Shankara
Building Products Ltd.

Date: July 24, 2017

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

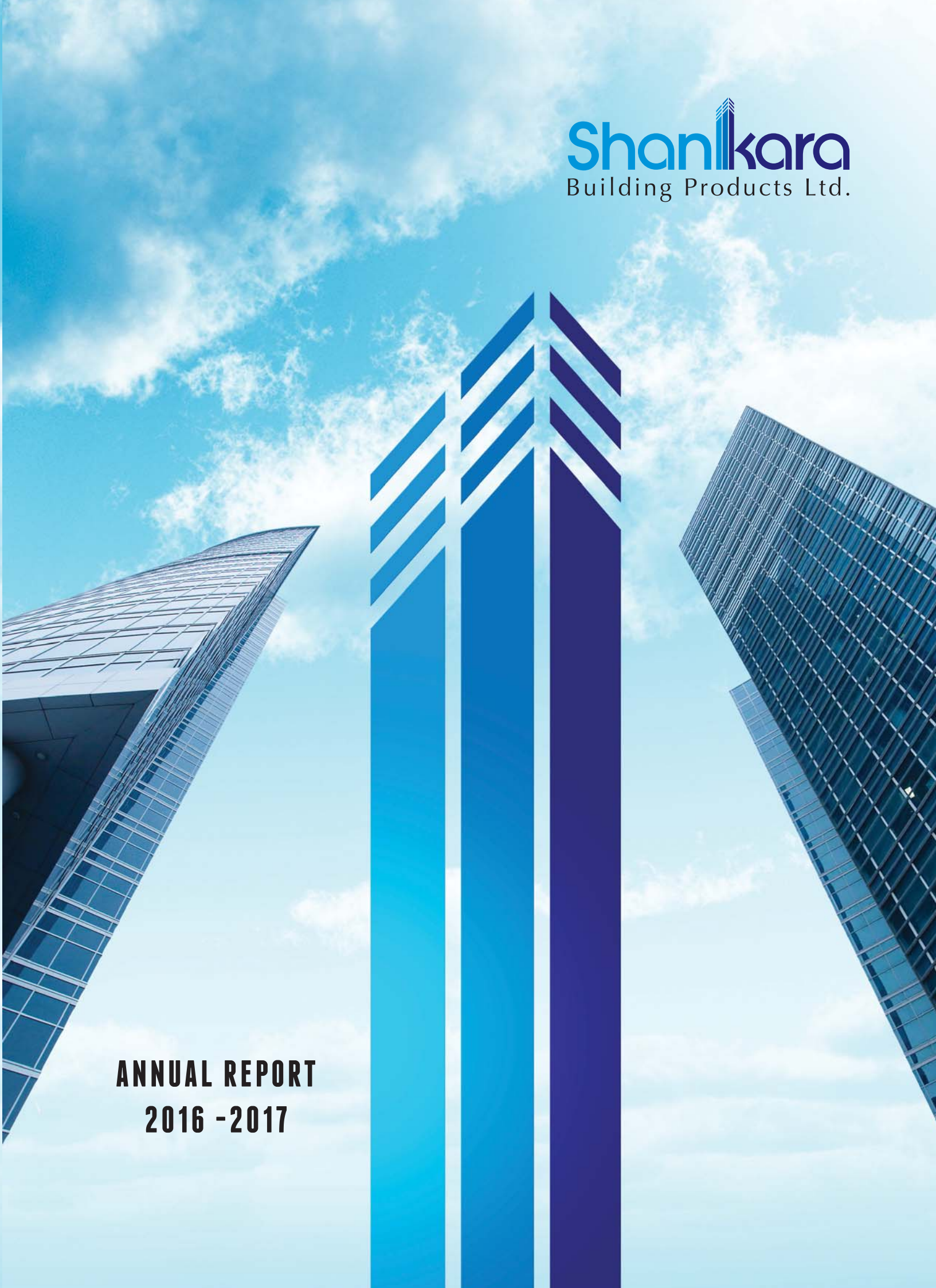
SHANKARA BUILDING PRODUCTS LTD. BANGALORE

Ereena Vikram
Company Secretary & Compliance Officer

Enclosed: As above

G2 - Farah Winsord, No. 133, Infantry Road,
Bangalore - 560 001. Karnataka. Ph : 080 4011 7777, Fax - 080 4111 9317
CIN No.U26922KA1995PLC018990

www.shankarabuildpro.com


Shankara
Building Products Ltd.
ANNUAL REPORT
2016 -2017





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Board of Directors

Managing Director
Sukumar Srinivas

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

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
IDBI Bank Ltd

Registered Office
G2 Farah Winsford, 133, Infantry Road
Bengaluru - 560 001

ANNUAL REPORT 2016 - 2017



Shankara
Building Products Ltd.

NOTICE TO THE MEMBERS

Notice is hereby given that the 22nd Annual General Meeting of the Members of Shankara Building Products Limited will be held at "Radisson Blu Atria No. 1, Palace Road, Bengaluru, Karnataka 560001" on Friday, July 21, 2017 at 11.00 a.m. to transact the following businesses:

Ordinary Business

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

To receive, consider and adopt
a. the Audited Financial Statements of the Company for the financial year ended March 31, 2017, together with Reports of the Board of Directors and the Auditors thereon; and
b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 together with Reports of Board of Directors and the Auditors thereon.

Item No.2- Declaration of Dividend.
To declare a dividend of ₹ 2.75/- per equity share of ₹.10/- each for the financial year 2016-2017.

Item No. 3- Re-appointment of Mr. C.Ravi Kumar (DIN: 01247347) , as a Director, retiring by rotation:
"RESOLVED THAT pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013, Mr. Ravikumar, 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."

Item No. 4- To consider the ratification of M/s Haribhakti & Co., Chartered Accountant as statutory auditor of the Company.

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Company hereby ratifies the appointment of Haribhakti & Co. LLP, Chartered Accountants, (Registration No.:103523W/W00048) as Statutory Auditor of the Company, to hold office from the conclusion of this Annual General Meeting until the till the Conclusion of 24th Annual General Meeting to be held during calendar year 2019 (F.Y 2018-19) at such remuneration plus service tax as applicable and reimbursement of out-of pocket expenses in connection with the audit as the Board of Directors may fix in this behalf."

Special Business

Ordinary Resolution

Item No.5- Approval for revision in remuneration of Mr. Sukumar Srinivas, Managing Director.

To consider and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution.
"**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. Sukumar Srinivas, Managing Director, be and is hereby revised on the terms and conditions hereinafter mentioned with effect from 1st April 2017
Salary Managing Director: ₹.9, 35,000 (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. Sukumar Srinivas, Managing Director, is hereby confirmed that it is well within the prescribed limit mentioned in the said section.
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."

Item No.6 -Approval for revision in remuneration of Mr. C. Ravi Kumar, Whole-Time Director.

To consider and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution.

"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 2017

Salary Whole-time Director: ₹ 3,90,000 (Per month) with current perquisites and other statutory obligations.

RESOLVED FURUTHER 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.Ravikuamar, Whole-Time Director, is hereby confirmed that it is well within the prescribed limit mentioned in the said section.

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.

Item No. 7- Approval for revision in remuneration of Mr. RSV. Siva Prasad, Whole-Time Director.

To consider and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution.

"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 2017

Salary Whole-time Director: ₹ 3,11,000 (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. 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 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."

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 48 **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 organisation. 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. 5 to 7 is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), of the person seeking re-appointment as Director under Item No. 3 of the Notice, are also annexed.

3. Members, Proxies and Authorised 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 July 19, 2017 to July 21, 2017 (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 2016-17 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 2016-17 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-second 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, July 14, 2017

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, July 14, 2017 only shall be entitled to avail the facility of remote e-voting as well as voting at AGM through Insta Voting.

20. The instructions for e-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, July 14, 2017, 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> IN12345612345678
Example for CDSL: MYEPWD <SPACE> 1402345612345678
Example for Physical: MYEPWD <SPACE> XXXX1234567890
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.
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) Tuesday, July 18, 2017
End of remote e-voting: Up to 5.00 p.m. (IST) Thursday, July 20, 2017
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 scrutinising 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.suryavanshi.com and on the website of Karvy https://evoting.karvy.com. The results shall simultaneously be communicated to BSE 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. Friday, July 21, 2017

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 you 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: http://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 http://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
3107		

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

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

EREENA VIKRAM

Company Secretary & Compliance Officer

Date: June 19, 2017
Place: Bengaluru

EXPLANATORY STATEMENT
(Pursuant to Section 102 of the Companies Act, 2013)

Item No. 4

This explanatory statement is provided though strictly not required as per Section 102 of the Act. Haribhakti & Co. LLP, Chartered Accountants, (Registration No.:103523W/W00048) were appointed as the statutory auditors of the Company for a period of five years at the Annual General Meeting (AGM) of the Company held on July 9, 2014, to hold office till the Conclusion of 24th Annual General Meeting to be held during calendar year 2019 (F.Y 2018-19),

As per provisions of Section 139(1) of the Act, their appointment for the above tenure is subject to ratification by members at every Annual General Meeting.

Accordingly, ratification of the members is being sought for appointment of statutory auditors as per the proposal contained in the Resolution set out at item no. 4 of the Notice.

The Board commends the Resolution at item No. 4 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested in the Resolution at Item No. 4 of the Notice.

Item No.5

The Company has completed the annual performance appraisal of all the employees of the company including senior management. In view of this there is a revision in the salary of all the employees for the FY 2017-18. Hence the Board of Directors is requesting your approval for the revise in the remuneration of Managing Director.

None of the Directors are interested or concerned in this resolution.

Item No.6

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 Directors are interested or concerned in this resolution.

Item No.7

Mr. RSV Sivaprasad 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. Sivaprasad, Whole-Time Director.

None of the Directors are interested or concerned in this resolution.

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

EREENA VIKRAM

Company Secretary & Compliance Officer

Date: June 19, 2017
Place: Bengaluru

Details of Director Seeking Re-appointment at the Annual General Meeting

Particulars	Mr. C. Ravi Kumar
Date of Birth	May 1, 1966
Date of Appointment	April 4, 2011
Qualifications	Bachelor degree in science from Bengaluru University.
Expertise in specific functional area	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
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	72,400

Route Map of AGM Venue :





To the Members,

Your Directors take pleasure in presenting the 22nd Annual Report on the business and operations of the Company along with the standalone and consolidated financial statements for the year ended March 31st, 2017.

Overview

We are one of the leading organised retailers of home improvement and building products in India, operating under the brand name Shankara BuildPro. As on March 31, 2017, we operated 106 Shankara BuildPro stores spread across 9 states and 1 union territory in India. We cater to a large customer base across various end-user segments in urban and semi-urban markets through our multi-channel sales approach, processing facilities, supply chain and logistics capabilities.

Our retail operations are strategically suited to benefit from growth in housing demand, large market for home improvement, and increasing customer involvement in home solution decisions which have created a need for organized specialty home improvement and building product stores. Our growth is further driven by our ability to make available an assortment of quality products under a trusted corporate brand built over two decades. Our staff creates awareness about products and applications, and guide customers' purchase decisions. We also provide delivery and facilitate installation services for select product categories.

We serve home owners and professional customers (architects and contractors) through our retail outlets. We offer a comprehensive range of products at our stores 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. We offer over 70 product categories spanning over 20,000 SKUs. Shankara now serves as a complete one stop shop for home improvement and building products requirements.

Brief history

Our Company was incorporated in 1995. We started primarily in the construction material segment with focus on steel. Over a period of time we entrenched our presence in South India. The business grew significantly to ~₹.100 cr in revenues by 2003. We then added another business segment whereby in addition to selling to end customers, we started selling to the channel and to other dealers and retailers. In 2006, we commenced our retail operations by starting our first retail store in Bengaluru Over the course of next few years by 2010, the retail footprint expanded across South and West India. We also started selling our own private label brands like Taurus, Prince Galva and Loha. In 2015, we further expanded our product segments to include a wide variety of products. We also expanded our customer categories to include home owners, architects and contractors.

We believed that we had reached a stage in the evolution of our Company whereby to further expand our horizons we need to go public. We initiated the IPO process and faced an unanticipated challenge in the form of demonetisation of bank notes in November 2016. Retail trade and building material sector were expected to be significantly impacted by this move. Despite falling at the intersection of these sectors, the resilience of our business model stood us well. We were able to grow our revenues and profitability even during these tumultuous times. On 5th April, 2017, we got listed on the Indian stock exchanges. Our IPO received good response from all categories of investors including institutional, HNI and retail. Our anchor book allocation also saw participation from some of the prestigious investors. Our IPO was oversubscribed 40.8x (net of anchor allocation) and we received over 1 million applications. We extend a warm welcome to all our shareholders.

1. Results of our operations

(₹,in Crores, except as stated)

Particulars	Consolidated		Standalone	
	Year Ended March 31, 2017	Year Ended March 31, 2016	Year Ended March 31, 2017	Year Ended March 31, 2016
Revenue from Operations	2,310.14	2,035.92	1,976.04	1,774.25
Other Income	0.29	0.72	0.53	0.82
Total Income	**2,310.43**	**2,036.64**	**1,976.57**	**1,775.07**
Operating Expenditure	2,155.77	1,916.35	1,910.68	1,724.15
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	**154.66**	**120.29**	**65.89**	**50.92**
Depreciation and Amortization Expenses	11.41	9.51	4.02	3.26
Finance Cost	50.75	46.01	29.24	29.11
Profit before Tax (PBT)	**92.51**	**64.76**	**32.63**	**18.56**
Tax expense:				
Current Year	28.94	20.57	11.47	6.54
Earlier Year	0.23	0.35	0.26	0.22
Deferred Tax	3.06	3.10	0.21	0.98
Profit After Tax (PAT)	**60.28**	**40.74**	**20.69**	**10.81**
EARNING PER EQUITY SHARE (Face Value of ₹ 10 each)				
i) Basic	27.55	18.62	9.46	4.94
ii) Diluted	27.55	18.62	9.46	4.94

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 106 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 the consolidated revenues of the Company have grown by 13.4% in FY 2017. The underlying revenue mix has also changed. Our retail sales grew by 21% in FY 2017 while the enterprise segment grew by 16% and the channel segment was broadly flat. In-line with the changing revenue mix, the profitability of the Company has also improved. The consolidated EBITDA of the Company increased from ₹ 120.29 cr in FY 2016 to ₹ 154.66 cr in FY 2017, a growth of 28.6%. THE EBITDA margins expanded from 5.9% to 6.7%. PAT growth was even higher at 48.0% growing from ₹ 40.74 cr in FY 2016 to ₹ 60.28 cr in FY 2017. We have recorded the highest ever PAT in our history in FY 2017.

The standalone revenues of the Company have increased by 11.4% with EBITDA growing by 29.4% and PAT by 91.4%. Given the significant integration across the value chain, the consolidated numbers of the Company reflect the overall financial performance of the Company.

2. Dividend

Based on Company's performance, the directors are pleased to recommend for approval of the members a dividend of ₹ 2.75 per equity share.

3. Key consolidated balance sheet information

We recorded strong profitability in FY 2017 with ROE expanding from 14.9% to 18.8% in FY 2017. Our working capital efficiency improved from 48 days to 45 days. Our Debt: EBITDA ratio reduced from 1.83x to 1.42x.

Metric (Figures in ₹ Crores)	Consolidated	
	Year Ended March 31, 2017	Year Ended March 31, 2016
Net Worth	393.74	291.14
Net Debt *	223.61	222.68
Net Block	244.98	219.28
Net Working Capital		
Debtors	312.30	281.04
Inventory	279.45	255.88
Creditors	261.01	233.81
Net Working Capital Days	45	48
Debtor days	44	46
Inventory days	49	50
Creditor days	48	48
ROE * *	18.8%	14.9%

(: Net debt figure does not include cash from the IPO proceeds)*
*(**Note: Since the IPO proceeds were recorded in the books only on March 31, 2017, the same has not been considered for the calculation of these ratios)*

4. Capital Expenditure on tangible assets

This year, on a standalone basis, we undertook a capital expenditure of ₹ 10.74 Crores as against ₹ 11.41 Crores in the previous year. On a consolidated basis, our capital expenditure stood at ₹ 35.73 Crores for FY 2017 as against ₹ 38.02 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

The Company transferred ₹ 60.27 Crores from the Profit of the year towards reserve. In addition, an amount of ₹ 41.32 Crores (net of share issue expenses) was transferred from the IPO proceeds to the Securities Premium Reserve.

7. Particulars of contracts or arrangements made with related parties

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is appended as **Annexure I** to the Board's Report.

8. 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 Bengaluru.
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, Bengaluru, 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 2016-17.

The details in Form AOC1 for each subsidiary is as per **Annexure II**

9. Information Technology

We have implemented a company-wide ERP system. This system is used to manage and co-ordinate all resources, information and functions of the business on a real-time basis. The ERP system helps in integration of different functional areas to ensure proper communication, productivity, quality and efficiency in decision making. It further helps in tracking customer demands and assisting in maintaining optimum inventory levels. We have a dedicated IT team which is involved in maintaining the ERP system.

10. Human Resource

As of March 31, 2017, we had 1,381 permanent employees on the payroll of our Company and Subsidiaries. The following table sets forth the break-up as of March 31, 2017

Sr. No	Departments	No.of Employees
1.	Sales and marketing	435
2.	Finance, accounts and administration	281
3.	Operations	491
4.	Supply Chain	174
	Total	**1381**

In addition to the employees listed above, we also engage contract labourers to facilitate our processing operations. As of March 31, 2017, we engaged 714 contract workers. Our Company is in compliance with the Contract Labour (Regulation and Abolition) Act, 1970, and the rules prescribed thereunder in this regard.

11. 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.

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 2016-17.

12. Directors & key managerial personnel

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 during the year. Mr. Siddhartha Mundra was appointed as Nominee 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. Alex Varghese, Chief Financial Officer and Ms. Ereena Vikram, Company Secretary (w.e.f 8th September, 2016).

13.Number of meetings of the Board

Six 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.

14. 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/corporate_info.html

15. Internal financial control systems and their adequacy

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 dated 5th May 2017 for the financial year 2017-18.

16. Audit committee

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

17. 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. The Directors recommend the ratification of appointment of M/s Haribhakti & Co., LLP, Chartered Accountants, as Statutory Auditors of the Company from the conclusion of the ensuing AGM till the conclusion of the 24th Annual General Meeting to be held in the year 2019.

(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 2016-17 as required under Section 204 of the Companies Act, 2013 and the Rules made there under. The Secretarial Audit Report for FY 2016-17 is appended as **Annexure III** to the Directors' Report.

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

(i) Statutory Auditor's report

There are no disqualifications, reservations, adverse remarks or disclaimers in the auditor's report.

(ii) Secretarial Auditor's Report

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark made by Secretarial Auditor.

19. Risk Management

Risk is an integral part of any business. The Company has a risk management framework that helps identify, monitor and take preventive measures to mitigate any adverse fall out of these risks or take advantage of risks that could prove beneficial to the Company.

20. 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 IV** 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 (URL: http://www.shankarabuildpro.com/corporate_info.html)

21. Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors and found satisfactory.

22. 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 V to the Board's Report.

23. 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.

Even during the course of the Company transitioning from an unlisted to a listed entity, the Company has followed good Corporate Governance standards as per the listing regulation.

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 Secretaries, on compliance with corporate governance norms under the Listing Regulations, is given from page no. 45 onwards.

24. 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 from page 40 of this Annual Report

25. Particulars of employees

The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

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 Director	Ratio to median remuneration
Mr.Sukumar Srinivas	55.7x
Mr.C.Ravikumar	23.2x
Mr. RSV Siva Prasad	18.5x

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

Directors, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Mr. Sukumar Srinivas	15%
Mr. C Ravikumar	14%
Mr. RSV Sivaprasad	13%
Mr. Alex Varghese	14%
Ms. Ereena Vikram	Appointed with effect from 8th September 2016

c. 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.

d. The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

26. 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.

27. Deposits from public

There are no deposits from Public.

28. 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 VI** to the Directors' report.

Technology absorption, adaption 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.

29. 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.

30. The details of significant and mat erial 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 has been passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

31. 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.

32. 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 CEO & MD of the Company and the Protected Disclosure against the CEO & MD of the Company should be addressed to the Chairman of the Audit Committee.

