



Shankara  
Building Products Limited



ANNUAL REPORT 2019 - 2020



# C O N T E N T

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## **Board of Directors**

**Managing Director**  
**Mr. Sukumar Srinivas**

**Directors**  
**Mr. V. Ravichandar**  
**Ms. Jayashri Murali**  
**Mr. Chandu Nair**  
**Mr. B. Jayaraman**  
**Mr. C. Ravikumar**  
**Mr. R. S. V. Sivaprasad**

## **Auditors**

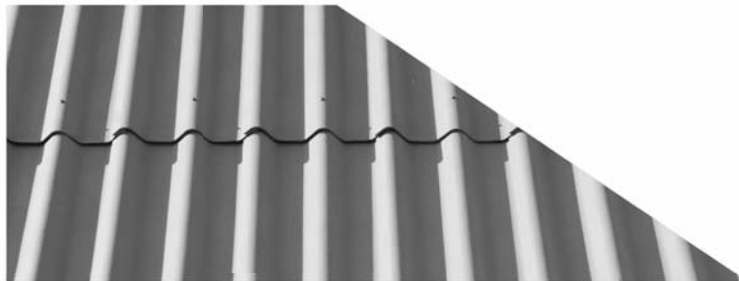
**M/s Sundaram & Srinivasan**  
Chartered Accountants  
Chennai

**Company Secretary**  
**Ms. Ereena Vikram**

## **Bankers**

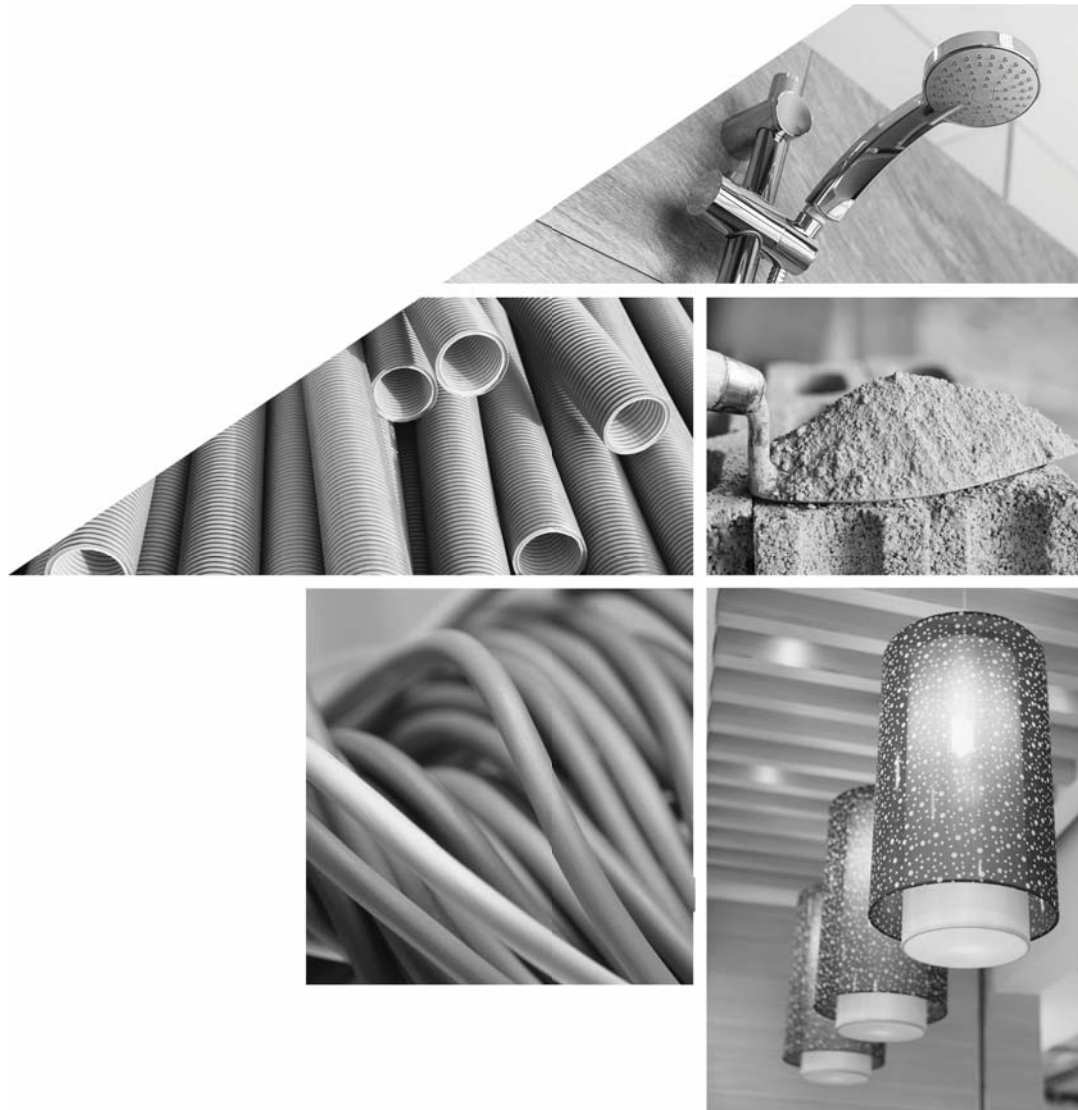
**Citibank N. A.**  
**Kotak Mahindra Bank Ltd.**  
**IndusInd Bank Ltd.**  
**Standard Chartered Bank**  
**IDFC Bank Ltd.**  
**Federal Bank Ltd.**  
**Axis Bank Ltd.**

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



ANNUAL REPORT 2019 - 2020

**Shankara**  
Building Products Limited



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## Chairman's Message

Dear Shareholders,

In these grim times for the World, we have some glad tidings. This is our Silver Jubilee and it gives me immense pleasure to welcome you to our 25<sup>th</sup> Annual General Meeting.

We started our Company in 1995 with a focus on enterprise customers, OEMs and SMEs, as a provider of steel products. We scaled this business and in 2003 started our channel business when our turnover was around ₹100 crores. We aligned with leading brands from the Tata Steel stable and built a wide reach. In 2006, we forward integrated our business by opening the first retail outlet in Bangalore. In 2010, backward integrated into steel processing through greenfield and brownfield projects. In 2015, with a view to further expand our customer base and revenue possibilities, we expanded the scope of our retail outlets to include the entire range of building products.

One of the common themes running through each of these maneuvers has been exploring adjacencies, be it in terms of products, geographies, customer segments or business verticals. This allowed us to focus sharply on these segments and bring in better efficiencies. We have created an organization with unique capabilities and employees with multiple skills. We have been a disruptor in the organized building material retail industry – merging multiple vertical industry segments into one horizontal. However, it has also come with its own learnings, particularly during the last two years.

### Consolidation

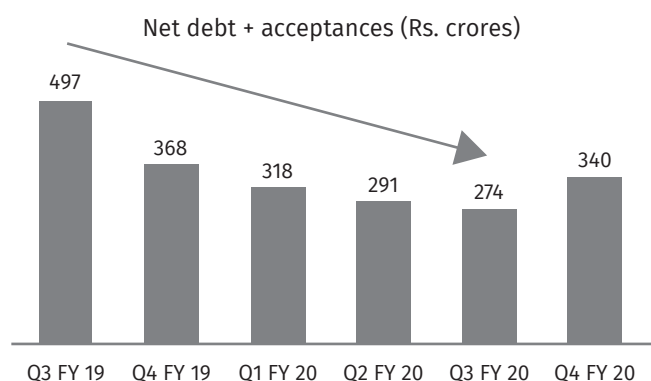
Upheavals in some segments of the market led us to introspect and realign our priorities. Multiple disruptions like the financial situation arising out of the NBFC crisis and the liquidity crunch among our customers made a bad situation worse. We went back to basics and focused on marketing and trading, our key strengths.

We took swift action and sold a substantial processing asset in Hyderabad. Debt reduction was a goal too. The impact of that sale has been very positive for strengthening our balance sheet. It also released management bandwidth to focus on our higher profitability business segments.

We chose to shut down some of our marginal stores and conserved capital. We further intensified our efforts on the steel business as it forms the foundation for us to scale the product range. We posted a strong recovery in our sales and profitability in the second half of the financial year 2019-20. As for most of the Indian economy, the Covid-19 pandemic created uncertainties and undermined our performance and cash flows in the month of March 2020.

### Reduction in borrowings

Our key focus last year was to reduce borrowings. We considered the aggregate of bank borrowings and acceptances as a part of this reduction measure. We halved the overall debt and acceptance levels by Q3 FY 19-20. However, operations lockdown in March, 2020 impacted our ability to liquidate inventory and collect receivables. The following graph provides more details on the sequential debt reduction we have achieved during the last six quarters.





## Financial performance in FY 19-20

The company recorded strong growth in profitability in FY 19-20 with PAT growing by 48%. The table below captures the key consolidated financials of the continuing operations of the Company, post the sale of Hyderabad processing unit.

- ☞ The overall revenues stood at ₹2,640 crores for FY 20. Retail revenues contributed to 55% of overall revenues.
- ☞ EBITDA grew by 18% and stood at ₹122 crores. Growth in EBITDA was aided by reduction of corporate overheads between FY 19 and FY 20.
- ☞ PBT stood at ₹53 crores representing a growth of 28%. Lower interest costs boosted the PBT levels.
- ☞ The Company adopted Ind AS 116 for FY 20. On account of this, our PBT was reduced by ₹112 lacs for FY 20. Comparatives for the prior period in FY 19 have not been restated.
- ☞ PAT from continuing operations grew by 48% for the year and stood at ₹42 crores. Lower corporate taxes helped reduce the tax incidence and increased the reported PAT.

(₹)In Crores	FY 19	FY 20	Growth
Total Revenue	2,546	2,640	4%
Retail%	56%	55%	
EBITDA	104	122	18%
Margin	4.1%	4.6%	
PBT	42	53	28%
PAT	28	42	48%
Margin	1.1%	1.6%	

## Key performance highlights

One of the key highlights of the previous year was our return to double digit growth which started in the second half of FY 20. During Q3 FY 20, our revenues grew by 21%. We were on track for similar growth numbers for Q4 FY 20 as well till the lockdown happened.

Cost containment has also been one of our key focus areas. We have realigned our backend warehousing and frontend stores in many regions. Employee costs have also come down. Other corporate overheads have also been reduced. Interest costs have also come down on account of the reduction in debt levels.

We are happy to state that the retail segment margins stood at 8.02% for FY 20. This is beyond the higher end of 6% to 8% band we had guided earlier.

## Business mix

Retail segment is a growth vertical for us and now forms 55% of our revenues. The channel and enterprise business continue to be strategic verticals and we will continue to focus and grow these verticals. However, the focus will be on running this business on optimal inventory levels to contain overall working capital needs for the segment.

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## **Customer focus**

A large part of our business comes through repeat customers and references. We are happy to have satisfied their requirements through adequate material availability and timely delivery. As we build on our basket of products, customer centricity continues to be an ongoing endeavor. We are also building new avenues of reaching our customers like the online ecommerce channel.

We have built a large supplier base and are among the largest trade partners for many leading brands on an all India basis. We continue to work towards strengthening our relationships with them.

## **Opportunity**

The opportunity is large and the runway for growth significant. There is no other player in the building material industry of our scale, product basket and geographic spread. We remain focused on building a strong and unique business in our chosen area.

However, events like COVID-19 create near terms challenges for us and the industry. Building material industry is amongst the largest employers in the country. We believe that the steps taken by the government to contain the spread as well as stimulus measures will help the industry. Lower oil prices and interest rates will also aid the Indian economy. We are hopeful that the building material industry will bounce back once the situation stabilizes.

## **Conclusion**

I convey my deepest appreciation for the effort of all our employees. My sincere thanks and appreciation to our fellow Directors on the Board for their guidance. My gratitude to our bankers, customers and suppliers. On behalf of the Shankara board, I also thank you all, our valued shareholders, for your continued support.

Warm Regards

**V. Ravichandar**  
Chairman





## Notice of 25<sup>th</sup> Annual General Meeting

Notice is hereby given that the 25<sup>th</sup> Annual General Meeting of the Members of Shankara Building Products Limited will be held on Thursday, the 30<sup>th</sup> day of July, 2020 at 11.30 A.M (IST) through Video Conference ("VC") / Other Audit Visual Means (OAVM) without the physical presence of Members at a common venue, in compliance with General Circular No. 14/2020, 17/2020, 20/2020 issued by Ministry of Corporate Affairs (MCA Circulars), to transact the businesses mentioned below.

The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.

### Ordinary Business:

**Item No.1 - To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2020 together with the Reports of the Directors and Auditors thereon and the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2020 together with Report of Auditors thereon.**

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** the audited financial statements of the Company for the financial year ended March 31, 2020 together with reports of the Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

**"RESOLVED FURTHER THAT** the audited consolidated financial statements of the Company for the financial year ended March 31, 2020 together with the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

**Item No. 2 - To re-appoint Mr. RSV. Siva Prasad (DIN: 01247339), Director of the Company who retires by rotation and being eligible, offers himself for re-appointment as a Director.**

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Section 152 of the Companies Act, 2013, Mr. RSV. Siva Prasad (DIN: 01247339), who retires by rotation at 25<sup>th</sup> Annual General Meeting of the Company, being eligible, offered himself for re-appointment be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** the Managing Director/Company Secretary of the Company be and are hereby authorized severally to complete necessary formalities as per the applicable provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015."

### Special Business:

**Item No. 3- To re-appoint Ms. Jayashri Murali (DIN: 00317201) as an Independent Director of the Company**

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Ms. Jayashri Murali (DIN: 00317201), Independent, Non-Executive Director of the Company who has submitted a declaration that she meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from 19th March, 2020."

**RESOLVED FURTHER THAT** the Managing Director/Company Secretary of the Company be and are hereby authorized severally to complete necessary formalities as per the applicable provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015."

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**Item No. 4- To re-appoint Mr. Chandu Nair (DIN: 00259276) as an Independent Director of the Company**

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Chandu Nair (DIN: 00259276), Independent, Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for independence as

provided in Section 149(6) of the Act and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from 29th July, 2020.”

**RESOLVED FURTHER THAT** the Managing Director/Company Secretary of the Company be and are hereby authorized severally to complete necessary formalities as per the applicable provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.”

By Order of the Board  
For Shankara Building Products Limited

Place: Bengaluru  
Date: 10<sup>th</sup> June, 2020

**Ereena Vikram**  
Company Secretary  
& Compliance Officer  
M.No. - A33459



## Notes:

1. In view of the Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as “MCA Circulars”) permitted holding of the Annual General Meeting of companies through Video Conferencing or Other Audio Visual Means (“VC / OAVM”), without physical presence of the Members at a common venue.

2. In compliance with applicable provisions of the Companies Act, 2013 (“the Act”) read with the MCA Circulars and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the 25<sup>th</sup> Annual General Meeting of the Company is being conducted through Video Conferencing (“VC”) (hereinafter referred to as “AGM” or “e-AGM”). In accordance with the Secretarial Standard -2 on General Meeting issued by the Institute of Company Secretaries of India (ICSI) read with Guidance/Clarification dated April, 15, 2020 issued by ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the e-AGM.

3. e-AGM: Company has appointed KFin Technologies Private Limited, Registrars and Transfer Agents, to provide Video Conferencing facility for the e-AGM and the attendant enablers for conducting of the e-AGM.

4. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf who may or may not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC, physical attendance of Members has been dispensed with. Further as per the MCA Circulars, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its

representative to attend the e-AGM on its behalf and to vote either through remote e-voting or during the e-AGM. The said Resolution/Authorization should be sent electronically through their registered email address to the Scrutinizer at **cs.skannan@gmail.com** with a copy marked to **cs@shankarabuildpro.com**.

6. The Company’s Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) is KFin Technologies Private Limited having office at Selenium Tower B, Plot number 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana – 500032.

7. Attending e-AGM: Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by KFin Technologies Private Limited. Members may access the same at <https://evoting.karvy.com> by clicking “e-AGM - Video Conference & Streaming” and access the shareholders’/ members’ login by using the remote e-voting credentials which shall be provided as per Note No. 18 below. Kindly refer note no. 17 below for detailed instruction for participating in e-AGM through Video Conferencing.

8. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice.

9. As per the MCA Circular up to 1000 members will be able to join the e-AGM on a first-come-first-served basis. However, this restriction shall not apply to large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.

10. A member’s log-in to the Video Conferencing platform using the remote e-voting credentials shall be considered for record of attendance of such member for the e-AGM and such member attending the meeting will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

11. Remote e-Voting: Pursuant to the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of Listing Regulations, and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Company's Registrar and Transfer Agent KFin Technologies Private Limited. Kindly refer Note no. 18 below for detailed instruction for remote e-voting.

12. Voting during the AGM: Members who are present at the e-AGM through VC and have not cast their vote on resolutions through remote e-voting may cast their vote during the e-AGM through the e-voting system provided by KFin Technologies Private Limited in the Video Conferencing platform during the e-AGM. Kindly refer Note no. 19 below for instruction for e-voting during the AGM.

13. The Company has fixed Monday, 20th July, 2020 as the cut-off date for identifying the Members who shall be eligible to vote through remote e-voting facility or for participation and voting in the e-AGM. 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 shall be entitled to vote on the resolutions through the facility of Remote e-Voting or participate and vote in the e-AGM.

14. The Register of Members and Transfer Book of the Company will be closed from Tuesday, 21<sup>st</sup> July, 2020 to Wednesday, 29<sup>th</sup> July, 2020 (both days inclusive).

15. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12<sup>th</sup> May, 2020, Notice of the e-AGM along with the Annual Report for the financial year ended on 31<sup>st</sup> March, 2020 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the AGM and the Annual Report has been uploaded on the website of the Company at [www.shankarabuildpro.com](http://www.shankarabuildpro.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The same is also available on the website of KFin Technologies Private Limited at the website address <https://evoting.karvy.com/>.

16. Procedure for registering the email addresses and obtaining the Annual Report, e-AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the Depositories (in case of shareholders holding shares in Demat form) or with RTA (in case the shareholders holding shares in physical form)

i. Those members who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:

a. Members holding shares in demat form can get their e-mail ID registered by contacting their respective Depository Participant.

b. Members holding shares in physical form may register their email address and mobile number with Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited by sending an e-mail request at the email ID **[einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)** along with signed scanned copy of the request letter providing the email address, mobile number, self-attested PAN copy and copy of share certificate for registering their email address and receiving the Annual report, AGM Notice and the e-voting instructions.

In case of any queries, shareholder may write to **[einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)**.

ii. Those members who have registered their e-mail address, mobile nos., postal address and bank account details are requested to validate/update their registered details by contacting the Depository Participant in case of shares held in electronic form or by contacting KFin Technologies Private Limited, the Registrar and Share Transfer Agent of the Company, in case the shares held in physical form.

17. Instructions to the Members for attending the e-AGM through Video Conference:

i. Attending the e-AGM: Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by KFin Technologies Private Limited. Members may access the same at **<https://emeetings.kfintech.com>** by clicking 'e-AGM Video Conference and Streaming' and login by using the remote e-voting credentials. The link for e-AGM will be available in 'shareholders'/members' login where the EVENT and the Name of the Company can be selected.



ii. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the instructions provided in remote e-Voting in Note No. 18 below.

iii. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.

iv. Further Members will be required to allow access to the Camera, if any, and are requested to use Internet with good speed to avoid any disturbance during the meeting.

v. Please note that participants using Mobile Devices or Tablets or Laptops and are accessing the internet via "Mobile Hotspot" may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

vi. Submission of Questions / queries prior to e-AGM:

a. Members desiring any additional information with regard to Accounts/ Annual Reports or has any question or query are requested to write to the Company Secretary on the Company's investor email-id i.e.

**[cs@shankarabuildpro.com](mailto:cs@shankarabuildpro.com)/**[compliance@shankarabuildpro.com](mailto:compliance@shankarabuildpro.com)** at least 2 days before the date of the e-AGM so as to enable the Management to keep the information ready. Please note that, members questions will be answered only if they continue to hold the shares as of cut-off date.**

b. Alternatively, shareholders holding shares as on cut-off date may also visit <https://evoting.karvy.com> and click on the tab "Post Your Queries Here"" to post their queries/ views/questions in the window provided, by mentioning their name, demat account number/folio number, email ID, mobile number. The window shall be activated during the remote e-voting period and shall be closed 24 hours before the time fixed for the e-AGM.

vii. Speaker Registration before e-AGM: In addition to above speaker registration may also be allowed during the remote e-voting period. Shareholder who wish to register as speakers are requested to visit **<https://evoting.karvy.com/>** and click on 'Speaker Registration' during this period. Shareholders shall be provided with a

'queue number' before the e-AGM. Shareholders are requested to remember the same and wait for their turn to be called by the Chairman of the meeting during the Question Answer Session. Due to limitations of transmission and coordination during the e-AGM, the Company may have to dispense with or curtail the Speaker Session, hence shareholders are encouraged to send their questions etc. in advance as provided in note no. 17(vi) above.

viii. All documents referred to in the accompanying explanatory statement are available for inspection upto the date of the e-AGM on the website of the Company at the following weblink : **<https://www.shankarabuildpro.com>**.

ix. Members who wish to inspect, the Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013, can send an email to **[cs@shankarabuildpro.com](mailto:cs@shankarabuildpro.com)/[compliance@shankarabuildpro.com](mailto:compliance@shankarabuildpro.com)**.

### 18. Instructions for members for remote e-Voting:

In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Listing Regulations the Members are provided with the facility to cast their vote remotely on all resolutions set-forth in this notice through remote e-voting platform provided by KFin Technologies Private Limited ('remote e-voting').

Members attending the e-AGM who have not already cast their vote by remote e-Voting shall be able to cast their vote electronically during the meeting (e-voting) when window for e-voting is activated upon instructions of the Chairman.

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

a. Day, date and time of commencement of remote e-voting: Monday, 27th July, 2020 at 9:00 a.m.

b. Day, date and time of end of remote e-voting beyond which remote e-voting will not be allowed: Wednesday, 29th July, 2020 at 5:00 p.m.

ii. Details of Website: <https://evoting.karvy.com>

iii. The voting rights of the Members holding shares in physical form or in dematerialized form, in respect of e-voting shall be reckoned in proportion to their share in the paid-up equity share capital as on the cut-off date being Monday, 20<sup>th</sup> July, 2020. A person who is not a Member as on the cut-off date should treat Notice of this Meeting for information purposes only.

iv. The Company is sending through email, the AGM Notice and the Annual Report to the shareholders whose name is recorded as on Friday 3<sup>rd</sup> July, 2020 in the Register of Members or in the Register of Beneficial Owners maintained by the depositories. Any person who acquires Shares of the Company and becomes Member of the Company after Friday, 3<sup>rd</sup> July, 2020 being the date reckoned for the dispatch of the AGM Notice & Annual Report and who holds shares as on the cut-off date i.e. Monday, 20<sup>th</sup> July, 2020 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./ DPID Client ID, the Member may send SMS:

MYEPWD <space> 'e-Voting Event Number '+Folio number or DPID Client ID to +91-9212993399

Example for NSDL:

MYEPWD<SPACE>IN12345612345678;

Example for CDSL:

MYEPWD<SPACE>1402345612345678

Example for Physical:

MYEPWD<SPACE> XXXX1234567890

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b) If e-mail address or mobile number of the Member is registered against Folio No. / DPID Client ID, then on the home page of <https://evoting.karvy.com>, the Member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a password.

c) Member may call KFin's Toll free number 1-800-3454-001.

d) Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com)

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

vi. Details of persons to be contacted for issues relating to e-voting:

Mr. S V Raju, KFin Technologies Private Limited, Unit: Shankara Building Products Limited, Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.

Contact No. 040-67162222/Ext: 1570/1574

Toll Free No.: 1800-3454-001,

E-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

vii. Details of Scrutinizer: Mr. S. Kannan, Practicing Company Secretary (Membership No. FCS 6261) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

viii. The procedure and instructions for remote e-Voting facility are as follows:

i. Open your web browser during the remote e-voting period and navigate to '[https:// evoting.karvy.com](https://evoting.karvy.com)'.

ii. Enter the login credentials (i.e. User ID and password mentioned in the email). Your Folio No. or DP ID /Client ID will be your User ID. However, if you are already registered with KFin for



e-voting, you can use your existing User ID and password for casting your vote.

iii. After entering these details appropriately, click on "LOGIN".

You will now reach password change menu wherein you are required to mandatorily change your login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (like \*, #, @, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc., on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

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

v. On successful login, the system will prompt you to select the E- Voting Event Number for Shankara Building Products Limited.

vi. If you are holding shares in Demat form and had logged on to [https:// evoting.karvy.com](https://evoting.karvy.com) and casted your vote earlier for any other Company, then your existing login id and password are to be used.

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date i.e. Monday, 20th July, 2020 under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut- off date.

viii. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.

ix. Members holding multiple folios/ demat accounts shall choose the voting process separately for each of the folios/demat accounts.

x. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

xi. You may then 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.

xii. During the voting period, Members can login any number of times till they cast their vote on the Resolution(s).

xiii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRIs, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative (s) to the Scrutinizer at e-mail ID: [cs.skannan@gmail.com](mailto:cs.skannan@gmail.com) in with a copy to [evoting@karvy.com](mailto:evoting@karvy.com). They may also upload the same in the e-voting module in their login. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name\_ EVENT NO."

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual for Members available at the download section of <https://evoting.karvy.com> or contact Mr. S V Raju of KFin Technologies Private Limited at [einward.ris@karvy.com](mailto:einward.ris@karvy.com) or at 1800 - 3454001 (toll free).

ix. The Scrutinizer's decision on the validity of the vote shall be final.

x. Once the vote on a resolution stated in this notice is cast by Member through remote e-voting, the Member shall not be allowed to change it subsequently and such e-vote shall be treated as final. The Members who have cast their vote by remote e-voting may also attend the e-AGM, however such Member shall not be allowed to vote again during the e-AGM.

xi. The Scrutinizer after scrutinising the votes cast by remote e-voting and e-voting during the e-AGM will make a consolidated Scrutinizer's Report and submit the same forthwith not later than 48 hours of conclusion of the e-AGM to the Chairman of the Company or a person authorised by him in writing, who shall countersign the same.

xii. The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company i.e. [www.shankarabuildpro.com](http://www.shankarabuildpro.com) and on the website of KFin Technologies Private Limited i.e. <https://evoting.karvy.com>. The results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited.

xiii. The Resolutions shall be deemed to be passed at the registered office of the Company on the date of the e-AGM, subject to receipt of the requisite number of votes in favour of the Resolutions.

19. Instructions for members for Voting during the e-AGM session:

i. The e-voting window shall be activated upon instructions of the Chairman during the e-AGM.

ii. E-voting during the AGM is integrate with the VC platform and no separate login is required for the same. The shareholders shall be guided on the process during the e-AGM.

iii. Members / shareholders, attending the e-AGM through Video Conference and who have not cast their vote on resolutions through Remote e-Voting shall be eligible to cast their vote through e-voting system available during the e-AGM.

iv. Members who have voted through Remote e-Voting will be eligible to attend the e-AGM, however, they shall not be allowed to cast their vote again during the e-AGM.

### GENERAL INSTRUCTIONS AND INFORMATION FOR SHAREHOLDERS

20. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014. Members desiring to avail this facility may send their nomination in the prescribed Form No. SH. 13 duly filled in to M/s KFin Technologies Private Limited on [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). Members holding shares in demat form may contact their Depository Participant for availing this facility.

21. Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer

to the Company's Unpaid Dividend Account, shall be transferred, under Section 124 of the Companies Act, 2013, to the Investor Education and Protection Fund ("IEPF"), established under Section 125 of the Companies Act, 2013. Further, pursuant to the provisions of Section 124 of the Act and IEPF Rules, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs.

22. Members who have not yet encashed the dividend warrant(s) from the financial year ended 2017 onwards are requested to forward their claims to the Company's Registrar and Share Transfer Agent.

23. Updation of Members' Details:

The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Companies Act, 2013 requires the Company/ Registrar and Transfer Agents to record additional details of Members, including their PAN details, e-mail address, etc. Members holding shares in physical form are requested to submit these additional details to KFin Technologies Private Limited in the prescribed form. Members holding shares in electronic form are requested to submit the details to their respective Depository Participants.

24. Members are requested to:

a) Intimate to KFin Technologies Private Limited at the address mentioned at Note No. 6 above, changes, if any, in their registered addresses at an early date, in case of Shares held in physical form;

b) Intimate to the respective Depository Participant, changes, if any, in their registered addresses, mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s) at an early date, in case of Shares held in dematerialised form;

c) Quote their folio numbers/Client ID/DP ID in all correspondence; and

d) Consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.

25. Non-Resident Indian Members are requested





to inform Registrar and Share Transfer Agent of the Company immediately of:

a) Change in their residential status on return to India for permanent settlement.

b) Particulars of their bank account maintained in India with complete name, branch, account type, account number, IFSC code and address of the bank with pin code number, if not furnished earlier.

26. Pursuant to SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018 the Company has sent three letters to such members on 2nd June, 2018, 20th August, 2018, 24th September, 2018 where folios do not have or have incomplete details of PAN and/or Bank Account to compulsorily furnish these details to the Registrar and Share Transfer Agent (RTA) / the Company for updating the details in the folio. These cases also included shares which were unclaimed. The members who are yet to update their PAN and/or Bank Account details are requested to update the same by providing the duly filled format for furnishing the PAN and Bank details which is enclosed herewith this Notice, along-with all necessary documents as mentioned therein and send the same to KFin Technologies Private Limited.

27. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 read with SEBI (Registrars to an Issue and Share Transfer Agents) (Amendment) Regulations 2018 (RTA Regulations) mandated that the transfer of securities would be carried out in dematerialized form only. In accordance with the said circular the members of the Company are requested to note that, with effect from 1st April, 2019:

a) except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository. Accordingly, any shareholder who is desirous of transferring shares (which are held in physical form) after 1st April, 2019 can do so only after the shares are dematerialized.

b) however, the above does not prohibit a shareholder from holding shares in physical form even after 1st April, 2019.

## **Statement setting out Materials Facts under Section 102 of the Companies Act, 2013**

### **Item No. 3**

Ms. Jayashri Murali (DIN: 00317201) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. She holds office as an Independent Director of the Company up to the conclusion / date of the ensuing Annual General Meeting of the Company ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Act).

The Nomination and Remuneration Committee of the Board of Directors has recommended reappointment of Ms. Jayashri Murali as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company not liable to retire by rotation.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149 (6) of the Act.

Section 149 (10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Ms. Jayashri Murali is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director.

The Company has also received declarations from Ms. Jayashri Murali that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

Except Ms. Jayashri Murali, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the Notice.



This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board recommends the Special Resolution set out at Item No. 3 of the Notice for approval by the members.

**Item No. 4**

Mr. Chandu Nair (DIN: 00259276) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014. He holds office as an Independent Director of the Company up to the conclusion / date of the ensuing Annual General Meeting of the Company ("first term" in line with the explanation to Sections 149 (10) and 149 (11) of the Act).

The Nomination and Remuneration Committee of the Board of Directors has recommended reappointment of Mr. Chandu Nair as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company not liable to retire by rotation.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an independent director of a company shall meet the criteria of independence as provided in Section 149 (6) of the Act.

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Mr. Chandu Nair is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director.

The Company has also received declarations from Mr. Chandu Nair that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

Except Mr. Chandu Nair, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the members.

By Order of the Board  
For Shankara Building Products Limited

**Ereena Vikram**

Company Secretary & Compliance Officer

Place: Bengaluru

Date: 10<sup>th</sup> June, 2020

M. No. A33459



## Annexure to AGM Notice

Details of the Directors seeking appointment at the 25<sup>th</sup> Annual General Meeting (Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Details	Mr. RSV. Siva Prasad	Ms. Jayashri Murali	Mr. Chandu Nair
Director Identification Number	01247339	00317201	00259276
Date of Birth/Age	01-10-1957	20-10-1959	20-01-1962
Date of Appointment on the Board	01-04-2018	05-02-2020	05-02-2020
Qualification	Bachelors' degree in Science from the Andhra University, a Masters' degree in Science in Zoology from the Bhopal University and, a Diploma in Business Management from the Rajendran Prasad Institute of Communication Studies, Bombay.	Bachelors' degree in Arts in English literature, and a Bachelors' degree in law, both from the Madras University.	Bachelors' degree in Commerce from the Madras University, and a Post graduate diploma in business management from the Indian Institute of Management, Ahmedabad
Brief Profile and nature of their expertise in specific functional area	<p>He has been associated with our Company since 1995, having joined as a Senior Manager. He was appointed as a director of our Company in 2001.</p> <p>Prior to joining our Company, he was associated with Shivmoni Steel Tubes Limited in 1982.</p>	<p>She has been associated with our Company since 2015, having more than 33 years of experience. She was associated with N Jayaraman, Advocate, for more than 15 years, and held the post of a partner of N Jayaraman, Advocates, from 1995 till 2003.</p> <p>Thereafter, she was associated with AZB and Partners, Bengaluru, for two years. Currently she is undertaking independent practice under the name and style of 'Chambers of Jayashri Murali'</p>	<p>He has been associated with our Company since 2015, having more than 36 years of experience in business consultancy, information and media. He was the cofounder and director of Scope e-Knowledge Center between 1989 and 2011, and the co-founder and director of e-Chem.com Limited between 1999 and 2002.</p> <p>Previously, He was associated with Business World magazine between 1987 and 1989, and with Asian Paints between 1983 and 1987.</p> <p>Currently he is an advisor to Fulcrum Venture Fund and a member of TiE, Chennai and the Chennai Angels.</p>
Directorship held in other companies	Taurus Value Steel & Pipes Private Limited	Taurus Value Steel & Pipes Private Limited. Vishal Precision Steel Tubes & Strips Private Limited. Centurywells Roofing India Private Limited.	Menterra Venture Advisors Private Limited. Chesapeake India Private Limited. CG Financial Consultancy Private Limited.



Memberships/Chairmanships of committees across all companies	Nil	Corporate Social Responsibility Committee - Chairperson Nomination & Remuneration Committee - Member Audit & Risk Management Committee - Member Stakeholder Relationship Committee - Chairperson WhistleBlower Committee - Member Sexual Harassment Committee - Chairperson	Nomination & Remuneration Committee - Chairperson Audit & Risk Management Committee- Member Corporate Social Responsibility Committee - Member Stakeholder Relationship Committee - Member Whistle Blower Committee - Member
Shareholding of the Director in the Company	61,650	Nil	Nil

*As per amended Regulation 36 of the Listing Regulations, details of Chairmanship/Membership of Audit Committee and Stakeholder's Relationship Committee are provided.*

*Directorships in foreign companies, membership in governing councils, chambers and other bodies, Partnership in firms etc., are not provided.*

*The aforesaid Directors are not related to any other Director.*

**Dear Members,**

Your Directors have pleasure in presenting the Twenty Fifth Annual Report on the business and operations of your Company together with the Standalone and Consolidated Audited Financial Statements for the year ended March 31, 2020.

**1. Financial Highlights**

The financial results of the Company for the year ended March 31, 2020 are summarized below.

(₹ in Crores)

Particulars	Consolidated		Standalone	
	Year Ended March 31, 2020	Year Ended March 31, 2019	Year Ended March 31, 2020	Year Ended March 31, 2019
Revenue from Operations	2,639.73	2,546.32	2,493.84	2,352.37
Other Income	4.98	4.32	4.24	3.93
<b>Total Income</b>	<b>2,644.71</b>	<b>2,550.64</b>	<b>2,498.08</b>	<b>2,356.30</b>
Other Expenditure	2,522.63	2,446.87	2,412.10	2,287.52
<b>Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)</b>	<b>122.08</b>	<b>103.77</b>	<b>85.98</b>	<b>68.78</b>
Depreciation and Amortization Expenses	25.37	14.82	18.60	9.02
Finance Cost	43.35	47.15	31.69	35.20
<b>Profit before Tax (PBT)</b>	<b>53.36</b>	<b>41.80</b>	<b>35.69</b>	<b>24.56</b>
Tax expense:				
Current Year	13.94	11.57	9.42	7.47
Earlier Year	(0.14)	(0.73)	-	(0.60)
Deferred Tax	(2.57)	2.52	(1.01)	1.26
<b>Profit after Tax (PAT)</b>	<b>42.13</b>	<b>28.44</b>	<b>27.28</b>	<b>16.43</b>
Profit from discontinued operation	(2.25)	4.30	-	-
Add: Other Comprehensive Income	0.24	(0.35)	(0.19)	(0.39)
Total Comprehensive Income	40.12	32.39	27.09	16.04
<b>EARNING PER EQUITY SHARE (Face Value of ₹10 each)</b>				
i) Basic	18.44	12.45	11.94	7.19
ii) Diluted	18.44	12.45	11.94	7.19
(For discontinued operation)				
i) Basic	(0.99)	1.88	-	-
ii) Diluted	(0.99)	1.88	-	-
(For discontinued & continuing operations)				
i) Basic	17.45	14.33	-	-
ii) Diluted	17.45	14.33	-	-



The Company recorded consolidated revenues of ₹2,639.73 crores for the year ended 31 March, 2020 representing a growth of 4% over the previous year. The Company recorded a consolidated EBITDA of ₹122.08 crores and the EBITDA margins stood at 4.62%. We reported a PAT from continuing operations of ₹42.13 crores.

Our standalone revenues increased by 6% and stood at ₹2,493.84 crores for the year ended 31 March, 2020. The standalone PAT stood at ₹27.28 crores.

## 2. Share Capital

During the year under review, the Company has not issued or allotted any shares of the Company. The number of Equity Shares of ₹10/- fully paid up as on March 31, 2020 is 2,28,49,326. The Company does not have any outstanding warrants or any convertible instruments as on March 31, 2020.

## 3. Transfers to reserves

The Company has not transferred / appropriated any amount to the General Reserve, retaining the entire surplus for the year ended March 31, 2020 as Balance in Profit and Loss Account.

## 4. Dividend

In terms of Dividend Distribution Policy of the Company, the Board of Directors of the Company declared an interim dividend of 20% (i.e. ₹2/- per equity share of the face value of ₹10/- each) for the financial year ended March 31, 2020. Total outgo on the interim dividend was ₹5.50 crores (including dividend distribution tax of ₹93.93 lacs).

The Board has not proposed any final dividend for the financial year ended March 31, 2020 and accordingly interim dividend paid during the year shall be treated as final dividend.

## 5. Material changes and commitment, if any, affecting financial position of the Company from the end of the financial year till the date of this Report

The Corona Virus Pandemic is an unprecedented development that has impacted the world at large. Complete lockdown was announced in India on 25<sup>th</sup> March, 2020 during which economic activity came to a standstill. While limited activity has been allowed, the red zones and hotspots are

coming under careful observation from the government authorities. This has been further discussed in the Management Discussion & Analysis section.

## 6. Unclaimed Dividend

Section 124 of the Companies Act 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016 ('the Rules') mandates the Companies to transfer dividend that has remained unpaid/unclaimed for a period of seven years in the unpaid dividend account to the Investor Education and Protection Fund (IEPF).

The details of the unpaid/unclaimed dividend lying with the Company are available on the website of the company i.e. <https://www.shankarabuildpro.com/pdf/Unclaimed%20Dividend%202018-19.pdf>

Transfer to Investor Education and Protection Fund ("IEPF")

### a) Transfer of Unclaimed Dividend to IEPF

Pursuant to the provisions of Section 124 of Companies Act, 2013 read with IEPF (Accounting, Audit, Transfer and Refund) Rules 2016, dividends which remain unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account are required to be transferred by the Company to Investor Education and Protection Fund ("IEPF") established by the Government of India under the provisions of Section 125 of the Companies Act, 2013.

During the year under review, there is no unclaimed dividend required to be transferred to the Account of IEPF.

### b) Transfer of Shares to IEPF

Section 124(6) of Companies Act, 2013, read with IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016, mandates transfer of underlying shares in respect of which dividend has not been paid or claimed for seven consecutive years or more in the name of Investor Education and Protection Fund.

During the year under review, the Company is not required to transfer shares to the IEPF Authority pursuant to the aforesaid rule.

### 7. Dividend Distribution Policy

As required under the Regulation 43A of the Listing Regulations, the Company has a Policy on Dividend Distribution. This Policy can be accessed on the Company's website i.e. <https://www.shankarabuildpro.com/pdf/pdf-Dividend-Distribution-Policy.pdf>. The said Policy has been annexed as Annexure-I to this Directors' Report.

### 8. 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 forming part of this Directors' Report.

### 9. Subsidiary Companies

Shankara Building Products Limited has the following subsidiary companies

(i) Taurus Value Steel & Pipes Pvt. Ltd. - Having a tube and strip processing facility at Hyderabad.

(ii) Vishal Precision Steel Tubes & Strips Pvt. Ltd. - Having a tube strip processing facility at Bengaluru.

(iii) Centurywells Roofing India Pvt. Ltd - Wholly owned subsidiary primarily engaged in providing color coated roofing products. It has processing facilities in Chennai, Bangalore, Secunderabad, Coimbatore, Pune, Vijayawada and Hubli.

(iv) Steel Network (Holdings) Pte Ltd. - Wholly owned subsidiary, registered at Singapore engaged in the business of manufacture, distribution of roofing sheets, steel pipes and general hardware and general wholesale trade (including general importers & exporters).

No new subsidiary was added and no company has ceased to be a Shankara Building Products Limited subsidiary during FY 2019-20.

However, the Board of Directors in its meeting held on 26th day of April 2019 approved the acquisition of shares of step-down subsidiary company Centurywells Roofing India Pvt. Ltd from wholly owned subsidiary company Steel Network Holdings Pte Ltd.

A Statement containing salient features of the Financial and Operational information of the Subsidiaries is provided in Form AOC-1 as **Annexure- II** to this Directors' Report.

Pursuant to Section 136 of the Companies Act, 2013, the Financial Statements of the Subsidiaries are available on the website of the Company and also will be made available upon the request by any member of the Company.

The policy for determining "Material Subsidiary" framed by the Company in terms of Regulation 16(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available on the Company's website at the following link <https://www.shankarabuildpro.com/pdf/pdf-Material-Subsidiaries.pdf>

### 10. Key consolidated balance sheet information

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

The Audited Consolidated Financial Statements along with the Auditors' Report have been annexed to the Annual Report.

### 11. Capital Expenditure on tangible assets

This year, on a standalone basis, we undertook a capital expenditure of ₹17.06 Crores (Gross) as against ₹35.25 Crores (Gross) in the previous year.

The shareholders of the Company in its Extra-Ordinary General Meeting held on May 20, 2019 approved sale of partial assets including land, building and equipment of Taurus Value Steel & Pipes Private Limited (a wholly owned subsidiary of Shankara Building products Limited).

On a consolidated basis, our capital expenditure stood at ₹23.61 Crores (Gross) for FY 2020 as against ₹49.10 Crores (Gross) for the previous year.





## 12. Change in the nature of Business

Your Company continues to be in the business of organized retailers of home improvements and building products and there has been no change in the nature of business of the Company or any of its subsidiaries during the year under review. As mentioned above, there was a partial sale of assets including land, building and equipment of Taurus Value Steel & Pipes Private Limited (a wholly owned subsidiary of Shankara Building products Limited) in the last financial year. This has reduced our backend processing capacities.

## 13. Credit Ratings

CRISIL has assigned the Long Term Rating 'BBB+/Stable' and Short Term Rating 'CRISIL A2' on the bank loan facilities of the Company.

## 14. Auditors

**(i) Statutory Auditor:** In terms of the provisions of section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, M/s. Sundaram & Srinivasan, Chartered Accountants (Firm Registration No.004207S), have been appointed as Statutory Auditors of the Company to hold office from the conclusion of 24<sup>th</sup> Annual General Meeting till the conclusion of 29<sup>th</sup> Annual General Meeting to be held during calendar year 2024.

In accordance with the amendment to the provisions of Section 139 by the Companies Amendment Act 2017, notified on May 7, 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified by the Members at every Annual General Meeting.

**(ii) Secretarial Auditor:** Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules thereunder, 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 2019-20.

The Secretarial Audit Report for FY 2019-20 is appended as **Annexure- III** to the Directors' Report.

Pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, every listed entity and its

material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report. The Annual Secretarial Compliance Report for FY 2019-20 signed by Mr. K. Jayachandran, Practicing Company Secretary is appended as **Annexure - IV** to the Directors' Report.

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

### (i) Statutory Auditor's report

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

### (ii) Secretarial Auditor's Report

The Secretarial Audit Report does not contain any reservation, qualification or adverse remark, which calls for any further explanation.

## 16. Directors & key managerial personnel

### A. Composition and size of the Board

The Board has an optimum combination of executive, non-executive and independent directors. The total strength of the Board as on the date of reporting is seven Directors, of which four are Independent Directors. The composition of the Board of Directors is in due compliance of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### B. Retirement by rotation

Mr. RSV. Siva Prasad (DIN : 01247339), is liable to retire by rotation in terms of provisions of the Act at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment. The Board recommends his re-appointment for the approval of the Members.

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

### C. Appointments and Re-appointments

On the recommendation of Nomination and Remuneration Committee, the Board of Directors at its meeting held on 5<sup>th</sup> February, 2020 has approved the re-appointment of Ms. Jayashri Murali (DIN: 00317201) and Mr. Chandu Nair (DIN: 00259276) as an Independent Director of the Company for a period of five years subject to the approval of the shareholders at the ensuing Annual General Meeting.

All Independent Directors of the Company have given declarations to the Company under Section 149(7) of the Act that, they meet the criteria of independence as provided in Sub-Section 6 of Section 149 of the Act and also under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Pursuant to the provisions of section 203 of the Act, the key managerial personnel of the Company are - Mr. Sukumar Srinivas, Managing Director, Mr. Siddhartha Mundra, Chief Executive Officer, Mr. Alex Varghese, Chief Financial Officer and Ms. Ereena Vikram, Company Secretary.

### 17. Policy on directors' appointment and remuneration and other details

The Nomination and Remuneration Policy of the Company for appointment and remuneration of the Directors, Key Managerial Personnel and Senior Management of the Company along with other related matters have been provided in Corporate Governance Report.

The Company has formulated and adopted a Nomination and Remuneration policy which is disclosed on our website at i.e. <https://www.shankarabuildpro.com/pdf/pdf-No-minination-Remuneration-Policy.pdf>

It is affirmed that the appointment and remuneration of Directors, Key Managerial Personnel and all other employees during the year ended March 31, 2020 is in accordance with the Remuneration Policy of the Company.

A Statement of Disclosure of Remuneration pursuant to Section 197 of the Act read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is given in **Annexure- V** forming part of this Directors' Report.

Further, particulars of employees pursuant to Rule 5 (2) & 5 (3) of the above Rules form part of this report. However, in terms of provisions of section 136 of the said Act, the report and accounts are being sent to all the members of the Company and others entitled thereto, excluding the said particulars of employees. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company. The said information is available for inspection at the registered office of the Company during working hours.

### 18. Number of meetings of the Board

The Board during the financial year 2019-20 met six times viz. 26<sup>th</sup> April, 2019; 9<sup>th</sup> May, 2019; 12<sup>th</sup> August, 2019; 11<sup>th</sup> November, 2019; 5<sup>th</sup> February, 2020 and 13<sup>th</sup> March, 2020 and also had one meeting of Independent Directors. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013. Detailed information regarding the meetings of the Board and various Committees of the Board are included in the report on Corporate Governance, which forms part of this Report.

### 19. Audit committee

The Audit Committee of the Board, currently headed by an Independent Director as Chairperson meets at regular intervals to discharge its terms of reference effectively and efficiently. During the year, there were no instances where the recommendations of the Audit Committee were not accepted by the Board. A detailed note on the composition, role and functions of the Audit Committee are disclosed in the Report on Corporate Governance, which forms part of this Report.

