

Q2 & HI FY17 EARNINGS PRESENTATION

November - 2016



BEARDSSELL LIMITED

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Financial – Q2 & H1FY17 Performance

Q2 FY17

H1 FY17

476.5



Revenue



896.7

57.9



EBITDA



109.1

24.8



PAT



45.4

(Rs mil)

Balance Sheet Snapshot – As on 30th Sept. 2016

396.8



Networth

429.1



Fixed Assets

61.4



Cash & Investments

288.2



Net Debt

(Rs mil)

Financial – Q2 & H1FY17 Performance

Particular (Rs mil)	Q2 FY17	Q2 FY16	Y-o-Y (%)	Q1 FY17	Q-o-Q (%)	H1 FY17	H1 FY16	Y-o-Y (%)	FY16*
Total Income	476.5	332.4	+43.3	420.2	+13.4	896.7	620.5	+44.5	1608.4
EBITDA	57.9	33.7	+71.8	51.1	+13.3	109.1	62.0	+76	123.3
Margins %	12	10	200 bps	12	0 bps	12.2	10.0	220 bps	7.7
PAT	24.8	9.0	+175.5	20.6	+20.4	45.4	16.0	+183.8	31.3
EPS (Rs)	5.3	1.9	+174.1	4.4	+20.2	9.7	3.4	+183.6	6.6

**FY16 are consolidated figures*

Increasing appreciation for Prefab offerings combined with enhanced efficiencies of scale translate to improving profitability

Pre-fab business gaining traction

- Quikbuild and Isobuild product lines are continuing to gain traction on the back of new order wins as well as recurring orders from existing satisfied private clients
- Orders from private and public sector

Packaging business also demonstrating good growth

- Continuing relationships with several leading consumer durable players
- Exploring more efficient alternatives less susceptible to crude

Appointment of Mr Abhaya Shankar as President - Business Acceleration and Strategy

- Abhaya Shankar, erstwhile MD, Hyderabad Industries Limited to help shape Beardsell's strategy and growth with particular focus on the Pre-fab business

Commenting on the results, Mr. Bharat Anumolu, Managing Director, Beardsell Ltd said

“Our prefab offering continues to show good traction supported by improving volumes and a strong buildup of order pipeline. We are optimistic in maintaining our growth consistency for this year on the back of growing demand in the prefab and the packaging business.

The response from the industry to our prefab offerings is encouraging and we are hopeful that it will soon be recognized by the real estate players for its advantages and potential in terms of its durability, aesthetic appeal, value proposition and faster completion in comparison to the other offerings in the market.

Moving on, we are in the process of exploring opportunities to expand our footprint beyond our current market presence as well as making our operations more efficient and profitable”

Our packaging business continues to grow steadily with repeat orders on the back of our strong relationship with leading brands.

While continuing to drive organic growth, we also look forward to capitalize on strategic opportunities which will add value to our business”

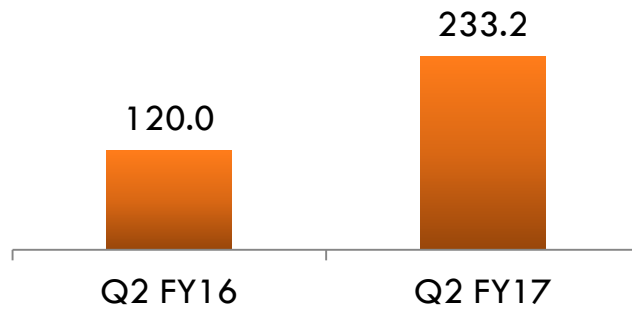


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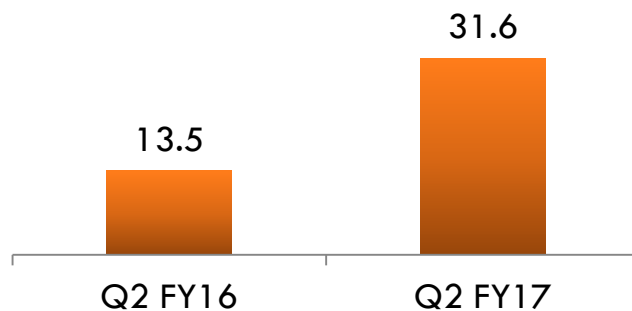


Business Overview – Pre-fabricated buildings

Revenue



EBIT



(Rs mil)

Comments on performance

- Repeat orders from existing private clients and from the State Government both in ISO and Quikbuild
- Addition of new clients also gave boost to the prefab business revenues
- Strong growth backed by demand for RO water plant building from Karnataka government

- Prefab. business operations since last 20 years
- Business success dependent on efficient **time bound delivery** - Beardsell benefits from its commitment towards timely delivery
- Given the **complexity of the business** there are high entry barriers resulting in fewer market players, leading to consistent margins
- Leveraging expertise and know-how in the prefabricated market addressing customized needs of customers with a good delivery model in the South India
- IsoBuild and QuikBuild products are gaining popularity in South India
- Strong balance sheet to support strategic acquisitions going forward

