

Date: 4<sup>th</sup> July, 2017

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

**Sub: - Investor's presentation**

Dear Sir/Madam,

Please find enclosed Investor's Presentation pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015.

You are requested to take note of the same.

Thanking You

Yours faithfully

For Shankara Building Products Limited

*Ereena Vikram*

Ereena Vikram

Company Secretary & Compliance Officer \*





*This presentation and the accompanying slides (the “Presentation”), which has been prepared by Shankara Building Products Limited (the “Company”), has been prepared solely for information purposes and do not constitute any offer, recommendation or invitation to purchase or subscribe for any securities, and shall not form the basis or be relied on in connection with any contract or binding commitment whatsoever. No offering of securities of the Company will be made except by means of a statutory offering document containing detailed information about the Company.*

*This Presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this Presentation. This Presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.*

*Certain matters discussed in this Presentation may contain statements regarding the Company’s market opportunity and business prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the tire industry in India and world-wide, competition, the company’s ability to successfully implement its strategy, the Company’s future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company’s market preferences and its exposure to market risks, as well as other risks. The Company’s actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this Presentation. The Company assumes no obligation to update any forward-looking information contained in this Presentation. Any forward-looking statements and projections made by third parties included in this Presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.*

# One of India's Largest Home Improvement & Building Material Retailer...

Stores

112

Products

75+

SKUs

20,000+

States / UT

9 / 1



# ...catering to Home Improvement & Building Material Customers...



Home Improvement

Building Material

- Rs. 2 Lakh Crore addressable opportunity growing at estimated 8-8.5% CAGR
- Increasing customer involvement in home improvement makes the model highly scalable

## Our Target Audience



Home Owners



Professional Customers  
(Architects & Contractors)



Small Enterprises

# ...offering a 'One Stop Shop' solution in India's High Growth Industry...

100+

Brands

10,000+

Touchpoints

75+

Products

20,000+

SKUs

## Comprehensive range of products



**Construction Materials**  
TMT, cement, M Sand, scaffolding, fabrication, accessories



**Plumbing & Sanitaryware:**  
PVC pipes & fittings, water tanks, sanitaryware, CP fittings, solar water heater, accessories



**Flooring:**  
Tiles, wooden flooring, accessories



**Electricals**  
Electrical cable & fittings, switches, decorative lightings, accessories



**Interior-Exterior**  
Paints, ACP, roofing & cladding, wallpaper, plywood, kitchen hardware & allied accessories



**Irrigation**  
Pumps/motors, sprinklers, drip / lift irrigation, borewell systems, casing, cables, green house systems, accessories

- Offering end to end home improvement & building material as well as solutions
- Huge demand from Tier 2 & Tier 3 cities
- Access to a large variety in terms of product offerings and brands
- Trust, Convenience, Authenticity are key factors offered by Retail Stores

...with a wide range of Product Offerings and Brands...