### 20. Directors' Responsibility Statement

Pursuant to the requirement under Section 134 of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:



i. in the preparation of the Annual Accounts of the Company, both standalone and consolidated, for the year ended March 31, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act 2013, have been followed and that there are no material departures from the same.

ii. the Directors have selected such accounting policies 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 as at March 31, 2020 and of the profit for the year ended on that date;

iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. the Annual Accounts for the year ended March 31, 2020 have been prepared on a going concern basis;

v. adequate internal financial controls have been laid down and such controls are operating effectively;

vi. proper and adequate systems to ensure compliance with the provisions of all applicable laws have been devised and such systems are operating efficiently; and

vii. there are no instances of frauds involving the officers or employees of the Company reported by the Auditor under section 143 (12) of the Act during the year ended March 31, 2020.

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.2019-20.

## 21. Human Resource

As of March 31, 2020 we have 1,237 employees on the payroll of our Company and Subsidiaries. The following table sets forth the break-up as of March 31, 2020:

Sr. No	Departments	No.of Employees
1.	Sales and Marketing	493
2.	Finance, Accounts and Administration	387
3.	Operations	110
4.	Supply Chain	247
<b>Total</b>		<b>1,237</b>

In addition to the employees listed above, we also engage contract labour to facilitate our processing operations. As of March 31, 2020, we engaged 400 contract workers. Our Company is in compliance with the Contract Labour (Regulation and Abolition) Act, 1970, and the rules prescribed thereunder in this regard.

## 22. 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.

### 23. Board Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015, annual evaluation of the performance of the Board, the Directors individually as well as the evaluation of the working of its various committees has been carried out through a structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations, independence, governance, ethics and values, adherence to corporate governance norms, attendance and contribution at meetings etc.

The evaluation process has been explained in the Corporate Governance Report, which forms part of this report.

### 24. 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 Directors' Report.

The Company has not extended any loans, guarantees or investments to any other person or body corporate during the year under review.

### 25. Particulars of contracts or arrangements made with related parties

During the financial year ended 31 March, 2020, all the contracts or arrangements or transactions entered into by the Company with the related parties were in the ordinary course of business and on arm's length basis and were in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (LODR), 2015.

Further, the Company has not entered into any contract or arrangement or transaction with the related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. In view of the above, disclosure in FORM AOC-2 is not applicable.

Transactions with related parties, as per requirements of Indian Accounting Standard 24 are disclosed in the notes to accounts annexed to

the financial statements. Your Company's Policy on Related Party Transactions, as adopted by your Board, can be accessed on the Company's website i.e. <https://www.shankarabuildpro.com/pdf/pdf-RPT.pdf>

### 26. Corporate social responsibility

In line with the provisions of Section 135 of the Companies Act 2013, the Company has constituted a committee to formulate, implement and monitor the CSR Policy of the Company. The composition of the CSR Committee is disclosed in the Report of Corporate Governance, forming part of this Report.

The detailed report on CSR initiatives undertaken during the financial year 2019-20 together with the report on CSR activities as required by the Companies (Corporate Social Responsibility Policy) Rules, 2014, are set out in **Annexure- VI** to this Directors' Report.

#### Reasons for not spending the amount earmarked for CSR Activities:

The Company allocated an amount of ₹76.84 Lakhs to be spent on corporate social responsibility (CSR) activities during the year 2019-20. Out of this, the Company spent ₹55.86 Lakhs during the year under review. The unspent amount of ₹20.98 Lakhs has been carried forward for spending in forthcoming years.

The Company believes, as a part of CSR Activities, in spending on such activities which really benefit the targeted beneficiaries. During the year under review, the Company, while continuing to support its ongoing projects, has associated itself with few new projects to expand its CSR initiatives in a systematic manner.

The Company is continuously extending its effort for making contributions to various socially useful projects and is confident of meeting the statutory requirement during the financial year 2020-21. The detailed report on CSR Activities is set out in **Annexure- VI** to this Director' Report.

The policy is available on the website of the Company i.e.

<https://www.shankarabuildpro.com/pdf/pdf-CSR-Policy.pdf>



## 27. Corporate Governance and Shareholders' Information

Pursuant to Regulation 34 of the SEBI Regulations, the Report on Corporate Governance for the financial year 2019-20 along with a Certificate issued by a Practising Company Secretary confirming compliance with the mandatory requirements relating to Corporate Governance as stipulated under Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented as a separate section forming part of the Annual Report, forms an integral part of this report.

## 28. Risk Management

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

The details of risk management framework have been explained in the Management's Discussion and Analysis Report which is provided as an **Annexure- VII** to this report.

## 29. Internal financial control systems and their adequacy

The Company has in place adequate internal financial controls with reference to financial statements and no material reportable weakness was observed in the system during the year. The details in respect of internal financial control and their adequacy are included in the management discussion & analysis, which forms part of this report.

The Board has reappointed M/s GRSM & Associates, Chartered Accountants as Internal Auditor in the Board Meeting held on May 9, 2019

## 30. Whistle Blower Policy

In pursuance of the provisions of Section 177(9) of the Companies Act, 2013, rules made thereunder and Regulation 4 of the SEBI (LODR) Regulations, 2015, your Company has formulated a vigil mechanism which also includes a whistle blower policy to deal with instances of unethical behaviour, actual or suspected, fraud or violation of 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. 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 i.e., <https://www.shankarabuildpro.com/pdf/pdf-Whistleblower-Policy.pdf>

## 31. Disclosure as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder, your Company has framed a Policy on prevention, prohibition and redressal of sexual harassment at workplace and constituted Internal Complaints Committee having designated members to redress complaints regarding sexual harassment. During the year under review, no complaint of sexual harassment has been reported.

## 32. Extract of annual return

Pursuant to the provisions of Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the extract of the Annual Return in the Form MGT-9 is given in **Annexure - VIII** forming part of this Directors' Report.

The prescribed return is placed on the Company's website at [www.shankarabuildpro.com](http://www.shankarabuildpro.com)

## 33. Deposits from public

The Company has not accepted any deposits covered under Chapter V of Companies Act, 2013 and also any other deposit which is not in compliance with the requirements of Chapter V of the Companies Act, 2013.

## 34. Compliance with Secretarial Standards

During the year under review, the Company has complied with all the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

### 35. 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.

### 36. Conservation of energy, technology absorption, foreign exchange earnings and outgo Conservation of energy:

The particulars as prescribed under Section 134 of the Companies Act, 2013, read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are enclosed in the **Annexure- IX** to the Directors' report.

#### Technology absorption, adaptation and innovation:

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

#### Foreign Exchange earnings and outgo

There was a Foreign Exchange outflow of USD 1,389,674.19 from Shankara Building Products Limited to wholly owned subsidiary, Steel Network Holdings Pte Limited in Singapore during the year.

### 37. Reporting of frauds

There was no instance fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and/ or Board under Section 143 (12) of the Act and Rules framed thereunder.

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

During the year, no significant and material orders were passed by the regulators or courts or tribunals on the Company impacting the going concern status of the Company and Company's operations in future.

### 39. Other disclosures

#### (i) Details of equity shares with differential rights

The Company has not issued any equity shares with differential rights during the year.

#### (ii) Details of sweat equity shares issued

The Company has not issued any sweat equity shares during the year.

#### (iii) Buy Back of Securities

The Company has not bought back any of its securities during the year under review.

#### (iv) Bonus Shares

No Bonus Shares were issued during the year under review.

## Acknowledgements

Your Directors place on record their sincere appreciation for the significant contribution made and services rendered by employees of the Company with dedication and commitment at all levels which has been critical for the Company's success.

Your Directors take this opportunity to thank Clients, Bankers, Vendors, Shareholders and Investors at large for their valuable co-operation and continued support.

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

For and on behalf of the Board of Directors

Sd/-  
Sukumar Srinivas  
Managing Director  
DIN: 01668064

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

Date: 10th June, 2020  
Place: Bengaluru



## Annexure-I to the Directors' Report

### DIVIDEND DISTRIBUTION POLICY

As per SEBI regulations, Shankara Building Products Limited (the "Company") has approved and adopted the Dividend Distribution Policy at its meeting held on May 10, 2018, being the effective date of the policy. The policy details are as follows:

#### 1. BACKGROUND, SCOPE PURPOSE AND EFFECTIVE DATE

The Securities Exchange Board of India (SEBI) on July 8, 2016 has notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 (Regulations).

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

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

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

The Policy shall not apply to:

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

The Policy is not an alternative to the decision of

the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board.

#### 2. DEFINITIONS

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

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

2.3 "**Dividend**" includes any interim dividend.

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

2.5 "**Policy**" means Dividend Distribution Policy.

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

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

#### 3. POLICY

##### A. PARAMETERS AND FACTORS FOR DECLARATION OF DIVIDEND

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

##### Internal Factors

- i. Operating cash flow of the Company
- ii. Profit earned during the year
- iii. Up gradation of technology and physical infrastructure
- iv. Creation of contingency fund
- v. Acquisition of brands and business
- vi. Cost of Borrowing
- vii. Past dividend payout ratio / trends
- viii. Profit available for distribution
- ix. Working capital requirements
- x. Capital expenditure requirement
- xi. Business expansion and growth
- xii. Earnings Per Share (EPS)

- xiii. Likelihood of crystallization of contingent liabilities, if any
- xiv. Additional investment in subsidiaries and associates of the company

### External Factors

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

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

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

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

- i. Proposed expansion plans requiring higher capital allocation
- ii. Whenever it undertakes any acquisitions, amalgamation, merger, joint ventures, business combinations, new product launches etc. which requires significant capital outflow
- iii. Requirement of higher working capital for the purpose of business of the Company
- iv. Whenever company proposes to utilize surplus cash for buy back of securities.

- v. In the event of loss or inadequacy of profit
- vi. Any restrictions and covenants contained in any agreement as may be entered with the lenders.

### C. UTILIZATION OF THE RETAINED EARNING

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

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

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

### D. MANNER OF DIVIDEND PAYOUT

#### In case of final dividend

- i. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.
- ii. The dividend as recommended by the Board shall be approved/declared at the Annual General Meeting of the Company.
- iii. The payment of dividends shall be made within the statutorily prescribed period from the





date of declaration, to those shareholders who are entitled to receive the dividend on the record date/book closure period, as per the applicable law.

#### **In case of interim dividend**

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

ii. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.

iii. The payment of dividends shall be made within the statutorily prescribed period from the date of declaration to the shareholders entitled to receive the dividend on the record date, as per the applicable laws.

iv. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the Annual General Meeting.

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

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

#### **4. DISCLOSURES**

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

#### **5. POLICY REVIEW AND AMENDMENTS**

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

**Annexure-II to the Directors' Report**

**FORM AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

₹ 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
			3	4	5	6	7	8	9	10	11	12	13
1	Taurus Value steel & Pipes Pvt. Ltd	Rupees	151.01	9,870.36	13,770.77	3,749.39	-	100%	11,195.01	209.20	62.65	(78.71)	Nil
2	Vishal Precision Steel Tubes & Strips Pvt. Ltd	Rupees	350.00	6,286.86	14,862.55	8,225.69	-	100%	39,597.69	826.92	46.39	780.53	Nil
3	Century Wells Roofing India Pvt. Ltd	Rupees	199.92	2,304.40	7,650.59	5,146.27	-	100%	19,525.95	672.86	177.88	494.98	Nil
4	Steel Network Holdings Pte Limited	USD	15.55*	(1.96)	13.90	0.30	-	100%	Nil	Nil	Nil	Nil	Nil

**\*Note:** The shareholders of M/s Steel Network Holdings Pte Limited in its meeting held on 30th December, 2019 have reduced the share capital of the Company from US\$ 2,000,000 divided into 2,000,000 ordinary shares to US\$ 1,555,919 divided into 1,555,919 ordinary shares.



## Annexure-III to the Directors' Report

FORM NO. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

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

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

Based on my verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the Audit Period covering the Financial Year ended on 31st March, 2020 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, 2020 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made there under;
- (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 thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (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;

(e) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(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 Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

(ii) Secretarial Standards 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:

Due to COVID -19 pandemic and lockdown, we were not able to physically verify few documents and registers during our Audit and in such cases we have carried out the audit based on electronic documents/soft copies provided to us.

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, Independent Directors and Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

There were 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 Company has given guarantee against the loans borrowed by wholly owned subsidiary companies.
2. The Company has obtained approval of the

Board of Directors and approval of the Members by way of Special resolution pursuant to the provisions of Section 180 (1) (a) of the Companies Act, 2013 to sell partial assets including land, building and equipment of Taurus Value Steel & Pipes Private Limited (CIN: U28112TG2009PTC064592), a wholly owned subsidiary of the Company.

3. The Company has acquired entire Equity Shares of Centurywells Roofing India Private Limited (CIN: U28112TN2002PTC049959), a step down subsidiary of the company from Steel - Network Pte Limited (Singapore), a wholly owned subsidiary of the Company.
4. The Company has entered in to related party transactions during the Financial Year and has considered all the related party transactions are on arm's length basis in the ordinary course of business.

**Date:** 10th June, 2020

**Place:** Bengaluru

**K. Jayachandran**

**Company Secretary**

**ACS No.: 11309/CP No.: 4031**

**UDIN: A011309B000330925**

### Annexure A

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

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.



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

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

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

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

**Date:** 10/06/2020

**Place:** Bengaluru

**K. Jayachandran**

**Company Secretary**

**ACS No.: 11309/CP No.: 4031**

**UDIN: A011309B000330793**

#### **Annexure-IV to the Directors' Report**

##### **ANNUAL SECRETARIAL COMPLIANCE REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

I, **K. Jayachandran, Practicing Company Secretary** have examined:

(a) all the documents and records made available to us and explanation provided by

**SHANKARA BUILDING PRODUCTS LIMITED**

**(CIN:L26922KA1995PLC018990)**

("the listed entity"),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) the website of the listed entity,

(d) any other document / filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31st March, 2020 ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

and circulars/guidelines issued thereunder; and based on the above examination, I hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars, guidelines issued thereunder, except in respect of matters specified below:-

<b>Sr. No.</b>	<b>Compliance Requirement (Regulations/ circulars / guidelines including specific clause)</b>	<b>Deviations</b>	<b>Observations / Remarks of the Practicing Company Secretary</b>
1.	Nil	Nil	Nil

## DIRECTORS' REPORT

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars, guidelines issued thereunder insofar as it appears from my examination of those records.

(c) The following are the details of actions taken against the listed entity/its promoters/directors/material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken e.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
1.	Nil	Nil	Nil	Nil

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No	Observations of the practicing company secretary in the previous report	Observations made in the Secretarial Compliance Report for the year ended.....	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1.	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Place: Bengaluru  
Date: 10<sup>th</sup> June, 2020

**K. Jayachandran**  
Company Secretary  
ACS No.: 11309/C P No.: 4031  
UDIN:A011309B000330859



## Annexure-V to the Directors' Report

### STATEMENT OF DISCLOSURE OF REMUNERATION

(Information pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

1. Ratio of the remuneration of each Executive Director to the median remuneration of the employees of the Company for the Financial Year 2020, the percentage increase in remuneration of Managing Director, Whole time Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary during the Financial Year 2020.

Sl. No	Name of Director/Key Managerial Personnel	Designation	Ratio of remuneration of each Director to median remuneration of employees	Percentage increase in Remuneration
1.	Mr. Sukumar Srinivas	Managing Director	53.43x	Nil
2.	Mr. C. Ravikumar	Whole - Time-Director	24.97x	Nil
3.	Mr. RSV. Siva Prasad	Whole - Time-Director	19.91x	Nil
4.	Mr. Siddhartha Mundra	Chief Executive Officer	43.53x	Nil
5.	Mr. Alex Varghese	Chief Financial Officer	12.74x	Nil
6.	Ms. Ereena Vikram	Company Secretary	4.29x	31%

### Notes:

- Percentage of increase in remuneration is effective 1<sup>st</sup> April 2019.
- Independent Directors of the Company are entitled for sitting fees as per the Statutory Provisions.
- As a Policy, the Non-Executive - Non-Independent Directors are neither paid sitting fee nor paid any commission. The details of remuneration of Non-executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-executive Directors Remuneration is therefore not considered for the above purpose.
- Percentage increase in the median remuneration of employees for the financial year: 2019-20
- Number of permanent employees on rolls of the Company as on March 31, 2020: 1,237
- Average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and to point out if there are any exceptional circumstances for increase in the managerial remuneration: As per Company's increment guidelines.
- Affirmation that the remuneration is as per remuneration policy of the Company: Yes

## Annexure-VI to the Directors' Report

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE YEAR 2019-20

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:

Shankara works towards improving healthcare infrastructure, supporting primary education, environment sustainability, rehabilitating abandoned women and children. The Company's focus has always been to contribute to the sustainable development of the society and environment.

The main focal areas of Shankara CSR activities are:

☞ Sponsored a program 'Child rights through soccer' in Chennai. Soccer for Child Rights activates people from different walks of the society to collectively come together to support the cause of child rights. It works to empower children through sports and has paved the way for many children to play at the national and international arena.

☞ Adoption of a school in Bangalore with the entire team of Need Base India and setting up of new home for boys in Govt. primary school.

☞ Water is a critical resource and is rapidly depleting. Shankara has taken up water conservation as a theme and started an integrated watershed project - Jala Nela. The project aims at achieving sustainable agriculture patterns and community mobilized through the integrated watershed development and improving the livelihood of small and marginal farmers.

☞ Providing education, medical facilities and rehabilitation to the differently abled people.

☞ Renovation of school toilets.

Shankara Building Products Limited ("SBPL") on a standalone basis was expected to spend ₹76.84 Lakhs towards CSR in the year 2019-20 including carried forward amount from the previous year. It has identified and allocated ₹76.84 lakhs out of which ₹55.86 Lakhs has been disbursed.

2. The composition of the CSR Committee: The Company has a CSR committee with Ms. Jayashri Murali, as the Chairperson of the Committee, Mr. Chandu Nair and Mr. Sukumar Srinivas are Members of the Committee.

3. Average computed net profit of the Company for last three year for the purpose of computation of CSR: ₹3,842.11 lakhs

4. Prescribed CSR Expenditure (two percent of the amount as in item no 3 above): ₹76.84 lakhs

5. Details of CSR spent during the financial year including carried forward from previous year:

a. Total amount to be spent for the financial year: ₹76.84 Lakhs

b. Amount unspent: ₹20.98 Lakhs

Reason: The reason for not spending the amount of CSR is provided in the Board's Report.

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  
DIN: 01668064

**Jayashri Murali**  
Chairperson, Corporate  
Social Responsibility  
DIN: 00317201

**Place:** Bengaluru  
**Date:** 10th June, 2020





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

in Lakhs

Sl. No	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) Specify the state and district where the project or programs was undertaken	Amount Outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: Direct expenditure on projects or	Cumulative Expenditure up to reporting period	Amount spent: Direct or through implementing agency
1.	Concern India Foundation	Jala Nela-Water Shed Programme, Ranibennur	Urban & Rural	29.50	29.50	29.50	Direct
2.	Need Base India	Education of underprivileged Girls & street Children Adopted a government school with 31 Boys and girl students. Established and maintaining hostel facilities for boys under the name of Shankara Building Products Boys Home	Urban	8.76	8.76	8.76	Direct
3.	HelpAge India	Mobile Medicare Unit Sharing basis providing free Medical services for disadvantaged elderly	Urban & Rural	21.58	-	-	Direct
4.	Amar Seva Sangh	Contribution towards construction of building for spinal cord & medical check-up and Orthotics Centre expansion	Urban & Rural	5.00	3.90	3.90	Direct
5.	CRY (Child Rights and You)	Sponsorship Soccer training for slum kids, Chennai	Urban	10.00	10.00	10.00	Direct
6.	Sree Satchidananda Jan seva	Purchase of 1000 dictionaries for poor children	Urban	2.00	2.00	2.00	Direct
7.	Others	Donation charges for deserving poor student to improve the quality of education	Urban & Rural	-	1.70	1.70	Direct
	<b>Total ( )</b>			<b>76.84</b>	<b>55.86</b>	<b>55.86</b>	

## Annexure-VII to the Directors' Report

### MANAGEMENT DISCUSSION AND ANALYSIS

#### 1. Industry Structure & Developments

The year started on a positive note with the incumbent central government winning a second decisive five year mandate. To provide a boost to the overall industry, the government took some bold measures like reducing corporate tax rates. This move rationalized the tax structure and made it very competitive from a global perspective. However, the operating environment continued to be challenging. Banking sector faced solvency issues with a couple of banks requiring regulatory intervention. Global trade negotiations led to heightened uncertainties. China's growth rate fell to its lowest in the last 29 years. Worsening global economic environment weighed on the performance of the emerging economies. The onset of the COVID-19 pandemic took the entire country to a sudden halt.

India's GDP growth has been sluggish over the last year. IIP figures were subdued and in negative territory for a few months. Capacity utilization in the manufacturing sector was at low levels. Retail inflation was high and beyond the higher end of the band set by the RBI. Food inflation reached double digits during the year. Overall GDP growth figure for FY 19-20 is expected to be under 5%.

A sluggish economy also impacted the building materials industry. The government did provide a fillip by setting up a ₹25,000 crore fund to revive stalled real estate projects. The GST rates on under construction projects was also reduced. However, most building material brands recorded muted growth rates.

#### *Building material industry structure*

Building materials are sold from the retail as well as the institutional channel. The retail channel accounts for approximately one third of the overall sales for the building materials. This share is substantially higher for brands which have established a strong customer connect. These brands look for strong retail partners to position their products better. They also want to ensure continuous outreach to professional customers to keep them updated on the key technical differentiators of their products. An organized setup helps building material brands scale their presence.

The building material retail industry is very fragmented. Most retail outlets specialize in select product categories. Most are single store operations. Customers value variety, price and service. Given the trust deficit in the building material category, customers are also looking for the right guidance and genuine products. They are likely to gravitate towards stores which provides an array of options, are competitively priced, conveniently located and deliver in a time bound manner.

Given the large number of products that need to be purchased over a period of time, building relationships with customers is very important. This becomes all the more important with professional customers who have repeat requirements as well as key influencers to drive end customers to the stores. Personable staff, who can provide good service to the customers, becomes very important.

#### *Institutional customers*

The institutional customers form a larger share of sales of the building material industry. With their bulk requirements, they are able to bargain better. Having an early entry into such customers and projects becomes critical. Some of these sales may also have higher working capital requirements. However, there are customer segments and products segments which can provide some niches. Bespoke products integrate these customers more tightly with suppliers. Timely availability of products also becomes a key differentiator in this category.

#### *Outlook*

We are currently in a period of uncertainty in the growth environment. COVID-19 impact in terms of severity and duration across global markets continues to be a cause of concern. A positive fallout from an Indian perspective is the decline in oil prices which should help reduce our oil import bills.

We continue to be hopeful that with the number of measures being taken proactively by the government, we will be able to soon contain the harmful impact of this virus. Our industry is also a very large employer. We believe that there will be fiscal measures provided by the government to support this important sector.



## 2. Opportunities & Threats

The opportunities and threats faced by the Company are enumerated below:

### Opportunities

☞ The go-to brand for building products: The building material retail industry is extremely fragmented. Economies of scale on purchase can help us offer best prices to customers. Having a large distributed store setup with variety in terms of categories and brands can gravitate customers towards our stores. Having optimal inventory in conjunction with warehousing and logistics infrastructure can ensure we offer good service levels to customers. Shankara Buildpro is scaling up as a multi-product, multi-brand, multi-location retail chain with 100+ stores. We can build multiple levels of differentiators on top of this large store network.

☞ Consolidation: Consolidation is a significant opportunity for us. Many independent stores face viability issues in a rising competitive environment. Many of them also have succession issues. The Company has executed a few takeovers and we believe that there are more such opportunities for us to accelerate our growth plans.

We also believe that the business environment will change post COVID-19. We operate in a very fragmented environment with a number of small players. Near term prospects for the smaller players will be challenging. We see the competitive environment easing up going forward.

### Threats

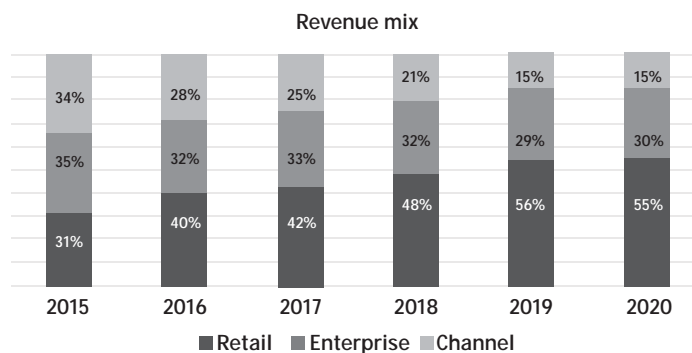
☞ Competition: We could face competition from large players with deep pockets entering the domain. Volumes are spread across multiple

brands, product categories and geographies. Most established brands already have some defined channel structure. Relationships and service element play a very important role. This industry is very operations intensive with thin margin structures. The ability of a large player to operate at fine cost structures may be a challenge. Our business is layered and built over three decades. There are a lot of capabilities that the team has built over a period of time which are critical for execution. These strengths will stand us in good stead to tackle competition.

☞ Technology disruption: Newer ways of doing business could pose challenges. These may be more cost efficient or integrate better with the customers. We are looking at technology interventions and building on these capabilities. We have our ecommerce website [www.buildpro.store](http://www.buildpro.store) through which we service customer orders across India. It also serves as an important product discovery tool for our customers. We are building capabilities to make our sales teams and inventory management more effective.

## 3. Segment wise or Product wise performance

We have three business segments – retail, enterprise and channel. The retail business constitutes ~ 55% of overall revenues, the enterprise business contributed ~ 30% of overall revenues and channel segment ~ 15%. Over the last 3 years, the share of retail business has increased. The share of enterprise business has had a moderate decline over this period. The channel business in absolute terms as well as the share of business has been reduced over the last few years. The following graph provides details of the revenue share from each of the segments over the last few years.



### I. Retail segment

We are one of the largest retailers for home improvement and building materials products in India based on the number of stores. We run a chain of 120 stores (as on 31st March 2020) operating under the brand name “**Shankara Buildpro**” across 9 states and 1 union territory. Our retail operations are spread across South, West & East India. We carry 30,000+ SKUs across the entire home construction and renovation lifecycle spread across categories of construction materials, plumbing and sanitaryware, flooring, electrical items and interior-exterior finishing. In certain semi-urban locations, we also carry building products catering to the needs of the farmer.

Our retail revenue grew at a CAGR of 21% over the last 7 years and now contributes ~55% of our overall revenues. We recorded a retail revenue of ₹1,442 crores in FY20. Our comparable sales growth gained momentum with each passing quarter of the year. The comparable sales growth stood at 6.47% for the exiting quarter, Q4 of FY 20 with the latter part of the quarter being impacted by the lockdown. Our segment EBITDA margins stood at 8.0% in FY 20. This is beyond the higher end of the 6% to 8% band that we had guided earlier.

Our focus has been on consolidating the operations in the last financial year. To this effect, we rationalized some of our stores which were not feasible from a profitability perspective or from a further scale up perspective. The total store count as on 31st March, 2020 stood at 120.

Our retail footprint spans ~5.42 lac sq.ft. We now have our presence in 56 unique towns / cities across Tier 1, 2 and 3 locations. Our average store size is ~4,520 sq.ft. As of now we continue to focus on South India for our category expansion in the existing retail network. We are working on the following aspects on our retail network:

#### More from less

We have taken a conscious call to optimize our store network. We are now working more closely with these stores to ensure we can scale them further. Operating the stores at the right cost structure becomes imperative in this sluggish demand environment. We have done upgrades in our focus retail stores. We are also equipping them with the right manpower. Competitive

product pricing with efficient supply chain linkages have been undertaken across the stores. Cross sell continues to be our key theme across our retail stores. We want to leverage our existing customer relationships to sell more of our expanded range of products.

#### Customer outreach programs

Continued outreach to customers clearly forms an important part of our strategy. We do this through in-store customer meets, participation in local industry events & exhibitions and advertising in relevant industry journals. We also do lot of local activation programs like newspaper inserts, pamphlets, vehicle and store branding. We communicate our key differentiators of trust, convenience and best price. We are also strengthening our presence in the online domain and are doing a number of focused activities to build domain authority for our ecommerce website [www.buildpro.store](http://www.buildpro.store).

### II. Enterprise segment

Enterprise segment recorded revenues of ₹804 crores in FY 20. In this segment, we cater to the requirements of large end users, contractors and OEMs. The requirements of our enterprise customers are more crisply defined in terms of specifications, quality and timelines. This business works with a key account management approach. We continue to focus on a diverse range of industries in this segment like auto, construction, storage and material handling solutions, PEB structures etc. As we have reduced some of our processing capacities, we will now cater to more specific customized requirements from the remaining capacities.

Customers in this segment have a higher need for credit given the longer working capital cycles they work with. We have started using our supply chain finance facilities for some of the customers. This will help us in reducing the capital deployed in the business.

### III. Channel segment

In this segment we cater to dealers and other retailers for their steel and steel linked product requirements through our branch network. We generated revenues of ₹394 crores in this segment in FY 20. We have been consolidating this segment over the last few years. The share of revenues in the channel segment has steadily



come down from 43% in FY 2013 to 15% in FY 2020. However, we feel that we have reached the optimal level now and further consolidation may not happen. It is a strategic part of the overall Company as it provides support for our other business segments. It helps optimize costs and helps us in securing scale benefits.

#### **Processing**

Our processing business has been substantially restructured with the sale of the unit in Chegunta, Hyderabad. Before the sale of the asset, the share of own products formed ~60% of our overall revenues. Post the sale, this share will now stand at ~27%. Our product focus on the processing business will be on value added, niche segments. We now have 13 processing units functional. We have 3 units for the product categories of pipes and bright bars and 10 units for colour coated roofing sheets.

#### **Supply chain management**

Supply chain is a very key aspect for us to maintain our timely delivery commitments. Warehousing and logistics are critical infrastructure requirements for us. We like to own our warehousing space in locations where we have built scale. Currently our owned warehousing network spans ~5.79 lac sq.ft. Own warehousing helps us deliver our cluster based retail strategy in a more efficient manner.

In the case of logistics, if efficient third party logistics is available we use that, else we build our own assets. We have our own fleet of trucks, largely for intra-city delivery of goods. We currently have 82 owned trucks and many more which are not owned but dedicated entirely towards movement of our goods. We also undertake branding on these vehicles to build visibility.

We will continue to invest and fortify these critical backbones.

#### **4. Outlook**

One of our key focus areas in the last financial year has been on reducing our debt levels. We continue to be keenly focused on this. To this effect we sold one of our processing units in Hyderabad. We are also working closely on optimizing our inventory levels further. We have also been rationalizing our store operations which are on the margin from a profitability

perspective and where we do not see opportunities of substantial scale up in the medium term. We have set a lot of groundwork in place for us to be more focused on growth activities in the coming years.

Some of this impact was visible in the second half for FY 19-20 where our growth was 16% over same period last year. Our comparable sales growth stood at 11% for Q3 FY 20 and 6.5% for Q4 FY 20.

The impact of the Corona virus disease on our next year performance is difficult to assess. However, this impacts the entire industry and the larger economy. Our industry is one of the largest employers. We are hopeful that the government will take appropriate measures to address this. During this period we are conserving liquidity as far as possible. Routine business payment, wherever possible, have been deferred. We are relooking at our cost structures and cutting unwanted expenditure. We used the lockdown period to expedite a lot of backend work, which in the regular routine, would have taken much longer.

Post COVID-19, we anticipate a tightening of the working capital cycle and will use this opportunity to reduce our inventory and debtors. Inventory will become a very strong focus area for us in the next few quarters and we will work aggressively to operate with lower inventory levels.

Most of our customers are repeat customers with long term relationships. We have witnessed that India is very resilient in most crisis situations. We have large fragmented business owners and ~85% of our GDP in the non-agricultural segment constitute this segment. Therefore, as livelihood is at stake, these resilient sections of our society will find ways and means to bounce back at the earliest.

The assessment of impact of COVID-19 is a continuous process given the uncertainties associated with its nature and duration. The company will continue to monitor any material changes to future economic conditions.

### 5. Risks and concerns

Each business has areas of key risks and concerns. For our business, we have identified key risks as – place, product, people and pricing. These are further detailed below:

☞ Place – Location selection is very important to ensure walk-ins and volume pickup in the retail stores. Availability of retail spaces relevant for our format and cost structure is important. As most of the locations are on a rental basis, continuation of the leases also becomes important. We need ample parking space for customers as well as space for loading / unloading of goods from our transport vehicles. Our knowledge of the geographies we operate in helps us in appropriate location identification.

☞ Product – Selecting the right products in the stores is important to ensure healthy sales and continued movement of stocks. We do not carry a lot of inventory in our stores or warehouses. The inventory that we carry is also for select products which, to our understanding, are fast moving. We try to ensure that we supply material on a back to back order basis. Further our products do not have as much of an obsolescence risk. We also have the ability to move the products within our own wide network.

☞ People – Trained manpower is important for retailing of building products as there is an element of consultative selling required for this category. We are training our own manpower as well as recruiting from the industry. We conduct regular training sessions for our staff. Our takeovers have also helped us acquire trained people.

☞ Pricing – Some of our product categories like steel could witness price volatility. In addition, competition could make our pricing less competitive forcing us to operate at lower profitability levels. We try to ensure that the inventory level of such products is kept at low levels. We look to keep our inventory at levels so that we refresh the stock within the normal monthly price revision cycle. Further, price fluctuations take time to reach the retail segment as well as Tier 2 / 3 locations. This provides us some buffer against such price volatility.

### 6. Internal control systems and their adequacy

Shankara has a robust system of internal controls in place which is commensurate with the size and nature of business. It forms an integral part of the Company's corporate governance and plays a critical role in managing operational risks. Both operational and systems audits govern the part of audit conducted by the Company. Extensive and systematic program of risk and transaction based internal audits cover all divisions, plants, branches and different areas of operations. The scope includes inputs received through internal audits, compliance with accounting standards, risk management and different control systems. The report is also presented to the Audit Committee for feedback and further improvements.

### 7. Discussion on financial performance with respect to operational performance

We are in the process of consolidating our operations and have taken some steps in the previous financial year. We have closed 14 stores during the course of the year. These were stores where we did not see significant scale up possibilities in the medium term. Some of these stores were also on the margin from a profitability perspective. We have also started focusing more closely on our core strength of steel products as they form a strong foundation for cross sell of our other products. We are proactively focusing on a few other product categories like construction materials, plumbing and sanitaryware, flooring and electrical and have identified focus stores for these categories.

The channel and enterprise segment revenues have been increasing on a quarter on quarter basis during the year. The revenues in this segment had declined during the previous year.

We sold a substantial processing asset in Hyderabad during the year. We also rationalized our residual processing output during the course of the year. The share of sales of our products fell to from ~60% in the previous year to ~27% in the current year. We have also taken a number of cost control measures to ensure that our reduced scale of processing volumes continues to be profitable. We have increased share of third party purchases to stem this shortfall of own products.



## 8. Material Development in Human Resource/ Industrial Relations front

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

complete organisation life-cycle of employees. Key HR initiatives also include activities around employee safety, training and development as well as employee engagement.

The total number of employees including contract employees of the Shankara group stood at 1,637 employees as on end of financial year 2020.

## 9. Key financial ratios:

The comparison of key financial ratios for FY 19 and FY 20 is detailed below:

	FY 20	FY 19
Debtor Turnover in Days	59	48
Inventory Turnover in Days	55	55
Interest Coverage Ratio	2.45 x	1.92 x
Current Ratio	2.31 x	1.89 x
Debt Equity Ratio	0.43 x	0.38 x
Operating Profit Margin (%)	4.6%	4.1%
Net Profit Margin (%)	1.6%	1.1%
Return on Net Worth	8.1%	6.9%

☞ Debtor turnover in days: Debtor turnover days increased from 48 days to 59 days as the collections were impacted towards the end of the financial year on account of the lockdown.

☞ Inventory turnover in days: The inventory turnover days has been maintained at 55 days, the same level as last year.

☞ Interest coverage ratio: The interest coverage ratio has been largely stable, improving marginally from 1.92x in FY 19 to 2.45 x in FY 20.

☞ Current ratio: The current ratio has improved from 2.31 x in FY 20 from 1.89 x in FY 19. This is due to the combined effect of an increase in debtors and reduction in creditors during the period.

☞ Debt:Equity ratio: The Debt: Equity ratio has largely held steady moving from 0.38x in FY 19 to 0.43x in FY 20.

☞ Operating profit margin: Operating profit margin has increased from 4.1% in FY 19 to 4.6% in FY 20 on account of reduction in overhead expenses.

☞ Net profit margin: Net profit margin from continuing operations has increased from 1.1% in FY 19 to 1.6% in FY 20 on account of lower tax rates.

☞ Return on Net Worth: The return on net worth has improved from 6.9% in FY 19 to 8.1% in FY 20 on account of higher profitability from continuing operations.

## 10. Disclosure of Accounting Treatment

In accordance with the Companies (Indian Accounting Standards) Rules, 2015 of the Companies Act, 2013, Shankara has adopted the Indian Accounting Standards (Ind AS) for preparation of its financial statements with effect from April 1, 2017. Company has also adopted Indian Accounting Standard 116 which sets out the principles for the recognition, measurement, presentation, and disclosure of leases.







**Annexure-VIII to the Directors' Report  
FORM MGT.9**

**EXTRACT OF ANNUAL RETURN**

as on financial year ended on March 31, 2020  
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i. CIN: L26922KA1995PLC018990
- ii. Registration Date: October 13, 1995
- iii. Name of the Company: Shankara Building Products Limited
- iv. Category / Sub-Category of the Company: Company limited by Shares/ Non-Govt company/Public
- v. Address of the registered office and contact details:

G2 Farah Winsford, No.133,  
Infantry road, Bangalore – 560001  
Tel: +91 80 4011 7777  
Fax: +91 80 4111 9317  
**Email: cs@shankarabuildpro.com,  
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:

KFin Technologies Private Limited  
Karvy Selenium Tower B  
Plot 31-32, Gachibowli, Financial District  
Nanakramguda,  
Hyderabad-500032  
Tel: +91 4067162222  
Fax: +91 4023431551  
Email: ramdas.g@kfintech.com  
Investor Grievance  
Email: einward.ris@kfintech.com  
Website: www.kfintech.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	55%
2.	Enterprise Sales	466	30%
3.	Channel Sales	466	15%

**III.PARTICULARS OF HOLDING, SUBSIDIARY COMPANIES**

Sl.No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary	% of Shares held
1.	Vishal Precision Steel Tubes and Strips Pvt Ltd	U00291KA1991PTC012581	Subsidiary	100%
2.	Taurus Value Steel & Pipes Pvt Ltd	U28112TG2009PTC064592	Subsidiary	100%
3.	Steel Networks (Holdings) Pte Ltd	201324866N	Subsidiary	100%
4.	Centurywells Roofing India Pvt Ltd	U28112TN2002PTC049959	Subsidiary	100%

**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 beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	1,26,82,984	-	1,26,82,984	55.51	1,27,29,837	-	1,27,29,837	55.71	0.2
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	1,61,200	-	1,61,200	0.71	1,66,200	-	1,66,200	0.73	0.02
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (1)</b>	<b>1,28,44,184</b>		<b>1,28,44,184</b>	<b>56.22</b>	<b>1,28,96,037</b>		<b>1,28,96,037</b>	<b>56.44</b>	<b>0.23</b>
<b>(2) Foreign</b>									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (2)</b>									
<b>TOTAL (A)</b>	<b>1,28,44,184</b>		<b>1,28,44,184</b>	<b>56.22</b>	<b>1,28,96,037</b>		<b>1,28,96,037</b>	<b>56.44</b>	<b>0.23</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	9,70,018	-	9,70,018	4.25	9,89,044	-	9,89,044	4.33	0.08
b) Banks / FI	10,865	-	10,865	0.05	41	-	41	0.00	
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Alternate Investment Funds	58,357	-	58,357	0.26	-	-	-	-	(0.26)
g) FII's	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Foreign Portfolio Investors	51,99,869	-	51,99,869	22.76	58,22,863	-	58,22,863	25.48	2.72
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1):-</b>	<b>62,39,109</b>	<b>-</b>	<b>62,39,109</b>	<b>27.31</b>	<b>68,11,948</b>	<b>-</b>	<b>68,11,948</b>	<b>29.81</b>	<b>2.49</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	15,02,617	3,43,056	18,45,673	8.08	13,07,921	3,43,056	16,50,977	7.23	(0.85)
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	5,22,306	1,96,120	7,18,426	3.14	1,06,952	1,96,120	3,03,072	1.33	(1.81)
c) Others (specify)	-	-	-	-	-	-	-	-	-
NBFC Registered with RBI	25,037	-	25,037	0.11	-	-	-	-	(0.11)
Clearing Members Non Residents	54,455	-	54,455	0.24	62,874	-	62,874	0.28	0.04
Indians	3,60,728	-	3,60,728	1.58	2,14,714	-	2,14,714	0.94	(0.64)
Trusts	2,000	-	2,000	0.01	2,000	-	2,000	0.01	-
Bodies Corporate	7,59,714	-	7,59,714	3.32	9,07,704	-	9,07,704	3.97	0.65
<b>Sub Total B(2)</b>	<b>32,26,857</b>	<b>5,39,176</b>	<b>37,66,033</b>	<b>16.48</b>	<b>26,02,165</b>	<b>5,39,176</b>	<b>31,41,341</b>	<b>13.75</b>	<b>(2.73)</b>
<b>Total Public (B)= (B) (1) + (B) (2)</b>	<b>94,65,966</b>	<b>5,39,176</b>	<b>1,00,05,142</b>	<b>43.79</b>	<b>94,14,113</b>	<b>5,39,176</b>	<b>99,53,289</b>	<b>43.56</b>	<b>(0.24)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total A+B+C)</b>	<b>2,23,10,150</b>	<b>5,39,176</b>	<b>2,28,49,326</b>	<b>100</b>	<b>2,23,10,150</b>	<b>5,39,176</b>	<b>2,28,49,326</b>	<b>100</b>	<b>-</b>

(ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/en cumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/en cumbered to total shares	
1.	Mr. Sukumar Srinivas	1,25,22,434	54.80	-	1,25,69,287	55.01	-	0.21
2.	Mrs Parwathi. S. Miralay	1,00,000	0.44	-	1,00,000	0.44	-	-
3.	Mr. Dhananjay Miralay Srinivas	60,550	0.26	-	60,550	0.26	-	-
4.	M/s. Shankara Holdings Private Ltd	1,61,200	0.71	-	1,66,200	0.73	-	0.02

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

Sl. No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	No. of Shares % of total shares of the Company
1.	Sukumar Srinivas				
	At the beginning of the year	1,25,22,434	54.80	1,25,22,434	54.80
	Bought during the year	46,853	0.20	1,25,69,287	55.00
	Sold during the year				
	At the end of the year-31/03/2020			1,25,69,287	55.00
2.	Shankara Holdings Private Limited				
	At the beginning of the year	1,61,200	0.71	1,61,200	0.71
	Bought during the year	5,000	0.02	1,66,200	0.73
	Sold during the year				
	At the end of the year-31/03/2020			1,66,200	0.73

(iv) Shareholding Pattern of top ten Shareholders

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

Sl. No	Name of the Shareholder's	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Amansa Holdings Private Limited				
	At the beginning of the year	19,12,529	8.37	19,12,529	8.37
	Bought during the year	2,47,006	1.08	21,59,535	9.45
	Sold during the year				
	At the end of the year-31/03/2020			21,59,535	9.45



Sl. No	Name of the Shareholder's	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>2.</b>	<b>Arjuna Fund Pte Limited</b>				
	At the beginning of the year	10,39,102	4.55	10,39,102	4.55
	Bought during the year	1,01,953	0.44	11,41,055	4.99
	Sold during the year				
	At the end of the year-31/03/2020			11,41,055	4.99
<b>3.</b>	<b>Franklin India Smaller Companies Fund</b>				
	At the beginning of the year	9,70,012	4.24	9,70,012	4.24
	Bought during the year				
	Sold during the year	9,70,012	4.24	-	-
	At the end of the year-31/03/2020			-	-
<b>4.</b>	<b>Ashoka Pte Ltd</b>				
	At the beginning of the year	8,38,019	3.67	8,38,019	3.67
	Bought during the year				
	Sold during the year	1,95,905	0.85	6,42,114	2.82
	At the end of the year-31/03/2020			6,42,114	2.82
<b>5.</b>	<b>Generation IM Fund PLC-Generation IM Asia Fund</b>				
	At the beginning of the year	4,78,528	2.09	4,78,528	2.09
	Bought during the year				
	Sold during the year	15,214	0.06	4,63,314	2.03
	At the end of the year-31/03/2020			4,63,314	2.03
<b>6.</b>	<b>Saravana Stocks Pvt. Limited</b>				
	At the beginning of the year	2,21,500	0.97	2,21,500	0.97
	Bought during the year	1,01,500	0.44	3,23,000	1.41
	Sold during the year				
	At the end of the year-31/03/2020			3,23,000	1.41
<b>7.</b>	<b>Generation IM Asia Fund LP</b>				
	At the beginning of the year	1,47,476	0.65	1,47,476	0.65
	Bought during the year	55,145	0.24	2,02,621	0.88
	Sold during the year				
	At the end of the year-31/03/2020			2,02,621	0.88
<b>8.</b>	<b>Matthews Asia Small companies fund</b>				
	At the beginning of the year	1,32,296	0.58	1,32,296	0.58
	Bought during the year	2,19,387	0.96	3,51,683	1.54
	Sold during the year				
	At the end of the year-31/03/2020			3,51,683	1.54
<b>9.</b>	<b>Vanderbilt University - Flowering Tree Investment</b>				
	At the beginning of the year	1,30,731	0.57	1,30,731	0.57
	Bought during the year	70,870	0.31	2,01,601	0.88
	Sold during the year				
	At the end of the year-31/03/2020			2,01,601	0.88

Sl. No	Name of the Shareholder's	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
10.	<b>Bodhivriksha Advisors LLP</b>				
	At the beginning of the year	1,25,000	0.55	1,25,000	0.55
	Bought during the year				
	Sold during the year				
	At the end of the year-31/03/2020			1,25,000	0.55

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	Name of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
<b>A</b>	<b>Directors:</b>				
1.	<b>Sukumar Srinivas</b>				
	At the beginning of the year	1,25,22,434	54.80	1,25,22,434	54.80
	Bought during the year	46,853	0.20	1,25,69,287	55.00
	Sold during the year				
	At the end of the year-31/03/2020			1,25,69,287	55.00
2.	<b>C. Ravikumar</b>				
	At the beginning of the year	72,500	0.31	72,500	0.31
	Bought during the year				
	Sold during the year				
	At the end of the year-31/03/2020			72,500	0.31
3.	<b>RSV. Siva Prasad</b>				
	At the beginning of the year	61,650	0.26	61,650	0.26
	Bought during the year				
	Sold during the year				
	At the end of the year-31/03/2020			61,650	0.26
<b>B</b>	<b>Key Managerial Personnel:</b>				
1.	<b>Siddhartha Mundra</b>				
	At the beginning of the year	500	0.00	500	0.00
	Bought during the year	1,000	0.00	1,500	0.01
	Sold during the year				
	At the end of the year-31/03/2020			1,500	0.01
2.	<b>Alex Varghese</b>				
	At the beginning of the year	20,720	0.09	20,720	0.09
	Bought during the year				
	Sold during the year				
	At the end of the year-31/03/2020			20,720	0.09
3.	<b>Ereena Vikram</b>				
	At the beginning of the year	Nil	-	Nil	-
	Bought during the year	Nil	-	Nil	-
	Sold during the year	Nil	-	Nil	-
	At the end of the year-31/03/2020	Nil	-	Nil	-



## 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	18,010.02	1,730.70	Nil	19,740.72
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	52.57	Nil	Nil	52.57
<b>Total (i+ii+iii)</b>	<b>18,062.59</b>	<b>1,730.70</b>	<b>Nil</b>	<b>19,793.29</b>
Change in Indebtedness during the financial year				
Additions	4,791.92	Nil	Nil	4,791.92
Reductions	Nil	490.66	Nil	490.66
<b>Net Change</b>	<b>4,791.92</b>	<b>490.66</b>	<b>Nil</b>	<b>4,301.26</b>
Indebtedness at the end of the financial year				
i) Principal Amount	22,817.79	1,240.04	Nil	24,057.83
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	36.72	Nil	Nil	36.72
<b>Total (i+ii+iii)</b>	<b>22,854.51</b>	<b>1,240.04</b>	<b>Nil</b>	<b>24,094.55</b>

## VI. Remuneration Of Directors And Key Managerial Personnel

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

(` in Lakhs)

Sl.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, 1961	102.85	51.35	40.93
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-
	(c) Profits in lieu of salary	-	-	-
2.	Stock Option	-	-	-
3.	Sweaty equity	-	-	-
4.	Commission as % of Profit	-	-	-
	Others (Specify)	-	2.82	2.25
5.	Others-Provident fund Contribution	12.34	3.38	2.70
	<b>Total</b>	<b>115.19</b>	<b>57.55</b>	<b>45.88</b>

## DIRECTORS' REPORT

### B. Remuneration to other Directors:

(` in Lakhs)

Sl.No	Particulars of Remuneration	Name of the Directors			
1.	Independent Director	V. Ravichandar	B. Jayaraman	Chandu Nair	Jayashri Murali
	Fee for attending Board/Committee meetings	3,25,000	2,75,000	3,25,000	3,25,000
	Commission	-	-	-	-
	Others	-	-	-	-
	<b>Total (1)</b>	<b>3,25,000</b>	<b>2,75,000</b>	<b>3,25,000</b>	<b>3,25,000</b>
2.	Other Non-Executive Directors				
	Fee for attending board/committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Managerial Remuneration (1) +(2)</b>	<b>3,25,000</b>	<b>2,75,000</b>	<b>3,25,000</b>	<b>3,25,000</b>
	Overall Ceiling as per the Act	11% of the net profit, calculated as per Section 198 of the Companies Act, 2013.			

