



SHANKARA BUILDING PRODUCTS LIMITED

TRANSCRIPT OF THE EXTRA-ORDINARY GENERAL MEETING OF SHANKARA BUILDING PRODUCTS LIMITED HELD AT 11.30 A.M IST ON WEDNESDAY, 20TH APRIL, 2022 THROUGH VIDEO CONFERENCING

Mr. V. Ravichandar:

Dear members, good morning. It gives me immense pleasure to welcome you to our Extraordinary General Meeting of Shankara Building Products Limited. I thank you for your continued trust, encouragement, and univocal support to the Company and its management. It is really appreciable that your Company is emerging stronger and healthier and is scaling new heights. This meeting is held through video conferencing and other audio-visual means due to the pandemic and the consequent social distancing norms. The Company has taken all feasible steps to ensure that the shareholders are provided the opportunity to participate in the Extraordinary General Meeting, and to vote. Since there is no physical attendance of the members, appointing of proxies is not allowed as per the aforementioned circular. Before I take up the agenda for this meeting today, I request all Directors to introduce themselves one by one. First, let me start with myself. I'm V. Ravichandar, Chairman and Independent Director of the Company. I am participating in this meeting through video conferencing from my residence in Bangalore through videoconferencing. I now request my colleagues on the Board of the Company to introduce themselves. Mr. Sukumar Srinivas will start.

Mr. Sukumar Srinivas: Good morning. I am Sukumar Srinivas, Managing Director of the Company. I am participating through video conferencing from our corporate office at Bangalore. Thank you.

Mr. B. Jayaraman: Good morning. I am B. Jayaraman, Independent Director and also the Chairman of Audit & Risk Management Committee. I am participating in this meeting through video conferencing from the corporate office of the Company at Bangalore.

Mr. Chandu Nair: I am Chandu Nair, Independent Director and Chairman of the Nomination and Remuneration Committee. I am participating in the Annual General Meeting, sorry in this meeting through video conferencing from my office in Chennai.

Mr. V. Ravichandar: Mr. C. Ravikumar?

Mr. C. Ravikumar: Good morning. I am C. Ravikumar, Whole Time Director of the Company. I have joined this meeting through video conferencing from our corporate office at Bangalore.

Mr. V. Ravichandar: Thank you, everyone. Also joining us today is our key managerial personnel of the Company through video conferencing from the corporate office at Bengaluru. These are Ms. Eereena Vikram, Company Secretary and Compliance Officer, Mr. Alex Varghese, Chief Financial Officer. I'm informed that Ms. Jayashri Murali, woman Independent Director and Mr. Siva Prasad, Non-Executive Director and Non-



Independent Director, are unable to attend the Extraordinary General Meeting on account of professional commitments. I also wish to inform our shareholders that Mr. M Balasubramaniam and Mr. Venkatasubramanian as partner of our statutory auditors from M/s. Sundaram & Srinivasan, Chartered Accountants, Mr. V. Madhavan, partner of our internal auditor from M/s. GRSM and Associates, and Mr. K. Jayachandran, our Secretarial Auditor, are attending the meeting through video conferencing. Ereena, is the requisite quorum present?

Ms. Ereena Vikram: Yes, sir. The quorum is present.

Mr. V. Ravichandar: The requisite quorum being present, I therefore call the meeting to order. 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 e-voting facilities. Over to you, Ereena.

Ms. Ereena Vikram: Thank you, sir. Good morning, everyone. This meeting is held through video conferencing mode and other audio-visual means. Company has provided the members to cast their vote through remote e-voting system. The remote e-voting had started at 9.00 a.m. on 17th April 2022 and ended on 19th April 2022 at 5 p.m. Further, the Company has also provided its members to cast their votes during the meeting. There is no separate link for Instapoll. Members can go on the left side corner of the portal, click on thumb sign and it will automatically take them to the Instapoll page. The Company has appointed Mr. S. Kannan, Practicing Company Secretary, who will scrutinize the votes during the meeting and remote e-voting. Thank you, sir.

