

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
PENNAR ENGINEERED BUILDING SYSTEMS LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of PENNAR ENGINEERED BUILDING SYSTEMS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

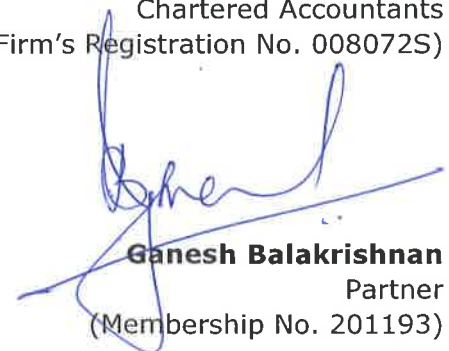
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, based on our audit 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.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8<sup>th</sup> November, 2016 of the Ministry of Finance, during the period from 8<sup>th</sup> November 2016 to 30<sup>th</sup> December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 008072S)



**Ganesh Balakrishnan**  
Partner  
(Membership No. 201193)

**SECUNDERABAD, May 11, 2017**

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of PENNAR ENGINEERED BUILDING SYSTEMS LIMITED ("the Company") as at March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 008072S)

  
**Ganesh Balakrishnan**  
Partner  
(Membership No. 201193)

**SECUNDERABAD, May 11, 2017**

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders.
- ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii. According to the information and explanations given to us, the Company has granted loans, unsecured, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have unclaimed deposits to which Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 apply.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We

have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- vii. According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Excise Duty, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Excise Duty, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax, as on 31 March, 2017 on account of disputes.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- ix. In our opinion and according to the information and explanations given to us, money raised by way of initial public offer have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- x. To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties the details of related party transactions have been disclosed in the financial statements as required by the 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 and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

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- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 008072S)



**Ganesh Balakrishnan**  
Partner  
(Membership No. 201193)

**SECUNDERABAD, May 11, 2017**



**PENNA ENGINEERED BUILDING SYSTEMS LIMITED**  
Balance Sheet as at 31 March, 2017

Particulars	Note No.	As at 31 March, 2017	As at 31 March, 2016
		₹ In lakhs	₹ In lakhs
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	3,427	3,427
(b) Reserves and surplus	4	20,227	17,787
		23,654	21,214
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	5	28	37
(b) Deferred tax liabilities (net)	32	340	384
(c) Other long-term liabilities	6	647	354
(d) Long-term provisions	7	270	173
		1,285	948
<b>3 Current liabilities</b>			
(a) Short-term borrowings	8	5,502	5,431
(b) Trade payables	9		
- Dues of micro enterprises and small enterprises		166	263
- Dues of creditors other than micro enterprises and small enterprises		16,616	12,924
(c) Other current liabilities	10	7,624	6,168
(d) Short-term provisions	11	194	1,627
		30,102	26,413
<b>TOTAL</b>		55,041	48,575
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	12 A	6,174	6,298
(ii) Intangible assets	12 B	409	384
(iii) Capital work-in-progress		111	-
		6,694	6,682
(b) Long-term loans and advances	13	249	202
(c) Other non-current assets	14	1,268	831
		8,211	7,715
<b>2 Current assets</b>			
(a) Current investments	15	3,529	3,315
(b) Inventories	16	20,607	8,895
(c) Trade receivables	17	9,718	14,020
(d) Cash and bank balances	18	1,538	6,669
(e) Short-term loans and advances	19	8,101	5,386
(f) Other current assets	20	3,337	2,575
		46,830	40,860
<b>TOTAL</b>		55,041	48,575
Corporate information and significant accounting policies.	1 & 2		

See accompanying notes forming part of the financial statements

In terms of our report attached.  
For Deloitte Haskins & Sells  
Chartered Accountants

Ganesh Balakrishnan  
Partner



For and on behalf of the Board of Directors

PV Rao  
Managing Director

Aditya N Rao  
Vice Chairman

Gopal Ladda  
Company Secretary

Shrikant Bhakkad  
Chief Financial Officer



Place : Secunderabad  
Date : 11 May, 2017

Place : Hyderabad  
Date : 11 May, 2017

**PENNAR ENGINEERED BUILDING SYSTEMS LIMITED**  
**Statement of Profit and Loss for the year ended 31 March, 2017**

Particulars	Note No.	For the year ended	For the year ended
		31 March, 2017	31 March, 2016
		₹ in lakhs	₹ in lakhs
<b>1</b> Revenue from operations (gross)	21	54,761	49,121
Less: Excise duty		4,503	4,429
Revenue from operations (net)		50,258	44,692
<b>2</b> Other operating revenue	22	-	31
<b>3</b> Other income	23	571	155
<b>4 Total Revenue (1+2+3)</b>		50,829	44,878
<b>5 Expenses</b>			
(a) Cost of materials consumed	24 A	30,675	23,750
(b) Changes in inventories of finished goods and work-in-progress	24 C	(7,045)	(1,058)
(c) Employee benefits expense	25	3,698	3,223
(d) Finance costs	26	1,716	1,109
(e) Depreciation and amortisation expense	12 C	546	612
(f) Other expenses	27	17,866	12,304
<b>Total Expenses</b>		47,456	39,940
<b>6 Profit before tax (4-5)</b>		3,373	4,938
<b>7 Tax expense:</b>			
(a) Current tax	35	1,312	1,767
(b) Tax pertaining to earlier years	32	(335)	185
(c) Deferred tax		(44)	(30)
		933	1,922
<b>8 Profit for the year (6-7)</b>		2,440	3,016
<b>9 Earnings per equity share (nominal value of share ₹ 10 each):</b>	28		
(a) Basic		7.12	9.47
(b) Diluted		7.12	9.47
Corporate information and significant accounting policies	1 & 2		

See accompanying notes forming part of the financial statements

In terms of our report attached,  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**Ganesh Balakrishnan**  
Partner



For and on behalf of the Board of Directors

**PV Rao**  
Managing Director

**Aditya N Rao**  
Vice Chairman

**Gopal Ladda**  
Company Secretary



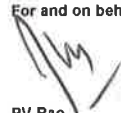

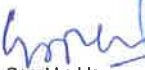



**Shrikant Bhakkad**  
Chief Financial Officer

Place : Secunderabad  
Date : 11 May, 2017

Place : Hyderabad  
Date : 11 May, 2017

PENNAR ENGINEERED BUILDING SYSTEMS LIMITED  
Cash Flow Statement for the year ended 31 March, 2017