"The Chairman of the Audit Committee,
Shankara Building Products Limited
G-2, Farah Winsford, 133 Infantry Road,
Bengaluru - 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/corporate_info.html

ACKNOWLEDGEMENT

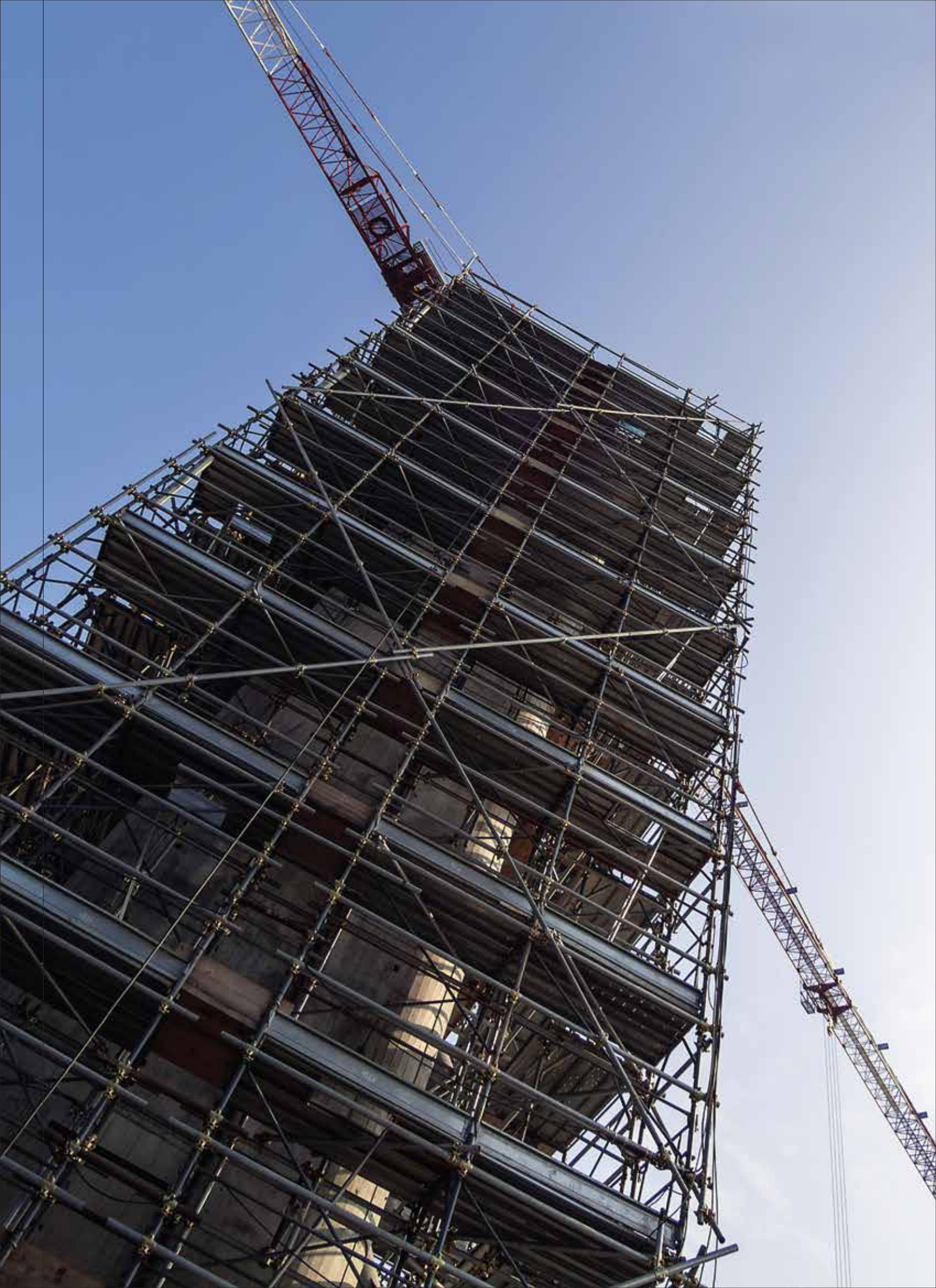
Your Directors acknowledge the co-operation extended by the employees & business associates of the Company and thank them for their services and continued support. Your Directors would particularly like to acknowledge & thank our Bankers Citibank, Kotak Mahindra Bank Ltd., IndusInd Bank Ltd, Standard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

June 19, 2017
Bengaluru

Sukumar Srinivas
Managing Director



Annexure - I
Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:

Shankara Building Products Limited (the Company) has not entered into any contract/arrangement/ transaction with its related parties which is not in ordinary course of business or at arm's length during FY 2016-17. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act, 2013 ("Act") and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

(a) Name(s) of the related party and nature of relationship: Nil

(b) Nature of contracts/arrangements/transactions: Nil

(c) Duration of the contracts/arrangements /trans actions: Nil

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Nil

(e) Justification for entering into such contracts or arrangements or transactions: Nil

(f) Date(s) of approval by the Board: Nil

(g) Amount paid as advances, if any: Nil

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Nil

2. Details of material contracts or arrangement or transactions at arm's length basis:

(a) Name(s) of the related party and nature of relationship: Nil

(b) Nature of contracts / arrangements / transactions: Nil

(c) Duration of the contracts / arrangements / transactions: Nil

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: Nil

(e) Date(s) of approval by the Board, if any: Nil

(f) Amount paid as advances, if any: Nil

Note: The above disclosures on material transactions are based on the principle that transactions with wholly owned subsidiaries are exempt for purpose of section 188(1) of the Act.

On behalf of the board of directors

June 19, 2017
Bengaluru

Sukumar Srinivas
Managing Director



Annexure - II

Pursuant to first proviso to sub-section (3) of section 129 of Companies Act, 2013, read with rule 5 of Companies (Accounts), Rules, 2014-AOC-1, the Company is presenting summarised financial information about individual subsidiaries as at March 31, 2017.

Information relating to Subsidiaries as at March 31, 2017

₹ in lakhs

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	2	3	4	5	6	7	8	9	10	11	12	13
1	Taurus Value steel & Pipes Pvt.Ltd	Rupees	151.01	7,510.21	23,779.40	16,118.18	Nil	100%	67,580.25	3,720.98	1,182.20	2,358.48	Nil
2	Vishal Precision Steel Tubes & Strips Pvt. Ltd	Rupees	350.00	3,754.27	12,519.39	8,415.12	Nil	99.89%	41,026.78	1,556.99	312.00	1,120.27	Nil
3	Century Wells Roofing India Pvt. Ltd	Rupees	199.92	1,007.75	3,838.01	2,630.34	Nil	100%	16,712.27	765.61	252.60	495.95	Nil
4	Steel Network Holdings Pte Limited	USD	20	-0.36	4.44	0.18	15.38	100%	0	-0.09	0	-0.09	Nil

Annexure III

FORM No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
SHANKARA BUILDING PRODUCTS LIMITED
CIN: U26922KA1995PLC018990
G-2, Farah Winsford, No.133, Infantry Road,
Bengaluru - 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 known as SHANKARA INFRASTRUTURE MATERIALS LIMITED) having CIN: U26922KA1995PLC018990 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts /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, 2017 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 have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

(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 (Prohibition of Insider Trading) Regulations, 2015;

(b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(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 (BSE) and National Stock Exchange Limited (NSE).

(ii) Secretarial Standards 1 and 2 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.

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 notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and obtained consent for shorter notice whenever required 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. The name of the Company is changed from Shankara Infrastructure Materials Limited to Shankara Building Products Limited with effect from 27th July, 2016.

2. The Company has altered Main Objects clause and a clause in Matters which are necessary for furtherance of the main objects in Memorandum of Association of the Company and has obtained approval of the members on 19th September, 2016.

3. The Company has altered and adopted new set of Articles of Association and has obtained approval of the members on 22nd September, 2016.

4. The Company has made an 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.

5. Pursuant to its IPO, the Company has listed 2, 28, 49,326 Equity Shares of 10/- each on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) on 5th April, 2017.

6. The Company has given guarantee to wholly owned subsidiary companies.

7. The Board has considered all the related party transactions are on Arm's length basis and are in the ordinary course of business.

Date: June 16, 2017
Place: Bengaluru

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

Annexure A

To,
The Members,
SHANKARA BUILDING PRODUCTS LIMITED
CIN: U26922KA1995PLC018990
G-2, Farah Winsford, No.133, Infantry Road,
Bengaluru - 560001

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

1. Maintenance of secretarial record is the respons ibility 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 proce sses 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 appro priateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Man agement 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 assur ance 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.

Date: June 16, 2017
Place: Bengaluru

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

Annexure IV

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, SMILE foundation and Amar Seva Sangam to conduct the following activities

- Empower women and adolescent girls through a health program in outer Bengaluru.
- Supporting an educational & livelihood program for abandoned girls in Hyderabad.
- Ongoing program to sponsor an old age outreach program through NGO- 'Dhrithi' in Bengaluru.
- 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 Bengaluru..
- Supported an outreach program to help HIV affected families in Bengaluru through an NGO-'MILANA'.

Shankara Building Products Limited ("SBPL") on a consolidated basis was expected to spend ₹ 76.51 Lacs towards CSR in the year 2016-17. It has identified and allocated ₹ 71.83 lakhs out of which ₹ 60.64 lakhs 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. Siddhartha Mundra.

3. Average net profit of the Company for last three year for the purpose of computation of CSR: ₹ 38.26 Crores

4. Prescribed CSR Expenditure (two percent of the amount as in item no 3 above): ₹ 76.51 Lacs

5. Details of CSR spent during the financial year:

a. Total amount to be spent for the financial year: ₹ 76.51 Lacs

b. Amount unspent: ₹ 15.87 Lacs
Reason: We have identified ₹ 73.93 Lacs on certain projects qualifying under our CSR expenditure guidelines but have been unable to exhaust the entire money in the financial year 2016-17.

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.

Sukumar Srinivas
Managing Director

Jayashri Murali
Chairman,
Corporate Social
Responsibility

June 19, 2017
Bengaluru

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

₹ in Lakhs

Sr. No	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs (1) Local Area (2) Specify the State and District where projects or programmes were undertaken	Amount Outlay (budget) project or programmes wise	Amount spent onthe projects or programmes Subheads: (1) Direct Expenditure (2) Overheads (₹)	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	27.14	18.57	18.57	Direct
2.	Dhriti	Medical Checkup sensitization program, group activities for elderly women	Urban	4.50	4.50	4.50	Direct
3.	Amar Seva Sangh	Sponsorship for spinal cord & medical checkup	Urban & Rural	5.00	2.90	2.90	Direct
4.	CRY	Sponsorship of Soccer for child Rights for slum kids	Urban	7.00	7.00	7.00	Direct
5.	Milana	Treatment and Medical care for people living with HIV & AIDS	Urban & Rural	11.80	11.80	11.80	Direct
6.	HelpAge India	Mobile Medicare Unit Sharing basis providing free Medical services for disadvantaged elderly people	Urban	14.74	12.12	12.12	Direct
7.	Others	Donation charges for literature festival, deserving poor student to improve the quality of education	Urban & Rural	3.75	3.75	3.75	Direct
	Total			**73.93**	**60.64**	**60.64**	

Annexure- V

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2017
[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: U26922KA1995PLC018990

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, Bengaluru – 560001
Tel: +91 80 4011 7777
Fax: +91 80 4111 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	42.45%
2.	Enterprise Sales	466	32.88%
3.	Channel Sales	466	24.67%

III.PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl.No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary Associate	% of Shares held
1.	Vishal Precision Steel Tubes and Strips Pvt ltd	U00291KA1991PTC012581	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%
5	Shankara Meta-Steel India Pvt ltd	U27104KA2004PTC035227	Associate	
6	Shankara Holdings Pvt ltd	U65993KA2000PTC027182	Associate	



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

(i) Category-wise Shareholding

Category of Shareholders	No.of Shares held at the begining of the year (As on 1-Apr-2016)				No.of Shares held at the end of the year (As on 31-Mar-2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. **Promoters**									
(1) Indian									
a) Individual/ HUF		1,34,57,750	1,34,57,750	61.53	1,26,80,548	-	1,26,80,548	55.50	(5.77)
b) Central Govt	-	-	-	-	-	-	-	-	
c) State Govt (s)	-	-	-	-	-	-	-	-	
d) Bodies Corp.					-		-		
e) Banks/ FI	-	-	-	-	-	-	-	-	
f) Any other		1,61,200	1,61,200	0.74	1,61,200	-	1,61,200	0.71	-
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	
b) Other Individuals	-	-	-	-	-	-	-	-	
c) Bodies Corp.	-	-	-	-	-	-	-	-	
d) Any other	-	-	-	-	-	-	-	-	
Sub Total (A) (2)	-	-	-	-	-	-	-	-	
TOTAL (A)	-	1,36,18,950	1,36,18,950	62.27	1,28,41,748	-	1,28,41,748	56.20	(5.7)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	11,57,145	-	11,57,145	5.06	-
b) Banks / FI	-	-	-	-	3,23,244	-	3,23,244	1.41	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-

Category of Shareholders	No.of Shares held at the begining of the year (As on 1-Apr-2016)				No.of Shares held at the end of the year (As on 31-Mar-2017)				% 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	-
Foreign Portfolio Investors	-	-	-	-	10,73,918		10,73,918	4.70	-
Sub - total (B) (1):-	-	-	-	62.27	29,14,373		29,14,373	12.75	
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	
i) Indian	-	-	-	-	-	-	-	-	
ii) Overseas	-	-	-	-	-	-	-	-	
b) Individuals	-	-	-	-	-	-	-	-	
i) Individual shareholders holding nominal share capital upto ₹. 2 lakh	-	3,80,550	3,80,550	1.73	28,69,335	3,68,050	32,37,385	14.17	(750.71)
ii) Individual share holders holding nominal share capital in 2 lakh	-	78,71,537	78,71,537	35.99	4,79,224	2,37,670	7,16,894	3.14	(90.89)
c) Other (specify)	-	-	-	-	-	-	-	-	
Non Resident Indians	-	-	-	-	1,280	-	1,280	0.01	
Overseas corporate Bodies	-	-	-	-	-	-	-	-	
Foreign Nationals	-	-	-	-	-	-	-	-	
Clearing Members	-	-	-	-			-		
Trusts	-	-	-	-	2,51,208	-	2,51,208	1.10	
Foreign Bodies-DR	-	-	-	-		-	-		
Bodies Corporate	-	-	-	-	28,86,438	-	28,86,438	12.63	
Sub-total (B) (2):-	-	82,52,087	82,52,087	37.72	94,01,858	605,720		-	
Total Public (B)	**-**	**82,52,087**	**82,52,087**	**37.72**	**1,00,07,578**	**605,720**	**10,007,578**	**31.05**	
C.Shares held by Cutodian for GD Rs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Grand Total (A+B+C)	**-**	**2,18,71,037**	**2,18,71,037**	**100**	**22,243,606**	**605,720**	**2,28,49,326**	**100**	

(ii) Shareholding of Promoter (incuding Promoter Group)

Sl. No	Name of the Shareholder	Shareholding at the begining of the year 01.04.2016			Shareholding at the end of the year 31.03.2017			
		No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	% change in share holding during the year
1.	Mr. Sukumar Srinivas	1,34,36,250	61.43%	-	1,25,19,998	54.79%	-	(6.82)
2.	Mrs Parwathi. S. Mirlay	-	-	-	1,00,000	0.44%	-	-
3.	Mr. Dhananjay Mirlay srinivas	21,500	0.10%	-	60,550	0.26%	-	181.63
4.	M/s. Shankara Holding Private Ltd	1,61,200	0.74%	-	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 begining of the year 01.04.2016		Date	Reason	Increase/ Decrease in shareholding	Cumulative Shareholding	
		No. of Shares	% of total shares of the company			No. of Shares	No. of Shares	% of total shares of the company
1.	Mr. Sukumar Srinivas	1,34,36,250	61.43%	offer for sale: 31.03.2017 Transfer: 30.07.2016	offer for sale & Transfer	(9,16,252)	1,25,19,998	54.79%
2.	Mrs Parwathi. S. Mirlay	-	-	30.07.2016	Transfer	1,00,000	1,00,000	0.44%
3.	Mr.Dhananjay Mirlay Srinivas	21,500	0.10%	20.07.2016	Transfer	39,050	60,550	0.26%

(iv)) Shareholding Pattern of top ten Shareholders

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

Sl. No	Name of the Shareholder	Shareholding at begining 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)	**Reliance Alternative Investments Fund-Private Equity Scheme-I**				
	At the beginning of the year	76,07,317	34.78%		
	Decrease in no. of shares held during the year as offer for sale of 57,05,488 equity share; however an account of issue of new shares by the Company during the year, the shareholding% has decreased				
	At the end of the year			16,40,962	7.18%
(2)	**Franklin India Smaller Companies Fund**				
	At the beginning of the year				
	No increase/decrease in no. of shares held during the year; however an account of issue of new shares by the Company during the year, the shareholding% has decreased				
	At the end of the year			3,49,381	1.52%
(3)	**DSP Blackrock Core Fund**				
	At the beginning of the year				
	No increase/decrease in no. of shares held during the year; however an account of issue of new shares by the Company during the year, the shareholding% has decreased				
	At the end of the year			3,16,156	1.38%
(4)	**HSBC Global Investment Funds Asia Ex Japan Equity Smaller Companies**				
	At the begining of the year				
	No increase/decrease in no. of shares held during the year; however an account of issue of new shares by the Company during the year, the shareholding% has decreased				
	At the end of the year			3,05,169	1.33%
(5)	**ICICI Prudential Life Insurance Company Limited**				
	At the beginning of the year				
	No increase/decrease in no. of shares held during the year; however an account of issue of new shares by the Company during the year, the shareholding% has decreased				
	At the end of the year			2,44,998	1.07%
(6)	**Ashoka Pte Ltd**				
	At the beginning of the year				
	No increase/decrease in no. of shares held during the year; however an account of issue of new shares by the Company during the year, the shareholding% has decreased				
	At the end of the year			1,95,680	0.85%
(7)	**Shankara Holding Private Limited**				
	At the beginning of the year	1,61,200	0.74%		
	No increase/decrease in no. of shares held during the year; however an account of issue of new shares by the Company during the year, the shareholding% has decreased				
	At the end of the year			1,61,200	0.70%
(8)	**Nomura Singapore Limited**				
	At the beginning of the year				
	No increase/decrease in no. of shares held during the year; however an account of issue of new shares by the Company during the year, the shareholding% has decreased				
	At the end of the year			1,51,069	0.66%
(9)	**Reliance Nippon Life Insurance Company Limited**				
	At the beginning of the year				
	No increase/decrease in no. of shares held during the year; however an account of issue of new shares by the Company during the year, the shareholding% has decreased				
	At the end of the year			1,36,480	0.59%
(10)	**L and T Mutual Fund Trustee ltd-l and T Mid cap Fu**				
	At the beginning of the year				
	No increase/decrease in no. of shares held during the year; however an account of issue of new shares by the Company during the year, the shareholding% has decreased				
	At the end of the year			1,14,713	0.50%

(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	1,34,36,250	61.43%
	Decrease in no. of shares held during the year offer for sale 8,16,252 equity shares, Transfer of 1,00,000 equity share however an account of issue of new shares by the Company during the year, the shareholding % has decreased		
	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%
	No increase/decrease in no. of shares held during the year; however an account of issue of new shares by the Company during the year, the shareholding% has decreased		
	At the end of the year	72,400	0.31%
(3)	**Mr. RSV. Siva Prasad**		
	At the beginning of the year	61,550	0.28%
	No increase/decrease in no. of shares held during the year; however an account of issue of new shares by the Company during the year, the shareholding% has decreased		
	At the end of the year	61,550	0.26%
(4)	**Mr. Alex Varghese**		
	At the beginning of the year	20,620	0.094%
	No increase/decrease in no. of shares held during the year; however an account of issue of new shares by the Company during the year, the shareholding% has decreased		
	At the end of the year	20,620	0.092%

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	20,771.55	1,496.23	Nil	22,267.78
(ii) Interest due but not paid	Nil	Nil	Nil	Nil
(iii) Interest accrued but not due	4.32	Nil	Nil	4.32
Total (i+ii+iii)	**20,775.87**	**1,496.23**	**Nil**	**22,272.10**
Change in Indebtedness during the financial year				
• Addition	243.77	Nil	Nil	243.77
• Reduction	Nil	(9.93)	Nil	(9.93)
Net Change	**243.77**	**(9.93)**	**Nil**	**233.84**
Indebtedness at the end 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			145.20
Total(i+ii+iii)	**21,019.64**	**1,486.30**	**Nil**	**22,505.94**

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	112.22	49.75	38.73
	(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	**112.22**	**49.75**	**38.73**

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	1,00,000
3.	Ms. Jayashri Murali	25,000	75,000
	Total		**3,25,000**

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

(₹ in Lakhs)

S.No	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Alex Varghese, CFO	Mr. Murali Srinivasan, Company Secretary	Ms. Ereena Vikram, Company Secretary (w.e.f Sept. 8,2016)
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (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	18.48	0.82	2.70
	Stock Option	-	-	-
	Commission & other Allowance	-	-	-
	Total	**18.48**	**0.82**	**2.70**

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(30th March, 1998) but the Company failed to file the applicable return in the prescribed fom 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(31th 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		- - -	- - -	- - -	- - -
C. OTHER OFFICERS IN DEFAULT					
Penalty Punishment Compounding		- - -	- - -	- - -	- - -

Annexure VI

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	1,03,01,658	7,55,48,151	7.33
Vishal Precision Steel Tubes & Strips Pvt. Ltd.	**Units**	**Amt in ₹**	**Rate/Unit**
Total Energy Purchased	58,14,978	4,28,57,368	7.37
Centurywells Roofing India Pvt. Ltd.	**Units**	**Amt in ₹**	**Rate/Unit**
Total Energy Purchased	1,411,42	18,13,798	12.85

Management Discussion and Analysis

Economic overview

India recorded a GDP growth rate of 7.1% in FY 2017, lower than the 7.9% levels achieved in the previous year. Global growth rate also continued to be tepid with growth rates coming in at 3.1% in CY 2016 as compared to 3.2% earlier. While domestic and global markets faced significant economic challenges, the growth outlook going forward is much stronger for both.