Mr. V. Ravichandar: Thank you, Ereena. Since the Notice for the Extraordinary General Meeting has already been circulated to all members by email, who have registered their email address with the Company, I take the Notice convening this meeting as read. Moving on to my initial comments as the Chairman's speech, the Company has received a proposal from one of our existing key principals, APL Apollo Mart Limited, a wholly owned subsidiary of APL Apollo Tubes Ltd., to subscribe to the preferential issue of 14 lakh shares warrants convertible into equity shares for an offered price of Rs. 750 per warrant. The proposed transaction is subject to shareholder approval. A little bit of background about this resolution. APL Apollo Tubes Ltd., also called APL Apollo, is India's leading branded structural steel tube manufacturer with multi-product offerings, which include over 1500 varieties for multiple building materials, and structural steel applications. With state-of-the-art manufacturing facilities, APL Apollo serves as a one-stop-shop for a wide spectrum of tubular products catering to an array of industrial applications such as urban infrastructure and real estate, rural housing, commercial construction, greenhouse structures, and engineering applications. Now, this particular strategic partnership that is being proposed, brings with it a certain few key rationale for it. It helps raise funds for growth that is aligned with Shankara's building business plans. It is an existing business association that we have had with the firm for 15 years. And it is an association to strengthen and ensure that we get consistent supplies as and when we need them. And also, we will end up getting priority access to APL's new product launches. The investment rationale for the engagement, one is related to synergy. Shankara being a key distributor of APL Apollo's products, this transaction ensures consistency in the supply chain. And then



there is the working capital optimization rationale. Part of the proceeds will be utilized to fund working capital, which in turn will improve operational cash flows.

In conclusion, at Shankara we strongly believe that the association will create strong synergies for the Company and APL Apollo, and this transaction holds significant benefits for the firm. I now request Alex Varghese, Chief Financial Officer of the Company, to make a short presentation. Alex.

Mr. Alex Varghese: Thank you, sir. Moderator, please start the presentation. Go to the next. Please go to the next. Introduction: Shankara Building Products Ltd. Is India's leading organized retailer/wholesaler of home improvement and building products including steel tubes and structural steels. Revenue of Rs. 22 billion (annualized FY22) with Steel tubes/products forming majority of sales. Presence in 10 states with cumulative store base of 90 covering 450,000 sq. ft. Sells over 30,000+ SKUs across the entire home construction and renovation lifecycle.

Regarding APL Apollo Tubes Limited, it is a leading structural steel tool manufacturer headquartered in Delhi-NCR. The Company operates 10 manufacturing facilities with a total capacity of 2.6 million tons. It has a pan-India presence with units located in Sikandarabad (UP), Hyderabad, Bangalore, Hosur, Raipur, Dujana, Malur, and Murbad. APL Apollo's multi-product offerings include over 1500+ varieties for multiple building material structural steel applications. Move to the next.

Investment Details: APL Apollo Tubes Ltd, one of our key suppliers of steel tubes, have agreed to subscribe through their wholly owned subsidiary APL Apollo Mart Ltd., 14,00,000 warrants priced at Rs. 750 per warrant fully convertible into equity shares by way of preferential allotment. Sale of 10,00,000 equity shares at Rs. 755 per share per promoter. Total holding of APL Apollo Mart Ltd. in Shankara after the issue and subscription of preferential warrants will be 9.90% on fully diluted basis. The total inflow of equity funds into Shankara will be Rs. 1050 million post conversion of share warrants into equity shares. Move to the next slide.

Strategic Partnership: Raising funds for growth aligned with Shankara's business plans. Existing business association of 15 years. APL Apollo Tubes Ltd. is India's largest manufacturer of steel tubes and a key supplier for Shankara Building Products Ltd. Association to strengthen and ensure consistent supplies. Priority access to APL Apollo's new product launches. Next.

Benefits for Shankara: Strategic partnership to accelerate Shankara's growth plan. Raising of working capital through equity to fund growth. Expected to drive rapid growth in sales. Value accretion to shareholders through enhanced EPS and ROCE. Direct access to India's largest innovator and manufacturer of steel tubes and allied steel products. Preferred platform for APL Apollo to launch new products.

Thank you.

Mr. V. Ravichandar: Thank you, Alex. I will now take up the resolutions which were passed by the Board and recommended to all Members for approval. So, the resolutions are there as part of the Notice that has



been sent to you. And these are the resolutions that are being considered in this Extraordinary General Body Meeting. Ereena, do I need to read out each of the resolutions, or do we take it as read?