PARTICULARS	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ In lakhs	₹ In lakhs
<b>A. Cash flow from operating activities:</b>		
Profit before tax	3,373	4,938
<u>Adjustments for:</u>		
Depreciation and amortisation expense	546	612
Finance costs	1,716	1,109
Loss on sale of assets	2	17
Provision for doubtful trade receivables	383	100
Dividend income	(52)	(40)
Net gain on sale of current investments	(6)	(3)
Interest income	(368)	(33)
Liabilities no longer required written back	(82)	(81)
Operating profit before working capital changes	5,510	6,619
<u>Changes in working capital:</u>		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	3,919	(1,406)
Inventories	(11,712)	(2,154)
Short-term loans and advances	(2,486)	(2,761)
Long-term loans and advances	(1)	(17)
Other current assets	(525)	(1,374)
Other non current assets	(437)	(831)
Adjustments for increase / (decrease) in operating Liabilities:		
Trade payables	3,677	4,132
Other current liabilities	1,561	1,757
Short-term provisions	35	38
Other long-term liabilities	293	(3)
Long-term provisions	97	(37)
Cash generated from operations	(69)	3,963
Net income tax (paid)	(2,460)	(750)
<b>Net cash flow (used in) / generated from operating activities " A "</b>	<b>(2,529)</b>	<b>3,213</b>
<b>B. Cash from investing activities:</b>		
Purchase of fixed assets (including capital work-in-progress and capital advances)	(597)	(793)
Proceeds from sale of fixed assets	(1)	15
Movement in bank balances not considered as cash and cash equivalents	(12)	-
Dividend received	52	40
Interest received	131	33
Net gain on sale of current investments	8	3
Current Investments		
- Purchased	3,315	(14,986)
- Proceeds from sale	(3,529)	14,274
Inter corporate deposit placed	(429)	(1,350)
Inter corporate deposit matured	200	-
<b>Net cash flow (used in) Investing activities " B "</b>	<b>(862)</b>	<b>(2,764)</b>
<b>C. Cash Flow from financing activities:</b>		
Proceeds from issue of equity shares (net of expenses)	-	5,242
Proceeds from long-term borrowings	-	48
Repayment of long term borrowings	(8)	(19)
Net (decrease)/increase in working capital borrowings	(3,429)	2,889
Proceeds of other short-term borrowings	3,500	10,900
Repayment of other short-term borrowings	-	(12,400)
Finance costs	(1,815)	(1,023)
<b>Net cash flow (used in) / generated from financing activities " C "</b>	<b>(1,752)</b>	<b>5,637</b>
<b>Net (decrease) / increase in Cash and cash equivalents (A+B+C)</b>	<b>(5,143)</b>	<b>6,088</b>
Cash and cash equivalents at the beginning of the year	6,289	203
<b>Cash and cash equivalents at the end of the year</b>	<b>1,146</b>	<b>6,289</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and bank balances (Refer Note 18)	1,538	6,669
Less: Bank balances not considered as Cash and cash equivalents		
In earmarked accounts (balances held as margin money towards bank guarantees and letter of credits)	392	380
<b>Cash and cash equivalents at the end of the year*</b>	<b>1,146</b>	<b>6,289</b>
* Comprises:		
(a) Cheques on hand	200	-
(b) Balances with banks		
(i) In current accounts	946	489
(ii) In deposit accounts	-	5,800
<b>Cash and cash equivalents at the end of the year</b>	<b>1,146</b>	<b>6,289</b>
<b>See accompanying notes forming part of the financial statements</b>		
In terms of our report attached		
For Deloitte Haskins & Sells Chartered Accountants		
 Ganesh Balakrishnan Partner		For and on behalf of the Board of Directors
		 PV Rao Managing Director
		 Aditya N Rao Vice Chairman
		 Gopal Ladda Company Secretary
		 Shrikant Bhakkad Chief Financial Officer
Place: Secunderabad Date : 11 May, 2017		Place : Hyderabad Date : 11 May, 2017

Note	
1	<p><b>Corporate Information</b></p> <p>Pennar Engineered Building Systems Limited ("the Company") is into design, manufacture, supply, service and installation of pre-engineered steel buildings, building components and erection for industries, warehouses, commercial centres, multi storied buildings, aircraft hangars, defence installations, amongst others.</p> <p>The company's registered office is at Hyderabad and manufacturing plant is located at Sadashivpet, Medak district of Telangana.</p> <p>The Company made an Initial Public Offer during the previous year and the shares of the Company were listed on the Bombay Stock Exchange and the National Stock Exchange of India on 10 September, 2015.</p>
2	<p><b>Significant accounting policies</b></p>
2.1	<p><b>Basis of accounting and preparation of financial statements</b></p> <p>The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.</p>
2.2	<p><b>Use of estimates</b></p> <p>The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the years in which the results materialise.</p>
2.3	<p><b>Inventories</b></p> <p>Raw materials, Finished goods, Work-in-progress, Stores &amp; Spares are valued at the lower of cost and net realisable value (monthly weighted average basis) and scrap is at the net realisable value after providing for obsolescence and other losses (if any). Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and where applicable, excise duty. Materials in transit are valued at cost.</p>
2.4	<p><b>Cash and cash equivalents (for purposes of Cash Flow Statement)</b></p> <p>Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (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.</p>
2.5	<p><b>Cash flow statement</b></p> <p>Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.</p>
2.6	<p><b>Depreciation and amortisation</b></p> <p>Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.</p> <p>Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following:</p> <p>Leasehold improvements are depreciated over the duration of the lease</p> <p>Intangible assets are amortised over their estimated useful life as follows:</p> <ul style="list-style-type: none"> <li>License fees, over the duration of license or 10 years whichever is less</li> <li>Software over the duration of 10 years</li> </ul> <p>Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation</p>
2.7	<p><b>Revenue recognition</b></p> <p><u>Sale of goods and income from services</u></p> <p>Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.</p> <p>Revenue from services is recognised as per the terms of the contract using the proportionate completion method. Percentage of completion is determined as a proportion of the costs incurred upto the reporting date to the total estimated costs.</p> <p>Sales include excise duty but exclude sales tax and value added tax.</p> <p>When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The percentage of completion of a contract is determined considering the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs.</p> <p>When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.</p>



Note
<p><b>2.8 Other income</b></p> <p>Interest income is accounted on accrual basis. Dividend Income is accounted for when the right to receive dividend is established.</p>
<p><b>2.9 Tangible fixed assets</b></p> <p>Fixed assets are carried at cost (net of taxes) less accumulated depreciation. The cost of fixed assets includes all the financial costs and other incidental expenses upto the date of commissioning. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.</p> <p>Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.</p> <p>In accordance with the requirements of component accounting of fixed assets as per Schedule II to the Companies Act, 2013, the Company has identified and accounted for the components for the Plant and Equipment block of fixed assets which components are depreciated based on the assessed useful life.</p> <p>Provision is made for costs associated with dismantling of the plant and equipment and other fixed assets. Such dismantling costs are normally incurred at the end of the estimated useful life of the assets.</p> <p>These costs are assessed by the management on an annual basis and are capitalised to the respective block of assets</p> <p>A corresponding provision is created for the said costs.</p> <p>The capitalised asset is charged to the statement of profit and loss over the life of the operation through the depreciation of the asset and the provision is increased each period via unwinding the discount on the provision.</p> <p><u>Capital work-in-progress:</u> Projects under which tangible fixed assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.</p>
<p><b>2.10 Intangible assets</b></p> <p>Intangible assets are carried at cost less accumulated amortisation. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.</p>
<p><b>2.11 Foreign currency transactions and translations</b></p> <p><u>Initial recognition</u> Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.</p> <p><u>Measurement at the balance sheet date</u> Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.</p> <p>Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.</p> <p><u>Accounting of forward contracts</u> Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date.</p>
<p><b>2.12 Government grants, subsidies and export incentives</b></p> <p>Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.</p> <p>Income from sales tax and power incentives are recognised on accrual basis, when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.</p>



Note
<b>2.13 Investments</b>
Current investment Current investments are carried individually, at the lower of cost and fair value.
<b>2.14 Employee benefits</b>
Employee benefits include provident fund, gratuity fund and compensated absences.
Defined contribution plans The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.
Defined benefit plans For defined benefit plans in the form of gratuity fund the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.
Short-term employee benefits The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under: (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and (b) in case of non-accumulating compensated absences, when the absences occur.
Long-term employee benefits Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.
<b>2.15 Leases</b>
Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.
<b>2.16 Earnings per share</b>
Basic earnings per share is computed by dividing the profit after tax as adjusted for preference dividend by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax, 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. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.
<b>2.17 Taxes on Income</b>
Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.
Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.
Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.



