1,784,781	2,384,780
Total	2,565,944,795	1,621,180,377	1,641,416,306

Inventories have been pledged as security against certain bank borrowings of the company as at 31 March 2018.
(Refer note 20 and note 24)



Notes to the Standalone Financial Statements

Details of Goods in Transit

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Stock-in-trade	126,738,991	51,439,660	48,216,968
Total	126,738,991	51,439,660	48,216,968

12. TRADE RECEIVABLE (CURRENT)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Unsecured:			
Considered Good	3,780,640,438	2,579,295,839	2,337,831,855
Considered Doubtful	46,683,318	29,743,544	18,363,335
	3,827,323,756	2,609,039,183	2,356,195,190
Less: Allowance for doubtful debts (Expected credit loss allowance)	(46,683,318)	(29,743,544)	(18,363,335)
Total	3,780,640,438	2,579,295,639	2,337,831,855

Ageing of receivables that are past due but not impaired

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
60 - 90 days	442,368,111	490,322,983	466,949,905
90 - 180 days	114,264,695	221,004,342	92,150,656
> 180 days	366,371,250	63,257,428	54,363,966
Total	923,004,056	774,584,753	613,464,527

The credit period on sales of goods ranges from 30 to 45 days without security. No interest is charged on trade receivables.

In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. There has been no significant change in the credit quality of receivables past due for more than 180 days.

Before accepting any new customer, the company evaluates the financial position, past performance, business opportunities, credit references etc of the new customer and defines credit limit and credit period. The credit limit and the credit period are reviewed at periodical intervals.

The Company does not generally hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Trade receivables have been given as collateral towards borrowings (refer security note below Note 20 and Note 24).

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.



Notes to the Standalone Financial Statements

13. CASH AND CASH EQUIVALENT

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Balances with banks :			
In current account	800,452	2,657,560	1,529,018
Cash on hand	10,418,039	13,232,673	10,210,337
Total	11,218,491	15,890,233	11,739,355

The company has entered into cash management service agreement with certain banks for the collection of cheques at various branches and transfer of the funds to certain cash credit accounts by way of standing instructions. Pending such credits in the account, the same is disclosed as net of such collections. The above mentioned cash and cash equivalents does not contain any amount that are not available for use by the company.

14. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Earmarked balances:			
In Escrow account	-	629,904,717	-
Margin Money	2,322,117	9,878	5,237
Fixed Deposit	2,500,000	-	-
Total	4,822,117	629,914,595	5,237

15. LOANS (CURRENT)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Advances to Subsidiaries*	243,201,295	-	-
Total	243,201,295	-	-

* Short term advances for business purposes (non-interest bearing).

16. OTHER FINANCIAL ASSETS (CURRENT)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Unsecured, considered good			
Rent receivable	198,450	460,458	400,818
Interest Receivable	98,729	-	-
Staff Advance	6,866,051	10,052,384	8,108,488
Loan to related party *	188,688,686	-	-
(Current portion of long-term loan) (Also Refer note 9)			
Total	173,825,896	10,512,840	8,509,106

* Part of consideration pertaining to past business combination (Non-interest bearing).

17. OTHER CURRENT ASSETS

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Unsecured, considered good			
Advances other than capital advances:			
Advances for purchases	37,297,391	17,864,985	9,148,000
Prepayments and others	10,228,003	9,204,113	7,855,195
Balances with government authorities	208,648,452	5,515,935	5,094,737
Total	256,169,846	32,585,033	21,897,932



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Notes to the Standalone Financial Statements

18. EQUITY SHARE CAPITAL

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	As at 31-03-2018		As at 31-03-2017		As at 01-04-2016	
	No.of Shares	(₹)	No.of Shares	(₹)	No.of Shares	(₹)
Authorised Share Capital: Equity shares of ₹10/- each	25,00,000	250,000,000	25,00,000	250,000,000	25,00,000	250,000,000
Issued, subscribed and paid up capital: Equity shares of ₹10/- each, fully paid	22,849,326	228,493,260	22,849,326	228,493,260	21,871,037	218,710,370

a) Reconciliation of number of equity shares and equity share capital

Particulars	31-03-18		31-03-17		01-04-16	
	Number	Amount(₹)	Number	Amount(₹)	Number	Amount(₹)
Balance as at the beginning of the year	22,849,326	228,493,260	21,871,037	218,710,370	21,871,037	218,710,370
Add Shares issued on initial public offering	-	-	978,289	9,782,890	-	-
Balance as at the end of the year	22,849,326	228,493,260	22,849,326	228,493,260	21,871,037	218,710,370

b) Pursuant to Initial Public Offering (IPO), 9,78,289 equity shares of the Company of ₹10 each were allotted at ₹460 per equity share:

Date of allotment	No. of shares	Share Capital	Securities Premium	Total
31st March 2017	978,289	9,782,890	440,230,050	450,012,940

c) Rights, preferences and restrictions attached to shares and terms of conversion of other securities into equity.

The company has one class of equity shares having par value of ₹10 each. Each share holder is eligible for one vote per share held and carry a right to dividend. In the event of liquidation, the equity share holders are eligible to receive the 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 share holders.

d) Details of shareholders holding more than 5% of the aggregate shares in the Company:

Name of Shareholder	As at 31-03-2018		As at 31-03-2017		As at 01-04-2016	
	No. of Shares	% of Holding	No. of Shares	% of Holding	No. of Shares	% of Holding
Mr. Sukumar Srinivas	12,519,998	54.79%	12,519,998	54.79%	13,436,250	61.43%
Fairwinds Trustee Services Pvt Limited	-	-	1,640,962	7.18%	7,807,317	34.78%

e) For the period of five years immediately preceding the date of Balance Sheet,

Aggregate number & class of shares allotted by the company as fully paid up pursuance to contracts without receipt of cash

Nil

Aggregate number & class of shares bought back by the company

Nil

Aggregate number & class of shares allotted by the company as fully paid up by way of bonus shares

Nil

f) The Board of Directors, in its meeting on May 10, 2018, has proposed a final dividend of ₹3.25 (PY - ₹2.75) per equity share for the financial year ended March 31, 2018. The proposal is subject to the approval of Shareholders at the ensuing Annual General Meeting and if approved, would result in a cash outflow of approximately ₹8.95 Crores (PY - ₹7.60 Crores) including Dividend Distribution Tax.

19. OTHER EQUITY

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
General Reserve	12,357,598	12,357,598	12,357,598
Retained earnings	1,810,637,786	1,503,779,367	1,310,735,137
OTHER COMPREHENSIVE INCOME:			
Remeasurements of the net defined benefit plans	421,779	(6,539)	-
OTHER RESERVES			
Capital Reserve	1,861,710	1,861,710	1,861,710
Securities Premium Account	1,112,834,360	1,116,974,403	703,728,892
Total	2,938,113,233	2,634,966,539	2,028,683,337



Notes to the Standalone Financial Statements

(All amount are in Indian Rupees, unless stated otherwise) ₹

General Reserve

Under the erstwhile Indian Companies Act 1956, a general reserve was required to be created through an annual transfer of 10% of net profit in case dividend distribution in a given year is more than 10% of the paid-up capital of the Company for that year.