Third party brands

In-house brands

Construction Materials



Plumbing & Sanitaryware



Flooring



Interior-exterior



Electricals



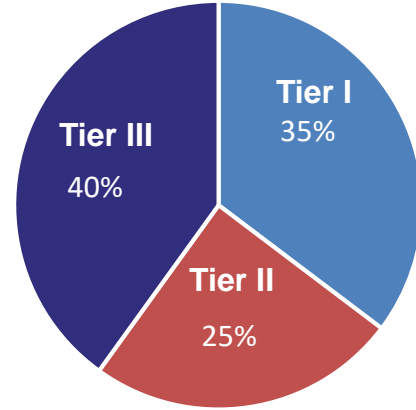
Irrigation



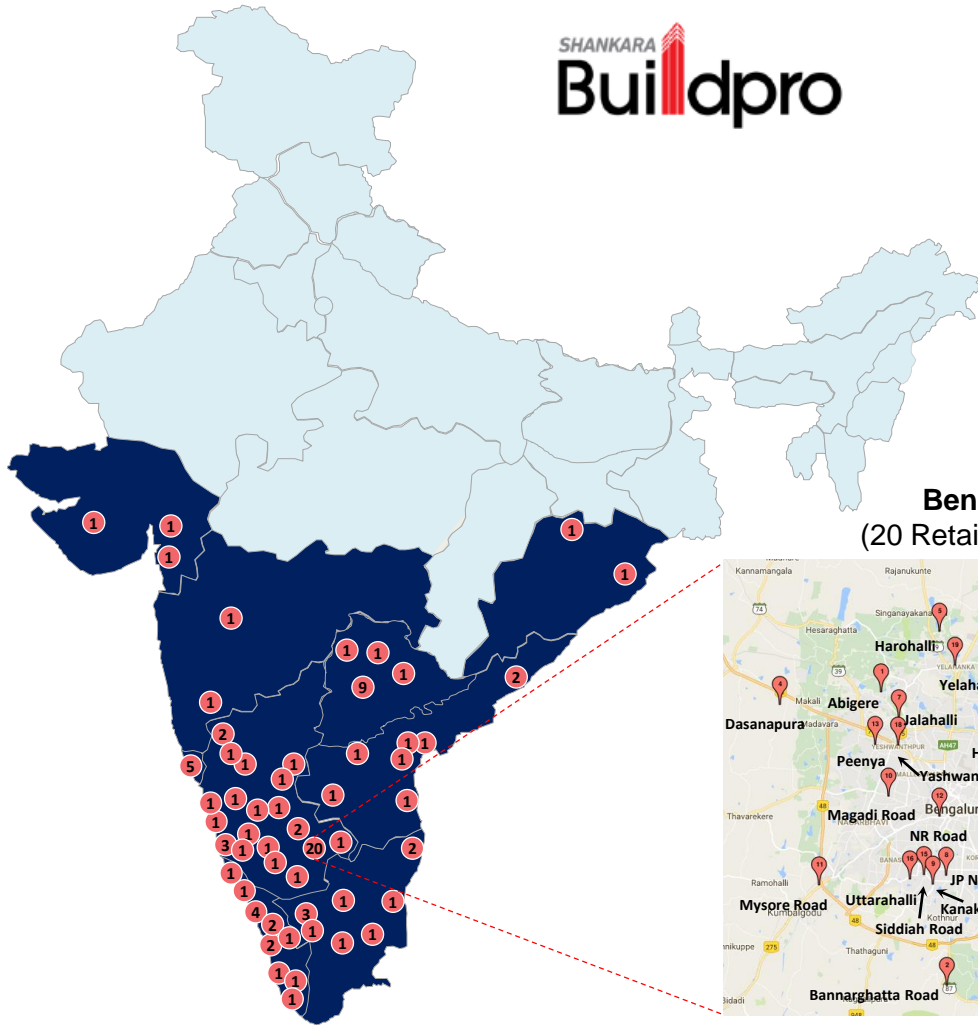
# ...across 112 Shankara Buildpro Retail Stores...