**PENNAR ENGINEERED BUILDING SYSTEMS LIMITED**  
**Notes forming part of the financial statements**

Note
<b>2.18 Impairment of assets</b>
<p>The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:</p> <p>(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.</p> <p>If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.</p> <p>If the recoverable amount is the greater of the net selling price and their value in use no impairment is identified. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.</p> <p>When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.</p>
<b>2.19 Provisions and contingencies</b>
<p>A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes forming part of financial statements. Contingent assets are not recognised in the financial statements.</p>
<b>2.20 Share issue expenses</b>
<p>Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.</p>
<b>2.21 Insurance claims</b>
<p>Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.</p>
<b>2.22 Service tax input credit</b>
<p>Service tax input credit is accounted for in the books in the year in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.</p>
<b>2.23 Operating Cycle</b>
<p>Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.</p>



**PENNA ENGINEERED BUILDING SYSTEMS LIMITED**  
Notes forming part of the financial statements

**Note 3 Share capital**

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	₹ In lakhs	Number of shares	₹ In lakhs
<b>(a) Authorised</b>				
Equity shares of ₹ 10 each	36,000,000	3,600	36,000,000	3,600
Compulsorily convertible preference shares of ₹ 10 each	6,000,000	600	6,000,000	600
<b>Total Authorised share capital</b>	<b>42,000,000</b>	<b>4,200</b>	<b>42,000,000</b>	<b>4,200</b>
<b>(b) Issued, Subscribed and fully paid up</b>				
Equity shares of ₹ 10 each	34,274,911	3,427	34,274,911	3,427
<b>Total Issued, subscribed and fully paid up share capital</b>	<b>34,274,911</b>	<b>3,427</b>	<b>34,274,911</b>	<b>3,427</b>

**Notes:**

**i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year :**

Particulars	For the year ended 31 March, 2017		For the year ended 31 March, 2016	
	Number of shares	₹ In lakhs	Number of shares	₹ In lakhs
<b>Equity Shares</b>				
Opening balance	34,274,911	3,427	27,672,491	2,767
Add: Movement during the year- (Refer note (a) below)	-	-	6,602,420	660
Closing balance	34,274,911	3,427	34,274,911	3,427
<b>Compulsorily convertible preference shares</b>				
Opening balance	-	-	3,039,560	304
Add/(Less): Movement during the year - (Refer note (b) below)	-	-	(3,039,560)	(304)
Closing balance	-	-	-	-

a) During the previous year the Company completed its Initial Public Offering (IPO) of 8,774,567 Equity Shares of ₹ 10 each consisting of a Fresh Issue of 3,258,426 Equity Shares and an offer for sale of 5,516,141 Equity Shares from selling share holders on 04 September, 2015. Out of the total proceeds from the IPO of ₹ 15,619 lakhs the Company's share is ₹ 5,800 lakhs on account of the said fresh issue. The fresh issue of 3,258,426 Equity Shares of face value ₹10 each was at a premium of ₹ 168 per share aggregating ₹ 5,474 lakhs. The said premium was recognised in securities premium account of the Company.

b) Pursuant to a Board resolution dated 21 July, 2015, 2,097,348 CCPS held by Zephyr Peacock India Fund III Limited were converted to 2,307,412 Equity Shares and 942,212 CCPS held by Zephyr Peacock India III Fund were converted into 1,036,582 Equity Shares respectively of face value ₹ 10 per share at a premium of ₹ 48.17 per share. The net adjustment on such conversion was made to the securities premium account.

**(ii) Details of shares held by the holding company :**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	Number of shares	Number of shares
<b>Equity shares</b>		
Pennar Industries Limited	18,500,000	18,500,000

**(iii) Details of shares held by each shareholder holding more than 5% shares:**

Name of shareholder	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	% holding in that class of shares	Number of shares	% holding in that class of shares
Equity shares - Refer note (a) below				
Pennar Industries Limited	18,500,000	53.98%	18,500,000	53.98%
Zephyr Peacock India Fund III Limited	1,962,473	5.73%	2,307,481	6.73%
DSP Blackrock small and mid cap fund	1,678,391	4.90%	1,824,558	5.32%
Birla sun life trustee company private limited	1,783,700	5.20%	1,954,100	5.70%





**PENNA ENGINEERED BUILDING SYSTEMS LIMITED**  
**Notes forming part of the financial statements**  
**Note 3 Share capital (contd.)**

**(iv) Rights, preferences and restrictions attached to shares**

**a) Equity shares**

The Company has one class of equity shares having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

**b) Details of shares reserved for issue**

Shares aggregating 1,000,000 (31 March, 2016 1,000,000) is reserved for issue under Employee Stock Option Scheme 2014 (Refer Note 34)

**Note 4 Reserves and surplus**

Particulars	As at	As at
	31 March, 2017	31 March, 2016
	₹ In lakhs	₹ In lakhs
<b>a) Securities premium account</b>		
Opening balance	7,611	2,725
Add: On account of premium on equity shares issued during the year (Refer Note 3(i)(a))	-	5,474
Less: Adjustment on account of conversion of preference shares (Refer Note 3(i)(b))	-	30
	7,611	8,169
Less: Utilised during the year (Refer Note below)	-	558
Closing Balance	7,611	7,611
<b>b) Surplus in Statement of Profit and Loss</b>		
Opening balance	10,176	7,160
Add: Profit for the year	2,440	3,016
Surplus in the Statement of Profit and Loss	12,616	10,176
<b>Total</b>	<b>20,227</b>	<b>17,787</b>

**Note:**

Share Issue expenses comprise of expenses incurred in connection with issue of equity shares and their listing on stock exchanges. The total expenses in connection with the IPO were shared between the Company and the selling shareholders in the proportion of the amount received from the IPO proceeds. The Company's share of issue expenses were adjusted against securities premium account u/s 52(2)(c) of the Companies Act, 2013.



**PENNAR ENGINEERED BUILDING SYSTEMS LIMITED**  
Notes forming part of the financial statements

**Note 5 Long-term borrowings**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ In lakhs	₹ In lakhs
(a) Vehicle Loan From bank - secured (Refer Note below)	28	37
<b>Total</b>	<b>28</b>	<b>37</b>

**Note:**

Car loan from ICICI Bank of ₹ 37 Lakhs (31 March, 2016 ₹ 45 lakhs) is secured by hypothecation of the vehicle financed through the loan arrangement. The loan is repayable in 60 monthly installments of ₹ 1 Lakh each commencing from 10 November, 2015 and carries an interest of 9.35 % per annum. Current maturities of long term borrowings have been disclosed under the head Other Current Liabilities (Refer Note 10).

**Note 6 Other long-term liabilities**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ In lakhs	₹ In lakhs
(I) Retention money payable	567	274
(II) Security deposits received	80	80
<b>Total</b>	<b>647</b>	<b>354</b>

**Note 7 Long-term provisions**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ In lakhs	₹ In lakhs
Provision for employee benefits: (Refer Note 31.2 b)		
(I) Provision for compensated absences	94	83
(II) Provision for gratuity	38	90
(II) Provision Others	138	-
<b>Total</b>	<b>270</b>	<b>173</b>



**PENNA ENGINEERED BUILDING SYSTEMS LIMITED**  
Notes forming part of the financial statements

**Note 8 Short-term borrowings**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
(a) Loans repayable		
From banks - Secured - (Refer Note (i))	1,002	3,181
From banks - Secured - Demand Loans (Refer Note (i))	4,500	2,250
<b>Total</b>	<b>5,502</b>	<b>5,431</b>

**Notes:**

(i) Details of loan repayable on demand & other short term loans

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
Loans repayable on demand and other short term loans from banks		
State Bank of India (Refer Note iii (a))	5,495	4,097
Axis Bank Limited (Refer Note iii (b))	7	84
Yes Bank (Refer Note iii (c))	-	1,250
<b>Total - from banks</b>	<b>5,502</b>	<b>5,431</b>

(ii) Details of short-term borrowings guaranteed by Directors and Holding Company :

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
Directors	8,000	8,000
Holding Company	8,000	8,000

**Note - III (a)**

Working Capital loan of ₹ 4,500 Lakhs from State Bank of India (SBI) is primarily secured by Pari passu first charge on present and future Current Assets of the Company along with Axis Bank and secured by second charge on fixed assets of the Company including Equitable Mortgage of Acre 32.07 1/2 guntas under Survey numbers 88 to 92 (part) of Ankanapally Village & Survey Numbers 144 to 145 (part) of Chandapur Village Sadasivapet Mandal, Medak District (the land on which the plant is located), on pari passu basis along with Axis Bank, and pledge of 24.60% of the total paid up equity capital (61,50,000 shares of ₹ 10 each) held by Pennar Industries Limited. Further secured by personal guarantee of Aditya N Rao and corporate guarantee of Pennar Industries Limited. The loan carries interest rate of 9.85% per annum (31 March, 2016 - 10.55% per annum).