The Indian economy's growth continues to be largely dependent on private consumption demand. The capital expenditure cycle has not picked up meaningfully given spare capacities. In addition, credit growth to industry continues to be weak with high levels of stressed assets in the banking system. Global trade activities have been subdued on account of increased levels of protectionism across major economies and rethink on global trade treaties. The bank note demonetisation in November 2016, further pointed to the resilience of domestic private consumption demand. While experts pointed to a significant and prolonged economic slowdown, the impact of demonetisation was short lived. The impact was further absorbed by government initiatives like the implementation of the recommendations of the seventh Central Pay Commission and One Rank One Pension scheme for the armed forces. The rural economy was helped by increased outlays on the Mahatma Gandhi National Rural Employment Guarantee Act. Further, agriculture growth at 4.4% on account of good monsoons was the highest in recent years. Demonetisation had a beneficial effect on inflation which was already softening. Headline inflation lowered to 3.2% in January 2017. Large money inflows into banks reduced interest rates.

Low interest rate environment coupled with government's initiatives towards housing through schemes like Smart Cities Mission, Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Pradhan Mantri Awas Yojana (to provide over 2 crore affordable houses by 2022) and interest rate subsidy of 3-4% for middle income groups on housing loans bode well for the building products sector. Home loans of quantum less than ₹ 10 lacs have shown a robust annual growth rate of 23% over the last five years. Even more encouraging is the fact that this growth has come without deterioration in asset quality. Maharashtra, Madhya Pradesh, Gujarat, Tamil Nadu and Andhra Pradesh are the top five states with the highest number of loan accounts meant for affordable housing.

The Indian building products industry is estimated to be approximately ₹ 5 lac crore in size for some of the key identified segments. It is expected to grow at a CAGR of over 8% over the next few years. India has a significant shortage of over 100 million housing units. Increasing population, young demographic profile, rising affordability with higher income levels, trend of nuclearisation and increasing frequency of renovations is fuelling the fundamental aspirations of households towards housing and housing upgrades. The Indian housing industry can be largely divided into two broad segments of home building and home improvement. The first segment corresponds to new homes getting built while the second segment corresponds to refurbishment of existing homes. The home building segment can further be categorized into those built by large corporate builders or by smaller contractors / individual home builders. The large corporate builders are largely confined to limited areas in the metro cities. A large part of India and the Indian housing industry continues to thrive in smaller dwelling units in the Tier 2 / 3 cities which are catered by these small contractors / individual home builders.

Sourcing of genuine building products from trusted parties is an increasing challenge for home owners. Further they seek convenience in terms of exploring a wide range of products at a location convenient to them. On the other side of the spectrum, building material manufacturers are also increasingly getting branded and are looking for organized channels to push their products to their customers. This confluence of needs from both home owners and building product manufacturers provides for a significant opportunity for retailing of building products. The Indian building material retail industry is expected to be approximately ₹ 2 lac crore in size. While there are standalone stores offering depth in few product categories in limited clusters in a city / town, there exists an opportunity for large organized retail chains of scale which offer a vast range of products across a wide geography. Ability of these retail chains to source the right products at reasonable rates, have better inventory management and create a customer connect through branding and marketing will make them even more competitive. Measures like GST and demonetisation should further

boost the prospects of these chains vis-à-vis the unorganized sector. Further given the fundamental nature of the products they deal in, these retail stores, based on their location, will be aided by the growth in a number of sectors including residential, infrastructure, commercial / industrial establishments, automobiles, general engineering and agriculture among others.

The growth outlook for the coming year looks positive with bank note remonetisation nearly complete and a number of government initiatives to boost output especially in the housing sector. Credit growth in the affordable housing sector has been strong. The political situation domestically looks stable and the fiscal consolidation path is being adhered to. The capital markets are buoyant and the Indian rupee has appreciated in the last few months of the fiscal. Global growth prospects are also improving and should further boost Indian growth prospects.

Organized retail is set to witness significant growth with changing consumer trends

Consumer spending in India is on an uptrend. With more than 31% of the country's population being below 14 years with a sharp rise in disposable income, the growth in India's organized retail is witnessing a huge surge. This is getting further fuelled by the demand in Tier I and Tier II cities / towns which are seeing a major shift in consumer preferences and lifestyles. This growing demand for increasing spend on improving one's lifestyle can be best met through organized retail as compared to traditional retail.

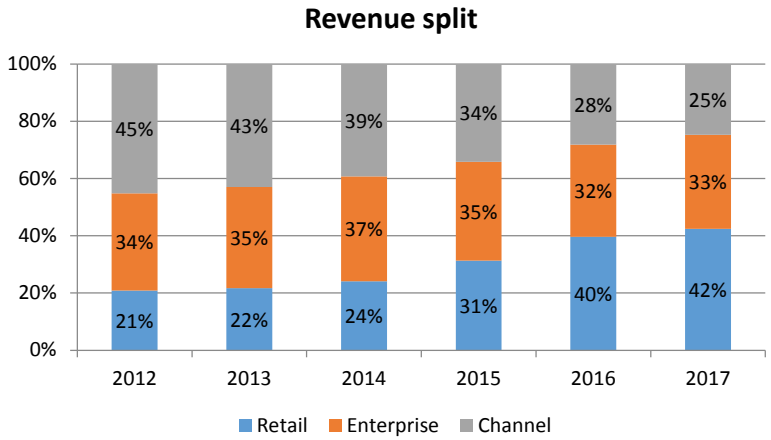
Few trends that will benefit organized retail are as follows:

1. Assurance of authenticity – the trust factor behind availability of genuine brands, large selection of products backed by a trusted corporate retail chain assures authenticity to customers.
2. Convenience for customers - Customers are increasingly looking for convenience for fulfilling their need for products and brands at a single location which offers large selection in terms of brands and products. Points of purchase and terms of delivery are increasingly becoming key components of customer buying behaviour.
3. Creating customer connect – Increasing use of technology towards planning, creating consumer convenience, better merchandising to suit customer requirements and targeted customer reach out is further helping cement customer connect for organized retail.

With the advent of high innovation and differentiation in terms of products, brands, marketing and consumer connect, organized retail is set to lead the way in terms of growth of the retail sector.

Company overview

Our company is broadly structured around three business segments – retail, enterprise and channel. The graph below details the revenue split across our three business segments over the past five years. The share of retail revenues has grown from 21% in FY 2012 to 42% in FY 2017. The channel segment which was the largest segment five years back at 45% now stands at 25%. The absolute revenues in the channel segment have also been reduced. The enterprise segment share has been around the 33% to 35% mark over the years.



Retail segment

Retail is one of the key focus areas of our Company. Retail segment comprises sales to home owners, professional customers (such as architects and contractors) and small enterprises. In addition, in semi-urban markets we also cater to the agriculture requirements of individual customers and small enterprises. We have a network of 106 retail outlets as on 31st March, 2017 spread across 9 states and one union territory. Our retail revenues have grown at a CAGR of 27% over the last 5 years. In FY 2017, we generated retail revenues of ₹ 980.7 Crores and recorded same store sales growth of 19.4%. Our EBITDA / sqft stood at ₹ 2,551 and our EBITDA margins stood at 9.9%. The following table captures the key retail metrics:

Metric	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	CAGR 12 to 17
Number of retail stores	43	55	71	88	95	106	20%
Total area (sq.ft)	1,25,672	1,80,298	2,23,869	2,91,139	3,23,070	3,81,070	25%
Revenue from retail stores (₹ cr)	294.7	383.6	464.7	619.3	807.8	980.7	27%
Same store sales growth	31.0%	16.7%	13.3%	24.2%	28.3%	19.4%	-
EBITDA* (₹ cr)	6.9	12.9	21.8	46.1	77.5	97.2	70%
EBITDA per store (₹ cr)	0.16	0.24	0.31	0.52	0.82	0.92	42%
EBITDA per sq. ft. (₹)	550	717	975	1,582	2,400	2,551	36%

(Note: Retail EBITDA figures above do not include corporate overheads allocation)*

We undertake a detailed survey of the potential of a location before starting a retail store. Our aim is to ramp up our store revenues quickly and reach a market share of at least 10%. We organize active engagement programs with our customers. Each retail outlet organizes weekly meets for our professional customers. We also conduct training programs in collaboration with our product partners. We look to undertake a more focused branding and advertising work in the coming year.

One of our key strategies is to make available a wide variety of products for our customers. We have dedicated category heads who have deep understanding of various building product segments. They help build ties with the brands and also provide knowledge and in-house training to our retail staff. We have partnered with over 100 brands across varied product categories for our stores. In addition to third party brands, we also sell our own private label brands such as – Buildpro, Taurus, Ganga, Century, Ultraroof, Loha, Prince, Samrat and Shankara Solar. Currently around half of the sales in our retail outlets are of our brands.

Our stores carry 70 product categories across 20,000+ SKUs. The following table carries a list of the key product categories and brands. Not all of our stores stock all the product categories but we aim to have a large part of our network carry majority of these brands over a period of time.

Product category	Key brands
Construction materials	
TMT	SAIL, JSW, Kamdhenu, Meenakshi, Pulkit, VRKP, A-One, Gopala, Bhuwalka, Kay2
Cement	Birla Super, Ultratech, ACC, Zuari, JSW Cement, Penna, Jaypee, Dalmia
Scaffolding	Prince
Construction machinery	Prince
Decking sheets	Prince
RMC, hollow blocks, M-Sand	ACC, Ultratech, Meenakshi
Fabrication segment	Loha, Prince Galva, Taurus, Samrat, Prince Arc, Best Arc, Jindal, APL Apollo, Tata, Bhushan, JSW, SAIL, Hitachi, Bosch, Norton, Dewalt
Roofing	Ganga, Ganga Gold, Centuryroof, Ultraroof, Taurus, Tuflite, Bayer, Metecno, Sintex, Everest, Ramco, Swastik, Onduline, Corroshield, HP
Plumbing and sanitaryware segment	Roca, Parryware, Hindware, Jaquar, Johnson, Somany, Cera Ashirwad, Astral, Supreme, CRI Pumps, Grundfos, Texmo, Shakti Futura, Carysil, Sintex water tanks
Electricals	Philips, GM, Havells, Finolex, Buildpro, Crompton Greaves, AO Smith, Racold
Interior-exterior and flooring	Kajaria, Johnson, Somany, Buildpro, Alstone, Redbond, Centuryply, Greenply, Archidply, Laticrete, Ardex Endura, Hafele, Dorset , Green FloorMax
Paints	Berger, GEM
Renewable Energy	Shankara solar water heater, Shankara solar lighting, Shankara solar fencing, Shankara solar irrigation pumps
Irrigation	Casing equipment: Loha, APL Apollo, Samrat, Jindal, Tata, Surya, Astral, Ashirwad Irrigation systems: Vishaka, Finolex Polyhouse: Vishaka, Essen Multipack, Jindal Aluminium, Prince

Our presence across the value chain imparts significant strength to our retail stores. Our ability to customize and provide solutions to our retail customers helps us in riding the strong growth opportunities emerging in segments like greenhouse, roofing (for sheds / warehouses), solar among others.

We look to grow our retail store network by 15 to 20 stores every year. Further opportunistic inorganic growth targets would also be of interest.

Enterprise segment

In this segment, we cater to the requirements of large end users, contractors and OEMs. We generated revenues of ₹ 759.5 Crores in FY 2017, a growth of 15.9% over the previous year. The requirements of our enterprise customers are more crisply defined in terms of specifications, quality and timelines. This can be catered to with our integrated processing facilities. We are increasingly shifting our focus from selling just base products to providing customized solutions. ~20% of the share of revenues in this segment currently comprise bespoke solutions and we look to increase this share going forward. Some examples of the categories in which we are making progress is bus body, automobile, scaffolding, PEB etc. Some of our key customers across these product categories are as follows:

Category	Customer
Bus Body	Marco Polo, KSRTC
Scaffolding	L&T, Amrutha Institute
Automobile	Ancillaries of Tata Motors, Ashok Leyland, TVS, Hyundai
PEB	Paramount, Pennar
Solar	Mithra Solar, Smartek Energy, Warren

In addition, we have also undertaken turnkey projects like bus shelters, rural drinking water scheme, school furniture and poultry among others. While the pace of revenue growth will be steady in this segment, these value addition activities will be margin accretive.

Channel segment

In this segment we cater to dealers and other retailers through our branch network. We generated revenues of ₹ 569.9 Crores in FY 2017. We have been consolidating this segment over the last few years. Having said that, it continues to be a strategic part of the overall Company as it provides support for our other business segments. Channel business helps us build an understanding of markets and serves as a reliable base to open retail outlets. It also helps us push our own brands in the market. Further, it also helps us understand emerging market trends and to realign our inventory accordingly.

As a part of our consolidation plan, we are rejigging our revenue mix in the channel segment. We have exited certain less attractive opportunities and are exploring newer product categories with higher profitability.

Support functions

While retail, enterprise and channel serve as our key revenue drivers, they are ably supported by our key pillars of processing and supply chain management. Both these support units help us reach our customers and deliver to their expectations.

Processing

Our current processing capacities stand at ~ 324,000 tons operating at a capacity utilization of ~ 94%. Our processing facilities are spread over 12 locations – Hyderabad (two), Bengaluru (four), Hubli, Surat, 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. With little investments and some process and equipment fine tuning, we can achieve ~10-20% increase in volumes.

Supply chain management

Supply chain becomes a key ingredient for the delivery of our services. We have a warehousing network spread over ~585,000 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 44 vehicles which enables us to meet timely local delivery requirements.

Corporate Governance Report for the year 2016-17

I. Shankara Philosophy on Corporate Governance

Your Company believes in adopting the best corporate practices in order to maintain the utmost level of transparency, accountability and ethics. 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 31, 2017, the Company has seven Directors. Of the seven Directors, three are Executive Directors, three are Independent Directors and one Nominee Director. 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, 2017 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 31, 2017 are given herein below.

Name of the Director	Category	Number of Board Meetings during the year 2016-17		Whether attende Last AGM held on 20th July 16	Number of Directorship in other public Companies		Number of Commitee Positions held in listed entities including this listed entity	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. V. Ravichandar (Chairman) DIN 0634180	Independent Non-Executive	6	6	No	-	-	1	2
Mr. Sukumar Srinivas Managing Director DIN 1668064	Executive Director	6	6	Yes	-	-	1	-
Mr. Chandu Nair DIN 0259276	Independent Non Executive	6	5	No	-	-	2	1
Ms. Jayashri Murali DIN 01284437	Independent Non-Executive	6	3	No	-	-	3	-
Mr. C. Ravikumar DIN 01247347	Executive Director	6	5	Yes	-	-	-	-
Mr. RSV Siva Prasad DIN 01247339	Executive Director	6	4	Yes	-	-	-	-
Mr. Siddhartha Mundra DIN 01173240	Non Executive Nominee Director	6	4	Yes	-	-	4	-

(v). Six 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:

June 29, 2016; September 13, 2016; September 19, 2016; September 22, 2016; December 21, 2016 and February 7, 2017

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 familiarisation programme of the Independent Directors are available on the website of the Company (http://shankarabuildpro.com/corporate).

(ix). Details of equity shares of the Company held by the Directors as on March 31, 2017

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

The Company has not issued any convertible instruments.

III Committees of the Board

A. Audit 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.

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

The Audit Committee was constituted by a meeting of the Board of Directors held on October 31, 2007 and re-constituted by a meeting of the Board of Directors held on September 28, 2015. The terms of reference of the Audit Committee were revised pursuant to Board resolution dated September 19, 2016.

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the Listing Regulations, and its terms of reference include the following:

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;

(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 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 Committee and the details of meetings attended by its members are given below:

Name	Category	Number of Meetings during the financial year 2016-17	
		Held	Attended
Mr. Chandu Nair	Independent Non - Executive	3	3
Mr. V. Ravichandar	Independent Non - Executive	3	3
Mr. Siddhartha Mundra	Nominee Director	3	2

Three audit 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:

June 29, 2016, December 21, 2016, February 7, 2017

The necessary quorum was present for all the meetings.

The Audit Commitee was reconstituted by Board of Directors on April 17, 2017 and consist of Following Members:

Name	Category
Mr. Chandu Nair	Independent, Non - Executive
Mr. V. Ravichandar	Independent, Non - Executive
Ms. Jayashri Murali	Independent, Non - Executive

B. Nomination & Remuneration Committee

The Nomination and Remuneration Committee was constituted by a meeting of the Board of Directors held on October 31, 2007 and reconstituted by our Board of Directors at their meeting held on July 29, 2015. 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 2016-17	
		Held	Attended
Mr. V. Ravichandar	Independent Non- Executive	1	1
Ms. Jayashri Murali	Independent Non- Executive	1	1
Mr. Siddhartha Mundra	Nominee Director	1	1

One nomination and remuneration committee meetings were held. The dates on which the said meeting was held are as follows:

June 29, 2016

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

Name	Category
Mr. Chandu Nair	Independent, Non - Executive
Mr. V. Ravichandar	Independent, Non - Executive
Ms. Jayashri Murali	Independent, Non - Executive

C. Stakeholders' relationship committee

The Stakeholders' Relationship Committee was constituted by our Board of Directors at their meeting held on September 19, 2016. 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.

One meetings of the stakeholders' relationship committee were held during the year on February 7, 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 2016-17	
		Held	Attended
Ms. Jayashri Murali	Independent Non- Executive	1	1
Mr. Chandu Nair	Independent Non- Executive	1	1
Mr. V. Ravichandar	Nominee Director	1	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

D. Corporate Social Responsibility ("CSR") Committee

The Corporate Social Responsibility Committee was constituted by our Board of Directors at their meeting held on June 13, 2014and reconstituted by the Board of Directors at their meeting held on July 29, 2015. 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 29, 2016

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 2016-17	
		Held	Attended
Ms. Jayashri Murali	Independent Non- Executive	1	1
Mr. Chandu Nair	Independent Non- Executive	1	1
Mr. Siddhartha Mundra	Nominee Director	1	1

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

Name	Category
Ms. Jayashri Murali	Independent, Non - Executive
Mr. Chandu Nair	Independent, Non - Executive
Mr. Sukumar Srinivas	Executive

E. Other Committee

i. Initial Public Offer ("IPO") Committee

The IPO Committee was constituted by our Board of Directors on September 19, 2016. The IPO Committee has been authorized to approve and decide upon all activities in connection with the Offer, including, but not limited to, approve the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus, to decide the terms and conditions of the Offer, including the Price Band and the Offer Price, to appoint various intermediaries, negotiating and executing Offer related agreements and to submit applications and documents to relevant statutory and other authorities from time to time.

a) To make applications where necessary, to the RBI and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;

b) To finalize, settle, approve, adopt and file in consultation with the BRLMs where applicable, the DRHP, the RHP the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, the RoC or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;

c) To decide in consultation with the BRLMs on the size, timing, pricing and all the terms and conditions of the Offer, including the price band, bid period, Offer price, and to accept any amendments, modifications, variations or alterations thereto;

d) To appoint and enter into and terminate arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, legal advisors, auditors, and any other agencies or persons or intermediaries to the Offer and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalization, execution and, if required, amendment of the offer agreement with the BRLMs;

e) To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the DRHP, the RHP, the Prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Offer;

f) To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under the Listing Regulations or any other Applicable Laws;

g) To approve any corporate governance requirements, code of conduct for the Board, officers and other employees of the Company that may be considered necessary by the Board or the IPO Committee or as may be required under the Listing Regulations or any other Applicable Laws;

h) To seek, if required, the consent of the lenders of the Company and its subsidiaries, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in relation to the Offer or any actions connected therewith;

i) To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

j) To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

k) To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

l) To issue receipts/allotment letters/confirmation of allotment notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorize one or more officers of the Company to

sign all or any of the afore-stated documents;

m) To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;

n) To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules;

o) To take all actions as may be necessary and authorized in connection with the Offer for Sale and to approve and take on record the transfer of Equity Shares in the Offer for Sale;

p) To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and / or modify, as the case maybe, agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Company to execute all or any of the afore stated documents;

q) To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;

r) To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment and matters incidental thereto as it may deem fit and to delegate such of its powers as may be deemed necessary and permissible under Applicable Laws to the officials of the Company; and

s) To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of this resolution or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing.

