

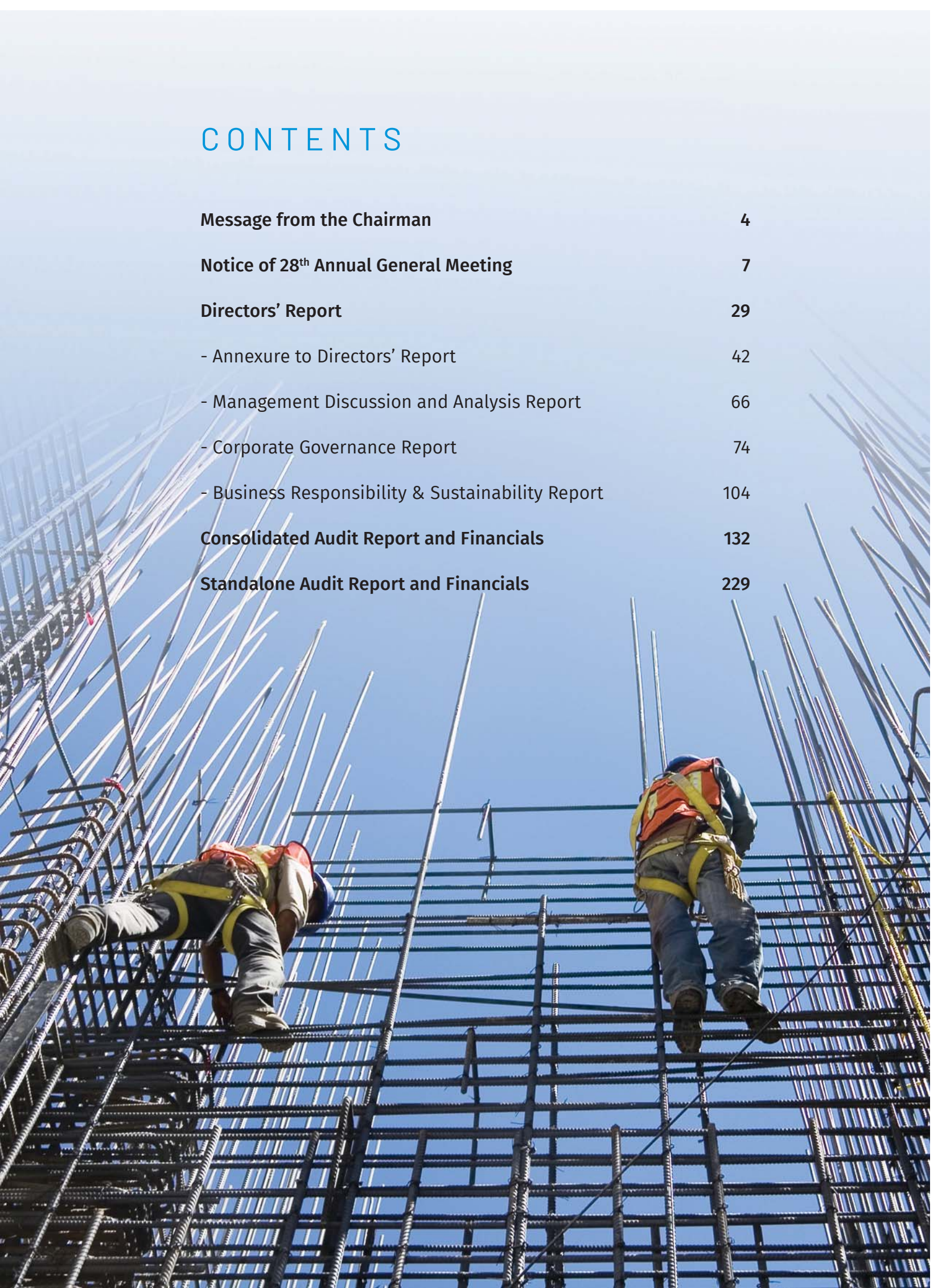


ANNUAL REPORT 2022 - 2023



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. V. Ravichandar
Chairman, Independent Director

Mr. Sukumar Srinivas
Managing Director

Mr. B. Jayaraman
Independent Director

Mr. Chandu Nair
Independent Director

Ms. Jayashri Murali
Independent Director

Mr. C. Ravikumar
Whole-Time Director

Mr. RSV. Siva Prasad
Non-Executive and
Non-Independent Director

KEY MANAGERIAL PERSONNEL

Ms. Ereena Vikram
Company Secretary and
Compliance Officer

Mr. Alex Varghese
Chief Financial Officer

SECRETARIAL AUDITOR

K. Jayachandran
Company Secretary
No. 1181, 6th Main
'A' Block, 2nd Stage
(Next to Cafe Coffee Day)
Rajajinagar
Bengaluru - 560 010