**Note - III (b)**

Working Capital loan of ₹ 1,000 Lakhs from Axis Bank Limited is primarily secured by Pari passu first charge on present and future Current Assets of the Company and pari passu secured by second charge on present and future fixed assets of the Company including Equitable Mortgage of Acre 32.07 1/2 guntas under Survey numbers 88 to 92 (part) of Ankanapally Village & Survey Numbers 144 to 145 (part) of Chandapur Village Sadasivapet Mandal, Medak District (the land on which the plant is located) on paripassu basis along with State Bank of India (SBI). Further secured by personal guarantee of promoter director Aditya Rao and Corporate guarantee of Pennar Industries Limited. The loan carries interest rate of 10.82% per annum (31 March, 2016 - 11.55% per annum).

**Note - III (c)**

Working Capital loan of ₹ 2,500 Lakhs from Yes Bank Limited is exclusively secured by receivables. Further secured by personal guarantee of director Aditya N Rao and Corporate guarantee of Pennar Industries Limited. The loan carries interest rate of 10.25% per annum. (31 March, 2016 - 10.25%).



**PENNA ENGINEERED BUILDING SYSTEMS LIMITED**  
Notes forming part of the financial statements

**Note 9 Trade payables**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ In lakhs	₹ In lakhs
Trade payables:		
(a) Dues of micro enterprises and small enterprises - (Refer note no.29.2)		
- Acceptances	-	-
- Other than acceptances	166	263
(b) Dues of creditors other than micro enterprises and small enterprises		
- Acceptances	10,269	7,119
- Other than acceptances	6,347	5,805
<b>Total</b>	<b>16,782</b>	<b>13,187</b>

**Note 10 Other current liabilities**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ In lakhs	₹ In lakhs
(a) Current maturities of long-term borrowings		
From Banks - Secured		
Vehicle Loan	9	8
(b) Interest accrued and due on borrowings	21	178
(c) Statutory remittances	1,126	522
(d) Payables on purchase of fixed assets	24	31
(e) Interest accrued on trade payables	122	64
(f) Advances from customers	2,875	3,228
(g) Other Payables	3,447	2,137
<b>Total</b>	<b>7,624</b>	<b>6,168</b>

**Note 11 Short-term provisions**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ In lakhs	₹ In lakhs
(a) Provision for employee benefits		
(i) Provision for compensated absences	86	64
(ii) Provision for gratuity	48	32
	134	96
(b) Provision - Others:		
(i) Provision for tax [net of advance tax ₹ 3,223 lakhs (As at 31 March, 2016 ₹ 2,241 lakhs)]	60	1,528
(ii) Provision for estimated loss on derivatives	-	3
<b>Total</b>	<b>194</b>	<b>1,627</b>



PENNAR ENGINEERED BUILDING SYSTEMS LIMITED  
Notes forming part of the financial statements

Note 12 Fixed assets

Particulars	Gross block					Accumulated depreciation and amortization					Net block	
	As at 1 April, 2016	Additions	Disposals	As at 31 March, 2017	As at 1 April, 2016	Depreciation / amortisation expense for year	Other adjustments - Transfer Capital Expenditure	Eliminated on disposal of assets	As at 31 March, 2017	As at 31 March, 2017	As at 31 March, 2016	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	
<b>A.</b>												
Tangible assets												
(a) Land Freehold	195 (195)	- (-)	- (-)	195 (195)	- (-)	-	-	-	-	195 (195)	195 (195)	
(b) Buildings	4,212 (3,754)	50 (458)	- (-)	4,262 (4,212)	543 (418)	142 (126)	-	-	685 (543)	3,577 (3,669)	3,669 (3,336)	
(c) Plant and Equipment*	3,207 (3,164)	251 (68)	- (25)	3,458 (3,207)	1,113 (790)	242 (338)	-	-	1,355 (1,113)	2,103 (2,094)	2,094 (2,374)	
(d) Electrical Equipments	128 (127)	2 (1)	- (-)	130 (128)	45 (28)	15 (17)	-	-	60 (45)	70 (83)	83 (99)	
(e) Furniture and Fixtures	135 (123)	3 (12)	5 (-)	133 (135)	65 (51)	17 (14)	-	4	78 (65)	55 (70)	70 (72)	
(f) Vehicles	58 (29)	- (58)	- (29)	58 (58)	4 (7)	7 (5)	-	-	11 (4)	47 (54)	54 (22)	
(g) Office equipment	93 (90)	5 (13)	- (10)	98 (93)	78 (80)	9 (8)	-	-	87 (78)	11 (15)	15 (10)	
(h) Leasehold improvements	98 (62)	4 (36)	- (-)	102 (98)	57 (46)	9 (9)	-	-	66 (57)	36 (41)	41 (14)	
(i) Computers	319 (254)	46 (66)	9 (1)	366 (319)	242 (197)	43 (46)	-	9	276 (242)	80 (77)	77 (57)	
<b>Total - tangible assets</b>	<b>8,445</b> <b>(7,798)</b>	<b>361</b> <b>(712)</b>	<b>14</b> <b>(65)</b>	<b>8,792</b> <b>(8,445)</b>	<b>2,147</b> <b>(1,619)</b>	<b>484</b> <b>(563)</b>	<b>-</b> <b>(2)</b>	<b>13</b> <b>(33)</b>	<b>2,618</b> <b>(2,147)</b>	<b>6,174</b> <b>(6,298)</b>	<b>6,298</b> <b>(6,179)</b>	
<b>B.</b>												
Intangible assets												
Licenses	271 (238)	58 (33)	- (-)	329 (271)	124 (100)	30 (24)	-	-	154 (124)	175 (147)	147 (138)	
Computer Software	293 (242)	29 (51)	- (-)	322 (293)	56 (29)	32 (27)	-	-	88 (56)	234 (237)	237 (213)	
<b>Total - Intangible assets</b>	<b>564</b> <b>(480)</b>	<b>87</b> <b>(84)</b>	<b>-</b> <b>(-)</b>	<b>651</b> <b>(564)</b>	<b>180</b> <b>(129)</b>	<b>62</b> <b>(51)</b>	<b>-</b> <b>(-)</b>	<b>-</b> <b>(-)</b>	<b>242</b> <b>(180)</b>	<b>409</b> <b>(384)</b>	<b>384</b> <b>(351)</b>	
<b>Total</b>	<b>9,009</b> <b>(8,278)</b>	<b>448</b> <b>(796)</b>	<b>14</b> <b>(65)</b>	<b>9,443</b> <b>(9,009)</b>	<b>2,327</b> <b>(1,748)</b>	<b>546</b> <b>(614)</b>	<b>-</b> <b>(2)</b>	<b>13</b> <b>(33)</b>	<b>2,860</b> <b>(2,327)</b>	<b>6,583</b> <b>(6,682)</b>	<b>6,682</b> <b>(6,530)</b>	

\* Plant and Equipment includes leasehold improvements ₹ 365 lakhs (As at 31 March, 2016 ₹ 365 lakhs).

Note: Figures in brackets relate to the previous year

Note 12 Fixed assets (contd.)