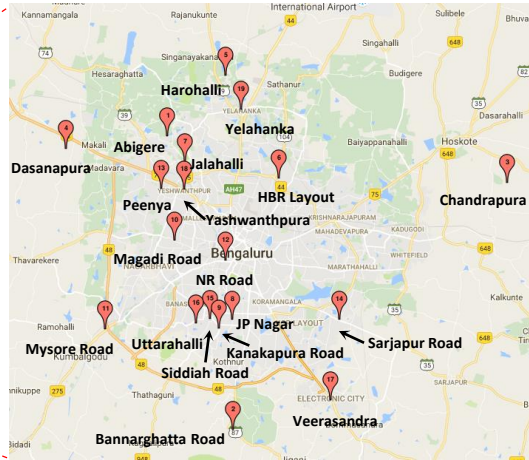
FY17 Revenue mix across Cities



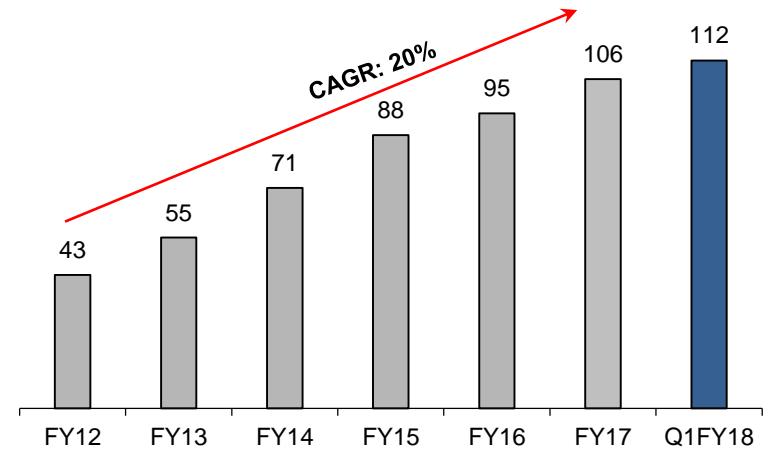
- Retail presence in **9** states & **1** union territory
- **112** Shankara Buildpro stores
- **0.40** mn sq.ft. retail space managed



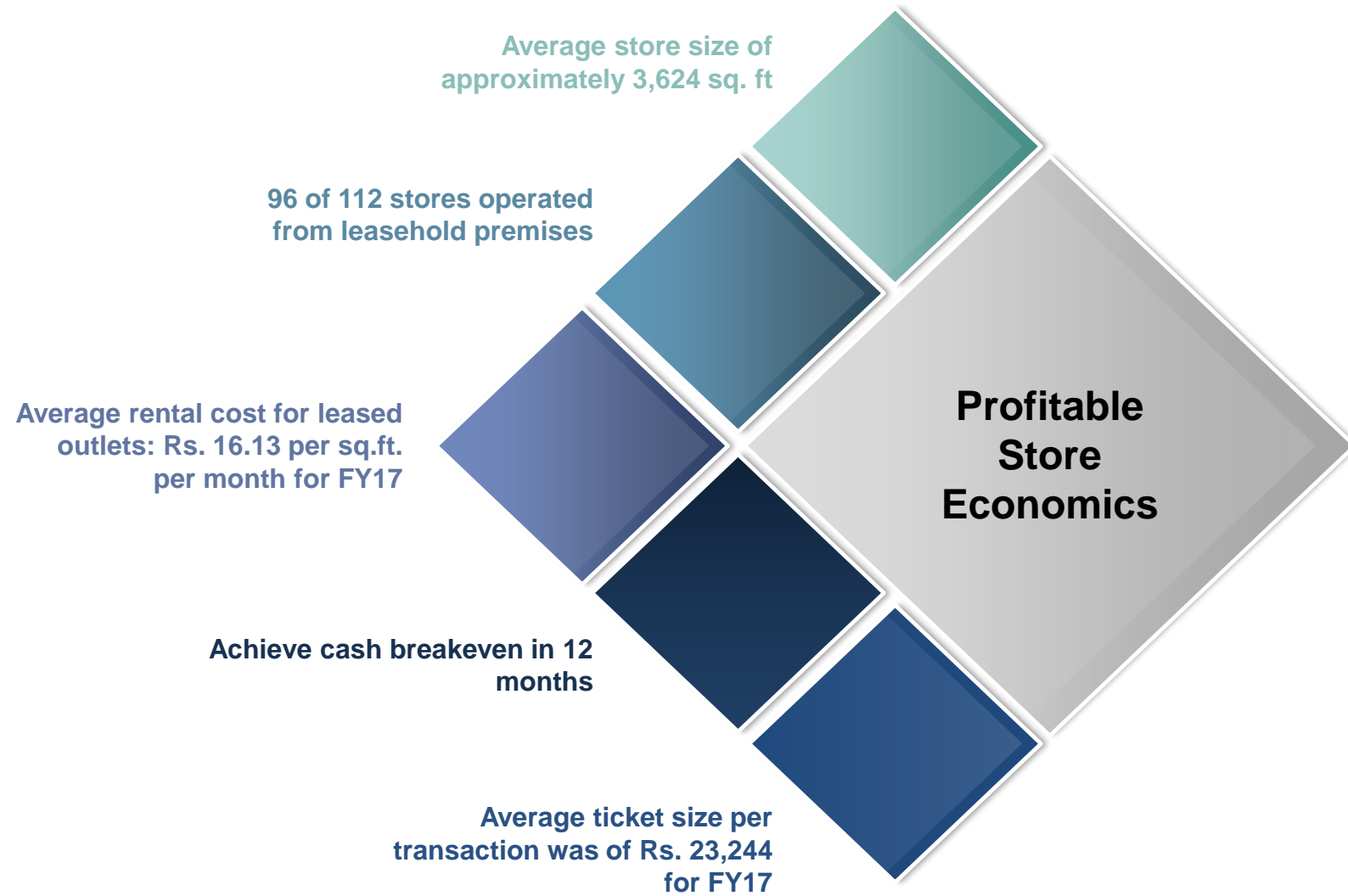
Bengaluru (20 Retail Locations)



