



## SHANKARA BUILDING PRODUCTS LIMITED

### TRANSCRIPT OF THE ANNUAL GENERAL MEETING OF SHANKARA BUILDING PRODUCTS LIMITED HELD AT 10.15 A.M IST ON FRIDAY, 22ND JULY, 2022 THROUGH VIDEO CONFERENCING

**Chairman:** Dear members, Good Morning. It is my pleasure to welcome you to the 27th Annual General meeting of Shankara Building Products Limited. This AGM is convened through video conferencing and other visual means, pursuant to general circulars number 14 bar 2020, dated 8-4-2020, 17 bar 2020 dated 13-4-2020, 20/20 dated 5-5-2020, 28-2020 dated 17-8-2020, 02- 2021, 22 dated 5-5-2022 issued by the Ministry of Corporate Affairs and circulars issued by the Securities and Exchange Board of India, SEBI hereinafter, collectively referred to as circulars, which allow the companies to hold VC through video conferencing and other visual means. The company has taken all feasible steps to ensure that the shareholders are provided opportunity to participate in the Annual General Meeting and to vote. Facility to join the AGM through these means have been made available for members on a first come first serve basis. All members who have joined this meeting are by default placed on mute mode to avoid any crosstalk or disturbance arising from the background noise and to ensure smooth and seamless conduct of the meeting. Since there is no physical attendance of the members, appointing of proxies is not allowed as per the aforementioned circulars. Before I take up the agenda for this meeting today, I request all my fellow directors to introduce themselves.

First let me start. I'm V Ravichandar, Chairman and Independent Director of the company. I'm speaking to you from my residence in Bangalore through video conferencing. I request my colleagues on the Board to introduce themselves. Mr. Sukumar Srinivas will start. Sukumar, please unmute and start. Please unmute.

**Mr. Sukumar:** Good morning. I'm Sukumar Srinivas, Managing Director of the company attending this video conferencing meeting from our corporate office in Bangalore. Thank you.

**Chairman:** Ms. Jayashri Murali.

**Ms. Jayashri Murali:** I am Jayashri Murali, Independent Director attending this annual general body meeting from my residence in Bangalore through video conferencing.

**Chairman:** Mr. B Jayaraman.

**Mr. B. Jayaraman:** Hello, Good morning. I'm B Jayaraman, Independent Director and also the Chairman of Audit Committee and Risk Managing Committee. I'm participating in this meeting through video conferencing from the corporate office of the company at Bangalore. Thank you.

**Chairman:** Mr. Chandu Nair.



**Mr. Nair:** I'm Chandu Nair, Independent Director of Shankara Building Products and Chairman of the Nomination and Remuneration Committee. I'm attending this AGM through video conferencing for my residence in Chennai.

**Chairman:** Mr. C Ravikumar.

**Mr. Ravikumar:** Good morning. I'm C Ravikumar, Whole time Director of the company. I'm joining in this meeting through video conferencing from our corporate office, Bengaluru.

**Chairman:** Mr. RSV Shiva prasad.

**Mr. Shiva prasad:** Good morning, I'm RSV Shiva prasad, Non-Executive, Non-Independent Director of the company. I'm joining this meeting through video conference from my residence in Hyderabad. Thank you.

**Chairman:** Thank you. Thank you, fellow directors. Also joining us today in the AGM is our key managerial personnel of the company through video conferencing from the corporate office at Bengaluru. These are Ms. Ereena Vikram, company secretary and compliance officer. And Mr. Alex Varghese, our Chief Financial Officer. I also wish to inform our shareholders that Mr. M Balasubramaniam and Mr. Venkata Subramanyam S, partners of our statutory auditors from M/S Sundaram and Srinivasan, Chartered Accountants, Mr. V Madhavan, partner of our internal auditor from GRSM & Associates, and Mr. K Jai Chandran, our secretarial auditor and Mr. S Kannan, our scrutinizer are attending the meeting through video conferencing. Ereena, is the requisite quorum present?