Note: Increase in sitting fee w.e.f 13th March, 2020 from ₹50,000 to ₹ Rs. 75,000)

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

(` in Lakhs)

Sl.No	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Siddhartha Mundra CEO	Mr. Alex Varghese CFO	Ms. Ereena Vikram Company Secretary
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	89.50	27.51	9.38
	(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	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	as a % of Profit	-	-	-
	Others (specify) -	3.76	1.31	0.44
	Others-Provident fund Contribution	4.51	1.58	0.54
	<b>Total</b>	<b>97.77</b>	<b>30.40</b>	<b>10.36</b>





## 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			<b>NIL</b>		
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

Sd/-  
Sukumar Srinivas  
Managing Director  
DIN: 01668064

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

Date: 10th June, 2020  
Place: Bengaluru

### Annexure-IX to the Directors' Report

#### 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:

<b>Taurus Value Steel &amp; Pipes Pvt. Ltd.</b>	<b>Units</b>	<b>Amount in `</b>	<b>Rate/Unit</b>
Total Energy purchased	18,90,314	1,70,33,059	9.01
<b>Vishal Precision Steel Tubes &amp; Strips Pvt. Ltd.</b>			
	<b>Units</b>	<b>Amount in `</b>	<b>Rate/Unit</b>
Total Energy purchased	46,35,310	4,16,60,385	8.99
<b>Centurywells Roofing India Pvt. Ltd.</b>			
	<b>Units</b>	<b>Amount in `</b>	<b>Rate/Unit</b>
Total Energy purchased	1,39,090	16,55,140	11.90

## Corporate Governance Report for the year 2019-20

### Shankara Philosophy on Corporate Governance

Our Corporate Governance philosophy is about maximizing shareholder value legally, ethically and sustainably. At Shankara, the goal of corporate governance is to ensure accountability, fairness and transparency in a company's relationship with its all stakeholders. The Company is committed to the upholding of the core values of integrity, passion, responsibility, quality and respect in dealing with all stakeholders of the Company. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures seek to attain the best practices in corporate governance.

Through its various codes and policies, the Company ensures application of the best management practices, compliance with the applicable laws and conduct of business in ethical and well governed manner which ensures profitable and responsible growth for creating long term value to the stakeholders.

In line with the Company's commitment to good corporate governance practices and compliance with the provisions of Companies Act, 2013 and Listing regulations, our Company has constituted Audit & Risk Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. Our Company has complied with all norms of corporate governance applicable to Listed Public Company as envisaged under the Companies Act, 2013, the Secretarial Standards on Board and General Meetings issued by the Institute of Company Secretaries of India. The operations of the Company are conducted under the supervision and directions of the Board within the framework set by the Companies Act, 2013 and the Rules made there under (the "Act"), its Articles of Association, SEBI Guidelines, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

### Composition of the Board

i. As on March 31, 2020, the Company has seven Directors. Of the seven Directors, three are Executive Directors and four are Independent Directors out of which one is a woman Director. The Chairperson of the Board is a Non-Executive and Independent Director. The composition of the Board is in conformity with the requirements of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 they are a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2020 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 Obligations and Disclosure Requirements) Regulations, 2015 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, 2020 are given herein below.

Name of the Director	Category	Number of Board Meetings during the year 2019-20		Whether attended Last AGM held on 25 <sup>th</sup> June, 2019	Number/Names of Directorship in other Public/ Listed Companies		Number of Committee positions held in listed entities including this listed entity	
		Held	Attended		Chairman	Member	Chairman	Member
Mr. V. Ravichandar (Chairman) DIN : 0634180	NED(I)	6	6	Yes	-	-	-	2
Mr. Sukumar Srinivas (Managing Director) DIN : 1668064	MD	6	6	Yes	-	-	-	1
Mr. Chandu Nair DIN : 0259276	NED(I)	6	6	No	-	-	-	2
Ms. Jayashri Murali DIN : 00317201	NED(I)	6	6	Yes	-	-	1	2
Mr. B. Jayaraman DIN : 00022567	NED(I)	6	5	Yes	-	-	1	1
Mr. C. Ravikumar DIN : 01247347	WTD	6	6	Yes	-	-	-	1
Mr. RSV Siva Prasad DIN : 01247339	WTD	6	3	Yes	-	-	-	0

a. Category: MD – Managing Director, NED (I) – Non-executive Director and Independent, WTD – Whole time Director

b. Includes directorships in private limited companies and Section 8 (Not for profit) companies. None of the Directors of the Company hold independent directorships in more than 7 listed companies.

c. Includes only Audit Committee and Stakeholders Relationship Committee of public limited companies. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees across all listed companies in which they are Directors.

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:

- ☞ April 26, 2019;
- ☞ May 9, 2019;
- ☞ August 12, 2019;
- ☞ November 11, 2019;
- ☞ February 5, 2020; and
- ☞ March 13, 2020.

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. During FY 2020, one meeting of the Independent Directors was held on February 5, 2020. The Independent Directors reviewed the performance of Non-Independent Directors,

## DIRECTORS' REPORT

Board as a whole and Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.

NOTE: All Independent Directors fulfill the requirements stipulated in Regulation 25 (1) of the Listing Regulations.

viii. The Board periodically reviews the quarterly compliance reports filed with Stock Exchanges.

xi. The details of the familiarization policy of the Independent Directors are available on the website of the Company i.e., <https://www.shankarabuildpro.com/pdf/pdf-FamiliarisationDirectors.pdf>

x. Details of equity shares of the Company held by the Directors as on March 31, 2020

Name	Category	Number of Equity Shares
Mr. Sukumar Srinivas	Executive, Non-Independent	1,25,22,434
Mr. C. Ravikumar	Executive, Non-Independent	72,500
Mr. RSV. Siva Prasad	Executive, Non-Independent	61,650

*The Company has not issued any convertible instruments.*

xi. Details of skills/expertise/competence of the Board of Directors

The Board of Shankara comprises of highly renowned professionals drawn from diverse fields. They bring with them a wide range of skills and experience and knowledge in one or more fields of finance, law, management, sales & marketing, operations, research, corporate governance, education, community service and other disciplines as required in the context of the Company's operations.

### Committees of the Board

#### Audit & Risk Management Committee

i. The audit committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act. The Audit Committee was reconstituted on November 9, 2018. The Audit & Risk Management Committee acts on the terms of reference given by the Board pursuant to Section 177 of the Act and Regulation 18 of the Listing Regulations.

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

a) Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) Recommending to the Board, the appointment, re-appointment, and replacement, remuneration,

and terms of appointment of the statutory auditor and the fixation of audit fee;

c) Reviewing and monitoring the auditor's independence and performance and the effectiveness of audit process;

d) Approving payments to the statutory auditors for any other services rendered by statutory auditors;

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

☞ 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;

☞ Changes, if any, in accounting policies and practices and reasons for the same;

☞ Major accounting entries involving estimates based on the exercise of judgment by management;

☞ Significant adjustments made in the financial statements arising out of audit findings;

☞ Compliance with listing and other legal requirements relating to financial statements;

☞ Disclosure of any related party transactions; and

☞ 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 & Risk Management 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.

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

Name	Category	Number of Meetings during the financial year 2019-20	
		Held	Attended
Mr. Chandu Nair	Independent, Non-Executive	5	5
Ms. Jayashri Murali	Independent, Non-Executive	5	5
Mr. V. Ravichandar	Independent, Non-Executive	5	5
Mr. B. Jayaraman	Independent, Non-Executive	5	4
Mr. Sukumar Srinivas	Managing Director	5	5

Five 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:

May 9, 2019; August 12, 2019; November 11, 2019; February 5, 2020; March 13, 2020.

The necessary quorum was present for all the meetings.

The Audit & Risk Management Committee was reconstituted on 9th November, 2018 and consists of the following members:

Name	Designation in relation to membership of the Committee	Category
Mr. B. Jayaraman	Chairperson	Independent, Non-Executive
Mr. Chandu Nair	Member	Independent, Non-Executive
Mr. V. Ravichandar	Member	Independent, Non-Executive
Ms. Jayashri Murali	Member	Independent, Non-Executive
Mr. Sukumar Srinivas	Member	Managing Director

## Nomination & Remuneration Committee

The Nomination and Remuneration Committee was reconstituted by our Board of Directors at their meeting held on 9th November, 2018. The scope and functions of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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) If a Director slot/Senior Management position suddenly becomes vacant by reason of death or other unanticipated occurrence, the Committee shall convene a special meeting as early as possible to implement the process described herein.
- m) 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.

The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are given below:

Name	Category year 2019-20	Number of Meetings during the financial	
		Held	Attended
Mr. V. Ravichandar	Independent, Non-Executive	3	3
Ms. Jayashri Murali	Independent, Non-Executive	3	3
Mr. Chandu Nair	Independent, Non-Executive	3	3
Mr. B. Jayaraman	Independent, Non-Executive	3	3

Three meeting of the Nomination and Remuneration committee was held on May 9, 2019; May 20, 2019; February 5, 2020.

## DIRECTORS' REPORT

The Nomination and Remuneration Committee was reconstituted by Board of Directors on 9th November, 2018 and consist of following members:

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

### Performance Evaluation

In terms of the requirement of the Act and Listing Regulations, formal evaluation of the performance of the Board as a whole, its Committees and individual directors including independent directors has been done through a structured questionnaire encompassing various areas that provide an insight and feedback into the functioning of the Board, its Committees, individual directors and areas of development. The evaluation criteria included aspects related to competency of directors, strategy and performance evaluation, governance, independence, effectiveness, structure of the board/committee, level of engagement and contribution, independence of judgement etc.

The peer rating on certain parameters, positive attributes and improvement areas for each Board

member was also provided to them in a confidential manner. The feedback obtained from the interventions was discussed in detail and, where required, independent and collective action points for improvement were put in place. The directors expressed their satisfaction with the evaluation process and its results, which reflected in the overall management of the Board and its committees with the Company.

### Remuneration to Non-Executive Directors

Independent Directors are paid sitting fees for attending the Meetings of the Board within regulatory limits, as approved by the Board.

The details of remuneration paid to the Directors along with their shareholding in the company during the year 2019-20:

#### i. Independent Director (s):

Name	Sitting Fees (₹)	No. of Shares held as on 31.03.2020
Mr. V. Ravichandar	3,25,000	Nil
Mr. Chandu Nair	3,25,000	Nil
Mr. B. Jayaraman	2,75,000	Nil
Ms. Jayashri Murali	3,25,000	Nil

(Note: Increase in sitting fee w.e.f 13th March, 2020 from ₹50,000 to ₹ Rs. 75,000)

### Remuneration to Executive Directors

The Executive directors/ Whole-time directors of the Company are paid the remuneration as recommended by the Nomination and Remuneration Committee, and further approved by the Board of Directors and Shareholders.





## ii. Executive Directors

(Amount in `)

Name	Salary	Contribution to P.F.	Bonus	Total
Mr. Sukumar Srinivas	1,02,85,000	12,34,200	-	1,15,19,200
Mr. C. Ravikumar	51,35,338	3,38,752	2,82,294	57,56,384
Mr. RSV. Siva Prasad	40,93,700	2,70,015	2,25,012	45,88,727

### Stakeholders' relationship committee

The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI (Listing Regulations). The terms of reference are as follows:

- Redressal of grievances of shareholders, debenture holders and other security holders, including complaints related to the transfer of shares;
- Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal;
- 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
- 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.

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

One meeting of the Stakeholder Relationship Committee was held on May 9, 2019.

Name	Category	Number of Meetings during the financial year 2019-20	
		Held	Attended
Ms. Jayashri Murali	Independent, Non-Executive	1	1
Mr. Chandu Nair	Independent, Non-Executive	1	1
Mr. V. Ravichandar	Independent, Non-Executive	1	1
Mr. C. Ravikumar	Whole-time Director	1	-

The composition of the Stakeholders' Relationship Committee is given below:

Name	Designation in relation to membership of the Committee	Category
Ms. Jayashri Murali	Chairperson	Independent, Non-Executive
Mr. Chandu Nair	Member	Independent, Non-Executive
Mr. V. Ravichandar	Member	Independent, Non-Executive
Mr. C. Ravikumar	Member	Whole-time Director

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  
 Email-cs@shankarabuildpro.com  
 Tel:- 080-40117777

g) Details of investor complaints received and redressed during FY 2020 are as follows:

No of Complaints unresolved at the beginning of the year	Nil
No. of complaints received	21
No. of complaints resolved to the satisfaction of shareholder	21
No. of complaints not resolved to the satisfaction of shareholder	Nil
No. of pending complaints as on March 31, 2020	Nil

The quarterly statement on investor complaint received and disposed off is submitted with stock exchanges within 21 days from the end of each quarter and the statement filed is also placed before the subsequent meeting of Board of Directors.

**Corporate Social Responsibility (“CSR”) Committee**

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 meeting of the CSR Committee was held on May 9, 2019.



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 2019-20	
		Held	Attended
Ms. Jayashri Murali	Independent, Non-Executive	1	1
Mr. Chandu Nair	Independent, Non-Executive	1	1
Mr. Sukumar Srinivas	Managing Director	1	1

The composition of the Committee consists of following members:

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

## Other Committee

### 1. Whistle Blower Committee

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

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

1.3 Accordingly, this Whistleblower Policy ("the Policy") has been formulated to provide a mechanism for directors, employees and other stakeholders of the Company to approach the Whistleblower Committee/Audit Committee of the Company for the purpose of raising genuine concerns relating to any kind of malpractice indulged by the Company and address the same effectively as required. This Policy will come into effect from the date of its adoption by the Board of Directors of the Company.



**2. Objective of the Policy**

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

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

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

The details of the Whistle Blower Policy is available on the website of the Company i.e., <https://www.shankarabuildpro.com/pdf/pdf-Whistleblower-Policy.pdf>

The Committee consists of following members:

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

**General Body Meetings**

a. Annual General Meeting (“AGM”)

Financial year	Date	Time	Venue
2016-17	July 21, 2017	11.00 A.M	Radisson Blu Atria, No.1, Palace Road, Bengaluru - 560001
2017-18	June 12, 2018	3.00 P.M	The Lalit Ashok (an enterprise of Bharat Hotels Limited), Kumara Krupa, High Grounds, Bengaluru-560001
2018-19	June 25, 2019	12.30 P.M	Radisson Blu Atria, No.1, Palace Road, Bengaluru-560001

b. Extra Ordinary General Meeting (“EGM”)

Financial year	Date	Time	Venue
2019-20	May 20, 2019	3.30 P.M	Zone by The Park, Behind Gem Plaza, 66, Infantry Road, Bengaluru- 560001.



c. Special Resolution passed in the previous three Annual General Meeting

No Special Resolution passed in 22<sup>nd</sup> Annual General Meeting held on 21<sup>st</sup> July, 2017.

The following Special Resolutions were passed at the 23<sup>rd</sup> Annual General Meeting held on June 12, 2018:

i. Raising of funds by way of issue of Equity Shares, through a QIP, in accordance with the SEBI ICDR Regulations.

ii. Re-appointment of Mr. Sukumar Srinivas (DIN: 01668064), Managing Director of the Company.

iii. Re-appointment of Mr. C. Ravikumar (DIN: 01247347) as Whole-time Director of the Company.

iv. Re-appointment of Mr. RSV. Siva Prasad (DIN: 01247339) as Whole-time Director of the Company.

The following Special Resolutions were passed at the 24<sup>th</sup> Annual General Meeting held on June 25, 2019:

i. Re-appointment of Mr. V. Ravichandar (DIN: 00634180) as an Independent Director of the Company.

d. Postal Ballot

No special resolution is proposed to be passed by way of Postal ballot.

e. In compliance with Regulation 44 of SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015, and in compliance with the provisions of Companies Act 2013, and the Companies (Management and Administration) Rules, 2014, Members were provided with the facility to cast their vote electronically through the e-voting services provided by KFin Technologies Private Limited ("Karvy") on all resolutions set forth in the Notice. Members were also given an option to vote by Insta Poll.

f. The Company has appointed Mr. S. Kannan, proprietor of S Kannan And Associates, Practicing Company Secretary as scrutinizer to conduct the Insta Poll/e voting process in fair and transparent manner.

### Means of Communication

The Company's equity shares were listed on April 5, 2017 and hence the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 pertaining to equity shares were applicable.

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

Quarterly and Annual Financial Results are normally published in Economic Times, Vijay Karnataka etc., and are promptly furnished to the Stock Exchanges for display on their respective websites. The results are also displayed on the website of the Company <https://www.shankarabuildpro.com/financials.html#intimation>

ii. Press Release

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

<https://www.shankarabuildpro.com/financials.html#intimation>

iii. Presentation to analysts

Four presentations were made to analysts/investors during the financial year 2019-20. The same are available on the Company's website. The presentations broadly covered operational and financial performance of the Company and industry outlook.

### Other disclosures

#### i. Related party transactions

All material transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015 during the financial year were in the ordinary course of business and on arm's length basis and do not attract the provision of

There was no materially significant transactions with the related parties during the financial year which were in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS 18) has been made in the Financial Statements. The board has approved a policy for related party transactions which has been uploaded on the Company's website i.e.

<https://www.shankarabuildpro.com/pdf/pdf-RP T.pdf>

#### ii. Management Discussion and Analysis Report

Management discussion and analysis report for the year under review, as stipulated under Regulation 34 of the SEBI (Listing Obligations and



Disclosure Requirements) Regulation 2015 is presented in the separate section forming part of the Directors' Report.

### iii. Business responsibility report

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

### iv. Disclosure on accounting treatment

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

v. The corporate governance report of the Company for the financial year ended March 31, 2020 is in compliance with the requirements of Corporate Governance under the listing regulations, as applicable.

### vi. Listing of equity shares & stock code

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

Name and Address of the Stock Exchange

BSE Limited  
1st Floor P.J Towers, Dalal Street  
Mumbai-400001

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

vii. 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 2017-18, 2018-19, 2019-20 respectively: Nil

viii. The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI Listing Regulations for directors and employees to report concerns about unethical behaviour. The said policy has been also put up on the website of the Company i.e.,

<https://www.shankarabuildpro.com/pdf/pdf-Whistleblower-Policy.pdf>.

ix. The Company has also adopted Policy on Determination of Materiality of Events Information, Policy on Archival of Documents and Policy for Preservation of Documents.

x. The operations of the Company do not envisage any Commodity Price Risk or material Foreign Exchange Risk.

xi. During the year under review, the Company has not raised any fresh funds from the public or through rights or preferential issue.

xii. A Certificate from Mr. K. Jayachandran, Company Secretary in Practice has been obtained certifying that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors by the SEBI/ Ministry of Corporate Affairs or any such statutory authority as on March 31, 2020. The Certificate is annexed to this Report.

xiii. The Board has accepted all recommendations made by the Committees of the Board during the relevant financial year.

xiv. During the year, the Company has fully complied with the mandatory requirements as stipulated in Listing Regulations. The Company has duly fulfilled the following discretionary requirements as prescribed in Schedule II Part E of the SEBI Listing Regulations:

xv. The Auditors' Report on Statutory Financial Statements for the financial year ended March 31, 2020 of the Company are unqualified.

xvi. Mr. V. Ravichandar is the Chairperson 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 Chairperson and Managing Director.

xvii. M/s GRSM & Associates, Chartered Accountants, the Internal Auditors of the Company, make presentations to the Audit Committee on their reports.

**xviii. Reconciliation of share capital audit:**

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

with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

xxi. The Company has received Long Term Rating BBB+/Stable' and Short Term Rating 'CRISIL A2' (for Bank Loan facilities) from CRISIL Limited.

xxii. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

a.	Number of complaints filed during the financial year	Nil
b.	Number of complaints disposed off during the financial year	Nil
c.	Number of complaints pending as at end of the financial year	Nil

**xxi. Code of Conduct**

As required under Listing Regulations, the Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management Personnel and that the same has been hosted on the Company's website. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct, as on March 31, 2020.

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has, inter-alia, adopted a Code of Conduct for Prohibition of Insider Trading Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (Code) duly approved by the Board of Directors of the Company.

As per the above Code, Ms. Ereena Vikram is the Compliance Officer.

xx. Company affirms that all the requirements under the Securities and Exchange Board of India

(Listing Obligations and Disclosure Requirements) Regulations, 2015 are complied with.

**xxiii. Disclosure with respect to demat suspense account/unclaimed suspense account**

There were no shares in the demat suspense account or unclaimed suspense account during the financial year 2019-20.

**xxiv. Unclaimed Dividend of the previous years**

Section 124 of the Companies Act 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016 ('the Rules') mandates the Companies to transfer dividend that has remained unpaid/unclaimed for a period of seven years in the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Accordingly, the dividend for the years mentioned below will be transferred to IEPF on the respective dates, if the dividend remains unclaimed for seven years.

Financial Year	Date of Declaration of Dividend	Last date of Claiming the Dividend	Unclaimed amount as on 31.03.2020 (₹)	Due date for transfer to Investor Education and Protection Fund (IEPF)
2016-17	July 21, 2017	August 20, 2024	1,08,669.00	August 21, 2024
2017-18	June 12, 2018	July 12, 2025	1,31,498.25	July 13, 2025
2018-19	June 25, 2019	July 25, 2026	67,741.50	July 26, 2026

The details of the unpaid/ unclaimed dividend lying with the Company are available on the website of the Company at the web link <https://www.shankarabuildpro.com/financials.html#voting>





### Subsidiary companies

The Audit & Risk Management 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 formulated a policy for determining material subsidiary as required under Regulation 16 of the Listing Regulations and the same is disclosed on the Company's website

<https://www.shankarabuildpro.com/pdf/pdf-Material-Subsidiaries.pdf>

### General shareholder information

#### i. Annual General Meeting for FY 2019-20

Date : Thursday, 30th July, 2020  
Time : 11.30 A.M. (IST)  
Venue : The Company is conducting meeting through VC / OAVM pursuant to the MCA Circular dated May 5, 2020 and as such there is no requirement to have a venue for the AGM. For details please refer to the Notice of this AGM.

#### ii. Financial Calendar for the year 2019-20

Results for the Quarter ending June, 2019	Within 45 days from the end of quarter
Results for the Quarter ending September, 2019	Within 45 days from the end of quarter
Results for Quarter ending December, 2019	Within 45 days from the end of quarter
Results for Quarter ending March, 2020	Within 60 days from March 31, 2020
Annual General Meeting	On or before September 30, 2020

Year ending : March 31, 2020

Dividend Payment : The Directors have not proposed any final dividend to be paid for the Financial year 2019-20

iii. Date of Book Closure : Tuesday, 21st July, 2020- Wednesday, 29th July, 2020

#### iv. Listing on Stock

Exchanges : BSE Limited  
P.J Towers, Dalal Street  
Mumbai- 400001  
  
The National Stock Exchange of India Limited  
5th Floor, Exchange Plaza, Bandra East  
Mumbai-400051

#### v. Stock Codes/Symbol

NSE : SHANKARA  
BSE : 540425  
ISIN No. : INE274V01019

Listing Fees as applicable have been paid : Yes

#### vi. Corporate Identity

Number (CIN) of the Company : L26922KA1995PLC018990

## DIRECTORS' REPORT

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### vii. Registrar and Transfer

Agents address : KFin Technologies Private Limited  
: Karvy Selenium Tower B, Plot Nos. 31 & 32 Financial District  
Nanakramguda Serilingampally, Mandal, Hyderabad - 500032

Telephone : 91 -40 -67161570  
Fax : 91 -40 -23001153  
E-mail : einward.ris@karvy.com  
Website : www.kfintech.com

Address for  
Correspondence : Shankara Building Products Ltd  
G2, Farah Winsford, 133 Infantry Road  
Bengaluru-560001

### viii. Profile of Director seeking re-appointment

The profile of Directors retiring by rotation and seeking re-appointment at the 25<sup>th</sup> Annual General Meeting is given in the annexure to the Notice convening the said Annual General Meeting. The said Directors are not related to any other Director on the Board of the Company and Promoters of the Company.

### xi. Shareholding as on March 31, 2020

#### a. Distribution of equity shareholding as on March 31, 2020

Category	No. of Shareholders	% of Holders	No. of Shares	% of Equity
1 - 5000	21,030	99.54	14,14,523	6.19
5001 - 10000	45	0.21	3,15,737	1.38
10001 - 20000	14	0.07	2,08,425	0.91
20001 - 30000	9	0.04	2,28,129	1.00
30001 - 40000	3	0.01	97,423	0.43
40001 - 50000	3	0.01	1,35,301	0.59
50001 - 100000	7	0.03	5,51,933	2.42
100001 & Above	16	0.08	1,98,97,855	87.08
<b>Total</b>	<b>21,127</b>	<b>100.00</b>	<b>2,28,49,326</b>	<b>100.00</b>



b. Categories of equity shareholders as on March 31, 2020.

Category	No of Holders	Number of equity shares held	Percentage of holding
Promoters	1	1,25,69,287	55.01
Promoters Individuals	2	1,60,550	0.70
Promoters Companies	1	1,66,200	0.73
Resident Individuals	19,853	19,05,221	8.34
Bodies Corporate	225	9,07,703	3.97
Mutual Funds	2	9,89,044	4.33
Foreign Portfolio Investors	34	58,22,863	25.48
Clearing Members	128	62,874	0.28
Trusts	1	2,000	0.01
HUF	546	48,828	0.21
Indian Financial Institutions	1	41	0.00
Non Resident Indian Non Repatriable	103	1,37,166	0.60
Non Resident Indians	230	77,548	0.34
<b>Total</b>	<b>21,127</b>	<b>2,28,49,326</b>	<b>100.00</b>

c. Market Price Data

Months	BSE		NSE	
	High	Low	High	Low
April, 2019	558.30	410.05	558.50	414.00
May, 2019	569.70	479.55	568.30	480.35
June, 2019	522.35	432.20	521.05	431.80
July, 2019	449.00	276.00	449.30	275.00
August, 2019	302.00	243.05	303.50	241.00
September, 2019	484.20	256.00	482.35	251.60
October, 2019	358.00	265.30	355.00	271.05
November, 2019	378.35	299.55	378.75	300.00
December, 2019	325.00	284.00	325.65	283.00
January, 2020	433.30	310.60	434.25	310.05
February, 2020	583.00	356.60	579.80	356.00
March, 2020	480.00	215.85	479.00	215.60

(Source : [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com))

x. Dematerialization of shares and liquidity:

As on March 31, 2020, 2,23,10,150 equity shares representing 97.64 % of the total equity share capital of the Company were held in dematerialised form with National Securities Depository Limited (91.94%) and Central Depository Services (India) Limited (5.70%). The break-up of equity shares held in Physical and Dematerialised form as on March 31, 2020 is given below:

Mode of Holding	Shares	% of Equity
Demat		
NSDL	2,10,07,256	91.94
CDSL	13,02,894	5.70
Total	2,23,10,150	97.64
Physical	5,39,176	2.36
Total	2,28,49,326	100.00

Your Company confirms that the promoters' holdings were converted into electronic form and the same is in line with the circulars issued by SEBI.

Shareholders who are still holding shares in physical form are requested to dematerialize their shares at the earliest, this will be more advantageous to deal in securities. For queries / clarification/ assistance, shareholders are advised to approach the Company's Registrar and Share Transfer Agents.

xi. Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity.

As on date, the Company has not issued GDRs, ADRs or any other Convertible Instruments and as such, there is no impact on the equity share capital of the Company.

xii. Share Transfer System

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

xiii. Discretionary Requirements

a.The position of the Chairperson and Managing Director are separate.

b.The Company does not maintain a separate office for the Non-Executive Chairperson.

c. The quarterly financial results are published in the newspapers of wide circulation and not sent to individual shareholders. Further the financial results are available on the website of the Company and of Stock Exchanges where the shares of the Company are listed i.e. BSE Limited and National Stock Exchange of India Limited.

d. The Auditors' opinion on the financial statements is unmodified.

e. Internal Auditor reports directly to the Audit Committee.

xiv. Total fees paid to the Statutory Auditor (excluding GST)

Particulars	For the Year ended March 31, 2020
	Amount (₹.)
For Statutory Audit	18,00,000
For Tax Audit	2,00,000
For other Services	Nil
Total	20,00,000



## **Certificate on Corporate Governance Report**

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

I have examined all the relevant records of "SHANKARA BUILDING PRODUCTS LIMITED" ("the Company") for the purpose of certifying compliance of the conditions of the Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and other applicable regulations of Chapter IV pertaining to Corporate Governance and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the Financial Year ended 31st March, 2020. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

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

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

In my opinion and to the best of my information and according to the explanations and information furnished to me, I certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the aforesaid Listing Regulations. As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has complied with items C, D and E.

Date: 10th June, 2020  
Place: Bengaluru

**K. Jayachandran**  
**Company Secretary**  
**ACS No.: 11309**  
**CP. No. : 4031**  
**UDIN: A011309B000330925**

### **Certification by Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") in terms of Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015**

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

A. We have reviewed the financial statements for the year ended March 31, 2020 and that to the best of our knowledge and belief, we state that:

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

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

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

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

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

Place: Bengaluru  
Date: 10th June, 2020

**Siddhartha Mundra**  
CEO

**Alex Varghese**  
CFO



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

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

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SHANKARA BUILDING PRODUCTS LIMITED** having CIN L26922KA1995PLC018990 and having registered office at **G-2 Farah Winsford, No.133, Infantry Road, Bangalore, 560001** (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange

Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
01.	Mr. Sukumar Srinivas	01668064	01/04/2013
02.	Mr. Ravichandar Venkataraman	00634180	29/09/2007
03.	Mr. Chandu Nair	00259276	29/07/2015
04.	Ms. Jayashri Murali	00317201	19/03/2015
05.	Mr. Subramanya Venkata Sivaprasad Ramenani	01247339	01/10/2009
06.	Mr. Bhadrannarasimham Jayaraman	00022567	14/08/2018
07.	Mr. Chowdappa Ravikumar	01247347	01/04/2011

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 10th June, 2020  
Place: Bengaluru

**K. Jayachandran**  
Company Secretary  
ACS No.: 11309/CP. No. : 4031  
UDIN:A011309B000330947

## DECLARATION OF COMPLIANCE OF THE CODE OF CONDUCT IN TERMS OF SCHEDULE V OF SEBI (LODR) REGULATIONS, 2015

In terms of Schedule V of SEBI (LODR) Regulation, 2015, I, Sukumar Srinivas, Managing Director of the Company hereby confirm that:

- ☞ The Board of Directors of Shankara Building Products Limited has laid down a Code of Conduct for all the Board members and senior managerial personnel of the Company. The said Code of Conduct has also been posted on the Investors page of the Company's website <https://www.shankarabuildpro.com/pdf/pdf-SeniorManagement.pdf>
- ☞ All the Board members and senior managerial personnel have affirmed their compliance with the said Code of Conduct for the year ended March 31, 2020.

Place: Bengaluru  
Date: 10th June, 2020

**Sukumar Srinivas**  
Managing Director

## BUSINESS RESPONSIBILITY REPORT

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company:- L26922KA1995PLC018990
2. Name of the Company:- Shankara Building Products Limited
3. Registered address:- G2, Farah Winsford, 133 Infantry Road, Bangalore - 560001
4. Website:- [www.shankarabuildpro.com](http://www.shankarabuildpro.com)
5. E-mail id:- [cs@shankarabuildpro.com](mailto:cs@shankarabuildpro.com)
6. Financial Year reported:- 2019-2020
7. Sector(s) that the company is engaged in (industrial activity code-wise):- 477 (Retail), 466 (Enterprise), 466 (Channel)
8. List the products/services that the company manufactures/provides:- Building Materials
9. Total number of locations where business activity is undertaken by the Company
  - a. Number of International Locations:- 1 (Singapore)
  - b. Number of National Locations:- 120 (retail outlets), 29 (warehouse), 13 (manufacturing) & 7 (offices) as on 31st March, 2020
10. Markets served by the Company- Local/State/National/International:- National

### SECTION B FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR):- Rs. 22.84 Crores
2. Total Turnover (INR):-  
Consolidated 2,63,972.80 lakhs  
Standalone 2,49,384.49 lakhs
3. Total profit after taxes (INR):-  
Consolidated 3,987.76 lakhs  
Standalone 2,727.99 lakhs  
(net of discontinued operation)
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 1.45%
5. List of activities in which expenditure in 4 above has been incurred: - Please refer report on Corporate Social Responsibility, Page no. 39

### SECTION C: OTHER DETAILS

1. Does the company have any Subsidiary Company/Companies:-  
Yes, the Company has four wholly owned subsidiaries namely:
  - i. Taurus Value Steel & Pipes Pvt. Ltd. - Having tube & strip processing facility at Hyderabad.
  - ii. Vishal Precision Steel Tubes & Strips Pvt. Ltd. Having tube & cold rolled strip processing facility at Bangalore.
  - iii. Centurywells Roofing India Pvt. Ltd – Wholly owned subsidiary primarily engaged in providing colour coated roofing products. It has processing facilities in Chennai, Bangalore, Secunderabad, Coimbatore, Pune, Vijayawada and Hubli.





iv. Steel Network (Holdings) Pte Ltd. – Wholly owned subsidiary, registered at Singapore engaged in the business of manufacture, distribution of roofing sheets, steel pipes and general hardware and general wholesale trade (including general importers & exporters)

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

Yes, Shankara undertakes various Business Responsibility (BR) initiatives throughout the

year and encourages its subsidiary companies to participate in BR initiatives on several themes. All subsidiaries are aligned with the CSR agenda.

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

No other entity that the Company does business with, participates in the BR initiatives of the Company.

#### SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

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

No.	Particulars	Details
1.	DIN Number (if applicable)	01668064
2.	Name	Mr. Sukumar Srinivas
3.	Designation	Managing Director

(b) Details of BR head

No.	Particulars	Details
1.	DIN Number (if applicable)	N/A
2.	Name	Mr. Siddhartha Mundra
3.	Designation	Chief Executive Officer
4.	Telephone number	080-40117777
5.	E-mail Id	siddhartha@shankarabuildpro.com

2. Principle-wise (as per NVGs) BR Policy/Policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. Briefly these are as follows:

- P1 Business should conduct and govern themselves with Ethics, Transparency and Accountability
- P2 Business should provide goods and services that are safe and contribute to sustainability throughout their life cycles
- P3 Business should promote the wellbeing of all employees
- P4 Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
- P5 Business should respect and promote human rights
- P6 Business should respect, protect, and make efforts to restore the environment
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

**P8** Businesses should support inclusive growth and equitable development

**P9** Businesses should engage with and provide value to their customers and consumers in a reasonable manner

(a) Details of compliance (Reply in Y/N)

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

\* Shankara Code of Conduct

\*\* Corporate Social Responsibility Policy

\*\*\*Shankara Vision & Mission

\*\*\*\*Shankara Quality Policy



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

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

### 3. Governance related to BR

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

The BR performance is assessed periodically by the Management.

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

The Business Responsibility Report of the Company will be published on the Company website. The hyperlink is <https://www.shankarabuildpro.com/financials.html#>

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability**

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Policy covers only the Company. The Company's policies on Company's Code of Conduct are applicable to all directors and employees of the Company. The directors and employees of the Company are expected to read and understand the Code, uphold the standards mentioned thereunder in their day-to-day activities and comply with all applicable laws & rules.

Further, the Company has adopted a Whistle Blower Policy to keep a check on malpractices and unethical behaviour by all such persons related with the management, administration and operations of the Company.

The Company endeavors to preserve the confidentiality and prevent the misuse of un-published price sensitive information. Towards this objective the Company has adopted the Code for Prohibition of Insider Trading.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Stakeholder	Complaints Received during FY 2019-20	Complaints Resolved during FY 2019-20	Complaints Resolved (%)
Investor Complaints	21	21	100

During the reporting period, no complaint was received under the provisions of Whistle-blower Policy.

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

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

The Company trades a large variety of products with a focus on sustainability and environment.

Shankara has well defined policies and codes. These policies ensure adherence to ethical, professional, transparency and accountability mechanisms within Shankara. Some of the policies in this regard are:-

i. Code of Conduct: The Company policy on Code of Conduct includes all the directors and employees at all levels and grades. It does not extend to the suppliers/contractors/NGOs etc. It is a must for every employee and director to follow the values enshrined in the Code of Conduct in their day to day activities.

ii. Whistle Blower Policy: The efficacy and performance of the Company's Whistle-blower Policy is reviewed by the Audit & Risk Management Committee of the Board. This Policy provides a platform to the stakeholders for making any communication made in good faith that discloses or demonstrates evidence of any fraud or unethical activity within the company and has provisions to ensure protection of the whistle-blower against victimization for the disclosures made by him/her. All employees have to read and understand this Code and abide by it.

iii. Policy for Determining Materiality of Events and Information: This policy determines whether an event or information is material or not as per the provisions of SEBI Regulations, 2015, while ensuring timely, accurate, uniform and transparent disclosure.

Some of the products are detailed below:

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

(b) The Company has encouraged its customers to use steel tubes and steel roofing sheets rather than wooden roofing which is a great opportunity



to safeguard the environment. This also replaces the use of clay tiles which helps to save and conserve the upper layer of soil.

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

(d) The Company promotes reasonable living through focus on products like rain water harvesting. This helps to refresh/restore the ground water availability.

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

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

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

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

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes, the Company strives to reduce environmental impact by employing sustainable practices wherever possible. We operate a fleet of vehicles through a "Hub and Spoke" mechanism. To minimise fuel consumption, we have created a synchronized pickup and delivery routing pattern structured like a "milk run system". This helps in increasing our supply chain efficiencies and reduces the number of vehicles on road. In addition to our own vehicles, we also have a number of third party vehicles servicing us. We are working to ensure sustainable sourcing procedures for our ecosystem.

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

No	Category	No. of complaints filed during the financial year	No of complaints pending as on end of the financial year
N/A			

In the area of ethical sourcing, we discourage the use of forced labour and child labour at our business associates' premises.

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

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

We procure a wide range of goods and services from small scale enterprises and industries. We conduct ongoing training programmes in our retail stores to educate them about latest practices and products. We also refer fabricators, contractors, plumbers etc. to our customers for any of their requirements.

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

N/A

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

1. Please indicate the total number of employees: - 1,637

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

Contractual: - 400

3. Please indicate the number of permanent women employees: - 118

4. Please indicate the number of permanent employees with disabilities: - 2

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

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

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

- (a) Permanent Employees: 1,237
- (b) Permanent Women Employees: - 118
- (c) Casual/Temporary/Contractual Employees: - 400
- (d) Employees with Disabilities: - 2

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

1. Has the company mapped its internal and external stakeholders?  
Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?  
Yes
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Shankara firmly believes in its contribution to society. The Company has a clear commitment to promote women's welfare and help destitute children and the elderly. Shankara has adopted a school in Bangalore as a part of its continued philosophy of giving back to society. It undertakes several programmes to implement CSR activities. Further details are available in CSR section of Annual Report.

**Principle 5: Business should respect and promote human rights**

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?  
The Company's policy covers the Company and its Subsidiaries.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

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

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

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

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

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

Given the nature of the Company's business, our carbon footprint is restricted. However, we continue to endeavor to control fuel consumption and encourage usage of renewable energy wherever feasible. We also undertake tree plantation and water recycling in our premises.

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

The Company has always been sensitive to the environmental impact of its operations and has proactively adopted environmental sustainable practices. This has led to certain green initiatives such as planting trees and using rain water harvesting activities in its premises.

We believe in adopting sustainable strategies. The nature of our business being largely a marketing and trading organization limits our direct contribution to these global environmental issues.

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

No, the Company does not have any project related to Clean Development Mechanism.

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

Yes, the Company is conscious of its environmental footprint and is taking proactive steps to mitigate impact of its operations. In this regard, Company is undertaking measures for



protecting natural resources.

The Company under its commitment has undertaken various initiatives for utilization of clean energy in operations. The Company proactively promotes renewable energy products such as solar pumps and solar water heaters.

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

Yes

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

The Company has not received any legal/show cause notice from CPCB/SPCB in the current reporting year.

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

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

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

- ☞ Karnataka Pipes Dealer Association
- ☞ Bangalore Iron & Steel Merchant Association
- ☞ Bangalore Builders Association
- ☞ Telangana State Tube Manufacturers Association
- ☞ Salem Pipe Dealers Association

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

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

**Principle 8: Business should support inclusive growth and equitable development**

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

The Company has a CSR policy approved by the Board of Directors and in line with the requirements of Companies Act, 2013. An amount of ₹55.86 Lakhs was spent towards various CSR projects in Financial Year 2019-20. The details of the CSR initiatives undertaken by your Company are set out in Corporate Social Responsibility section of this Annual Report.

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

The Company undertakes programmes/projects through External Agencies.

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

Shankara has taken up water conservation as a theme and started an integrated watershed project- Jala Nela. The project aims at achieving sustainable agriculture patterns through the integrated watershed development and improving the livelihood of small and marginal farmers.

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

An amount of ₹55.86 Lakhs was spent during the year. Details of project undertaken are available in the Corporate Social Responsibility section of this Annual Report.

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

Yes, the initiatives conducted under CSR are tracked to determine the outcomes achieved and the benefits to the community. The Company also interacts with stakeholders to ensure that its projects are being implemented effectively.



