

Date: 12<sup>th</sup> June, 2018

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

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

**Sub: - Pursuant to Regulation 30, Part-A, Schedule-III (Listing Obligations and Disclosure Requirements)**

Dear Sir/Madam,

This is to inform the Exchange that 23<sup>rd</sup> Annual General Meeting of the Shankara Building Products Limited held today, 12<sup>th</sup> June, 2018.

Please find enclosed herewith summary of proceedings as required in terms of Regulation 30, Part-A, Schedule-III (Listing Obligations And Disclosure Requirements), Regulations, 2015.

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

Thanking You

For **Shankara Building Products Limited**

*Ereena Vikram*

Ereena Vikram

**Company Secretary & Compliance Officer**



Enclosed: As above



### **Proceedings of Annual General Meeting**

The 23<sup>rd</sup> Annual General Meeting of the Company held on Tuesday, 12<sup>th</sup> June, 2018 at 3.00 P.M at "The Lalit Ashok (an enterprise of Bharat Hotels Limited), Kumara Krupa High Grounds, Bengaluru- 560001".

#### **Sitting on the dais**

1. Ms. Jayashri Murali, Chairperson of the Meeting
2. Mr. Sukumar Srinivas, Managing Director
3. Mr. Chandu Nair, Independent Director
4. Mr. C.Ravi Kumar, Whole-time Director
5. Mr. RSV Siva Prasad, Whole-time Director
6. Mr. Siddhartha Mundra, Chief Executive Officer
7. Mr. Alex Varghese, Chief Financial officer
8. Ms. Ereena Vikram, Company Secretary & Compliance Officer

The Chairperson informed that Mr. V. Ravichandar, Chairman, Independent Director is unable to attend the Annual General Meeting on account of urgent personal commitment.

The Chairperson after ascertaining the quorum, called the meeting to order.

Thereafter, the Chairperson asked Mr. Sukumar Srinivas, Managing Director to deliver the Chairman's message.

The Managing director then read out the Chairman's Message addressed to the members.

#### **Chairman's Message**

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

Shankara has kept its tryst with destiny and has emerged as one of the largest retailers of building material in India in the organized sector. Your Company has always believed that change is a constant and strives to be ahead of the curve. Your Company thought it fit over two years ago, to offer a range of comprehensive building materials under one roof when the market place was totally fragmented and disaggregated. Over the last year, a large number of new building materials categories have been added to the bouquet of offerings by Shankara.

The number of items went up from ~20,000 to over 30,000 over the year. 23 new stores were added and about 40 existing stores were revamped and upgraded. The Company has 129 retail stores as on 31st March 2018. We have also started our own online store [www.buildpro.store](http://www.buildpro.store).





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

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

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

(Amount in Million)

| Total Revenue      | Q4       |          |        | FY18 Q3  | Growth |
|--------------------|----------|----------|--------|----------|--------|
|                    | FY18     | FY17     | Growth |          |        |
| Sales              | 7,608.10 | 6,003.89 | 26.72% | 6,246.16 | 21.80% |
| Sales adjusted GST | 7,608.10 | 5,336.79 | 42.56% |          |        |

| Retail Revenue     | Q4       |          |        | FY18 Q3  | Growth |
|--------------------|----------|----------|--------|----------|--------|
|                    | FY18     | FY17     | Growth |          |        |
| Sales              | 3,778.44 | 2,650.19 | 42.57% | 2,989.30 | 26.40% |
| Sales adjusted GST | 3,778.44 | 2,355.73 | 60.39% |          |        |

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

**II. Consolidated financials for the year 2017-18.**

(Amount in Million)

|                    | FY18      | FY17      | Growth |
|--------------------|-----------|-----------|--------|
| Sales              | 25,486.66 | 23,101.41 | 10.33% |
| Sales adjusted GST | 24,829.31 | 20,534.58 | 20.91% |
| EBITDA             | 1,758.34  | 1,522.37  | 15.50% |
| PAT                | 739.06    | 586.50    | 26.01% |

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

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







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

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

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

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

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

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

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

At the request of the Chairperson, the Chief Executive Officer gave the presentation on Business Highlights.

At the request of Chairperson, the Company Secretary informed the shareholders of the evoting process.

The Chairperson took the formal proceeding of the meeting. With the concurrence of members the Notice of 23<sup>rd</sup> Annual General Meeting together with Financial Statements, Director's Report and Auditor's report were taken as read.