Consequent to introduction of Companies Act 2013, the requirement of mandatory transfer of a specified percentage of the net profit to general reserve has been withdrawn.

Capital Reserve

Reserve is primarily created on amalgamation as per statutory requirement.

20. BORROWINGS (NON - CURRENT)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
TERM LOANS:			
Secured loan from bank	8,511,766	44,483,114	-
Total	8,511,766	44,483,114	-

Terms and security	Current	Non-current	Total
Repayable in 15 monthly installments of ₹27.77 lacs each till June 10, 2019; Rate of interest 9.77% p.a. floating; Security - First pari passu floating charges on certain existing fixed asset, existing and future current assets belonging to the company and corporate guarantee of subsidiary companies.	33,333,333	7,931,807	40,581,211
Vehicle loan repayable in 14 monthly installments of ₹2.84 lacs each till May 15, 2019; Rate of interest 9.65% p.a.; Security - First charge on the vehicle.	3,570,598	579,959	4,834,486

21. OTHER FINANCIAL LIABILITIES (NON-CURRENT)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Rent advance received	150,000	150,000	150,000
Total Other Financial Liabilities	150,000	150,000	150,000

22. PROVISIONS (NON-CURRENT)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Provision for Employee benefits			
Provision for Gratuity *	2,000,000	1,000,000	1,000,000
Provision for financial guarantee liability	3,911,775	9,123,420	6,969,031
	5,911,775	10,123,420	7,969,031

* Employee not covered by the gratuity fund

STANDALONE FINANCIALS

Notes to the Standalone Financial Statements

(All amount are in Indian Rupees, unless stated otherwise) ₹

23. INCOME TAXES

Indian companies are subject to Indian income tax on a standalone basis. Each entity is assessed to tax on taxable profits determined for each fiscal year beginning on April 1 and ending on March 31.

Statutory income taxes are assessed based on book profits prepared under generally accepted accounting principles in India adjusted in accordance with the provisions of the (Indian) Income tax Act, 1961. Such adjustments generally relate to depreciation of fixed assets, disallowances of certain provisions and accruals, deduction for tax holidays, the set-off of tax losses and depreciation carried forward and retirement benefit costs. Statutory income tax is charged at 30% plus a surcharge and education cess.

a) Income tax expenses

Particulars	For the year ended	
	31-03-2018	31-03-2017
Current tax:		
Current tax	215,449,676	114,700,000
Tax pertaining to earlier years	(2,686,856)	2,589,012
Deferred tax	(3,563,277)	(5,202,765)
Total	209,199,543	112,086,247

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to income tax expense recognised for the year is indicated below:

Particulars	For the year ended	
	31-03-18	31-03-17
Profit before tax	591,685,469	305,130,477
Enacted tax rate in India	34.608%	34.608%
Expected income tax expense at statutory tax rate	204,770,507	105,599,555
Tax impact on account of		
Depreciation under Income-tax Act	(4,110,344)	(4,355,955)
Provision for doubtful debts disallowed	6,910,734	7,146,166
Expenses allowed only on payment basis	2,948,007	3,013,468
Expenses not deductible in determining taxable profits	3,404,507	2,637,889
Deductions allowable under tax laws	(1,281,954)	(433,050)
Others	2,808,219	1,091,927
Tax expenses pertaining to current year	215,449,676	114,700,000
Effective income tax rate	36.413%	37.590%

b) Current Tax Liabilities

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Current tax liabilities(Net)*	37,512,411	95,667,261	40,290,335

* The above includes ₹35,57,270/- paid/ adjusted towards disputed tax demands. The disputes are pending disposal before appellate authorities and the management, based on nature of dispute and the opinion of the legal counsel, is of the view that the no provision is necessary as at present.



Notes to the Standalone Financial Statements

(All amount are in Indian Rupees, unless stated otherwise) ₹

DEFERRED TAX LIABILITIES

The majority of the deferred tax balance represents differential rates of depreciation for property, plant and equipment under income tax act and disallowance of certain expenditure under income tax act. Significant components of deferred tax assets/(liabilities) recognized in the financial statements are as follows:

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Deferred Tax Liability:			
On account of depreciation	39,400,000	33,000,000	28,080,149
Deferred Tax Asset:			
Expenses allowed on payment basis	(6,911,023)	(4,800,000)	(1,994,111)
Allowance for doubtful receivables and advances	(23,749,641)	(16,838,907)	(9,692,741)
Others	(1,078,484)	(363,646)	(189,624)
Deferred Tax (Asset)/Liabilities (Net)	7,660,852	10,997,447	16,203,673

Deferred tax balance (Asset)/Liability in relation to	As at 31-03-2017	Recognised/ (reversed) through profit and loss	Recognised in/ reclassified from other comprehensive income	As at 31-03-2018
Depreciation under income tax act	33,000,000	6,400,000	-	39,400,000
Provision for employee benefit	(4,800,000)	(2,337,705)	226,682	(6,911,023)
Allowance for doubtful receivables and advances	(16,838,907)	(6,910,734)	-	(23,749,641)
Others	(363,646)	(714,838)	-	(1,078,484)
Total	10,997,447	(3,563,277)	226,682	7,660,852

Deferred tax balance (Asset)/Liability in relation to	As at 01-04-2016	Recognised/ (reversed) through profit and loss	Recognised in/ reclassified from other comprehensive income	As at 31-03-2017
Depreciation under income tax act	28,080,149	4,919,851	-	33,000,000
Provision for employee benefit	(1,994,111)	(2,802,428)	(3,461)	(4,800,000)
Allowance for doubtful receivables and advances	(9,692,741)	(7,146,166)	-	(16,838,907)
Others	(189,624)	(174,022)	-	(363,646)
Total	16,203,673	(5,202,765)	(3,461)	10,997,447

24. BORROWINGS (CURRENT)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
SECURED LOAN			
Working Capital Loans repayable on demand from Banks	2,242,759,734	1,497,864,773	1,433,996,666
Total Borrowings	2,242,759,734	1,497,864,773	1,433,996,666

Working capital loans are repayable on demand and carries interest@ 7.9% to 12% p.a and secured by:

- a) First pari passu floating charge on the existing and future current assets belonging to the company.
- b) Guarantee by Managing Director.

STANDALONE FINANCIALS

Notes to the Standalone Financial Statements

25. TRADE PAYABLES

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Duet Micro and Small Enterprises [Refer note 40(d)]	2,698,739	-	-
Duet Others			
-Acceptances	859,089,585	189,002,557	580,082,508
- Other than acceptances	2,613,661,068	1,968,442,016	1,444,185,447
Total Trade Payables	3,475,449,392	2,157,444,573	2,024,267,955

Acceptances include credit availed by the Company from banks for payment to suppliers for goods purchased by the Company. The arrangements are interest-bearing and are payable within 90 days.

Payables Other than acceptances are normally settled within 30 to 90 days.