Particulars	For the year ended 31 March, 2017		For the year ended 31 March, 2016	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
On tangible assets as per Note 12 A	484	563	563	563
On intangible assets as per Note 12 B	62	51	51	51
Less: Expenses incurred towards capital projects	546	614	614	614
<b>Depreciation and amortisation</b>	<b>546</b>	<b>612</b>	<b>612</b>	<b>612</b>



PENMAR ENGINEERED BUILDING SYSTEMS LIMITED  
Notes forming part of the financial statements

Note 13 Long-term loans and advances

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
(a) Capital advances		
Unsecured, considered good	31	-
(b) Rental & Other Deposits		
Unsecured, considered good	194	193
(c) Advance Tax [Net of provision for tax ₹4,283 lakhs (as at 31 March, 2016 - ₹3,504 lakhs)]	24	9
<b>Total</b>	<b>249</b>	<b>202</b>

Note 14 Other non-current assets

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
Long-term Trade receivables		
Unsecured, considered good	1,268	631
<b>Total</b>	<b>1,268</b>	<b>631</b>

Note 15 Current Investments

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
Investment in mutual funds (Refer note (i) below)	3,529	3,315
<b>Total</b>	<b>3,529</b>	<b>3,315</b>
Aggregate value of unquoted investment	-	-
Aggregate value of quoted investment	3,529	3,315
Aggregate market value of quoted investment	3,529	3,315

Note: (i) Investment in mutual funds

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
<b>SBI Premier Liquid Fund -Regular Plan</b> (31 March, 2016 - 49,882.14 units of Premier Liquid - Daily Dividend face value of ₹ 1,003.2500)	-	500
<b>SBI Premier Liquid Fund -Direct Plan</b> 10,051.21 units of Premier Liquid - Daily Dividend face value of ₹ 1,003.2500 (31 March, 2016 - Nil)	101	-
<b>Birla Sunlife Cash Plus Collection</b> 4,01,884.30 units of Birla Dividend - daily reinvestment face value of ₹ 100.1950 (31 March, 2016 - 249,674.86 units of Birla Dividend - daily reinvestment face value of ₹ 100.1950)	402	250
<b>ICICI Prudential Liquid Mutual Fund -Direct Plan</b> (31 March, 2016 - 249,984.037 units of ICICI Dividend - daily reinvestment face value of ₹ 100.0565)	-	250
<b>ICICI Prudential Savings Fund</b> 56,854.63 units of ICICI Dividend-daily reinvestment face value of ₹ 100.0153 (31 March, 2016 - Nil)	101	-
<b>Reliance Liquid Fund - Treasury plan</b> (31 March, 2016 - 1,8363.4610 units of Reliance Liquid - Daily Dividend face value of ₹ 1,528.74)	-	250
<b>Axis Bank Liquid Fund Daily Dividend</b> 10,055.64 units of Axis Liquid - Daily Dividend face value of ₹ 1,000.0413 (31 March, 2016 - 49,999.468 units of Axis Liquid - Daily Dividend face value of ₹ 1,000.0420)	101	500
<b>IDFC Cash Fund</b> (31 March, 2016 - 24,990.91 units of IDFC Liquid - Daily Dividend face value of ₹ 1,000.6596)	-	250
<b>Religare Invesco Liquidity Fund</b> (31 March, 2016 - 24,992.447 units of Religare Invesco - Daily reinvestment face value of ₹ 1,000.79)	-	250
<b>Kotak Floater - Short Term - D</b> 24,727.87 units of Kotak Floater - Daily reinvestment face value of ₹ 1,011.82 (31 March, 2016 - 24,727.9981 units of Kotak Floater - Daily reinvestment face value of ₹ 1,011.82)	757	250
<b>Kotak Low Duration Fund</b> 25,057.55 units of Kotak Liquid Fund - Daily reinvestment face value of ₹ 1,200.51 (31 March, 2016 - Nil)	301	-
<b>HDFC RIF STF WP - UST</b> (31 March, 2016 - 1,010,282.793 units of HDFC RIF STF Dividend daily reinvestment face value of ₹ 10.0809)	-	102
<b>HDFC Liquid Fund</b> 24,865.05 units of HDFC Liquid Fund - Daily reinvestment face value of ₹ 1,010.8209 (31 March, 2016 - Nil)	252	-
<b>Franklin India Ultra Short term Bond</b> (31 March, 2016 - 2,029,830.08 units of Franklin India Dividend daily reinvestment face value of ₹ 10.0602)	-	204
<b>UTI-Treasury Advantage Fund-Ins</b> (31 March, 2016 - 19,160,000 units of UTI Treasury dividend daily reinvestment face value of ₹ 1002.3540)	-	102
<b>Reliance Medium Term Fund -UST</b> 6,31,062.70 units of Reliance medium term fund dividend daily reinvestment face value of ₹ 17.0956 (31 March, 2016 - 595,406.404 units of Reliance medium term fund dividend daily reinvestment face value of ₹ 17.0956)	108	102
<b>ICICI Prudential -UST</b> (31 March, 2016 - 658,791.91 units of ICICI Prudential - UST Growth plan face value of ₹ 15.1793)	-	100
<b>Birla Sun Life Savings Fund-US</b> (31 March, 2016 - 207,136.421 units of Birla sun life savings dividend daily reinvestment face value of ₹ 100.2972)	-	205
<b>DSP Blackrock Liquid Mutual Fund</b> 50,281.8890 units of DSP blackrock mutual fund dividend daily reinvestment face value of ₹ 1000.8071 (31 March, 2016 - Nil)	503	-
<b>Sundaram Income Plus-Monthly dividend</b> 75,80,147.85 units of Sundaram mutual fund dividend daily reinvestment face value of ₹ 31.9516 (31 March, 2016 - Nil)	903	-
<b>Total</b>	<b>3,529</b>	<b>3,315</b>



**PENNAR ENGINEERED BUILDING SYSTEMS LIMITED**  
Notes forming part of the financial statements

**Note 16 Inventories**  
(At lower of cost or net realisable value)

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
(a) Raw materials	8,436	3,569
Goods-in-transit	243	347
(b) Work-in-progress	3,184	1,589
(c) Finished goods	8,455	3,020
(d) Stores and spares	228	264
Goods-in-transit	7	67
(e) Scrap	54	39
<b>Total</b>	<b>20,607</b>	<b>8,895</b>

**Note 17 Trade receivables**

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ in lakhs	₹ in lakhs
Trade receivables outstanding for a period exceeding six months from the date they were due for payment (Refer Note below)		
Secured, considered good	71	69
Unsecured, considered good	6,743	5,793
Doubtful	785	441
	7,599	6,303
Less: Provision for doubtful trade receivables	785	441
	6,814	5,862
Other Trade receivables		
Secured, considered good	377	319
Unsecured, considered good	2,527	7,839
	2,904	8,158
<b>Total</b>	<b>9,718</b>	<b>14,020</b>
Considered good	9,718	14,020
Considered doubtful	785	441
<b>Total</b>	<b>10,503</b>	<b>14,461</b>

Note: Trade receivables includes retention money aggregating ₹ 3,429 lakhs (As at 31 March, 2016 ₹ 3,031 Lakhs)



Note 18: Cash and bank balances

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ In lakhs	₹ In lakhs
(a) Cheques on hand	200	-
(b) Balances with banks		
(i) In current accounts	946	489
(ii) In deposit accounts	-	5,800
(iii) In earmarked accounts		
- Balances held as margin money against guarantees and Letter of Credits	392	380
<b>Total</b>	<b>1,538</b>	<b>6,669</b>
Cash and bank balance that meet the definition of Cash and cash equivalents as per AS 3 'Cash Flow Statements'	1,146	6,289

Note 19 Short-term loans and advances

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ In lakhs	₹ In lakhs
(a) Security deposits		
Unsecured, considered good	473	441
(b) Prepaid expenses		
Unsecured, considered good	267	285
(c) Balances with government authorities		
Unsecured, considered good	825	118
(d) Inter-corporate deposits with related parties		
Unsecured, considered good	1,579	1,350
(e) Advances to Contractors, Suppliers and Others		
Unsecured, considered good	4,957	3,192
Considered doubtful	16	16
Less: Provision for doubtful advances	(16)	(16)
<b>Total</b>	<b>8,101</b>	<b>5,386</b>
Unsecured, considered good	8,101	5,386
Considered doubtful	16	16
<b>Total</b>	<b>8,117</b>	<b>5,402</b>