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

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year. Nil

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A.  
/Remarks (additional information):- Yes

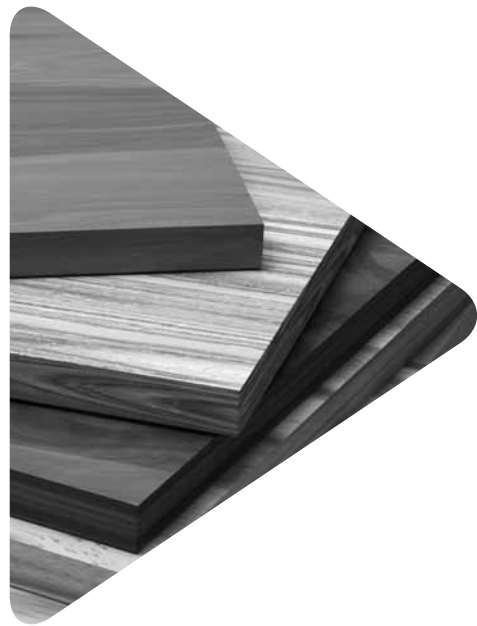
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so: - No

4. Did your company carry out any consumer survey/ consumer satisfaction trends? Yes









**Consolidated Audit Report  
and Financials | 2019 - 2020**

**To the Members of Shankara Building Products Limited, Bengaluru - 560001.**

**Report on the Audit of Consolidated Indian Accounting Standards ('Ind AS') financial statements**

**Opinion**

We have audited the accompanying consolidated financial statements of Shankara Building Products Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated Statement of Profit and Loss, (including other comprehensive income), consolidated Statement of Changes in Equity and consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements (including a note on impact of COVID-19), including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

of the consolidated state of affairs of the Group as at March 31, 2020, of its consolidated profit (including other comprehensive income), consolidated changes in equity and consolidated cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<p><b>Discount received from supplier</b></p> <p>The Group avails discount from its suppliers which are either based on Memorandum of Understanding (MoU) with the supplier ('MoU based discounts') or oral negotiations with the supplier considering prevailing steel prices ('Non-MoU based discounts'). The calculation of discount is dependent on an estimation of whether amounts due as discount receivable have been earned at the balance sheet date. In relation to calculation of Non-MoU based discount, significant judgment is involved with respect to the realization of discount in the absence of any formal agreement/correspondence.</p>	<p><b>We have performed the following procedures:</b></p> <ul style="list-style-type: none"> <li>• Comparative analysis of movement of discount receivable during current year with that of previous year.</li> <li>• Tested the accuracy of calculation of discount receivable by verifying inventory purchased from invoicing done by the supplier during the year and in case of MoU based discount, tested the rate of discount from MoU and in case of Non-MoU based discount we confirmed its reasonableness by comparing rate of discount availed with invoice rate.</li> </ul>



Key audit matter	How the matter was addressed in our audit
<p>We focused on this issue since such discounts represent a material reduction in cost of materials consumed and traded goods.</p>	<ul style="list-style-type: none"> <li>• Verified credit notes on sample basis issued by the suppliers for discounts previously recognized that provides an empirical evidence for the realization of discounts.</li> <li>• Review of ageing analysis of discount receivable at year end and discussion with management regarding the realization of discount receivable.</li> </ul>
<p><b><u>Inventory existence and valuation</u></b> Inventory is held in various locations by the Group. There are complexities and manual process involved in determining inventory quantities on hand and valuation of the same due to the diverse &amp; numerous inventory products, multiple storage locations and price fluctuations of products. Therefore inventory quantities and valuation is identified as a key audit Matter.</p>	<p><b><u>We have performed the following procedures:</u></b></p> <ul style="list-style-type: none"> <li>• We have attended inventory counts at certain locations, which we selected based on financial significance and risk, observed management's inventory count procedures to assess the effectiveness, selected a sample of inventory products and compared the quantities counted to the quantities recorded and ensured inventory adjustments, if any, are recorded in the books of accounts.</li> <li>• Reviewed the internal audit report regarding physical verification of inventories and traced adjustments on sample basis made on basis of such report to the books of accounts.</li> <li>• Comparative analysis of inventory as at the end of the year with the inventory at the beginning of the year.</li> <li>• We assessed whether the management's controls relating to inventory's valuation are appropriately designed and implemented.</li> <li>• Verification of the correctness of valuation made by the management on a sample basis, with regard to the cost and net realizable value of inventory.</li> </ul>
<p><b><u>Carrying value of Goodwill</u></b> The group has a recognised goodwill on consolidation involving three subsidiaries amounting to Rs.1,404.03 lakhs. The goodwill has to be tested for impairment annually, which requires significant judgement on the part of the management in identifying and valuing the relevant Cash Generating Unit that contains goodwill.</p>	<p>The Board of Directors of the holding company has tested whether there is any impairment of goodwill recognised in the financials viz. Rs. 1404.03 lakhs. The projected discounted cash flow of the respective cash generating unit was considered in detail and on such due consideration, the Board has come to the conclusion that goodwill has not suffered any impairment and can be carried at Rs. 1,404.03 lakhs. We have considered the basis on which the Board has arrived at this consideration and we agree with their assessment.</p>

# INDEPENDENT AUDITOR'S REPORT

Key Audit Matter relating to a subsidiary viz. Vishal Precision Steel Tubes and Strips Private Limited (extract from the relevant report)

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED
<p><b><u>ASSESSMENT OF THE APPROPRIATENESS OF THE ALLOWANCE FOR DOUBTFUL DEBTS.</u></b></p> <ul style="list-style-type: none"> <li>• Trade Receivable comprises 28.05% (2018-19, 19.87%) of the total assets in the Statement of Financial Position (the Balance sheet)</li> <li>• The appropriateness of the allowance for doubtful debts is subjective due to high degree of judgement applied by the management in determining the impairment provision. Although there is quantum jump in the overall debtors' values, the increase in terms of percentage of assets has not marked a significant growth. The poor economic conditions on account of the outbreak of COVID 19 and consequent to the lockdown imposed by the central and state Government have put pressure on customers' ability to repay their outstanding balances. As the customer balances differ in different locations comprised in containment zones and free zones, this requires specific attention at the reporting period.</li> <li>• Due to the significance of trade receivables and the related estimation uncertainty, this is considered as key audit risk.</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluated the debtor impairment methodology applied in the current year against the requirements of Ind AS 113 in respect of fair valuation.</li> <li>• Analysed the methodology by comparing the prior year provision to the actual current year write offs. Assessed key ratios which include cash collections, days outstanding and delinquencies.</li> <li>• We considered the changes in credit strategy and assessed the impact on the allowances for doubtful debts.</li> <li>• Assessed the changes in the economy with particular reference to the sector where the company predominantly operates and the impact on the Collectability of the trade receivables. Based on the above, we satisfied ourselves that the management had taken reasonable judgements that were materially supported by the available evidence in respect of the receivable balances. We did not encounter any issues through these audit procedures that indicated that provisioning in respect of trade receivables was inappropriate.</li> </ul>
<p><b><u>INVENTORY PROVISION</u></b></p> <ul style="list-style-type: none"> <li>• Inventory comprises of 33.76% (2018-2019, 36.22%) of the total assets in the statement of financial position (Balance sheet).</li> <li>• As discussed in the Notes on Accounts, the management has made provision for markdowns against inventory in respect of items which are damaged, unmarketable, unserviceable and have become obsolete.</li> <li>• The allowance for markdown of inventory takes into account the historic information related to sales trends and estimated net realisable value has been applied in respect of the class of inventory stated above. This requires significant management judgement based on past experience, inventory ageing profile as well as different market factors impacting sale of these products. As these factors change each year,</li> </ul>	<ul style="list-style-type: none"> <li>• Compared the provision/valuation methodology applied by the management by comparing to previous year methodology.</li> <li>• Evaluated the assumptions and judgements applied by the management in determining such markdown provision/valuation.</li> <li>• Tested and evaluated historical information, data trends and ageing profiles and shelf lives.</li> <li>• Analysed the provisions by performing analytical procedures on provisioning/valuation levels including against historical experience.</li> <li>• Based on the above, we satisfied ourselves that the management had taken reasonable judgements that were materially supported by the available evidence in respect of the receivable balances. We did not encounter any issues through these audit procedures that indicated that provisioning in respect of trade receivables was inappropriate.</li> </ul>



KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED
<p>this required specific focus on the current year assumptions. Further due to the significance of the inventories and related estimation uncertainty, this is considered as key audit risk. Accordingly the markdown against inventory is considered to be a key audit matter and disclosure is included in the Notes on accounts.</p>	
<p><b>Key Audit Matter relating to a subsidiary viz. Centurywells Roofing India Private Limited (extract from the relevant report)</b></p>	
<p><b><u>ASSESSMENT OF THE APPROPRIATENESS OF THE ALLOWANCE FOR DOUBTFUL DEBTS.</u></b></p> <ul style="list-style-type: none"> <li>• Trade Receivable comprises 41.54% (2018-19, 27.38%) of the total assets in the Statement of Financial Position (the Balance sheet)</li> <li>• The appropriateness of the allowance for doubtful debts is subjective due to high degree of judgement applied by the management in determining the impairment provision. Although there is quantum jump in the overall debtors' values, the increase in terms of percentage of assets has not marked a significant growth. The poor economic conditions on account of the outbreak of COVID 19 and consequent to the lockdown imposed by the central and state Government have put pressure on customers' ability to repay their outstanding balances. As the customer balances differ in different locations comprised in containment zones and free zones, this requires specific attention at the reporting period.</li> <li>• Due to the significance of trade receivables and the related estimation uncertainty, this is considered as key audit risk.</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluated the debtor impairment methodology applied in the current year against the requirements of Ind AS 113 in respect of fair valuation.</li> <li>• Analysed the methodology by comparing the prior year provision to the actual current year write offs. Assessed key ratios which include cash collections, days outstanding and delinquencies.</li> <li>• We considered the changes in credit strategy and assessed the impact on the allowances for doubtful debts.</li> <li>• Assessed the changes in the economy with particular reference to the sector where the company predominantly operates and the impact on the Collectability of the trade receivables. Based on the above, we satisfied ourselves that the management had taken reasonable judgements that were materially supported by the available evidence in respect of the receivable balances. We did not encounter any issues through these audit procedures that indicated that provisioning in respect of trade receivables was inappropriate.</li> </ul>
<p><b><u>INVENTORY PROVISION</u></b></p> <ul style="list-style-type: none"> <li>• Inventory comprises of 35.52% (2018-2019, 38.71%) of the total assets in the statement of financial position (Balance sheet).</li> <li>• As discussed in the Notes on Accounts, the management has made provision for markdowns against inventory in respect of items which are damaged, unmarketable, unserviceable and have become obsolete.</li> </ul>	<ul style="list-style-type: none"> <li>• Compared the provision / valuation methodology applied by the management by comparing to previous year methodology.</li> <li>• Evaluated the assumptions and judgements applied by the management in determining such markdown provision/valuation.</li> <li>• Tested and evaluated historical information, data trends and ageing profiles and shelf lives.</li> </ul>

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED
<p>• The allowance for markdown of inventory takes into account the historic information related to sales trends and estimated net realisable value has been applied in respect of the class of inventory stated above. This requires significant management judgement based on past experience, inventory ageing profile as well as different market factors impacting sale of these products. As these factors change each year, this required specific focus on the current year assumptions. Further due to the significance of the inventories and related estimation uncertainty, this is considered as key audit risk. Accordingly the markdown against inventory is considered to be a key audit matter and disclosure is included in the Notes on accounts.</p>	<ul style="list-style-type: none"> <li>• Analysed the provisions by performing analytical procedures on provisioning/valuation levels including against historical experience.</li> <li>• Based on the above, we satisfied ourselves that the management had taken reasonable judgements that were materially supported by the available evidence in respect of the receivable balances. We did not encounter any issues through these audit procedures that indicated that provisioning in respect of trade receivables was inappropriate.</li> </ul>

**Information Other than the Consolidated Ind AS financial statements and Auditors' Report Thereon**

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and our report thereon.

Our opinion on the Consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the consolidated financial statements**

The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for





ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

#### **Auditor's Responsibilities for the Audit of the consolidated financial statements**

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

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

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements,

which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

## Other matters

(a) We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of Rs. 36,283.91 lakhs as at March 31, 2020, total revenues of Rs. 16,960.20 lakhs and net cash outflows amounting to Rs. 7.07 lakhs for the year then 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, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(b) The financial information of one subsidiary, whose financial statements / financial information reflect total assets of Rs. 1,047.66 lakhs, total revenues of Rs. 6.78 lakhs and net cash inflows amounting to Rs. 1,047.66 lakhs as of and for the year ended March 31, 2020, are considered in the Consolidated Ind AS financial statements. These financial information are UNAUDITED and have been furnished to us by the management and our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial information. According to the information and explanations given to us by the management, these financial information are not material to the Group and we concur.

Our opinion on the consolidated financial statements, and our report on 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.

(c) The comparative financial information for the year ended March 31, 2019, prepared in accordance with Ind AS included in this Statement has been audited by our predecessor, who has expressed an unmodified opinion vide their report dated May 09, 2019. We have relied on the same except to the extent of re-presentation of the Consolidated Statement of Profit and Loss in accordance with the Ind AS 105 for the year ended March 31, 2019. Our conclusion is not modified in respect of the said matter.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3), 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 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 (including other comprehensive income), the Consolidated statement of Changes in Equity and the Consolidated Cash Flows 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 Ind AS specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 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 incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, the remuneration paid / provided during the year to directors is in accordance with the provisions of section 197 of the Act, in respect of the Holding Company and the Indian subsidiaries.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and

Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at March 31, 2020 on the consolidated financial position of the Group - Refer note no. 39 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended March 31, 2020.

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

IV. The disclosures in the Consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in the financial statements since they do not pertain to the financial year ended March 31, 2020.

For **Sundaram & Srinivasan**  
Chartered Accountants  
Firm Registration. No. 004207S

**Venkatasubramanian.S**  
Partner  
Membership Number : 219238  
UDIN: 20219238AAAAAW8847

Place : Chennai  
Date : June 10, 2020

## **Annexure A - Report on the Internal Financial Controls with reference to financial statements under clause (j) 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, 2020, we have audited the internal financial controls with reference to financial statements of Shankara Building Products Limited (hereinafter referred to as "the Holding Company"), and its Indian subsidiary companies (the Holding Company and its Indian subsidiaries together referred to as "the Group"), as of that date.

### **Management's Responsibility for Internal Financial Controls with reference to Financial Statements**

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control over financial reporting criteria established by the respective Companies 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 ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to financial statements 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 with reference to financial statements of the group, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial

Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls both issued by the Institute of Chartered Accountants of India. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 internal financial controls system with reference to financial statements of the group, which are companies incorporated in India.

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

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements, 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 to future periods are subject to the risk that the

internal financial control with reference to financial statements 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 Holding Company and its Indian subsidiary companies, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the respective 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 with reference to financial statements in so far as it relates to three Indian subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

For **Sundaram & Srinivasan**  
Chartered Accountants  
Firm Registration. No. 004207S

**Venkatasubramanian.S**  
Partner  
Membership Number : 219238  
UDIN: 20219238AAAAAW8847

Place : Chennai  
Date : June 10, 2020



## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2020

(Rupees in lakhs)

Particulars	Note No	As at 31-03-2020	As at 31-03-2019
<b>I ASSETS</b>			
(1) Non-current assets			
(a) Property, Plant and Equipment	4	22,296.50	22,520.70
(b) Capital work-in-progress	4	17.71	425.18
(c) Investment Property	5	865.64	705.69
(d) Right-of-use Asset	6, 41(b)	3,381.71	-
(e) Goodwill	7(a)	1,404.03	1,404.03
(f) Other Intangible assets	7(b)	286.46	661.33
(g) Financial Assets			
i) Trade receivables	8	380.40	395.09
ii) Loans	9	1,123.87	1,482.43
(h) Other non-current assets	10	185.02	139.11
<b>Total Non-current assets</b>		<b>29,941.34</b>	<b>27,733.56</b>
(2) Current Assets			
(a) Inventories	11	40,044.81	38,294.57
(b) Financial Assets			
i) Trade receivables	12	42,847.88	33,358.95
ii) Cash and cash equivalents	13	1,349.64	913.78
ii) Bank balances other than (ii) above	14	733.26	833.38
iv) Other financial assets	15	284.11	128.06
(c) Current Tax Asset (Net)	23	86.78	69.04
(d) Other current assets	16	2,172.34	2,955.37
<b>Total current assets</b>		<b>87,518.82</b>	<b>76,553.15</b>
Non-current assets held for Sale	30	-	6,908.78
<b>Total Assets</b>		<b>117,460.16</b>	<b>111,195.49</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	17	2,284.93	2,284.93
(b) Other Equity	18	48,463.44	45,625.92
<b>Total Equity</b>		<b>50,748.37</b>	<b>47,910.85</b>
<b>Liabilities</b>			
<b>1 Non-Current Liabilities</b>			
(a) Financial Liabilities			
i) Borrowings	19	91.61	243.82
ii) Lease Liability	20	3543.51	-
iii) Other financial liabilities	21	7.25	2.25
(b) Provisions	22	21.71	34.86
(c) Deferred tax liabilities (Net)	23	693.28	2,064.97
<b>Total Non-current liabilities</b>		<b>4,357.36</b>	<b>2,345.90</b>
<b>2 Current liabilities</b>			
(a) Financial Liabilities			
i) Borrowings	24	23,814.11	19,269.59
ii) Trade payables	25		
A) Total Outstanding Dues of Micro Enterprises and Small Enterprises		76.63	94.69
ii) Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		35,958.10	38,049.88
iii) Lease Liability	26	232.12	-
iv) Other financial liabilities	27	1,261.88	1,670.05
(b) Other current liabilities	28	636.25	1,427.05
(c) Provisions	29	186.38	196.52
(d) Current Tax Liabilities (Net)	23	188.96	230.96
<b>Total current liabilities</b>		<b>62,354.43</b>	<b>60,938.74</b>
<b>Total Equity and Liabilities</b>		<b>117,460.16</b>	<b>111,195.49</b>
Significant accounting policies	1 to 3		

See accompanying notes to the consolidated financial statements

As per our report attached of even date  
**For SUNDARAM & SRINIVASAN**  
Chartered Accountants  
ICAI Firm Reg.No: 004207S

**VENKATASUBRAMANIAN.S**  
Partner  
Membership No: 219238  
Place : Chennai  
Date : 10th June 2020

For and on behalf of the Board

**Sukumar Srinivas**  
Managing Director  
DIN: 01668064  
**Siddhartha Mundra**  
Chief Executive Officer

**C.Ravikumar**  
Whole-time Director  
DIN: 01247347  
**Alex Varghese**  
Chief Financial Officer

**Ereena Vikram**  
Company Secretary  
ACS Membership No: 33459

Place : Bengaluru  
Date : 10th June 2020



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2020

(Rupees in lakhs)

Particulars	Note No	For the Year ended 31-03-2020	For the Year ended 31-03-2019
I Revenue from operations	31	2,63,972.80	2,54,631.86
II Other Income	32	497.93	432.40
<b>III Total Income (I+II)</b>		<b>2,64,470.73</b>	<b>2,55,064.26</b>
<b>IV Expenses</b>			
Cost of materials consumed	33	62,938.27	1,33,010.53
Purchases of Stock-in-Trade		1,81,723.60	98,705.79
Changes in inventories of Finished goods & Stock-in-Trade	34	(4,839.51)	(514.12)
Employee benefits expense	35	5,355.25	5,537.80
Finance costs	36	4,334.70	4,714.56
Depreciation and amortization expense	36(a)	2,537.24	1,482.40
Other expenses	37	7,085.05	7,946.85
<b>Total expenses (IV)</b>		<b>2,59,134.60</b>	<b>2,50,883.81</b>
<b>V Profit before tax from continuing operations (III-IV)</b>		<b>5,336.13</b>	<b>4,180.45</b>
VI Tax expense:	23		
Current tax		1,394.18	1,157.43
Tax - earlier years		(14.13)	(73.29)
Deferred tax		(256.94)	251.79
		<b>1,123.11</b>	<b>1,335.93</b>
<b>VII Profit for the year from continuing operations (V-VI)</b>		<b>4,213.02</b>	<b>2,844.52</b>
VIII Profit / (loss) from Discontinued operations	30	(968.58)	672.36
IX Tax expense relating to discontinued operations		(743.32)	242.68
<b>X Profit / (loss) after tax from Discontinued operations (VIII-IX)</b>		<b>(225.26)</b>	<b>429.68</b>
<b>XI Profit for the period (VII+X)</b>		<b>3,987.76</b>	<b>3,274.20</b>
<b>XII Other Comprehensive Income</b>			
<b>A Items that will not be reclassified to profit or loss</b>			
(i) Re-measurements of defined benefit plans		(29.49)	(67.20)
(ii) Income tax relating to items that will not be reclassified to Profit or loss		7.42	23.75
<b>Total A</b>		<b>(22.07)</b>	<b>(43.45)</b>
<b>B Items that will be reclassified to profit or loss</b>			
(i) Exchange differences in translating the financial statements of a foreign operation		45.99	8.90
(ii) Effective portion of cash flow hedges		-	-
(iii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total B</b>		<b>45.99</b>	<b>8.90</b>
<b>Total Other Comprehensive Income/(Loss) (A+B)</b>		<b>23.92</b>	<b>(34.55)</b>



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2020 Contd.**

(Rupees in lakhs)

<b>XIII Total Comprehensive Income for the year (XI +XII)</b>		<b>4,011.68</b>	<b>3,239.65</b>
<b>Total Profit for the year attributable to:</b>			
- Owners of the parent		3,987.76	3,274.20
- Non-controlling interest		-	-
		<b>3,987.76</b>	<b>3,274.20</b>
<b>Other comprehensive income/(loss) for the year attributable to:</b>			
- Owners of the parent		23.92	(34.55)
- Non-controlling interest		-	-
		23.92	(34.55)
<b>Total comprehensive income for the year attributable to:</b>			
- Owners of the parent		4,011.68	3,239.65
- Non-controlling interest		-	-
		<b>4,011.68</b>	<b>3,239.65</b>
<b>XIV Earning per equity share (for continuing operation)</b> [Face value Rs.10 per share]	<b>38</b>		
Basic (in Rs.)		18.44	12.45
Diluted (in Rs.)		18.44	12.45
<b>XV Earning per equity share (for discontinued operation)</b> [Face value Rs.10 per share]	<b>38</b>		
Basic (in Rs.)		(0.99)	1.88
Diluted (in Rs.)		(0.99)	1.88
<b>XVI Earning per equity share (for discontinued &amp; continuing operations)</b> [Face value Rs.10 per share]	<b>38</b>		
Basic (in Rs.)		17.45	14.33
Diluted (in Rs.)		17.45	14.33
Significant accounting policies	1 to 3		

See accompanying notes to the consolidated financial statements

**For and on behalf of the Board**

As per our report attached of even date

**For SUNDARAM & SRINIVASAN**

Chartered Accountants

ICAI Firm Reg.No: 004207S

VENKATASUBRAMANIAN.S

Partner

Membership No: 219238

**Sukumar Srinivas**

Managing Director

DIN: 01668064

**C.Ravikumar**

Whole-time Director

DIN: 01247347

**Siddhartha Mundra**

Chief Executive Officer

**Alex Varghese**

Chief Financial Officer

**Ereena Vikram**

Company Secretary

ACS Membership No: 33459

Place : Chennai

Date: 10th June 2020

Place: Bengaluru

Date : 10th June 2020

## Consolidated Statement of Changes in Equity for period ended 31st March 2020

(Rupees in lakhs)

## A. Equity Share Capital

Particulars	Note No	Amount
Balance as at 01-04-2018	17	2,284.93
Changes in equity share capital during the year		-
Balance as at 31-03-2019	17	2,284.93
Changes in equity share capital during the year		-
Balance as at 31-03-2020	17	2,284.93

## B. Other Equity (refer note no 18)

Particulars	Note No	Reserve and Surplus				Items of other comprehensive income			Total
		Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Items that will not be reclassified to profit and loss	Items that will be reclassified to Profit or loss		
Opening Balance as at 01-04-2018		18.62	11,128.34	123.58	32,032.51	(5.58)	(6.01)	43,291.46	
Profit for the year		-	-	-	3,274.20	-	-	3,274.20	
Other comprehensive income for the year, net of income tax		-	-	-	-	(43.45)	8.90	(34.55)	
Others					(9.95)			(9.95)	
Transaction with owners in their capacity as owners									

**Other Equity Contd.**

(Rupees in lakhs)

Dividends paid	49(A)(2)					(742.61)		(742.61)
Dividend distribution tax	49(A)(2)	-	-	-	-	(152.64)	-	(152.64)
<b>Closing balance as at 31-03-2019</b>		<b>18.62</b>	<b>11,128.34</b>	<b>123.58</b>	<b>34,401.52</b>	<b>(49.03)</b>	<b>2.89</b>	<b>45,625.92</b>
Change in accounting policy due to retrospective application of Ind AS 116 (net of income tax)					(210.02)			(210.02)
<b>Restated balance as at 01-04-2019</b>		<b>18.62</b>	<b>11,128.34</b>	<b>123.58</b>	<b>34,191.50</b>	<b>(49.03)</b>	<b>2.89</b>	<b>45,415.90</b>
Profit for the year		-	-	-	3,987.76	-	-	3,987.76
Other comprehensive income for the year, net of income tax		-	-	-	-	(22.07)	45.99	23.92
Others		-	-	-	-	-	-	-
Transfer to retained earnings					(71.10)			
<b>Transaction with owners in their capacity as owners</b>								
Dividends paid	49(A)(2)				(799.73)			(799.73)
Dividend distribution tax	49(A)(2)	-	-	-	(164.41)	-	-	(164.41)
<b>Closing balance as at 31-03-2020</b>		<b>18.62</b>	<b>11,128.34</b>	<b>123.58</b>	<b>37,144.02</b>	<b>-</b>	<b>48.88</b>	<b>48,463.44</b>
Significant accounting policies	1 to 3							

**See accompanying notes to the consolidated financial statements**

As per our report attached of even date

**For SUNDARAM & SRINIVASAN**

Chartered Accountants

ICAI Firm Reg.No: 004207S

**VENKATASUBRAMANIAN.S**

Partner

Membership No: 219238

Place : Chennai

Date : 10th June 2020

**For and on behalf of the Board**

**Sukumar Srinivas**  
Managing Director

DIN: 01668064

**C.Ravikumar**  
Whole-time Director

DIN: 01247347

**Siddhartha Mundra**  
Chief Executive Officer

**Alex Varghese**  
Chief Financial Officer

**Ereena Vikram**  
Company Secretary

ACS Membership No: 33459

Place : Bengaluru

Date : 10th June 2020



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2020

(Rupees in lakhs)

Particulars	Note No	For the Year ended 31-03-2020	For the Year ended 31-03-2019
<b>Cash flow from operating activities</b>			
Profit before tax from Continuing Operations		5,336.13	4,180.45
Profit before tax from Discontinued Operations		(968.58)	672.36
Profit before tax for the period		4,367.55	4,852.81
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortization expense	51	2,604.19	1,862.11
Net gain on disposal of Property, plant & equipment (LY net of loss on disposal of Property, plant & equipment Rs 10.68 lakhs)	32	-	(106.00)
Loss on disposal of Property, plant & equipment	37	33.10	-
Gain on disposal of Property, plant & equipment	32	(11.32)	-
Unwinding of interest income on rental deposits	32	(116.46)	(69.17)
Interest income on deposits	30,32	(48.33)	(53.58)
Unrealised exchange (gain) / loss	32,36,37	81.72	-
Loss on asset held for sale	30	865.09	-
Provision for doubtful advances	37	-	11.68
Interest expense on borrowings	30,36	4,051.06	5,614.51
Interest on Lease liability	36	279.94	-
Bad Debts written off	37	3.86	6.19
Loss Allowance for doubtful trade receivables	37	246.82	(237.38)
Foreign currency translation reserve		45.99	8.90
<b>Operating profit before working capital changes</b>		<b>12,403.21</b>	<b>11,890.07</b>
Adjustments for :			
Decrease / (Increase) in inventories		(1,750.24)	3,396.42
Decrease / (Increase) in trade receivable		(9,724.92)	9,196.97
Decrease/ (Increase) in loans and other financial assets		383.82	296.17
Decrease/ (Increase) in other current assets		783.04	(18.63)
Decrease/ (Increase) in other non-current assets		(72.80)	1,545.07
(Decrease)/ Increase in trade payables		(2,281.23)	(7,901.77)
(Decrease)/ Increase in other financial liabilities		(140.72)	2.40
(Decrease)/ Increase in other current liabilities (excluding the current maturities of long-term debt)		(790.80)	516.22
Increase in provisions		(43.58)	37.99
<b>Cash flow from/(used in) operations</b>		<b>(1,234.22)</b>	<b>18,960.91</b>
Income taxes paid		(1,750.60)	(1,857.84)
<b>Net cash flows from/(used in) operating activities (A)</b>		<b>(2,984.82)</b>	<b>17,103.07</b>
<b>Cash flow from investing activities</b>			
Consideration paid for purchase of property, plant and equipment (including capital work-in-progress)		(1,926.21)	(5,098.21)
Proceeds from sale of property, plant & equipment-Continuing operations	4,32,37	171.05	543.51
Proceeds from sale of property, plant & equipment-Discontinued operations	30	7,006.05	-
(Purchase)/proceeds from maturity of bank deposits		100.12	(356.49)
Interest receipt		175.31	132.93

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2020 Contd.**

(Rupees in lakhs)

Particulars	Note No	For the Year ended 31-03-2020	For the Year ended 31-03-2019
<b>Net cash generated from/(used in) investing activities (B)</b>		<b>5,526.32</b>	<b>(4,778.26)</b>
<b>Cash flow from financing activities</b>			
Principal element of lease payments and interest on lease liability		(1,128.04)	-
Repayment of term loans		(227.42)	(118.22)
Current Borrowings availed/ (repaid)		4,280.87	(4,927.35)
Interest paid		(4,066.91)	(5,593.62)
Dividends paid	49(A)(2)	(799.73)	(742.61)
Dividend distribution tax	49(A)(2)	(164.41)	(152.64)
<b>Net cash from/(used in) financing activities (C)</b>		<b>(2,105.64)</b>	<b>(11,534.44)</b>
<b>Net increase/(decrease) in cash and cash equivalents(A+B+C)</b>		<b>435.86</b>	<b>790.37</b>
<b>Cash and cash equivalents - at the beginning of the period</b>		<b>913.78</b>	<b>123.41</b>
<b>Cash and cash equivalents - at the end of the period</b>		<b>1,349.64</b>	<b>913.78</b>
<b>Non cash financing and investing activities</b>			
- Acquisition of Right-of-use assets	6	1,283.60	-
Note: Cash and Cash equivalents in the Cash Flow Statement comprise of the following (refer note no 13)			
i) Cash on Hand		136.48	73.05
ii) Balance with Banks :			
- In Current Accounts		1,213.16	840.73
		<b>1,349.64</b>	<b>913.78</b>
Significant accounting policies	1 to 3		

**See accompanying notes**

The above Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS -7. Refer note no 30 for cash flow pertaining to discontinued operations

As per our report attached of even date

**For SUNDARAM & SRINIVASAN**

Chartered Accountants

ICAI Firm Reg.No: 004207S

**VENKATASUBRAMANIAN.S**

Partner

Membership No: 219238

**For and on behalf of the Board****Sukumar Srinivas**

Managing Director

DIN: 01668064

**C.Ravikumar**

Whole-time Director

DIN: 01247347

**Siddhartha Mundra**

Chief Executive Officer

**Alex Varghese**

Chief Financial Officer

**Ereena Vikram**

Company Secretary

ACS Membership No: 33459

Place : Chennai

Date: 10th June 2020

Place: Bengaluru

Date: 10th June 2020

## 1. GENERAL INFORMATION

Shankara Building Products Limited ('the Company' or 'the Parent') is one of the India's leading organized retailers of home improvement and building products in India. The registered office is situated at G2, Farah Winsford, 133, Infantry Road, Bengaluru – 560001.

The Company's shares are listed on the Bombay Stock Exchange 'BSE' and National Stock Exchange 'NSE'.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

These consolidated financial statements of the group have been prepared in accordance with Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The aforesaid financial statements for the year ended March 31, 2020 (including comparatives) are duly adopted by the Board of Directors in the meeting held on June 10, 2020 by video conferencing as notified by the Ministry of Corporate Affairs vide the Companies (Meetings of Board and its Powers) Amendment Rules, 2020 for consideration and approval by the shareholders.

### 2.2 Functional and presentation currency

These consolidated financial statements have been prepared and presented in Indian Rupees which is also the Group's functional currency and all amounts have been presented in lakhs with two decimals, except share data and as otherwise stated.

### 2.3 Basis of preparation and presentation

These consolidated financial statements have been prepared and presented on historical cost convention as a going concern and under accrual basis of accounting except for certain financial assets and liabilities (as per accounting policy below) as per the requirements of Ind AS prescribed under section 133 of the Act and relevant provisions thereon.

Disclosures under Ind AS are made only in respect of material items and in respect of the items that will be useful to the users of financial statements in making economic decisions.

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

### Current and Non-Current Classification

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

## BASIS OF CONSOLIDATION

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



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

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than majority of the voting rights of an investee, it has power over the investee when such voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including

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

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

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

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

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

## 2.4 Revenue recognition

### 2.4.1 Sale of products

Revenue is recognized on fulfilment of performance obligation. In other words, revenue is recognized when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer.

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is recognized based on the consideration received or receivable net of discounts, rebates, returns, taxes and duties on sales when the products are delivered to a carrier for sale, which is when control of goods are transferred to the customer.

### 2.4.2 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

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

### 2.4.3 Rental income

Rental income from operating leases (of its investment properties) is recognised on straight-line basis over the term of the relevant lease, except where rentals are structured to increase in line with expected general inflation. Initial direct cost, if any, incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on straight-line basis over the lease term.

#### 2.4.4 Other Income

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

### 2.5 Property, plant and equipment Recognition and measurement

The cost of property, plant and equipment comprises its purchase price, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning, net of any trade discounts and rebates.

#### Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

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

#### Disposal of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or on retirement, when no future economic benefits are expected to arise from the continued use of the asset.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within other gains / (losses).

#### Depreciation

Depreciation commences when the assets are ready for their intended use. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of Property, Plant & Equipment (other than capital work-in-progress) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in

Schedule II to the Companies Act, 2013.

Management has re-assessed the useful lives of the Property, plant and equipment and on the basis of technical evaluation, management is of the view that useful lives assessed by management, as above, are indicative of the estimated economic useful lives of the Property, plant and equipment. In respect of additions to Property, plant and equipment, depreciation has been charged on pro rata basis. Individual assets costing less than Rs.0.05 lakhs are depreciated fully during the year of purchase.

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

#### Capital work-in-progress

Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

### 2.6 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable, the borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of investment property is replaced, the carrying amount of the replaced part is derecognized. Investment properties (except freehold land) are depreciated using straight-line method over their estimated useful lives. Investment properties generally have a useful life of 60 years. The useful life has been determined based on technical evaluation by management.





## 2.7 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is on a straight-line basis over their estimated useful lives of the intangible asset. Intangible assets that are not available for use are amortised from the date they are available for use.

The estimated useful lives are as follows:

Software - 3 years

Brand - 3 years

The amortisation period and amortisation method for intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

## 2.8 Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing

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

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

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

## 2.9 Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Group. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Business combinations between entities under common control are accounted for at carrying value. Transaction costs that the Group incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

## 2.10 Leases Policy Applicable till March 31, 2019 – IND AS 17

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

**Where the Group is lessor**

As per terms of lease agreements there is no substantial transfer of risk and reward of the property to the lessee. Accordingly such leased out assets are treated as belonging to the Group. Rental income from operating leases is recognised on straight-line basis over the term of the relevant lease. Initial direct cost, if any, incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on straight-line basis over the lease term.

**Where the Group is lessee**

Leases where the owner has not substantially transferred all the risks and rewards of ownership 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. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Leases where the owner has substantially transferred 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 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.

**Policy Applicable from April 01, 2019 – IND AS 116**

Effective April 01, 2019, the group has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 01, 2019 using the modified retrospective approach method. The group as a lessee has recognised the lease liability based on the remaining lease payments discounted using the incremental borrowing rate as of the date of initial application (being 01st April, 2019). The Right-of-Use (ROU) asset has

been recognised at its carrying amount as if Ind AS 116 has been applied since the commencement date of the lease arrangement by using the incremental borrowing rate as at the transaction date (being 01st April, 2019). The group has not restated the comparatives information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 01st April, 2019.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Group's operations, taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term for future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

**Where the group is lessor**

As per terms of lease agreements there is no substantial transfer of risk and reward of the property to the lessee. Accordingly such leased out assets are treated as belonging to the Group. Rental income from operating leases is recognised on straight-line basis over the term of the relevant lease. Initial direct cost, if any, incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on straight-line basis over the lease term.

**Where the group is a lessee**

The Group's lease asset classes primarily consist of leases for land and buildings. The group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of



an identified asset, the group assesses whether: (1) the contract involves the use of an identified asset (2) the group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the group has the right to direct the use of the asset.

At the date of commencement of the lease, the group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee. The group has however elected to use the exemptions proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

For these short-term and low value leases, the group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term or useful life of the underlying asset whichever shorter.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

## 2.11 Inventories

Inventories are stated at lower of cost and net realizable value.

Cost comprises of purchase price, freight, other attributable cost, applicable taxes not eligible for credit, less rebates and discounts, which is determined on First-in, First-out ('FIFO') basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

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

### Raw materials

Raw materials are valued at cost of purchase net of duties and taxes and include all expenses incurred in bringing such materials to the location of its use.

### Finished goods

Finished goods include conversion costs in addition to the landed cost of raw materials.

### Stock-in-Trade

Stock-in-trade cost includes the purchase price, freight, other attributable cost, applicable taxes not eligible for credit, less rebates and discounts

### Stores, spares and tools

Stores, spares and tools cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

## 2.12 Employee benefits

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

The liability for gratuity, considered as defined benefit, is determined actuarially using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable)

and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement gains and losses recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

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

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

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

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

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

The Group recognizes a liability and an expense for bonuses. The Group recognizes a provision where contractually obliged or where there is a

past practice that has created a constructive obligation.

### 2.13 Income taxes

Tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

#### Current tax

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

#### Deferred tax

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax



liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

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

#### **2.14 Foreign currency translation**

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

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded

as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to Statement of Profit and Loss on repayment of the monetary items.

#### **2.15 Provisions, contingent liabilities and contingent assets**

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

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

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

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

#### **2.16 Earnings per share**

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

(net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares including the treasury shares held by the Group to satisfy the exercise of the share options by the employees.

### 2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred under finance costs. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to interest costs.

### 2.18 Government grants

Grants from the Government are recognized at their fair market value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available. Government grants relating to the purchase of property, plant and equipment are included in current / non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

### 2.19 Non-current assets held for sale / distribution to owners and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale / distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be

committed to the sale/distribution and it is expected to be completed within one year from the date of classification.

The criteria for held for sale/ distribution classification is regarded as met only when the assets or disposal group is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal groups), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The group treats sale/ distribution of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group);
- An active programme to locate a buyer and complete the plan has been initiated;
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value;
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification; and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet. Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations



- Is a subsidiary acquired exclusively for resale  
Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

## 2.20 Financial instruments

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

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

Trade receivables are initially recognised when they are originated.

Trade payables are in respect of the amount due on account of goods purchased or services availed in the normal course of business. They are recognised at their transaction and services availed value if the transaction do not contain significant financing component.

### a) Financial Assets

#### (i) Recognition and initial measurement

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

#### (ii) Subsequent measurement

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

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL);
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

#### Debt instruments at amortised cost:

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

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

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

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

#### Debt instrument at FVTOCI:

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

**Debt instrument at FVTPL:**

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

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

**(iii) De-recognition of financial assets**

A financial asset is de-recognised only when;

- a. The Group has transferred the rights to receive cash flows from the financial asset or
- b. The Group retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where entity has transferred an asset, the Group examines and assesses whether it has transferred substantially all risk and rewards of ownership of financial asset. In such cases, financial asset is de-recognised. Where entity has not transferred substantially all risks and rewards of ownership of financial asset, such financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risk and rewards of ownership of the financial asset, the financial asset is de-recognised, if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**b) Financial liabilities and equity instruments****(i) Initial recognition and measurement**

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

**(ii) Subsequent measurement**

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

**Loans and borrowings:**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de-recognised through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

**Trade and other payables:**

These amounts represent liabilities for goods or services provided to the Group which are unpaid at the end of the reporting period. Trade and other payables are presented as current liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade and other payables classified as current, the carrying amounts approximate fair value due to the short maturity of these instruments. Other payables falling due after 12 months from the end of the reporting period are presented as non-current liabilities and are measured at amortised cost unless designated as fair value through profit and loss at the inception. The Group enters into deferred payment arrangements (acceptances) whereby lenders such as banks and other financial institutions make payments to supplier's banks for purchase of raw materials. The banks and financial institutions are subsequently repaid by the Group at a later date. These are normally settled up to 90 days. These arrangements for raw materials are recognized as Acceptances (under trade payables).

**Financial guarantee**

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





requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

#### **Other financial liabilities at fair value through profit or loss:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading or designated as at FVTPL are recognized in the profit or loss.

#### **(iii) Derecognition of financial liabilities:**

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

#### **c) Offsetting**

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

#### **d) Impairment of Financial assets**

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

#### **e) Fair value measurement**

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

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

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

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

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

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing

categorization (based on the lowest level Input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### **f) Derivative financial instruments**

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. These arrangements have been entered into to mitigate currency exchange risk arising on account of repayment of foreign currency term loan and interest thereon. For the reporting periods under review, the Group has not designated any forward currency contracts as hedging instruments.

### **2.21 Cash and cash equivalents and cash flow statement**

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.

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is appropriately classified for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In cash flow statement, cash and cash equivalents include cash in hand, balances with banks in current accounts and other short- term highly liquid investments with original maturities of three months or less.

### **2.22 Dividend on ordinary shares**

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity.

### **2.23 Segment reporting**

An operating segment is defined as a component of the entity that represents business activities from which it earns revenues and incurs expenses and for which discrete financial information is available. The operating segments are based on the Group's internal reporting structure and the manner in which operating results are reviewed by the Chief Operating Decision Maker (CODM).

### **2.24 Indian Accounting Standards / amendments issued but not yet effective – Nil**

## **3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENTS**

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

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

#### **(i) Useful lives of property, plant and equipment**

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

#### **(ii) Provisions and liabilities**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be



estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**(iii) Business combinations and intangible assets**

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

**(iv) Contingencies**

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

**(v) Fair value measurements**

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

**4. PROPERTY, PLANT AND EQUIPMENT**

(Rupees in lakhs)

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total	Capital work-In-progress
<b>Gross carrying amount as at 01-04-2018</b>	<b>5,829.51</b>	<b>10,295.26</b>	<b>10,454.73</b>	<b>1,844.49</b>	<b>801.48</b>	<b>269.32</b>	<b>162.27</b>	<b>29,657.09</b>	<b>-</b>
Additions	826.57	1,054.99	1,201.74	1,188.03	428.07	68.08	57.06	4,824.54	425.18
Disposals/Adjustment	40.96	17.56	595.74	0.22	134.51	34.18	55.64	878.79	-
Transferred to Asset held for Sale	711.16	3,790.77	2,527.59	72.55	96.67	13.70	3.53	7,215.98	-
Transferred to Investment property	607.44	-	-	-	-	-	-	607.44	-
<b>Gross carrying amount as at 31-03-2019</b>	<b>5,296.53</b>	<b>7,541.92</b>	<b>8,533.15</b>	<b>2,959.75</b>	<b>998.37</b>	<b>289.52</b>	<b>160.17</b>	<b>25,779.41</b>	<b>425.18</b>
Additions	-	1,195.08	711.90	377.10	21.56	35.54	19.39	2,360.57	1,042.75
Capital Work in progress transferred for capitalisation	-	-	-	-	-	-	-	-	1,450.22
Disposals/Adjustment	-	-	217.17	3.51	23.18	0.91	4.06	248.83	-
Transferred to Asset held for Sale	-	-	980.75	-	-	-	-	980.75	-
Transferred to Investment property	-	172.90	-	-	-	-	-	172.90	-
<b>Gross carrying amount as at 31-03-2020</b>	<b>5,296.53</b>	<b>8,564.10</b>	<b>8,047.13</b>	<b>3,333.34</b>	<b>996.75</b>	<b>324.15</b>	<b>175.50</b>	<b>26,737.50</b>	<b>17.71</b>
<b>Accumulated depreciation / amortisation and impairment</b>									
<b>Balance as at 01-04-2018</b>	<b>-</b>	<b>496.54</b>	<b>1,192.45</b>	<b>325.82</b>	<b>222.45</b>	<b>97.97</b>	<b>64.28</b>	<b>2,399.51</b>	<b>-</b>
Depreciation for the year	-	140.58	519.26	223.68	124.57	54.62	45.16	1,107.87	-
Depreciation for the year transferred to discontinued operations	-	131.39	221.25	8.32	14.03	3.38	1.34	379.71	-
Depreciation on disposals/Adjustment	-	0.85	118.57	0.22	117.05	31.62	52.88	321.18	-
Transferred to Asset held for Sale	-	131.39	148.74	8.32	14.03	3.38	1.34	307.20	-
<b>Balance as at 31-03-2019</b>	<b>-</b>	<b>636.28</b>	<b>1,665.64</b>	<b>549.28</b>	<b>229.97</b>	<b>120.98</b>	<b>56.56</b>	<b>3,258.71</b>	<b>-</b>
Depreciation for the year	-	179.06	483.80	314.78	126.71	47.92	47.64	1,199.91	-
Depreciation for the year transferred to discontinued operations	-	-	66.95	-	-	-	-	66.95	-
Transferred to Asset held for Sale	-	-	18.39	-	-	-	-	18.39	-
Depreciation on disposals/Adjustment	-	-	28.84	0.73	21.71	0.86	3.86	56.00	-
Transferred to Investment property	-	10.18	-	-	-	-	-	10.18	-
<b>Balance as at 31-03-2020</b>	<b>-</b>	<b>805.16</b>	<b>2,169.16</b>	<b>863.33</b>	<b>334.97</b>	<b>168.04</b>	<b>100.34</b>	<b>4,441.00</b>	<b>-</b>

Notes to the Consolidated Financial Statements Contd.

## PROPERTY, PLANT AND EQUIPMENT Contd.

(Rupees in lakhs)

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	office equipment	Computers	Total Tangible assets	Capital work-in-progress
Net Carrying amount As at 31-03-2020	5,296.53	7,758.94	5,877.97	2,470.01	661.78	156.11	75.16	22,296.50	17.71
As at 31-03-2019	5,296.53	6,905.64	6,867.51	2,410.47	768.40	168.54	103.61	22,520.70	425.18
Useful Life of the asset (In Years)	N/A	Refer note (b)	15 Years	10 Years	8-10 Years	5 Years	3 Years		
Method of depreciation	N/A		Straight Line Method						

### Note

- Certain Property, plant & equipment have been hypothecated as security against long term borrowings and certain current borrowings of the Group (refer note no 19, 24 and 44).
- 30 years for Factory buildings and 60 years for other buildings
- During the year ended 31-03-2019, one of the subsidiary companies has transferred certain assets having net book value of ₹ 222.71 lakhs to inventory. Consequently, accumulated depreciation amounting to ₹ 52.50 lakhs recognised on the said assets have been credited to depreciation expense for the year. Both these amount has been disclosed under the head 'adjustment' in the above schedule.



## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## 5. INVESTMENT PROPERTY

Particulars	Freehold Land	Buildings	Total
<b>Gross carrying amount as at 01-04-2018</b>	<b>3.96</b>	<b>10.11</b>	<b>14.07</b>
Additions	-	85.28	85.28
Disposals	-	-	-
Transferred from property, plant & equipment	607.44	-	607.44
<b>Gross carrying amount as at March 31-03-2019</b>	<b>611.40</b>	<b>95.39</b>	<b>706.79</b>
Additions	-	-	-
Disposals	-	-	-
Transferred from property, plant & equipment	-	172.90	172.90
<b>Gross carrying amount as at 31-03-2020</b>	<b>611.40</b>	<b>268.29</b>	<b>879.69</b>
<b>Accumulated depreciation and impairment</b>			
<b>Balance as at 01-04-2018</b>	-	<b>0.41</b>	<b>0.41</b>
Depreciation for the year	-	0.68	0.68
Depreciation on disposals	-	-	-
<b>Balance as at 31-03-2019</b>	-	<b>1.09</b>	<b>1.09</b>
Depreciation for the year	-	2.78	2.78
Transferred from property, plant and equipment	-	10.18	10.18
Depreciation on disposals	-	-	-
<b>Balance as at 31-03-2020</b>	-	<b>14.05</b>	<b>14.05</b>
<b>Net Carrying amount</b>			-
<b>As at 31-03-2020</b>	<b>611.40</b>	<b>254.24</b>	<b>865.64</b>
<b>As at 31-03-2019</b>	<b>611.40</b>	<b>94.30</b>	<b>705.69</b>
Useful Life of the asset (In Years)	N/A	60 years	
Method of depreciation	N/A	As per Schedule II of the Companies Act, 2013	

**Income earned from and expenses incurred on Investment Property**

Particulars	For the year ended	
	31-03-2020	31-03-2019
Rental income from investment properties	8.89	2.65
Direct operating expenses (including repairs and maintenance)	0.52	0.44
Profit from investment properties before depreciation	8.37	2.22
Depreciation	2.78	0.68
Profit from investment property	5.59	1.53

**Fair Value**

Particulars	31-03-2020	31-03-2019
Investment properties	1,310.52	995.30



## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### Estimation of fair value

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

### 6. RIGHT-OF-USE ASSET:

Particulars	Gross Block				Accumulated depreciation				Net Block 31-03-2020	Net Block 31-03-2019
	Balance as at 01-04-2019	Additions	Disposals	Balance as at 31-03-2020	Balance as at 01-04-2019	Depreciation for the year	Depreciation on Disposals	Balance as at 31-03-2020		
Right-of-use Asset - Buildings	4,224.82	1,445.94	162.34	5,508.42	1,167.03	986.65	26.97	2,126.71	3,381.71	-

### 7 (a) GOODWILL

Particulars	GOODWILL
<b>Gross carrying amount as at 1-04-2018</b>	<b>1,404.03</b>
Additions	-
Disposals	-
<b>Gross carrying amount as at 31-03-2019</b>	<b>1,404.03</b>
Additions	-
Disposals	-
<b>Gross carrying amount as at 31-03-2020</b>	<b>1,404.03</b>
<b>Accumulated impairment losses</b>	
<b>Balance as at 1-04-2018</b>	-
Impairment losses for the year	-
Impairment losses on disposals	-
<b>Balance as at 31-03-2019</b>	-
Impairment losses for the year	-
Impairment losses on disposals	-
<b>Balance as at 31-03-2020</b>	-
<b>Net Carrying amount</b>	
<b>As at 31-03-2020</b>	<b>1,404.03</b>
<b>As at 31-03-2019</b>	<b>1,404.03</b>

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## 7 (b) OTHER INTANGIBLE ASSETS

Particulars	Brand	Software	Total
Gross carrying amount as at 01-04-2018	1,077.65	45.00	1,122.65
Additions	-	-	-
Disposals	-	-	-
Gross carrying amount as at 31-03-2019	1,077.65	45.00	1,122.65
Additions	-	-	-
Disposals	-	-	-
Gross carrying amount as at 31-03-2020	1,077.65	45.00	1,122.65
<b>Accumulated amortization and impairment</b>			
Balance as at 01-04-2018	81.39	6.08	87.47
Amortization for the year	358.87	14.98	373.85
Amortization on disposals	-	-	-
Balance as at 31-03-2019	440.25	21.06	461.32
Amortization for the year	359.84	15.03	374.87
Amortization on disposals	-	-	-
Balance as at 31-03-2020	800.10	36.09	836.19
Net Carrying amount			-
As at 31-03-2020	277.55	8.91	286.46
As at 31-03-2019	637.39	23.94	661.33
Useful Life of the asset (In Years)	3 Years	3 Years	
Method of amortization	Straight Line Method		
Remaining amortization period (In Years)	1 Year	1 Year	

## 8. TRADE RECEIVABLE (NON-CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Unsecured:</b>		
(a) Considered Good	-	-
(b) Credit Impaired	760.80	790.18
	760.80	790.18
Less: Allowance for doubtful debts (expected credit loss allowance) *	(380.40)	(395.09)
<b>Total</b>	<b>380.40</b>	<b>395.09</b>
Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member amount to (including "current" portion)	Nil	Nil





## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### TRADE RECEIVABLE (NON-CURRENT) Contd.