26. OTHER FINANCIAL LIABILITIES (CURRENT)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Current maturities of long term debt (Refer note 20)	36,903,931	36,576,695	18,944,455
Interest payable	3,168,543	12,308,491	426,410
Employee Benefits payable	44,823,049	30,033,011	28,210,458
Other expense payable	28,525,041	43,362,566	11,654,555
Unpaid Dividend	9,750	9,750	-
Total Other Financial Liabilities	113,430,314	122,290,513	59,235,878

27. PROVISIONS (CURRENT)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Provision for Employee benefits			
Provision for Gratuity (Refer note 42)	4,663,203	3,555,475	-
Provision for compensated absences	920,809	580,592	682,188
Total Provisions	5,584,012	4,136,067	682,188

28. OTHER CURRENT LIABILITIES

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Advances from customer	62,525,834	32,847,038	28,169,315
Statutory liabilities	10,223,665	34,672,941	27,249,672
Dividend Distribution Tax	-	-	6,717,142
Total Other Current Liabilities	72,749,499	67,519,979	62,136,129

29. REVENUE FROM OPERATIONS

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Sale of Building Products	22,479,770,998	19,760,367,031
Total	22,479,770,998	19,760,367,031



Notes to the Standalone Financial Statements

30. OTHER INCOME

(All amount are in Indian Rupees, unless stated otherwise (₹)

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Interest Income from deposits	120,349	178,627
Rent received	3,274,200	4,549,350
Profit on sale of Property, plant & equipment	444,518	-
Commission on Guarantee given to subsidiaries	265,777	552,368
Unwinding of interest income on rental deposits	1,334,732	3,152,187
Miscellaneous income	1,004,533	586,842
Total	6,444,109	9,019,374

31. CHANGES IN INVENTORIES OF STOCK-IN-TRADE

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Closing stock of Stock in trade	(2,564,180,015)	(1,619,415,596)
Opening stock of Stock in trade	1,619,415,596	1,639,051,526
Total	(944,764,419)	19,635,930

32. EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Salaries and Wages	290,307,960	226,783,746
Contribution for:		
Provident fund	19,060,435	13,002,078
Employee state insurance	5,371,528	2,595,184
Gratuity-Employees* [Refer Note 42]	6,646,000	4,117,000
Staff Welfare Expenses	9,132,234	6,735,976
Total	330,518,157	253,233,984

* Including ₹10 lacs for employee not covered under gratuity fund

STANDALONE FINANCIALS

Notes to the Standalone Financial Statements

33. FINANCE COST

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Interest Expense on borrowings	253,024,661	274,915,869
Other borrowing costs	9,815,583	10,821,634
Interest on Income Tax	11,623,578	5,306,269
Total	274,463,822	291,043,772

34. OTHER EXPENSES

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Power & Fuel	10,569,448	6,545,413
Rent	109,692,549	81,375,812
Repairs and Maintenance		
Buildings	549,364	125,971
Others	39,877,442	35,778,003
Insurance	5,340,855	3,302,777
Rates & Taxes	13,362,448	19,278,890
Travelling Expenses	24,342,986	23,686,196
Payment to Auditors (Refer Note below)	2,828,225	2,368,133
Professional fees	18,174,896	8,598,273
Directors sitting fees	425,000	325,000
Communication Expenses	13,101,078	11,291,302
Advertisement & Publicity Expenses	10,753,886	7,666,431
Loss Allowance for doubtful trade receivables	19,968,602	25,229,318
Coolie Charges	95,028,403	71,861,975
Freight Charges	56,485,065	56,189,324
Commission Charges	5,411,680	6,292,975
Bad Debts written off	657,565	763,099
Loss on sale of Property, plant & equipment	11,975	99,085
Drawing & Cutting Charges	3,574,920	11,037,468
Miscellaneous Expenses	54,531,491	40,616,228
Total	484,687,878	412,431,673



Notes to the Standalone Financial Statements

Note : Breakup for Payment to Auditors is as under(excluding service tax/CST): (All amount are in Indian Rupees, unless stated otherwise) (₹)

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
a) For Statutory Audit	2,100,000	1,750,000
b) For Tax Audit	250,000	250,000
c) For Other Services	-	63,225*
d) Out of Pocket Expenses	478,225	304,908*
Total	2,828,225	2,368,133

* Excludes ₹68,20,000 towards fee and out of pocket expenses related to initial public offer of equity shares, included in IPO expenses which has been proportionately adjusted with the securities premium reserve as detailed in Note No.41.

35. EARNINGS PER SHARE

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Basic & Diluted		
A. Profit attributable to equity shareholders (in ₹)	382,485,926	193,044,230
B. Weighted average number of equity shares (in Nos.)	22,849,326	21,873,717
C. Basic and Diluted EPS (₹) [A/B]	16.74	8.83
Face value per share (₹)	10.00	10.00

36. CONTINGENT LIABILITIES:

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Corporate Guarantee given for Subsidiaries *	2,157,000,000	2,006,800,000	1,547,400,000
Bank Guarantee	24,270,000	22,000,000	3,000,000
Disputed Income tax demand	3,620,030	3,620,030	6,343,060
Total	2,184,890,030	2,032,420,030	1,556,743,060

* The above represents full value of guarantee outstanding. The fair value of the above guarantees has been appropriately accounted in accordance with Ind AS 37 & Ind AS 27.

37. COMMITMENTS

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Estimated value of capital commitments towards buildings (Net of advances)	11,813,516	-	1,535,000

The Company from time to time provides need based support to subsidiaries towards working capital and other requirements.

38. OPERATING LEASE

a) As lessor:

The company has entered into leasing arrangements for renting:

- Building admeasuring approximately 1000 Square feet at the rate of ₹16.10 per square feet for a period of 11 months, which is renewable.
- Building admeasuring approximately 13,610 Square feet at the rate of ₹8.08 per square feet for a period of 11 months, which is renewable.

Disclosure in respect of assets (building) given on operating lease :

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Gross carrying amount of assets	24,665,959	24,665,959	24,665,959
Accumulated Depreciation	346,132	173,066	-
Depreciation for the year	173,066	173,066	-



Notes to the Standalone Financial Statements

(All amount are in Indian Rupees, unless stated otherwise) ₹

b) As lessee:

Various Buildings have been taken on operating lease with lease term between 11 and 60 months for office premises, storage space and retail shop, which are renewable on a periodic basis by mutual consent of both parties. All the operating leases are cancellable by either parties for any reason by giving a prior notice before 1 to 3 months. There is no restriction imposed by lease arrangements, such as those concerning dividends, additional debts.

Lease payments recognized under rent expenses is as follows:

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Minimum lease payment made on operating lease	109,692,549	81,375,812

39. Segment Reporting

In accordance with Para 4 of Ind AS 108 - Operating Segments, the company presents segment information only in the consolidated financial statements.