Ms. Ereena Vikram: Sir, it can be taken as read.

Mr. V. Ravichandar: Okay. Since these have been circulated in advance to all the Members whose email id's we have got, I'm taking the resolutions as read. Now I will take questions and invite the speakers who have registered to come forward with their queries. At any stage in this meeting, you can post your queries in the chat window provided and it will be addressed in due course. And we now invite shareholders who wish to ask a question at the meeting. They will be called in the order they have registered to speak at the meeting. Ms. Ereena Vikram, will you call out the names one by one and allow the shareholders to speak?

Ms. Ereena Vikram: Yes, sir. Celestine Elizabeth.

Mr. V. Ravichandar: Celestine Elizabeth Mascarenhas, could you please state your question?

Ms. Celestine Elizabeth Mascarenhas: Hello. Can you hear me?

Mr. V. Ravichandar: Yeah, we can hear you, ma'am. We can hear you, madam.

Ms. Celestine Elizabeth Mascarenhas: Hello, you can hear me?

Mr. V. Ravichandar: Yes, madam.

Ms. Celestine Elizabeth Mascarenhas: You can see me?

Mr. V. Ravichandar: I can't see you. But we can hear you, madam.

Ms. Celestine Elizabeth Mascarenhas: Yeah, now the video is open. Now the video is open.

Mr. V. Ravichandar: Yeah. Now we can see you, madam.

Ms. Celestine Elizabeth Mascarenhas: Yeah. I am very happy. At least here I can speak, sir. There is Future meetings, six meetings one day. And though I had all linkage, one, two numbers, but somehow there are six meetings and no, I could not express my views. But I can express here my views very nicely. I'm very happy, you know, the next meeting of Future is 12 'o' clock and this 11:30. Very fine. Now, I go ahead. Respected Chairman, Mr. V. Ravichandar, other members of the Board attending this virtual meet, my fellow shareholders who are attending this virtual, and I'm attending from Mumbai. My name is Mrs. Celestine Elizabeth Mascarenhas. First of all, I thank the Company Secretary, Ms. Ereena Vikram and her group for sending me an E-Notice of the EGM and also registering me and also, I thank the KFin people also. I had to just speaker registration and this is how I am here with the KFin's help. I also thank Mr. Varghese ji for making a very good video presentation by which I could get a good, this, like about the Company and how and about this partnership which is really looking very good with all this a lot of hassles which is going around in the



world and in India, everywhere. Now, I come directly to the EGM. It is first resolution, an increase in authorized capital from 25 crores to 30 crores. My full support to it. And an issue of convertible warrants not related to promoters, to APL Apollo mart, wholly owned subsidiary of APL Apollo Tubes, which has rewarded us very well in the market in the bourses, aggregating to 14 lakh warrants at the rate of 750 per warrant, the total amount aggregating to 105 crores, into equity, which will be in 18 months' time. Now, my question here, any coupon rate? If so, at what rate? Because the conversion to shares will be within 18 months. Now, 25% will be paid. Sir, I also request you that in future if there is a Capex - here, I also ask you what is the future capex for the 3-4 years, and if you can give to the shareholders, as our company performs very well, and we will be very happy, most of the shareholders will be happy, so you could give by way of rights. Not now, in future, as and when the market, the, what do you say, company grows leaps and bounds. And it is, as you said in the last remark, that our company is becoming stronger day by day. So, you could also make, give us by way of rights, like now a lot of companies have come with rights, you know? I've got a lot of emails on that. So now, my next question about supply chain disruptions. Have we de-risked, or we have gone to this sort of tie-up, means, giving them the capital, because they are in all the building products and the pipes? Any effect of the Ukraine-Russia war on our company, and how we have de-risked? Of course, one I can understand by giving this and we become the first to get any benefit from APL Apollo. Sir, I would like to know the three years future roadmap, and where are we striving, and about COVID, how it affected us. Because we, I think AGM, there were too many in Bombay so I could not register. So, what is the scope of the COVID? And now this COVID comes and goes. Now this is Omicron, every day you go out, you will get body ache and all that, and you go to the doctor, and after for 3-4 days you are okay. So like this, how you are taking care of the employees? With this, I wish you all the best. I support all the resolutions. I hope will become stronger and stronger day by day, in spite of all the disruptions which are in the world. Main thing is the Ukraine-Russian World War, which is all the while Russia is saying, so we are only keeping on praying that such things should not happen. And everything should get settled as early as possible. Just as how COVID we got back, which we were praying continuously 5-6 times a day. And with the vaccines we are all now well. The number of deaths have come down. Sir, I end up wishing you all the best and seeing you all as much as possible. Thank you very much.