Movement in loss allowance of trade receivables	As at 31-03-2020	As at 31-03-2019
Opening balance	395.09	314.54
Amount written off	-	-
Credit loss allowance	(14.69)	80.55
<b>Closing balance</b>	<b>380.40</b>	<b>395.09</b>

### 9. LOANS (NON-CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Unsecured, considered good:</b>		
(a) Security Deposit	990.42	1,347.32
(b) Deposit with Suppliers	129.35	131.01
(c) Employee advances	4.10	4.10
<b>Total</b>	<b>1,123.87</b>	<b>1,482.43</b>

### 10. OTHER NON-CURRENT ASSETS

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Unsecured, Considered good:</b>		
(a) Capital Advances	84.12	111.01
(b) Deposits with Government authorities	100.90	28.10
<b>Total</b>	<b>185.02</b>	<b>139.11</b>

### 11. INVENTORIES

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Inventories: (at lower of cost and net realisable value)</b>		
(a) Raw materials	6,612.21	7,681.24
(b) Finished goods*	2,091.01	3,589.92
(c) Stock-in-trade**	30,774.68	26,205.22
(d) Stores and spares	566.91	818.19
<b>Total</b>	<b>40,044.81</b>	<b>38,294.57</b>

\*Includes goods-in-transit amounting to ₹ 20.58 lakhs (LY ₹ 15.11 lakhs)

\*\* Includes goods-in-transit amounting to ₹ 35.01 lakhs (LY ₹ 378.39 lakhs)

Inventories have been hypothecated as security against certain bank borrowings of the Group (refer note no 19, 24 and 44)

During the year ended 31-03-2019, one of the subsidiaries has transferred certain assets having net book value of ₹ 222.71 lakhs to inventory out of which ₹ 102.61 lakhs has been consumed during the year and balance value of ₹ 120.10 lakhs have been shown under inventory.

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## 12. TRADE RECEIVABLE (CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Unsecured:</b>		
(A) Trade receivables Considered Good	41,340.56	32,501.31
Less: Allowance for doubtful debts (expected credit loss allowance) *	(8.38)	(5.97)
<b>Total A</b>	<b>41,332.18</b>	<b>32,495.34</b>
(B) Trade receivables with significant increase in credit risk	2,006.78	1,109.35
Less: Allowance for doubtful debts (Expected credit loss allowance) *	(491.08)	(245.74)
<b>Total B</b>	<b>1,515.70</b>	<b>863.61</b>
<b>Total (A+B)</b>	<b>42,847.88</b>	<b>33,358.95</b>

* Movement in loss allowance of trade receivables	As at 31-03-2020	As at 31-03-2019
Opening Balance	251.71	573.85
Amount written off	-	-
Credit loss allowance	247.75	(322.14)
Closing Balance	<b>499.46</b>	<b>251.71</b>

The credit period on goods sold ranges from 30 to 60 days without security. No interest is charged on overdue trade receivables. Trade receivable with credit impairment is identified on case to case basis.

In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

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

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

Trade receivables have been offered as collateral towards borrowings (refer note no 19, 24 and 44).

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.



## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### 13. CASH AND CASH EQUIVALENTS

Particulars	As at 31-03-2020	As at 31-03-2019
(a) Balances with banks :		
In current account	1,213.16	840.73
(b) Cash on hand	136.48	73.05
<b>Total</b>	<b>1,349.64</b>	<b>913.78</b>

The Group has entered into cash management service agreement with certain banks for the collection of cheques at various branches and transfer of the funds to certain cash credit accounts by way of standing instructions. Pending such credits in the account, the cash credit accounts are disclosed as net of such collections. The above mentioned cash and cash equivalents does not contain any amount that are not available for use by the Group.

### 14. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Earmarked balances:</b>		
(a) Fixed Deposits held as margin money	730.18	830.88
(b) With banks in current account (for unclaimed dividends)	3.08	2.50
<b>Total</b>	<b>733.26</b>	<b>833.38</b>

### 15. OTHER FINANCIAL ASSETS (CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Unsecured, considered good</b>		
<b>(i) Financial assets at fair value through profit and loss</b>		
(a) Forward contract	181.93	-
<b>(ii) Financial assets at amortised cost</b>		
(a) Rent receivable	9.69	11.58
(b) Employee advances*	89.23	102.70
(c) Other receivables	3.26	13.78
<b>Total</b>	<b>284.11</b>	<b>128.06</b>

\*Includes transaction(s) with related parties - refer note no 47

### 16. OTHER CURRENT ASSETS

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Unsecured, considered good</b>		
<b>Advances other than capital advances:</b>		
(a) Advances for purchases	1,395.55	1,802.59
(b) Pre payments and others	230.28	219.01
(c) Balances with Government authorities	546.51	933.77
<b>Total</b>	<b>2,172.34</b>	<b>2,955.37</b>

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## 17. EQUITY SHARE CAPITAL

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	Amount	No. of Shares	Amount
<b>Authorised:</b> Equity shares of ₹ 10/- each	2,50,00,000	2,500.00	2,50,00,000	2,500.00
Issued, subscribed and fully paid	2,28,49,326	2,284.93	2,28,49,326	2,284.93

## a) Reconciliation of number of equity shares and equity share capital

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	2,28,49,326	2,284.93	2,28,49,326	2,284.93
Changes in equity share capital during the year	-	-	-	-
Balance as at the end of the year	2,28,49,326	2,284.93	2,28,49,326	2,284.93

## b) Rights, preferences and restrictions

(i) 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 Rs.10 each. Each share holder is eligible for one vote per share held and carry a right to dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) There are no restrictions attached to equity shares

## c) Details of shareholders holding more than 5% of the aggregate shares in the Company:

Name of Shareholder	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Mr. Sukumar Srinivas	1,25,69,287	55.01%	1,25,22,434	54.80%
Amansa Holdings Private Limited, Singapore	21,59,535	9.45%	19,12,529	8.37%

## d) In the period of five years immediately preceding 31-03-2020:

- i) The Company has not allotted any equity shares as fully paid up without payment being received in cash.
- ii) The Company has not allotted any equity shares by way of bonus issue.
- iii) The Company has not bought back any equity shares.



## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### 18. OTHER EQUITY

Particulars	As at 31-03-2020	As at 31-03-2019
Capital Reserve	18.62	18.62
Securities Premium	11,128.34	11,128.34
General Reserve	123.58	123.58
Retained earnings	37,144.02	34,401.52
<b>OTHER COMPREHENSIVE INCOME:</b>		
Remeasurements of the net defined benefit plans	-	(49.03)
Exchange differences on translating the Financial Statements of a foreign operation	48.88	2.89
<b>Total</b>	<b>48,463.44</b>	<b>45,625.92</b>

#### Capital Reserve

Reserve is primarily created on amalgamation as per statutory requirement.

#### Securities Premium

This consists of premium realised on issue of shares and will be applied/ utilised in accordance with the provisions of the Companies Act, 2013

#### General Reserve

General Reserve is an accumulation of retained earnings of the Group, apart from the balance in the statement of profit and loss which can be utilised for meeting future obligations.

#### Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Currency Units) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## 19. BORROWINGS (NON - CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Term Loans - secured*</b> From banks	91.61	243.82
<b>Total</b>	<b>91.61</b>	<b>243.82</b>

*Terms and security	Current	Non-current	Total
Vehicle loan repayable in 20 monthly installments till November, 2021; Rate of interest 9.7 % p.a. and loan repayable in 18 monthly installments till September, 2021; rate of interest 9.5% p.a; Security - First charge on the vehicle.	128.76	79.32	208.08
Vehicle loan repayable in 18 monthly installments till September, 2021; Rate of interest 9.21% p.a.; Security - First charge on the vehicle.	23.35	12.29	35.64

Refer note no 44 for carrying amount of vehicles hypothecated

## 20. LEASE LIABILITY (NON-CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
Lease liability (refer note no 41(b))	3,543.51	
<b>Total</b>	<b>3,543.51</b>	<b>-</b>

## 21. OTHER FINANCIAL LIABILITIES (NON-CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
Rent advance received	7.25	2.25
<b>Total</b>	<b>7.25</b>	<b>2.25</b>

## 22. PROVISIONS (NON-CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Provision for Employee benefits</b> (a) Gratuity (refer note no 45)*	21.71	34.86
<b>Total</b>	<b>21.71</b>	<b>34.86</b>

\* Not covered by the gratuity fund Rs.Nil (Previous year Rs.20 lakhs)

## Movement in Provision for employee benefits - gratuity

Particulars	As at 31-03-2020	As at 31-03-2019
Balance at the beginning of the year	34.86	30.61
Add: Provision made during the year	8.41	4.79
Less: Provision no longer required recognised in other income	20.00	-
Less: Provision utilised/ reversed during the year	1.56	0.54
<b>Balance at the end of the year</b>	<b>21.71</b>	<b>34.86</b>



## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### 23. INCOME TAXES

Indian companies are subject to Indian income tax on a standalone basis. Each entity is assessed to tax on taxable profits determined for each fiscal year beginning on April 1 and ending on March 31.

Incomes are assessed based on book profits prepared under generally accepted accounting principles in India adjusted in accordance with the provisions of the Income tax Act, 1961. Such adjustments generally relate to depreciation of fixed assets, disallowances of certain provisions and accruals, the set-off of tax losses and depreciation carried forward and retirement benefit costs.

The Group has opted to exercise the option permitted under section 115BAA of the Income-tax Act, 1961. Accordingly, the Group has made a provision for Income tax for the year ended 31-03-2020 and re-measured its deferred tax at the rate prescribed by the section. Income tax is charged at 22% plus surcharge of 10% plus health and education cess of 4%.

Due to the adoption of section 115BAA, there is a reduction in the income tax expense and deferred tax liability for the current year by ` 388.50 lakhs and ` 269.29 lakhs respectively.

#### a) Income tax expenses

Particulars	For the year ended		For the year ended		For the year ended	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
	Continuing Operations		Discontinued Operations		Total	
Current tax:						
Current tax	1,394.18	1,157.43	291.67	126.65	1,685.85	1,284.08
Tax pertaining to earlier years	(14.13)	(73.29)	-	-	(14.13)	(73.29)
	<b>1,380.05</b>	<b>1,084.14</b>	<b>291.67</b>	<b>126.65</b>	<b>1,671.72</b>	<b>1,210.79</b>
Deferred tax	(256.94)	251.79	(1,034.99)	116.03	(1,291.93)	367.82
<b>Total</b>	<b>1,123.11</b>	<b>1,335.93</b>	<b>(743.32)</b>	<b>242.68</b>	<b>379.79</b>	<b>1,578.61</b>

(Rupees in lakhs)

**Notes to the Consolidated Financial Statements**

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to income tax expense recognised for the year is furnished below:

Particulars	For the year ended 31-03-2020		For the year ended 31-03-2019		For the year ended 31-03-2020		For the year ended 31-03-2019	
	%	Amount	%	Amount	%	Amount	%	Amount
Profit / (loss) before tax:		5,336.13		4,180.45		(968.58)		672.36
Loss from Discontinued operations								
Tax using the company's domestic tax rate	25.168%	1,343.00	34.944%	1,460.82	-	-	34.944%	234.95
Tax impact on account of:								
Expenses not deductible in determining taxable profits	0.61%	32.46	1.60%	66.73	-	-	2.84%	19.09
Deductions allowable under tax laws	(0.96%)	(51.37)	(2.83%)	(118.33)	-	-	(1.69%)	(11.36)
Ind AS Adjustments	(0.92%)	(49.32)	-	-	-	-	-	-
Fair value gain on derivatives not designated as hedges	0.39%	20.57	-	-	-	-	-	-
Capital gains	-	-	-	-	(30.22%)	292.68	-	-
Others	(2.96%)	(158.10)	-	-	-	-	-	-
<b>Effective income tax rate/ Tax expense</b>	<b>21.31%</b>	<b>1,137.24</b>	<b>33.71%</b>	<b>1,409.22</b>	<b>(30.22%)</b>	<b>292.68</b>	<b>36.09%</b>	<b>242.68</b>
Tax expenses								
- Current tax		1,394.18		1,157.43		291.67		126.65
- Deferred tax		(256.94)		251.79		(1,034.99)		116.03
Total tax		1,137.24		1,409.22		(743.32)		242.68
Add: Tax for earlier years		(14.13)		(73.29)		-		-
<b>Total tax expenses reported for the year</b>		<b>1,123.11</b>		<b>1,335.93</b>		<b>(743.32)</b>		<b>242.68</b>

**b) Current Tax Liabilities**

Particulars	As at 31-03-2020	As at 31-03-2019
Current tax liabilities (Net)*	188.96	230.96

\* The above includes Rs. 38.49 lakhs (previous year Rs. 35.57 lakhs) remitted into the Government under protest. The disputes are pending disposal before appellate authorities and the management, based on nature of dispute and the opinion of the counsel, is of the view that no provision is necessary as at present.





## Notes to the Consolidated Financial Statements

### c) Current Tax Assets

Particulars	As at 31-03-2020	As at 31-03-2019
Current Tax Assets (Net)	86.78	69.04

### d) Deferred Tax Liabilities

The majority of the deferred tax balance represents differential rates of depreciation for property, plant and equipment under Income tax act and disallowance of certain expenditure under Income tax act. Significant components of deferred tax assets/(liabilities) recognized in the financial statements are as follows:

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Deferred Tax Liability:</b>		
On account of depreciation for tax purpose	1,054.67	2,331.05
<b>Deferred Tax Asset:</b>		
Opening adjustments as per Ind AS 116	(72.34)	-
Expenses allowed on payment basis	(3.66)	(16.26)
Allowance for doubtful receivables and advances	(205.97)	(208.57)
Ind AS Adjustments	(29.23)	(41.25)
Fair value gain on derivatives not designated as hedges	(20.57)	-
Unrealised profit on intra-group inventory transfer	(29.62)	-
<b>Deferred Tax (Asset) /Liabilities (Net)</b>	<b>693.28</b>	<b>2,064.97</b>

(Rupees in lakhs)

Notes to the Consolidated Financial Statements

Deferred tax balance (Asset)/Liability in relation to	Balance as at 31-03-2019	Directly charged to equity (On adoption of IND AS 116)	Restated balance as at 01-04-2019	Recognised/ (reversed) through profit and loss	Recognised in/ reclassified from other comprehensive income	Balance as at 31-03-2020
Depreciation under income tax act	2,331.05	-	2,331.05	(1,276.38)	-	1,054.67
Provision for employee benefit	(16.26)	-	(16.26)	20.02	(7.42)	(3.66)
Allowance for doubtful receivables and advances	(208.57)	-	(208.57)	2.60	-	(205.97)
Ind AS Adjustments	(16.78)	-	(16.78)	(12.45)	-	(29.23)
Fair value gain on derivatives not designated as hedges	-	-	-	(20.57)	-	(20.57)
Adjustment on adoption of Ind AS 116	-	(72.34)	(72.34)	-	-	(72.34)
Others	(24.47)	-	(24.47)	(5.15)	-	(29.62)
<b>Total</b>	<b>2,064.97</b>	<b>(72.34)</b>	<b>1,992.63</b>	<b>(1,291.93)</b>	<b>(7.42)</b>	<b>693.28</b>

Deferred tax balance (Asset)/Liability in relation to	Balance as at 31-03-2018	Recognised/ (reversed) through profit and loss	Recognised in/ reclassified from other comprehensive income	As at 31-03-2019
Depreciation under income tax act	2,061.73	269.32	-	2,331.05
Provision for employee benefit	(77.10)	60.84	-	(16.26)
Allowance for doubtful receivables and advances	(275.93)	43.61	23.75	(208.57)
Ind AS Adjustments	(14.38)	(2.40)	-	(16.78)
Others	-	(24.47)	-	(24.47)
<b>Total</b>	<b>1,694.32</b>	<b>346.90</b>	<b>23.75</b>	<b>2,064.97</b>



## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### 24. BORROWINGS (CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>SECURED</b>		
Loans repayable on demand (from banks)	22,574.06	17,538.89
<b>UNSECURED</b>		
Working Capital loan (from a finance company)	1,240.05	1,730.70
<b>Total</b>	<b>23,814.11</b>	<b>19,269.59</b>

#### Terms & Security:

Working capital loans are repayable on demand and carries interest @ 9.3% to 12.1% and secured by:

- First charge on the existing and future current assets and certain fixed assets belonging to the group
- Guarantee by the Managing Director
- Rate of interest on loan availed from finance company - 11%

#### Reconciliation of cashflows from financing activities

Particulars	As at 31-03-2020	As at 31-03-2019
Cash and cash equivalents	1,349.64	913.78
Current borrowings	(23,814.11)	(19,269.59)
Non-current borrowings*	(243.72)	(471.14)
<b>Net Debt</b>	<b>(22,708.19)</b>	<b>(18,826.95)</b>

\* Including current maturities of long-term debt

Particulars	Other Assets	Liabilities from financing activities		Total
	Cash and cash equivalents	Current borrowings	Non-current borrowings	
Net debt as at 01-04-2018	123.41	(24,196.94)	(589.36)	(24,662.89)
Cash flows	790.37	-	-	790.37
Proceeds from borrowings	-	-	(447.97)	(447.97)
Repayment of borrowings	-	4,927.35	566.19	5,493.54
Foreign exchange adjustments	-	-	-	-
<b>Net debt as at 31-03-2019</b>	<b>913.78</b>	<b>(19,269.59)</b>	<b>(471.14)</b>	<b>(18,826.95)</b>
Particulars	Other Assets	Liabilities from financing activities		Total
	Cash and cash equivalents	Current borrowings	Non-current borrowings	
Net debt as at 01-04-2019	913.78	(19,269.59)	(471.14)	(18,826.95)
Cash flows	435.86	-	-	435.86
Proceeds from borrowings	-	(4,280.87)	227.42	(4,053.45)
Repayment of borrowings	-	-	-	-
Foreign exchange adjustments	-	(263.65)	-	(263.65)
<b>Net debt as at 31-03-2020</b>	<b>1,349.64</b>	<b>(23,814.11)</b>	<b>(243.72)</b>	<b>(22,708.19)</b>

#### Note:

Assets are presented in positive numbers

Liabilities are presented in negative numbers

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## 25. TRADE PAYABLES

Particulars	As at 31-03-2020	As at 31-03-2019
(a) Due to Micro and Small Enterprises (refer note no 42)	76.63	94.69
(b) Due to Others		
- Acceptances	11,987.96	18,772.78
- Other than acceptances	23,970.14	19,277.10
<b>Total</b>	<b>36,034.73</b>	<b>38,144.57</b>

Acceptances include credit availed by the group from banks for payment to suppliers for goods purchased by the Group. The arrangements are interest-bearing and are payable within 90 days.

Payables Other than acceptances are normally settled within 30 to 90 days.

## 26. LEASE LIABILITY (CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
Lease liability (refer note no 41(b))	232.12	-
<b>Total</b>	<b>232.12</b>	<b>-</b>

## 27. OTHER FINANCIAL LIABILITIES (CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
(a) Current maturities of long term debt (refer note no 19)	152.11	227.32
(b) Interest accrued but not due	36.72	52.57
(c) Unclaimed Dividend	3.18	2.50
(d) Employee Benefits payable	601.35	602.23
(e) Other expense payable	468.52	614.04
(f) Creditors for Capital purchases	-	171.39
<b>Total</b>	<b>1,261.88</b>	<b>1,670.05</b>

## 28. OTHER CURRENT LIABILITIES

Particulars	As at 31-03-2020	As at 31-03-2019
(a) Advances from customers (refer note no 46(c))	502.67	792.37
(b) Statutory dues	133.58	634.68
<b>Total</b>	<b>636.25</b>	<b>1,427.05</b>



## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### 29. PROVISIONS (CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Provision for employee benefits</b>		
(a) Gratuity (refer note no 45) *	153.02	153.79
(b) compensated absences **	33.36	42.73
<b>Total</b>	<b>186.38</b>	<b>196.52</b>

#### \* Movement in provision for gratuity

Particulars	As at 31-03-2020	As at 31-03-2019
Balance at the beginning of the year	153.79	63.60
Add: Provision made during the year	109.81	153.79
Less: Provision utilised/ reversed during the year	110.58	63.60
<b>Balance at the end of the year</b>	<b>153.02</b>	<b>153.79</b>

#### \*\* Movement in provision for compensated absences

Particulars	As at 31-03-2020	As at 31-03-2019
Balance at the beginning of the year	42.73	31.98
Add: Provision made during the year	53.92	60.28
Less: Provision utilised/ reversed during the year	63.29	49.53
<b>Balance at the end of the year</b>	<b>33.36</b>	<b>42.73</b>

### 30. NON-CURRENT ASSETS HELD FOR SALE

On 29-03-2019, the shareholders of the wholly owned subsidiary company viz. Taurus Value Steel and Pipes Pvt Ltd consented to the partial sale of assets including land, building and equipments in one of its location, having a net carrying value of Rs 6,908.78 lakhs (as mentioned below). The shareholders of the parent Shankara Building Products Ltd also consented to this transaction vide their Extra-Ordinary General Meeting held on 20-05-2019. The transaction was completed and the proceeds were realised in end of May 2019.

#### Details of non-current assets held for sale as at 31-03-2019 and its disposal in the current financial year

Particulars	Amount
Freehold land	711.16
Buildings	3,659.38
Property, Plant and Equipment	2,378.85
Furniture and Fixtures	64.23
Vehicles	82.64
Office Equipment	10.33
Computers	2.19
<b>Total as at 31-03-2019</b>	<b>6,908.78</b>
Written Down of Value of the assets transferred during the year (refer note no. 4)	962.36
<b>Total Non-current assets held for sale</b>	<b>7,871.14</b>
Sale consideration received	7,006.05
<b>Loss on sale</b>	<b>865.09</b>

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## Disclosure pursuant to Ind AS 105

## (a) Financial performance of discontinued operations

	Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
I	Revenue from operations	11,132.08	62,625.18
II	Other Income	0.16	10.42
III	<b>Total Income (I+II)</b>	<b>11,132.24</b>	<b>62,635.60</b>
IV	<b>Expenses</b>		
	Cost of Raw Materials Consumed	8,756.90	55,660.01
	Purchases of Stock-in-Trade	-	77.20
	Changes in inventories of Finished goods	1,803.97	842.78
	Employee benefits expenses	170.96	889.15
	Finance costs	87.54	955.22
	Depreciation and amortization expenses	66.95	379.71
	Other expenses	349.41	3,159.17
	<b>Total expenses (IV)</b>	<b>11,235.73</b>	<b>61,963.24</b>
V	Profit /(Loss)before tax (III-IV)	(103.49)	672.36
VI	Loss on sale of assets held for sale (refer note above)	(865.09)	-
VII	<b>Total Profit/ (Loss)before tax (V+VI)</b>	<b>(968.58)</b>	<b>672.36</b>
VIII	Tax expense		
	Current tax	291.67	126.65
	Deferred tax	(1,034.99)	116.03
		<b>(743.32)</b>	<b>242.68</b>
IX	<b>Profit / (Loss) after tax (VII-VIII)</b>	<b>(225.26)</b>	<b>429.68</b>

The above disclosure includes Intra-group transactions.

The entire profit from discontinued operations is attributable to the owners of the parent.

## (b) Net cash flows from discontinued operations:

(Disclosed in accordance with para 33(c) Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations")

	Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
(i)	Net cash inflows / (outflows) from Operating activities	(241.83)	1,870.48
(ii)	Net cash inflows / (outflows) from Investing activities	7,006.20	10.16
(iii)	Net cash inflows / (outflows) from Financing activities	(87.54)	(955.22)
	<b>Net increase in cash generated from discontinued operation</b>	<b>6,676.83</b>	<b>925.42</b>

(c) The consolidated Statement of Profit and Loss of the Group for the year ended 31-03-2019 has been re-presented in accordance with para 34 of Ind AS 105.



## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### 31. REVENUE FROM OPERATIONS

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
(a) Sale of traded goods	2,47,474.65	2,31,124.39
(b) Sale of manufactured products	15,627.05	20,716.86
(c) Other Operating Revenues - Sale of scrap	871.10	2,790.61
<b>Total</b>	<b>2,63,972.80</b>	<b>2,54,631.86</b>

### 32. OTHER INCOME

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
(a) Interest Income on deposits	48.18	43.42
(b) Rent received	54.54	19.04
(c) Gain on disposal of Property, plant & equipment	11.32	-
(d) Net gain on disposal of Property, plant & equipment (LY net of loss on disposal of Property, plant & equipment Rs 10.68 lakhs)	-	106.00
(e) Unwinding of interest income on rental deposits	116.46	69.17
(f) Fair value gain on derivatives not designated as hedges	181.93	-
(g) Provision for gratuity no longer required written back	20.00	-
(h) Provision for doubtful debts written off no longer required	13.76	-
(i) Other non-operating income	51.74	194.77
<b>Total</b>	<b>497.93</b>	<b>432.40</b>

### 33. COST OF MATERIALS CONSUMED

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
Opening stock of Raw Materials	7,561.14	6,272.66
Less: Opening Stock of discontinued operations	(2,110.28)	-
<b>Total (A)</b>	<b>5,450.86</b>	<b>6,272.66</b>
Purchases of Raw Materials (B)	64,099.62	1,32,188.73
Closing stock of Raw Materials	(6,612.21)	(7,561.14)
Add: Closing stock of discontinued operations	-	2,110.28
<b>Total (C)</b>	<b>(6,612.21)</b>	<b>5,450.86</b>
<b>Total (A)+(B)-(C)</b>	<b>62,938.27</b>	<b>1,33,010.53</b>

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## 34. CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
Closing stock of Finished goods	(2,091.01)	(3,589.92)
Add: Closing stock of discontinued operations	-	1,803.97
	<b>(2,091.01)</b>	<b>(1,785.95)</b>
Opening stock of Finished goods	3,589.92	1,968.52
Less: Opening Stock of discontinued operations	(1,803.97)	-
	<b>1,785.95</b>	<b>1,968.52</b>
<b>Total (A)</b>	<b>(305.06)</b>	<b>182.57</b>
Closing stock of Stock-in-Trade	(30,739.67)	(26,205.22)
Opening stock of Stock-in-Trade	26,205.22	25,508.53
<b>Total (B)</b>	<b>(4,534.45)</b>	<b>(696.69)</b>
<b>Total (A) + (B)</b>	<b>(4,839.51)</b>	<b>(514.12)</b>

## 35. EMPLOYEE BENEFITS EXPENSES

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
(a) Salaries and Wages	4,709.25	4,924.67
(b) Contribution for:		
(i) Provident fund (refer note no 45(a))	335.70	282.18
(ii) Employees' state insurance (refer note no 45(a))	55.88	80.72
(c) Gratuity (refer note no 45 (b))	118.22	90.84
(d) Welfare Expenses	136.20	159.39
<b>Total</b>	<b>5,355.25</b>	<b>5,537.80</b>

## 36. FINANCE COSTS

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
(a) Interest Expense on borrowings	3,860.41	4,624.38
(b) Other borrowing costs	103.11	34.90
(c) Exchange differences regarded as an adjustment to borrowing costs	91.24	-
(d) Interest on lease liability	279.94	-
(e) Interest on income tax	-	55.28
<b>Total</b>	<b>4,334.70</b>	<b>4,714.56</b>





## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### 36(a) DEPRECIATION AND AMORTIZATION EXPENSE

Particulars	Note No	For the Year ended 31-03-2020	For the Year ended 31-03-2019
(a) Depreciation			
- Property, plant and equipment	4	1,199.91	1,107.87
- Investment property	5	2.78	0.68
- Right-of-use Asset (net of disposals)	6	959.68	-
(b) Amortization of intangible assets	7(b)	374.87	373.85
<b>Total</b>		<b>2,537.24</b>	<b>1,482.40</b>

### 37. OTHER EXPENSES

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
(a) Power, Fuel & Water	693.95	804.58
(b) Stores & Spares consumed	745.33	964.90
(c) Rent	668.01	1,796.50
(d) Repairs and Maintenance		
(i) Buildings	1.56	2.11
(ii) Other Assets	808.87	720.47
(e) Insurance	108.62	99.06
(f) Rates & Taxes	231.29	158.04
(g) Travelling and Conveyance	198.57	265.53
(h) Payment to Auditors (Refer note below) **	37.69	48.39
(i) Legal & Professional fees	223.54	216.50
(j) Directors sitting fees	21.01	8.87
(k) Communication Expenses	145.57	160.18
(l) Advertisement & Publicity Expenses	131.78	160.03
(m) Loss Allowance for doubtful trade receivables	246.82	(237.38)
(n) Labour	1,214.28	1,133.13
(o) Freight	431.82	637.55
(p) Commission Charges	95.56	90.93
(q) Bad Debts written off	3.86	6.19
(r) Provision for doubtful advances	-	11.68
(s) Loss on disposal of property, plant and equipment	33.10	-
(t) Sub contracting	88.48	83.12
(u) Corporate Social Responsibility expenditure (refer note no 50)	182.43	123.21
(v) Exchange Loss	172.41	-
(w) Miscellaneous Expenses *	600.50	693.26
<b>Total</b>	<b>7,085.05</b>	<b>7,946.85</b>

\*Under this head, there is no expenditure which is in excess of 1% of revenue from operations or Rs. 10 lakhs, whichever is higher.

\*\* Payment to auditors during the year ended 31-03-2020 partly includes the payment made to the predecessor auditor amounting to Rs.1.91 lakhs.

**Notes to the Consolidated Financial Statements**

(Rupees in lakhs)

Note : Breakup for Payment to Auditors is as under (Excluding GST):

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
a) Statutory Audit	26.13	26.90
b) Tax Audit	3.45	5.70
c) Limited Review fees	1.00	7.00
d) Out of Pocket Expenses	7.11	8.79
<b>Total</b>	<b>37.69</b>	<b>48.39</b>

**38. EARNINGS PER SHARE (EPS)**

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
<b>Basic &amp; Diluted</b>		
A. Profit attributable to equity shareholders (in lakhs)		
From Continuing Operations-Basic & Diluted	4213.02	2,844.52
From Discontinued Operations-Basic & Diluted	(225.26)	429.68
From Continuing & Discontinued Operations-Basic & Diluted	3,987.76	3,274.20
B. Weighted average number of equity shares (in lakhs)	228.49	228.49
C. Basic and Diluted EPS (Rs.) [A/B]		
From Continuing Operations-Basic & Diluted	18.44	12.45
From Discontinued Operations-Basic & Diluted	(0.99)	1.88
From Continuing & Discontinued Operations-Basic & Diluted	17.45	14.33
Face value per share (Rs.)	10	10

The Group does not have any potential equity shares. Accordingly, basic and diluted earnings per share would remain the same.

**39. CONTINGENT LIABILITIES**

Particulars	As at 31-03-2020	As at 31-03-2019
Liability disputed but not provided for		
(i) Income tax	65.41	36.20
(ii) Central sales tax	7.26	7.26
(iii) Value added tax	228.15	228.15
(iv) Entry tax	96.57	84.77
<b>Total</b>	<b>397.39</b>	<b>356.38</b>

The above disputes are pending in appeal before various forums in the respective department. Outflows, if any, arising out of these claims would depend upon the adjudication of appellate authorities and the Group's rights for further appeals.

**Amount remitted against disputed liability**

Particulars	As at 31-03-2020	As at 31-03-2019
(i) Income tax	38.49	35.57
(ii) Central sales tax	3.50	3.50
(iii) Value added tax	20.00	20.00
(iv) Entry tax	24.14	21.19



## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### 40. COMMITMENTS

Particulars	As at 31-03-2020	As at 31-03-2019
Estimated value of capital commitments towards buildings (Net of advances)	-	-
Estimated value of capital commitments towards purchase of machinery. (Net of advance)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 41. OPERATING LEASE

#### a) As lessor:

##### Leasing Arrangements:

The investment properties are leased to tenants under operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Particulars	As at 31-03-2020	As at 31-03-2019
Within one year	15.48	3.89
Between 1 and 2 years	8.39	3.48
Between 2 and 3 years	-	1.39
Between 3 and 4 years	-	-
Between 4 and 5 years	-	-
Later than 5 years	-	-
	<b>23.87</b>	<b>8.76</b>

#### b) As lessee:

Various Buildings have been taken on operating lease with lease term between 11 and 144 months for office premises, storage space and retail shop, which are renewable on a periodic basis by mutual consent of both parties. There is no restriction imposed by lease arrangements, such as those concerning dividends, additional debts.

Effective 01-04-2019, the Group has adopted Ind AS 116 "Leases", to all contracts existing on 01-04-2019 using the modified retrospective approach method and applied the standard to its leases retrospectively and has recognized the effect of the cumulative adjustment in the opening balance of retained earnings (net of tax-Rs.210.02 Lakhs) as at 01-04-2019, being the date of initial application. This has an effect of increasing finance cost and depreciation and reduction in rent paid. As a result, there is a decrease in profit to the tune of Rs.111.55 lakhs for the year. Comparatives for the period prior to the year ended have not been restated.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised.

The Group has also elected to use the exemptions proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## Accounting for Leases under Ind AS 116

Particulars	For the Year ended 31-03-2020
Gross carrying amount of Right-of-use assets as on 01-04-2019	4,224.82
Depreciation charged for the Right-of-use assets	959.68
Interest expense on lease liability	279.94
The rental expense relating to short-term leases for which Ind AS 116 has not been applied	668.01
Additions to Right-of-use assets during the current year	1,283.59
Gross carrying amount of Right-of-use assets as on 31-03-2020	5,508.42

Total cash outflow for leases for the year ended 31-03-2020 was INR ₹ 1,128.04 Lakhs.

## 42. ADDITIONAL INFORMATION

Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development ('MSMED') Act, 2006 (as per information available with the Group):

Particulars	As at 31-03-2020	As at 31-03-2019
(i) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	76.63	94.69
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year and	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### 43. SEGMENT REPORTING

The Group is engaged in selling various building products to Retail and Channel & Enterprise segments. The group identifies these business segments as the primary segment as per Ind AS 108 – Operating Segments, which is regularly reviewed by the Chief Operating Decision Maker for assessment of Group's performance and resource allocation. Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments. The group does not have any material operations outside India and hence disclosure of geographic segments is not applicable.

Particulars	31st March 2020			31st March 2019		
	Retail	Channel & Enterprise *	Total	Retail	Channel & Enterprise *	Total
<b>Income</b>						
External Sale	1,44,187.36	1,19,785.44	2,63,972.80	1,43,107.63	1,11,524.23	2,54,631.86
<b>Segment Revenue</b>	<b>1,44,187.36</b>	<b>1,19,785.44</b>	<b>2,63,972.80</b>	<b>1,43,107.63</b>	<b>1,11,524.23</b>	<b>2,54,631.86</b>
<b>Segment Result</b>	<b>11,560.62</b>	<b>3,328.35</b>	<b>14,888.97</b>	<b>11,897.24</b>	<b>1,182.68</b>	<b>13,079.92</b>
<b>Other Unallocated Items</b>						
Finance Cost			4,334.70			4,714.56
Unallocable Corporate Expenses (Net)			5,218.14			4,184.91
<b>Profit before tax-from Continuing operations</b>			<b>5,336.13</b>			<b>4,180.45</b>
<b>Profit before tax-from Dis-continued operations</b>			<b>(968.58)</b>			<b>672.36</b>
<b>Profit before tax from Continued and Dis-continued operations</b>			<b>4,367.55</b>			<b>4,852.81</b>
<b>OTHER INFORMATION</b>						
Segment assets	38,893.24	46,082.34	84,975.58	27,763.67	41,760.03	69,523.70
Unallocated assets			32,484.58			41,671.79
<b>Total Assets</b>			<b>1,17,460.16</b>			<b>1,11,195.49</b>
Segment Liabilities	12,137.05	23,897.68	36,034.73	7,778.12	30,366.44	38,144.56
Unallocated liabilities			30,677.06			25,140.08
<b>Total Liabilities</b>			<b>66,711.79</b>			<b>63,284.64</b>
Capital Expenditure			2,360.57			4,909.82
Depreciation			2,537.24			1,482.40
Non-cash expenses other than depreciation			3.86			6.19

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

Particulars	For the periods ended		
	31st March 2020	31st March 2019	
	At a point of time	Over a period of time	Over a period of time
Channel	39,363.83	-	38,910.54
Enterprise	80,421.61	-	72,613.69
<b>Total</b>	<b>1,19,785.44</b>	<b>-</b>	<b>1,11,524.23</b>

There were no customers the revenue derived from whom exceeded 10% or more of the entity's total revenue. The Non-current Assets held for Sale is presented within the total assets of the "Channel & Enterprise" segment. Assets for the quarter ended 31.03.2019 and for the year ended 31.03.2019 includes assets pertaining to the discontinued operations.



## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## 44. ASSETS HYPOTHECATED AS SECURITY

The carrying amounts of assets hypothecated as security for current and non-current borrowings are:

Particulars	Note No	As at 31-03-2020	As at 31-03-2019
<b>Current Assets</b>			
<b>A) Financial assets</b>			
<i>(i) First Charge</i>			
- Trade Receivables	12	42,847.88	33,358.95
<i>(ii) Floating Charge</i>			
<b>B) Non Financial assets</b>			
<i>(i) First Charge</i>			
- Inventories	11	40,044.81	38,294.57
<i>(ii) Floating Charge</i>			
<b>Total current assets hypothecated as security</b>		82,892.69	71,653.52
<b>Non-Current Assets</b>			
<b>A) Financial assets</b>			
<i>(i) First Charge</i>			
- Trade Receivables	8	380.40	395.09
<i>(ii) Floating Charge</i>			
<b>B) Non Financial assets</b>			
<i>(i) First Charge</i>			
- Vehicles and other movable assets	4	403.44	455.06
- Land and Building	4	4,562.73	8,936.86
- Plant and Machinery	4	5,355.76	8,734.57
<i>(ii) Floating Charge</i>			
<b>Total non-current assets hypothecated as security</b>		10,702.33	18,521.58
<b>Total assets hypothecated as security</b>		93,595.02	90,175.10



## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### 45. EMPLOYEE BENEFITS

#### a) Defined contribution plans

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

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019*
Employer's Contribution to Provident Fund (includes pension fund)	335.70	328.17
Employer's Contribution to Employees' State Insurance	55.88	99.50

\* Including expenses pertaining to discontinued operations

#### b) Defined benefit plan

##### (i) Gratuity

The Group has funded the gratuity liability ascertained on actuarial basis, wherein every employee who has completed five years or more of service is entitled to gratuity on retirement or resignation or death calculated at 15 days salary for each completed year of service, subject to a maximum of Rs. 20 lacs per employee. The vesting period for gratuity as payable under The Payment of Gratuity Act, 1972 is 5 years.

The plans in India typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk:** The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

**Interest risk:** A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

**Longevity risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

There are no other post-retirement benefits provided to employees.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31-03-2020. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## Gratuity (Funded)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Liability recognized in the Balance Sheet</b>		
Present value of defined benefit obligation		
Opening Balance	683.17	532.63
Current Service Cost	96.72	85.78
Past Service Cost	17.83	-
Interest Cost	42.95	39.69
Actuarial Loss/(Gain) on obligation	63.21	72.26
Transfer In/(Out)	(72.40)	-
Benefits paid	(33.91)	(47.19)
<b>Closing Balance</b>	<b>797.57</b>	<b>683.17</b>
<b>Less: Fair Value of Plan Assets</b>		
Opening Balance	514.52	453.75
Expected Return on Plan assets less loss on investments	39.28	34.63
Actuarial (Loss)/Gain on Plan Assets	33.72	5.06
Employers' Contribution	155.57	68.27
Benefits paid	(33.91)	(47.19)
Transfer In/(Out)	(86.34)	-
<b>Closing Balance</b>	<b>622.84</b>	<b>514.52</b>
<b>Amount recognized in Balance Sheet (refer note no 22 and 29)*</b>	<b>174.73</b>	<b>168.65</b>
<b>Expenses during the year</b>		
Current Service cost	96.72	85.78
Past Service cost	17.83	-
Interest cost	42.95	39.69
Expected Return on Plan assets	(39.28)	(34.63)
<b>Component of defined benefit cost recognized in statement of profit &amp; loss (refer not no 35)**</b>	<b>118.22</b>	<b>90.84</b>
Remeasurement of net defined benefit liability		
- Actuarial Loss/(Gain) on defined benefit obligation	63.21	72.26
- Actuarial Loss/(Gain) on Plan Assets	(33.72)	(5.06)
<b>Component of defined benefit cost recognized in other comprehensive income</b>	<b>29.49</b>	<b>67.20</b>
<b>Actual Return on plan assets</b>	73.00	39.69
<b>Break up of Plan Assets:</b>		
i) Equity instruments	-	-
ii) Debt instruments	-	-
iii) Investment Funds with Insurance Company	100%	100%
Of which, Unit Linked	100%	100%
Of which, Traditional/ Non-Unit Linked	-	-
iv) Asset-backed securities	-	-
v) Structured debt	-	-

Note: None of the assets carry a quoted market price in an active market or represent the entity's own transferable financial instruments or are property occupied by the entity.





## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### Principal actuarial assumptions

Particulars	As at 31-03-2020	As at 31-03-2019
Discount Rate	6.2% - 6.4%	7.00%
Expected rate(s) of salary increase	7.00%	7.00%
Expected return on plan assets	7.00%	7.00%
Attrition rate	10.00%	10.00%
Mortality rate during employment	Indian assured lives mortality 2006-2008 Ult.	

### Experience adjustments

Particulars	31-03-2020	31-03-2019	31-03-2018	31-03-2017	31-03-2016
Defined Benefit Obligation	797.57	683.17	532.63	464.13	363.52
Plan Assets	622.84	514.52	453.75	373.86	319.73
Surplus / (Deficit)	(174.73)	(168.65)	(78.88)	(90.27)	(43.79)
Experience Adjustments on Plan Liabilities – (Loss)/Gain	(27.04)	(49.19)	5.43	(13.17)	39.75
Experience Adjustments on Plan Assets – (Loss)/Gain	33.72	5.06	(10.13)	9.34	(2.84)

The Group expects to contribute Rs.174.95 lakhs (previous year Rs.168.65 lakhs ) to its gratuity plan for the next year.

In assessing the Group's post retirement liabilities, the Group monitors mortality assumptions and uses up-to date mortality tables, the base being the Indian assured lives mortality (2006-08) ultimate.

Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations after considering several applicable factors such as the composition of plan assets, investment strategy, market scenario, etc.

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

Effective 29-03-2018, the Government of India has notified the Payment of Gratuity (Amendment) Act, 2018 to raise the statutory ceiling on gratuity benefit payable to each employee to Rs 20 lacs from Rs 10 lacs. Accordingly the amended and improved benefits, if any, are recognised as current year's expense as required under paragraph 103, Ind AS 19.

### Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

Particulars	Impact on Defined benefit obligation			
	As at 31-03-2020		As at 31-03-2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% increase)	-	51.49	47.02	-
Discount rate (1% decrease)	58.69	-	-	43.80
Future salary growth (1% increase)	57.69	-	47.63	-
Future salary growth (1% decrease)	-	51.62	-	43.13
Attrition rate (1% increase)	-	4.34	1.83	-
Attrition rate (1% decrease)	4.66	-	-	1.82

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The average expected remaining lifetime of the plan members is 6 to 7 years (31.03.2019-6 years) as at the valuation date which represents the weighted average of the expected remaining lifetime of all plan participants.

The expected maturity analysis of the benefit payments of gratuity is as follows:

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
<b>31-03-2020</b>					
Defined benefit obligation (Gratuity)	19.79	23.88	80.24	125.42	249.33
<b>Total</b>	<b>19.79</b>	<b>23.88</b>	<b>80.24</b>	<b>125.42</b>	<b>249.33</b>
<b>31-03-2019</b>					
Defined benefit obligation (Gratuity)	28.06	28.56	118.40	211.87	386.89
<b>Total</b>	<b>28.06</b>	<b>28.56</b>	<b>118.40</b>	<b>211.87</b>	<b>386.89</b>

The Group had deployed its investment assets in an insurance plan which is invested in market linked bonds. The investment returns of the market-linked plan are sensitive to the changes in interest rates as compared with the investment returns from the smooth return investment plan. The liabilities' duration is not matched with the assets' duration.

The liabilities of the fund are funded by assets or own funds. The Group aims to maintain a close to full-funding position at each Balance Sheet date. Future expected contributions are disclosed based on this principle.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.



Notes to the Consolidated Financial Statements

(Rupees in lakhs)

**46. DISCLOSURE ON ACCOUNTING FOR REVENUE FROM CUSTOMERS IN ACCORDANCE WITH Ind AS 115**

Disaggregated revenue information

**A Type of goods and service**

Particulars	As at 31-03-2020	As at 31-03-2019
(a) Sale of products	2,47,474.65	231,124.39
(b) Sale of Manufactured products	15,627.05	20,716.86
(c) Other operating revenues	871.10	2,790.61
Total Operating Revenue	2,63,972.80	254,631.86
In India	2,63,972.80	254,631.86
Outside India	-	-

**B Timing of revenue recognition**

Particulars	As at 31-03-2020		As at 31-03-2019	
	At a point of time	Over a period of time	At a point of time	Over a period of time
Sale of products and other operating income	2,63,972.80	Nil	254,631.86	Nil

**C Contract Balances**

Particulars	As at 31-03-2020	As at 31-03-2019
Contract Assets	-	-
Contract Liabilities	502.67	792.37

**D Revenue recognised in relation to contract liabilities**

Particulars	As at 31-03-2020	As at 31-03-2019
Revenue recognised in relation to contract liabilities	792.37	713.33

**E Reconciliation of revenue recognised in the statement of profit and loss with the contracted price**

Particulars	As at 31-03-2020	As at 31-03-2019
Revenue at contracted prices*	2,63,972.80	254,631.86
Revenue from contract with customers	2,63,972.80	254,631.86
Difference	-	-

**F Unsatisfied or partially satisfied performance obligation**

Particulars	As at 31-03-2020	As at 31-03-2019
Unsatisfied or partially satisfied performance obligation	Nil	Nil

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## 47. RELATED PARTY DISCLOSURES

## A. Names of Related parties with whom transactions have taken place during the year/previous year and nature of relationship:

Key Managerial Personnel	Mr. Sukumar Srinivas (Managing Director) Mr. C.Ravikumar (Whole-time Director) Mr. R.S.V.Sivaprasad (Whole-time Director) Mr. Siddhartha Mundra (Chief Executive Officer) Mr. Alex Varghese (Chief Financial Officer) Ms. Ereena Vikram (Company Secretary)
Relatives of Key Managerial Personnel	Mr. Dhananjay Mirlay Srinivas Mrs. Parwathi Mirlay Srikanth
Enterprise in which Key Managerial Personnel have significant influence	Shankara Holdings Private Limited, Bengaluru
Entities where control exist	Shankara Building Products Employees Gratuity Fund Taurus Value Steel & Pipes Private Limited-Gratuity Fund Vishal Precision Steel Tubes and Strips Private Limited-Gratuity fund

B. Transactions with Related Parties	For the Year ended 31-03-2020	For the Year ended 31-03-2019
<b>Amount contributed to</b>		
Shankara Building Products Employees Gratuity Fund	121.61	46.63
Taurus Value Steel & Pipes Private Limited-Gratuity Fund	12.50	8.30
Vishal Precision Steel Tubes and Strips Private Limited-Gratuity fund	19.91	10.06
<b>Dividend paid to</b>		
Key Managerial Personnel	254.51	190.16
Relatives of Key Managerial Personnel	3.21	2.41
Shankara Holdings Private Limited	3.32	2.42



## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

Remuneration to Key Managerial Personnel (refer note 1 below)	For the Year ended 31-03-2020	For the Year ended 31-03-2019
<b>Short-term employee benefits</b>		
Managing Director	115.19	125.66
Whole-time director	103.45	105.65
Chief Executive Officer	97.78	96.02
Chief Financial Officer	30.41	31.05
Company Secretary	10.36	8.00
Remuneration to a relative of a Key Managerial Personnel (with effect from 14.03.2020)	0.16	-
<b>Remuneration payable to Key Managerial Personnel</b>		
Managing Director	-	8.23
Whole-time director	5.50	7.33
Chief Executive Officer	5.42	7.23
Chief Financial Officer	1.57	2.09
Company Secretary	0.63	0.54
<b>Remuneration payable to a relative of Key Managerial Personnel</b>	<b>0.16</b>	-
<b>Guarantees furnished by Managing Director</b>	<b>44,450.00</b>	<b>44,450.00</b>

### 1. Notes

As the future liability for gratuity is provided on an actuarial basis for the company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

C. Amount due to/ from related parties	As at 31-03-2020	As at 31-03-2019
Due from a whole-time Director	0.94	6.67
Due from Chief Financial Officer	2.43	2.44

#### Terms and Conditions

All outstanding balances are unsecured and are repayable in cash.

