

Date: 25<sup>th</sup> June, 2019

To  
The Department of Corporate services  
**Bombay Stock Exchange Limited**  
P.J Towers, Dalal Street  
Mumbai-400001

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

**Scrip Code: - 540425**

**Scrip Symbol- SHANKARA**

**Subject: Proceedings of Annual General Meeting (AGM)**

Pursuant to Regulation 30, Part A, Schedule III of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, we enclose herewith brief proceedings of Annual General Meeting (AGM) of the Company held on Tuesday, 25<sup>th</sup> June, 2019 at 12:30 p.m. at Radisson Blu Atria, No. 1, Palace Road, Bengaluru-560001.

This is for your information and record.

Thanking You,

For **Shankara Building Products Limited**

*Freena Vikram*

Freena Vikram

**Company Secretary & Compliance Officer**





**Summary of Proceedings of Annual General Meeting of Shankara Building Products Limited held on 25<sup>th</sup> June, 2019**

The Annual General Meeting (AGM) of the members of Shankara Building Products Limited ("the Company") was held on Tuesday, 25<sup>th</sup> June, 2019 at 12.30 P.M at Radisson Blu Atria, No. 1, Palace Road, Bengaluru-560001.

The Chairman informed that Mr. Chandu Nair, Independent Director is unable to attend the Annual General Meeting on account of personal commitment. After declaring the requisite quorum was present, the Chairman called the meeting to order.

The Chairman introduced the Members of the Board and the Key Managerial Personnel who were present on the dais.

1. Mr. Sukumar Srinivas, Managing Director
2. Ms. Jayashri Murali, Independent Director
3. Mr. B. Jayaraman, 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

Also present,

Statutory Auditors : - M/s Haribhakti & Co., LLP, Chartered Accountants

Internal Auditors : - M/s GRSM & Associates, Chartered Accountants

Secretarial Auditor: - Mr. K. Jayachandran, Practicing Company Secretary

The requisite quorum being present, the Chairman called the meeting to order.

Thereafter, the Chairman delivered his speech.

**Chairman's Message**

Dear Shareholders,

I am happy to report to you that in spite of an uncertain environment, and certain challenges arising from global raw material pressures and natural calamities, your Company remained on track with its vision of being India's first retail chain for building products.

These challenges notwithstanding, our company continues to follow high standards of corporate governance and views it as more of an ethical imperative than merely adhering to regulatory requirements. We are proud that our growth and transformation over the last few years has come from staying the course for long term sustainability without taking convenient short term decisions or compromising on our obligations to society at large.





### ***The year gone by***

There is no doubt that the business environment has been challenging in the last financial year. Let me share with you the operating environment and the headwinds the Company faced in a highly competitive market. Thereafter, I shall outline the actions the Company has taken to ensure strong profitable growth.

The year started off on a positive note. The first half of FY 2018-19 was in fact good. There was a revenue growth of 23% which is commendable. However, there were sudden and strong headwinds in the second half. The sharp increases in raw material prices, especially steel coupled with an inability to increase end user prices was a double whammy. This had impact on margins as well as inventory.

Overall, we delivered a revenue growth of 4%. We recorded EBITDA margin of 4.7% (vs 6.9% last fiscal) and PAT margin of 1.2%.

While the company is increasing its focus on diversifying into building products, there is still a large dependence on steel which hit us last fiscal. Further, our business has legacy elements which impact us in our journey to be a retail building products chain. That resulted in a y-o-y fall of 11.6% in sales vs last year in the second half of the year.

### ***Focus on cash flow and financial strength***

I must stress here that there were a number of important and good things that the company did to improve its overall financial position. For one, there was a huge focus on cash flow. The thrust on debtors saw a reduction in debtors from Rs 424 cr in Q4 FY 18 to Rs 334 cr in Q4 FY 19. I am happy to inform you that the company had an operating cash flow in fiscal 2019 of Rs 171 crores (versus Rs. 40 crores in FY 18).

Our debt is down so finance costs too are decreasing. The debt equity ratio which was 0.70 in Q1 FY 19 came down to 0.38 in Q4. We have also reduced our operating costs, restructured some of the operations, and the results should be visible in the coming quarters. Our focus on building balance sheet strength and sales on cash as opposed to credit also impacted margins.