Note 20 Other current assets

Particulars	As at 31 March, 2017	As at 31 March, 2016
	₹ In lakhs	₹ In lakhs
(a) Unbilled revenue	2,011	1,387
(b) Incentive receivable	589	589
(c) Interest accrued on deposits	246	9
(d) Other receivables		
from related parties	467	524
from others	24	66
<b>Total</b>	<b>3,337</b>	<b>2,576</b>





**PENNNAR ENGINEERED BUILDING SYSTEMS LIMITED**  
Notes forming part of the financial statements

**Note 21 Revenue from operations (Gross)**

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ In lakhs	₹ In lakhs
(a) Sale of products (Refer Note (i) below)	46,955	44,175
(b) Sale of service (Refer Note (ii) below)	7,114	4,369
(c) Sale of Scrap	692	577
Revenue from operations (Gross)	54,761	49,121
Less: Excise duty	(4,503)	(4,429)
<b>Total</b>	<b>50,258</b>	<b>44,692</b>

Note	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
		₹ In lakhs	₹ In lakhs
(i)	<u>Sale of products comprises:</u>		
	Sale of Steel Structures & Pre-engineered Building Components	46,955	44,175
	<b>Total - Sale of products</b>	<b>46,955</b>	<b>44,175</b>
(ii)	<u>Sale of services comprises:</u>		
	Installation of Steel Structures & Pre-engineered building components	6,110	3,868
	Engineering services	1,004	501
	<b>Total - Sale of service</b>	<b>7,114</b>	<b>4,369</b>

**Note 22 Other operating revenue**

Note	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
		₹ In lakhs	₹ In lakhs
(i)	Incentives on Sales tax & Power (Refer Note 30.1)	-	31
	<b>Total</b>	<b>-</b>	<b>31</b>

**Note 23 Other Income**

Note	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
		₹ In lakhs	₹ In lakhs
(i)	Interest income comprises:		
	Interest from bank deposits	101	33
	Other Interest income	267	-
	<b>Total - Interest Income</b>	<b>368</b>	<b>33</b>
(ii)	Net Foreign exchange (loss)	(8)	(25)
(iii)	Dividend income on mutual funds	52	40
(iv)	Net profit on sale of current investments	8	3
(v)	Other non-operating income comprises:		
	Liabilities / Provision no longer required written back	82	81
	Miscellaneous Income	69	23
	<b>Total - Other non-operating Income</b>	<b>203</b>	<b>122</b>
	<b>Total</b>	<b>571</b>	<b>155</b>



PENNAR ENGINEERED BUILDING SYSTEMS LIMITED

Notes forming part of the financial statements

Note 24A Cost of materials consumed - Refer Note : 24B

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ In lakhs	₹ In lakhs
Opening stock	3,569	2,537
Add: Purchases	35,542	24,871
	39,111	27,408
Less: Expenses Incurred towards capital projects	-	89
Less: Closing stock	8,436	3,569
<b>Total</b>	<b>30,675</b>	<b>23,750</b>

Note 24B Cost of materials consumed

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ In lakhs	₹ In lakhs
HR Plates	12,409	8,810
GP Coils	4,953	3,349
Sheeting Coils	5,078	2,931
HR Sections	2,987	2,974
Bought outs	5,248	5,686
<b>Total</b>	<b>30,675</b>	<b>23,750</b>

Note 24C Changes in Inventories of finished goods and work-in-progress

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ In lakhs	₹ In lakhs
<b>Inventories at the end of the year:</b>		
Finished goods	8,455	3,020
Work-in-progress	3,184	1,589
Scrap	54	39
	11,693	4,648
<b>Inventories at the beginning of the year:</b>		
Finished goods	3,020	1,428
Work-in-progress	1,589	2,154
Scrap	39	8
	4,648	3,590
<b>Net (increase) in Inventories</b>	<b>(7,045)</b>	<b>(1,058)</b>

Note 25 Employee benefits expense

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ In lakhs	₹ In lakhs
Salaries, wages and bonus	3,376	2,915
Contributions to provident and other funds	156	139
Gratuity	54	50
Staff welfare expenses	112	123
	3,698	3,227
Less: Expenses incurred towards capital projects	-	4
<b>Total</b>	<b>3,698</b>	<b>3,223</b>

Note 26 Finance costs

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ In lakhs	₹ In lakhs
(a) Interest expense on:		
(i) Borrowings	463	396
(ii) Trade payables	66	22
(iii) Delayed payment of income taxes	53	70
	1,134	621
(b) Other borrowing costs		
<b>Total</b>	<b>1,716</b>	<b>1,109</b>



**PENNNAR ENGINEERED BUILDING SYSTEMS LIMITED**  
Notes forming part of the financial statements

**Note 27 Other Expenses**

Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
	₹ In lakhs	₹ In lakhs
Consumption of stores and spare parts	2,095	2,067
Increase / (decrease) of excise duty on inventory	613	175
Subcontract expenses	4,470	2,588
Erection expenses	6,062	3,906
Power and fuel	212	179
Other manufacturing cost	106	82
Rent including lease rentals (net)	305	296
Repairs and maintenance	14	18
Insurance	61	51
Rates and taxes	22	17
Communication	71	68
Travelling and conveyance	584	459
Freight and forwarding	1,914	1,498
Marketing and Selling expenses	331	312
Donations and contributions	-	2
Expenditure on Corporate Social Responsibility	9	19
Legal and professional	266	182
Auditors remuneration (Refer Note below)	26	26
Loss on fixed assets sold / scrapped / written off	2	17
Provision for doubtful trade receivables	383	100
Miscellaneous expenses	320	258
	17,866	12,320
Less: Expenses incurred towards capital projects	-	16
<b>Total</b>	<b>17,866</b>	<b>12,304</b>
<b>Note</b>		
Auditors' remuneration (net of Service Tax) comprises of:		
For Statutory Audit	24	24
For other services	1	1
Reimbursement of expenses	1	1
<b>Total</b>	<b>26</b>	<b>26</b>



**PENNAR ENGINEERED BUILDING SYSTEMS LIMITED**  
**Notes forming part of the financial statements**

**Note 28 Disclosures under Accounting Standards (contd.)**

Note	Particulars	For the year ended 31 March, 2017	For the year ended 31 March, 2016
28	<b>Earnings per share</b>		
	<u>Basic</u>		
	Net profit for the year (₹ in lakhs)	2,440	3,016
	Weighted average number of equity shares	34,274,911	31,853,872
	Earnings per share - Basic (₹)	7.12	9.47
	<u>Diluted</u>		
	Net profit for the year (₹ in lakhs)	2,440	3,016
	Weighted average number of equity shares - for diluted EPS	34,274,911	31,853,872
	Earnings per share - Diluted (₹)	7.12	9.47