40. Additional Information

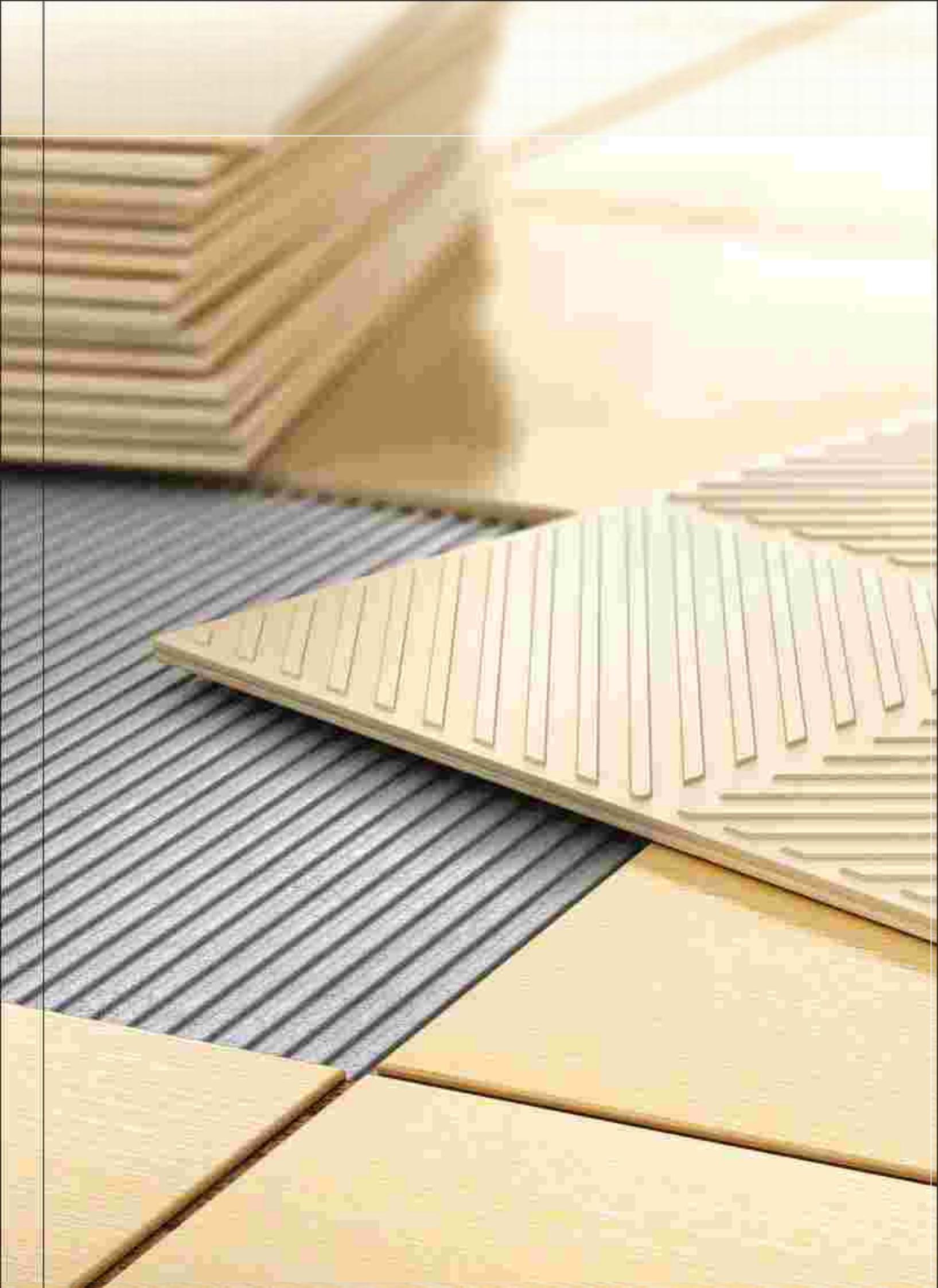
- a) CIF Value of imports - Nil (PY - Nil)
- b) Foreign currency earnings - Nil (PY - Nil)
- c) Details of Foreign currency expenditure - Nil (PY - Nil)
- d) Disclosure pertaining to micro and small enterprises as required under MSMED Act, 2006 (as per information available with the Company):

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Principal amount due outstanding as at end of year	2,698,739	-	-
Interest due on above and unpaid as at end of year	-	-	-
Balances pertaining to Micro and Small Enterprises	2,698,739	-	-

41.a) Pursuant to Initial Public Offering ('IPO'), 75,00,029 equity shares of ₹10 each which were allotted on 31st March 2017 at a premium of ₹450 per share consisting of fresh issue of 9,78,289 equity shares and offer for sale of 65,21,740 equity shares by the selling shareholders. The proceeds of the IPO have been utilised as under:

Particulars	Amount in ₹
Gross Proceeds from IPO (Including Securities premium of ₹44,02,30,050)	450,012,940
Less: Share Issue Expenses during the financial year 2016-17	26,984,539
Net Proceeds from IPO	423,028,401
Less: Utilisation towards repayment of short term borrowings	423,028,401
Amount kept unutilised	-

b) Amount utilised for share issue expenses includes payment made for merchant banker fees, legal counsel fees, brokerage and selling commission, auditors fees, registrar to the issue, printing and stationary expenses, advertising and marketing expenses, statutory fees to regulator and stock exchanges and other incidental expenses towards Initial Public Offering ('IPO'). Of the total expenses relating to share issue, expenses aggregating to ₹3,11,24,582 (including ₹41,40,043 during the financial year 2017-18) have been adjusted against the Securities Premium Account and expenses aggregating to ₹18,23,60,059 have been recovered from the selling shareholders. The recovery of expenses is in proportion to shares offered for sale by the selling shareholders to total shares offered for IPO.



STANDALONE FINANCIALS

Notes to the Standalone Financial Statements

(All amount are in Indian Rupees, unless stated otherwise)(₹)

42. Employee benefits

a) Defined contribution plan

Contribution to Defined Contribution Plans, recognised as an expense for the year is as under:

Particulars	For the year ended 31-03-2018	For the year ended 31-03-2017
Employer's Contribution to Provident Fund (includes pension fund)	19,060,435	13,002,078
Employer's Contribution to Employee State Insurance	5,371,528	2,595,184

b) Defined benefit plans

The Company has funded the gratuity liability ascertained on actuarial basis, wherein every employee who has completed five years or more of service is entitled to gratuity on retirement or resignation or death calculated at 15 days salary for each completed year of service, subject to a maximum of ₹20 lacs per employee. The vesting period for Gratuity as payable under The Payment of Gratuity Act is 5 years.

The plans in India typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

There are no other post-retirement benefits provided to employees.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31 March 2018 by M/S Ankolekar & Co., Actuaries and Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.



Notes to the Standalone Financial Statements

Gratuity (Funded)

(All amount are in Indian Rupees, unless stated otherwise) ₹

Particulars	31-03-18	31-03-17
Liability recognized in the Balance Sheet		
Present value of defined benefit obligation		
Opening Balance	28,913,000	24,133,000
Current Service Cost	4,199,000	3,340,000
Past Service Cost	1,241,000	767,000
Interest Cost	2,024,000	1,834,000
Actuarial Loss/(Gain) on obligation	(1,231,000)	764,000
Benefits paid	(1,848,797)	(1,930,525)
Closing Balance	33,297,203	28,907,475
Less: Fair Value of Plan Assets		
Opening Balance	25,352,000	24,529,000
Expected Return on Plan assets less loss on investments	1,818,000	1,824,000
Actuarial (Loss)/Gain on Plan Assets	(576,000)	754,000
Employers' Contribution	3,561,000	170,000
Benefits paid	(1,521,000)	(1,925,000)
Closing Balance	28,634,000	25,352,000
Amount recognized in Balance Sheet (Refer Note 27)	4,663,203	3,555,475
Expenses during the year		
Current Service cost	4,199,000	3,340,000
Past Service cost	1,241,000	767,000
Interest cost	2,024,000	1,834,000
Expected Return on Plan assets	(1,818,000)	(1,824,000)
Component of defined benefit cost recognized in statement of profit & loss	5,646,000	4,117,000
Remeasurement of net defined benefit liability		
- Actuarial Loss/(Gain) on defined benefit obligation	(1,231,000)	764,000
- Actuarial Loss/(Gain) on Plan Assets	576,000	(754,000)
Component of defined benefit cost recognized in other comprehensive income	(655,000)	10,000
Total		
Actual Return on plan assets	1,242,000	2,578,000
Break up of Plan Assets:		
i) Equity instruments	-	-
ii) Debt instruments	-	-
iii) Investment Funds with Insurance Company	100 %	100%
Of which, Unit Linked	100 %	100%
Of which, Traditional/ Non-Unit Linked	-	-
iv) Asset-backed securities	-	-
v) Structured debt	-	-

Note: None of the assets carry a quoted market price in an active market or represent the entity's own transferable financial instruments or are property occupied by the entity.