#### Guarantees furnished by the Managing Director

Personal guarantee has been furnished by the Managing Director to the Group to avail working capital facilities from the lender banks.

## Notes to the Consolidated Financial Statements

## 48. DETAILS OF SUBSIDIARIES

Details of the Group's subsidiaries at the end of reporting period are as follows:

Name of the Subsidiary	Place of Incorporation	Proportion of ownership		Principal activity
		31-03-2020	31-03-2019	
<b>Direct Subsidiary</b>				
Vishal Precision Steel Tubes & Strips Private Limited, Hoskote, Karnataka	India	100%	100%	Manufacturing of steel products
Taurus Value Steel & Pipes Private Limited, Kutbullapur Mandal, Telangana	India	100%	100%	Manufacturing of steel products
Steel Networks (Holdings) Pte Limited, Singapore	Singapore	100%	100%	Investment holding company
Centurywells Roofing India Private Limited, Kancheepuram, Tamil Nadu (was a step down subsidiary till 14-10-2019)	India	100%	100%	Manufacturing of roofing sheets



## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### 49. FINANCIAL INSTRUMENTS

#### A. Capital Management

##### (1) Capital risk management

The Group's capital requirements are mainly to fund its expansion, working capital and strategic acquisitions. The principal source of funding of the Group has been, and is expected to continue to be, cash generated from its operations supplemented by borrowings from bank and the funds from capital markets. The Group is not subject to any externally imposed capital requirements.

The Group regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce finance cost and closely monitors its judicious allocation amongst competing expansion projects and strategic acquisitions, to capture market opportunities at minimum risk.

The Group monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, Bank balances other than cash and cash equivalents.

Particulars	Note no	As at 31-03-2020	As at 31-03-2019
Long term borrowings	19	91.61	243.82
Current maturities of long term debt	27	152.11	227.32
Short term borrowings	24	23,814.11	19,269.59
Less: Cash and cash equivalents	13	(1,349.64)	(913.78)
Less: Bank balances other than cash and cash equivalents	14	(733.26)	(833.38)
Net Debt (A)		21,974.93	17,993.57
Total Equity (B)	17,18	50,748.37	47,910.85
Gearing Ratio (A/B)		0.43	0.38

- i) Equity includes all capital and reserves of the group that are managed as capital.
- ii) Debt is defined as long and short term borrowings (excluding financial guarantee contracts), as described in Note 19 and 24

##### (2) Dividends

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Equity Shares</b>		
(i) Final Dividend for the year ended 31-03-2019 of Rs 1.50 (31-03-2018 - Rs 3.25) per fully paid share	342.74	742.61
Dividend distribution tax on final dividend	70.46	152.64
Interim Dividend for the year ended 31-03-2020 of Rs 2.00 (31-03-2019 - Nil) per fully paid share	456.99	-
Dividend distribution tax on interim dividend	93.95	-
<b>(ii) Dividends not recognised at the end of the reporting period</b>		
Proposed final dividend subject to approval of share holders in the ensuing annual general meeting. (CY - Rs Nil; PY - Rs 1.50) per fully paid equity share	-	342.74
Dividend distribution tax on proposed dividend	-	70.46

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## B. Categories of financial instruments

Particulars	Note no	As at 31-03-2020		As at 31-03-2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets</b>					
<b>Measured at amortised cost</b>					
Loans	9	1,123.87	1,123.87	1,482.43	1,482.43
Other financial assets	15	102.18	102.18	128.06	128.06
Trade receivables	8,12	43,228.28	43,228.28	33,754.04	33,754.04
Financial assets	13	1,349.64	1,349.64	913.78	913.78
Bank balances other than cash and cash equivalents	14	733.26	733.26	833.38	833.38
<b>Total financial assets at amortised cost (A)</b>		<b>46,537.23</b>	<b>46,537.23</b>	<b>37,111.69</b>	<b>37,111.69</b>
<b>Measured at fair value through other comprehensive income (B)</b>		-	-	-	-
<b>Measured at fair value through profit and loss</b>					
Derivative asset not designated as hedge					
Foreign exchange forward contracts	15	181.93	181.93	-	-
<b>Measured at fair value through profit and loss (C)</b>		181.93	181.93	-	-
<b>Total financial assets (A+B+C)</b>		<b>46,719.16</b>	<b>46,719.16</b>	<b>37,111.69</b>	<b>37,111.69</b>
<b>Financial liabilities</b>					
<b>Measured at amortised cost</b>					
Long term Borrowings *	19,27	243.72	243.72	471.14	471.14
Short term Borrowings	24	23,814.11	23,814.11	19,269.59	19,269.59
Trade payables	25	36,034.73	36,034.73	38,144.57	38,144.57
Lease Liabilities	20,26	3,775.63	3,775.63	-	-
Other financial liabilities**	21,27	1,117.02	1,117.02	1,444.98	1,444.98
<b>Total financial liabilities carried at amortised cost (A)</b>		<b>64,985.21</b>	<b>64,985.21</b>	<b>59,330.28</b>	<b>59,330.28</b>
<b>Total financial liabilities measured at fair value through other comprehensive income (B)</b>		-	-	-	-
<b>Total financial liabilities measured at fair value through profit and loss (C)</b>		-	-	-	-
<b>Total financial liabilities (A+B+C)</b>		<b>64,985.21</b>	<b>64,985.21</b>	<b>59,330.28</b>	<b>59,330.28</b>

\* including current maturities of long-term debt

\*\* excluding current maturities of long-term debt

## C. Financial risk management

The Group has an Audit & Risk Management Committee established by its Board of Directors for overseeing the Risk Management Framework and developing and monitoring the Group's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the group's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the group.

The risk management policies aims to mitigate the following risks arising from the financial instruments:

- Market risk
- Credit risk and
- Liquidity risk





## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### (1) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Group is exposed in the ordinary course of its business to risks related to changes in foreign currency exchange rates, commodity prices and interest rates.

#### (i) Currency Risk

Exposure to currency risk

Particulars	As at 31-03-2020		As at 31-03-2019	
	USD	INR	USD	INR
Total foreign currency exposure in respect of recognised liabilities (in lakhs)	60.59	4,563.64	-	-
Forward exchange contracts (in lakhs)	60.59	4,563.64	-	-
<b>Net Exposure</b>	-	-	-	-

#### Sensitivity

Currency risks related to the amounts of foreign currency loans are fully hedged using derivatives that mature on the same dates as the loans are due for repayment.

#### (ii) Commodity price risk

The Group's revenue is exposed to the market risk of price fluctuations related to the sale of its steel and other building products. Market forces generally determine prices for the steel products sold by the group. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the group earns from the sale of its steel products.

The Group purchases the steel and other building products in the open market from third parties as well as from subsidiaries at prevailing market price. The Group is therefore subject to fluctuations in the prices of steel coil, steel pipes, zinc, sanitary wares etc.

The Group aims to sell the products at prevailing market prices. Similarly the Group procures the products based on prevailing market rates as the selling prices of steel products and the prices of inputs move in the same direction.

#### Inventory Sensitivity Analysis (Raw materials, Finished goods & Stock-in-trade)

A reasonably possible changes of 1% in prices of inventory at the reporting date, would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

Particulars	Impact on profit or (loss)		Impact on Equity, net of tax	
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
1% increase in prices of Inventory	(394.78)	(374.76)	(295.42)	(243.81)
1% decrease in prices of Inventory	394.78	374.76	295.42	243.81

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk since funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in rupees. The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate borrowings.

The following table provides a break-up of the Group's fixed and floating rate borrowings:

Particulars	As at 31-03-2020	As at 31-03-2019
Fixed rate borrowings	243.72	387.92
Floating rate borrowings	23,814.11	19,352.92
<b>Total borrowings</b>	<b>24,057.83</b>	<b>19,740.84</b>
Total Net borrowings as per financial statements	<b>24,057.83</b>	<b>19,740.72</b>
Add: Upfront fees	-	0.12
<b>Total borrowings</b>	<b>24,057.83</b>	<b>19,740.84</b>

## Sensitivity analysis for variable-rate instruments

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Impact on profit or (loss)		Impact on Equity, net of tax	
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
100 basis points increase in interest rates	(238.14)	(193.53)	(178.21)	(125.90)
100 basis points decrease in interest rates	238.14	193.53	178.21	125.90

## (2) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of credit worthiness as well as concentration risks.

Group's credit risk arises principally from the trade receivables and advances.

## Trade receivables

Customer credit risk is managed centrally by each entity in the Group and subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on financial position, past performance, business/ economic conditions, market reputation, expected business etc. Based on that credit limit & credit terms are decided. Outstanding customer receivables are regularly monitored.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas with no significant concentration of credit risk. The outstanding trade receivables are regularly monitored and appropriate action is taken for collection of overdue receivables.



## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

Year ended 31-03-2020

### Expected credit loss for trade receivables under simplified approach

Ageing	Less than 180 days	More than 181 days	Total
Gross carrying amount - Trade receivables	39,674.21	4,433.93	44,108.14
Expected credit losses (Loss allowance provision) - trade receivables	-	(879.86)	(879.86)
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>39,674.21</b>	<b>3,554.07</b>	<b>43,228.28</b>

Year ended 31-03-2019

### Expected credit loss for trade receivables under simplified approach

Ageing	Less than 180 days	More than 181 days	Total
Gross carrying amount - Trade receivables	31,395.03	3,005.81	34,400.84
Expected credit losses (Loss allowance provision) - trade receivables	-	(646.80)	(646.80)
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>31,395.03</b>	<b>2,359.01</b>	<b>33,754.04</b>

### (3) Liquidity risk management

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The Group requires funds both for short term operational needs as well as for strategic acquisitions. The Group generates sufficient cash flow for operations, which together with the available cash and cash equivalents and borrowings provide liquidity. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Group has access to the following undrawn borrowing facilities at the end of the reporting period:

#### Financing arrangements

Particulars	As at 31-03-2020	As at 31-03-2019
Floating Rate		
- Expiring within one year	8,825.95	21,456.89
- Expiring beyond one year	-	-
	<b>8,825.95</b>	<b>21,456.89</b>

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods and its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

With respect to floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## Liquidity exposure as at 31-03-2020

Particulars	Note no	< 1 year	1-5 years	> 5 years	Total
<b>Financial assets</b>					
Loans	9	-	-	1,123.87	1,123.87
Other financial assets	15	102.18	-	-	102.18
Trade receivables	8,12	42,847.88	380.40	-	43,228.28
Cash and cash equivalents	13	1,349.64	-	-	1,349.64
Bank balances other than cash and cash equivalents	14	733.26	-	-	733.26
<b>Derivative Assets</b>					
Foreign exchange forward contracts	15	181.93	-	-	181.93
<b>Total financial assets</b>		<b>45,214.89</b>	<b>380.40</b>	<b>1,123.87</b>	<b>46,719.16</b>
<b>Financial liabilities</b>					
Long term Borrowings *	19,27	152.11	91.61	-	243.72
Short term Borrowings	24	23,814.11	-	-	23,814.11
Trade payables	25	36,034.73	-	-	36,034.73
Lease Liabilities	20,26	232.12	3,543.51	-	3,775.63
Other financial liabilities**	21,27	1,109.77	7.25	-	1,117.02
<b>Total financial liabilities</b>		<b>61,342.84</b>	<b>3,642.37</b>	<b>-</b>	<b>64,985.21</b>

\* including current maturities of long-term debt

\*\*excluding current maturities of long-term debt

## Liquidity exposure as at 31-03-2019

Particulars	Note no	< 1 year	1-5 years	> 5 years	Total
<b>Financial assets</b>					
Loans	9	-	-	1,482.43	1,482.43
Other financial assets	15	128.06	-	-	128.06
Trade receivables	8,12	33,358.95	395.09	-	33,754.04
Cash and cash equivalents	13	913.78	-	-	913.78
Bank balances other than cash and cash equivalents	14	833.38	-	-	833.38
<b>Derivative Assets</b>					
Foreign exchange forward contracts	15	-	-	-	-
<b>Total financial assets</b>		<b>35,234.17</b>	<b>395.09</b>	<b>1,482.43</b>	<b>37,111.69</b>
<b>Financial liabilities</b>					
Long term Borrowings *	19,27	227.32	243.82	-	471.14
Short term Borrowings	24	19,269.59	-	-	19,269.59
Trade payables	25	38,144.57	-	-	38,144.57
Lease Liabilities	20,26	-	-	-	-
Other financial liabilities**	21,27	1,442.73	2.25	-	1,444.98
<b>Total financial liabilities</b>		<b>59,084.21</b>	<b>246.07</b>	<b>-</b>	<b>59,330.28</b>

\* including current maturities of long-term debt

\*\*excluding current maturities of long-term debt

## Collateral

The Group has hypothecated part of its financial assets in order to fulfil certain collateral requirements for the banking facilities extended to the Group. There is an obligation to return the securities to the Group once these banking facilities are surrendered. (refer note no 19, 24 and 44)

## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

### D. Level wise disclosure of financial instruments

Particulars	Note no	Carrying Value	As at 31-03-2020			Carrying Value	As at 31-03-2019		
			Fair Value				Fair Value		
			Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial assets</b>									
Loans	9	1,123.87		990.42	1,482.43			1,347.32	
Other financial assets	15	102.18			128.06				
Trade receivables	8,12	43,228.28			33,754.04				
Cash and cash equivalents	13	1,349.64			913.78				
Bank balances other than cash and cash equivalents	14	733.26			833.38				
<b>Derivative Assets</b>									
Foreign exchange forward contracts	15	181.93		181.93					
<b>Total financial assets</b>		<b>46,719.16</b>	<b>-</b>	<b>181.93</b>	<b>37,111.69</b>	<b>-</b>	<b>-</b>	<b>1,347.32</b>	
<b>Financial liabilities</b>									
Long term Borrowings*	19,27	243.72			471.14				
Short term Borrowings	24	23,814.11			19,269.59				
Trade payables	25	36,034.73			38,144.57				
Lease Liabilities	20,26	3,775.63			-				
Other financial liabilities**	21,27	1,117.02			1,444.98				
<b>Total financial liabilities</b>		<b>64,985.21</b>	<b>-</b>	<b>-</b>	<b>59,330.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	

\*including current maturities of long-term debt

\*\*excluding current maturities of long-term debt

The carrying amounts of short-term borrowings, trade receivables, trade payables, cash and cash equivalents, other bank balances and other financial assets and liabilities other than those disclosed in the above table, are considered to be the same as their fair values, due to their short term nature.





## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

## 50. CORPORATE SOCIAL RESPONSIBILITY

a) Gross amount required to be spent by Group during the year - Rs.170.39 lakhs (Previous year: Rs.171.58 lakhs )

b) Amount spent during the year:

Particulars	Amount required to be spent for the year ended 31-03-2020	Amount spent in cash	Amount yet to be paid in cash
a) Construction / acquisition of any assets	-	-	-
b) On purpose other than (a) above	170.39	182.43	-
Particulars	Amount required to be spent for the year ended 31-03-2019	Amount spent in cash	Amount yet to be paid in cash
a) Construction / acquisition of any assets	-	-	-
b) On purpose other than (a) above	171.58	123.21	-
Amount paid is included under Other expenses (refer note no 37)			

\*The above aggregated CSR expenditure disclosed are relating to Parent and its subsidiaries.

## 51. DEPRECIATION AND AMORTIZATION EXPENSE (for continuing and discontinued operations)

Particulars	Note No	For the Year ended 31-03-2020	For the Year ended 31-03-2019
<b>(a) Depreciation</b>			
- Property, plant and equipment (continuing operations)	4	1,199.91	1,107.87
- Property, plant and equipment (discontinued operations)	4	66.95	379.71
- Investment property	5	2.78	0.68
- Right-of-use Asset (net of disposals)	6	959.68	-
<b>(b) Amortization of intangible assets</b>	7(b)	374.87	373.85
<b>Total</b>		<b>2,604.19</b>	<b>1,862.11</b>



(Rupees in lakhs)

## Notes to the Consolidated Financial Statements

## 52. ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013

Name of the entity	2019-20									
	Net Assets, i.e., total assets minus total liabilities		Share in profit		Share in other comprehensive income		Share in total comprehensive income			
	As % of consolidated Net assets	Amount	As % of consolidated Profit	Amount	As % of consolidated comprehensive income	Amount	As % of consolidated comprehensive income	Amount	As % of consolidated comprehensive income	Amount
<b>Parent:</b>										
Shankara Building Products Limited, Bengaluru	66.86%	33,931.29	68.41%	2,727.99	(79.47%)	(19.01)	67.53%	2,708.98		
<b>Subsidiaries- Indian :</b>										
Taurus Value Steel & Pipes Private Limited, Kutbullapur Mandal, Telangana	19.75%	10,021.37	(1.97%)	(78.71)	(6.27%)	(1.50)	(2.00%)	(80.21)		
Vishal Precision Steel Tubes & Strips Private Limited, Hoskote, Karnataka	13.08%	6,636.86	19.57%	780.53	0.58%	0.14	19.46%	780.67		
Centurywells Roofing India Private Limited, Kancheepuram (was a subsidiary of Steel Networks (Holdings) Pte Limited, Singapore till 14-10-2019)	4.93%	2,504.32	12.41%	494.98	(7.11%)	(1.70)	12.30%	493.28		
<b>Subsidiary- Foreign:</b>										
Steel Networks (Holdings) Pte Limited, Singapore	2.05%	1,038.69	1.04%	41.31	192.27%	45.99	2.17%	87.30		
<b>Inter-company Elimination &amp; Consolidation Adjustments</b>	(6.67%)	(3,384.16)	0.54%	21.66			0.54%	21.66		
<b>Total</b>	<b>100.00%</b>	<b>50,748.37</b>	<b>100.00%</b>	<b>3,987.76</b>	<b>100.00%</b>	<b>23.92</b>	<b>100.00%</b>	<b>4,011.68</b>		



## Notes to the Consolidated Financial Statements

(Rupees in lakhs)

Additional information, as required under Schedule III to the Companies Act, 2013 - Continued

Name of the entity	2018-19							
	Net Assets, i.e., total assets minus total liabilities		Share in profit		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated Net assets	Amount	As % of consolidated Profit	Amount	As % of consolidated comprehensive income	Amount	As % of consolidated comprehensive income	
<b>Parent:</b>								
Shankara Building Products Limited, Bengaluru	67.57%	32,374.65	50.17%	1,642.54	112.04%	(38.71)	49.51%	1,603.83
<b>Subsidiaries- Indian :</b>								
Taurus Value Steel & Pipes Private Limited, Kutbullapur Mandal, Telangana	21.08%	10,100.34	20.37%	667.16	5.79%	(2.00)	20.53%	665.16
Vishal Precision Steel Tubes & Strips Private Limited, Hoskote, Karnataka	12.23%	5,863.88	16.00%	524.01	6.83%	(2.36)	16.10%	521.65
<b>Subsidiary- Foreign:</b>								
Steel Networks (Holdings) Pte Limited, Singapore	2.48%	1,186.44	0.01%	0.17	(25.76%)	8.90	0.28%	9.08
<b>Step down subsidiary- Indian:</b>								
Centurywells Roofing India Private Limited (Subsidiary of Steel Networks (Holdings) Pte Limited), Kancheepuram	4.23%	2,027.63	10.80%	353.70	1.10%	(0.38)	10.91%	353.32
<b>Inter-company elimination &amp; consolidation Adjustments</b>	(7.59%)	(3,642.09)	2.65%	86.62	0.00%	-	2.67%	86.62
<b>Total</b>	<b>100.00%</b>	<b>47,910.85</b>	<b>100.00%</b>	<b>3,274.20</b>	<b>100.00%</b>	<b>(34.55)</b>	<b>100.00%</b>	<b>3,239.65</b>



**Notes to the Consolidated Financial Statements**

(Rupees in lakhs)

**53. NOTE ON IMPACT OF COVID-19**

The lockdown necessitated by COVID-19 has impacted business activity all across. In keeping with Government announcements and as part of prudent safety measures for staff, all business activities across stores, warehouses, vehicle fleet, factories and offices were shut down since the latter part of March 2020. While some locations have recommenced activity from early May 2020, some parts of the Group's network are still impacted because of local lockdown measures.

The key measures undertaken by the Group as a part of the new business environment is highlighted below:

- **Employee safety:** Social distancing and workplace guidelines have been communicated in all work locations. Wearing of face masks is compulsory in our company's premises. Adequate arrangements have been made for temperature screening and sanitizers are provided at convenient places. Walk-ins are being controlled to ensure adequate social distancing. Frontline staffs have been adequately trained to ensure protection. Workplace is sanitized frequently, especially the common touch points. The Group is working with reduced staff strength and restricted timings. Seating of employees has been spaced out and functions which can work from home are being encouraged.
- **Liquidity:** During this period, the liquidity is being conserved as far as is possible. Adequate availability of fund is being ensured to maintain the business operation at the current level. Regular discussions are being made with the customers to ensure that the business rotation continues while reducing overall outstanding. Efforts are being made to serve customers from the existing inventories. Fresh purchases are being undertaken in a very controlled manner. Discussions are being made with creditors to ease cash flows. Fresh capex projects are currently put on hold and only ongoing necessary capex is being completed.
- **Cost control:** Cost structures are being relooked and rationalized according to the current needs of the business. At present there are 115 stores. The following 5 stores have been shut down namely Kunnamangalam, Calicut; Mancheryal, Telangana; Medavakkam and KK Nagar, Chennai and Marathahalli, Bengaluru.
- **Digital channels:** Digital channels and technology become imperative to deal with such situations. Sufficient technology and infrastructure support have been provided to enable work from home. Online channels have been provided to employee to reach out to customers for contactless sales.

**Current status**

Operations restarted from the first week of May 2020 in a staggered manner across operational geographies based on state / local restrictions. Currently about 70% of Group's business locations are operational. Activities are picking up based on local conditions.

Karnataka is the largest state in terms of revenues and has been impacted lesser, as of now, by the COVID-19 situation. A large part of the Group's business comes from tier 2 /3 locations which has also helped to normalize operations faster. For locations which are not operational, customers are being served with supplies wherever feasible. We are engaging with our customers helping them with supplies wherever feasible. Some important government projects and hospital requirements are also being serviced with relevant approvals. Some pent up demand is seen for pending projects. There is no decline in the demand from the irrigation segment.

The debt servicing and interest payment obligations continues to be as per schedule. Adequate resources are available to fulfil the obligations and existing contracts/arrangements. Internal financial controls continue to be in force. There has been no impact on plant, property and equipment. The company's management continues to engage with all its outstanding debtors and is ensuring business rotation with them.

All the possible impact of known events arising from COVID-19 pandemic in the preparation of the Consolidated financial results have been considered. However, the impact of assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration. The Board will continue to monitor any material changes to future economic conditions.



## Notes to the Consolidated Financial Statements

It is very difficult to assess the future outlook at this stage as we are not yet past the COVID-19 crisis. However, given the trend of our operations in May 2020, the Board is confident that it will tide this situation in the ensuing months and the Group's going concern status will not be affected.

As per our report attached of even date

**For SUNDARAM & SRINIVASAN**

Chartered Accountants

ICAI Firm Reg.No: 004207S

**VENKATASUBRAMANIAN.S**

Partner

Membership No: 219238

Place: Chennai

Date: 10th June 2020

**For and on behalf of the Board**

**Sukumar Srinivas**

Managing Director

DIN: 01668064

**C.Ravikumar**

Whole-time Director

DIN: 01247347

**Siddhartha Mundra**

Chief Executive Officer

**Alex Varghese**

Chief Financial Officer

**Ereena Vikram**

Company Secretary

ACS Membership No : 33459

Place: Bangalore

Date: 10th June 2020





**Standalone Audit Report  
and Financials | 2019 - 2020**

**To the Members of Shankara Building Products Limited, Bengaluru - 560001.**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the Standalone Ind AS financial statements of Shankara Building Products Limited, Bengaluru ("the Company"), which comprise the standalone balance sheet as at March 31, 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the Standalone Ind AS financial statements (including a note on impact on COVID-19), including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company, as at March 31, 2020, its profit

and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements of the current year. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<p><b><u>DISCOUNT FROM SUPPLIER</u></b></p> <p>The company avails discount from its suppliers which are either based on Memorandum of Understanding (MoU) with the supplier ('MoU based discounts') or oral negotiations with the supplier considering prevailing steel prices ('Non-MoU based discounts'). The calculation of discount is dependent on an estimation of whether amounts due as discount receivable have been earned at the balance sheet date. In relation to calculation of Non-MoU based discount, significant judgment is involved with respect to the realization of discount in the absence of any formal agreement/correspondence. We focused on this issue since such discounts represent a material reduction in cost of materials consumed and trade goods.</p>	<ul style="list-style-type: none"> <li>● Comparative analysis of movement of discount receivable during current year with that of previous year.</li> <li>● Tested the accuracy of calculation of discount receivable by verifying inventory purchased from invoicing done by the supplier during the year and in case of MoU based discount, tested the rate of discount from MoU and in case of Non-MoU based discount we confirmed its reasonableness by comparing rate of discount availed with invoice rate.</li> <li>● Verified credit notes on sample basis issued by the supplier for discounts previously recognized that provides an empirical evidence for the realization of discounts.</li> <li>● Review of ageing analysis of discount receivable at year end and discussion with management regarding the realization of discount receivable.</li> </ul>



Key audit matter	How the matter was addressed in our audit
<p><b><u>INVENTORY EXISTENCE AND VALUATION</u></b></p> <p>Inventory is held in various locations by the Company. There are complexities and manual process involved in determining inventory quantities on hand and valuation of the same due to the diverse &amp; numerous inventory products, multiple storage locations and price fluctuations of products. Therefore inventory quantities and valuation is identified as a key audit Matter.</p>	<ul style="list-style-type: none"> <li>● We have attended inventory counts at certain locations, which we selected based on financial significance and risk, observed management's inventory count procedures to assess the effectiveness, selected a sample of inventory products and compared the quantities counted to the quantities recorded and ensured inventory adjustments, if any, are recorded in the books of accounts.</li> <li>● Reviewed the internal audit report regarding physical verification of inventories and traced adjustments on sample basis made on basis of such report to the books of accounts.</li> <li>● Comparative analysis of inventory as at the end of the year with the inventory at the beginning of the year.</li> <li>● we assessed whether the management's controls relating to inventory's valuation are appropriately designed and implemented.</li> </ul> <p>Verification of the correctness of valuation made by the management on a sample basis, with regard to the cost and net realizable value of inventory.</p>

#### **Information Other than the Standalone Ind AS financial statements and Auditor's Report Thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the Standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Management and Those Charged with Governance for the Standalone Ind AS financial statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. 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 that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation

and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Standalone Ind AS financial statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the

circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's





report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

The comparative financial information of the Company for the year ended March 31st, 2019 prepared in accordance with Ind AS included in this Statement has been audited by our predecessor, who has expressed an unmodified opinion vide their report dated May 09th, 2019.

Our report is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The standalone Balance Sheet, the standalone Statement of Profit and Loss (including other comprehensive income), the standalone Statement of Changes in Equity and the standalone Cash Flows statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of

Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, the remuneration paid / provided during the year to directors is in accordance with the provisions of section 197 of the Act

With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 as at March 31, 2020 on its financial position in its Standalone Ind AS financial statements - refer note 39 to the Standalone Ind AS financial statements;

ii. the Company did not have any long-term contract including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company;

iv. The disclosures in the Standalone Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 have not been made in these Standalone Ind AS financial statements since they do not pertain to the financial year ended March 31, 2020.

For **Sundaram & Srinivasan**  
Chartered Accountants  
Firm Registration No. 004207S

**Venkatasubramanian.S**  
Partner  
Membership No. 219238  
UDIN: 20219238AAAAAV1737

Place: Chennai  
Date : June 10, 2020

# INDEPENDENT AUDITOR'S REPORT

Annexure 1 referred to in our report under "Report on Other Legal and Regulatory requirements Para 1" of even date on the accounts for the year ended March 31, 2020

i. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) Fixed assets are verified physically by the management in accordance with a regular programme at reasonable intervals. In our opinion the interval is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) On the basis of examination of records of the company, the title deeds of immovable properties are held in the name of the company.

ii. The inventory has been physically verified at reasonable intervals during the year by the management. The discrepancies between the physical stocks and the book were not material and have been properly dealt with in the books of account.

iii. The company has not granted any loan, secured or unsecured, to a company, firm or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a), (b) and (c) of the order are not applicable to the company.

iv. According to the information and explanations given to us, the company has complied with provisions of section 185 and 186 of the Act with respect to loans, investments, guarantees and security, as applicable.

v. The company has not accepted any deposit as mentioned in the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, the paragraph of clause 3(v) of the Order is not applicable.

vi. The Central Government has not prescribed the maintenance of cost records for any of the products of the company under sub-section (1) of section 148 of the Act.

vii. (a) According to the records provided to us, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax (including Tax Deducted at Source), Duty of Customs, Goods and Service Tax, Cess and other statutory dues with the appropriate authorities wherever applicable. We have observed belated remittances of income tax deducted at source, profession tax, goods and service tax, provident fund and employees' state insurance in a few instances.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Duty of Customs, Goods and Service Tax and Cess were in arrears, as at March 31, 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, the dues outstanding with respect to income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and goods and service tax on account of any dispute, are as follows:

Name of the statute: Income Tax Act, 1961			
Assessment year	Nature of dues	Amount ( ` )	Forum where the dispute is Pending
2008-2009	Income Tax*	36,20,030	High Court of Karnataka
2018-2019	Income Tax**	29,21,070	Commissioner of Income Tax (Appeals), Bengaluru

\*out of it, ` 35,57,270/- has been remitted by the company under protest

\*\*out of it, ` 2,92,107/- has been remitted by the company under protest



Name of the statute: The Maharashtra Value Added Tax Act, 2002			
Financial year	Nature of dues	Amount ( ` )	Forum where the dispute is Pending
2010-2011	Value added tax*	40,50,930	Joint Commissioner of Sales Tax, Appeal (IV), Bandra (E)
2012-2013	Value added tax**	1,87,63,706	Joint Commissioner of Sales Tax, Appeal (IV), Bandra (E)

\* out of it, ` 5,00,000/- has been remitted by the company under protest

\*\* out of it, ` 15,00,000/- has been remitted by the company under protest

Name of the statute: The Central Sales Tax, 1956			
Financial year	Nature of dues	Amount ( ` )	Forum where the dispute is Pending
2012-2013	Central sales tax*	7,26,462	Joint Commissioner of Sales Tax, Appeal (IV), Bandra (E)

\* out of it, ` 3,50,000/- has been remitted by the company under protest

viii. The company has not defaulted in repayment of loans or borrowings to banks. The company did not borrow or avail loan from Government or financial institution and has not issued any debenture. Hence the question of delay in repayment of dues to Government, financial institution and debenture holder does not arise.

ix. (a) The company has not raised any money by the way of initial public offer or further public offer (including debt instruments) during the year. Hence reporting on utilization of such money does not arise.

(b) 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. Based on the audit procedures adopted and information and explanations given to us by the management, no fraud on the company by its officers or employees or by the company has been noticed or reported during the course of our audit.

xi. According to the information and explanation given to us, managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. The Company is not a Nidhi company and as such this clause of the Order is not applicable.

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 the sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the Standalone Ind AS financial statements as required under applicable accounting standards.

xiv. During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures under section 42 of the Companies Act, 2013. Hence reporting under this clause does not arise.

xv. In our opinion and 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 them.

xvi. The company does not require registration under section 45-IA of the Reserve Bank of India Act, 1934. Hence matters relating to transfer to Statutory Reserve are not applicable.

For **Sundaram & Srinivasan**  
Chartered Accountants  
Firm Registration No. 004207S

**Venkatasubramanian.S**  
Partner  
Membership Number : 219238  
UDIN: 20219238AAAAV1737

Place : Chennai  
Date : June 10, 2020

## **Annexure – 2 - Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to standalone financial statements of Shankara Building Products Limited, Bengaluru ("the Company") as of March 31, 2020 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 with reference to Financial Statements**

The Company's management is responsible for establishing and maintaining internal financial controls with reference to financial statements 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 ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to financial statements 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 with reference to financial statements 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements,

both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

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

A company's internal financial control with reference to financial statements 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 with reference to financial statements includes those policies and procedures that;

- I. pertain to the maintenance of records, that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- II. 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

- III. 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 with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on;

- i. existing policies and procedures adopted by the Company for ensuring orderly and efficient conduct of business.
- ii. continuous adherence to Company's policies.
- iii. existing procedures in relation to safeguarding of Company's fixed assets, investments, inventories, receivables, loans and advances made and cash and bank balances.
- iv. existing system to prevent and detect fraud and errors.
- v. accuracy and completeness of Company's accounting records; and
- vi. existing capacity to prepare timely and reliable financial information

Place : Chennai  
Date : June 10, 2020

**For Sundaram & Srinivasan**  
Chartered Accountants  
Firm Registration No. 004207S

**Venkatasubramanian.S**  
Partner  
Membership Number : 219238  
UDIN: 20219238AAAAAV1737

# STANDALONE FINANCIALS

## SEPARATE (i.e. STANDALONE) BALANCE SHEET AS AT 31st MARCH 2020

(Rupees in lakhs)

Particulars	Note No	As at 31-03-2020	As at 31-03-2019
<b>I ASSETS</b>			
(1) Non-current assets			
(a) Property, Plant and Equipment	4	13,993.20	13,185.72
(b) Capital work-in-progress	4	14.54	116.30
(c) Investment Property	5	1,037.15	878.74
(d) Right-of-use Asset	6, 41(b)	2,974.03	-
(e) Intangible assets	7	286.46	661.33
(f) Financial Assets			
i) Investments	8	4,837.96	3,846.37
ii) Trade receivables	9	374.37	385.43
iii) Loans	10	893.12	2,608.14
(g) Other non-current assets	11	120.36	91.80
<b>Total Non-current assets</b>		<b>24,531.19</b>	<b>21,773.83</b>
(2) Current assets			
(a) Inventories	12	30,961.79	26,288.42
(b) Financial Assets			
i) Trade receivables	13	40,454.12	28,370.00
ii) Cash and cash equivalents	14	232.25	836.96
iii) Bank balances other than (ii) above	15	122.14	108.89
iv) Loans	16	4.50	41.11
v) Other financial assets	17	273.90	1,757.12
(c) Other current assets	18	988.49	1,202.27
<b>Total current assets</b>		<b>73,037.19</b>	<b>58,604.77</b>
<b>Total Assets</b>		<b>97,568.38</b>	<b>80,378.60</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	19	2,284.93	2,284.93
(b) Other Equity	20	31,646.36	30,089.72
<b>Total Equity</b>		<b>33,931.29</b>	<b>32,374.65</b>
<b>Liabilities</b>			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
i) Borrowings	21	91.61	243.82
ii) Lease Liability	22	3,089.49	-
iii) Other financial liabilities	23	7.25	2.25
(b) Provisions	24	27.75	57.18
(c) Deferred tax liabilities (Net)	25	31.28	203.00
<b>Total Non-current liabilities</b>		<b>3,247.38</b>	<b>506.25</b>
(2) Current liabilities			
(a) Financial Liabilities			
i) Borrowings	26	16,305.67	15,924.82
ii) Trade payables	27		
(A) Total outstanding dues of Micro enterprises and Small enterprises		76.63	93.07
(B) Total outstanding dues of creditors other than Micro enterprises and Small enterprises		41,925.37	29,062.17
iii) Lease Liability	28	232.12	-
iv) Other financial liabilities	29	940.59	1,211.24
(b) Other current liabilities	30	579.58	850.04
(c) Provisions	31	140.79	135.47
(d) Current Tax Liabilities (Net)	25	188.96	220.89
<b>Total current liabilities</b>		<b>60,389.71</b>	<b>47,497.70</b>
<b>Total Equity and Liabilities</b>		<b>97,568.38</b>	<b>80,378.60</b>
Significant accounting policies	1 to 3		

See accompanying notes to the standalone financial statements

As per our report attached of even date  
**For SUNDARAM & SRINIVASAN**  
 Chartered Accountants  
 ICAI Firm Reg.No: 004207S

**VENKATASUBRAMANIAN.S**  
 Partner  
 Membership No: 219238  
 Place : Chennai  
 Date : 10th June 2020

**For and on behalf of the Board**

**Sukumar Srinivas**      **C.Ravikumar**  
 Managing Director      Whole-time Director  
 DIN: 01668064      DIN: 01247347  
**Siddhartha Mundra**      **Alex Varghese**  
 Chief Executive Officer      Chief Financial Officer  
**Ereena Vikram**  
 Company Secretary  
 ACS Membership No: 33459  
 Place : Bengaluru  
 Date : 10th June 2020



**SEPARATE (i.e STANDALONE) STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2020**

(Rupees in lakhs)

Particulars		Note No.	For the Year ended 31-03-2020	For the Year ended 31-03-2019
I	Revenue From Operations	32	2,49,384.49	2,35,236.55
II	Other Income	33	423.97	393.07
III	<b>Total Income (I+II)</b>		<b>2,49,808.46</b>	<b>2,35,629.62</b>
IV	<b>Expenses</b>			
	Cost of materials consumed	34	294.57	-
	Purchases of Stock-in-Trade		2,36,194.50	2,19,658.61
	Changes in inventories of Finished goods and Stock-in-Trade	34(a)	(4,503.95)	(633.47)
	Employee benefits expense	35	4,137.74	4,035.93
	Finance costs	36	3,169.44	3,520.17
	Depreciation and amortization expense	36(a)	1,860.22	901.61
	Other expenses	37	5,086.61	5,690.94
	<b>Total expenses (IV)</b>		<b>2,46,239.13</b>	<b>2,33,173.79</b>
V	Profit before tax (III-IV)		3,569.33	2,455.83
VI	Tax expense:	25		
	Current tax		941.84	746.84
	Tax - earlier years		-	(59.94)
	Deferred tax		(100.50)	126.39
			<b>841.34</b>	<b>813.29</b>
VII	<b>Profit for the year (V-VI)</b>		<b>2,727.99</b>	<b>1,642.54</b>
VIII	<b>Other Comprehensive Income</b>			
A	<b>Items that will not be reclassified to profit or loss</b>			
	(i) Re-measurements of defined benefit plans		(25.41)	(59.50)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		6.40	20.79
	<b>Total A</b>		<b>(19.01)</b>	<b>(38.71)</b>
B	<b>Items that will be reclassified to profit or loss</b>		-	-
	<b>Total B</b>		-	-
	<b>Total Other Comprehensive Income/(loss) (A+B)</b>		<b>(19.01)</b>	<b>(38.71)</b>
IX	<b>Total Comprehensive Income for the year (VII+VIII)</b>		<b>2,708.98</b>	<b>1,603.83</b>
X	Earning per equity share: [Face value Rs.10 per share]	38		
	Basic (in Rs)		11.94	7.19
	Diluted ((in Rs)		11.94	7.19
Significant accounting policies		1 to 3		

See accompanying notes to the standalone financial statements

As per our report attached of even date  
**For SUNDARAM & SRINIVASAN**  
 Chartered Accountants  
 ICAI Firm Reg.No: 004207S

**VENKATASUBRAMANIAN.S**  
 Partner  
 Membership No: 219238

Place : Chennai  
 Date : 10th June 2020

**For and on behalf of the Board**

**Sukumar Srinivas**  
 Managing Director  
 DIN: 01668064

**C. Ravikumar**  
 Whole-time Director  
 DIN: 01247347

**Siddhartha Mundra**  
 Chief Executive Officer

**Alex Varghese**  
 Chief Financial Officer

**Ereena Vikram**  
 Company Secretary  
 ACS Membership No: 33459

Place : Bengaluru  
 Date : 10th June 2020

SEPARATE (i.e STANDALONE) STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2020

(Rupees in lakhs)

A. Equity Share Capital

Particulars	Note No	Amount
Balance as at 01-04-2018	19	2,284.93
Changes in equity share capital during the year		-
Balance as at 31-03-2019	19	2,284.93
Changes in equity share capital during the year		-
Balance as at 31-03-2020	19	2,284.93

B. Other Equity (refer note no 20)

Particulars	Note No	Reserve and Surplus				Items of other comprehensive income	Total
		Capital Reserve	Securities Premium	General Reserve	Retained Earnings		
Opening Balance as at 01-04-2018		18.62	11,128.34	123.58	18,106.37	4.22	29,381.13
Profit for the year		-	-	-	1,642.54	-	1,642.54
Other comprehensive income for the year, net of income tax		-	-	-		(38.71)	(38.71)
Transaction with owners in their capacity as owners							
Dividends paid	48 (A)(2)	-	-	-	(742.61)	-	(742.61)
Dividend distribution tax	48 (A)(2)	-	-	-	(152.64)	-	(152.64)
Closing balance as at 31-03-2019		18.62	11,128.34	123.58	18,853.67	(34.49)	30,089.72



SEPARATE (i.e STANDALONE) STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2020 Contd.

(Rupees in lakhs)

Particulars	Note No	Reserve and Surplus				Items of other comprehensive income	Total
		Capital Reserve	Securities Premium	General Reserve	Retained Earnings		
Change in accounting policy due to retrospective application of Ind AS 116 (net of income tax)		-	-	-	(188.20)	-	(188.20)
<b>Restated balance as at 01-04-2019</b>		<b>18.62</b>	<b>11,128.34</b>	<b>123.58</b>	<b>18,665.47</b>	<b>(34.49)</b>	<b>29,901.52</b>
Profit for the year		-	-	-	2,727.99	-	2,727.99
Other comprehensive income for the year, net of income tax		-	-	-	(53.50)	(19.01)	(19.01)
Transfer to retained earnings		-	-	-		53.50	-
<b>Transaction with owners in their capacity as owners</b>							
Dividends paid	48 (A)(2)	-	-	-	(799.73)	-	(799.73)
Dividend distribution tax	48 (A)(2)	-	-	-	(164.41)	-	(164.41)
<b>Closing balance as at 31-03-2020</b>		<b>18.62</b>	<b>11,128.34</b>	<b>123.58</b>	<b>20,375.82</b>	<b>-</b>	<b>31,646.36</b>
Significant accounting policies	1 to 3						

See accompanying notes to the standalone financial statements

As per our report attached of even date

**For SUNDARAM & SRINIVASAN**

Chartered Accountants

ICAI Firm Reg.No: 004207S

**VENKATASUBRAMANIAN.S**

Partner

Membership No: 219238

Place : Chennai

Date : 10th June 2020

**For and on behalf of the Board**

**Sukumar Srinivas**

Managing Director

DIN: 01668064

**C.Ravikumar**

Whole-time Director

DIN: 01247347

**Siddhartha Muntra**

Chief Executive Officer

**Alex Varghese**

Chief Financial Officer

**Ereena Vikram**

Company Secretary

ACS Membership No: 33459

Place : Bengaluru

Date : 10th June 2020



## SEPARATE (i.e STANDALONE) STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2020

(Rupees in lakhs)

Particulars	Note No	For the Year ended 31-03-2020	For the Year ended 31-03-2019
<b>Cash flow from operating activities</b>			
Profit before tax		3,569.33	2,455.83
Adjustments to reconcile profit before tax to net cash flow:			
Depreciation and amortization expense	36 (a)	1,860.22	901.61
Net Gain on disposal of property, plant & equipment (LY net of loss on disposal of property, plant & equipment Rs 10.68 lakhs)	33	-	(105.73)
Loss on disposal of property, plant & equipment	37	21.03	-
Gain on disposal of property, plant & equipment	33	(8.87)	-
Unwinding of interest income on rental deposits	33	(86.19)	(48.25)
Interest income on deposits	33	(12.45)	(8.56)
Unrealised exchange (gain) / loss	33,36,37	81.72	-
Interest expense on Borrowings	36	2,833.30	3,496.80
Interest on Lease liability	36	244.90	-
Bad Debts written off	37	3.84	6.12
Loss Allowance for doubtful trade receivables	37	227.54	(162.35)
<b>Operating profit before working capital changes</b>		<b>8,734.37</b>	<b>6,535.47</b>
Adjustments for :			
Decrease/ (Increase) in inventories		(4,673.37)	(628.97)
Decrease/ (Increase) in trade receivable		(12,304.44)	9,513.22
Decrease/ (Increase) in loans and other financial assets		3,415.81	4,271.88
Decrease/ (Increase) in other current assets		213.78	1,359.43
Decrease/ (Increase) in other non-current assets		(23.56)	(28.11)
(Decrease)/ Increase in trade payables		12,709.97	(5,583.99)
(Decrease)/ Increase in other financial liabilities		(38.73)	69.28
(Decrease)/ Increase in other current liabilities (excluding the current maturities of long term debt)		(270.46)	122.54
Increase in provisions		(20.89)	20.13
<b>Cash flow from/(used in) operations</b>		<b>7,742.48</b>	<b>15,650.88</b>
Income taxes paid		(992.93)	(820.34)
<b>Net cash flows from/(used in) operating activities (A)</b>		<b>6,749.55</b>	<b>14,830.54</b>
<b>Cash flow from investing activities</b>			
Consideration paid for purchase of property, plant & equipment (Including capital work-in-progress)		(1,608.90)	(3,411.94)
Investment in a subsidiary		(1,001.02)	-
Proceeds from sale of property, plant & equipment	4,33,37	95.03	174.52
(Purchase)/proceeds from maturity of bank deposits		(13.26)	(60.67)
Interest receipt		99.61	56.81
<b>Net cash flows from/(used in) investing activities (B)</b>		<b>(2,428.54)</b>	<b>(3,241.28)</b>

**SEPARATE (i.e STANDALONE) STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2020 Contd.**

(Rupees in lakhs)

Particulars	Note No	For the Year ended 31-03-2020	For the Year ended 31-03-2019
<b>Cash flow from financing activities</b>			
Principal element of lease payments and interest on lease liability		(1,003.14)	-
Proceeds from term loans		-	16.98
Repayment of term loans		(227.42)	-
Current Borrowings availed/ (repaid)		117.20	(6,502.78)
Interest paid		(2,848.22)	(3,483.43)
Dividends paid	48 (A)(2)	(799.73)	(742.61)
Dividend distribution tax	48 (A)(2)	(164.41)	(152.64)
<b>Net cash flows from/(used in) financing activities (C)</b>		<b>(4,925.72)</b>	<b>(10,864.48)</b>
<b>Net increase/(decrease) in cash and cash equivalents(A+B+C)</b>		<b>(604.71)</b>	<b>724.78</b>
<b>Cash and cash equivalents - at the beginning of the period</b>		<b>836.96</b>	<b>112.18</b>
<b>Cash and cash equivalents - at the end of the period</b>		<b>232.25</b>	<b>836.96</b>
<b>Non cash financing and investing activities</b>			
- Acquisition of Right-of-use assets	6	<b>1,177.10</b>	
Note: Cash and Cash equivalents in the Cash Flow Statement comprise of the following (refer note no 14) :-			
<b>i) Cash on Hand</b>		124.64	66.12
<b>ii) Balance with Banks :</b>			
- In Current Accounts		107.61	770.84
		<b>232.25</b>	<b>836.96</b>
Significant accounting policies	1 to 3		

See accompanying notes to the standalone financial statements

The above Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS -7.