Five IPO committee meetings were held. The dates on which the said meetings were held are as follows: September 28, 2016, March 13, 2017, March 21, 2017, March 27, 2017 & March 31, 2017

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

Name	Category	Number of Meetings during the financial year 2016-17	
		Held	Attended
Ms. Jayashri Murali	Independent Non- Executive	5	5
Mr. Sukumar Srinivas	Executive	5	5
Mr. Siddhartha Mundra	Nominee Director	5	1

The IPO Committee was dissolved by the Board of Directors with effect from 17th April, 2017

IV. General Board Meetings

a. Annual General Meeting ("AGM"):

Financial Year	Date	Time	Venue
2013-14	July 4, 2014	11.30 A.M	G-2, Farah Winsford, 133 Infantry Road, Bengaluru - 560001
2014-15	July 29, 2015	10.00 A.M	My Fortune 46,Richmond Road Bengaluru - 560025
2015-16	July 20,2016	10.30 A.M	G-2,Farah Winsford, 133 Infantry Road, Bengaluru - 560001

V. Means of Communication

The Company's equity shares were not listed as on March 31, 2017 and hence the SEBI Listing Regulations pertaining to equity shares were not applicable.

VI. Other disclosures

(i). Related party transactions

All material transactions entered into with related parties as defined under the Act and Regulation 23 of SEBI Listing Regulations during the financial year were in the ordinary course of business. These have been approved by the audit committee. 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). Details of non-compliance by the Company, penalties, strictures 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 2014-15, 2015-16 and 2016-17 respectively: Nil

(iii). 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

(iv). The Company has also adopted Policy on Determination of Materiality for Disclosures (http://shankarabuildpro.com/corporate_info.html), Policy on Archival of Documents (http://shankarabuildpro.com/corporate_info.html) and Policy for Preservation of Documents (http://shankarabuildpro.com/corporate_info.html).

(v). 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.

VI. 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 dematerialised shares held with NSDL and CDSL.
vii. 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, 2017. The annual report of the Company contains a certificate by the CEO and Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from Independent Directors, Non-executive Directors and Senior Management

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 subsidiary 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 2016-2017

Date	:	July 21, 2017
Time	:	11.00 A.M
Venue	:	Radisson Blu Atria No. 1, Palace Road, Bengaluru, Karnataka 560001

(ii). Financial Calendar

Year ending	:	March 31, 2017
AGM in	:	July
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 July 21, 2017
(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	:	U26922KA1995PLC018990

(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	:	einward.ris@karvy.com/ Shankara.ipo@karvy.com
Website	:	karisma.karvy.com

viii. Shareholding as on March 31, 2017:

a. Distribution of equity shareholding as on March 31, 2017

Distribution Shedule - Consolidated As on 31-03-2017

Category (Amount)	No.of Cases	% of Cases	Total Shares	Amount% of	Amount
1-5000	82,442	99.67	2,668,336	26,683,360	11.67
5001- 10000	29	0.035	22,758	227,580	0.09
10001- 20000	32	0.038	43,519	435,190	0.19
20001- 30000	17	0.020	41,850	418,500	0.18
30001- 40000	22	0.026	82,755	827,550	0.36
40001- 50000	14	0.016	66,336	663,360	0.29
50001- 100000	54	0.065	385,813	3,858,130	1.68
100001& Above	104	0.125	19,537,959	195,379,590	85.50
Total	82,714	100.00	22,849,326	228,493,260	100.00

b. Categories of equity shareholders as on March 31, 2017:

Category	Number of equity shares held	Percentage of holding
Promoters	1,25,19,998	54.79
Resident Individuals	37,80,361	16.54
Bodies Corporate	28,52,204	12.48
Mutual Funds	11,57,145	5.06
Foreign Portfolio Investors	9,12,628	3.99
Alternative Investment Fund	3,60,066	1.57
Trusts	2,51,208	1.09
Banks	1,74,036	0.76
HUF	1,73,918	0.76
Foreign Institutional Investors	1,61,290	0.70
Promoters Companies	1,61,200	0.70
Promoters Individual	1,60,550	0.70
Indian Financial Institutions	1,49,208	0.65
NBFC	34,234	0.14
Non Resident Indian Non Repatriable	1,216	0.05
Non Resident Indians	64	0.28
Total	**2,28,49,326**	**100.00**

c. Top ten equity shareholders of the Company as on March 31, 2017:

Sr. No	Name of the shareholder	Number of equity held	Percentage of holding
1.	Sukumar Srinivas	1,25,19,998	54.79
2.	Reliance Alternative Investments Fund - Private Equity Scheme - i	16,40,962	7.18
3.	Franklin India Smaller Companies Fund	3,49,381	1.52
4.	DSP Blackrock Core Fund	3,16,156	1.38
5.	HSBC Global Investment Funds - Asia ex Japan Equity Smaller Companies	3,05,169	1.33
6.	ICICI Prudential Life Insurance Company Limited	2,44,998	1.07
7.	Ashoka Pte Ltd	1,95,680	0.85
8.	Shankara Holdings Private Limited	1,61,200	0.70
9.	Nomura Singapore Limited	1,51,069	0.66
10.	Reliance Nippon Life Insurance Company Limited	1,36,480	0.59
	Total	**16,021,093**	**70.11**

xi. Dematerialisation of shares and liquidity:

The Company's shares are compulsorily traded in dematerialised form on NSE and BSE. Equity shares of the Company representing 97.33% of the Company's equity share capital are dematerialized as on March 31, 2017.

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, 2017, 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.

June 19, 2017
Place: Bengaluru

Sukumar Srinivas
Managing Director

CORPORATE GOVERNANCE CERTIFICATE (PCS)

To,
The Members of
Shankara Building Products Limited
CIN: U26922KA1995PLC018990

I, have examined the compliance of conditions of Corporate Governance by "SHANKARA BUILDING PRODUCTS LIMITED"("the Company"), for the year ended March 31, 2017, as per Regulations 17 to 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

The Initial Public Offer of Equity shares of the Company were allotted on March 31, 2017 and the Company's Equity Shares were listed on NSE and BSE on April 5, 2017 and accordingly the requirements as per Regulation 27(2) on filing of quarterly compliance report on Corporate Governance with the Stock exchanges, Regulation 46(2) on disseminating of specified information on Website and Regulation 47 on publication of quarterly results in Newspapers were applicable to the Company subsequent to the listing date.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

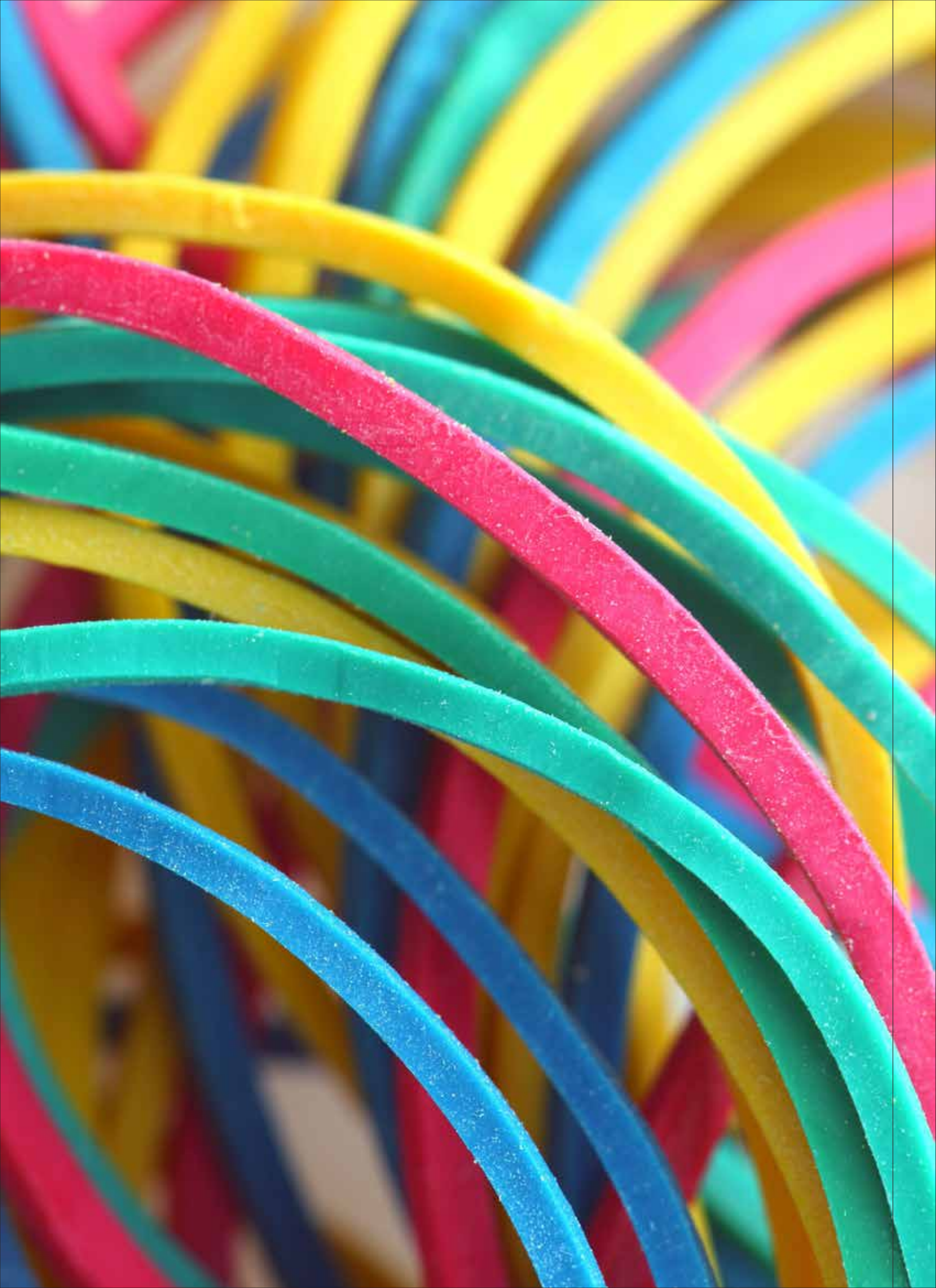
In my opinion and to the best of our information and according to my examination of the relevant records and the explanations given to me and the representations made by the Directors and the Management, and read together with paragraph 2 above, I, certify that the Company has complied with the conditions of Corporate Governance as stipulated under paragraph 1 above.

I, state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Date: June 16, 2017
Place: Bengaluru

K. Jayachandran
C.P. No. 4031





CONSOLIDATED AUDIT REPORT & FINANCIALS 2016 - 2017





Shanikara
Building Products Ltd.

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

We have audited the accompanying consolidated financial statements of Shankara Building Products Limited (formerly Shankara Infrastructure Materials 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, 2017, the Consolidated Statement of Profit and Loss 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 Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated 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 and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated 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 Financial Statements are free from material misstatement.

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their 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 on the consolidated 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 financial statements and on the other

financial information of the subsidiaries, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31st March, 2017, their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

(a) We did not audit the financial statements of 3 subsidiaries, whose financial statements reflects total assets of ₹.175,60.56 Lacs and net assets of ₹15,73.90 Lacs as at March 31, 2017, total revenues of ₹ 577,39.05 Lacs and net cash flows amounting to ₹ 44.78 Lacs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated 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.

Certain of these subsidiaries are located outside India whose financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the Consolidated 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 financial statements/financial information 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 Financial Statements;

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated 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 Financial Statements;

d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

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 Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 33 to the Consolidated Financial Statements;

(ii) The Group did not have any material foreseeable losses on long term contracts including derivative contracts;

(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.

(iv) The Holding Company and its subsidiary companies incorporated in India have provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed by us and based on the reports of other auditors, we report that the disclosures are in accordance with the books of account maintained by the Holding Company and its subsidiary companies (Refer Note No.40 to the consolidated financial statements)

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

S. Sundararaman
Partner
Membership No.028423

Bengaluru
May 5, 2017

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, 2017]

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, 2017, 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 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, 2017, 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 5, 2017



Consolidated Balance Sheet As at 31st March 2017

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

Particulars	Note No.	31 March 2017	31 March 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	228,493,260	218,710,370
(b) Reserves and surplus	4	3,708,418,685	2,692,381,554
Minority Interest	5	467,203	339,172
Non-Current Liabilities			
(a) Long-term borrowings	6	59,338,895	52,640,334
(b) Deferred tax liabilities (Net)	7	161,173,311	130,565,135
(c) Other Long term liabilities	8	150,000	150,000
(d) Long-term provisions	9	8,099,964	6,454,476
Current Liabilities			
(a) Short-term borrowings	10	2,101,040,777	2,082,741,953
(b) Trade Payables	11		
Total outstanding dues to Micro and Small Enterprises			
Total outstanding dues of creditors other than Micro and Small Enterprises		2,610,078,919	2,338,105,980
(c) Other current liabilities	12	417,655,622	318,945,848
(d) Short-term provisions	13	186,222,778	150,806,950
TOTAL		**9,481,139,414**	**7,991,841,772**
ASSETS			
Non-current assets			
(a) Fixed Assets			
- Tangible Assets	14	2,449,755,525	2,192,847,948
(b) Goodwill on consolidation	15	140,402,758	140,402,758
(c) Long-term loans and advances	16	139,208,086	126,817,567
(d) Other non-current assets	17	41,904,940	23,367,589
Current assets			
(a) Inventories	18	2,794,535,497	2,558,771,419
(b) Trade receivables	19	3,122,984,410	2,810,398,505
(c) Cash and Bank balances	20	662,128,225	23,727,950
(d) Short-term loans and advances	21	129,330,927	114,759,112
(e) Other Current Assets	22	889,046	748,924
TOTAL		**9,481,139,414**	**7,991,841,772**
Significant accounting policies and Notes to accounts	**1 - 43**		

The accompanying notes are an integral part of the financial statements

As per our report attached of even date

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

S Sundararaman
Partner
Membership No: 028423

Place: Bengaluru
Date: May 05,2017

For and on behalf of the Board

Sukumar Srinivas
Managing Director
DIN: 01668064

Chandu Nair
Director
DIN: 00259276

Ereena Vikram
Company Secretary

Alex Varghese
Chief Financial Officer

Place: Bengaluru
Date: May 05,2017

Consolidated Statement of Profit & Loss for the year ended 31st March 2017

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

Particulars	Note No.	31 March 2017	31 March 2016
INCOME:			
Revenue from Operations (Gross)		24,667,594,956	21,614,648,145
Less: Excise Duty		(1,566,188,822)	(1,255,443,453)
Revenue from Operations (Net)	23	23,101,406,134	(20,359,204,692)
Other Income	24	2,862,882	7,207,875
Total Revenue		**23,104,269,016**	**20,366,412,567**
EXPENSES:			
Cost of materials consumed	25	10,349,313,759	7,990,522,667
Purchases of Stock-in-Trade		9,624,415,161	9,851,085,323
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	26	(179,888,506)	(169,942,227)
Employee benefits Expense	27	494,037,765	412,879,950
Finance Costs	28	507,500,137	460,154,729
Depreciation and amortization Expense	14	114,061,694	95,137,381
Other expenses	29	1,269,744,178	1,078,978,107
Total Expenses		**22,179,184,188**	**19,718,815,930**
Profit before Taxation		**925,084,828**	**647,596,637**
Tax expense:			
Current Tax			
Pertaining to profits for the current period		289,380,000	205,745,000
Adjustment of tax relating to earlier periods		2,260,789	3,522,796
Deferred Tax		30,608,176	30,978,056
		322,248,965	240,245,852
Profit after taxation		**602,835,863**	**407,350,785**
Minority Interest		(128,031)	(83,354)
Profit for the Year		**602,707,832**	**407,267,431**
Earning per equity share: [Face value: ₹10 per share]			
Basic & Diluted	32	27.55	18.62
Significant accounting policies and Notes to accounts	**1 - 43**		

The accompanying notes are an integral part of the financial statements

As per our report attached of even date

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

S Sundararaman
Partner
Membership No: 028423

Place: Bengaluru
Date: May 05,2017

For and on behalf of the Board

Sukumar Srinivas
Managing Director
DIN: 01668064

Chandu Nair
Director
DIN: 00259276

Ereena Vikram
Company Secretary

Alex Varghese
Chief Financial Officer

Place: Bengaluru
Date: May 05,2017

Consolidated Cash Flow Statement for the year ended on 31st March 2017

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

Particulars	31 March 2017	31 March 2016
CASH FLOWS FROM OPERATING ACTIVITY		
Profit before tax	925,084,828	647,596,637
Adjustments:		
Depreciation on Fixed Assets	114,061,694	95,137,381
Loss on sale of Fixed Assets	537,414	-
Provision for Doubtful Debts	4,580,433	4,079,805
Foreign Currency Translation Reserve	83,788	(30,930)
Bad Debts Written off	769,011	472,454
Interest Expense	497,409,681	448,863,002
Profit on sale of Fixed Assets	-	(180,288)
Interest Income	(2,051,541)	(3,269,338)
	1,540,475,308	**1,192,668,723**
CASH GENERATED BEFORE WORKING CAPITAL CHANGES		
(i) (Increase)/Decrease in Inventory	(235,764,078)	(242,425,331)
(ii) (Increase)/Decrease Trade receivables	(317,935,349)	(213,366,585)
(iii) (Increase)/Decrease Loans & Advances and other receivables	(62,292,315)	(4,188,612)
(iv) Increase/(Decrease) Trade payables	271,972,939	968,684,901
(v) Increase/(Decrease) Provisions and other payables	104,780,800	10,398,410
CASH GENERATED FROM OPERATIONS	1,301,237,305	1,711,771,506
Income tax Paid	(235,553,891)	(116,968,436)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**1,065,683,414**	**1,594,803,070**
CASH FLOWS FROM INVESTING ACTIVITY		
Purchases of Fixed Assets	(373,913,685)	(381,933,299)
Sale Proceeds from Fixed Assets	2,407,000	447,000
Interest Income	1,933,879	2,862,060
NET CASH FLOW USED IN INVESTING ACTIVITIES	**(369,572,806)**	**(378,624,239)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares including securities premium	450,012,940	-
Share issue expenses (Refer Note no.39)	(26,984,539)	-
Amount in Escrow Account (Refer Note No.39)	(629,904,715)	-
Proceeds from (Repayment of) Long Term Loans	(9,003,630)	(989,699)
(Repayment of) Proceeds from Working Capital Loan	18,298,824	(705,653,474)
Interest Expense	(483,321,429)	(449,992,599)
Dividend Paid (Including Dividend Distribution Tax)	(6,717,142)	(59,155,616)
NET CASH FLOW USED IN FINANCING ACTIVITIES	**(687,619,691)**	**(1,215,791,388)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,490,917	387,443
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	23,702,981	23,315,538
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Ref Note : 20)	32,193,898	23,702,981

Significant Accounting Policies and Notes to Accounts - Note 1 to 43

Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W / W100048
S Sundararaman
Partner
Membership No: 028423

Place: Bengaluru
Date: May 05,2017

For and on behalf of the Board

Sukumar Srinivas
Managing Director
DIN: 01668064

Chandu Nair
Director
DIN: 00259276

Ereena Vikram
Company Secretary

Alex Varghese
Chief Financial Officer

Place: Bengaluru
Date: May 05,2017

NOTES TO THE CONSOLIDATED 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 Group has operations spread across ten states in India.