Mr. V. Ravichandar: Thank you, ma'am. As they say, aapke muh mein ghee shakar, you know, you had good wishes for India, the Company, and the world. Thank you so much for it. Regarding, I mean, we have already set out the strategic reason as well as the working capital optimization rationale. And it is part of strengthening the balance sheet, which is one of the stated goals that we have been saying year on year at Shankara Building Products. Now, you had four questions, which I'm going to request the CEO, Mr. Sukumar Srinivas, to address. And the four questions really was, is there any plans for any major capital expenditure in the years to come? And in the related to that, you also wanted a sense of how the next three years would look in terms of things. The other question related to was, are we fearing any supply side disruption in view of the ongoing war? And lastly, the steps that we are taking to make sure that we remain a COVID-safe environment for our employees. Over to you, Sukumar.

Mr. Sukumar Srinivas: Good morning. Thank you, Chairman Sir. And good morning, madam. I really appreciate your enthusiastic participation in this forum. So, it's really a delight to see, you know, shareholders participating actively in the EGM, which is something which we always look forward to. So, coming to your questions. Number one on the capex part of it. See, we being largely a supply chain company,



a retail company, we do not have significant investments going in plant and machinery or capital. So, our investments in capex would always be related to our warehousing and our retail stores. So, broadly if I look at the next three years, we will be looking at broadly a CapEx of close to around 20 crores per annum. So, this will be a very approx. figure, because this is mostly for operation of stores, opening of new retail stores, up gradation of warehousing facilities. And this is primarily where the capex is spent on from a company like ours. Then, coming to supply chain disruptions, fortunately, in the two years of COVID that we've just seen through and, of course, like you rightly said, we are now having the on and off, let us say short scares of maybe two weeks. Currently, again, there's a new variant of XE that is showing up a little bit in Delhi and some parts of Mumbai agreed, so which is not really impacting much. Definitely, in the early parts, when they were lockdowns, that's about two years ago, and even last year, at the same time, there were some disruptions in supply chain because a lot of things got shut down. But fortunately, the movement of materials and goods throughout the country was not significantly affected. We were affected in terms of some of the retail stores could not be opened at that time and so on. But physical movement of goods was always freely done. Normal things were open, there was a continuous movement of goods, which was a very positive thing.

Then, coming to our COVID care, we have taken utmost care over the last two years, we continue to do so as far as our employees go. And it also pleases me to tell the shareholders that we have had very, we did have our share of cases that came in in terms of particularly in the Omicron period in January, where like you rightly said, the minute you step out, you do have somebody gets a fever, and you know, for 2-3 days they are down. So I think, barring that, we have taken all the precautions necessary and had a fairly relatively, I would say, you know, without any serious consequences to our employees, we have been fairly successful in managing the two years of COVID. Thank you.

Mr. V. Ravichandar: Thank you, Sukumar. Madam, I trust this has addressed your question. And as you go for the other meetings for the rest of the day, I hope you're asked to ask the first question in all the meetings you attend, should you wish to ask it. Thank you so much, Madam. I understand that there are no other members who have asked permission to speak at the meeting in advance. So now we will take up the questions raised through texting during the meeting. Ms. Ereena Vikram, will you call out the names and the questions which have been texted for us to respond?

Ms. Ereena Vikram: Sir, we have not received any questions through texting.

Mr. V. Ravichandar: Okay. Since there are no questions through texting, we will now move on. With this, I would like to thank the members 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 and would like to cast their vote now. The results would be announced not later than two working days of the conclusion of the Extraordinary General Meeting today. And the same would be intimated to the stock exchanges and uploaded on the website of the company. Now, at this stage, my other Board Members and I would like to leave the meeting. We request all shareholders to stay safe, stay healthy, and to take care of themselves and their families. Thank you very much.



Mr. Chandu Nair: Thank you, thank you sir.