STATUTORY AUDITORS

M/s Sundaram & Srinivasan
Chartered Accountants
New No. 4, Old No. 23
C.P Ramaswamy Road, Alwarpet
Chennai - 600018

INTERNAL AUDITORS

M/s GRSM & Associates
Chartered Accountants
No. 8/90, 1st Floor
Pampa Mahakavi Road
Shankarapuram
Bengaluru - 560004

REGISTERED OFFICE

G2, Farah Winsford
133, Infantry Road
Bengaluru - 560 001

BANKERS

Citibank NA
HDFC Bank Ltd
Standard Chartered Bank
Kotak Mahindra Bank Ltd
IDFC First Bank Ltd
Federal Bank Ltd
IndusInd Bank
Yes Bank
South Indian Bank
ICICI Bank

CORPORATE OFFICE

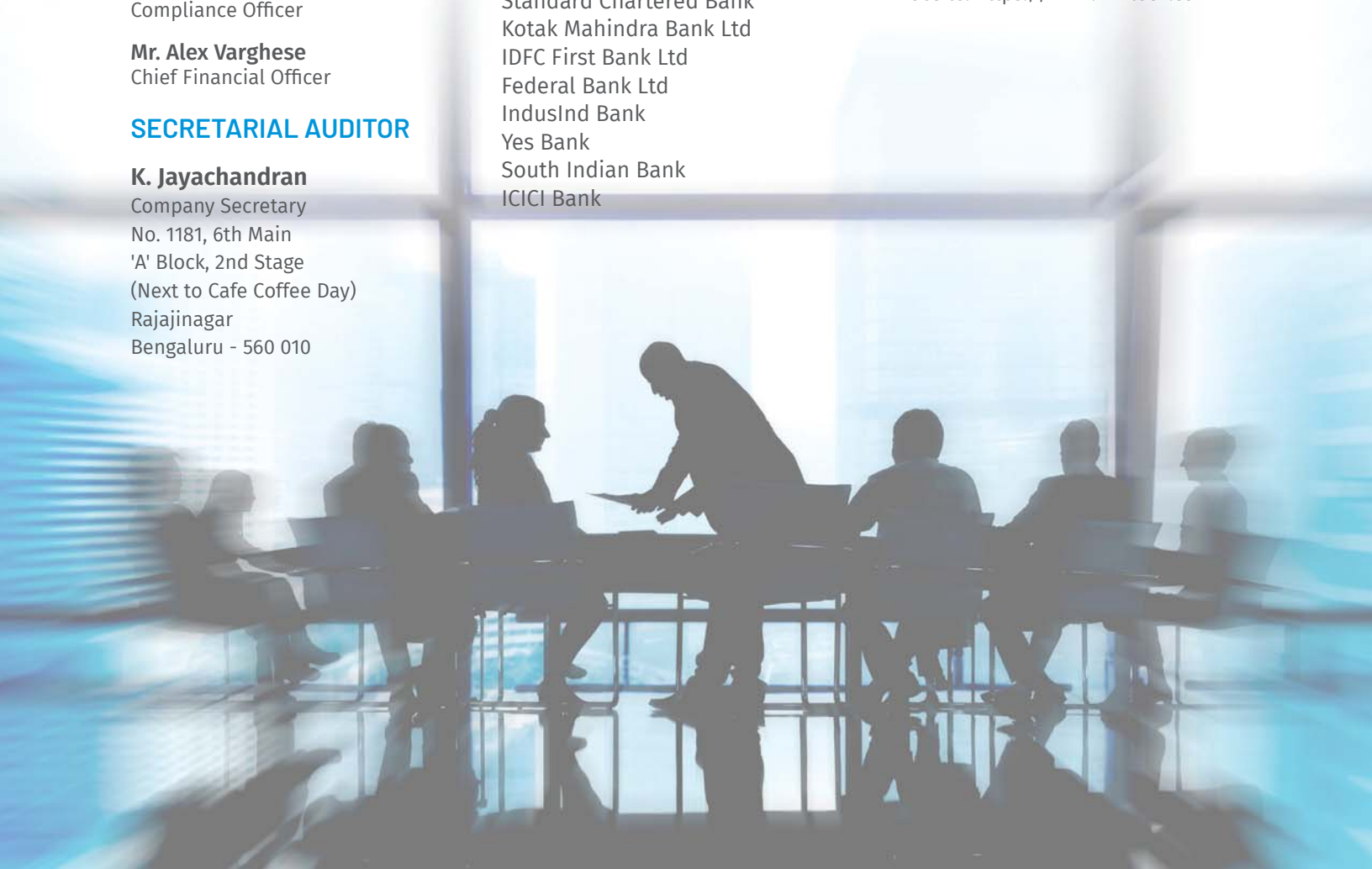
No.21/1 & 35-A-1
Hosur Main Road
Electronic City Post
Veerasandra
Bengaluru - 560100