The company's shares have been subsequently listed with BSE & NSE consequent to a public offer of shares during the year by the company, along with the offer for sale by promoter shareholder and investor shareholder

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF CONSOLIDATION

The consolidated financial statements of Shankara Building Products Limited ('the company'), its subsidiaries Vishal Precision Steel Tubes & Strips Private Limited, Taurus Value Steel & Pipes Private Limited, Steel Networks Holdings Pte Limited, Centurywells Roofing India Private Limited are prepared on the following basis:

a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements" as specified in section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014

b) the consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's standalone financial statements.

c) For the purposes of consolidation, the audited financial statements of the following companies have been considered:

i) Shankara Building Products Limited (Holding Company)
ii) Vishal Precision Steel Tubes & Strips Private Limited (Subsidiary Company)
iii) Taurus Value Steel & Pipes Private Limited (Subsidiary Company)
iv) Steel Networks Holdings Pte Limited
v) Centurywells Roofing India Private Limited (Step-down subsidiary through Steel Networks Holdings Pte Limited)

d) The difference between the costs of investment in the subsidiaries, over the net assets at the time of acquisition of subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be

e) Enterprises which are considered in consolidation :

Name of the Enterprise	Country of Incorporation	% Holding (including indirect holding)	
		31 March 2017	31 March 2016
Direct Subsidiary:			
Vishal Precision Steel Tubes & Strips Private Limited	India	99.89%	99.89%
Taurus Value Steel & Pipes Private Limited	India	100.00%	100.00%
Steel Networks Holdings Pte Limited	Singapore	100.00%	100.00%
Step Down Subsidiary:			
Centurywells Roofing India Private Limited	India	100.00%	100.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd..)

f) Minority Interest's share of Net profits of Subsidiary for the period is identified and adjusted against the income of the group in order to arrive at the net income attributable to share holders of the Company

g) Minority interest's share of net assets of consolidated subsidiary has been identified and presented in the Consolidated balance sheet from liabilities and the equity of the Company's shareholders

B. BASIS OF ACCOUNTING

These financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the Accounting Standards ('AS') prescribed in Section 133 of the Companies Act 2013 , read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016, other pronouncements of the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 2013 These financial statements are prepared and presented in Indian Rupees and rounded-off to the nearest rupee.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle of 12 months or other criteria as set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company ascertains its operating cycle.

C. USE OF ESTIMATES

The preparation of financial statements in conformity with Generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosures relating to contingent liabilities and assets as at the balance sheet date and the reported amounts of income and expenses during the year. Although these estimates are based on the management's best knowledge of current events & actions, uncertainity about these assumptions & estimates could result in the outcome requiring a material adjustment to the carrying value of assets & liabilities in future periods. Examples of such estimates include provision for doubtful debts, employees retirement benefit plan, provision for income and other taxes, useful life of fixed assets etc. Actual results could differ from the estimates made. Any revision to accounting estimates is recognized prospectively in current and future periods.

D. TANGIBLE FIXED ASSETS & DEPRECIATION

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price (net of Cenvat credit availed), borrowing costs if capitalization criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is de-recognized.

Depreciation on Tangible Assets is provided on Straight Line Method ('SLM') adopting the useful lives prescribed under Part C of Schedule II to the Companies Act, 2013. Management has re-assessed the useful lives of the fixed assets 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 fixed assets.

In respect of additions to Fixed Assets, depreciation has been charged on pro rata basis. Individual assets costing less than ₹5,000/- are depreciated fully during the year of purchase.

E. IMPAIRMENT OF ASSET

The carrying amounts of assets are reviewed to see if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital after impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognized impairment loss is increased or decreased based on reassessment of recoverable amount, which is carried out if the change is significant. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

F. LEASES

Where the company is lessor

Leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognized in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished.

Where the company is lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. 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.

Leases where the Company has acquired 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.

G. REVENUE RECOGNITION

a) Sales revenues are accounted on delivery of goods. Such delivery is reckoned upon acknowledgement of receipts of goods by the transporter for delivery, who as a custom of trade, acts as agent of customer.

b) Other Income is recognized on accrual with due consideration for significant uncertainty if any in the realization of such income is recognized on Time proportion basis.

H. INVENTORIES

a) Inventories are valued at lower of cost determined on FIFO basis and net realizable value. Cost comprises of purchase price, freight, other attributable cost, applicable taxes not eligible for credit, less rebates and discounts. 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.

b) Stores & Spares which doesn't meet the definition of Property, Plant & Equipments are accounted as Inventories

c) All items of Stock which are considered to be damaged, unmarketable or unserviceable and have become otherwise obsolete are valued at the estimated net realizable value.

I. INVESTMENTS

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on individual investment basis. Long term investments are carried at cost, less provision for diminution (other than temporary) in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd..)

On disposal of Investments, the difference between its carrying amount and Net proceeds is charged/ credited to the statement of profit and loss.

J. EMPLOYEE BENEFITS

a) The liability for gratuity, considered as defined benefit is determined on the basis of actuarial valuation at the end of the year using projected unit credit method. Actuarial gains and losses which comprise experience adjustments and effect of change in actuarial assumptions are recognized in the statement of profit and loss.

b) In respect of defined contribution plan the company makes the stipulated contributions in respect of employees to the respective authorities under which the liability of the company is limited to the extent of the contribution.

c) Liabilities in respect of compensated absences are provided for in the year in which such benefit accrues net of encashment made.

K. INCOME TAX

a) Taxes on Income for the current year is determined on the basis of taxable income and after considering the various deductions available under the Income Tax Act, 1961

b) Deferred Tax Asset/Liability resulting from timing differences between the book profits and Income for tax purpose is accounted for at the appropriate tax rate. Deferred tax asset are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of the respective carrying amount at each balance sheet date. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

L. THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATE

Foreign currency transactions are recorded at the rate prevalent on the date of transactions. Monetary Assets and liabilities denominated in foreign currency are stated at closing rates at the year end and the resultant differences are recognized in the statement of Profit and Loss.

M. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

N. EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes if any) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares (if any) are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and consolidation of shares if any. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

O. BORROWING COSTS

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as part of the asset up to the date when such asset is ready for its intended use. Other borrowing costs are charged to the statement of profit and loss.

P. GOVERNMENT GRANTS AND SUBSIDIES:

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant / subsidy will be received and all

attached conditions will be complied with. Grants related to specific fixed assets are presented in the Balance Sheet by showing such grant as deduction from the fixed asset concerned. Grants received with reference to total investment in an undertaking are credited to capital reserve.

Q. SEGMENT REPORTING

(i) The company identifies business segment as the primary segment as per AS-17. Under the primary segment, there are two reportable segments viz., (i) Retail and (ii) Channel & Enterprise. These are identified considering the nature of the products, the differing risks and returns and their contribution to company's sales and revenue profits. The valuation of inter segment transfers are based on the comparable market prices of the Transferring segment.

(ii) The company caters mainly to the needs of the domestic market and thus there are no reportable geographical segments.

(iii) Costs are allocated to the respective segment based upon the actual incidence of respective cost. Unallocated items include general corporate income and expenses.

(iv) The company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

R. 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.

3. Share Capital

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

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number	Amount(₹)	Number	Amount(₹)
Authorised				
Equity Shares of ₹10 each	25,000,000	250,000,000	25,000,000	250,000,000
Issued, Subscribed & fully paid up				
Equity Shares of ₹10 each fully paid	22,849,326	228,493,260	21,871,037	218,710,370
Total	**22,849,326**	**228,493,260**	**21,871,037**	**218,710,370**

3.1. Reconciliation of the shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number	Amount(₹)	Number	Amount(₹)
Balance at the beginning of the year	21,871,037	218,710,370	21,871,037	218,710,370
Add: Shares issued on initial public offering (Refer Note No. 3.2 & 39)	978,289	9,782,890	-	-
Balance at the end of the year	22,849,326	228,493,260	21,871,037	218,710,370

Notes to the Consolidated Financial Statements for the year ended 31st March 2017 (Contd.,)

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

3.2. 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**

The equity shares of the Company were listed on Bombay Stock Exchange and National Stock Exchange with effect from April 5, 2017.

3.3 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 forone vote per share held. 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.

3.4. Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

Particulars	As at 31 March 2017		As at 31 March 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sukumar Srinivas	12,519,998	54.79%	13,436,250	61.43%
Fairwinds Trustee Services Private Limited (Formerly Reliance Alternative Investments Services Private Limited)	1,640,962	7.18%	7,607,317	34.78%

3.5 Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately receding March 31, 2017)

For the period of five years immediately preceeding the balance sheet date:

• Aggregate number & class of shares allotted as fully paid up pursuant to contracts without payment being received in cash	Nil
• Aggregate number & class of shares allotted as fully paid up by way of bonus shares	Nil
• Aggregate number & class of shares bought back	Nil

3.6. The Board of Directors, in its meeting on May 05, 2017, has proposed a final dividend of ₹ 2.75 perequity share for the financial year ended March 31, 2017. 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 ₹ 7.60 Crores (PY - ₹ 3.95 Crores) including Dividend Distribution Tax.

4. Reserves and surplus

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

Particulars	31 March 2017	31 March 2016
a. Capital Reserve		
As per last balance sheet	1,861,710	1,861,710
b. Securities Premium Reserve		
At the beginning of the year	703,728,892	703,728,892
Add: Additions made on issue of equity shares (IPO) (Refer Note 3.2)	440,230,050	-
Less : Amount utilised for Share Issue expenses (Refer Note No : 39)	(26,984,539)	-
At the end of the year	1,116,974,403	703,728,892
c. Foreign Currency Translation reserve	(760,005)	(843,793)
d. General Reserve		
As per last balance sheet	12,357,598	12,357,598
e. Surplus in the Statement of Profit & Loss		
Opening Balance	1,975,277,147	1,607,533,414
Add : Profit for the year transferred from Statement of Profit and Loss	602,707,832	407,267,431
Interim Dividend	-	(32,806,556)
Dividend Distribution Tax	-	(6,717,142)
Closing balance	2,577,984,979	1,975,277,147
Total	**3,708,418,685**	**2,692,381,554**

5. Minority Interest

Particulars	31 March 2017	31 March 2016
Opening Balance	339,172	255,818
Add: Current period profits	128,031	83,354
Closing Balance	**467,203**	**339,172**

Notes to the Consolidated Financial Statements for the year ended 31st March 2017 (Contd.,)

6. Long-term borrowings

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

Particulars	31 March 2017	31 March 2016
Term Loans-Secured		
From Banks (Also Refer Note 12)	59,338,895	52,640,334
a) The balance amount outstanding ₹7,50,00,000 repayable in 27 monthly installments along with interest of 10.50% p.a b) The balance amount outstanding ₹7,393,919 repayable in 26 monthly installments along with interest of 9.65% p.a c) The balance amount outstanding ₹66,66,668 repayable in 2 monthly installments along with interest of 12.95% p.a d) The balance amount outstanding ₹4,59,72,572 repayable in 17 monthly installments along with interest of 12% p.a e) First pari passu charge on the fixed assets of the company and corporate guarantee of the holding company		
Total	**59,338,895**	**52,640,334**

7. Deferred tax liabilities (Net)

Particulars	31 March 2017	31 March 2016
Deferred Tax Liability: On account of depreciation	167,414,383	133,339,590
Deferred Tax Asset: On account of disallowance under Section 43B	(6,241,072)	(2,774,455)
Net Deferred Tax Liability	**161,173,311**	**130,565,135**

8. Other Long term liabilities

Particulars	31 March 2017	31 March 2016
Rental Deposits	150,000	150,000
Total	**150,000**	**150,000**

9. Long-term provisions

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

Particulars	31 March 2017	31 March 2016
Provision for Employee benefits		
Gratuity* (Refer note 34)	6,340,000	4,950,000
Compensated Absences	1,759,964	1,504,476
Total	**8,099,964**	**6,454,476**

* Includes ₹ 10 lakhs - Provision made for employee not covered by the Gratuity Fund

10. Short-term borrowings

Particulars	31 March 2017	31 March 2016
Secured		
From Banks		
[Working capital loans repayable on demand with interest of 8.80% to 14.5% p.a [First pari passu floating charge on the existing and future current assets belonging to the company and guaranteed by Managing Director]	1,952,410,725	1,933,118,537
Unsecured		
From other parties		
Short term loan with interest of 12.5% p.a	148,630,052	149,623,416
Total	**2,101,040,777**	**2,082,741,953**

11. Trade Payables

Particulars	31 March 2017	31 March 2016
Total outstanding dues to Micro and Small Enterprises*	-	-
Total outstanding dues of Creditors Other than Micro and Small Enterprises#	2,610,078,919	2,338,105,980
Total	**2,610,078,919**	**2,338,105,980**

*The Company has sought confirmation from parties of their status under the Micro, Small & Medium Enterprise Development Act, 2006 (MSMED). Based on the details available and confirmations received from the parties classification under the said Act has been made and disclosure has been made accordingly.

Balances in parties' accounts are subject to reconciliation/confirmation and adjustment consequent to such reconciliation, if any. In the opinion of the management any such adjustment would be, not material.

Notes to the Consolidated Financial Statements for the year ended 31st March 2017 (Contd.,)

12. Other current liabilities

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

Particulars	31 March 2017	31 March 2016
Current Maturities of Long Term debts (Refer Note 6)	75,694,264	91,396,455
Interest accrued but not due on borrowings	14,520,641	432,389
Employee Benefits payable	46,264,220	43,075,182
Statutory dues payable	140,334,202	95,893,740
Advances received from customers	48,645,296	37,708,391
Other expenses payable	92,187,249	50,439,691
Unpaid Dividend	9,750	-
Total	**417,655,622**	**318,945,848**

13. Short-term provisions

Particulars	31 March 2017	31 March 2016
Provision for employee benefits		
Provision for Gratuity (Refer note 34)	3,714,475	825,000
Provision for compensated absences	753,879	831,754
Dividend distribution tax	-	6,717,142
Provision for Income Tax (Net of taxes paid) *	181,754,424	142,433,054
Total	**186,222,778**	**150,806,950**

* 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 Consolidated Financial Statements for the year ended 31st March 2017(Contd.,)

FIXED ASSETS

14. Tangible Assets

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

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 April 2016	Additions during the year	Disposals	Balance as at 31 March 2017	Up to 31 March 2016	Depreciation for the year	On disposals	Up to 31 March 2017	As at 31 March 2017	As at 31 March 2016
Freehold Land	561,482,427 (514,535,666)	18,454,644 (46,946,761)	-	579,937,071 (561,482,427)	-	-	-	-	579,937,071 (561,482,427)	561,482,427 (514,535,666)
Building under lease (operating lease)	2,619,400 (2,619,400)	-	-	2,619,400 (2,619,400)	606,996 (565,225)	41,771 (41,771)	-	648,767 (606,996)	1,970,633 (2,012,404)	2,012,404 (2,054,175)
Buildings - others	893,583,252 (765,624,015)	116,693,811 (127,959,236)	- -	1,010,277,063 (893,583,251)	82,854,861 (63,115,914)	24,024,910 (19,738,947)	-	106,879,771 (82,854,861)	903,397,292 (810,728,390)	810,728,391 (702,508,101)
Plant and Equipment	876,338,985 (697,625,838)	172,169,829 (178,713,148)	66,94,49 -	1,047,839,365 (876,338,986)	213,776,714 (168,197,095)	54,334,919 (45,579,619)	109,439 -	268,002,194 (213,776,714)	779,837,171 (662,562,272)	662,562,271 (529,428,743)
Furniture and Fixtures	148,861,747 (130,765,990)	28,972,638 (18,095,757)	- -	177,834,385 (148,861,747)	53,272,836 (38,671,679)	14,128,870 (14,601,157)	- -	67,401,706 (53,272,836)	110,432,679 (95,588,911)	95,588,911 (92,094,311)
Vehicles	93,129,812 (90,706,402)	30,192,020 (4,129,501)	1,50,38,678 (1,706,091)	108,283,154 (93,129,812)	51,523,970 (45,534,400)	10,835,764 (7,428,949)	12,654,274 (1,439,379)	49,705,460 (51,523,970)	58,577,694 (41,605,842)	41,605,842 (45,172,002)
Office equipment	38,133,645 (34,510,282)	4,183,329 (3,623,363)	- -	42,316,974 (38,133,645)	24,924,161 (20,386,593)	7,609,386 (4,537,568)	-	32,533,547 (24,924,161)	9,783,427 (13,209,484)	13,209,484 (14,123,689)
Computers	32,423,381 (29,957,848)	3,247,414 (2,465,533)	- -	35,670,795 (32,423,381)	26,765,163 (23,555,793)	3,086,074 (3,209,370)	-	29,851,237 (26,765,163)	5,819,558 (5,658,218)	5,658,218 (6,402,055)
Total	**2,646,572,649**	**373,913,685**	**15,708,127**	**3,004,778,207**	**453,724,701**	**114,061,694**	**12,763,713**	**555,022,682**	**2,449,755,525**	**2,192,847,948**
	(2,266,345,441)	**(381,933,299)**	**(1,706,091)**	**(2,646,572,649)**	**(360,026,699)**	**(95,137,381)**	**(1,439,379)**	**(453,724,701)**	**(2,192,847,948)**	**(1,906,318,742)**

Note : Figures within brackets represent previous year figures

15. Goodwill on consolidation

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

Particulars	31 March 2017	31 March 2016
As per last balance sheet	140,402,758	140,402,758
Total	**140,402,758**	**140,402,758**

16. Long-term loans and advances

Particulars	31 March 2017	31 March 2016
Unsecured, considered good		
Capital advances	22,662,639	29,638,444
Security Deposits	112,736,661	77,711,359
Advance Income Tax (Net of provisions)	-	16,765,528
Dealers Deposit	3,808,786	1,842,236
Gratuity Advance to Staff	-	860,000
Total	**139,208,086**	**126,817,567**

17. Other Non-Current Assets

Particulars	31 March 2017	31 March 2016
Long-term trade receivables		
Unsecured considered good	41,904,940	23,367,589
Doubtful	8,660,239	4,079,805
	50,565,179	27,447,394
Less: Provision for doubtful debts	(8,660,239)	(4,079,805)
Total	**41,904,940**	**23,367,589**

18. Inventories - (Stated at lower of cost and Net relisable value)

Particulars	31 March 2017	31 March 2016
Raw Materials	582,509,038	541,563,838
Finished goods	525,322,708	320,516,438
Stock-in-trade -	1,604,232,662	1,629,150,426
Stores and spares	82,471,089	67,540,717
Total	**2,794,535,497**	**2,558,771,419**

Notes to the Consolidated Financial Statements for the year ended 31st March 2017 (Contd.,)

19. Trade receivables

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

Particulars	31 March 2017	31 March 2016
Trade receivables outstanding for a period exceeding six months from the date they are due for payment Unsecured,considered good	15,393,835	32,603,283
Trade receivables outstanding for a period not exceeding six months from the date they are due for payment Unsecured,considered good	3,107,590,575	2,777,795,222
Total	**3,122,984,410**	**2,810,398,505**

Balances in parties' accounts are subject to reconciliation on confirmation and any adjustment consequent to such reconciliation. In the opinion of the management any such adjustment would be, not material.

20. Cash and Bank balances

Particulars	31 March 2017	31 March 2016
Cash and Cash equivalents		
a) Cash on hand	15,207,154	11,864,622
b) Balances with bank		
in Current account	3,148,166	1,986,325
in Deposits account with maturity less than 3 months at inception	13,838,578	9,852,034
	32,193,898	**23,702,981**
Other bank balances		
In Escrow Account (Refer Note No : 39)	629,904,717	-
Margin Money	29,610	24,969
	629,934,327	**24,969**
Total	**662,128,225**	**23,727,950**

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.