Growth Drivers

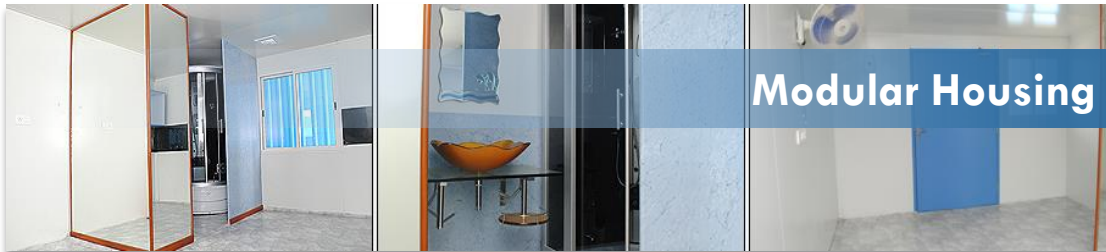
- Growing awareness of the cost effectiveness of pre-fabricated structures
- Better resilient than the traditional cement structures leading to increasing order growth
- IsoBuild projects gaining acceptance in government agencies resulting in follow-on orders
- Timely delivery of executed government orders in the quarter creates potential for future orders



- Sandwich-panel based cold storage
- Superior insulation property
- Application used in cold storages for Marine, Fruits, Pharma., perishable items



- Value-oriented design philosophy
- Earthquake resistant
- Use of lightweight materials
- Durable and long-lasting



- Student Housing
- Worker housing
- Refugee housing
- Housing for military personnel etc



- Can be dismantled and re-used in a different location if needed
- More energy efficient
- Can be constructed in remote areas

Benefits for Housing Projects

Low Cost:

- Reduced labor cost coupled with lower raw material and construction equipment cost is a primary benefit to any housing project. Low weight of the product also reduces logistical costs.

Fast Implementation:

- The design, production, transportation and erection of the building unit reduces time-lines of projects of all sizes compared to the RCC built structures

Structural Integrity:

- Earthquakes, hurricanes and high winds resistant

Uniform quality:

- The QuikBuild panel brings uniformly high quality to a construction project of any size.

Simple Construction:

- The QuikBuild system consolidates the masonry, insulation, plastering and utilities addition steps thus reducing the construction complexity.

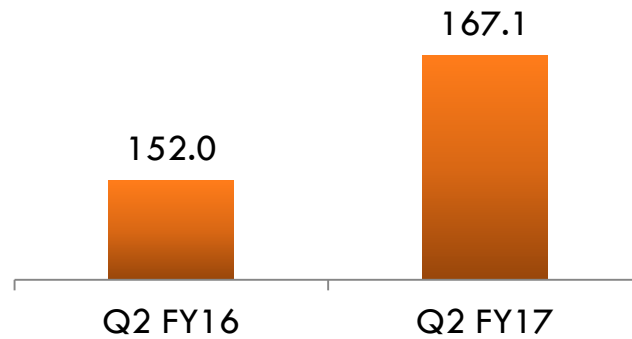
Completed Projects



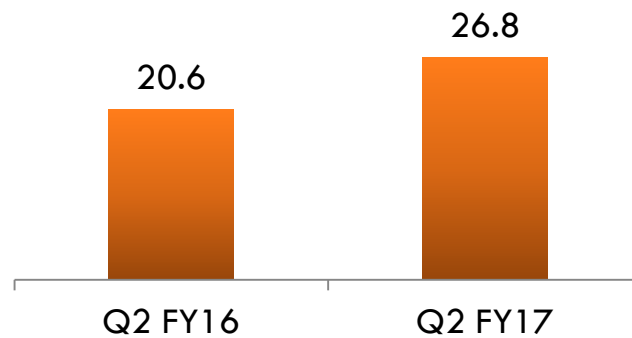


Business Overview – Packaging & Molded Products Business (Consumer Durables)

Revenue



EBIT



(Rs mil)

Comments on performance

- Strong relationships built over years with several leading consumer durable players
- Focus on reducing sensitivity to crude price volatility

- Consistently increased volumes catering to a set of high value / bigger ticket size customers
- Introduced new product variants rather than increasing prices has kept the margins under control
- Given the complexity of the business there are high entry barriers resulting in fewer market players, leading to consistent margins
- With rising demand and quality service sales expected to increase over the next 2-3 years
- Increase in EPS sales, mainly due to aggressive marketing and cost advantages vis-à-vis competitors

Growth Drivers

- Institutional customers are expected to expand their production capacities over the next 3 years – Beardsell expected to pick up a major share of their increased EPS requirements
- New client addition from sectors untapped earlier will be another key driver for growth
- Consistently increasing volumes and introducing newer product variants