STANDALONE FINANCIALS

Notes to the Standalone Financial Statements

(All amount are in Indian Rupees, unless stated otherwise) ₹

Principal actuarial assumptions

Particulars	31-03-18	31-03-17	01-04-16
Discount Rate	7.40%	7.00%	7.60%
Expected rate(s) of salary increase	7.00%	7.00%	7.00%
Expected return on plan assets	7.00%	7.60%	7.80%
Attrition rate	10.00%	10.00%	10.00%
Mortality rate during employment	Indian assured lives mortality 2006-2008 Ult.		

Experience adjustments

Particulars	31-03-18	31-03-17	31-03-16	31-03-15	31-03-14
Defined Benefit Obligation	33,297,203	28,907,475	24,133,000	24,436,000	18,072,000
Plan Assets	28,634,000	25,352,000	24,529,000	19,955,000	16,755,000
Surplus / (Deficit)	(4,663,203)	(3,555,475)	396,000	(4,481,000)	(1,317,000)
Experience Adjustments on Plan Liabilities – (Loss)/Gain	363,000	282,000	4,046,000	(2,066,000)	1,402,000
Experience Adjustments on Plan Assets – (Loss)/Gain	(732,000)	706,000	(280,000)	1,117,000	(371,000)

The Company expects to contribute ₹60,00,000 (previous year ₹30,00,000) to its gratuity plan for the next year.

In assessing the Company's post retirement liabilities, the Company monitors mortality assumptions and uses up-to date mortality tables, the base being the Indian assured lives mortality (2006-08) ultimate.

Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations after considering several applicable factors such as the composition of plan assets, investment strategy, market scenario, etc.

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

Effective March 29, 2018, the Government of India has notified the Payment of Gratuity (Amendment) Act, 2018 to raise the statutory ceiling on gratuity benefit payable to each employee to ₹20 lacs from ₹10 lacs.

Accordingly the amended and improved benefits, if any, are recognised as current years expense as provided under paragraph 103, Ind AS 19.

The amount included in the financial statements arising from the entity's obligation in respect of its defined benefit plan is as follows:

Particulars	31-03-18	31-03-17	01-04-16
Defined Benefit Obligation	33,297,203	28,907,475	24,133,000
Plan Assets	28,634,000	25,352,000	24,529,000
Net (liability) /asset arising from defined benefit obligation	(4,663,203)	(3,555,475)	-

The actual return on plan assets for the year ended 31 March 2018 was ₹12,42,000 (for the year ended 31 March 2017 : ₹25,78,000)



Notes to the Standalone Financial Statements

(All amount are in Indian Rupees, unless stated otherwise) ₹

Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	Impact on Defined benefit obligation			
	31-03-18		31-03-17	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	2,307,000	2,050,000	1,947,000	1,721,000
Future salary growth (1% movement)	2,293,000	2,076,000	1,928,000	1,736,000
Attrition rate (1% movement)	37,000	40,000	69,000	68,000

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The average expected remaining lifetime of the plan members is 6 years as at the valuation date which represents the weighted average of the expected remaining lifetime of all plan participants.

The Company had deployed its investment assets in an insurance plan which is invested in market linked bonds. The investment returns of the market-linked plan are sensitive to the changes in interest rates as compared with the investment returns from the smooth return investment plan. The liabilities' duration is not matched with the assets' duration.

The liabilities of the fund are funded by assets. The company aims to maintain a close to full-funding position at each Balance Sheet date. Future expected contributions are disclosed based on this principle.

43. Related party disclosures

A. Names of Related parties and nature of relationship:

Company having significant influence	Fairwinds Trustee Services Private Limited (Upto 31st March 2017)
Subsidiaries	Taurus Value Steel & Pipes Private Limited Vishal Precision Steel Tubes and Strips Pvt Ltd Steel Networks Holdings Pte Limited
Step-down Subsidiary	Centurywells Roofing India Private Limited
Companies over which Key Managerial Personnel can exercise significant influence	Shankara Meta-Steel India Private Limited Shankara Holdings Private Limited
Key Managerial Personnel	Mr. Sukumar Srinivas (Managing Director) Mr. C.Ravikumar (Whole time Director) Mr. R.S.V.Sivaprasad (Whole time Director) Mr. Siddhartha Mundra (Chief Executive Officer) from 09-06-2017 Mr. Alex Varghese (Chief Financial Officer) Ms. Ereena Vikram (Company Secretary)

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Notes to the Standalone Financial Statements

(All amount are in Indian Rupees, unless stated otherwise) ₹

B. Transactions with Related Parties	For the year ended 31-03-2018	For the year ended 31-03-2017
Purchase of Goods (Refer note 1 below)		
Taurus Value Steel & Pipes Private Limited	5,993,388,433	4,405,330,513
Vishal Precision Steel Tubes and Strips Pvt Ltd	4,474,062,672	3,480,764,919
Centurywells Roofing India Private Limited	1,128,258,244	937,151,990
Sale of Goods (Refer note 2 below)		
Taurus Value Steel & Pipes Private Limited	143,985,391	189,617,423
Vishal Precision Steel Tubes and Strips Pvt Ltd	87,387,782	76,533,337
Centurywells Roofing India Private Limited	11,890,794	16,809,401
Rent expenses		
Taurus Value Steel & Pipes Private Limited	2,739,240	2,674,020
Rental income		
Taurus Value Steel & Pipes Private Limited	1,426,500	2,383,000
Vishal Precision Steel Tubes and Strips Pvt Ltd	120,000	120,000
Centurywells Roofing India Private Limited	1,534,500	1,862,250
Sale of Assets		
Vishal Precision Steel Tubes and Strips Pvt Ltd	-	2,276,764
IPO expenses Incurred by the company and received subsequently (Refer Note No: 41)		
Mr. Sukumar Srinivas	-	22,515,007
Fairwinds Trustee Services Private Limited	-	157,376,770
Remuneration paid to Key Managerial Personnel (Refer note 3 below)		
Short term benefits	33,606,824	22,188,657
Guarantees and collaterals provided/(closed) by the Company on behalf of:		
Taurus Value Steel & Pipes Private Limited	200,000,000	200,000,000
Vishal Precision Steel Tubes and Strips Pvt Ltd	(49,800,000)	159,400,000
Centurywells Roofing India Private Limited	-	100,000,000