The following items of business as stated in the notice were taken up for consideration.

| Item No | Description  | Type of resolution                       |
|---------|--|--|
| 1.      | Adoption of Financial Statements and Reports of the Board of Directors and the Auditors thereon  | Ordinary Business<br>Ordinary resolution |
| 2.      | Declaration of Dividend  | Ordinary Business<br>Ordinary resolution |
| 3.      | Re-appointment of Mr. RSV. Siva Prasad (DIN: 01247339), as a Director, retiring by rotation  | Ordinary Business<br>Ordinary resolution |
| 4.      | To approve re-appointment of Mr. RSV. Siva Prasad (DIN: 01247339) as Whole-time Director of the Company and to approve revision in remuneration  | Special Business-<br>Special resolution  |
| 5.      | To approve re-appointment of Mr. Sukumar Srinivas (DIN: 01668064), Managing Director of the Company.   | Special Business<br>Special resolution   |
| 6.      | To approve re-appointment of Mr. C. Ravikumar (DIN: 01247347) as Whole-time Director of the Company and to approve revision in remuneration.   | Special resolution<br>Special resolution |
| 7.      | In compliance with relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to approve capital raising by the Company by way of issuance of securities through qualified institutions placement, private placement / public issue of equity, preferential issue, or through any mode and / or a combination thereof, in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"), and Section 42 of the Companies Act, 2013, and the rules framed thereunder. | Special Business<br>Special resolution   |

Before formally ordering Poll, the Chairperson invited members who would like to ask questions to the Board of Directors or to make their comments, give suggestions and seek clarifications, if any on the agenda items as set out in the Notice of 23<sup>rd</sup> Annual General Meeting.

Clarifications were provided to the members on the queries raised in the meeting.

One of the members raised a query as to whether we track same store sales growth metric to assess retail store performance and how is it computed. On this aspect, we explained that we capture metrics such as Same Store Sales Growth for the retail operations. In addition, we are adding another metric of Comparable Sales. The following details the computation methodology and the resultant numbers.







### **I. Same Store Sales Growth (SSSG) computation**

The definition of SSSG (Same Store Sales Growth) considers stores that were in operation for at least 12 months at the end of the period.

For example, for FY 18, the SSSG considers stores in operation at the end of FY 17. The growth in revenues generated from these stores in FY 17 and FY 18 represents the SSSG. FY 18 SSSG computation is as follows:

| <b>Stores considered for SSSG</b> | <b>Revenue considered for FY 17</b>             | <b>Revenue considered for FY 18</b>             |
|-----------------------------------|---|---|
| 106 stores at end of FY 17        | Revenues of these 106 stores in full year FY 17 | Revenues of these 106 stores in full year FY 18 |
| <b>Total</b>                      | <b>Sum total of above = [A]</b>                 | <b>Sum total of above = [B]</b>                 |

Same store sales growth calculation:  $( [B] - [A] ) / [A]$

### **II. Comparable Sales Growth computation**

The definition of comparable sales method considers stores that have completed at least 12 months of operations. Revenues from these stores become comparable in the immediate following month after their 12<sup>th</sup> month of operation.

For example, for FY 18, the comparable sales considers all stores operational at the end of FY 15. In addition, for stores opened during FY 16, the comparable period of sales in FY 17 and FY 18 is also considered after they complete 12 months of operations. Store closures, if any in the period, will be removed from both the base and the subsequent year revenue computations. FY 18 comparable sales computation is as follows:

| <b>Stores considered for Comparable Sales</b>    | <b>Revenue considered for FY 17</b>                                    | <b>Revenue considered for FY 18</b>                                    |
|--|--|--|
| 88 stores, say, operational at end of FY 15      | Revenues of these 88 stores in full year FY 17, net of closures if any | Revenues of these 88 stores in full year FY 18, net of closures if any |
| For stores opened in FY 16 and still operational |  |  |
| Store no. 89, say, opened in April 2015          | Store no. 89 revenue from May 2016 to March 2017                       | Store no. 89 revenue from May 2017 to March 2018                       |
| Store no. 90, say, opened in January 2016        | Store no. 90 revenue from February 2017 to March 2017                  | Store no. 90 revenue from February 2018 to March 2018                  |
| [Other stores opened during FY 16]               | [Revenue post 12 months of operations upto end March 2017]             | [Comparable period revenue for FY 18]                                  |
| <b>Total</b>                                     | <b>Sum total of above = [C]</b>  | <b>Sum total of above = [D]</b>  |

Comparable sales calculation:  $( [D] - [C] ) / [C]$

*Please note: The above computation is in-line with international best practices for reporting of such numbers. This is intended only as an additional information and has no bearing on reported audited financials as disclosed earlier. We will report both the SSSG numbers and the Comparable Sales numbers for the next year.*





### III. Computations of these two metrics for last 3 years

The computations of the two metrics for the previous 3 years are available in the table below.

| Financial Year | Same Store Sales Growth | Comparable Sales Growth |
|----------------|-------------------------|-------------------------|
| 2017-18*       | 27.4%                   | 23.4%                   |
| 2016-17        | 19.4%                   | 15.7%                   |
| 2015-16        | 28.3%                   | 18.4%                   |

(\* Data for FY 18 has been adjusted for the GST impact, based on management estimates. The equivalent numbers for FY 18, without adjustment, would have stood at 16.1% as per the SSSG computation and at 12.5% as per the Comparable Sales computation.)

Members were briefed that the results of remote e-voting and voting through Insta Poll, together with the scrutinizer report, will be disclosed to the Stock Exchanges and will be uploaded on the website of the Company as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

The Meeting concluded today with vote of thanks to the members.

**For Shankara Building Products Limited**

Ereena Vikram

**Company Secretary & Compliance officer**