As per our report attached of even date

**For SUNDARAM & SRINIVASAN**Chartered Accountants  
ICAI Firm Reg.No: 004207S**VENKATASUBRAMANIAN.S**Partner  
Membership No: 219238Place : Chennai  
Date : 10th June 2020**For and on behalf of the Board****Sukumar Srinivas**  
Managing Director  
DIN: 01668064**C.Ravikumar**  
Whole-time Director  
DIN: 01247347**Siddhartha Mundra**  
Chief Executive Officer**Alex Varghese**  
Chief Financial Officer**Ereena Vikram**  
Company Secretary  
ACS Membership No: 33459Place : Bengaluru  
Date : 10th June 2020

## STANDALONE ACCOUNTING POLICIES

### 1. GENERAL INFORMATION

Shankara Building Products Limited ("SBPL" or "the company") is a public listed company incorporated and domiciled in India. The registered office is situated at G2, Farah Winsford, 133, Infantry Road, Bengaluru – 560001.

The company's shares are listed on the Bombay Stock Exchange 'BSE' and National Stock Exchange 'NSE'.

Shankara Building Products Limited is one of the India's leading organized retailers 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 materials, tiles, sanitary ware, water tanks, plywood, kitchen sinks, lighting and other allied products. The Company has operations spread across ten states and one union territory in India.

During the year under review, the company has also started processing of corrugated sheets.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Statement of compliance

These Standalone financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The Standalone financial statements for the year ended March 31, 2020 (including comparatives) are duly adopted by the Board of Directors in the meeting held on June 10, 2020 by video conferencing as notified by the Ministry of Corporate Affairs vide the Companies (Meetings of Board and its Powers) Amendment Rules, 2020 dated March 19, 2020 for consideration and approval by the shareholders.

#### 2.2 Functional and presentation currency

These standalone financial statements have been prepared and presented in Indian Rupees and all amounts have been presented in lakhs with two decimals, except share data and as otherwise stated.

#### 2.3 Basis of preparation and presentation

These financial statements have been prepared and presented under accrual basis of accounting and as a going concern on historical cost convention or fair values as per the requirements of Ind AS prescribed under section 133 of the Act and relevant provisions thereon.

Disclosures under Ind AS are made only in respect of material items and in respect of the items that will be useful to the users of financial statements in making economic decisions.

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

#### Current and Non-Current Classification

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



## 2.4 Revenue recognition

### 2.4.1 Sale of products

Revenue is recognized on fulfilment of performance obligation. In other words, revenue is recognized when a promise in a customer contract (performance obligation) has been satisfied by transferring control over the promised goods to the customer.

Revenue is measured at the fair value of the consideration received and receivable.

Revenue is recognized based on the consideration received and receivable net of discounts, rebates, returns, taxes and duties on sales when the products are delivered to a carrier for sale, which is when control of goods are transferred to the customer.

### 2.4.2 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

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

### 2.4.3 Rental income

Rental income from operating leases (of company's investment properties) is recognised on straight-line basis over the term of the relevant lease, except where rentals are structured to increase in line with expected general inflation. Initial direct cost, if any, incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on straight-line basis over the lease term.

### 2.4.4 Other Income

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

## 2.5 Property, plant and equipment

### Recognition and measurement

The cost of property, plant and equipment comprises its purchase price, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning, net of any trade discounts and rebates.

### Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

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

### Disposal of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or on retirement, when no future economic benefits are expected to arise from the continued use of the asset.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit and Loss within other gains / (losses).

### Depreciation

Depreciation commences when the assets are ready for their intended use. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of Property, Plant & Equipment (other than capital work in progress) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Management has re-assessed the useful lives of the Property, plant and equipment and on the basis of technical evaluation,

management is of the view that useful lives assessed by management, as above, are indicative of the estimated economic useful lives of the Property, plant and equipment. In respect of additions to Property, plant and equipment, depreciation has been charged on pro rata basis. Individual assets costing less than Rs.0.05 lakhs are depreciated fully during the year of purchase.

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

### Capital work-in-progress

Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

### 2.6 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable, the borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of investment property is replaced, the carrying amount of the replaced part is derecognized.

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

### 2.7 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated

impairment losses. Amortisation is on a straight-line basis over their estimated useful lives of the intangible asset. Intangible assets that are not available for use are amortised from the date they are available for use.

The estimated useful lives are as follows:

Software - 3 years

Brand - 3 years

The amortisation period and amortisation method for intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

### 2.8 Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are



discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

## 2.9 Business combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Company. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Business combinations between entities under common control are accounted for at carrying value. Transaction costs that the Company incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

## 2.10 Leases

### Policy Applicable till March 31, 2019 – IND AS 17

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

### Where the company is lessor

As per terms of lease agreements there is no substantial transfer of risk and reward of the ownership on the property to the lessee. Accordingly such leased out assets are treated as belonging to the company. Rental income from operating leases is recognised on straight-line basis over the term of the relevant lease. Initial direct cost, if any, incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on straight-line basis over the lease term.

### Where the company is lessee

Leases where the Owner has substantially not transferred all the risks and rewards of ownership 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. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Leases where the Owner has substantially transferred 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 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.

### **Policy Applicable from April 01, 2019 – IND AS 116**

Effective April 01, 2019, the company has adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 01, 2019 using the modified retrospective approach method. The company as a lessee has recognised the lease liability based on the remaining lease payments discounted using the incremental borrowing rate as of the date of initial application (being 01st April, 2019). The Right-of-Use (ROU) asset has been recognised at its carrying amount as if Ind AS 116 has been applied since the commencement date of the lease arrangement by using the incremental borrowing rate as at the transaction date (being 01st April, 2019). The company has not restated the comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 01st April, 2019.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The company makes an assessment of the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the company's operations, taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term for future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

### **Where the company is lessor**

As per terms of lease agreements there is no substantial transfer of risk and reward of the property to the lessee. Accordingly such leased out assets are treated as belonging to the company. Rental income from operating leases is recognised on straight-line basis over the term of the relevant lease. Initial direct cost, if any, incurred in negotiating and arranging an operating lease are added to the carrying amount

of the leased asset and recognised on straight-line basis over the lease term.

### **Where the company is a lessee**

The Company's lease asset classes primarily consist of leases for land and buildings. The company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether: (1) the contract involves the use of an identified asset (2) the company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the company has the right to direct the use of the asset.

At the date of commencement of the lease, the company recognises a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee. The company has however elected to use the exemptions provided by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

For these short-term and low value leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term or useful life of the underlying asset whichever shorter.

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are





discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

### 2.11 Inventories

Inventories are stated at lower of cost and net realizable value.

Cost comprises of purchase price, freight, other attributable cost, applicable taxes not eligible for credit, less rebates and discounts, which is determined on First-in, First-out ('FIFO') basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses.

Stores and spares which does not meet the definition of property, plant and equipment are accounted as inventories

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

#### Raw materials

Raw materials are valued at cost of purchase net of duties and include all expenses incurred in bringing such materials to the location of its use.

#### Finished goods

Finished goods include conversion costs in addition to the landed cost of raw materials.

#### Stock in Trade

Stock in trade cost includes the purchase price, freight, other attributable cost, applicable taxes not eligible for credit, less rebates and discounts.

#### Stores, spares and tools

Stores, spares and tools cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

### 2.12 Employee benefits

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

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

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

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

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

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

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

The company recognizes a liability and an expense for bonus. The company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

### 2.13 Income taxes

Tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

#### Current tax

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

#### Deferred tax

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

temporary difference arises from the initial recognition of goodwill.

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

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

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

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

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

### 2.14 Foreign currency translation

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

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of



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

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

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

### **2.15 Provisions, contingent liabilities and contingent assets**

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

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

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

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

### **2.16 Earnings per share**

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

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

### **2.17 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred under finance costs. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to interest costs.

### **2.18 Government grants**

Grants from the Government are recognized at their fair market value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions.

Government grants receivable as compensation for expenses or financial support are recognized in profit or loss of the period in which it becomes available. Government grants relating to the purchase of property, plant and equipment are included in current / non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

## 2.19 Non-current assets held for sale / distribution to owners and discontinued Operations

The Company classifies non-current assets and disposal groups as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale / distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/distribution and it is expected to be completed within one year from the date of classification.

The criteria for held for sale/ distribution classification is regarded as met only when the assets or disposal group is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal groups), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The group treats sale/ distribution of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group);
- An active programme to locate a buyer and complete the plan has been initiated;
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value;
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification; and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet. Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
- Is a subsidiary acquired exclusively for resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

## 2.20 Financial instruments

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

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

Trade receivables are initially recognised when they are originated.

Trade payables are in respect of the amount due on account of goods purchased or services availed in the normal course of business. They are recognised at their transaction and services availed value if the transaction do not contain significant financing component.

### a) Financial Assets

#### (i) Recognition and initial measurement

All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through



Statement of Profit or Loss ('FVTPL')) are added to the fair value of the financial assets, on initial recognition. Transaction cost directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in Statement of Profit and Loss.

#### (ii) Subsequent measurement

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

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL);
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

#### Debt instruments at amortised cost:

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

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

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

#### Debt instrument at FVTOCI:

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

#### Debt instrument at FVTPL:

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

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

#### (iii) De-recognition of financial assets

A financial asset is de-recognised only when;

- a. The entity has transferred the rights to receive cash flows from the financial asset or
- b. The entity retains the contractual rights to receive the cash flows of the financial asset, but expects a contractual obligation to pay the cash flows to one or more recipients.

Where entity has transferred an asset, it examines and assesses whether it has transferred substantially all risk and rewards of ownership of financial asset. In such cases, financial asset is de-recognised. Where entity has not transferred substantially all risks and rewards of ownership of financial asset, such financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risk and rewards of ownership of the financial asset, the financial asset is de-recognised, if the Group has not retained control of the financial asset. Where the entity retains control of the financial asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### **(iv) Investment in subsidiaries:**

The company's investment in equity instruments of subsidiaries are accounted for at cost as per Ind AS 27, including adjustment for fair value of obligations, if any, in relation to such subsidiaries.

### **b) Financial liabilities and equity instruments**

#### **(i) Initial recognition and measurement**

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

#### **(ii) Subsequent measurement**

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

#### **Loans and borrowings:**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de-recognised through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

#### **Trade and other payables:**

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

The Company enters into deferred payment arrangements (acceptances) whereby lenders such as banks and other financial institutions make payments to supplier's banks for purchase of raw materials. The banks and financial institutions are subsequently repaid by the

Company at a later date. These are normally settled up to 90 days. These arrangements for raw materials are recognized as Acceptances (under trade payables).

#### **Financial guarantee**

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

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

#### **Other financial liabilities at fair value through profit or loss:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading or designated as at FVTPL are recognized in the profit or loss.

#### **(iii) Derecognition of financial liabilities:**

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

#### **c) Offsetting**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there



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

#### **d) Impairment of Financial assets**

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

#### **e) Fair value measurement**

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

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

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair

value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

#### **f) Derivative financial instruments**

Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness. These arrangements have been entered into to mitigate currency exchange risk arising on account of repayment of foreign currency term loan and interest thereon. For the reporting periods under review, the company has not designated any forward currency contracts as hedging instruments.

### **2.21 Cash and cash equivalents and cash flow statement**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with 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.

"Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is appropriately classified for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In cash flow statement, cash and cash equivalents include cash in hand, balances with banks in current accounts and other short-term highly liquid investments with original maturities of three months or less.

### 2.22 Dividend on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the company when the distribution is authorised and the distribution is no longer at the discretion of the Company. The amount so authorised is recognised directly in equity.

### 2.23 Segment reporting

An operating segment is defined as a component of the entity that represents business activities from which it earns revenues and incurs expenses and for which discrete financial information is available. The operating segments are based on the entity's internal reporting structure and the manner in which operating results are reviewed by the Chief Operating Decision Maker (CODM).

### 2.24 Indian Accounting Standards / amendments issued but not yet effective – Nil

## 3. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENTS

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the

revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

#### (i) Useful lives of property, plant and equipment

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

#### (ii) Impairment of investments in subsidiaries

Determining whether the investments in subsidiaries are impaired, requires an estimate in the value in use of investments. In considering the value in use, the Directors have anticipated the future commodity prices, capacity utilization of plants, operating margins, discount rates and other factors of the underlying businesses / operations of the investee companies. Any subsequent changes to the cash flows due to changes in the above mentioned factors could impact the carrying value of investments.

#### (iii) Provisions and liabilities

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

#### (iv) Business combinations and intangible assets

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





**(v) Contingencies**

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

**(vi) Fair value measurements**

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based

on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

Notes to the Standalone Financial Statements

**4. PROPERTY, PLANT AND EQUIPMENT**

(Rupees in lakhs)

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total	Capital work-in-progress
Gross carrying amount as at 01-04-2018	4,554.92	4,110.42	312.05	1,658.85	667.70	238.11	147.40	11,689.45	-
Additions	745.83	793.96	190.65	1,168.09	427.39	61.04	53.19	3,440.15	116.30
Disposals	40.96	-	5.30	0.22	134.51	34.18	55.64	270.81	-
Transferred to Investment property	552.47	-	-	-	-	-	-	552.47	-
<b>Gross carrying amount as at 31-03-2019</b>	<b>4,707.32</b>	<b>4,904.38</b>	<b>497.40</b>	<b>2,826.72</b>	<b>960.58</b>	<b>264.97</b>	<b>144.95</b>	<b>14,306.32</b>	<b>116.30</b>
Additions	-	1,132.14	122.28	376.80	21.56	34.27	18.60	1,705.65	1,039.58
Disposals	-	-	111.98	-	23.18	0.91	4.06	140.13	-
Capital Work in progress transferred for capitalisation	-	-	-	-	-	-	-	-	1,141.34
Transferred to Investment property	-	172.90	-	-	-	-	-	172.90	-
<b>Gross carrying amount as at 31-03-2020</b>	<b>4,707.32</b>	<b>5,863.62</b>	<b>507.70</b>	<b>3,203.52</b>	<b>958.96</b>	<b>298.33</b>	<b>159.49</b>	<b>15,698.94</b>	<b>14.54</b>
<b>Accumulated depreciation and impairment</b>									
Balance as at 01-04-2018	-	125.39	38.64	289.83	199.23	84.68	59.30	797.07	-
Depreciation for the year	-	70.49	28.38	210.59	122.08	51.46	42.55	525.55	-
Depreciation on disposals	-	-	0.25	0.22	117.05	31.62	52.88	202.02	-
<b>Balance as at 31-03-2019</b>	<b>-</b>	<b>195.88</b>	<b>66.77</b>	<b>500.20</b>	<b>204.26</b>	<b>104.52</b>	<b>48.97</b>	<b>1,120.60</b>	<b>-</b>
Depreciation for the year	-	83.21	34.07	298.93	121.73	45.18	45.14	628.26	-
Depreciation on disposals	-	-	6.51	-	21.71	0.86	3.86	32.94	-
Transferred to Investment property	-	10.18	-	-	-	-	-	10.18	-
<b>Balance as at 31-03-2020</b>	<b>-</b>	<b>268.91</b>	<b>94.33</b>	<b>799.13</b>	<b>304.28</b>	<b>148.84</b>	<b>90.25</b>	<b>1,705.74</b>	<b>-</b>

Notes to the Standalone Financial Statements

**Property, Plant And Equipment Contd.**

(Rupees in lakhs)

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total	Capital work-in-progress
Net Carrying amount									
As at 31-03-2020	4,707.32	5,594.71	413.37	2,404.39	654.68	149.49	69.24	13,993.20	14.54
As at 31-03-2019	4,707.32	4,708.50	430.63	2,326.52	756.32	160.45	95.98	13,185.72	116.30
Useful Life of the asset (In Years)	N/A	60 Years	15 Years	10 Years	8-10 Years	5 Years	3 Years		
Method of depreciation	N/A	Straight Line Method							

**Note**

a) Certain immovable properties (viz land and buildings) have been hypothecated as security against the loans availed by the subsidiary companies (refer note no 44)

b) Certain vehicles have been hypothecated as security against the long term borrowings availed by the company (refer note no 21 and 44)



## Notes to the Standalone Financial Statements

## 5. INVESTMENT PROPERTIES

(Rupees in lakhs)

Particulars	Freehold Land	Buildings	Total
<b>Gross carrying amount as at 01-04-2018</b>	<b>144.93</b>	<b>101.73</b>	<b>246.66</b>
Additions	-	85.28	<b>85.28</b>
Disposals	-	-	-
Transferred from property, plant and equipment	552.47	-	<b>552.47</b>
<b>Gross carrying amount as at 31-03-2019</b>	<b>697.40</b>	<b>187.01</b>	<b>884.41</b>
Additions	-	-	-
Disposals	-	-	-
Transferred from property, plant and equipment	-	172.90	<b>172.90</b>
<b>Gross carrying amount as at 31-03-2020</b>	<b>697.40</b>	<b>359.91</b>	<b>1,057.31</b>
<b>Accumulated depreciation and impairment</b>			
<b>Balance as at 01-04-2018</b>	-	<b>3.46</b>	<b>3.46</b>
Depreciation for the year	-	2.21	2.21
Depreciation on disposals	-	-	-
<b>Balance as at 31-03-2019</b>	-	<b>5.67</b>	<b>5.67</b>
Depreciation for the year	-	4.31	4.31
Depreciation on disposals	-	-	-
Transferred from property, plant and equipment	-	10.18	10.18
<b>Balance as at 31-03-2020</b>	-	<b>20.16</b>	<b>20.16</b>
<b>Net Carrying amount</b>			
<b>As at 31-03-2020</b>	<b>697.40</b>	<b>339.75</b>	<b>1,037.15</b>
<b>As at 31-03-2019</b>	<b>697.40</b>	<b>181.34</b>	<b>878.74</b>
Useful Life of the asset (In Years)	N/A	60 years	
Method of depreciation	N/A	As per Schedule II of the Companies Act, 2013	

## Income earned from and expenses incurred on Investment Property

Particulars	For the year ended	
	31-03-2020	31-03-2019
Rental income from investment properties	25.27	18.94
Direct operating expenses (including repairs and maintenance)	0.86	0.74
Profit from investment properties before depreciation	24.41	18.20
Depreciation	4.31	2.21
Profit from investment property	20.10	16.00

## Fair Value

Particulars	31-03-2020	31-03-2019
Investment properties	1,604.31	1,280.49



## Notes to the Standalone Financial Statements

### Estimation of fair value

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

### 6. RIGHT-OF-USE ASSET:

(Rupees in lakhs)

Particulars	Gross Block				Accumulated depreciation				Net Block 31-03-2020	Net Block 31-03-2019
	Balance as at 01-04-2019	Additions	Disposals	Balance as at 31-03-2020	Balance as at 01-04-2019	Depreciation for the year	Depreciation on disposals	Balance as at 31-03-2020		
Right-of-use Asset - Buildings	3,685.88	1,177.10	-	4,862.98	1,036.17	852.78	-	1,888.95	2,974.03	-
Total	3,685.88	1,177.10	-	4,862.98	1,036.17	852.78	-	1,888.95	2,974.03	-

### 7. INTANGIBLE ASSETS

Particulars	Brand	Software	Total
Gross carrying amount as at 01-04-2018	1,077.65	45.00	1,122.65
Additions	-	-	-
Disposals	-	-	-
Gross carrying amount as at 31-03-2019	1,077.65	45.00	1,122.65
Additions	-	-	-
Disposals	-	-	-
Gross carrying amount as at 31-03-2020	1,077.65	45.00	1,122.65
Accumulated Amortization and impairment			
Balance as at 01-04-2018	81.39	6.08	87.47
Amortization for the year	358.87	14.98	373.85
Amortization on disposals	-	-	-
Balance as at 31-03-2019	440.26	21.06	461.32
Amortization for the year	359.84	15.03	374.87
Amortization on disposals	-	-	-
Balance as at 31-03-2020	800.10	36.09	836.19
Net Carrying amount			
As at 31-03-2020	277.55	8.91	286.46
As at 31-03-2019	637.39	23.94	661.33
Useful Life of the asset (In Years)	3 Years	3 Years	
Method of amortization	Straight Line Method		
Remaining amortization period (In Years)	1 Year	1 Year	

Notes to the Standalone Financial Statements

8. INVESTMENTS (Non-current)

(Rupees in lakhs)

Particulars	Face Value	As at 31-03-2020			As at 31-03-2019		
		No. of Shares/ units	Amount in lakhs	Proportion of ownership	No. of Shares/ units	Amount in lakhs	Proportion of ownership
<b>Investment in Equity Instruments:</b>							
<b>Unquoted (At cost or deemed cost):</b>							
<b>Subsidiaries:</b>							
(a) Vishal Precision Steel Tubes and Strips Private Limited, Hoskote, Karnataka	₹ 100 each	3,50,000	1,347.84	100%	3,50,000	1,349.17	100%
(b) Taurus Value Steel & Pipes Private Limited, Kutbullapur Mandal, Telangana	₹ 10 each	15,10,100	1,506.68	100%	15,10,100	1,517.25	100%
(c) Steel Network (Holdings) Pte Ltd, Singapore (refer note 1 and 2 below)	USD 1 each	15,55,919	979.95	100%	20,00,000	979.95	100%
(d) Centurywells Roofing India Private Limited, Kancheepuram, Tamil Nadu (refer note 3 below)	₹ 100 each	1,99,920	1,003.49	100%	-	-	-
<b>Total</b>			<b>4,837.96</b>			<b>3,846.37</b>	

Particulars	As at 31-03-2020	As at 31-03-2019
Aggregate amount of unquoted investment	4,837.96	3,846.37

Note:

- 1) The number of shares was reduced on the basis of rearrangement of transaction for purpose of capital reduction after year end.
- 2) The share capital in the wholly owned subsidiary, Steel Network (Holdings) Pte Ltd, Singapore, has been reduced to 47,640 shares post the reporting period. The holding company viz. Shankara Building Products Limited has received a consideration of ₹ 998.57 lakhs towards this on 15-04-2020.
- 3) Centurywells Roofing India Private Limited, Kancheepuram was a wholly owned subsidiary of Steel Network (Holdings) Pte Ltd, Singapore till 14-10-2019.

Particulars of loans, guarantees and investments under section 186 of the Companies Act, 2013 during the financial year ended 31-03-2020

Name of the body corporate	Nature of relationship	Nature of transaction	Amount of transaction	Purpose for which the loan / security / acquisition / guarantee utilised by the recipient
Centurywells Roofing India Private Limited, Kancheepuram	Wholly Owned Subsidiary	Acquisition of shares	1,003.49	Acquisition of step down subsidiary from wholly owned subsidiary viz. Steel Network (Holdings) Pte Ltd, Singapore



## Notes to the Standalone Financial Statements

### 9. TRADE RECEIVABLE (NON-CURRENT)

(Rupees in lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Unsecured:</b>		
(a) Considered Good	-	-
(b) Credit Impaired	748.74	770.86
	748.74	770.86
Less: Allowance for doubtful debts (expected credit loss allowance)	(374.37)	(385.43)
<b>Total</b>	<b>374.37</b>	<b>385.43</b>
Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member amount to (including "current" portion)	Nil	Nil

#### Movement in loss allowance of trade receivables

Particulars	As at 31-03-2020	As at 31-03-2019
Opening balance	385.43	306.01
Amount written off	-	-
Credit loss allowance	(11.06)	79.42
Closing balance	374.37	385.43

### 10. LOANS (NON-CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Unsecured:</b>		
<b>(A) Considered good:</b>		
(a) Security Deposits	776.52	822.70
(b) Loan to related party * (Non-current portion) (Also refer note no 17)	-	1,666.67
(c) Deposit with Suppliers	112.50	114.67
(d) Employee Advances	4.10	4.10
<b>Total A</b>	<b>893.12</b>	<b>2,608.14</b>
<b>(B) Considered doubtful:</b>		
(a) Advance to a subsidiary **(refer note no 47(c))	11.68	-
Less: Provision for doubtful advances	(11.68)	-
<b>Total B</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>893.12</b>	<b>2,608.14</b>

\* Part of consideration pertaining to past business combination (Interest free)

\*\* Interest free advance for business purposes

## Notes to the Standalone Financial Statements

## Movement in provision for doubtful advances

(Rupees in lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
Balance at the beginning of the year	-	-
Add: Transferred from Current portion (refer note no 15)	11.68	-
Less: Provision utilised/ reversed during the year	-	-
<b>Balance at the end of the year</b>	<b>11.68</b>	<b>-</b>

Disclosure of loans and advances granted to subsidiaries as per Regulation 34 (3) and 53 (f) of the SEBI (Listing Obligation and Disclosure requirements) Regulations, 2015

Name of the company	As at 31-03-2020	As at 31-03-2019
a) Taurus Value Steel & Pipes Private Limited, Kutbullapur Mandal, Telangana		
- Amount outstanding (including current portion)	-	3,333.34
- Maximum amount outstanding during the year	3,333.34	5,000.00
- Investment by subsidiary in shares of the Company (No. of Shares)	Nil	Nil
b) Vishal Precision Steel Tubes and Strips Private Limited, Hoskote, Karnataka		
- Amount outstanding	-	41.11
- Maximum amount outstanding during the year	41.11	41.11
- Investment by subsidiary in shares of the Company (No. of Shares)	Nil	Nil
c) Steel Networks (Holdings) Pte Limited, Singapore		
- Amount outstanding (including current portion)	16.18	11.68
- Maximum amount outstanding during the year	16.18	11.68
- Investment by subsidiary in shares of the Company (No. of Shares)	Nil	Nil

## 11. OTHER NON CURRENT ASSETS

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Unsecured, Considered good:</b>		
(a) Capital Advances	68.69	63.69
(b) Deposits with Government authorities	51.67	28.11
<b>Total</b>	<b>120.36</b>	<b>91.80</b>





## Notes to the Standalone Financial Statements

### 12. INVENTORIES

(Rupees in lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Inventories: (at lower of cost and net realisable value)</b>		
(a) Raw materials	131.72	-
(b) Stock-in-trade *	30,795.14	26,275.27
(c) Finished Goods	19.09	-
(d) Stores and spares	15.84	13.15
<b>Total</b>	<b>30,961.79</b>	<b>26,288.42</b>

\* Includes goods-in-transit amounting to ₹ 35.01 lakhs (LY ₹ 378.39 lakhs)

Inventories have been hypothecated as security against certain bank borrowings of the company (refer note no 21, 26 and 44)

### 13. TRADE RECEIVABLE (CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Unsecured:</b>		
(A) Trade receivables Considered Good	39,052.92	27,615.17
Less: Allowance for doubtful debts (expected credit loss allowance) *	(7.45)	(5.48)
<b>Total A</b>	<b>39,045.47</b>	<b>27,609.69</b>
(B) Trade receivables with significant increase in credit risk	1,864.86	979.89
Less: Allowance for doubtful debts (expected credit loss allowance) *	(456.21)	(219.58)
<b>Total B</b>	<b>1,408.65</b>	<b>760.31</b>
<b>Total (A+B)</b>	<b>40,454.12</b>	<b>28,370.00</b>

#### \* Movement in loss allowance of trade receivables

Particulars	As at 31-03-2020	As at 31-03-2019
Opening balance	225.06	466.83
Amount written off	-	-
Credit loss allowance	238.60	(241.77)
Closing balance	463.66	225.06

The credit period on goods sold ranges from 30 to 60 days without security. No interest is charged on overdue trade receivable. Trade receivable with credit impairment is identified on case to case basis.

In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Before accepting any new customer, the company evaluates the financial soundness, business opportunities, credit references etc of the new customer and defines credit limit and credit period. The credit limit and the credit period are reviewed at periodical intervals.

**Notes to the Standalone Financial Statements**

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

Trade receivables have been offered as collateral towards borrowings (refer note no 21, 26 and 44).

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date when credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

**14. CASH AND CASH EQUIVALENTS**

(Rupees in lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
(a) Balances with banks :		
In current account	107.61	770.84
(b) Cash on hand	124.64	66.12
<b>Total</b>	<b>232.25</b>	<b>836.96</b>

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 cash credit accounts are disclosed as net of such collections. The above mentioned cash and cash equivalents do not contain any amount that are not available for use by the company.

**15. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS**

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Earmarked balances:</b>		
(a) Fixed Deposits held as margin money	119.06	106.39
(b) with banks in current account (for unclaimed dividends)	3.08	2.50
<b>Total</b>	<b>122.14</b>	<b>108.89</b>

**16. LOANS (CURRENT)**

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Unsecured:</b>		
Advance to Subsidiaries (CY - Subsidiary)		
(A) Considered good	4.50	41.11
<b>Total A</b>	<b>4.50</b>	<b>41.11</b>
(B) Considered doubtful	-	11.68
Less: Provision for doubtful advances*	-	(11.68)
<b>Total B</b>	<b>-</b>	<b>-</b>
<b>Total (A+B) refer note no 47(c)</b>	<b>4.50</b>	<b>41.11</b>

Last year - interest free advances for business purposes



## Notes to the Standalone Financial Statements

### \*Movement in provision for doubtful advances

(Rupees in lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
Balance at the beginning of the year	11.68	-
Add: Provision made during the year	-	11.68
Less: Provision transferred to Non current assets (refer Note no 10)	11.68	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>11.68</b>

### 17. OTHER FINANCIAL ASSETS (CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Unsecured, considered good</b>		
<b>(i) Financial assets at fair value through profit and loss</b>		
a) Forward contract	181.93	-
<b>(ii) Financial assets at amortised cost</b>		
(a) Rent receivable**	10.59	1.25
(b) Loan to related party *	-	1,666.67
(Current portion of long-term loan) (Also refer note no 10)		
(c) Employee advance**	81.38	88.23
(d) Other receivables	-	0.97
<b>Total</b>	<b>273.90</b>	<b>1,757.12</b>

\* Part of consideration pertaining to past business combination (Interest free)

\*\*Includes transaction(s) with related parties - refer note no 47

### 18. OTHER CURRENT ASSETS

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Unsecured, considered good</b>		
<b>Advances other than capital advances:</b>		
(a) Advances for purchases	310.41	289.98
(b) Pre payments and others	219.57	202.79
(c) Balances with government authorities	458.51	709.50
<b>Total</b>	<b>988.49</b>	<b>1,202.27</b>

### 19. EQUITY SHARE CAPITAL

Particulars	As at 31-03-2020		As at 31-03-2019	
	No.of Shares	Amount	No.of Shares	Amount
<b>Authorised:</b>				
Equity shares of ₹10/- each	2,50,00,000	2,500.00	2,50,00,000	2,500.00
Issued, subscribed and fully paid:	2,28,49,326	2,284.93	2,28,49,326	2,284.93

**Notes to the Standalone Financial Statements****a) Reconciliation of number of equity shares and equity share capital**

(Rupees in lakhs)

Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance as at the beginning of the year	2,28,49,326	2,284.93	2,28,49,326	2,284.93
Changes in equity share capital during the year	-	-	-	-
Balance as at the end of the year	2,28,49,326	2,284.93	2,28,49,326	2,284.93

**b) Rights, preferences and restrictions**

(i) 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 Rs.10 each. Each share holder is eligible for one vote per share held and carry a right to dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(ii) There are no restrictions attached to equity shares

**c) Details of shareholders holding more than 5% of the aggregate shares in the Company:**

Name of Shareholder	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Mr. Sukumar Srinivas	1,25,69,287	55.01%	1,25,22,434	54.80%
Amansa Holdings Private Limited, Singapore	21,59,535	9.45%	19,12,529	8.37%

**d) In the period of five years immediately preceding 31-03-2020:**

- i) The Company has not allotted any equity shares as fully paid-up without payment being received in cash.
- ii) The Company has not allotted any equity shares by way of bonus issue.
- iii) The Company has not bought back any equity shares.

**20. OTHER EQUITY**

Particulars	As at 31-03-2020	As at 31-03-2019
Capital Reserve	18.62	18.62
Securities Premium	11,128.34	11,128.34
General Reserve	123.58	123.58
Retained earnings	20,375.82	18,853.67
<b>OTHER COMPREHENSIVE INCOME:</b>		
Remeasurement of the net defined benefit plans	-	(34.49)
<b>Total</b>	<b>31,646.36</b>	<b>30,089.72</b>



## Notes to the Standalone Financial Statements

### General Reserve

General Reserve is an accumulation of retained earnings of the Company, apart from the balance in the statement of profit and loss which can be utilised for meeting future obligations.

### Capital Reserve

Reserve is primarily created on amalgamation as per statutory requirement.

### Securities Premium

This consists of premium realised on issue of shares and will be applied/ utilised in accordance with the provisions of the Companies Act, 2013.

## 21. BORROWINGS (NON - CURRENT)

(Rupees in lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
Term Loans - secured *		
From banks	91.61	243.82
<b>Total</b>	<b>91.61</b>	<b>243.82</b>

* Terms and security	Current	Non-current	Total
Vehicle loan repayable in 20 monthly installments till November, 2021; Rate of interest 9.7 % p.a. and loan repayable in 18 monthly installments till September, 2021; rate of interest 9.5% p.a; Security - First charge on the vehicle.	128.76	79.32	208.08
Vehicle loan repayable in 18 monthly installments till September, 2021; Rate of interest 9.21% p.a.; Security - First charge on the vehicle.	23.35	12.29	35.64

Refer note no 44 for carrying amount of vehicles hypothecated

## 22. LEASE LIABILITY (NON CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
Lease liability (refer note no 41(b))	3,089.49	-
<b>Total</b>	<b>3,089.49</b>	<b>-</b>

## 23. OTHER FINANCIAL LIABILITIES (NON-CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
Rent advance received	7.25	2.25
<b>Total</b>	<b>7.25</b>	<b>2.25</b>

## Notes to the Standalone Financial Statements

## 24. PROVISIONS (NON-CURRENT)

(Rupees in lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
(a) Employee benefits - Gratuity * , **	-	20.00
(b) Financial guarantee liability ***	27.75	37.18
<b>Total</b>	<b>27.75</b>	<b>57.18</b>

\* Not covered by the gratuity fund

\*\* Movement in provision for employee benefits - gratuity

Particulars	As at 31-03-2020	As at 31-03-2019
Balance at the beginning of the year	20.00	20.00
Add: Provision made during the year	-	-
Less: Provision no longer required recognised in other income	20.00	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>20.00</b>

\*\*\* Movement in provision for financial guarantee liability

Particulars	As at 31-03-2020	As at 31-03-2019
Balance at the beginning of the year	37.18	39.12
Add: Provision made during the year	-	-
Less: Cost of investment in subsidiaries	9.43	1.94
<b>Balance at the end of the year</b>	<b>27.75</b>	<b>37.18</b>

## 25. INCOME TAXES

Indian companies are subject to Indian income tax on a standalone basis. Each entity is assessed to tax on taxable profits determined for each fiscal year beginning on April 1 and ending on March 31.

Incomes are assessed based on book profits prepared under generally accepted accounting principles in India adjusted in accordance with the provisions of the Income tax Act, 1961. Such adjustments generally relate to depreciation of fixed assets, disallowances of certain provisions and accruals, the set-off of tax losses and depreciation carried forward and retirement benefit costs.

The Company has opted to exercise the option permitted under section 115BAA of the Income-tax Act, 1961. Accordingly, the Company has made a provision for Income tax for the year ended 31-3-2020 and re-measured its deferred tax at the rate prescribed by the section. Income tax is charged at 22% plus a surcharge of 10% plus health and education cess of 4%.

Due to the adoption of section 115BAA, there is a reduction in the income tax expense and deferred tax liability for the current year has reduced by ` 326.80 lakhs and ` 12.17 lakhs.



## Notes to the Standalone Financial Statements

### a) Income tax expenses

(Rupees in lakhs)

Particulars	For the year ended	
	31-03-2020	31-03-2019
<b>Current tax:</b>		
Current tax	941.84	746.84
Tax pertaining to earlier years	-	(59.94)
Deferred tax	(100.50)	126.39
<b>Total</b>	<b>841.34</b>	<b>813.29</b>

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to income tax expense recognised for the year is furnished below:

Particulars	For the year ended		For the year ended	
	31-03-2020	31-03-2020	31-03-2019	31-03-2019
	%	Amount	%	Amount
Profit before tax		3,569.33		2,455.83
Tax using the company's domestic tax rate	25.17%	898.33	34.94%	858.17
<b>Tax impact on account of:</b>				
Expenses not deductible in determining taxable profits	0.39%	14.01	1.38%	33.93
Deductions allowable under tax laws	(1.18%)	(42.25)	(0.76%)	(18.87)
Others-IND AS Adjustments	(1.38%)	(49.32)	-	-
Fair value gain on derivatives not designated as hedges	0.58%	20.57	-	-
<b>Effective income tax rate/ Tax expense</b>	<b>23.57%</b>	<b>841.34</b>	<b>36.56%</b>	<b>873.23</b>
<b>Tax expenses:</b>				
- Current tax		941.84		746.84
- Deferred tax		(100.50)		126.39
<b>Total tax</b>		<b>841.34</b>		<b>873.23</b>
<b>Add: Tax for earlier years</b>		<b>-</b>		<b>(59.94)</b>
<b>Total tax expenses reported for the year</b>		<b>841.34</b>		<b>813.29</b>

### b) Current Tax Liabilities

Particulars	As at 31-03-2020	As at 31-03-2019
Current tax liabilities (Net)*	188.96	220.89

\* The above includes ₹ 38.49 lakhs (previous year ₹ 35.57 lakhs) remitted into government under protest. The disputes are pending disposal before appellate authorities and the management, based on nature of dispute and the opinion of the counsel, is of the view that no provision is necessary as at present.

## Notes to the Standalone Financial Statements

### c) Deferred Tax Liabilities

The majority of the deferred tax balance represents differential rates of depreciation for property, plant and equipment under income tax act and disallowance of certain expenditure under Income Tax Act. Significant components of deferred tax assets/(liabilities) recognized in the financial statements are as follows:

(Rupees in lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Deferred Tax Liability:</b>		
On account of depreciation for tax purpose	356.76	439.00
<b>Deferred Tax Asset:</b>		
Opening adjustments as per Ind AS 116	(64.82)	-
Expenses allowed on payment basis	(3.78)	(11.83)
Allowance for doubtful receivables and advances	(210.92)	(213.33)
Ind AS Adjustments	(25.39)	(10.84)
Fair value gain on derivatives not designated as hedges	(20.57)	-
<b>Deferred Tax (Asset)/Liabilities (Net)</b>	<b>31.28</b>	<b>203.00</b>

Deferred tax balance (Asset)/Liability in relation to	Balance as at 01-04-2019	Directly charged to equity (On adoption of IND AS 116)	Restated balance as at 01-04-2019	Recognised/ (reversed) through profit and loss	Recognised in/ reclassified from other comprehensive income	Balance as at 31-03-2020
Depreciation under income tax act	439.00	-	439.00	(82.24)	-	356.76
Provision for employee benefit	(11.83)	-	(11.83)	14.45	(6.40)	(3.78)
Allowance for doubtful receivables and advances	(213.33)	-	(213.33)	2.41	-	(210.92)
Ind AS Adjustments	(10.84)	-	(10.84)	(14.55)	-	(25.39)
Fair value gain on derivatives not designated as hedges	-	-	-	(20.57)	-	(20.57)
Adjustment on adoption of Ind AS 116	-	(64.82)	(64.82)	-	-	(64.82)
<b>Total</b>	<b>203.00</b>	<b>(64.82)</b>	<b>138.18</b>	<b>(100.50)</b>	<b>(6.40)</b>	<b>31.28</b>

Deferred tax balance (Asset)/Liability in relation to	Balance as at 01-04-2018	Recognised/ (reversed) through profit and loss	Recognised in/ reclassified from other comprehensive income	Balance as at 31-03-2019
Depreciation under income tax act	394.00	45.00	-	439.00
Provision for employee benefit	(69.11)	78.07	(20.79)	(11.83)
Allowance for doubtful receivables and advances	(237.50)	24.17	-	(213.33)
Ind AS Adjustments	(10.78)	(0.06)	-	(10.84)
<b>Total</b>	<b>76.61</b>	<b>147.18</b>	<b>(20.79)</b>	<b>203.00</b>





## Notes to the Standalone Financial Statements

### 26. BORROWINGS (CURRENT)

(Rupees in lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
SECURED		
Loans repayable on demand (from banks)	16,305.67	15,924.82
<b>Total</b>	<b>16,305.67</b>	<b>15,924.82</b>

#### Terms and Security:

Working capital loans are repayable on demand and carries interest @ 9.30% to 11% p.a. and secured by:

- First charge on the existing and future current assets belonging to the company.
- Guarantee by Managing Director.

#### Reconciliation of cashflows from financing activities

Particulars	As at 31-03-2020	As at 31-03-2019
Cash and cash equivalents	232.25	836.96
Current borrowings	(16,305.67)	(15,924.82)
Non-current borrowings*	(243.72)	(471.14)
<b>Net Debt</b>	<b>(16,317.14)</b>	<b>(15,559.00)</b>

\* Including current maturities of long-term debt

Particulars	Other Assets	Liabilities from financing activities		Total
	Cash and cash equivalents	Current borrowings	Non-current borrowings	
Net debt as at 01-04-2018	112.18	(22,427.60)	(454.16)	(22,769.58)
Net cashflows	724.78	-	-	724.78
Proceeds from borrowings	-	-	(447.97)	(447.97)
Repayment of borrowings	-	6,502.78	430.99	6,933.77
Foreign exchange adjustments	-	-	-	-
<b>Net debt as at 31-03-2019</b>	<b>836.96</b>	<b>(15,924.82)</b>	<b>(471.14)</b>	<b>(15,559.00)</b>
Net debt as at 01-04-2019	836.96	(15,924.82)	(471.14)	(15,559.00)
Net cashflows	(604.71)	-	-	(604.71)
Proceeds from borrowings	-	(117.20)	-	(117.20)
Repayment of borrowings	-	-	227.42	227.42
Foreign exchange adjustments	-	(263.65)	-	(263.65)
<b>Net debt as at 31-03-2020</b>	<b>232.25</b>	<b>(16,305.67)</b>	<b>(243.72)</b>	<b>(16,317.14)</b>

#### Note:

Assets are presented in positive numbers

Liabilities are presented in negative numbers

## Notes to the Standalone Financial Statements

## 27. TRADE PAYABLES

(Rupees in lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
(a) Due to Micro and Small Enterprises [refer note no 43]	76.63	93.07
(b) Due to Others		
- Acceptances	5,572.56	5,300.76
- Other than acceptances	36,352.81	23,761.41
<b>Total</b>	<b>42,002.00</b>	<b>29,155.24</b>

Acceptances include credit availed by the Company from banks for payment to suppliers for goods purchased by the Company. The arrangements are interest-bearing and are payable within 90 days.

Payables Other than acceptances are normally settled within 30 to 90 days.

Refer note no 47(c) for related party transactions

## 28. LEASE LIABILITY (CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
Lease liability (refer not no 41 (b))	232.12	-
<b>Total</b>	<b>232.12</b>	<b>-</b>

## 29. OTHER FINANCIAL LIABILITIES (CURRENT)

Particulars	As at 31-03-2020	As at 31-03-2019
(a) Current maturities of long-term debt (refer note no 21)	152.11	227.32
(b) Interest accrued but not due	30.14	45.06
(c) Unclaimed Dividend	3.18	2.50
(d) Employee Benefits payable	501.40	418.94
(e) Other expense payable	253.76	380.63
(f) Creditors for Capital purchases	-	136.79
<b>Total</b>	<b>940.59</b>	<b>1,211.24</b>

## 30. OTHER CURRENT LIABILITIES

Particulars	As at 31-03-2020	As at 31-03-2019
(a) Advances from customers (refer not no 46 (c))	467.63	700.66
(b) Statutory dues	111.95	149.38
<b>Total</b>	<b>579.58</b>	<b>850.04</b>



## Notes to the Standalone Financial Statements

### 31. PROVISIONS (CURRENT)

(Rupees in lakhs)

Particulars	As at 31-03-2020	As at 31-03-2019
Provision for employee benefits		
(a) Gratuity (refer note no 45) *	125.68	121.61
(b) Compensated absences **	15.11	13.86
<b>Total</b>	<b>140.79</b>	<b>135.47</b>

\* Movement in provision for gratuity

Particulars	As at 31-03-2020	As at 31-03-2019
Balance at the beginning of the year	121.61	46.63
Add: Provision made during the year	125.68	121.61
Less: Provision utilised/ reversed during the year	121.61	46.63
<b>Balance at the end of the year</b>	<b>125.68</b>	<b>121.61</b>

\*\* Movement in provision for compensated absences

Particulars	As at 31-03-2020	As at 31-03-2019
Balance at the beginning of the year	13.86	9.21
Add: Provision made during the year	45.21	41.46
Less: Provision utilised/ reversed during the year	43.96	36.81
<b>Balance at the end of the year</b>	<b>15.11</b>	<b>13.86</b>

### 32. REVENUE FROM OPERATIONS

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
(a) Sale of traded goods	2,49,374.15	2,35,236.55
(b) Sale of manufactured products	10.34	-
<b>Total</b>	<b>2,49,384.49</b>	<b>2,35,236.55</b>

### 33. OTHER INCOME

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
(a) Interest Income from deposits	12.45	8.56
(b) Rent received	69.46	35.96
(c) Gain on disposal of Property, plant & equipment	8.87	-
(d) Net gain on disposal of Property, plant & equipment (LY net of loss on disposal of Property, plant & equipment ₹ 10.68 lakhs)	-	105.73
(e) Unwinding of interest income on rental deposits	86.19	48.25
(f) Fair value gain on derivatives not designated as hedges	181.93	-
(g) Provision for gratuity no longer required written back	20.00	-
(f) Other non-operating income	45.07	194.57
<b>Total</b>	<b>423.97</b>	<b>393.07</b>

## Notes to the Standalone Financial Statements

(Rupees in lakhs)

**34. COST OF RAW MATERIALS CONSUMED**

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
Opening stock of Raw Materials	-	-
Add: Purchases of Raw Materials	426.29	-
	<b>426.29</b>	-
Less: Closing stock of Raw Materials	(131.72)	-
<b>Total</b>	<b>294.57</b>	-

**34 (a) CHANGES IN INVENTORIES OF FINISHED GOODS AND STOCK-IN-TRADE**

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
Closing stock of Finished goods	(19.09)	-
Opening stock of Finished goods	-	-
Total (A)	<b>(19.09)</b>	-
Closing stock of Stock-in-Trade	(30,760.13)	(26,275.27)
Opening stock of Stock-in-Trade	26,275.27	25,641.80
Total (B)	<b>(4,484.86)</b>	<b>(633.47)</b>
<b>Total (A+B)</b>	<b>(4,503.95)</b>	<b>(633.47)</b>

**35. EMPLOYEE BENEFITS EXPENSES**

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
(a) Salaries and Wages	3,603.72	3,564.99
(b) Contribution to:		
(i) Provident fund (refer note no 45(a))	268.81	236.64
(ii) Employees - state insurance (refer note no 45(a))	47.26	65.15
(c) Gratuity (refer note no 45)	117.19	62.11
(d) Welfare Expenses	100.76	107.04
<b>Total</b>	<b>4,137.74</b>	<b>4,035.93</b>

**36. FINANCE COSTS**

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
(a) Interest Expense on borrowings	2,774.87	3,486.91
(b) Other borrowing costs	58.43	9.90
(c) Exchange differences regarded as an adjustment to borrowing costs	91.24	-
(d) Interest on lease liability	244.90	-
(e) Interest on income tax	-	23.36
<b>Total</b>	<b>3,169.44</b>	<b>3,520.17</b>



## Notes to the Standalone Financial Statements

(Rupees in lakhs)

### 36 (a) DEPRECIATION AND AMORTIZATION EXPENSE

Particulars	Note No	For the Year ended 31-03-2020	For the Year ended 31-03-2019
(a) Depreciation			
-property, plant and equipment	4	628.26	525.55
-investment property	5	4.31	2.21
-Right-of-use Asset	6	852.78	-
(b) Amortization of intangible assets	7	374.87	373.85
<b>Total</b>		<b>1,860.22</b>	<b>901.61</b>

### 37. OTHER EXPENSES

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
(a) Power, Fuel & Water	149.32	155.50
(b) Rent	681.92	1,679.56
(c) Repairs and Maintenance		
(i) Buildings	1.56	1.49
(ii) Other Assets	756.59	686.37
(d) Insurance	92.39	83.91
(e) Rates & Taxes	133.96	122.78
(f) Travelling and Conveyance	170.03	232.46
(g) Payment to Auditors (refer note below)**	27.11	33.90
(h) Legal and Professional fees	187.32	192.72
(i) Directors sitting fees	12.50	6.25
(j) Communication Expenses	134.57	148.11
(k) Advertisement & Publicity Expenses	131.49	159.98
(l) Loss Allowance for doubtful trade receivables	227.54	(162.35)
(m) Labour	1,214.18	1,131.64
(n) Freight	296.95	417.32
(o) Commission Charges	92.99	81.65
(p) Bad Debts written off	3.84	6.12
(q) Provision for doubtful advances	-	11.68
(r) Loss on sale of Property, plant & equipment	21.03	-
(s) Sub Contracting	11.14	29.82
(t) Corporate Social Responsibility expenditure (refer note no 49)	55.86	95.54
(u) Exchange Loss	172.41	-
(v) Miscellaneous Expenses *	511.91	576.49
<b>Total</b>	<b>5,086.61</b>	<b>5,690.94</b>

\*Under this head, there is no expenditure which is in excess of 1% of revenue from operations or ` 10 lakhs, whichever is higher.