Note 29 Additional Information to the financial statements

Note	Particulars	As at 31 March, 2017 ₹ In lakhs	As at 31 March, 2016 ₹ In lakhs
29.1(i)	<b>Contingent Liabilities</b>		
a	Disputed excise duty liability for which the Company has preferred an appeal	-	-
<b>Note</b>	<b>Particulars</b>		
29.2	<b>Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>		
	<b>Particulars</b>	<b>As at 31 March, 2017 ₹ in lakhs</b>	<b>As at 31 March, 2016 ₹ in lakhs</b>
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	166	263
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv)	The amount of interest due and payable for the year	21	22
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	85	64
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
	Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the statutory auditors.		
<b>Note</b>	<b>Particulars</b>		
29.3	<b>Value of Imports calculated on CIF basis</b>	<b>For the year ended 31 March, 2017 ₹ in lakhs</b>	<b>For the year ended 31 March, 2016 ₹ in lakhs</b>
	Raw materials	-	2,103
	Spare parts & components	128	5
	Capital goods	-	25
		128	2,133
29.4	<b>Expenditure in foreign currency</b>	<b>For the year ended 31 March, 2017 ₹ in lakhs</b>	<b>For the year ended 31 March, 2016 ₹ in lakhs</b>
	Royalty	35	8
	Professional charges	8	-
	Travel expenditure	2	5
		45	13
29.5	<b>Details of consumption of imported and indigenous items</b>	<b>For the year ended 31 March, 2017</b>	
		<b>₹ In lakhs</b>	<b>%</b>
	<b>Imported</b>		
	Raw materials	-	0.00%
		(2,314)	(9.74%)
	Stores & Spares	128	6.12%
		(9)	(0.44%)
	<b>Indigenous</b>		
	Raw materials	30,675	100.00%
		(21,436)	(90.26%)
	Stores & spares	1,967	93.88%
		(2,058)	(99.56%)
	<b>Total</b>	<b>32,770</b>	<b>100%</b>
		<b>(25,817)</b>	<b>100%</b>
	Note: Figures / percentages in brackets relates to the previous year		
29.6	<b>Earnings in foreign exchange : (FOB basis)</b>	<b>For the year ended 31 March, 2017 ₹ in lakhs</b>	<b>For the year ended 31 March, 2016 ₹ in lakhs</b>
	Export of services	1,004	501
	Others	447	96
		1,451	597
29.7	The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:	<b>As at 31 March, 2017</b>	
		<b>USD</b>	<b>₹ In lakhs</b>
	Receivables	175,190	113
		(110,398)	(73)
	Note: Figures in brackets relates to the previous year		



**PENNA ENGINEERED BUILDING SYSTEMS LIMITED**  
**Notes forming part of the financial statements**

**Note 30 Disclosures under Accounting Standards**

Note	Particulars	For the year ended	For the year ended
		31 March, 2017	31 March, 2016
		₹ In lakhs	₹ In lakhs
30.1	<b>Details of government grants</b>		
	Government grants accounted by the Company during the year towards		
	- Incentives		
	- Sales tax and power (recognised under other Operating Revenue)	-	31
	<b>Total</b>	-	<b>31</b>



Note 31 Disclosures under Accounting Standards (contd.)

Note	Particulars						
31.1	Employee benefit plans						
31.2.a	<p><u>Defined contribution plans</u></p> <p>The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 156 lakhs (Year ended 31 March, 2016 ₹ 139 lakhs) for Provident Fund contributions and ₹ 17 lakhs (Year ended 31 March, 2016 ₹ 12 lakhs) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.</p>						
31.2.b	<p><u>Defined benefit plans</u></p> <p>The Company offers the following employee benefit schemes to its employees:</p> <p>i. Gratuity ii. Compensated Absences</p> <p>The following table sets out the status of the defined benefit schemes and the amount recognised in the financial statements.</p>	₹ in lakhs					
		For the year ended 31 March, 2017			For the year ended 31 March, 2016		
	Particulars	Gratuity	Compensated Absences-SL	Compensated Absences-PL	Gratuity	Compensated Absences-SL	Compensated Absences-PL
	<b>Components of employer expense</b>						
	Current service cost	47	4	39	42	18	35
	Interest cost	15	2	5	12	1	5
	Actuarial losses/(gains)	(8)	3	(11)	(4)	1	(17)
	<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>54</b>	<b>9</b>	<b>33</b>	<b>50</b>	<b>20</b>	<b>23</b>
	<b>Actual contribution and benefit payments for year</b>						
	Actual benefit payments	15	-	-	1	-	-
	Actual contributions	70	-	-	86	-	-
	<b>Net liability recognised in the Balance Sheet</b>						
	Present value of defined benefit obligation	122	37	105	160	17	92
	Fair value of plan assets	(85)	-	-	(87)	-	-
	Expenses as above	54	9	33	50	20	23
	Settlements made	(5)	-	(11)	(1)	-	(10)
		<b>88</b>	<b>46</b>	<b>127</b>	<b>122</b>	<b>37</b>	<b>105</b>
	<b>Classification of Net liability recognised in the Balance Sheet</b>						
	Long term provision	38	16	78	90	20	63
	Short term provision	48	30	49	32	17	42
		<b>86</b>	<b>46</b>	<b>127</b>	<b>122</b>	<b>37</b>	<b>105</b>



Note 31 Disclosures under Accounting Standards (contd.)

₹ in lakhs

Note	Particulars	For the year ended 31 March, 2017			For the year ended 31 March, 2016			
		Gratuity	Compensated Absences-SL	Compensated Absences-PL	Gratuity	Compensated Absences-SL	Compensated Absences-PL	
	<b>Change in defined benefit obligations (DBO) during the year</b>							
	Present value of DBO at beginning of the year	122	37	105	160	17	92	
	Current service cost	47	4	39	42	18	35	
	Interest cost	15	2	5	12	1	5	
	Actuarial (gains) / losses	(8)	3	(11)	(4)	1	(17)	
	Fair value of plan assets	(85)	-	-	(87)	-	-	
	Benefits paid	(5)	-	(11)	(1)	-	(10)	
	<b>Present value of DBO at the end of the year</b>	<b>86</b>	<b>46</b>	<b>127</b>	<b>122</b>	<b>37</b>	<b>195</b>	
	<b>Actuarial assumptions</b>							
	Discount rate	6.69%	6.69%	6.69%	7.46%	7.46%	7.46%	
	Expected return on plan assets *	7.71%	-	-	7.85%	-	-	
	Salary escalation	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	
	Attrition	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	
	Mortality tables	IALM(2006-08)	IALM(2006-08)	IALM(2006-08)	IALM(2006-08)	IALM(2006-08)	IALM(2006-08)	
	<b>Experience adjustments</b>							
		₹ in lakhs						
	Particulars	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013		
	<b>Gratuity</b>							
	Present value of DBO	86	122	160	113	78		
	Funded status [Surplus / (Deficit)]	(86)	(122)	-	-	-		
	Experience gain / (loss) adjustments on plan liabilities	(8)	(7)	-	-	-		
	Experience gain / (loss) adjustments on plan assets	(1)	(1)	-	-	-		
	<b>Compensated Absences</b>							
	Present value of DBO	173	142	109	65	42		
	Fair value of plan assets	-	-	-	-	-		
	Funded status [Surplus / (Deficit)]	-	-	-	-	-		
	Experience gain / (loss) adjustments on plan liabilities	-	-	-	-	-		
	Experience gain / (loss) adjustments on plan assets	-	-	-	-	-		
	The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors, such as supply and demand factors in the employment market							
31.2.c	<b>Short Term Employee Benefit</b> The Company offers compensated absences in the nature of casual leaves to the employees which are fully considered as short-term employee benefits. The amount charged to Statement of Profit and Loss for the year was ₹ 2 lakhs (year ended 31 March, 2016 - ₹ 3 lakhs) and Short term compensated balances as at 31 March, 2017 was ₹ 7 lakhs (as at 31 March, 2016 - ₹ 5 lakhs)							





**PENNAR ENGINEERED BUILDING SYSTEMS LIMITED**  
**Notes forming part of the financial statements**

**Note 31 Disclosures under Accounting Standards (contd.)**

Note	Particulars			
31.3 (a)	The Company is engaged in manufacture and erection of steel products, i.e., pre engineered buildings, which in the context of Accounting Standard -17 issued by the Company's Accounting ( Standard ) Rules, 2008 is a single business segment.			
31.3 (b)	The geographic segments individually contributing 10 per cent or more of the Company's revenues and segment assets are shown separately:			
	Geographic Segment	Revenues For the year ended 31 March, 2017	Segment assets As at 31 March, 2017	Capital expenditure Incurred during the year ended 31 March, 2017
		₹ in lakhs	₹ in lakhs	₹ in lakhs
India		53,310 (48,485)	54,928 (48,502)	558 (796)
Others		1,451 (636)	113 (73)	- (-)
<b>Note:</b> Figures in bracket relates to the previous year / as at 31 March, 2016				