**Company Secretary:** Yes sir, the quorum is present.

**Chairman:** Thank you Ereena. With the requisite quorum being present, I call the meeting to order. Members are requested to note that those members who have not registered themselves as speaker with the company, as per the details mentioned in the notice, can do so now. You can use the Q&A option available on your screen to indicate your interest to do so. This is to ensure that all valid queries are addressed at the time of the Q&A. The registers as required under the Companies Act 2013 are open for inspection. Members who have not voted earlier through remote E voting can cast their vote during the course of the meeting through E voting facility as organized by the company. Now the company secretary will explain the video conferencing instructions and give an overview of the E voting facilities. Over to you Ereena.

**Company Secretary:** Thank you sir. Good morning, everyone. This meeting is held through VC and is in compliance with the circulars issued by Ministry of corporate affairs and Securities Exchange Board of India. In compliance with the Companies Act 2013 and SEBI regulations, the company has provided its members to cast the vote on the resolutions set out in the AGM notice. The remote E voting commenced at 9 am on 19 July 2022, and concluded at 5 pm on 21 July 2022. Further, the company has provided the facility of voting during the AGM session. Members who have not casted their vote through remote E voting system, can do so now. E voting during the AGM is integrated with VC platform. Therefore, no separate login is required. The E voting thumb sign is appearing on the VC. Members can click on the same which will take them to instapoll page and follow the instructions. The members can use the link to vote, provided they have not used the E



voting facility earlier. Mr. S Kannan, practicing company secretary has been appointed as a scrutinizer. The vote cast at the meeting and through the remote E voting. Since the AGM is being held through VC and other audio visual means mentioned on the resolution as mentioned in the notice, therefore, there will be no requirement of proposing and seconding of the resolutions. Thank you, sir.

**Chairman:** Thank you Ereena. The Annual Report for the financial year 2021-22 has been already circulated to all the members by email, whose registered email address is available with the company. This is taken as read. Notice convening the 27th annual general meeting has been circulated to the members and is also taken as read. The statutory auditors report on the financial statements of the company for the financial year ended March 31, 2022 does not have any qualifications, observations or comments on financial transactions or matters which have an adverse effect on the functioning of the company. Accordingly, the auditor's report is not required to be read out before the meeting, as provided under Section 145 of the Companies Act 2013. I will now move on to the Chairman's message.

Dear shareholders. It gives me immense pleasure to welcome you to our 27th Annual General Meeting of Shankara Building Products Limited. I hope you and your family are safe and healthy. We are hopefully emerging from possibly the most challenging period of our lives and I extend my heartfelt sympathies to all those who have suffered during this calamity. We are living in extraordinary times. Today we have adjusted to a new normal of working from home, meeting online and generally relying on technology to help us overcome barriers and restrictions on our freedom of movement. Our best hope of resuming normal life and economic activity, rests on our population getting vaccinated and taking all steps for covid appropriate behavior. At our end, we have taken all the steps to have our employees and their families get vaccinated, including the booster dose.

### **Financial year 2021-22**

Notwithstanding the unprecedented challenges faced last year, your Company generated retail revenue of ₹1,408 Cr in FY22 which was 58.2 % of our total sales as against ₹1,184 Cr for FY21 recording a growth of 18.9% in retail sales. Our sales growth gained momentum with each passing quarter of the year. We are looking to leverage the strength of the brands we deal with to create customer pull for our stores.

The Channel segment continues to be a strategic business for the Company. It builds understanding of the markets and emerging trends. The Channel business recorded revenues of ₹505 crore for FY 22 as compared to ₹ 422 crore for FY 21, a growth of 20%. In the Enterprise segment, we cater to the requirements of large end users and OEMs. We generated revenue of ₹505 crores in FY 22, a growth of 16.7% over the previous year.

We run a chain of 90+ retail stores (as on 31st March, 2022) operating under the brand "Shankara Buildpro". We are increasing our focus on branding our stores and continuing with our customer outreach programme. The Company is continuously upgrading stores. The strategic consumer communication and campaigns helped in driving higher footfalls at the stores. The Company's focused approach helped to maintain working capital and cash flow position during FY22.



To summarize the key performance highlights in the financial year under review, the overall revenue was at ₹ 2,418 crores for FY 22 compared with ₹ 2,038 crores in FY 21, representing an overall growth of 18.6%. The PAT grew by 148% in the year under review over the previous year, and there was a 26% reduction in interest costs in FY 2022. Our retail segment EBITDA margins stood at 6.3% in FY 22. And the same store sales growth this financial year over the previous financial year was at 29%.