Notes to the Standalone Financial Statements

(All amount are in Indian Rupees, unless stated otherwise ₹)

Notes

1. The purchases from related parties are in the ordinary course of business. Purchase transactions are based on normal commercial terms and conditions and market rates.
2. The sales to related parties are in the ordinary course of business. Sales transactions are based on prevailing price lists. The Company has not recorded any loss allowances for trade receivables from related parties.
3. As the future liability for gratuity is provided on an actuarial basis for the company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above

C. Amount due to/ from related parties	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Trade Payables			
Taurus Value Steel & Pipes Private Limited	(488,895,402)	(320,004,980)	(140,700,462)
Vishal Precision Steel Tubes and Strips Pvt Ltd	-	(257,835,728)	(163,469,894)
Centurywells Roofing India Private Limited	-	(115,376,600)	(3,194,419)
Rent payable			
Taurus Value Steel & Pipes Private Limited	(246,531)	(239,684)	(227,183)
Rent Receivable			
Taurus Value Steel & Pipes Private Limited	28,350	239,218	212,493
Vishal Precision Steel Tubes and Strips Pvt Ltd	11,800	11,500	11,450
Centurywells Roofing India Private Limited	108,000	163,538	161,975
Advance to subsidiaries			
Vishal Precision Steel Tubes and Strips Pvt Ltd	159,209,582	-	-
Centurywells Roofing India Private Limited	83,518,426	-	-
Steel Networks Holdings Pte Ltd	473,287	-	-
Loan given			
Taurus Value Steel & Pipes Private Limited	500,000,000	500,000,000	500,000,000
Investment held by the company			
Taurus Value Steel & Pipes Private Limited	150,101,000	150,101,000	150,101,000
Vishal Precision Steel Tubes and Strips Pvt Ltd	132,500,000	132,500,000	132,500,000
Steel Network Holdings Pte Ltd	97,500,000	97,500,000	97,500,000
Guarantees & Collaterals given			
Taurus Value Steel & Pipes Private Limited	1,230,000,000	1,030,000,000	830,000,000
Vishal Precision Steel Tubes and Strips Pvt Ltd	727,000,000	776,800,000	617,400,000
Centurywells Roofing India Private Limited	200,000,000	200,000,000	100,000,000
Due from Director	654,655	1,263,855	1,984,977
Due from Chief Financial Officer	300,000	403,962	449,130

Guarantees to subsidiaries:

Guarantees provided to the lenders of the subsidiaries are for availing working capital facilities from the lender banks.



Notes to the Standalone Financial Statements

(All amount are in Indian Rupees, unless stated otherwise) ₹

44. Financial Instruments**a) Capital risk management**

The Company's capital requirements are mainly to fund its expansion, working capital and strategic acquisitions. The principal source of funding of the Company has been, and is expected to continue to be, cash generated from its operations supplemented by short term borrowing from bank and the funds from capital markets. The Company is not subject to any externally imposed capital requirements.

The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce interest cost and closely monitors its judicious allocation amongst competing expansion projects and strategic acquisitions, to capture market opportunities at minimum risk.

The Company monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, Bank balances other than cash and cash equivalents.

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Long term borrowings	8,511,766	44,483,114	-
Current maturities of long term debt	36,903,931	36,576,695	18,944,455
Short term borrowings	2,242,759,734	1,497,864,773	1,433,996,666
Less: Cash and cash equivalents	(11,218,491)	(15,890,233)	(11,739,355)
Less: Bank balances other than cash and cash equivalents	(4,822,117)	(629,914,595)	(5,237)
Net Debt	2,272,134,823	933,119,754	1,441,196,529
Total Equity	3,166,606,493	2,863,459,799	2,247,393,707
Gearing Ratio	0.72	0.33	0.64

- i) Equity includes all capital and reserves of the Company that are managed as capital.
- ii) Debt is defined as long and short term borrowings (excluding financial guarantee contracts), as described in Note 20 and 24.



STANDALONE FINANCIALS

B. Categories of financial instruments

Particulars	31-03-18		31-03-17		01-04-16	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets						
Measured at amortised cost						
Loans	693,999,016	693,999,016	566,206,621	566,206,621	541,818,255	541,818,255
Other financial assets	173,825,896	173,825,896	10,512,840	10,512,840	8,509,106	8,509,106
Trade receivables	3,811,242,072	3,811,242,072	2,602,288,011	2,602,288,011	2,351,555,552	2,351,555,552
Cash and cash equivalents	11,218,491	11,218,491	15,890,233	15,890,233	11,739,355	11,739,355
Bank balances other than cash and cash equivalents	4,822,117	4,822,117	629,914,595	629,914,595	5,237	5,237
Non-current Investments	384,830,920	384,830,920	389,776,788	389,776,788	387,070,031	387,070,031
Total financial assets at amortised cost (A)	5,079,938,512	5,079,938,512	4,214,589,088	4,214,589,088	3,300,697,536	3,300,697,536
Measured at fair value through other comprehensive income (B)	-	-	-	-	-	-
Measured at fair value through profit and loss (C)	-	-	-	-	-	-
Total financial assets (A+B+C)	5,079,938,512	5,079,938,512	4,214,589,088	4,214,589,088	3,300,697,536	3,300,697,536
Financial liabilities						
Measured at amortised cost						
Long term Borrowings *	45,415,697	46,858,085	81,059,809	84,263,615	18,944,455	18,944,455
Short term Borrowings	2,242,759,734	2,242,759,734	1,497,864,773	1,497,864,773	1,423,996,666	1,423,996,666
Trade payables	3,475,449,392	3,475,449,392	2,157,444,573	2,157,444,573	2,024,267,955	2,024,267,955
Other financial liabilities	76,676,383	76,676,383	85,863,818	85,863,818	40,441,423	40,441,423
Total financial liabilities carried at amortised cost	5,840,301,206	5,841,743,594	3,822,232,973	3,825,436,779	3,517,650,499	3,517,650,499

* including current maturities of long term debt



Notes to the Standalone Financial Statements

(All amount are in Indian Rupees, unless stated otherwise) ₹

C) Financial risk management

The Company has an Audit & Risk Management Committee established by its Board of Directors for overseeing the Risk Management Framework and developing and monitoring the Company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company.

The risk management policies aims to mitigate the following risks arising from the financial instruments:

- Market risk
- Credit risk; and
- Liquidity risk

D) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company is exposed in the ordinary course of its business to risks related to changes in foreign currency exchange rates, commodity prices and interest rates.

E) Commodity price risk:

The Company's revenue is exposed to the market risk of price fluctuations related to the sale of its steel and other building products. Market forces generally determine prices for the steel products sold by the Company. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Company earns from the sale of its steel products.

The Company purchases the steel and other building products in the open market from third parties as well as from subsidiaries in prevailing market price. The Company is therefore subject to fluctuations in the prices of Steel coil, Steel pipes, zinc, Sanitary wares etc.

The Company aims to sell the products at prevailing market prices. Similarly the Company procures the products based on prevailing market rates as the selling prices of steel products and the prices of inputs move in the same direction.