21. Short-term loans and advances

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

Particulars	31 March 2017	31 March 2016
Unsecured considered good, unless otherwise stated:		
Advances for purchases	61,280,703	63,409,819
Staff Advance	12,984,989	10,121,609
Prepaid Expenses	6,992,214	3,742,057
Balance with Government authorities	48,073,021	37,485,627
Total	**129,330,927**	**114,759,112**

22. Other Current Assets

Particulars	31 March 2017	31 March 2016
Unsecured, considered good:		
Interest accrued on others	842,846	725,184
Discount Receivable	-	9,040
Rent receivable	46,200	14,700
Total	889,046	748,924

23. Revenue from Operations (Net)

Particulars	31 March 2017	31 March 2016
Sale of Building Products	23,101,406,134	20,359,204,692
Total	23,101,406,134	20,359,204,692

24. Other Income

Particulars	31 March 2017	31March 2016
Interest Income	2,051,541	3,269,338
Rent received	184,100	322,700
Profit on sale of asset (Net)	-	180,288
Miscellaneous income	627,241	3,435,549
Total	**2,862,882**	**7,207,875**

Notes to the Consolidated Financial Statements for the year ended 31st March 2017 (Contd.,)

25. Cost of materials consumed

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

Particulars	31 March 2017	31 March 2016
Opening stock of raw materials	541,563,838	468,037,992
Add: Purchases	10,390,258,959	8,064,048,513
	10,931,822,797	8,532,086,505
Less: Closing Stock	(582,509,038)	(541,563,838)
Total	**10,349,313,759**	**7,990,522,667**

26. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

Particulars	31 March 2017	31 March 2016
Closing stock of Finished goods	525,322,708	320,516,438
Opening stock of Finished goods	320,516,438	420,178,484
	(204,806,270)	99,662,046
Closing stock of Stock in trade	1,604,232,662	1,629,150,426
Opening stock of Stock in trade	1,629,150,426	1,359,546,153
	24,917,764	(269,604,273)
Net (Increase) / Decrease	**(179,888,506)**	**(169,942,227)**

27. Employee benefits

Particulars	31 March 2017	31 March 2016
Salaries and Wages	447,036,558	376,683,526
Contribution for:		
Employee state insurance	4,117,010	3,309,568
Provident fund	19,528,894	17,141,859
Gratuity-Employees (Refer note 34)	9,069,692	2,533,569
Staff Welfare Expenses	14,285,611	13,211,428
Total	**494,037,765**	**412,879,950**

28. Finance Costs

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

Particulars	31 March 2017	31 March 2016
Interest Expense	438,754,354	412,507,507
Other borrowing costs	58,655,327	36,355,495
Interest on Income Tax	10,090,456	11,291,727
Total	**507,500,137**	**460,154,729**

29. Other expenses

Particulars	31 March 2017	31 March 2016
Power & Fuel	133,367,397	111,395,966
Consumption of Stores & Spares	422,185,530	382,573,786
Rent (refer note 30)	91,341,073	72,696,650
Repairs to Buildings	125,971	149,455
Repairs-Others	49,749,641	60,407,599
Insurance Charges	5,229,232	6,250,504
Rates & Taxes	53,190,035	21,494,916
Travelling Expenses	27,982,645	18,659,968
Directors sitting fees	325,000	250,000
Payment to Auditors (Refer note no : 41)	3,514,096	2,530,630
Professional fees	14,285,124	9,393,558
Printing & Stationery	2,224,444	1,388,540
Communication Expenses	13,237,595	12,084,388
Advertisement & Publicity Expenses	9,252,454	5,586,880
Provision for doubtful debts/advances	4,580,433	4,079,805
Coolie Charges	76,031,278	70,537,767
Freight Charges	272,013,967	234,166,761
Commission Charges	10,324,443	7,008,180
Bad Debts written off	769,011	472,454
Loss on sale of asset (Net)	537,414	-
Drawing & Cutting Charges	11,037,468	9,129,854
Miscellaneous Expenses	68,439,927	48,720,446
Total	**1,269,744,178**	**1,078,978,107**

Notes to the Consolidated Financial Statements for the year ended 31st March 2017 (Contd.,)

30. LEASING ARRANGEMENTS

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

Operating Lease:

Where the Company is the lessee

The significant leasing arrangements entered into by the company include the following:

Building taken on operating lease with lease term between 11 and 24 months for office premises and residential accommodation for employees and which are renewable on a periodic basis by mutual consent of both parties. All the operating leases are cancellable by the Lessee for any reason by giving notice of between 1 and 3 months.

There is no restriction imposed by lease arrangements, such as those concerning dividends, additional debts.

Lease payments recognized under rent expenses in Schedule 29 is as follows:

Particulars	31 March 2017	31 March 2016
Minimum lease payment made on operating lease	**91,341,073**	**72,696,650**

31. The Company has neither any foreign currency earnings nor any foreign currency expenditure during the current year and previous year.

32. EARNING PER SHARE

Particulars	31 March 2017	31 March 2016
Basic and Diluted:		
Profit after tax	602,707,832	407,267,431
Weighted average number of shares outstanding	21,873,717	21,871,037
Basic & Diluted EPS (₹)	27.55	18.62
Face value per share (₹)	10	10



Notes to the Consolidated Financial Statements for the year ended 31st March 2017 (Contd.,)

33. Contingent Liabilities

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

Particulars	31 March 2017	31 March 2016
(i) Contingent Liabilities		
Bank Guarantee	22,000,000	3,000,000
Disputed Income tax demand	3,620,030	6,343,060
Total	**25,620,030**	**9,343,060**
(ii) Commitments		
Estimated value of capital commitments towards buildings (Net of advance)	-	3,587,200
Estimated value of capital commitments towards purchase of machinery. (Net of advance)	84,057,573	41,443,204
Total	**84,057,573**	**45,030,404**

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

34. Disclosure Pursuant to Accounting Standared 15 (Revised) Employees Benefits

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.

a) Defined Benefit plan

The Disclosure relating to defined benefit plans under AS-15:

Particulars	31 March 2017	31 March 2016
I. Table Showing Change in present Value Obligation :		
Liability at the beginning of the year	36,351,726	33,970,966
Interest Cost	2,762,000	2,650,000
Current Service Cost	5,462,000	4,414,299
Benefit Paid	(2,289,000)	(1,855,000)
Past Service Cost (Vested Benefit)	1,041,000	1,146,000
Actuarial (gain)/loss on obligations	3,085,000	(3,975,000)
Liability at the end of the year	**46,412,726**	**36,351,265**
II. Change in Fair value of Plan Assets :		
Fair Value of Plan Assets at the beginning of the year	31,972,596	24,819,596
Expected Return on Plan Assets	2,466,000	2,109,000
Contributions	4,315,000	7,183,000
Benefit Paid	(2,289,000)	(1,855,000)
Actuarial gain/(loss) on Plan Assets	921,000	(284,000)
Fair Value of Plan Assets at the end of the year	37,385,596	31,972,596
Total Actuarial Gain/(Loss) To Be Recognised	**(2,164,000)**	**3,691,000**
III. Actual Return on Plan Assets :		
Expected Return on Plan Assets	1,896,000	2,109,000
Actuarial gain/(loss) on Plan Assets	1,891,000	(284,000)
Actual Return on Plan Assets	**3,787,000**	**1,825,000**
IV. Amount Recognised in the Balance Sheet :		
Liability at the end of the year	46,412,726	36,351,265
Fair Value of Plan Assets at the end of the year	37,385,596	31,972,596
Difference	(9,027,130)	(4,378,669)
Amount Recognised in the Balance Sheet	**(9,027,130)**	**(4,378,669)**
V. Expenses Recognised in the Income Statement :		
Current Service Cost	5,462,000	4,414,299
Interest Cost	2,762,000	2,650,000
Expected Return on Plan Assets	(2,466,000)	(2,109,000)
Past Service Cost (Vested Benefit) Recognised	2,253,000	1,146,000
Actuarial (Gain) or Loss	952,000	(3,691,000)
Expense Recognised in Statement of profit and loss	**8,963,000**	**2,410,299**
VI. Balance Sheet Reconciliation		
Opening Net Liability	4,379,130	9,151,370
Expense as above	8,963,000	2,766,299
Employers Contribution	(4,315,000)	(7,183,000)
Amount Recognised in Balance Sheet	**9,027,130**	**4,734,669**
VII. Category of Assets as a percentage of total plan assets		
Insurance company	100%	100%
VIII. Assumptions :		
Discount Rate	7.60%	7.60%
Rate of Return on Plan Assets	7.80%	7.80%
Salary Escalation	7.00%	7.00%
Attrition Rate	10.00%	10.00%

Notes to the Consolidated Financial Statements for the year ended 31st March 2017 (Contd.,)

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

Experience Adjustment

Amounts for the current and previous Year are as follows:

Description	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Defined Benefit Obligation	46,412,726	36,351,265	33,970,966	12,353,097	16,915,507
Planned Asset	37,385,596	31,972,596	24,819,596	9,072,125	13,317,804
Surplus / (Deficit)	(9,027,130)	(4,378,669)	(9,151,370)	(3,280,972)	(3,597,703)
Experience Adjustment in plan liabilities	1,317,000	(3,975,000)	4,393,000	(3,039,879)	1,888,748
Experience Adjustment in plan assets	934,000	(284,000)	1,167,000	(486,964)	390,368

The disclosure of present value of defined benefit obligation, the fair value of plan are furnished for financial years commencing from the year in which Accounting Standard 15 was adopted for compliance by the company. The non-disclosure of such information for periods prior to that date has no financial impact.

Contribution to Defined Contribution Plans, recognised as an expense for the year is as under:

Particulars	31 March 2017	31 March 2016
Employer's Contribution to Provident Fund (includes pension fund)	19,528,894	17,141,859
Employer's Contribution to Employee State Insurance	4,117,010	3,309,568
Total	**23,645,904**	**20,451,427**

35. SEGMENT REPORTING

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

The Group is engaged in selling various building products to Retail and Channel & Enterprise segments. The company identifies these business segments as the primary segment as per Accounting standard 17 – Segment Reporting. 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 given. Minority interest is not part of segment liabilities.

Particulars	31 March 2017			31 March 2016		
	Retail	Channel & Enterprise*	Total	Retail	Channel & Enterprise*	Total
INCOME						
External Sale	9,807,286,000	13,294,120,134	23,101,406,134	8,077,557,517	12,281,647,175	20,359,204,692
Segment Revenue	**9,807,286,000**	**13,294,120,134**	**23,101,406,134**	**8,077,557,517**	**12,281,647,175**	**20,359,204,692**
Segment Result	**972,218,873**	**847,584,266**	**1,819,803,139**	**773,548,832**	**606,712,766**	**1,380,261,598**
Other Unallocated Items						
Finance Cost			507,500,137			460,154,729
Unallocable Corporate Expenses (Net)			387,218,174			272,510,232
Profit before tax			925,084,828			647,596,637
Tax Expense			322,248,965			240,245,852
Minority Interest			128,031			83,354
Profit after tax			602,707,832			407,267,431
OTHER INFORMATION						
Segment assets	1,726,245,164	4,894,580,597	6,620,825,760	1,467,303,907	3,929,896,093	5,397,200,000
Unallocated assets			2,860,313,654			2,594,641,772
Total Assets			**9,481,139,414**			**7,991,841,772**
Segment Liabilities	411,026,509	2,240,230,038	2,651,256,547	334,452,322	2,003,657,678	2,338,110,000
Unallocated liabilities			2,892,503,719			2,742,300,676
Total Liabilities			**5,543,760,266**			**5,080,410,676**
Capital Expenditure			373,913,685			381,933,299
Depreciation			1,14,061,694			95,137,381
Non-cash expenses other than depreciation						

*** Revenue from Channel & Enterprise segment are as follows:**

Particulars	For the year ended	
	31 March 2017	31 March 2016
Channel	5,699,067,482	5,726,714,598
Enterprise	7,595,052,652	6,554,932,577
Total	**13,294,120,134**	**12,281,647,175**

Notes to the Consolidated Financial Statements for the year ended 31st March 2017 (Contd.,)

36. Additional information, as required under Schedule III to the Companies Act, 2013

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

Particulars	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated Net assets	Amount(₹)	As % of consolidated Profit or Loss	Amount(₹)
Parent:				
Shankara Building Products Limited	71.99%	2,834,498,078	33.51%	201,944,967
Subsidiaries- Indian:				
Taurus Value Steel & Pipes Private Limited	24.03%	945,958,601	39.13%	235,848,081
Vishal Precision Steel Tubes & Strips Private Limited	3.89%	152,996,059	18.59%	112,026,993
Subsidiaries- Foreign:				
Steel Networks Holdings Pte Limited	(0.03%)	(1,317,770)	(0.10%)	(620,217)
Step down subsidiary- Indian:				
Centurywells Roofing India Private Limited (Subsidiary of Steel Networks Holdings Pte Limited)	0.15%	5,711,384	8.90%	53,636,038
Minority Interests	(0.01%)	(467,203)	(0.02%)	(128,031)
TOTAL	**100.00%**	**3,937,379,149**	**100.00%**	**602,707,832**

37. RELATED PARTY DISCLOSURES:

Information given in accordance with the requirements of Accounting Standard 18 on Related Party Disclosures:

a. List of Related Parties

Companies in which Directors are interested

(i) Shankara Meta-Steel India Private Limited
Shankara Holdings Private Limited

(ii) Key Management Personnel:
Mr. Sukumar Srinivas (Managing Director)
Mr. C.Ravikumar (Whole time Director)
Mr. R.S.V.Sivaprasad (Whole time Director)
Mr. Alex Varghese (Chief Financial Officer)
Ms. Ereena Vikram (Company Secretary) (From 08.09.2016)

(iii) Enterprise which are able to exercise significant Influence:
Fairwinds Trustee Services Pvt. Ltd. (Till 31.03.2017)

b. Aggregate Transactions with related parties disclosure:

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

Nature of Transaction	31 March 2017	31 March 2016
Transactions during the year		
Remuneration to Key Managerial Personnel		
a. Managing Director	11,222,400	9,757,440
b. Whole time Director	8,848,192	7,810,880
c. Chief financial officer	1,848,189	1,628,674
d. Company Secretary	269,876	-
IPO expenses incurred by the company andrecovered subsequently (Refer note 39(b) from:		
Mr. Sukumar Srinivas	22,515,007	-
Fairwinds Trustee Services Private Limited	157,376,770	-
Amount (Payable)/Receivable		
Due from Director	1,263,855	1,984,977

Note: The information is based on the name of parties as identified and certified by the management which has been relied upon by auditors.

Notes to the Consolidated Financial Statements for the year ended 31st March 2017 (Contd.,)

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

38. Details of Consumption and Purchases

(a) Details of Raw Materials/Packing materials consumed

Particulars	31 March 2017	31 March 2016
Materials		
Coils	10,349,313,759	7,990,522,667
Total	**10,349,313,759**	**7,990,522,667**

(b) Purchases of Traded goods

Particulars	31 March 2017	31 March 2016
Building Products	9,624,415,161	9,851,085,323
Total	**9,624,415,161**	**9,851,085,323**

39. (a) During the year ended March 31, 2017, pursuant to Initial Public Offering ('IPO'), 75,00,029 equity shares of ₹ 10 each were allotted to public 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 was in an Escrow Account as at March 31, 2017 and was transferred to the account of the company in April 2017. The details of which is as under:

Particulars	Amount in (₹)
Gross Proceeds from IPO	450,012,940
Less: Share Issue Expenses	26,984,539
Net Proceeds from IPO	423,028,401

The shares have been listed at BSE and NSE on 5th April 2017. Since the net proceeds from IPO had not been received as on 31st March 2017, the question of disclosure of utilisation of proceeds does not arise.

b) Amount utilised for share issue expenses primarily 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 share issue expenses, expenses aggregating to ₹ 2,69,84,539 have been adjusted towards the securities premium reserve and expenses aggregating to ₹ 17,98,91,777 have been recovered from the selling shareholders and is in the Escrow A/c as at 31st March 2017. The recovery of expenses is in the proportion of shares offered for sale by the selling shareholders to total shares offered for IPO for all expenses.

40. Disclosure on Specified Bank Notes :

The Details of Specified Bank Notes & Other Denomination Notes for the period from November 08, 2016 to December 30, 2016, as required by the MCA Notification No : GSR 308(E) dt 31.03.2017, are given below

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	40,261,734	4,578,149	44,839,883
Add : Permitted receipts	-	217,650,357	217,650,357
Less : Permitted payments	581,000	74,385,735	74,966,735
Less : Other payments	12,790,234	-	12,790,234
Less : Amount deposited in Banks	26,890,500	132,064,215	158,954,715
Closing cash in hand as on 30.12.2016	-	**15,778,556**	**15,778,556**

For the purpose of this dislosure, the term Specified Bank Notes shall have the same meaning provided in the notification of the Government of India in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E) dated November 08 2016.

41. Payment to Auditors (Excluding Service Tax)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
a) For Statutory Audit	2,670,050	2,013,623
b) For Tax Audit	470,000	400,000
c) For Other Services*	63,225	21,692
d) Out of Pocket Expenses*	310,821	95,315
Total	**3,514,096**	**2,530,630**

* Excludes of ₹ 68,20,000 (previous year Nil) 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.39

42. CIF Value of imports - Nil (PY - Nil).

43. Previous year figures have been regrouped wherever considered necessary

As per our report attached of even date

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

S Sundararaman
Partner
Membership No: 028423

Place: Bengaluru
Date: May 05,2017

For and on behalf of the Board

Sukumar Srinivas
Managing Director
DIN: 01668064

Chandu Nair
Director
DIN: 00259276

Ereena Vikram
Company Secretary

Alex Varghese
Chief Financial Officer

Place: Bengaluru
Date: May 05,2017



STANDALONE AUDIT REPORT & FINANCIALS 2016 - 2017



Shankara
Building Products Ltd.

TO THE MEMBERS OF SHANKARA BUILDING PRODUCTS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Shankara Building Products Limited, (formerly Shankara Infrastructure Materials Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 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 financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone 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 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, its profit and its cash flows 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 the "Anneure 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 informtion and explanations which to the best of our knowledge and belief were necesary 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;

e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the 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 accorance 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 financial statements – Refer Note 22 on Contingent Liabilities;

(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.

(iv) The company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of account maintained by the company and as produced to us by the Management (Refer Note No.30 to the financial statements);

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

S. Sundararaman
Partner
Membership No.028423

Bengaluru
May 5 2017

[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, (formerly known as Shankara Infrastructure Materials Limited Bengaluru on the standalone financial statements for the year ended 31st March 2017]

(i) (a) The Company is in the process of updating its fixed asset register showing full particulars, including quantitative details and situationof 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 the company has not granted/made any loans, investments, guarantees and securities during the year attracting 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) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under sub-section (1) of Section 148 of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(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, customs duty, excise duty, cess and any other material statutory dues applicable to it.