CORPORATE IDENTITY NUMBER (CIN)
L26922KA1995PLC018990

WEBSITE
www.shankarabuildpro.com

REGISTRAR AND SHARE TRANSFER AGENT (RTA)

M/s KFin Technologies Limited
Selenium Tower B, Plot Nos. 31 & 32
Financial District, Nanakramguda,
Serilingampally Mandal
Hyderabad - 500 032, Telangana
Toll Free: 1-800-309-4001
E-mail: einward.ris@kfintech.com
Website: <https://www.kfintech.com>





Chairman's Message

Dear Shareholders,

It gives me immense pleasure to welcome you to our 28th Annual General Meeting of Shankara Building Products Limited. Trust all is well and our best wishes for the future.

The year FY 2022-23 started on a fairly uncertain note with the commencement of the Ukraine war. There was a spurt in commodity prices, fear of shortages and a sense of déjà vu. However, the world and India quickly adjusted to the new normal. Commodity prices started cooling off, supply chains were not affected and it was business as usual, albeit with a tinge of uncertainty. Fortunately, during this period, the pandemic also showed signs of waning and is probably becoming an endemic. India has emerged as the fastest growing large economy in the world and clocked about 6% annual GDP growth.

There was a marked increase of infrastructure activity throughout the country. We are witnessing a resurgence in the real estate sector. The economy is rebounding rapidly after the lull of the preceding covid years.

The year 2022-23 has been a remarkable year for all of us at Shankara. I would like to share with you the key highlights of your Company's good performance during the reported year.

Financial year 2022-23

Your Company generated a total revenue of ₹ 4,029.72 crores in FY23 as compared to ₹2,418.40 crores in FY22, a growth of 67%. ₹2,235.72 crores (58%) was from our retail vertical, whose share of the total business, continues to grow year on year. The channel and enterprise business recorded ₹1,794 crores. Our PAT stood at ₹63 crores, a growth of 84%, vis-à-vis the preceding year.

Karnataka continues to be the major contributor of our business, having a share of 48.3%, followed by Tamil Nadu, Kerala, Telangana, Andhra Pradesh and the rest of the states. Our store metrics continue to show healthy traction.

The Company offers a fairly comprehensive range of building materials starting from TMT, cement, and construction chemicals to plumbing, sanitary ware and fittings, tiles, adhesives and surfaces. We also have electrical, lighting, paint, modular kitchens, hardware and appliances that form a part of our portfolio. MS tubes, structural steel and roofing solutions, complete our basket of offerings.

We run a chain of 91 retail stores (as on 31st March, 2023) operating under the brand "Shankara Buildpro". We are increasing our focus on branding our stores and continuing with our customer outreach programme. Your Company is also encompassing a market place model in addition to its focus on the retail business. Shankara will leverage its current strengths to offer a truly omni channel experience to its customers.

There has been an increase in retail walk-ins. Our brand equity is steadily gaining visibility. We have and will continue to maintain a sharp focus on our plumbing and surface verticals. We aim to give greater importance to our electrical, lighting and paints businesses in the coming year. We are selectively launching a few luxury brands in the bathroom segment.

The Company relies on its digital platforms like the Buildpro e-commerce website (www.buildstore.com) and its mobile app (Shankara Buildpro) to create product awareness amongst potential customers and drive them to our offline stores. Shankara has a robust digital marketing program and is further refining its SEO activity. We are also developing a robust CRM program.



Key Performance Highlights

- ☛ 67% revenue growth in FY 23 as compared with FY 22.
- ☛ 42.5% EBITDA growth for FY23 as against FY22.
- ☛ 84% PAT growth in FY23 compared with FY22.
- ☛ Strong operating cash flow of ₹92 crores as on 31st March, 2023.