F) Interest rate risk

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 is exposed to interest rate risk since funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

The following table provides a break-up of the Company's fixed and floating rate borrowings:

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Fixed rate borrowings	4,150,557	7,393,919	18,944,455
Floating rate borrowings	2,284,426,402	1,572,864,773	1,433,996,666
Total borrowings	2,288,576,959	1,580,258,692	1,452,941,121
Total Net borrowings	2,288,175,431	1,578,924,582	1,452,941,121
Add: Upfront fees	401,528	1,334,110	-
Total borrowings	2,288,576,959	1,580,258,692	1,452,941,121

STANDALONE FINANCIALS

Notes to the Standalone Financial Statements

G) Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of credit worthiness as well as concentration risks.

Company's credit risk arises principally from the trade receivables and advances

Trade receivables:

Customer credit risk is managed centrally by the company and subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on financial position, past performance, business/ economic conditions, market reputation, expected business etc. Based on that credit limit & credit terms are decided. Outstanding customer receivables are regularly monitored

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas with no significant concentration of credit risk. The outstanding trade receivables are regularly monitored and appropriate action is taken for collection of overdue receivables.

(All amount are in Indian Rupees, unless stated otherwise) ₹

H) Liquidity risk management

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The Company requires funds both for short term operational needs as well as for strategic acquisitions. The Company generates sufficient cash flow for operations, which together with the available cash and cash equivalents and short term borrowings provide liquidity. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods and its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Liquidity exposure as at 31 March 2018

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial assets				
Loans	243,201,295	333,333,334	117,464,387	693,999,016
Other financial assets	173,825,896	-	-	173,825,896
Trade receivables	3,780,640,438	30,601,634	-	3,811,242,072
Cash and cash equivalents	11,218,491	-	-	11,218,491
Bank balances other than cash and cash equivalents	4,822,117	-	-	4,822,117
Non-current Investments	-	-	384,830,920	364,830,920
Total financial assets	4,213,708,237	363,934,968	502,295,307	5,079,938,512
Financial liabilities				
Long term Borrowings*	36,903,931	8,511,766	-	45,415,697
Short term Borrowings	2,242,759,734	-	-	2,242,759,734
Trade payables	3,475,449,392	-	-	3,475,449,392
Other financial liabilities	76,526,383	-	150,000	76,676,383
Total financial liabilities	5,831,639,440	8,511,766	150,000	5,840,301,206

* including current maturities of long term debt



Notes to the Standalone Financial Statements

(All amount are in Indian Rupees, unless stated otherwise) (₹)

Liquidity exposure as at 31 March 2017

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial assets				
Loans	-	500,000,000	66,206,621	566,206,621
Other financial assets	10,512,840	-	-	10,512,840
Trade receivables	2,579,295,639	22,992,372	-	2,602,288,011
Cash and cash equivalents	15,890,233	-	-	15,890,233
Bank balances other than cash and cash equivalents	629,914,595	-	-	629,914,595
Non-current investments	-	-	389,776,788	389,776,788
Total financial assets	3,235,613,307	522,992,372	455,983,409	4,214,589,088
Financial liabilities				
Long term Borrowings*	36,576,695	44,483,114	-	81,059,809
Short term Borrowings	1,497,864,773	-	-	1,497,864,773
Trade payables	2,157,444,573	-	-	2,157,444,573
Other financial liabilities	85,713,818	-	150,000	85,863,818
Total financial liabilities	3,777,599,859	44,483,114	150,000	3,822,232,973

* including current maturities of long term debt

Liquidity exposure as at 01 April 2016

Particulars	< 1 year	1-5 years	> 5 years	Total
Financial assets				
Loans	-	500,000,000	41,818,255	541,818,255
Other financial assets	8,509,106	-	-	8,509,106
Trade receivables	2,337,831,855	13,723,697	-	2,351,555,552
Cash and cash equivalents	11,739,355	-	-	11,739,355
Bank balances other than cash and cash equivalents	5,237	-	-	5,237
Non-current investments	-	-	387,070,031	387,070,031
Total financial assets	2,358,085,553	513,723,697	428,888,286	3,300,697,536
Financial liabilities				
Long term Borrowings *	18,944,455	-	-	18,944,455
Short term Borrowings	1,433,996,666	-	-	1,433,996,666
Trade payables	2,024,267,955	-	-	2,024,267,955
Other financial liabilities	40,291,423	-	150,000	40,441,423
Total financial liabilities	3,517,500,499	-	150,000	3,517,650,499

* including current maturities of long term debt.

The amount of guarantees given on behalf of subsidiaries included in Note No. 22 represents the maximum amount the Company could be forced to settle for the full guaranteed amount. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

Collateral

The Company has pledged part of its trade receivables, short term investments and cash and cash equivalents in order to fulfil certain collateral requirements for the banking facilities extended to the Company. There is an obligation to return the securities to the Company once these banking facilities are surrendered. (Refer note 20 and 24)

STANDALONE FINANCIALS

Notes to the Standalone Financial Statements

I) Level wise disclosure of financial instruments

(All amount are in Indian Rupees, unless stated otherwise)(₹)

Particulars	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016	Level	Valuation techniques and key inputs
Long term borrowings(including current maturities)					
- Carrying value	45,415,697	81,059,809	18,944,455		Discounted cash flow –observable future cash flows are based on terms discounted at a rate that reflects market risks.
- Fair Value	46,858,085	84,263,615	18,944,455	2	
Security Deposit	106,315,437	62,164,341	39,742,525	2	Discounted cash flow –observable future cash flows are based on terms discounted at a rate that reflects market risks.

The carrying amounts of short-term borrowings, trade receivables, trade payables, cash and cash equivalents, other bank balances and other financial assets and liabilities other than those disclosed in the above table, are considered to be the same as their fair values, due to their short term nature.

45. Business Combinations

- a) On 27th October, 2017, the company acquired the identified assets and liabilities of business of Vaigai Sanitation Private Limited including the brand for a total consideration of ₹10 crores, subject to stipulated conditions. The results of the acquired business have been accounted by the company from the effective date of 1st November, 2017.
- b)On 28th January, 2018, the company acquired the identified assets and liabilities of business of JP Sanitation India Private Limited for a total consideration of ₹22.22 crores, subject to stipulated conditions. The results of the acquired business have been accounted by the company from the effective date of 1st February, 2018.
- c) The summary of Fair values of the identifiable assets and liabilities acquired on account of the above mentioned business combination is as follows:

Particulars	Amount in ₹
Property, plant and equipment (net) [Refer Note below 1]	16,247,615
Inventories	148,626,206
Long term loans and advances	19,897,946
Trade receivable	122,191,801
Short term loans and advances	647,314
Brand [Refer Note below 1]	107,765,040
Total assets (A)	415,375,922
Trade payable	78,983,453
Other current liabilities	14,159,541
Total liabilities (B)	93,142,994
Acquisition date fair value of net assets (C) = [A-B]	322,232,928
 Total consideration on business combination	 322,232,928

Note :

1. Tangible and Intangible assets acquired in a business combination are initially recognised at their fair value at the acquisition date, which is regarded as their cost. [Refer Note 6]