\*\* Payment to auditors during the year ended 31-3-2020 partly includes the payment made to the predecessor auditor amounting to ` 1.91 lakhs.

## Notes to the Standalone Financial Statements

(Rupees in lakhs)

Note : Breakup for payment to auditors is as under (excluding GST):

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
(a) Statutory Audit	17.50	19.00
(b) Tax Audit	1.50	3.00
(c) Limited Review fees	1.00	4.00
(d) Out of Pocket Expenses	7.11	7.90
<b>Total</b>	<b>27.11</b>	<b>33.90</b>

## 38. EARNINGS PER SHARE (EPS)

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
<b>Basic &amp; Diluted</b>		
(A) Profit attributable to equity shareholders (in lakhs)	2,727.99	1,642.54
(B) Weighted average number of equity shares (in lakhs)	228.49	228.49
(C) Basic and Diluted EPS (₹) [A/B]	11.94	7.19
<b>Face value per share (₹)</b>	<b>10.00</b>	<b>10.00</b>

The company does not have any potential equity shares. Accordingly, basic and diluted earnings per share would remain the same.

## 39. CONTINGENT LIABILITIES

Particulars	As at 31-03-2020	As at 31-03-2019
<b>To the extent not provided for:</b>		
(A) Guarantees		
Corporate Guarantee furnished on behalf of subsidiaries*	15,250.00	25,320.00
(B) Liability disputed but not provided for		
(i) Income tax**	65.41	36.20
(ii) Central sales tax**	7.26	7.26
(iii) Value added tax**	228.15	228.15
<b>Total</b>	<b>15,550.82</b>	<b>25,591.61</b>

\* The above represents full value of guarantees outstanding. The fair value of the above guarantees has been appropriately accounted in accordance with Ind AS 37 & Ind AS 27 (refer note no 47(c)).

\*\* These cases are pending in appeal at various forums in the respective department. Outflows, if any, arising out of these claims would depend upon the adjudication of appellate authorities and the Company's rights for further appeals.

Amount remitted against disputed liability

Particulars	As at 31-03-2020	As at 31-03-2019
(i) Income tax	38.49	35.57
(ii) Central sales tax	3.50	3.50
(iii) Value added tax	20.00	20.00



## Notes to the Standalone Financial Statements

(Rupees in lakhs)

### 40. COMMITMENTS

Particulars	As at 31-03-2020	As at 31-03-2019
Estimated value of capital commitments towards buildings (Net of advances)	Nil	Nil

The Company from time to time provides need based support to subsidiaries towards working capital and other requirements.

### 41. OPERATING LEASE

#### a) As lessor:

##### Leasing Arrangements:

The investment properties are leased to tenants under operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Particulars	As at 31-03-2020	As at 31-03-2019
Within one year	31.82	20.28
Between 1 and 2 years	22.45	19.82
Between 2 and 3 years	10.94	15.45
Between 3 and 4 years	-	10.94
Between 4 and 5 years	-	-
Later than 5 years	-	-
<b>Total</b>	<b>65.21</b>	<b>66.49</b>

#### b) As lessee:

Various Buildings have been taken on operating lease with lease term between 11 and 144 months for office premises, storage space and retail shop, which are renewable on a periodic basis by mutual consent of both parties. There is no restriction imposed by lease arrangements, such as those concerning dividends, additional debts.

Effective 01-04-2019, the reporting entity has adopted Ind AS 116 "Leases", to all contracts existing on 01-04-2019 using the modified retrospective approach method and applied the standard to its leases retrospectively and has recognized the effect of the cumulative adjustment in the opening balance of retained earnings (net of tax-`188.20 Lakhs) as at 01-04-2019, being the date of initial application. This has an effect of increasing finance cost and depreciation and reduction in rent paid. As a result, there is a decrease in profit to the tune of `94.53 lakhs for the year. Comparatives for the period prior to the year ended have not been restated.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The reporting entity makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised.

The reporting entity has also elected to use the exemptions proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application and lease contracts for which the underlying asset is of low value.

For these short-term and low value leases, the reporting entity recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

## Notes to the Standalone Financial Statements

(Rupees in lakhs)

## Accounting for Leases under Ind AS 116

Particulars	For the Year ended 31-03-2020
Gross carrying amount of right of use assets as on 01-04-2019	3,685.88
Depreciation charged for the Right-of-use assets	852.78
Interest expense on lease liability	244.90
The rental expense relating to short-term leases for which Ind AS 116 has not been applied	681.92
Additions to Right-of-use assets during the current year	1,177.10
Gross carrying amount of right of use assets as on 31-03-2020	4,862.98

Total cash outflow for leases for the year ended 31-3-2020 was INR 1003.14 Lakhs

## 42. SEGMENT REPORTING

The segment revenue, segment results or the segment assets of the manufacturing segment does not exceed the 10% of the total revenue from operations, total profit or total assets of the entity respectively. Hence the segment results for the separate (i.e. standalone) financial statements are not presented.

## 43. ADDITIONAL INFORMATION

Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development ('MSMED') Act, 2006

Particulars	As at 31-03-2020	As at 31-03-2019
(i) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	76.63	93.07
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year and	-	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-





## Notes to the Standalone Financial Statements

(Rupees in lakhs)

### 44. ASSETS HYPOTHECATED AS SECURITY:

The carrying amounts of assets hypothecated as security for current and non-current borrowings are:

Particulars	Note No	As at 31-03-2020	As at 31-03-2019
<b>Current Assets</b>			
<b>A) Financial assets</b>			
(i) First Charge			
-Trade Receivables	13	40,454.12	28,370.00
(ii) Floating Charge			
<b>B) Non Financial assets</b>			
(i) First Charge			
- Inventories	12	30,961.79	26,288.42
(ii) Floating Charge			
<b>Total current assets hypothecated as security</b>		<b>71,415.91</b>	<b>54,658.42</b>
<b>Non-Current Assets</b>			
<b>A) Financial assets</b>			
(i) First Charge			
- Trade Receivables	9	374.37	385.43
(ii) Floating Charge			
<b>B) Non Financial assets</b>			
(i) First Charge			
- Vehicles	4	333.34	382.69
- Land and Building	4	1,962.60	1,956.56
(ii) Floating Charge			
<b>Total non-current assets hypothecated as security</b>		<b>2,670.31</b>	<b>2,724.68</b>
<b>Total assets hypothecated as security</b>		<b>74,086.22</b>	<b>57,383.10</b>

### 45. EMPLOYEE BENEFITS

#### a) Defined contribution plans

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

Particulars	For the Year ended 31-03-2020	For the Year ended 31-03-2019
Employer's Contribution to Provident Fund (includes pension fund)	268.81	236.64
Employer's Contribution to Employees' State Insurance	47.26	65.15

## Notes to the Standalone Financial Statements

(Rupees in lakhs)

## b) Defined benefit plan

## (i) Gratuity

The Company has funded the gratuity liability ascertained on actuarial basis, wherein every employee who has completed five years or more of service is entitled to gratuity on retirement or resignation or death calculated at 15 days salary for each completed year of service, subject to a maximum of Rs. 20 lacs per employee. The vesting period for Gratuity as payable under The Payment of Gratuity Act, 1972 is 5 years.

The plans in India typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk:** The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan asset is below this rate, it will create a plan deficit.

**Interest risk:** A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

**Longevity risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

There are no other post-retirement benefits provided to employees.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 31-3-2020. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

## Gratuity (Funded)

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Liability recognized in the Balance Sheet</b>		
Present value of defined benefit obligation		
Opening Balance	441.40	336.25
Current Service Cost	75.71	58.80
Past Service Cost	17.83	-
Interest Cost	32.08	24.88
Actuarial Loss/(Gain) on obligation	48.15	63.33
Transfer In/(Out)	16.92	-
Benefits paid	(21.73)	(41.86)
<b>Closing Balance</b>	<b>610.36</b>	<b>441.40</b>
<b>Less: Fair Value of Plan Assets</b>		
Opening Balance	319.79	286.34
Expected Return on Plan assets less loss on investments	25.35	21.57
Actuarial (Loss)/Gain on Plan Assets	22.74	3.83
Employers' Contribution	121.61	49.91
Benefits paid	(21.73)	(41.86)
<b>Closing Balance</b>	<b>467.76</b>	<b>319.79</b>
<b>Amount recognized in Balance Sheet (refer note no 31) *</b>	<b>142.60</b>	<b>121.61</b>



## Notes to the Standalone Financial Statements

(Rupees in lakhs)

### Gratuity (Funded) Contd.

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Expenses during the year</b>		
Current Service cost	75.71	58.80
Past Service cost	17.83	-
Interest cost	32.08	24.88
Expected Return on Plan assets	(25.35)	(21.57)
<b>Component of defined benefit cost recognized in statement of profit &amp; loss (refer note no 35)**</b>	<b>100.27</b>	<b>62.11</b>
Remeasurement of net defined benefit liability		
- Actuarial Loss/(Gain) on defined benefit obligation	48.15	63.33
- Actuarial Loss/(Gain) on Plan Assets	(22.74)	(3.83)
<b>Component of defined benefit cost recognized in other comprehensive income</b>	<b>25.41</b>	<b>59.50</b>
<b>Total</b>		
<b>Actual Return on plan assets</b>	<b>48.09</b>	<b>25.40</b>
<b>Break up of Plan Assets:</b>		
i) Equity instruments	-	-
ii) Debt instruments	-	-
iii) Investment Funds with Insurance Company	100%	100%
Of which, Unit Linked	100%	100%
Of which, Traditional/ Non-Unit Linked	-	-
iv) Asset-backed securities	-	-
v) Structured debt	-	-

\*Including ₹ 16.92 lakhs is payable to a subsidiary.

\*\*Excluding ₹ 16.92 lakhs borne by a subsidiary

Note: None of the assets carry a quoted market price in an active market or represent the entity's own transferable financial instruments or are property occupied by the entity.

### Principal actuarial assumptions

Particulars	As at 31-03-2020	As at 31-03-2019
Discount Rate	6.30%	7.00%
Expected rate(s) of salary increase	7.00%	7.00%
Expected return on plan assets	7.00%	7.00%
Attrition rate	10.00%	10.00%
Mortality rate during employment	Indian assured lives mortality 2006-2008 Ult.	

## Notes to the Standalone Financial Statements

(Rupees in lakhs)

## Experience adjustments

Particulars	31-03-2020	31-03-2019	31-03-2018	31-03-2017	31-03-2016
Defined Benefit Obligation	610.36	441.40	332.97	289.07	241.33
Plan Assets	467.76	319.79	286.34	253.52	245.29
Surplus / (Deficit)	(142.60)	(121.61)	(46.63)	(35.55)	3.96
Experience Adjustments on Plan Liabilities – (Loss)/Gain	(19.89)	(52.47)	3.63	2.82	40.46
Experience Adjustments on Plan Assets – (Loss)/Gain	22.74	3.83	(7.32)	7.06	(2.80)

The Company expects to contribute ` 142.60 lakhs (previous year ` 121.61 lakhs) to its gratuity plan for the next year.

In assessing the Company's post retirement liabilities, the Company monitors mortality assumptions and uses up-to date mortality tables, the base being the Indian assured lives mortality (2006-08) ultimate.

Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations after considering several applicable factors such as the composition of plan assets, investment strategy, market scenario, etc.

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

Effective 29-03-2018, the Government of India has notified the Payment of Gratuity (Amendment) Act, 2018 to raise the statutory ceiling on gratuity benefit payable to each employee to ` 20 lakhs from ` 10 lakhs. Accordingly the amended and improved benefits, if any, are recognised as current year's expense as required under paragraph 103, Ind AS 19.

**Sensitivity Analysis:**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.



## Notes to the Standalone Financial Statements

(Rupees in lakhs)

### Sensitivity Analysis Contd.

Particulars	Impact on Defined benefit obligation			
	As at 31-03-2020		As at 31-03-2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% increase)	-	38.98	-	26.82
Discount rate (1% decrease)	44.53	-	30.41	-
Future salary growth (1% increase)	43.78	-	30.11	-
Future salary growth (1% decrease)	-	39.08	-	27.06
Attrition rate (1% increase)	-	3.59	-	1.53
Attrition rate (1% decrease)	3.85	-	1.57	-
Mortality (increase in expected life time by 1 year)	0.03	-	-	-
Mortality (increase in expected life time by 3 years)	0.10	-	-	-

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The average expected remaining lifetime of the plan members is 6.5 years (31-03-2019 - 6 years) as at the valuation date which represents the weighted average of the expected remaining lifetime of all plan participants.

The expected maturity analysis of the benefit payments of gratuity is as follows:

Particulars	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Next 5 years	Total
31-03-2020					
Defined benefit obligation (Gratuity)	73.39	79.13	302.01	491.82	946.35
<b>Total</b>	<b>73.39</b>	<b>79.13</b>	<b>302.01</b>	<b>491.82</b>	<b>946.35</b>
31-03-2019					
Defined benefit obligation (Gratuity)	46.70	52.73	237.69	424.15	761.27
<b>Total</b>	<b>46.70</b>	<b>52.73</b>	<b>237.69</b>	<b>424.15</b>	<b>761.27</b>

The Company had deployed its investment assets in an insurance plan which is invested in market linked bonds. The investment returns of the market-linked plan are sensitive to the changes in interest rates as compared with the investment returns from the smooth return investment plan. The liabilities' duration is not matched with the assets' duration.

The liabilities of the fund are funded by assets. The company aims to maintain a close to full-funding position at each Balance Sheet date. Future expected contributions are disclosed based on this principle.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

## Notes to the Standalone Financial Statements

(Rupees in lakhs)

**46. DISCLOSURE ON ACCOUNTING FOR REVENUE FROM CUSTOMERS  
IN ACCORDANCE WITH Ind AS 115**

## Disaggregated revenue information

## A. Type of goods and service

Particulars	As at 31-03-2020	As at 31-03-2019
(a) Sale of products	2,49,374.15	2,35,236.55
(b) Sale of Manufacturing products	10.34	-
<b>Total Operating Revenue</b>	<b>2,49,384.49</b>	<b>2,35,236.55</b>
In India	2,49,384.49	2,35,236.55
Outside India	-	-

## B. Timing of revenue recognition

Particulars	As at 31-03-2020		As at 31-03-2019	
	At a point of time	Over a period of time	At a point of time	Over a period of time
Sale of products and other operating income	2,49,384.49	Nil	2,35,236.55	Nil

## C. Contract Balances

Particulars	As at 31-03-2020	As at 31-03-2019
Contract Assets	-	-
Contract Liabilities	467.63	700.66

## D. Revenue recognised in relation to contract liabilities

Particulars	As at 31-03-2020	As at 31-03-2019
Revenue recognised in relation to contract liabilities	700.66	625.26

## E. Reconciliation of revenue recognised in the statement of profit and loss with the contracted price

Particulars	As at 31-03-2020	As at 31-03-2019
Revenue at contracted prices	249,384.49	235,236.55
Revenue from contract with customers	249,384.49	235,236.55
Difference	-	-

## F. Unsatisfied or partially satisfied performance obligation

Particulars	As at 31-03-2020	As at 31-03-2019
Unsatisfied or partially satisfied performance obligation	Nil	Nil



## Notes to the Standalone Financial Statements

(Rupees in lakhs)

### 47. RELATED PARTY DISCLOSURES

A. Names of Related parties with whom transactions have taken place during the year/previous year and nature of relationship:

Subsidiaries	Taurus Value Steel & Pipes Private Limited, Kutbullapur Mandal, Telangana
	Vishal Precision Steel Tubes and Strips Private Limited, Hoskote, Karnataka
	Steel Networks (Holdings) Pte Limited, Singapore
	Centurywells Roofing India Private Limited, Kancheepuram, Tamil Nadu (was a step down subsidiary till 14-10-2019)
<b>Other related parties and their relationship where transaction exists:</b>	
Key Managerial Personnel	Mr. Sukumar Srinivas (Managing Director)
	Mr. C.Ravikumar (Whole-time-Director)
	Mr. R.S.V.Sivaprasad (Whole-time-Director)
	Mr. Siddhartha Mundra (Chief Executive Officer)
	Mr. Alex Varghese (Chief Financial Officer)
	Ms. Eereena Vikram (Company Secretary)
Relatives of Key Managerial Personnel	Mr. Dhananjay Mirlay Srinivas
	Mrs. Parwathi Mirlay Srikanth
Enterprise in which Key Managerial Personnel have significant influence	Shankara Holdings Private Limited, Bengaluru
Entities where control exist	Shankara Building Products Employees Gratuity Fund

## Notes to the Standalone Financial Statements

(Rupees in lakhs)

## Related Party Disclosures Contd.

B. Transactions with Related Parties	For the Year ended 31-03-2020	For the Year ended 31-03-2019
<b>Purchase of Goods (refer note 1 below)</b>		
Taurus Value Steel & Pipes Private Limited	14,447.56	60,558.97
Vishal Precision Steel Tubes and Strips Private Limited	31,694.44	46,347.44
Centurywells Roofing India Private Limited	14,483.68	13,969.22
<b>Sale of Goods (refer note 2 below)</b>		
Taurus Value Steel & Pipes Private Limited	58.34	99.14
Vishal Precision Steel Tubes and Strips Private Limited	790.82	887.56
Centurywells Roofing India Private Limited	179.25	319.55
<b>Rent expenses</b>		
Taurus Value Steel & Pipes Private Limited	23.07	28.31
<b>Rental income</b>		
Taurus Value Steel & Pipes Private Limited	3.11	3.72
Vishal Precision Steel Tubes and Strips Private Limited	1.26	1.20
Centurywells Roofing India Private Limited	12.86	12.00
<b>Purchase of Assets</b>		
Vishal Precision Steel Tubes and Strips Private Limited	32.76	160.62
Centurywells Roofing India Private Limited	39.46	-
<b>Sale of Assets</b>		
Centurywells Roofing India Private Limited	52.56	-
<b>Advances granted to /(repaid by) subsidiaries</b>		
Taurus Value Steel & Pipes Private Limited	(3,333.34)	-
Vishal Precision Steel Tubes and Strips Private Limited	(41.11)	(1,550.99)
Centurywells Roofing India Private Limited	-	(835.18)
Steel Networks (Holdings) Pte Limited	4.50	6.95
<b>Acquisition of equity shares</b>		
Centurywells Roofing India Private Limited	1,003.49	-
<b>Amount contributed to</b>		
Shankara Building Products Employees Gratuity Fund	121.61	46.63





## Notes to the Standalone Financial Statements

(Rupees in lakhs)

<b>Transactions with Related Parties</b>	<b>For the Year ended 31-03-2020</b>	<b>For the Year ended 31-03-2019</b>
<b>Reimbursement of expenses to</b> Taurus Value Steel & Pipes Private Limited	16.92	-
<b>Dividend paid to</b>		
Key Managerial Personnel	254.51	190.16
Relatives of Key Managerial Personnel	3.21	2.41
Shankara Holdings Private Limited	3.32	2.42
<b>Guarantees and collaterals provided/(closed) by the Company on behalf of:</b>		
Taurus Value Steel & Pipes Private Limited	(9,800.00)	1,000.00
Vishal Precision Steel Tubes and Strips Private Limited	(270.00)	750.00
Centurywells Roofing India Private Limited	-	2,000.00

<b>Remuneration paid to Key Managerial Personnel (refer note 3 below)</b>	<b>For the Year ended 31-03-2020</b>	<b>For the Year ended 31-03-2019</b>
<b>Short-term employee benefits</b>		
Managing Director	115.19	125.66
Whole-time director	103.45	105.65
Chief Executive Officer	97.78	96.02
Chief Financial Officer	30.41	31.05
Company Secretary	10.36	8.00
<b>Remuneration paid to a Relative of Key Managerial Personnel</b> (with effect from 14-03-2020)	0.16	-

### Notes

1. The purchases from related parties are in the ordinary course of business. Purchase transactions are based on normal commercial terms and conditions and market rates.
2. The sales to related parties are in the ordinary course of business. Sales transactions are based on prevailing price lists. The Company has not recorded any expected credit loss for trade receivables from related parties.
3. As the future liability for gratuity is provided on an actuarial basis for the company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above

## Notes to the Standalone Financial Statements

(Rupees in lakhs)

C. Balance Outstanding to/ from related parties	As at 31-03-2020	As at 31-03-2019
<b>Trade Payables</b>		
Taurus Value Steel & Pipes Private Limited		5,678.14
Centurywells Roofing India Private Limited	8,771.39	938.04
Vishal Precision Steel Tubes and Strips Private Limited	2,339.21	-
<b>Rent payable</b>	2,867.18	
Taurus Value Steel & Pipes Private Limited		2.59
<b>Remuneration payable to Key Managerial Personnel</b>	0.27	
Managing Director	-	8.23
Whole-time director	5.50	7.33
Chief Executive Officer	5.42	7.23
Chief Financial Officer	1.57	2.09
Company Secretary	0.63	0.54
<b>Remuneration payable to a relative of key managerial personnel</b>	0.16	-
<b>Rent Receivable</b>		
Taurus Value Steel & Pipes Private Limited	0.31	0.06
Vishal Precision Steel Tubes and Strips Private Limited	0.11	0.11
Centurywells Roofing India Private Limited	1.19	1.08
<b>Advance to subsidiaries</b>		
Vishal Precision Steel Tubes and Strips Private Limited	-	41.11
Centurywells Roofing India Private Limited	-	-
Steel Networks (Holdings) Pte Limited*	16.18	11.68
<b>Loan given</b>		
Taurus Value Steel & Pipes Private Limited	-	3,333.34
<b>Guarantees &amp; Collaterals furnished to</b>		
Taurus Value Steel & Pipes Private Limited	3,500.00	13,300.00
Vishal Precision Steel Tubes and Strips Private Limited	7,750.00	8,020.00
Centurywells Roofing India Private Limited	4,000.00	4,000.00
<b>Guarantees &amp; Collaterals furnished by</b>		
Taurus Value Steel & Pipes Private Limited	5,500.00	5,500.00
Vishal Precision Steel Tubes and Strips Private Limited	5,500.00	5,500.00
Centurywells Roofing India Private Limited	5,500.00	5,500.00
<b>Guarantees Furnished by</b>		
Managing Director	36,200.00	36,200.00
Due from a whole-time Director	0.94	6.67
Due from Chief Financial Officer	2.43	2.44

\* Provision of Rs.11.68 lakhs has been made



## Notes to the Standalone Financial Statements

(Rupees in lakhs)

### Terms and Conditions

All outstanding balances are unsecured and are repayable in cash

### Guarantees furnished to subsidiaries:

Guarantees provided to the lenders of the subsidiaries are for availing working capital facilities from the lender banks.

### Guarantees furnished by subsidiaries:

Guarantees provided to the lenders of the company are for availing working capital facilities from the lender banks.

### Guarantees furnished by managing director:

Personal guarantee furnished by the managing director to the company are for availing working capital facilities from the lender banks.

## 48. FINANCIAL INSTRUMENTS

### A. Capital Management

#### (1) Capital risk management

The Company's capital requirements are mainly to fund its expansion, working capital and strategic acquisitions. The principal source of funding of the Company has been, and is expected to continue to be, cash generated from its operations supplemented by borrowings from bank and funds from capital markets. The Company is not subject to any externally imposed capital requirements.

The Company regularly considers other financing and refinancing opportunities to diversify its debt profile, reduce finance cost and closely monitors its judicious allocation amongst competing expansion projects and strategic acquisitions, to capture market opportunities at minimum risk.

The Company monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes, interest bearing loans and borrowings less cash and cash equivalents, Bank balances other than cash and cash equivalents.

Particulars	Note No.	As at 31-03-2020	As at 31-03-2019
Long term borrowings	21	91.61	243.82
Current maturities of long term debt	29	152.11	227.32
Short term borrowings	26	16,305.67	15,924.82
Less: Cash and cash equivalents	14	(232.25)	(836.96)
Less: Bank balances other than cash and cash equivalents	15	(122.14)	(108.89)
<b>Net Debt (A)</b>		<b>16,195.00</b>	<b>15,450.11</b>
Total Equity (B)	19, 20	33,931.29	32,374.65
<b>Gearing Ratio (A / B)</b>		<b>0.48</b>	<b>0.48</b>

- i) Equity includes all capital and reserves of the Company that are managed as capital.
- ii) Debt is defined as long and short term borrowings (excluding financial guarantee contracts), as described in Note 21 and 26
- iii) The debt equity ratio remains unchanged from the previous year.

## Notes to the Standalone Financial Statements

(Rupees in lakhs)

## (2) Dividends

Particulars	As at 31-03-2020	As at 31-03-2019
<b>Equity Shares</b>		
(i) Final Dividend for the year ended 31-3-2019 of ` 1.50 (31-03-2018 - ` 3.25) per fully paid share	342.74	742.61
Dividend distribution tax on final dividend	70.46	152.64
Interim Dividend for the year ended 31-3-2020 of ` 2.00 (31-3-2019 - Nil) per fully paid share	456.99	-
Dividend distribution tax on interim dividend	93.95	-
(ii) Dividends not recognised at the end of the reporting period		
Proposed final dividend subject to approval of share holders in the ensuing annual general meeting. (CY - Rs Nil; PY - Rs 1.50) per fully paid equity share	-	342.74
Dividend distribution tax on proposed dividend	-	70.46



## Notes to the Standalone Financial Statements

(Rupees in lakhs)

### B. Categories of financial instruments

Particulars	Note No	As at 31-03-2020		As at 31-03-2019	
		Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets</b>					
<b>Measured at amortised cost</b>					
Loans	10,16	897.62	897.62	2,649.25	2,649.25
Other financial assets	17	91.97	91.97	1,757.12	1,757.12
Trade receivables	9,13	40,828.49	40,828.49	28,755.43	28,755.43
Cash and cash equivalents	14	232.25	232.25	836.96	836.96
Bank balances other than cash and cash equivalents	15	122.14	122.14	108.89	108.89
Non-current Investments	8	4,837.96	4,837.96	3,846.37	3,846.37
<b>Total financial assets at amortised cost (A)</b>		<b>47,010.43</b>	<b>47,010.43</b>	<b>37,954.02</b>	<b>37,954.02</b>
<b>Total financial assets measured at fair value through other comprehensive income (B)</b>		-	-	-	-
<b>Measured at fair value through profit and loss</b>					
Derivative asset not designated as hedge Foreign exchange forward contracts	17	181.93	181.93	-	-
<b>Total financial assets measured at fair value through profit and loss (C)</b>		<b>181.93</b>	<b>181.93</b>	-	-
<b>Total financial assets (A+B+C)</b>		<b>47,192.36</b>	<b>47,192.36</b>	<b>37,954.02</b>	<b>37,954.02</b>
<b>Financial liabilities</b>					
<b>Measured at amortised cost</b>					
Long term Borrowings *	21,29	243.72	243.72	471.14	471.14
Short term Borrowings	26	16,305.67	16,305.67	15,924.82	15,924.82
Trade payables	27	42,002.00	42,002.00	29,155.24	29,155.24
Lease Liabilities	22,28	3,321.61	3,321.61	-	-
Other financial liabilities**	23,29	795.73	795.73	986.17	986.17
<b>Total financial liabilities carried at amortised cost (A)</b>		<b>62,668.73</b>	<b>62,668.73</b>	<b>46,537.37</b>	<b>46,537.37</b>
<b>Total financial liabilities measured at fair value through comprehensive income (B)</b>		-	-	-	-
<b>Total financial liabilities measured at fair value through profit and lose (C)</b>		-	-	-	-
<b>Total financial liabilities (A+B+C)</b>		<b>62,668.73</b>	<b>62,668.73</b>	<b>46,537.37</b>	<b>46,537.37</b>

\* including current maturities of long-term debt

\*\* excluding current maturities of long-term debt

## Notes to the Standalone Financial Statements

(Rupees in lakhs)

**C. Financial risk management**

The Company has an Audit & Risk Management Committee established by its Board of Directors for overseeing the Risk Management Framework and developing and monitoring the Company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company.

The risk management policies aims to mitigate the following risks arising from the financial instruments:

- Market risk
- Credit risk; and
- Liquidity risk"

**(1) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company is exposed in the ordinary course of its business to risks related to changes in commodity prices and interest rates.

**(i) Currency Risk****Exposure to currency risk**

Particulars	As at 31-03-2020		As at 31-03-2019	
	USD	INR	USD	INR
Total foreign currency exposure in respect of recognised liabilities (in Lakhs)	60.59	4,563.64	-	-
Forward exchange contracts (in lakhs)	60.59	4,563.64	-	-
<b>Net Exposure</b>	-	-	-	-

**Sensitivity**

Currency risks related to the amounts of foreign currency loans are fully hedged using derivatives that mature on the same dates as the loans are due for repayment.

**(ii) Commodity price risk**

The Company's revenue is exposed to the market risk of price fluctuations related to the sale of its steel and other building products. Market forces generally determine prices for the steel products sold by the Company. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Company earns from the sale of its steel products.

The Company purchases the steel and other building products in the open market from third parties as well as from subsidiaries at prevailing market price. The Company is therefore subject to fluctuations in the prices of steel coil, steel pipes, sanitary wares etc.

The Company aims to sell the products at prevailing market prices. Similarly the Company procures the products based on prevailing market rates as the selling prices of steel products and the prices of inputs move in the same direction.



## Notes to the Standalone Financial Statements

(Rupees in lakhs)

### Inventory Sensitivity Analysis (Raw materials, Finished goods & Stock-in-trade)

A reasonably possible changes of 1% in prices of inventory at the reporting date, would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

Particulars	Impact on profit or (loss)		Impact on Equity, net of tax	
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
1% increase in prices of Inventory	(309.46)	(262.75)	(231.57)	(170.94)
1% decrease in prices of Inventory	309.46	262.75	231.57	170.94

### (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk since funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

The following table provides a break-up of the Company's fixed and floating rate borrowings:

Particulars	As at 31-03-2020	As at 31-03-2019
Fixed rate borrowings	243.72	387.92
Floating rate borrowings	16,305.67	16,008.16
<b>Total borrowings</b>	<b>16,549.39</b>	<b>16,396.08</b>
Total Net borrowings as per Financial Statements	16,549.39	16,395.96
Add: Upfront fees	-	0.12
<b>Total borrowings</b>	<b>16,549.39</b>	<b>16,396.08</b>

### Sensitivity analysis for variable-rate instruments

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant

Particulars	Impact on profit or (loss)		Impact on Equity, net of tax	
	As at 31-03-2020	As at 31-03-2019	As at 31-03-2020	As at 31-03-2019
100 basis points increase in interest rates	(163.06)	(160.08)	(122.02)	(104.14)
100 basis points decrease in interest rates	163.06	160.08	122.02	104.14

### (2) Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of credit worthiness as well as concentration risks.

Company's credit risk arises principally from the trade receivables and advances

## Notes to the Standalone Financial Statements

(Rupees in lakhs)

**Trade receivables:**

Customer credit risk is managed centrally by the company and subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on financial position, past performance, business/ economic conditions, market reputation, expected business etc. Based on that credit limit & credit terms are decided. Outstanding customer receivables are regularly monitored

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas with no significant concentration of credit risk. The outstanding trade receivables are regularly monitored and appropriate action is taken for collection of overdue receivables.

**Year ended 31-03-2020****Expected credit loss for trade receivables under simplified approach**

Ageing	Less than 180 days	More than 181 days	Total
Gross carrying amount - Trade receivables	37,573.36	4,093.16	41,666.52
Expected credit losses (Loss allowance provision) - trade receivables	-	(838.03)	(838.03)
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>37,573.35</b>	<b>3,255.13</b>	<b>40,828.49</b>

**Year ended 31-03-2019****Expected credit loss for trade receivables under simplified approach**

Ageing	Less than 180 days	More than 181 days	Total
Gross carrying amount - Trade receivables	26,606.72	2,759.20	29,365.92
Expected credit losses (Loss allowance provision) - trade receivables	-	(610.49)	(610.49)
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>26,606.72</b>	<b>2,148.71</b>	<b>28,755.43</b>

**(3) Liquidity risk management**

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The Company requires funds both for short term operational needs as well as for strategic acquisitions. The Company generates sufficient cash flow for operations, which together with the available cash and cash equivalents and borrowings provide liquidity. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.





## Notes to the Standalone Financial Statements

(Rupees in lakhs)

The company has access to the following undrawn borrowing facilities at the end of the reporting period:

### Financing arrangements

Particulars	As at 31-03-2020	As at 31-03-2019
Floating Rate		
- Expiring within one year	7,392.00	12,789.42
- Expiring beyond one year	-	-

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods and its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

With respect to floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay

### Liquidity exposure as at 31-03-2020

Particulars	Note No.	< 1 year	1-5 years	> 5 years	Total
<b>Financial assets</b>					
Loans	10,16	4.50	-	893.12	897.62
Other financial assets	17	91.97	-	-	91.97
Trade receivables	9,13	40,454.12	374.37	-	40,828.49
Cash and cash equivalents	14	232.25	-	-	232.25
Bank balances other than cash and cash equivalents	15	122.14	-	-	122.14
Non-current Investments	8	-	-	4,837.96	4,837.96
<b>Derivative Assets</b>					
Foreign exchange forward contracts	17	181.93	-	-	181.93
<b>Total financial assets</b>		<b>41,086.91</b>	<b>374.37</b>	<b>5,731.08</b>	<b>47,192.36</b>
<b>Financial liabilities</b>					
Long term Borrowings *	21,29	152.11	91.61	-	243.72
Short term Borrowings	26	16,305.67	-	-	16,305.67
Trade payables	27	42,002.00	-	-	42,002.00
Lease Liabilities	22,28	3,089.49	232.12	-	3,321.61
Other financial liabilities**	23,29	788.48	7.25	-	795.73
<b>Total financial liabilities</b>		<b>62,337.75</b>	<b>330.98</b>	<b>-</b>	<b>62,668.73</b>

\* including current maturities of long-term debt

\*\*excluding current maturities of long-term debt

## Notes to the Standalone Financial Statements

(Rupees in lakhs)

### Liquidity exposure as at 31-03-2019

Particulars	Note no	< 1 year	1-5 years	> 5 years	Total
<b>Financial assets</b>					
Loans	10,16	41.11	1,666.67	941.47	2,649.25
Other financial assets	17	1,757.12	-	-	1,757.12
Trade receivables	9,13	28,370.00	385.43	-	28,755.43
Cash and cash equivalents	14	836.96	-	-	836.96
Bank balances other than cash and cash equivalents	15	108.89	-	-	108.89
Non-current Investments	8	-	-	3,846.37	3,846.37
<b>Derivative Assets</b>					
Foreign exchange forward contracts	17	-	-	-	-
<b>Total financial assets</b>		<b>31,114.08</b>	<b>2,052.10</b>	<b>4,787.84</b>	<b>37,954.02</b>
<b>Financial liabilities</b>					
Long term Borrowings *	21,29	227.32	243.82	-	471.14
Short term Borrowings	26	15,924.82	-	-	15,924.82
Trade payables	27	29,155.24	-	-	29,155.24
Lease Liabilities	22,28	-	-	-	-
Other financial liabilities**	23,29	983.92	2.25	-	986.17
<b>Total financial liabilities</b>		<b>46,291.30</b>	<b>246.07</b>	<b>-</b>	<b>46,537.37</b>

\* including current maturities of long-term debt

\*\*excluding current maturities of long-term debt

The amount of guarantees given on behalf of subsidiaries included in Note No. 24 represents the maximum amount the Company could be forced to settle for the full guaranteed amount. Based on the expectation at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

### Collateral

The Company has hypothecated part of its financial assets in order to fulfil certain collateral requirements for the banking facilities extended to the Company. There is an obligation to return the securities to the Company once these banking facilities are surrendered. (refer note no 21, 26 and 44)

### D. Level wise disclosure of financial instruments

Particulars	Note No	As at 31-03-2020				As at 31-03-2019			
		Carrying Value	Fair Value			Carrying Value	Fair Value		
			Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial assets</b>									
Loans	10,16	897.62	-	-	776.52	2,649.25	-	-	822.70
Other financial assets	17	91.97	-	-	-	1,757.12	-	-	-
Trade receivables	9,13	40,828.49	-	-	-	28,755.43	-	-	-
Cash and cash equivalents	14	232.25	-	-	-	836.96	-	-	-
Bank balances other than cash and cash equivalents	15	122.14	-	-	-	108.89	-	-	-
Non-current Investments	8	4,837.96	-	-	-	3,846.37	-	-	-
<b>Derivative Assets</b>									
Foreign exchange forward contracts	17	181.93	-	181.93	-	-	-	-	
<b>Total financial assets</b>		<b>47,192.36</b>	<b>-</b>	<b>181.93</b>	<b>776.52</b>	<b>37,954.02</b>	<b>-</b>	<b>-</b>	<b>822.70</b>
<b>Financial liabilities</b>									
Long term Borrowings *	21,29	243.72	-	-	-	471.14	-	-	-
Short term Borrowings	26	16,305.67	-	-	-	15,924.82	-	-	-
Trade payables	27	42,002.00	-	-	-	29,155.24	-	-	-
Lease Liabilities	22,28	3,321.61	-	-	-	-	-	-	
Other financial liabilities**	23,29	795.73	-	-	-	986.17	-	-	
<b>Total financial liabilities</b>		<b>62,668.73</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,537.37</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* including current maturities of long-term debt

\*\*excluding current maturities of long-term debt

The carrying amounts of short-term borrowings, trade receivables, trade payables, cash and cash equivalents, other bank balances and other financial assets and liabilities other than those disclosed in the above table, are considered to be the same as their fair values, due to their short term nature.



## Notes to the Standalone Financial Statements

(Rupees in lakhs)

### 49. CORPORATE SOCIAL RESPONSIBILITY

a) Gross amount required to be spent by Company during the year - Rs.76.84 lakhs  
(Previous year: Rs.73.14 lakhs)

b) Amount spent during the year:

Particulars	Amount required to be spent for the year ended 31-03-2020	Amount spent in cash	Amount yet to be paid in cash
a) Construction / acquisition of any assets	-	-	-
b) On purpose other than (a) above	76.84	55.86	-

Particulars	Amount required to be spent for the year ended 31-03-2019	Amount spent in cash	Amount yet to be paid in cash
a) Construction / acquisition of any assets	-	-	-
b) On purpose other than (a) above	73.14	95.54	-

Amount paid is included under Other expenses (refer note no 37)

### 50 NOTE ON IMPACT OF COVID-19

The lockdown necessitated by COVID-19 has impacted business activity all across. In keeping with Government announcements and as part of prudent safety measures for staff, all business activities across stores, warehouses, vehicle fleet, factories and offices were shut down since the latter part of March, 2020. While some locations have recommenced activity from early May 2020, some parts of the company's network are still impacted because of local lockdown measures

The key measures undertaken by the company as a part of the new business environment is highlighted below:

- Employee safety: Social distancing and workplace guidelines have been communicated in all work locations. Wearing of face masks is compulsory in our company's premises. Adequate arrangements have been made for temperature screening and sanitizers are provided at convenient places. Walk-ins are being controlled to ensure adequate social distancing. Frontline staffs have been adequately trained to ensure protection. Workplace is sanitized frequently, especially the common touch points. The company is working with reduced staff strength and restricted timings. Seating of employees has been spaced out and functions which can work from home are being encouraged.
- Liquidity: During this period, the liquidity is being conserved as far as is possible. Adequate availability of fund is being ensured to maintain the business operation at the current level. Regular discussions are being made with the customers to ensure that the business rotation continues while reducing overall outstanding. Efforts are being made to serve customers from the existing inventories. Fresh purchases are being undertaken in a very controlled manner. Discussions are being made with creditors to ease cash flows. Fresh capex projects are currently put on hold and only ongoing necessary capex is being completed.

## Notes to the Standalone Financial Statements

(Rupees in lakhs)

**50 NOTE ON IMPACT OF COVID-19 Contd.**

- Cost control: Cost structures are being relooked and rationalized according to the current needs of the business. At present there are 115 stores. The following 5 stores have been shut down namely Kunnammangalam, Calicut; Mancheryal, Telangana; Medavakkam and KK Nagar, Chennai and Marathahalli, Bangalore.
- Digital channels: Digital channels and technology become imperative to deal with such situations. Sufficient technology and infrastructure support have been provided to enable work from home. Online channels have been provided to employee to reach out to customers for contactless sales.

**Current status**

Operations restarted from the first week of May 2020 in a staggered manner across operational geographies based on state / local restrictions. Currently about 70% of company's business locations are operational. Activities are picking up based on local conditions.

Karnataka is the largest state in terms of revenues and has been impacted lesser, as of now, by the COVID-19 situation. A large part of the company's business comes from tier 2 /3 locations which has also helped to normalize operations faster. For locations which are not operational, customers are being served with supplies wherever feasible. We are engaging with our customers helping them with supplies wherever feasible. Some important government projects and hospital requirements are also being serviced with relevant approvals. Some pent up demand is seen for pending projects. There is no decline in the demand from the irrigation segment.

The debt servicing and interest payment obligations continues to be as per schedule. Adequate resources are available to fulfil the obligations and existing contracts/arrangements. Internal financial controls continue to be in force. There has been no impact on plant, property and equipment. The company's management continues to engage with all its outstanding debtors and is ensuring business rotation with them.

All possible impact of known events arising from COVID-19 pandemic in the preparation of the standalone financial results have been considered. However, the impact of assessment of COVID-19 is a continuous process given the uncertainties associated with its nature and duration. The Board will continue to monitor any material changes to future economic conditions.

It is very difficult to assess the future outlook at this stage as we are not yet past the COVID-19 crisis. However, given the trend of our operations in May 2020, the Board is confident that we will tide this situation in the ensuing months and the entity's going concern status will not be affected.

As per our report attached of even date

**For SUNDARAM & SRINIVASAN**

Chartered Accountants  
ICAI Firm Reg.No: 004207S

**VENKATASUBRAMANIAN.S**

Partner  
Membership No: 219238

Place : Chennai  
Date : 10th June 2020

**For and on behalf of the Board**

**Sukumar Srinivas**  
Managing Director  
DIN: 01668064

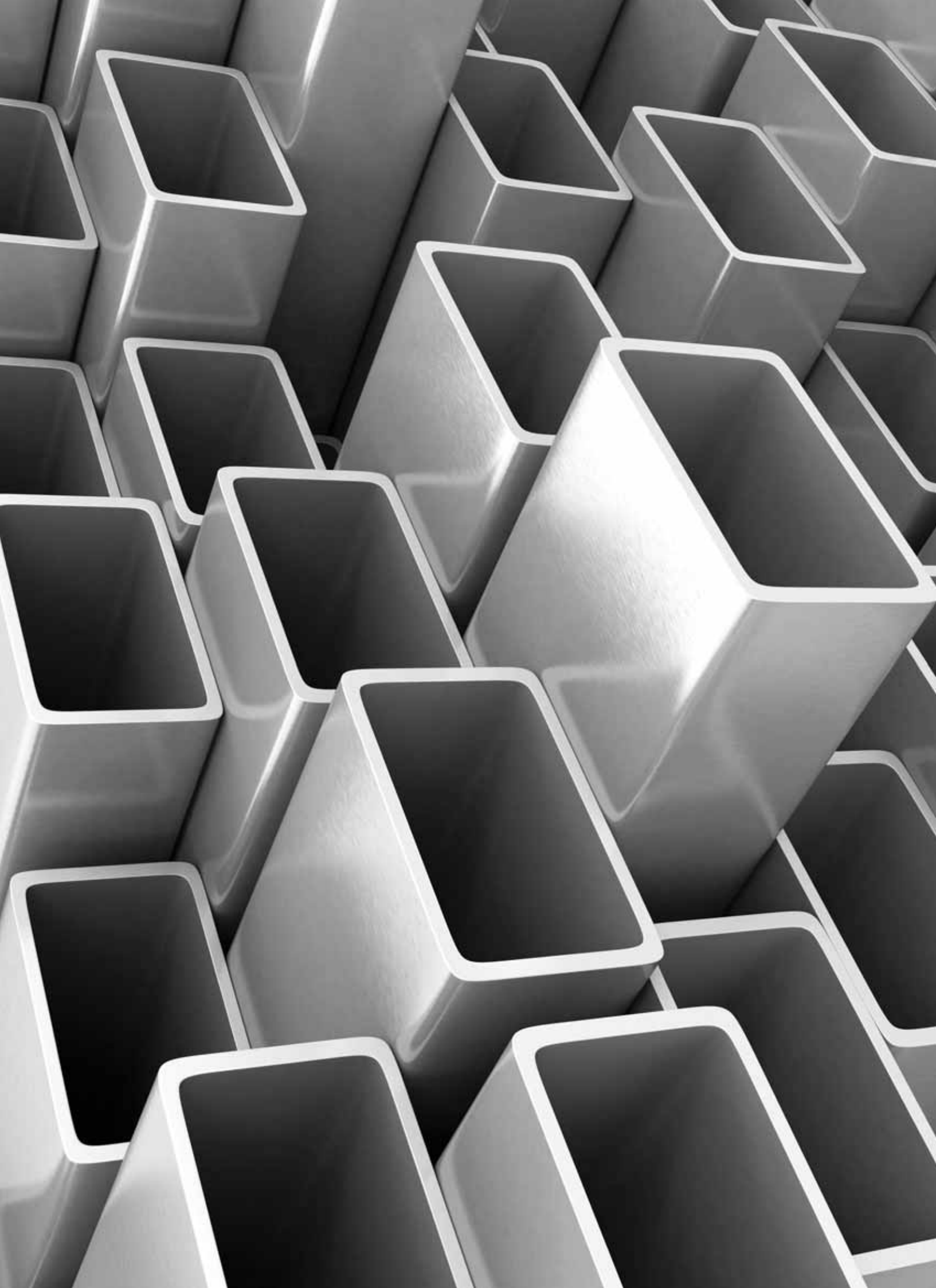
**C.Ravikumar**  
Whole-time Director  
DIN: 01247347

**Siddhartha Mundra**  
Chief Executive Officer

**Alex Varghese**  
Chief Financial Officer

**Ereena Vikram**  
Company Secretary  
ACS Membership No: 3345

Place : Bengaluru  
Date : 10th June 2020



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