Retail store roll out

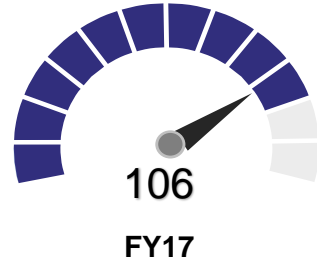
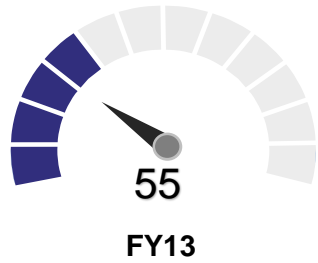




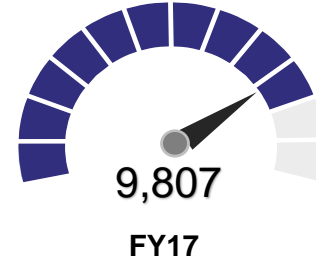
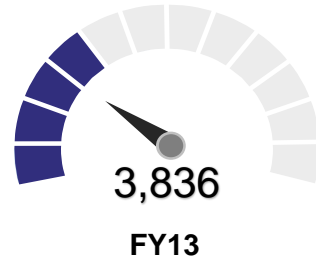


# ...and Increasing Retail Pie...

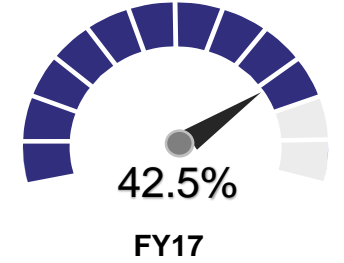
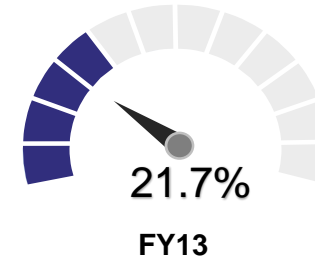
Number of Stores



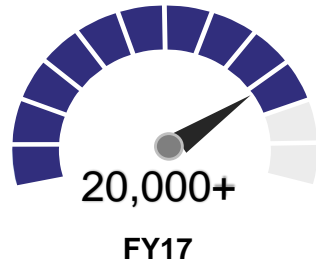
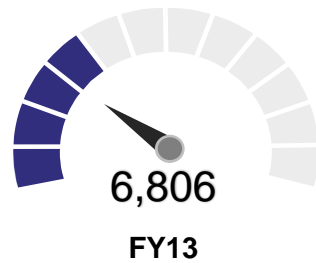
Revenue (Rs. mn.)



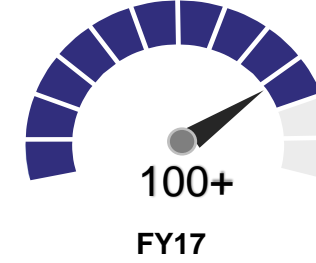
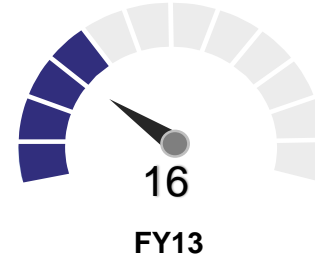
Revenue Share