Broadly, if I have to just, I mean, the key figures which I've already mentioned, over all the margin was 3.6% in FY 22 over 3.8% in FY ending March 21. The PBT was at ₹ 46 crores over ₹ 20 crores, the previous year. And the profit after tax at ₹ 34 crores in place of ₹ 14 crores during the previous financial year.

Moving on to strategic partnership.

As many of you are aware the company pursuant to the approval of the shareholders and the Board of Directors of the company allotted 14 lakh share warrants convertible into equity shares at an offer price of rupees 750 per warrant to APL Apollo Mart, which is a wholly owned subsidiary of APL Apollo Tubes Limited. The key rationale for this strategic partnership are:

It helps raise funds for growth that is aligned with Shankara's building business plans, association to strengthen and ensure consistent supplies, priority access to APLs Apollo's new product launches and a value accretion to shareholders to enhance EPS and return on capital employee.

### **People and culture**

The company has dedicated teams that capably and successfully work on challenges of increasing customer demand. Your company's work management system is transparent and performance based. It strives to retain, develop and provide a better working environment for employees by creating an atmosphere of trust, competition and challenge. Thereby providing opportunities for personal and professional growth. We also place the utmost importance in hiring the right manpower and training them.

### **Community orientation**

Your company is continuously following the provisions of the Corporate Social Responsibility, CSR under the Companies Act 2013. The company is committed to continuing this kind of support particularly in the areas of health care infrastructure, education, environment sustainability, rehabilitating abandoned women and children. The company's focus has always been to contribute to the sustainable development of society and environment. The company has adopted two schools: Shankara Buildpro boy's home and Shankara Buildpro girl's home, as part of its continued philosophy of giving back to society. The company has also contributed towards integrated watershed projects and sustainable livelihood through community based farming practices.

Finally, I'm grateful to all our stakeholders and partners for their support, my fellow board members for their commitment and continued guidance to the firm, the management team and employees for diligently carrying forward the company's vision and strategy. And most importantly, for all you, dear shareholders for



your support for your company. I firmly believe that Shankara has the ability to seize opportunities which will surely come our way. We shall continue to perform better and the management endeavors to take your company to greater heights and emerge stronger in the years ahead. I wish to also make a few additional comments. There are early signs that the Building Material business is changing in India. The management team and the board at Shankara are keenly following the emerging market trends in this space. Today, efficient fulfillment of customer needs is a key differentiator. Our over 90 retail outlets is a major asset along with the warehousing facilities spread across the country. These are our fulfillment centres for our entire customer base, which spans individual house owners, contractors, small and large, small retailers, larger dealers, small and medium industries, builders, architects, plumbers. Our company today has a presence in 10 states in India and with a reasonable infrastructure covering all the southern states and much of central India. Consequently, Shankara is effectively placed to become a marketplace for varied customers who can take advantage of our omni channel presence, both in the digital space as well as our physical fulfillment centres. Its approach to providing customer delight will definitely expand the reach of your company and will be more effective in future growth and success. I now request Mr. Alex Varghese, Chief Financial Officer, to make a short presentation on the performance of the company. Over to you Alex.

**CFO:** Thank you sir. Over to next please.

Shankara is India's largest organized company retailer, wholesaler of home improvement and building products. We're spending 0.45 million square feet in our retail space and having 75 plus products and one lakh plus SKUs and we are spread in nine states and one union territory. Go to next. Next. Next. Performance of FY. Previous. Performance of FY 21-22. The company had a consolidated total revenue of Rs. 2,418 crores as against ₹ 2,038 in previous year. Retail has been 58% of the total revenue. The company attained EBITDA of ₹ 88 crores which is 3.6% of the total revenue. Our PAT stood at ₹ 34 crores which is 1.4% of the total revenue against 14% last year figure. Our same store sales growth stood at 29% as compared to FY 21. And our company's focused approach helped to maintain working capital and cash flow position during FY 22. During FY 22, inventory volumes strategically kept at adequate level in anticipation of higher demand.

Next slide. Our retail business ₹ 1,408 crores in FY 22 as against ₹ 1,184 crores in FY 21 recording a growth of 18.9%. ₹ 505 crores has been installed in FY 21, a growth of 20%. Even Enterprise also ₹ 505 crores which is 16.7% compared with the previous year.