According to the information and explantions 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, 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) The company has made an initial public offer during the year. As explained in Note no. 33 of financial statements, the net proceeds in respect of shares issued in Initial public offer had not been received as on 31st March 2017 and hence the question of utilisation of money raised by way of initial public issue offer does not arise.
In our opinion and according to the information and explanations given to us, the Company has utilized the term loans for the purposes for which they were obtained

(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 requsite 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. Sundararaman
Partner
Membership No.028423

Bengaluru
May 5, 2017

[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 March 31, 2017]

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 (formerly Shankara Infrastructure Materials Limited) ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("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, 2017, 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

Bengaluru
May 5, 2017



Standalone Balance Sheet As At 31st March 2017

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

Particulars	Note No.	31 March 2017	31 March 2016
Equity and Liabilities			
Shareholders' funds			
(a) Share Capital	3	228,493,260	218,710,370
(b) Reserves and Surplus	4	2,667,470,858	2,047,356,120
Non-current liabilities			
(a) Long-term borrowings	5	45,817,224	-
(b) Deferred tax liabilities (Net)	6	28,200,000	260,860,38
(c) Other Long term liabilities	7	150,000	150,000
(d) Long-term provisions	8	1,000,000	1,000,000
Current liabilities			
(a) Short-term borrowings	9	1,497,864,773	1,433,996,666
(b) Trade Payables	10		
Total outstanding dues to Micro and Small Enterprises		-	-
Total outstanding dues of creditors other than Micro and Small Enterprises		2,157,444,573	2,024,267,955
(c) Other current liabilities	11	189,810,492	114,654,865
(d) Short-term provisions	12	99,803,328	47,689,665
Total		**6,916,054,508**	**5,913,911,679**
Assets			
Non-current assets			
(a) Fixed Assets			
Tangible Assets	13	1,001,920,007	921,938,686
(b) Non-Current Investments	14	380,101,000	380,101,000
(c) Long-term loans and advances	15	580,068,939	554,603,245
(d) Other Non-Current Assets	16	41,904,940	23,367,589
Current assets			
(a) Inventories	17	1,621,180,377	1,641,416,307
(b) Trade receivables	18	2,609,039,183	2,356,195,190
(c) Cash and Bank balances	19	645,804,828	11,744,591
(d) Short-term loans and advances	20	35,574,778	24,135,413
(e) Other Current Assets	21	460,456	409,658
Total		**6,916,054,508**	**5,913,911,679**
Significant Accounting Policies and Notes to Accounts	1 to 39		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

S Sundararaman
Partner
Membership No: 028423

Place: Bengaluru
Date: May 05,2017

For and on behalf of the Board

Sukumar Srinivas
Managing Director
DIN: 01668064

Chandu Nair
Director
DIN: 00259276

Ereena Vikram
Company Secretary

Alex Varghese
Chief Financial Officer

Place: Bengaluru
Date: May 05,2017

Standalone Statement Of Profit And Loss For The Year Ended 31st March 2017

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

Particulars	Note No.	31 March 2017	31 March 2016
Income			
Revenue from operations	23	19,760,367,031	17,742,497,108
Other income	24	5,314,819	8,159,467
Total Revenue		**19,765,681,850**	**17,750,656,575**
Expenses:			
Cost of materials consumed		-	140,000
Purchases of Stock-in-Trade		18,447,662,583	16,958,576,018
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	25	19,635,930	(274,295,590)
Employee benefits expense	26	253,243,984	226,045,649
Finance costs	27	292,377,882	291,083,926
Depreciation and amortization expense	13	40,247,986	32,558,463
Other expenses	28	386,241,284	330,986,566
Total expenses		**19,439,409,649**	**17,565,095,032**
Profit before tax (I-II)		**326,272,201**	**185,561,543**
Tax expense:			
Current tax			
Pertaining to profits for the current period		114,700,000	65,375,000
Adjustment of tax relating to earlier periods		2,589,012	2,230,233
Deferred tax		2,113,962	9,809,745
Profit after tax (III-IV)		**206,869,227**	**108,146,565**
Earnings per equity share [Face value ₹ 10 per share]			
Basic and Diluted	31	9.46	4.94
Significant Accounting Policies and Notes to Accounts	1 to 39		

The accompanying notes are an intgral part of the financial statments

As per our report of even date attached
For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 103523W / W100048

S Sundararaman
Partner
Membership No: 028423

Place: Bengaluru
Date: May 05,2017

For and on behalf of the Board

Sukumar Srinivas
Managing Director
DIN: 01668064

Chandu Nair
Director
DIN: 00259276

Ereena Vikram
Company Secretary

Alex Varghese
Chief Financial Officer

Place: Bengaluru
Date: May 05,2017

Standalone Statement of Cash flow For The Year Ended 31st March 2017

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

Particulars	31 March 2017	31 March 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	326,272,201	185,561,543
Add Back:		
Depreciation on Fixed Assets	40,247,986	32,558,463
Loss on sale of Fixed Assets (Net)	99,085	-
Provision for Doubtful Debts	4,580,433	4,079,805
Bad Debts Written off	763,099	413,928
Interest Expense	287,071,613	288,316,441
	659,034,417	510,930,180
Deduct:		
Profit on sale of Fixed Assets (Net)		180,288
Interest Income	178,627	1,138,401
CASH GENERATED BEFORE WORKING CAPITAL CHANGES	658,855,790	509,611,491
(Increase) / Decrease in Inventory	20,235,930	(274,155,589)
(Increase) / Decrease in Trade receivables	(252,843,993)	(120,887,642)
(Increase) / Decrease in Loans & Advances and other receivables	(60,841,381)	51,149,549
Increase/ (Decrease) in Trade payables	133,176,618	945,216,260
Increase/ (Decrease) in Provisions and other payables	144,762,446	53,612,908
CASH GENERATED/ (USED) IN OPERATIONS	643,345,409	1,164,546,976
Income tax Paid	(157,579,347)	(60,330,838)
NET CASH USED IN OPERATING ACTIVITIES	485,766,062	1,104,216,138
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(124,287,156)	(115,806,504)
Sale Proceeds from Fixed Assets	3,958,764	447,000
Interest Income	178,627	1,456,309
NET CASH FLOW USED IN INVESTING ACTIVITIES	(120,149,765)	(113,903,195)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Shares including securities premium	450,012,940	-
Share Issue expenses (Refer Note no : 33)	(26,984,539)	-
Amount in Escrow Account (Refer Note No.33a & b)	(629,904,717)	-
Proceeds from Long Term Loans	112,683,127	-
Repayment of Long Term Loans	(49,233,663)	(39,415,366)
(Repayment of) Proceeds from Working Capital Loan (Net)	63,868,107	(610,356,076)
Interest Expense	(275,189,532)	(289,452,017)
Dividend Paid (Including Dividend Distribution Tax)	(6,717,142)	(59,155,616)
NET CASH FLOW USED IN FINANCING ACTIVITIES	(361,465,419)	(998,379,075)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	4,150,879	(8,066,132)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,739,354	19,805,485
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (Refer Note No : 19)	15,890,233	11,739,354
Significant accounting Policies and notes to accounts - Note 1 to 39		

Cash and cash equivalents in the balance sheet comprise of cash at bank and in hand and short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

S Sundararaman
Partner
Membership No: 028423
Place: Bengaluru
Date: May 05,2017

For and on behalf of the Board

Sukumar Srinivas
Managing Director
DIN: 01668064

Chandu Nair
Director
DIN: 00259276

Ereena Vikram
Company Secretary

Alex Varghese
Chief Financial Officer

Place: Bengaluru
Date: May 05,2017

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 have been listed with BSE & NSE consequent to a public offer of shares during the year by the company, alongwith the offer for sale by Promoters and Investor Shareholder."

2 SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING

"These financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the Accounting Standards ('AS') prescribed in Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016 and other pronouncements of the Institute of Chartered Accountants of India (ICAI), the relevant provisions of the Companies Act, 2013. These financial statements are prepared and presented in Indian Rupees and rounded-off to the nearest rupee.

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."

B. USE OF ESTIMATES

The preparation of financial statements in conformity with Generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosures relating to contingent liabilities and assets as at the balance sheet date and the reported amounts of income and expenses during the year. Although these estimates are based on the management's best knowledge of current events & actions, uncertainity about these assumptions & estimates could result in the outcome requiring a material adjustment to the carrying value of assets & liabilities in future periods. Examples of such estimates include provision for doubtful debts, employees retirement benefit plan, provision for income and other taxes, useful life of fixed assets etc. Actual results could differ from the estimates made. Any revision to accounting estimates is recognized prospectively in current and future periods.

C. TANGIBLE FIXED ASSETS & DEPRECIATION

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price (net of Cenvat credit availed), borrowing costs if capitalization criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal

NOTES TO THE FINANCIAL STATEMENTS

proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is de-recognized.

Depreciation on Tangible Assets is provided on Straight Line Method ('SLM') adopting the useful lives prescribed under Part C of Schedule II to the Companies Act, 2013. Management has re-assessed the useful lives of the fixed assets 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 fixed assets.

In respect of additions to Fixed Assets, depreciation has been charged on pro rata basis. Individual assets costing less than ₹5,000/- are depreciated fully during the year of purchase.

D. IMPAIRMENT OF ASSET

The carrying amounts of assets are reviewed to see if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital after impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognized impairment loss is increased or decreased based on reassessment of recoverable amount, which is carried out if the change is significant. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

E. LEASES

Where the company is lessor
The Company has leased certain tangible assets and such leases where the Company has substantially retained all the risks and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss on a straight line basis over the lease term which is representative of the time pattern in which benefit derived from the use of the leased asset is diminished.

Where the company is lessee
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. 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.

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.

F. REVENUE RECOGNITION

a) Sales revenues are accounted on delivery of goods. Delivery is reckoned on the handing over of the goods to the transporter, who as custom of trade acts as an agent of customer.

b) Other Income is recognized on accrual basis with due consideration for significant uncertainty, if any, in the realization of such income; Interest Income is recognized on Time proportion basis.

G. INVENTORIES

a) Inventories are valued at lower of cost determined on FIFO basis and net realizable value. Cost comprises of purchase price, freight, other attributable cost, applicable taxes not eligible for credit, less rebates and discounts. 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.

b) Stores & Spares which doesn't meet the definition of Property, Plant & Equipments are accounted as Inventories

c) All items of Stock which are considered to be damaged, unmarketable or unserviceable and have become otherwise obsolete are valued at the estimated net realizable value.

H. INVESTMENTS

Investments that are readily realizable and intended to be held for not more than a year are classified as current investment. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on individual investment basis. Long term investments are carried at cost, less provision for diminution (other than temporary) in value.

On disposal of Investments, the difference between its carrying amount and Net proceeds is charged/ credited to the statement of profit and loss.

I. EMPLOYEE BENEFITS

a) The liability for gratuity, considered as defined benefit is determined on the basis of actuarial valuation at the end of the year using projected unit credit method. Actuarial gains and losses which comprise experience adjustments and effect of change in actuarial assumptions are recognized in the statement of profit and loss.

b) In respect of defined contribution plan the company makes the stipulated contributions in respect of employees to the respective authorities under which the liability of the company is limited to the extent of the contribution.

c) Liabilities in respect of compensated absences are provided for in the year in which such benefit accrues net of encashment made.

J. INCOME TAX

a) Taxes on Income for the current year is determined on the basis of taxable income and after considering the various deductions available under the Income Tax Act, 1961

b) Deferred Tax Asset/Liability resulting from timing differences between the book profits and Income for tax purpose is accounted for at the appropriate tax rate. Deferred tax asset are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of the respective carrying amount at each balance sheet date. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

K. THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATE

Foreign currency transactions are recorded at the rate prevalent on the date of transactions. Monetary Assets and liabilities denominated in foreign currency are stated at closing rates at the year end and the resultant differences are recognized in the statement of Profit and Loss.

L. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are

NOTES TO THE FINANCIAL STATEMENTS

disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

M. EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes if any) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares (if any) are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and consolidation of shares if any. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

N. BORROWING COSTS

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as part of the asset up to the date when such asset is ready for its intended use. Other borrowing costs are charged to the statement of profit and loss.

O. GOVERNMENT GRANTS AND SUBSIDIES

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant / subsidy will be received and all attached conditions will be complied with. Grants related to specific fixed assets are presented in the Balance Sheet by showing such grant as deduction from the fixed asset concerned. Grants received with reference to total investment in an undertaking are credited to capital reserve.

P. SEGMENT REPORTING

i. The company identifies business segment as the primary segment as per AS-17. Under the primary segment, there are two reportable segments viz., (1) Retail and (2) Channel & Enterprise. These are identified considering the nature of the products, the differing risks and returns and their contribution to company's sales and revenue profits. The valuation of inter segment transfers are based on the comparable market prices of the Transferring segment.
ii. The company caters mainly to the needs of the domestic market and thus there are no reportable geographical segments.
iii. Costs are allocated to the respective segment based upon the actual incidence of respective cost. Unallocated items include general corporate income and expenses.
iv. The company prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the company as a whole.
v. The company presents segment information only in the consolidated financial statements.

Q. 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.

3. SHARE CAPITAL

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

Particulars	As at 31 March 2017		As at 31 March 2016	
	Numbers	Amount (₹)	Numbers	Amount (₹)
Authorised Equity shares of ₹10/- each	25,000,000	250,000,000	25,000,000	250,000,000
Issued & Subscribed & Paid up Equity shares of ₹10/- each, fully paid	22,849,326	228,493,260	21,871,037	218,710,370
Total	**22,849,326**	**228,493,260**	**21,871,037**	**218,710,370**

3a. Reconciliation of share capital

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

Particulars	Equity Shares		Equity Shares	
	As at 31 March 2017		As at 31 March 2016	
	Numbers	Amount (₹)	Numbers	Amount (₹)
Balance as at the beginning of the year	21,871,037	218,710,370	21,871,037	218,710,370
Add: Shares issued on initial public offering (Refer Note No. 3b & 33)	978,289	9,782,890	-	-
Balance as at the end of the year	22,849,326	228,493,260	21,871,037	218,710,370

3b. 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

The equity shares of the Company were listed on Bombay Stock Exchange and National Stock Exchange with effect from April 5, 2017.

3c. 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. 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.

3d. Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of Share holder	As at 31 March 2017		As at 31 March 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr. Sukumar Srinivas	12,519,998	54.79%	13,436,250	61.43%
Fairwinds Trustee Services Private Limited	1,640,962	7.18%	7,607,317	34.78%

3e. 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 allotted by the company as fully paid up by way of bonus shares-NIL
-Aggregate number & class of shares bought back by the company-NIL

3f. The Board of Directors, in its meeting on May 05, 2017, has proposed a final dividend of ₹ 2.75 per equity share for the financial year ended March 31, 2017. 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 ₹ 7.60 Crores (PY - ₹ 3.95 Crores) including Dividend Distribution Tax.



NOTES TO THE FINANCIAL STATEMENTS Contd.,

4. RESERVES & SURPLUS

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

Particulars	31 March 2017	31 March 2016
Capital Reserves		
As per last Balance Sheet	1,861,710	1,861,710
	1,861,710	**1,861,710**
Securities Premium Reserve		
At the beginning of the year	703,728,892	703,728,892
Add: Additions made on issue of equity shares (IPO) (Refer Note 3b)	440,230,050	-
Less : Amount utilised for Share Issure expenses(Refer Note No 33)	(26,984,539)	-
At the end of the year	1,116,974,403	703,728,892
General Reserve		
As per last Balance Sheet	12,357,598	12,357,598
	12,357,598	**12,357,598**
Surplus in the Statement of Profit or Loss		
Opening balance	1,329,407,920	1,260,785,053
(+) Net Profit for the year	206,869,227	108,146,565
(-) Interim Dividends	-	(32,806,556)
(-) Dividends Distribution tax	-	(6,717,142)
Closing Balance	**1,536,277,147**	**1,329,407,920**
Total	**2,667,470,858**	**2,047,356,120**

5. LONG TERM BORROWINGS

Particulars	31 March 2017	31 March 2016
Term Loans - Secured		
From Banks (Also refer Note : 11)	45,817,224	-
a) The balance amount outstanding ₹ 7,50,00,000 repayable in 27 monthly installments along with interest of 10.50% p.a b) The balance amount outstanding ₹ 73,93,919 repayable in 26 monthly installments along with interest of 9.65% p.a c) First pari passu floating charges on the existing and Fixed asset belonging to thecompany and corporate guarantee of Subsidiary Companies		
Total	**45,817,224**	**-**

NOTES TO THE FINANCIAL STATEMENTS Contd.,

6. DEFERRED TAX LIABILITIES (NET)

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

The break up of deferred tax assets and deferred tax liabilities are as given below:

Particulars	31 March 2017	31 March 2016
Deferred Tax Liability:		
On account of depreciation	33,000,000	28,080,149
Deferred Tax Asset:		
On account of disallowance under Section 43B	(4,800,000)	(1,994,111)
Net Deferred Tax Liability	28,200,000	26,086,038

Deferred tax assets and liabilities have been offset as they relate to the same governing taxation law.

7. OTHER LONG TERM LIABILITIES

Particulars	31 March 2017	31 March 2016
Rental Deposits	150,000	150,000
Total	**150,000**	**150,000**

8. LONG TERM PROVISIONS

Particulars	31 March 2017	31 March 2016
Provision for employee benefits		
Provision for Gratuity (Employee not covered by the Gratuity fund)	1,000,000	1,000,000
Total	**1,000,000**	**1,000,000**

9. SHORT TERM BORROWINGS

Particulars	31 March 2017	31 March 2016
Secured		
Working Capital Loan repayable on demand from Banks with interest of 8.80% to 14.5% p.a [First pari passu floating charge on the existing and future current assets belonging to the company and guaranteed by Managing director]	1,497,864,773	1,433,996,666
Total	**1,497,864,773**	**1,433,996,666**

10. TRADE PAYABLES

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

Particulars	31 March 2017	31 March 2016
Total outstanding dues to Micro and Small Enterprises*	-	-
Total outstanding dues of Creditors Other than Micro and Small Enterprises#	2,157,444,573	2,024,267,955
Total**	**2,157,444,573**	**2,024,267,955**

*The Company has sought confirmation from parties of their status under the Micro, Small & Medium enterprise development Act, 2006 (MSMED). Based on the details available and confirmations received from the parties classification under the said Act has been made and disclosure have been made accordingly.

**Balances in parties' accounts are subject to reconciliation/confirmation and adjustment consequent to such reconciliation if any. In the opinion of the management any such adjustment would be not material.

Includes payable to group companies amounting to ₹69,32,17,308 (PY - ₹30,73,64,775)

11. OTHER CURRENT LIABILITIES

Particulars	31 March 2017	31 March 2016
Current Maturities of Long Term debts (Refer Note 5)	36,576,695	18,944,455
Interest payable	12,308,491	426,410
Employee Benefits payable	30,033,011	28,210,458
Statutory dues	34,672,941	27,249,672
Advances received from customers	32,847,038	28,169,315
Other expenses payable	43,362,566	11,654,555
Unpaid Dividend	9,750	-
Total	**189,810,492**	**114,654,865**

12. SHORT TERM PROVISIONS

Particulars	31 March 2017	31 March 2016
Provision for employee benefits		
Provision for Gratuity (Refer note 26 a)	3,555,475	-
Provision for compensated absences	580,592	682,188
Dividend distribution tax	-	67,17,142
Provision for Income tax (Net of taxes paid) *	9,56,67,261	4,02,90,335
Total	**99,803,328**	**47,689,665**

* The above includes ₹ 35,57,270/- paid/adjusted towards disputed tax demands. The disputes are before appellate authorities and the management based on nature of dispute and legal counsel is of the view that no provision is necessary as at present.