**PENNAR ENGINEERED BUILDING SYSTEMS LIMITED**  
Notes forming part of the financial statements

**Note 31 Disclosures under Accounting Standards (contd.)**

Note	Particulars
31.4	<b>Related party transactions</b>
31.4.a	<b>Details of related parties:</b>
	<b>Description of relationship</b>
	<b>Names of related parties</b>
	Holding Company
	Pennar Industries Limited
	Key Management Personnel (KMP)
	Nrupender Rao - Chairman PV Rao - Managing Director Aditya N Rao - Vice Chairman Shrikant Bhakkad - Chief Financial Officer
	Relatives of KMP
	J Rajyalakshmi (Wife of Nrupender Rao) Avanti Rao & Arathi Rao (Daughters of Nrupender Rao) Usha Raman (Wife of PV Rao) D Sudeepta Rao (Wife of Aditya N Rao)
	Fellow subsidiary
	Pennar Enviro Limited (formerly Pennar Chemical Limited) Pennar Renewables private limited (Formerly New Era Enviro Ventures (Karimnagar) Private Limited)
	Company in which KMP / Relatives of KMP have significant influence:
	Pennar Holdings Limited Pennar Solar Limited Saven Technologies Limited
	<b>Note: Related parties have been identified by the Management.</b>

**Details of related party transactions For the year ended 31 March, 2017 and balances outstanding as at 31 March, 2017:**

31.4.b	PARTICULARS	₹ In lakhs				
		Holding Company	KMP	Pennar Enviro Limited	Pennar Renewables Private Limited	Saven Technologies Limited
	<b>Transaction during the year</b>					
	Purchase of goods	2,307	-	-	-	-
	Sale of goods	(2,614)	(-)	(-)	(-)	(-)
	Purchase of fixed assets	270	-	28	14	-
	Rendering of services	(8)	(-)	(-)	(866)	(-)
	Receipt of services	-	-	-	-	-
	Reimbursement of Rent and other expenses	-	(-)	(-)	(-)	(-)
	Intercompany deposits given	18	-	-	189	-
	Guarantees and collaterals	(-)	(-)	(-)	(229)	(-)
	Remuneration to KMP	15	-	-	-	-
	P V Rao*	(104)	(-)	(-)	(-)	(10)
	Aditya N Rao	110	-	1	-	-
	Shrikant Bhakkad*	(122)	(-)	(-)	(-)	(-)
	Balances outstanding as at	-	-	750	829	-
	Trade and other receivables	(-)	(-)	(1,350)	(-)	(-)
	Unbilled revenue receivable	34,765	34,150	-	-	-
	Other receivables	(33,500)	(28,500)	(-)	(-)	(-)
	Loans and advances	-	130	-	-	-
	Intercorporate deposits given	(-)	(122)	(-)	(-)	(-)
	Provision for doubtful advances	(-)	-	(-)	(-)	(-)
	Trade and other payables	(-)	41	(-)	(-)	(-)
	Advance from customers	(-)	(39)	(-)	(-)	(-)
	Rent deposit	294	-	145	121	-
	Guarantees and collaterals	(79)	(-)	(-)	(-)	(-)
	Trade and other payables	(-)	(-)	(-)	(229)	(-)
	Advance from customers	445	-	-	-	-
	Rent deposit	(445)	(-)	(-)	(-)	(-)
	Guarantees and collaterals	4,100	-	-	7	-
	Trade and other payables	(1,910)	(-)	(-)	(-)	(-)
	Advance from customers	-	(-)	(1,350)	(-)	(-)
	Rent deposit	(-)	(-)	(-)	(-)	(-)
	Guarantees and collaterals	573	-	-	-	-
	Trade and other payables	(67)	-	(-)	(-)	(4)
	Advance from customers	-	(-)	(-)	(247)	(-)
	Rent deposit	(-)	(-)	(-)	(-)	(-)
	Guarantees and collaterals	76	-	4	-	-
	Trade and other payables	(76)	(-)	(4)	(-)	(-)
	Advance from customers	34,765	34,150	-	-	-
	Guarantees and collaterals	(33,500)	(28,500)	(-)	(-)	(-)

Note: Figures in bracket relates to the previous year / as at 31 March, 2016

\* Does not include provision for gratuity and compensated absences



**PENNNAR ENGINEERED BUILDING SYSTEMS LIMITED**  
**Notes forming part of the financial statements**

**Note 31 Disclosures under Accounting Standards (contd.)**

Note	Particulars	As at 31 March, 2017	As at 31 March, 2016
		₹ In lakhs	₹ In lakhs
31.5	<b>Details of leasing arrangements</b>		
a	<b>As Lessor</b>		
	The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 5 years from 01 May, 2013 and may be renewed for a further period of 5 years based on mutual agreement of the parties.		
b	<b>As Lessee:</b>		
	Future minimum lease payments		
	not later than one year	73	222
	later than one year and not later than five years	-	736
	later than five years	-	262
		73	1,220

**Note**

- a) Rent includes lease rental recognized in Statement of Profit and Loss for the year ₹ 249 lakhs (2015-16 ₹ 84 lakhs)  
b) Aggregate operating lease income amounting to ₹ 110 lakhs (2015-16 ₹ 69 lakhs) has been net off with rent expense.

Note	Particulars	As at 31 March, 2017	As at 31 March, 2016
		₹ In lakhs	₹ In lakhs
32	<b>Deferred tax (liability) / asset</b>		
	Tax effect of items constituting deferred tax liability		
	On difference between book balance and tax balance of fixed assets	737	652
	Tax effect of items constituting deferred tax liability	737	652
	Tax effect of items constituting deferred tax assets		
	Provision for compensated absences and gratuity benefits	92	83
	Provision for doubtful debts / advances	269	152
	Straightline lease rent	36	23
	Tax effect of items constituting deferred tax assets	397	268
	<b>Net deferred tax liability</b>	<b>(340)</b>	<b>(384)</b>



**PENNA ENGINEERED BUILDING SYSTEMS LIMITED**  
Notes forming part of the financial statements

Note	Particulars	For the year ended	For the year ended
		31 March, 2017	31 March, 2016
		₹ In lakhs	₹ In lakhs
33	<b>Capitalisation of expenditure</b> Expenses disclosed under the respective notes are net of the following amounts capitalised by the Company under the buildings and plant and machinery blocks of fixed assts.		
	Cost of materials consumed	-	89
	Employee benefits expense	-	4
	Other expenses	-	16
	Depreciation and amortisation expense	-	2
	<b>Total</b>	-	<b>111</b>
34	During the previous year the Company approved the "Employee Stock Option Scheme 2014" for all eligible employees in pursuance of the special resolution approved by the share holders in Extra Ordinary General Meeting held on 11 November, 2014. Under the said scheme the number of options to be granted are 1,000,000 (March 31, 2016 - 1,000,000). The options are yet to be granted to eligible employees. Upon grant to the employees, vesting of shares, vesting period, exercise period and price will be computed.  Each option holder entitled to apply for and be allotted one ordinary share of ₹10 each upon payment at the exercise price.		
35	Tax expenses for the year ended March 31, 2017 includes tax for earlier years of ₹ (335) lakhs (March 31, 2016 - ₹ 185 Lakhs).		
36	In accordance with the MCA notification GSR 308 (E) dated March 30, 2017, details of Specified Bank Notes (SBN) and Other Denomination Notes (ODN) held and transacted during the period from November, 8 2016 to December 30, 2016 is given below		
	<b>Particulars</b>	<b>SBN's</b>	<b>Other Denominations</b>
	Closing cash in hand as on 08.11.2016	4,000	598
	(+) Permitted receipts	-	50,000
	(-) Permitted payments	-	20,070
	(-) Amount deposited in Banks	4,000	-
	<b>Closing cash in hand as on 30.12.2016</b>		<b>30,528</b>
37	Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification.		

For and on behalf of the Board of Directors



P V Rao  
Managing Director

Gopal Ladda  
Company Secretary



Aditya N Rao  
Vice Chairman

Srikant Bhakkad  
Chief Financial Officer

Place : Hyderabad  
Date : 11 May, 2017