SKUs



Brands



# ...to cater to a Large & Scalable 'Home Improvement' Sales Model...

## Retail - Store



FY17 Revenue Share  
42.45%

Access to 100+ Brands sold through  
112 Shankara Buildpro Stores

Third Party & Own Products sold to  
End Users

Average size per Transaction of  
Rs. 23,244/-

## Retail - Channel



FY17 Revenue Share  
24.67%

Leveraging the large network of  
Multi Brand Dealers

Third Party & Own Products sold to  
Dealers

1,900+ network of Dealers

## Enterprise



FY17 Revenue Share  
32.88%

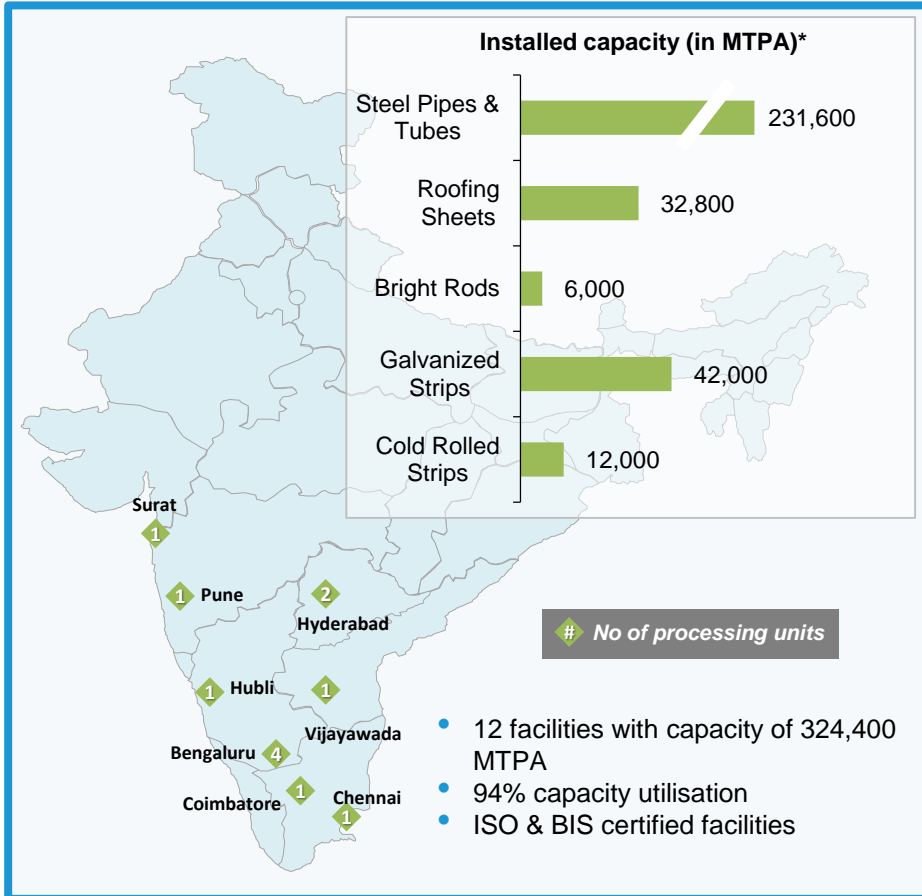
Strong association with Corporates  
with ability to customize products

Third Party & Own Products sold to  
Enterprise

Top 10 customers contribute 10% of  
Enterprise Revenue

# ...with Processing & In-house Supply Chain Support

## Backward integrated processing facilities



## In-house supply chain management

Warehouses with **0.59** mn sq.ft space\*

**44** Fleet of owned trucks\*

**ERP and MIS controls**

- Daily reporting of key business metrics
- Monthly MIS
- Monthly production & procurement planning
- Internal audit team & store co-ordination team