NOTES TO THE FINANCIAL STATEMENTS Contd.,

FIXED ASSETS

13. TANGIBLE ASSETS

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

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 April 2016	Additions	Disposals	Balance as at 31 March 2017	Balance as at 1 April 2016	Depreciation for the year	On disposals	Balance as at 31 March 2017	Balance as at 31 March 2017	Balance as at 31 March 2016
Freehold Land	462,190,074	4,384,675		466,574,749	-	-	-	-	466,574,749	462,190,074
	(428,741,033)	(33,449,041)		(462,190,074)	-	-	-	-	(462,190,074)	(428,741,033)
Building under lease (operating lease)	2,619,400	-	-	2,619,400	606,996	41,771	-	648,767	1,970,633	2,012,404
	(2,619,400)	-	-	(2,619,400)	(565,225)	(41,771)	-	(606,996)	(2,012,404)	(2,054,175)
Buildings - others	315,143,065	55,577,116	-	370,720,181	16,334,364	6,569,036	-	22,903,400	347,816,781	298,808,701
	(260,732,556)	(54,410,509)	-	(315,143,065)	(11,789,712)	(4,544,652)	-	(16,334,364)	(298,808,701)	(248,942,844)
Plant and Equipment	26,065,997	5,767,811	2,276,764	29,557,044	4,344,537	1,821,402	583,096	5,582,843	23,974,201	21,721,460
	(22,236,642)	(3,829,355)	-	(26,065,997)	(2,814,620)	(1,529,917)	-	(4,344,537)	(21,721,460)	(19,422,022)
Furniture and Fixtures	130,302,063	25,197,031	-	155,499,094	46,191,575	12,966,350	-	59,157,925	96,341,169	84,110,488
	(113,554,001)	(16,748,062)	-	(130,302,063)	(32,950,396)	(13,241,179)	-	(46,191,575)	(84,110,488)	(80,603,605)
Vehicles	86,260,638	26,835,442	14,660,042	98,436,038	49,472,923	9,716,060	12,295,861	46,893,122	51,542,916	36,787,715
	(85,792,511)	(2,174,218)	(1,706,091)	(86,260,638)	(44,161,175)	(6,751,127)	(1,439,379)	(49,472,923)	(36,787,715)	(41,631,336)
Office equipment	32,827,051	3,804,835	-	36,631,886	21,525,017	6,486,992		28,012,009	8,619,877	11,302,034
	(29,652,716)	(3,174,335)	-	(32,827,051)	(17,617,389)	(3,907,628)		(21,525,017)	(11,302,034)	12,035,327
Computers	24,198,884	2,720,246	-	26,919,130	19,193,074	2,646,375	-	21,839,449	5,079,681	5,005,810
	(22,177,900)	(2,020,984)	-	(24,198,884)	(16,650,885)	(2,542,189)	-	(19,193,074)	(5,005,810)	(5,527,015)
Total	**1,079,607,172**	**124,287,156**	**16,936,806**	**1,186,957,522**	**157,668,486**	**40,247,986**	**12,878,957**	**185,037,515**	**1,001,920,007**	**921,938,686**
Previous Year	(965,506,759)	(115,806,504)	(1,706,091)	(1,079,607,172)	(126,549,402)	(32,558,463)	(1,439,379)	(157,668,486)	(921,938,686)	(838,957,357)

Note : Figures within brackets represent previous year figures

14. NON - CURRENT INVESTMENTS

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

Particulars	31 March 2017	31 March 2016
Unquoted (valued at cost)		
Investment in Equity instruments		
Vishal Precision Steel Tubes and Strips Private Limited	132,500,000	132,500,000
Taurus Value Steel & Pipes Private Limited	150,101,000	150,101,000
Steel Network (Holdings) Pte ltd	97,500,000	97,500,000
Total	**380,101,000**	**380,101,000**

Particulars	31st March 2017	31st March 2016
Aggregate amount of unquoted investments	380,101,000	380,101,000

14a	Details of Investments										
Sr. No.	Name of the Body Corporate	Relationship	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (Rs)		Whether stated at Cost Yes / No
			31.03.2017	31.03.2016			31.03.2017	31.03.2016	31.03.2017	31.03.2016	
1	Investment in Equity Instruments of Vishal Precision Steel Tubes and Strips Private Limited	Subsidiary	349,600	349,600	Unquoted	Fully paid	99.89%	99.89%	132,500,000	132,500,000	Yes
2	Investment in Equity Instruments of Taurus Value Steel & Pipes Pvt ltd	Subsidiary	1,510,100	1,510,100	Unquoted	Fully paid	100.00%	100.00%	150,101,000	150,101,000	Yes
3	Investment in Equity Instruments of Steel Network (Holdings) Pte ltd	Subsidiary	2,000,000	2,000,000	Unquoted	Fully paid	100.00%	100.00%	97,500,000	97,500,000	Yes
	Total								**380,101,000**	**380,101,000**	

NOTES TO THE FINANCIAL STATEMENTS Contd.,

15. LONG TERM LOANS AND ADVANCES

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

Particulars	31 March 2017	31 March 2016
Unsecured, considered good		
Capital advances	3,862,441	6,375,102
Security Deposits	73,024,218	46,152,413
Loan receivable from Subsidiary	500,000,000	500,000,000
Dealers Deposit	3,182,280	1,215,730
Gratuity Advance to Staff	-	860,000
Total	**580,068,939**	**554,603,245**

16. OTHER NON CURRENT ASSETS

Particulars	31 March 2017	31 March 2016
Long-term trade receivables		
Unsecured considered good	41,904,940	23,367,589
Doubtful	8,660,239	4,079,805
	50,565,179	27,447,394
Less: Provision for doubtful debts	8,660,239	4,079,805
Total	**41,904,940**	**23,367,589**

17. INVENTORIES

Particulars	31 March 2017	31 March 2016
Stock-in-trade *	1,619,415,596	1,639,051,526
Stores and spares	1,764,781	2,364,781
Total	**1,621,180,377**	**1,641,416,307**

* Includes Stock in transit ₹ 5,14,39,660 (P.Y.₹.4,82,16,968)

18. TRADE RECEIVABLES

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

Particulars	31 March 2017	31 March 2016
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured,considered good	7,250,879	28,553,826
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured,considered good	2,601,788,304	2,327,641,364
Total	**2,609,039,183**	**2,356,195,190**

Balances in parties' accounts are subjected to reconciliation on confirmation and any adjustment consequent to such reconciliation. In the opinion of the management any such adjustment would be not material

19. CASH & BANK BALANCES

Particulars	31 March 2017	31 March 2016
Cash and Cash equivalents		
Cash on hand	13,232,673	10,210,336
Balances with Banks		
In Current Account	2,657,560	1,529,018
Sub total	15,890,233	11,739,354
Other bank balances		
Balance in Escrow Account (Refer Note No : 33)	629,904,717	-
Margin Money	9,878	5,237
Total	**645,804,828**	**11,744,591**

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.

20. SHORT TERM LOANS & ADVANCES

Particulars	31 March 2017	31 March 2016
Unsecured considered good, unless otherwise stated:		
Advances for purchases	17,864,985	9,138,960
Staff Advance	10,052,384	8,108,488
Prepaid Expenses	2,141,474	1,793,228
Balance with Government authorities	5,515,935	5,094,737
Total	**35,574,778**	**24,135,413**



NOTES TO THE FINANCIAL STATEMENTS Contd.,

21. OTHER CURRENT ASSETS

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

Particulars	31 March 2017	31 March 2016
Unsecured, considered good:		
Trade Discount receivable	-	9,040
Rent receivable	460,456	400,618
Total	**460,456**	**409,658**

22. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	31 March 2017	31 March 2016
(i) Contingent Liabilities		
Corporate Guarantee given for Subsidiary Company	2,006,800,000	1,547,400,000
Bank Guarantee	22,000,000	3,000,000
Disputed Income tax demand	3,620,030	6,343,060
	2,032,420,030	**1,556,743,060**
(ii) Commitments		
Estimated value of capital commitments towards buildings (Net of advance)	-	1,535,000
	-	**1,535,000**
Total	**2,032,420,030**	**1,558,278,060**

23. REVENUE FROM OPERATIONS

Particulars	31 March 2017	31 March 2016
Sale of Building Products	19,760,367,031	17,742,497,108
Total	19,760,367,031	17,742,497,108

NOTES TO THE FINANCIAL STATEMENTS Contd.,

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

24. OTHER INCOME

Particulars	31 March 2017	31 March 2016
Interest Income	178,627	1,138,401
Rent received (Net)*	4,549,350	3,802,700
Profit on sale of asset (Net)	-	180,288
Miscellaneous income	586,842	3,038,078
Total	**5,314,819**	**8,159,467**

* Where the Company is the lessor

The Company has given building on operating leases. These lease arrangements are for a period of 11 months and includes only cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

25. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

Particulars	31 March 2017	31 March 2016
Closing stock of Finished goods	-	-
Opening stock of Finished goods	-	456,171
	-	456,171
Closing stock of Stock in trade	1,619,415,596	1,639,051,526
Opening stock of Stock in trade	1,639,051,526	1,364,299,765
	19,635,930	(274,751,761)
Total	**19,635,930**	**(274,295,590)**

26. EMPLOYEE BENEFITS EXPENSES

Particulars	31 March 2017	31 March 2016
Salaries and Wages	226,783,746	205,876,076
Contribution for:		
Employee state insurance	2,595,184	2,316,698
Provident fund	13,002,078	11,739,361
Gratuity-Employees (Refer note 26.A.)	4,127,000	-
Staff Welfare Expenses	6,735,976	6,113,514
Total	**253,243,984**	**226,045,649**

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

26. A. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 15 (REVISED) EMPLOYEE BENIFITS

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.

The Disclosure relating to defined benefit plans under AS-15:

Particulars	31 March 2017	31 March 2016
I. Table Showing Change in present Value Obligation :		
Liability at the beginning of the year	24,132,619	24,435,619
Interest Cost	1,834,000	1,906,000
Current Service Cost	3,340,000	2,861,000
Benefit Paid	(1,925,000)	(1,363,000)
Past Service Cost (Vested Benefit)	767,000	57,000
Actuarial (gain)/loss on obligations	764,000	(3,764,000)
Liability at the end of the year	**28,912,619**	**24,132,619**
II. Change in Fair value of Plan Assets :		
Fair Value of Plan Assets at the beginning of the year	24,528,950	19,954,950
Expected Return on Plan Assets	1,824,000	1,654,000
Contributions	170,000	4,521,000
Benefit Paid	(1,925,000)	(1,363,000)
Actuarial gain/(loss) on Plan Assets	754,000	(238,000)
Fair Value of Plan Assets at the end of the year	25,351,950	24,528,950
Total Actuarial Gain/(Loss) To Be Recognised	(10,000)	3,526,000
III. Actual Return on Plan Assets :	-	-
Expected Return on Plan Assets	1,824,000	1,654,000
Actuarial gain/(loss) on Plan Assets	754,000	(238,000)
Actual Return on Plan Assets	2,578,000	1,416,000
IV. Amount Recognised in the Balance Sheet :		
Liability at the end of the year	28,912,619	24,132,619
Fair Value of Plan Assets at the end of the year	25,351,950	24,528,950
Amount Recognised in the Balance Sheet	3,560,669	
V. Expenses Recognised in the Income Statement :		
Current Service Cost	3,340,000	2,861,000
Interest Cost	1,834,000	1,906,000
Expected Return on Plan Assets	(1,824,000)	(1,654,000)
Past Service Cost (Vested Benefit) Recognised	767,000	57,000
Actuarial (Gain) or Loss	10,000	(3,526,000)
Expense Recognised in P& L	4,127,000	-
VI. Balance Sheet Reconciliation		
Opening Net Liability		4,480,669
Expense as above	4,127,000	-
Employers Contribution	(170,000)	(4,521,000)
Amount Recognised in Balance Sheet	3,560,669	-
VII Category of Assets as a percentage of total plan assets		
Insurance company	100%	100%
VIII. Assumptions :		
Discount Rate	7.00%	7.60%
Rate of Return on Plan Assets	7.60%	7.80%
Salary Escalation	7.00%	7.00%
Attrition Rate	10.00%	10.00%

NOTES TO THE FINANCIAL STATEMENTS Contd.,

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

EXPERIENCE ADJUSTMENT

Amount for the current period and previous years are as follows:-

Particulars	31 March 2017	31 March 2016	31 March 2015	31 March 2014*	31 March 2013*
Defined Benefit Obligation	28,912,619	24,132,619	24,435,619	18,071,619	16,915,507
Fair Value of Plan Assets	25,351,950	24,528,950	19,954,950	16,754,950	13,317,804
Surplus/(Deficit)	(3,560,669)	396,331	(4,480,669)	(1,316,669)	(3,597,703)
Experience Adjustment on Plan Liabilities: (Gain)/Loss	(282,000)	(4,046,000)	2,066,000	(1,402,000)	1,888,748
Experience Adjustment on Plan Assets: Gain/(Loss)	706,000	(280,000)	1,117,000	(371,646)	390,368

*Experience adjustment prior to 2015 is taken from the previous actuary's report

26. B. DEFINED CONTRIBUTION PLANS

Contribution to Defined Contribution Plans, recognised as an expense for the year is as under:

Particulars	31 March 2017	31 March 2016
Employer's Contribution to Provident Fund (includes pension fund)	13,002,078	11,739,361
Employer's Contribution to Employee State Insurance	2,595,184	2,316,698
Total	**15,597,262**	**14,056,059**

27. FINANCE COSTS

Particulars	31 March 2017	31 March 2016
Interest Expense	274,915,869	280,928,076
Other borrowing costs	12,155,744	7,388,365
Interest on Income Tax	5,306,269	2,767,485
Total	**292,377,882**	**291,083,926**

28. OTHER EXPENSES

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

Particulars	31 March 2017	31 March 2016
Power & Fuel	6,545,413	5,490,764
Rent (Refer note 29)	75,834,308	63,339,018
Repairs to Buildings	125,971	115,543
Repairs & Maintenance -Others	35,778,003	47,000,044
Insurance Charges	3,302,777	4,105,728
Rates & Taxes	19,278,890	17,648,970
Travelling Expenses	23,686,196	14,223,216
Payment to Auditors (Refer Note no : 34)	2,368,133	1,535,415
Professional fees	8,598,273	5,023,259
Directors sitting fees	325,000	250,000
Communication Expenses	11,291,302	10,614,866
Advertisement & Publicity Expenses	7,666,431	4,513,493
Provision for doubtful debts/advances	4,580,433	4,079,805
Coolie Charges	71,861,975	66,731,923
Freight Charges	56,189,324	38,183,346
Commission Charges	6,292,975	6,028,357
Bad Debts written off	763,099	413,928
Loss on sale of asset	99,085	-
Drawing & Cutting Charges	11,037,468	9,129,854
Miscellaneous Expenses	40,616,228	32,559,037
Total	**386,241,284**	**330,986,566**

29. LEASING ARRANGEMENTS

Operating Lease:

Where the Company is the lessee

The significant leasing arrangements entered into by the company include the following:

Building taken on operating lease with lease term between 11 and 24 months for office premises and residential accommodation for employees and which are renewable on a periodic basis by mutual consent of both parties. All the operating leases are cancellable by the Lessee for any reason by giving notice of between 1 and 3 months. There is no restriction imposed by lease arrangements, such as those concerning dividends, additional debts.

Lease payments recognized under rent expenses in Schedule 28 is as follows:

Particulars	31 March 2017	31 March 2016
Minimum lease payment made on operating lease	75,834,308	63,339,018

NOTES TO THE FINANCIAL STATEMENTS Contd.,

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

30. DISCLOSURE ON SPECIFIED BANK NOTES

The Details of Specified Bank Notes & Other Denomination Notes for the period from November 08, 2016 to December 30, 2016, as required by the MCA Notification No : GSR 308(E) dt 31.03.2017, are given below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	35,638,234	4,212,239	39,850,473
Add : Permitted receipts	-	210,214,348	210,214,348
Less : Permitted payments	-	70,282,966	70,282,966
Less : Other payments	10,229,734	-	10,229,734
Less : Amount deposited in Banks	25,408,500	129,391,235	154,799,735
Closing cash in hand as on 30.12.2016	-	14,752,386	14,752,386

For the purpose of this dislosure, the term Specified Bank Notes shall have the same meaning provided in the notification of the Government of India in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E) dated November 08, 2016.

31. EARNING PER SHARE

Particulars	Ref.	31 March 2017	31 March 2016
Basic & Diluted			
Profit after tax (in ₹)	A	206,869,227	108,146,565
Weighted average number of shares outstanding (in Nos.)	B	21,873,717	21,871,037
Basic and Diluted EPS (₹)	A/B	9.46	4.94
Face value per share (₹)		10	10

32. RELATED PARTY DISCLOSURES:

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

Information given in accordance with the requirements of Accounting Standard 18 on 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)
Subsidiary and step down subsidiary Companies	Vishal Precision Steel Tubes and Strips Private Limited Taurus Value Steel & Pipes Private Limited Steel Networks Holdings Pte Limited Century wells 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. Alex Varghese (Chief Financial Officer) Ms. Ereena Vikram (Company Secretary - from 08th September 2016)



NOTES TO THE FINANCIAL STATEMENTS Contd.,

b. Transactions and balance with related parties

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

Particulars	31 March 2017		31 March 2016	
	Transactions during the period	Amount (payable) / receivable	Transactions during the year	Amount (payable) / receivable
Equity contribution				
Vishal Precision Steel Tubes and Strips Private Limited	-	132,500,000	-	132,500,000
Taurus Value Steel & Pipes Private Limited	-	150,101,000	-	150,101,000
Steel Networks Holdings Pte Limited	-	97,500,000	-	97,500,000
Purchase of Goods				
Vishal Precision Steel Tubes and Strips Private Limited	3,480,764,919	-	2,507,880,535	-
Taurus Value Steel & Pipes Private Limited	4,405,330,513	-	3,863,745,650	-
Century wells Roofing India Private Limited	937,151,990	-	729,449,297	-
Sale of Goods				
Vishal Precision Steel Tubes and Strips Private Limited	76,533,337	-	120,653,648	-
Taurus Value Steel & Pipes Private Limited	189,617,423	-	57,182,819	-
Century wells Roofing India Private Limited	16,809,401	-	78,081,122	-
Sale of fixed Assets				
Vishal Precision Steel Tubes and Strips Private Limited	2,276,764	-	-	-
Rent Paid				
Taurus Value Steel & Pipes Private Limited	2,674,020	-	2,608,800	-
Rent Payable				
Taurus Value Steel & Pipes Private Limited	-	(239,684)		(227,183)
Rent Received			-	
Vishal Precision Steel Tubes and Strips Private Limited	120,000	-	120,000	-
Taurus Value Steel & Pipes Private Limited	2,383,000	-	1,500,000	-
Century wells Roofing India Private Limited	1,862,250	-	1,860,000	-
Rent Receivable				
Vishal Precision Steel Tubes and Strips Private Limited	-	11,500	-	11,450
Taurus Value Steel & Pipes Private Limited	-	239,218	-	212,493
Century wells Roofing India Private Limited	-	163,538	-	161,975
IPO expenses Incurred by the company and received subsequently (Refer Note No : 33b)				
Mr. Sukumar Srinivas	22,515,007	-	-	-
Fairwinds Trustee Services Private Limited	157,376,770	-	-	-
Loan Receivable				
Taurus Value Steel & Pipes Private Limited	-	500,000,000	-	500,000,000
Trade payable				
Vishal Precision Steel Tubes and Strips Private Limited	-	(257,835,728)	-	(163,469,894)
Taurus Value Steel & Pipes Private Limited	-	(320,004,980)	-	(140,700,462)
Century wells Roofing India Private Limited	-	(11,53,76,600)	-	(3,194,419)
Guarantees & Collaterals:				
Vishal Precision Steel Tubes and Strips Private Limited	-	776,800,000	-	617,400,000
Taurus Value Steel & Pipes Private Limited	-	1,030,000,000	-	830,000,000
Century wells Roofing India Private Limited	-	200,000,000	-	100,000,000

b. Transactions and balance with related parties (All amount are stated in Indian Rupees, unless stated otherwise) (₹)

Particulars	31 March 2017		31 March 2016	
	Transactions during the period	Amount (payable) / receivable	Transactions during the year	Amount (payable) / receivable
Remuneration paid				
Salaries, other allowances and perquisites				
Managing Director	11,222,400	-	9,757,440	-
Whole time director	8,848,192	-	7,810,880	-
Chief Financial Officer	1,848,189	-	1,62,86,74	-
Company Secretary	269,876			
Due from Director	-	1,263,855	-	1,984,977

33. During the year ended March 31, 2017, pursuant to Initial Public Offering ("IPO"), 9,78,289 equity shares of ₹ 10 each were allotted to public at a premium of ₹ 450 per share along with offer for sale of 65,21,740 equity shares by the selling shareholders. The proceeds of the IPO was in Escrow Account as at March 31, 2017 and was transferred to the account of the company in April 2017. The details of which are as under:

Particulars	Amount (₹)
Gross Proceeds from IPO	450,012,940
Less: Share Issue Expenses	26,984,539
Net Proceeds from IPO	423,028,401

The shares have been listed at BSE and NSE on 5th April 2017. Since the net proceeds from IPO had not been received as on 31st March 2017, the question of disclosure of utilisation of proceeds does not arise.

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 ₹ 2,69,84,539 have been adjusted against the Securities Premium Reserve and expenses aggregating to ₹ 17,98,91,777 have been recovered from the selling shareholders and is held in Escrow Account as at 31st March 2017. The recovery of expenses is in the proportion of shares offered for sale by the selling shareholders to total shares offered for IPO.

34. PAYMENT TO AUDITORS (Excluding Service Tax)

Particulars	31 March 2017	31 March 2016
a) For Statutory Audit	1,750,000	1,300,000
b) For Tax Audit	250,000	225,000
c) For Other Services*	63,225	-
d) Out of Pocket Expenses*	304,908	10,415
Total	**2,368,133**	**1,535,415**

* Excludes of ₹ 68,20,000 (previous year Nil) 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.33."

35. The Company has neither any foreign currency earnings nor any foreign currency expenditure during the current period and previous year.

NOTES TO THE FINANCIAL STATEMENTS Contd.,

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

36. DETAILS OF CONSUMPTION AND PURCHASES

(a) Details of Raw Materials/ Packing materials consumed

Particulars	31 March 2017	31 March 2016
Materials:		
Steel & Pipes	-	140,000
Total	**-**	**140,000**

(b) Purchases of Traded goods

Particulars	31 March 2017	31 March 2016
Building Products	18,536,432,815	17,163,050,469
Less: Trade Discount	88,770,232	204,474,451
Total	**18,447,662,583**	**16,958,576,018**

37. CIF Value of imports Nil (PY - Nil)

38. In accordance with para 4 of Accounting Standard-17- Segment Reporting, The company presents segment information only in the consolidated financial statements

39. Previous year figures have been regrouped wherever considered necessary.

As per our report of even date attached

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

S Sundararaman
Partner
Membership No: 028423

Place: Bengaluru
Date: May 05,2017

For and on behalf of the Board

Sukumar Srinivas
Managing Director
DIN: 01668064

Chandu Nair
Director
DIN: 00259276

Ereena Vikram
Company Secretary

Alex Varghese
Chief Financial Officer

Place: Bengaluru
Date: May 05,2017





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