As you can appreciate, we moved swiftly to take corrective measures to keep the company on a sound financial footing for the forthcoming years.

### ***Retail focus***

Our retail focus is increasing. From 51% in Q1 it increased to 57% by Q4. You will recall that retail was just 40% merely 3 years back. As the company steps up its retail operations, and the number of items and complexity increases, it is facing some pressure on retail margin which are slightly down in the short term.

In a sense, as far as retail is concerned, your company in many ways is still a startup. It is an evolutionary process. Since there is no other comparable company in India, we are charting our own path.





### ***Defocus on non-critical areas***

We are open to considering divesting certain parts of our business that are not adding value to the overall growth strategy of the firm. To that end, the management has identified assets for sales in Chegunta unit of a subsidiary, Taurus, which is subject to shareholder approval.

The rationale for this - Taurus does not have substantial capacities to avail scale benefits nor does it make sense to increase capacity in these market conditions. This sale of assets will help release funds, both from fixed assets and working capital, and further strengthen the consolidated balance sheet of Shankara. With the residual capacities, our focus on value added, bespoke products will increase.

### ***Growing product portfolio and customer engagement***

The company is clear on its focus to be a **One Stop Shop** Solution for building products for our customers. To that end, it is constantly increasing product offerings and creating depth in the existing product categories to create an engaging shopping experience for customers. It is also expanding its retail presence through organic and inorganic routes.

### ***The India growth story***

The uncertainty in the environment has continued in the current financial year as well. The conclusion of the ongoing general elections and the installation of a new government should hopefully provide political stability. There have been certain path-breaking policies such as GST, RERA and ambitious programmes such as affordable housing that hold significant promise for healthy growth of the building products industry over the medium term.

Going forward, I am confident of your Company's abilities and competence to scout for opportunities amidst this volatility and drive the business forward with focus and determination.

### ***Conclusion***

The core and evolving consumer needs continue to be at the core of all our actions and initiatives. Last fiscal, your company's focus was on strengthening itself financially in the midst of strong headwinds. The focus was clearly on consolidation and financial prudence.

We believe that your company is in a reorientation phase before capitalizing on the growth opportunities. We are in it for the long term.

The last year was tough and truly tested us. We believe that we have taken the right measures to set the business back on the growth path. Our credit ratings are healthy and the focus on balance sheet strength will continue. As your Company enters its 25<sup>th</sup> year of operations, I look forward to very strong years of growth ahead of us.

I take confidence from the continued support provided by all our stakeholders as we forge ahead.

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





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

The Company Secretary informed the shareholders that the Company had provided the facility to cast their vote electronically, on all resolutions set forth in the Notice. Members who were present at the AGM and had not cast their votes electronically were provided an opportunity to cast their votes at the end of the meeting by way of "InstaPoll", an electronic voting system. It was further informed that there would be no voting by show of hands.

She also informed that the Board has appointed Mr. S. Kannan, Practicing Company as scrutinizer to scrutinize the e-voting process as well as voting at the AGM in a fair and transparent manner.

The Chairperson took the formal proceeding of the meeting. With the concurrence of members the Notice of 24<sup>th</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 Ordinary resolution
2.	Declaration of Dividend.	Ordinary Business Ordinary resolution
3.	Appointment of Mr. C. Ravikumar (DIN: 01247347) who retires by rotation and being eligible, offers himself for re-appointment as a Director.	Ordinary Business Ordinary resolution
4.	Appointment of Statutory Auditor.	Ordinary Business Ordinary resolution
5.	To re-appoint Mr. V. Ravichandar (DIN: 00634180) as an Independent Director of the Company	Special Business Special Resolution
6.	To appoint Mr. B. Jayaraman (DIN: 00022567 ) as an Independent Director of the Company	Special Business Ordinary 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 24<sup>th</sup> Annual General Meeting.





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

Post the question and answer session, the Chairman thanked the shareholders present at the Meeting and then concluded the meeting by authorising Company Secretary to carry out the voting process and declare the voting results. He informed the shareholders that the voting results would be made available on the website of the Company within 48 hours of the conclusion of the meeting.

The meeting commenced at 12:30 PM (IST) and concluded at around 2:00 PM (IST).

**For Shankara Building Products Ltd**

*Ereena Vikram*

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**Company Secretary & Compliance Officer**