Next slide. Some of the store metrics. We have added many retail outlets in FY 22 with a total area of 4,34,412 sq feet. Our average ticket sales is 4 thousand. Our average store size is 4,827 sq feet and average ticket size is ₹ 36,357. The revenue from the total retail stores stood at ₹ 1,408 crores and average rental cost per square feet per month is ₹ 14.2 crores. Our sales store sales growth of this stores stood at 29% of the previous year.

Next. APL Apollo Tubes, our key suppliers of steel tubes have subscribed through their wholly owned subsidiary APL Apollo Mart 1,400,000 warrants which are priced at ₹ 750 per warrant fully convertible into equity shares by way of preferential allotment. Ten lakh of equity shares at ₹ 755 per share have been sold by promoter. Move to the next. Next. Regarding the CSR activities, Chairman has already explained. We can move to next. Thank you.



**Chairman:** Thank you Alex. I will now take up the resolutions which were passed by the Board and recommended to all members for approval. There are three resolutions as an ordinary business and two resolutions as a special business. First, we take up the ordinary business resolution.

Resolution number one. To receive, consider and adopt the audited standalone financial statements of the company for the financial year ended March 31, 2022, together with the reports of the directors and auditors thereon and the audited, consolidated financial statements of the companies for the financial year ended March 31, 2022, together with a report of auditors thereon.

Resolution number two. To reappoint Mr. RSV Shiva prasad DIN number 01247339 as Director of the company who retires by rotation.

Resolution number three. Declaration of financial dividend.

As a special business, resolution number four. To approve increase in remuneration of Mr. Sukumar Srinivas DIN 01668064, Managing Director of the company.

Resolution number five. To approve increase in remuneration of Mr. C Ravikumar DIN 01247347, Whole Time Director of the company.

Now, I will take questions and invite the speakers who've registered to come forward with their queries. They will be called in the order in which they were registered to speak at the meeting. Ereena, will you call out the names one by one and allow the shareholders to speak?

**Moderator:** Our first speaker is Asha Yamaldas Harjani. I request the speaker to unmute your audio, switch on your camera and proceed. Madam Asha? The speaker has not currently joined sir and

**Chairman:** We can then go to the next registered speaker.

**Moderator:** Our next speaker is Celestion Elizabeth Mascarenhas. I request Ms Mascarenhas to unmute your audio, switch on your camera and speak. Sir, both the speakers are currently not logged in.

**Chairman:** Okay. During the session, Ereena, have you had anybody who has requested to speak to through Q&A box?

**CS:** Yes sir.

**Chairman:** Would you please call out their name?

**CS:** Yes sir. It's folio number 1201090019684471. Question is, issue of existing members, announce the issue of bonus shares. Dear Chairman



**Chairman:** I am, I am sorry. I didn't hear the question properly. Sukumar, can you just deal with that because you heard it. To me it was not clear enough. I'm sorry.

**CS:** Issue to existing members, announce the issue of bonus shares.

**Mr. Sukumar:** Okay. I think, yeah at appropriate time, definitely the company will look at issuing bonus shares. I think we just need a couple of more years to stabilize to look at the bonus shares.

**Chairman:** And we have noted your interest in that we should look at a bonus share. And the board from time to time does discuss these aspects. And as the CEO mentioned, that when we feel that the time is right, and it is doable by the firm, that's the time when these kind of decisions are taken. Next question, Ereena?

**CS:** Sir, no questions.

**Chairman:** No further questions. Okay. So, since there are no other questions, I would like to thank all shareholders for taking the initiative to join this meeting through video conferencing. I would like to thank all our directors who joined the meeting. I now authorize Ms. Ereena Vikram, company secretary to conduct the voting procedure and conclude the meeting. The E voting facility will remain open for the next 15 minutes to enable those members who have not cast their vote already, and would now like to cast their vote. The results would be announced not later than two working days of the conclusion of the 27th AGM. Same would be intimated to the Stock Exchange's and uploaded on the website of the company. Now, I and other board members would like to leave the meeting. We request all shareholders to stay safe, stay healthy, and take care of themselves and their family. Thank you everyone and good day.

Thank you.