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

46. First time adoption Ind AS reconciliations

A. Reconciliations of Balance Sheet

(All amount are in Indian Rupees, unless stated otherwise) ₹

Particulars	Notes	As at 31-03-2017				As at 01-04-2016	
		Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS	Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS
I ASSETS							
Non-current assets							
(a) Property, plant and equipment	4	1,001,920,007	(24,492,893)	977,427,114	921,938,686	(24,665,959)	897,272,727
(b) Investment property	5	-	24,492,893	-	-	24,492,893	24,665,959
(c) Financial Assets							
(i) Investments	7	380,101,000	9,675,788	389,776,788	380,101,000	6,969,031	387,070,031
(ii) Trade receivables	8	41,904,940	(18,912,568)	22,992,372	23,367,589	(9,643,892)	13,723,697
(iii) Loans	9	576,206,498	(9,999,877)	566,206,621	548,228,143	(6,409,888)	541,818,255
(iv) Other non-current assets	10	3,862,441	-	3,862,441	6,375,102	-	6,375,102
Total Non current assets		2,003,994,866	(19,236,657)	1,984,758,229	1,880,010,520	(9,084,749)	1,870,925,771
Current Assets							
(a) Inventories	11	1,621,180,377	-	1,621,180,377	1,641,416,306	-	1,641,416,306
(b) Financial Assets							
(i) Trade receivables	12	2,609,039,183	(29,743,544)	2,579,295,639	2,356,195,190	(18,363,335)	2,337,831,855
(ii) Cash and cash equivalents	13	15,890,233	-	15,890,233	11,739,355	-	11,739,355
(iii) Bank balances other than (ii) above	14	629,914,595	-	629,914,595	5,237	-	5,237
(iv) Other financial assets	16	10,512,840	-	10,512,840	8,509,106	-	8,509,106
(c) Other current assets	17	25,522,394	7,062,639	32,585,033	16,035,965	5,861,967	21,997,932
Total current assets		4,912,059,622	(22,680,905)	4,889,378,717	4,033,901,159	(12,501,368)	4,021,399,791
Total Assets							
		6,916,054,508	(41,917,562)	6,874,136,946	5,913,911,679	(21,586,117)	5,892,325,562

46. First time adoption Ind AS reconciliations contd.

(All amounts are in Indian Rupees, unless stated otherwise) □



Notes to the Standalone Financial Statements

46. First time adoption Ind AS reconciliations contd.,

(All amounts are in Indian Rupees, unless stated otherwise) ₹

B. Reconciliation of total comprehensive income for the year ended March 31, 2017

Particulars	Note No.	Amount as per previous GAAP	Effects of transition to Ind AS	Amount as per Ind AS
I Revenue from operations	29	19,760,367,031	-	19,760,367,031
II Other Income	30	5,314,819	3,704,555	9,019,374
III Total Income (I+II)		19,765,681,850	3,704,555	19,769,386,405
IV Expenses				
Purchases of Stock-in-trade		18,447,662,583	-	18,447,662,583
Changes in inventories of stock in trade	31	19,635,930	-	19,635,930
Employee benefits expense	32	253,243,984	(10,000)	253,233,984
Finance costs	33	292,377,882	(1,334,110)	291,043,772
Depreciation and amortization expenses	4, 5, 6	40,247,986	-	40,247,986
Other expenses	34	386,241,284	26,190,389	412,431,673
Total expenses (IV)		19,439,409,649	24,846,279	19,464,255,928
V Profit before tax (III-IV)		326,272,201	(21,141,724)	305,130,477
VI Tax expense:	23			
Current tax		114,700,000	-	114,700,000
for earlier years		2,589,012	-	2,589,012
Deferred tax		2,113,962	(7,316,727)	(5,202,765)
VII Profit for the period		119,402,974	(7,316,727)	112,086,247
VIII Other Comprehensive Income/(Loss)		206,869,227	(13,824,997)	193,044,230
IX Total Comprehensive Income		-	(6,539)	(6,539)
		206,869,227	(13,831,536)	193,037,691

C. Effects of IND AS adoption on Total Equity

Particulars	Note below	As at 31-03-2017	As at 01-04-2016
Net Worth under IGAAP		2,895,964,118	2,266,066,490
Amortisation of prepaid rent component of security rental deposit	4	(11,876,607)	(6,335,103)
Recognition of unwinding interest income on Rental Deposits	4	8,939,369	5,787,182
Provision for doubtful debts under expected credit loss method	2	(48,656,112)	(28,007,227)
De recognition of unamortised finance cost from expenses	3	2,700,000	-
Effect of amortisation of long term borrowings	3	(1,365,890)	-
Commission on guarantee to subsidiaries	5	552,368	-
Deferred tax impact	6	17,202,553	9,882,365
Net Worth under IND AS		2,863,459,799	2,247,393,707

D. Effects of IND AS adoption on Cash Flows for year ended 31 March 2017

Particulars	Amount as per previous GAAP	Effects of transition Ind AS	Amount as per Ind AS
Net cash generated from/(used in) operating activities	485,766,062	(3,851,881)	481,914,181
Net cash generated from/(used in) investing activities	(120,149,765)	2,508,020	(117,641,745)
Net cash generated from/(used in) financing activities	(361,465,419)	1,343,861	(360,121,558)
Net increase/(decrease) in cash and cash equivalents	4,150,878	-	4,150,878
Cash and cash equivalents at start of year/period	11,739,355	-	11,739,355
Cash and cash equivalents at close of year/period	15,890,233	-	15,890,233



Notes to the Standalone Financial Statements

Notes:

1. The previous GAAP figures have been reclassified to conform to Ind AS presentation

2. Recognition of expected credit losses

The company has recognised a loss allowance for expected credit losses on financial assets in accordance with the requirements of Ind AS 109 retrospectively. However, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised.

3 Financial liabilities and related transaction costs:

Borrowings and other financial liabilities which were recognized at historical cost under previous GAAP have been recognized at amortised cost under IND AS with the difference been adjusted to opening retained earnings.

Under previous GAAP, transaction costs incurred in connection with borrowings were accounted separately. Under IND AS, transaction costs are deducted from the initial recognition amount of the borrowings and charged over the tenure of borrowing using the effective interest method.

Difference in the un-amortised borrowing cost as per IND AS and previous GAAP on transition date has been adjusted with opening retained earnings.

4 Financial assets at amortised cost:

Certain financial assets held on with an objective to collect contractual cash flows in the nature of principal and interest have been recognized at amortised cost on transition date as against historical cost under the previous GAAP with the difference been adjusted to the opening retained earnings.

5 Fair valuation of Guarantees

Guarantees given to subsidiaries have been recognised at their fair value which is measured based on cash shortfalls that are expected to reimburse the holder for a credit loss that it incurs less any amounts that the entity expects to receive from the holder.

6 Deferred tax as per balance sheet approach:

Under previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period. Under IND AS, deferred tax is recognized following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base. In addition, various transitional adjustments has also lead to recognition of deferred taxes on new temporary differences.

7 Defined benefit liabilities:

Under IND AS, Remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability, are recognized in other comprehensive income instead of profit or loss in previous GAAP.

8 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable, the borrowing costs

9 Other comprehensive income:

Under IND AS, all items of income and expense recognized in the period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss and "other comprehensive income" includes remeasurements of defined benefit plans, Foreign currency translation Reserve. The concept of other comprehensive income did not exist under previous GAAP.

NOTES







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