People and Culture

The Company has a unique organization structure which is fairly flat and therefore, the response time to meet employee needs is very fast. This also cuts down the red tape and business decisions are quickly executed. In the ever changing and complex customer requirements, the Company has to respond appropriately. Your Company understands and values the role of its human capital. We have in place, a strong human resource policy to induct and retain talent.

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.

Corporate Governance & Social Responsibility

Good corporate governance is essential to ensure transparency and to boost stakeholder trust and confidence. Being a listed company, Shankara complies with all applicable provisions within its ambit, relating to corporate governance as stipulated under the Companies Act, 2013, SEBI (Listing Obligations & Disclosure Requirements) Regulations. Your company maintains the highest standards of transparency, accountability and adequate disclosures.

We are committed to our CSR activities. We do a lot of good work with the community. We run two schools for abandoned children with the help of a NGO. We have about 62 children who study with us and are provided schooling as per the state boards. We also take care of their accommodation, food and clothing. One of the important CSR objectives of Shankara is to contribute towards the environment. We support a water-shed program in Tumkur district of Karnataka which is also one of the driest parts of the state.



Appreciation

In conclusion, I would like to thank all our stakeholders and partners for their support. My fellow Board Members have been extremely committed and have provided continued guidance for the betterment of Shankara. And I am also deeply appreciative to the management team and employees for diligently carrying forward the Company's vision and strategy.

I firmly believe that Shankara has the ability to seize the opportunities in this fast-changing world by being nimble and flexible. I am confident that we shall continue to perform better and the management endeavors to take your Company to greater heights in the years ahead.

Best Wishes,

V. Ravichandar
Chairman



Notice of 28th Annual General Meeting

Notice is hereby given that the Twenty-Eighth Annual General Meeting of Shankara Building Products Limited will be held on Thursday, June 22, 2023 at 10.30 A.M (IST) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the AGM.

Ordinary Business:

Item No. 1 - To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2023 together with the Reports of the Directors and Auditors thereon and the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2023 together with Report of Auditors thereon.

To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company and to pass the following resolution as an **Ordinary resolution**:

"RESOLVED THAT the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2023 together with reports of the Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

"RESOLVED FURTHER THAT the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023 together with the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

Item No. 2- To re-appoint Mr. RSV. Siva Prasad (DIN: 01247339) as a Director of the Company who retires by rotation.

To re-appoint Mr. RSV. Siva Prasad (DIN: 01247339), who retires by rotation and being eligible, offers himself for re-appointment and to pass the following resolution as an **Ordinary resolution**:

"RESOLVED THAT pursuant to Section 152 of the Companies Act, 2013, Mr. RSV. Siva Prasad (DIN: 01247339), who retires by rotation at 28th Annual

General Meeting of the Company being eligible, offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

RESOLVED FURTHER THAT the Managing Director/Company Secretary of the Company be and are hereby authorized severally to complete necessary formalities as per the applicable provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015."

Item No. 3 - Declaration of Final Dividend

To declare a final dividend on equity shares for the financial year ended March 31, 2023 and to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT a final dividend at the rate of ₹2.50/- (Rupees Two and Fifty Paise Only) per equity share of ₹10/- (Rupees Ten only) each fully paid up of the Company be and is hereby declared for the financial year ended March 31, 2023 and that the same be paid as recommended by the Board of Directors of the Company for the financial year ended March 31, 2023.

RESOLVED FURTHER THAT the Managing Director/Company Secretary of the Company be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient or desirable in order to give effect to foregoing resolution."

Special Business:

Item No. 4 - To approve increase in remuneration of Mr. Sukumar Srinivas (DIN: 01668064), Managing Director of the Company.

To consider and if thought fit, to pass, the following as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (Act) and rules thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) or any statutory modification n(s) or re-enactment(s)



thereof and subject to the provisions of the Article of Association of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, approval of the members be and is hereby accorded to the revision in remuneration of Mr. Sukumar Srinivas (DIN: 01668064), Managing Director of the Company on the terms & conditions as set out in the explanatory statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT notwithstanding anything contained in Section 197, 198 and Schedule V of the Companies Act, 2013 or any amendment/re-enactment thereof, in the event of any loss or inadequacy of the profits during the financial year, the remuneration mentioned in the explanatory statement annexed to the Notice shall be paid as minimum remuneration.

RESOLVED FURTHER THAT the Managing Director/Company Secretary of the Company be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient or desirable in order to give effect to foregoing resolution."