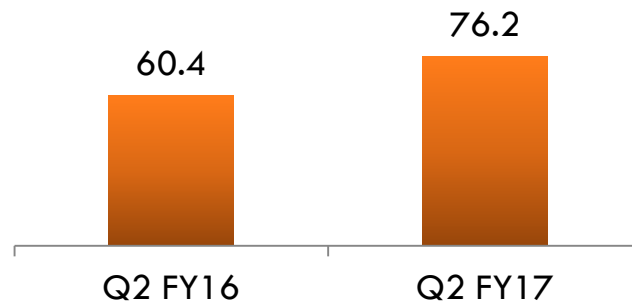
Beardsell has been spearheading the innovations in packaging design and development and has successfully developed cost effective and shock resistant EPS packaging over the years

The anti-static packaging is a pioneering solution designed by the company offers a viable solution for protecting electronic and ordinance items apart from explosive goods.

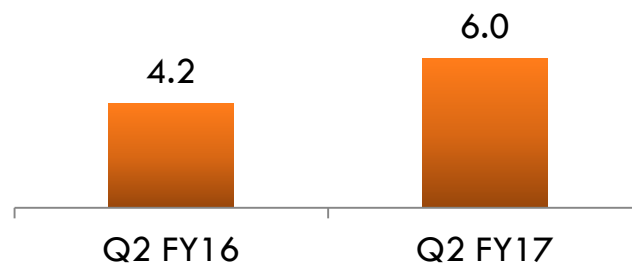
The Packaging business provides complex packaging solutions for various top consumer durable companies ensuring safe and secure transportation



Revenue



EBIT



(Rs mil)

Comments on performance

- Hot n Cold Insulation contracts in Northern India showed a tremendous good growth
- Agency business of Industrial Motors in Coimbatore and Kerala market has improved
- Trading Export activities was lull in the first half year



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Growth Drivers

Pre-fabricated buildings

- Additional orders for RO cabins from Government of Karnataka
- Bid for turnkey projects both from private and government bodies
- Healthy growth expected on the back of rising acceptance in residential and commercial space given its benefits compared to traditional civil structures

Packaging / Moulded Products

- Immunity from raw material price volatility - Larger customers negotiate processing contracts at flat processing charge
- Under utilized capacity provides room for meeting higher demand with no additional capex cost.
- Lower RM prices due to lower oil prices



Financial Overview

Particulars (Rs mn)	FY14	FY15	FY16
Net Sales	1,061.2	1,418.2	1,608.4
EBITDA	57.2	73.5	123.2
EBITDA Margin	5.4%	5.2%	7.7%
EBIT	34.8	38.2	85.8
Interest	23.8	50.7	58.0
Tax Expense	7.3	0.5	18.5
Net Profit	12.9	(1.0)	31.4
Earnings Per Share (Rs.)	2.8	(0.2)	6.7

Figures for FY15 & FY16 are consolidated

Financials – Balance Sheet Performance

Particulars (Rs mil)	FY14	FY15	FY16
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUND:			
(a) Share Capital	46.8	46.8	46.8
(b) Reserves and Surplus	285.7	282.8	307.4
Shareholders fund	332.5	329.6	354.2
NON-CURRENT LIABILITIES			
(a) Long-term borrowings	125.6	154.4	190.0
(b) Deferred tax liability (net)	18.4	18.6	21.5
(c) Other long term liabilities	0.9	0.3	1.5
(d) Long-term provisions	11.6	12.9	14.0
Non current Liabilities	156.5	186.2	227.0
CURRENT LIABILITIES			
(a) Short-term borrowings	117.7	174.1	146.6
(b) Trade Payables	186.8	263.9	343.3
(c) Others current liabilities	37.1	65.6	79.2
(d) Short-term Provisions	9.4	7.6	1.7
Current liabilities	351.0	511.2	570.8
TOTAL	840.0	1027.0	1152.1

Particulars (Rs mil)	FY14	FY15	FY16
ASSETS			
NON-CURRENT ASSETS:			
(a) Tangible Assets	399.5	433.1	508.7
(b) Work In Progress	18.9	33.9	19.9
(c) Intangible Assets	-	-	-
(d) Goodwill on consolidation	-	22.1	24.2
(d) Non-current investments	2.6	2.6	2.6
(e) Long term loans and advances	34.5	34.2	24.5
(f) Other non-current assets	-	-	-
Non current Assets	455.5	526.0	579.9
CURRENT ASSETS:			
(a) Inventories	80.3	122.8	137.9
(b) Trade receivable	208.3	264.4	288.9
(c) Cash and cash equivalents	68.2	53.2	52.6
(d) Short term loans & advances	27.5	60.1	80.8
(e) Other current assets	0.1	0.6	11.9
Current Assets	384.5	501.0	572.1
TOTAL	840.0	1,027.0	1,152.1

Figures for FY15 & FY16 are consolidated

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Thank you