Item No. 5-To approve increase in remuneration of Mr. C. Ravikumar (DIN: 01247347), Whole-time Director of the Company.

To consider and if thought fit, to pass, the following as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (Act) and rules thereunder, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) or any statutory modification(s) or re-enactment(s) thereof and subject to the provisions of the Article of Association of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, approval of the members be and is hereby accorded to the revision in remuneration of Mr. C. Ravikumar (DIN: 01247347), Whole-time Director of the Company on the terms & conditions as set out in the explanatory statement annexed to the Notice convening this Meeting.

RESOLVED FURTHER THAT notwithstanding anything contained in Section 197, 198 and Schedule V of the Companies Act, 2013 or any amendment/re-enactment thereof, in the event of any loss or

inadequacy of the profits during the financial year, the remuneration mentioned in the explanatory statement annexed to the Notice shall be paid as minimum remuneration.

RESOLVED FURTHER THAT the Managing Director/Company Secretary of the Company be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient or desirable in order to give effect to foregoing resolution."

Item No. 6- To re-appoint Mr. B. Jayaraman (DIN: 00022567) as an Independent Director of the Company.

To consider and if thought fit, to pass, the following as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, approval of the members be and is hereby accorded for reappointment of Mr. B. Jayaraman (DIN: 00022567), Independent, Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for second term of five consecutive years with effect from 14th August, 2023."

RESOLVED FURTHER THAT the Managing Director/Company Secretary of the Company be and are hereby authorized severally to complete necessary formalities as per the applicable provisions of the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015."

**By Order of the Board
For Shankara Building Products Limited**

**Ereena Vikram
Company Secretary & Compliance Officer
Membership No: A33459**

**Place: Bengaluru
Date: May 11, 2023**





Notes:

1. The Ministry of Corporate Affairs, Government of India ("MCA") vide its General Circular Nos. 20/2020 and 10/2022 dated 5th May 2020 and 28th December 2022, respectively, and other circulars issued in this respect ("MCA Circulars") allowed, inter-alia, conduct of AGMs through Video Conferencing/ Other Audio-Visual Means ("VC/OAVM") facility on or before 30th September 2023, in accordance with the requirements provided in paragraphs 3 and 4 of the MCA General Circular No. 20/2020. The Securities and Exchange Board of India ("SEBI") also vide its Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January 2023 ("SEBI Circular") has provided certain relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). In compliance with these Circulars, provisions of the Act and the Listing Regulations, the 28th AGM of the Company is being conducted through VC/ OAVM facility, which does not require physical presence of members at a common venue. The deemed venue for the 28th AGM shall be the Registered Office of the Company.

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), setting out material facts under Item No.'s 2, 4, 5 and 6 of the Notice of the 28th AGM ("Notice"), is annexed hereto.

3. In terms of the MCA and the SEBI Circulars, since the physical attendance of Members has been dispensed with and, therefore, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 28th AGM and hence the proxy form and attendance slip are not annexed to the Notice. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-voting, for participation in the 28th AGM through VC/OAVM facility and e-voting during the 28th AGM. Scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the 28th AGM on its behalf and to vote through e-voting or during the 28th AGM should be sent electronically through their registered email address to the Scrutinizer at cs.skannan@gmail.com with a copy

to evoting@kfintech.com and compliance@shankarabuildpro.com and since the 28th AGM is being held through VC/OAVM facility, the Route Map is not annexed to this Notice.

4. Dividend for the financial year ended March 31, 2023, as recommended by the Board of Directors of the Company, if approved at the 28th AGM by the Shareholders, payment of such dividend will be made within 30 days from the date of the 28th AGM as under:

(i) Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close of business hours on Wednesday, June 14, 2023;

(ii) Shareholders in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on Wednesday, June 14, 2023.

5. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and Regulation 44 of the SEBI (LODR) Regulations, 2015, read with the MCA Circulars and the SEBI Circulars as amended, the Company is providing remote e-voting facility to its Members in respect of the business to be transacted at the 28th AGM and a facility for those Members participating in the 28th AGM, to cast vote through e-voting system during the 28th AGM. The voting rights of members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date of Wednesday, June 14, 2023.

6. KFin Technologies Limited ("KFin"), the Registrar & Transfer Agents (RTA) of the Company, will be providing the facility for voting through remote e-voting, for participation in the 28th AGM through VC/OAVM facility and e-voting during the 28th AGM.

7. In line with the MCA Circulars and SEBI Circulars, the Notice of the 28th AGM and Annual Report for the financial year 2023, will be available on the website of the Company at