Large part of warehousing backbone is owned

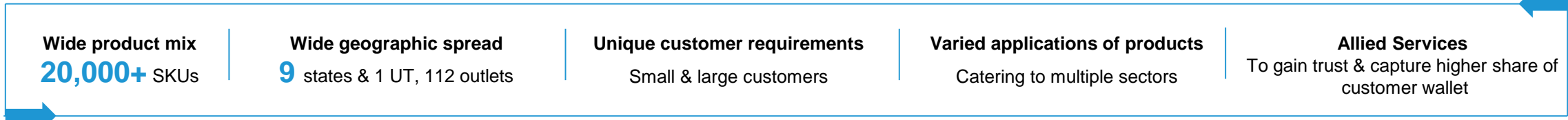
Specific installation services offered



**What makes us  
a Scalable and  
Sustainable  
Business**

# 'End to End' provider of Home Improvement & Building Material Products

Over 0.5mn sale transactions in FY17 ~1,600/day



- **12** processing facilities with own brands

**Processing**  
Since 2010



- **1,900+** dealers
- Contributed 24.67% to overall consolidated revenue

**Channel Sales**  
Since 1999



- Bespoke product offerings
- Contributed 32.88% to overall consolidated revenue

**Enterprise Sales**  
Since 1995

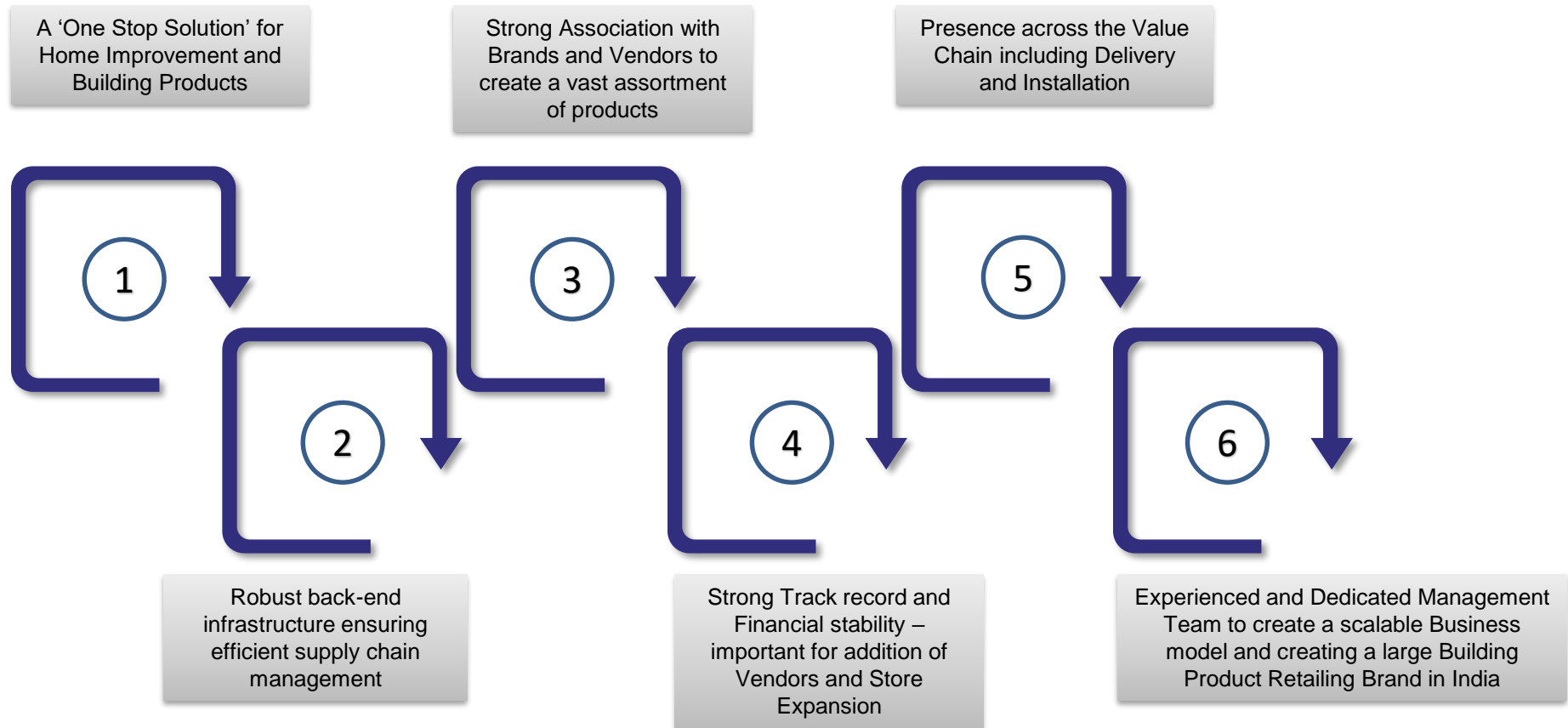


- **112** Shankara BuildPro stores spread across 9 states & 1 UT
- Contributed 42.45% to Company's overall consolidated revenue

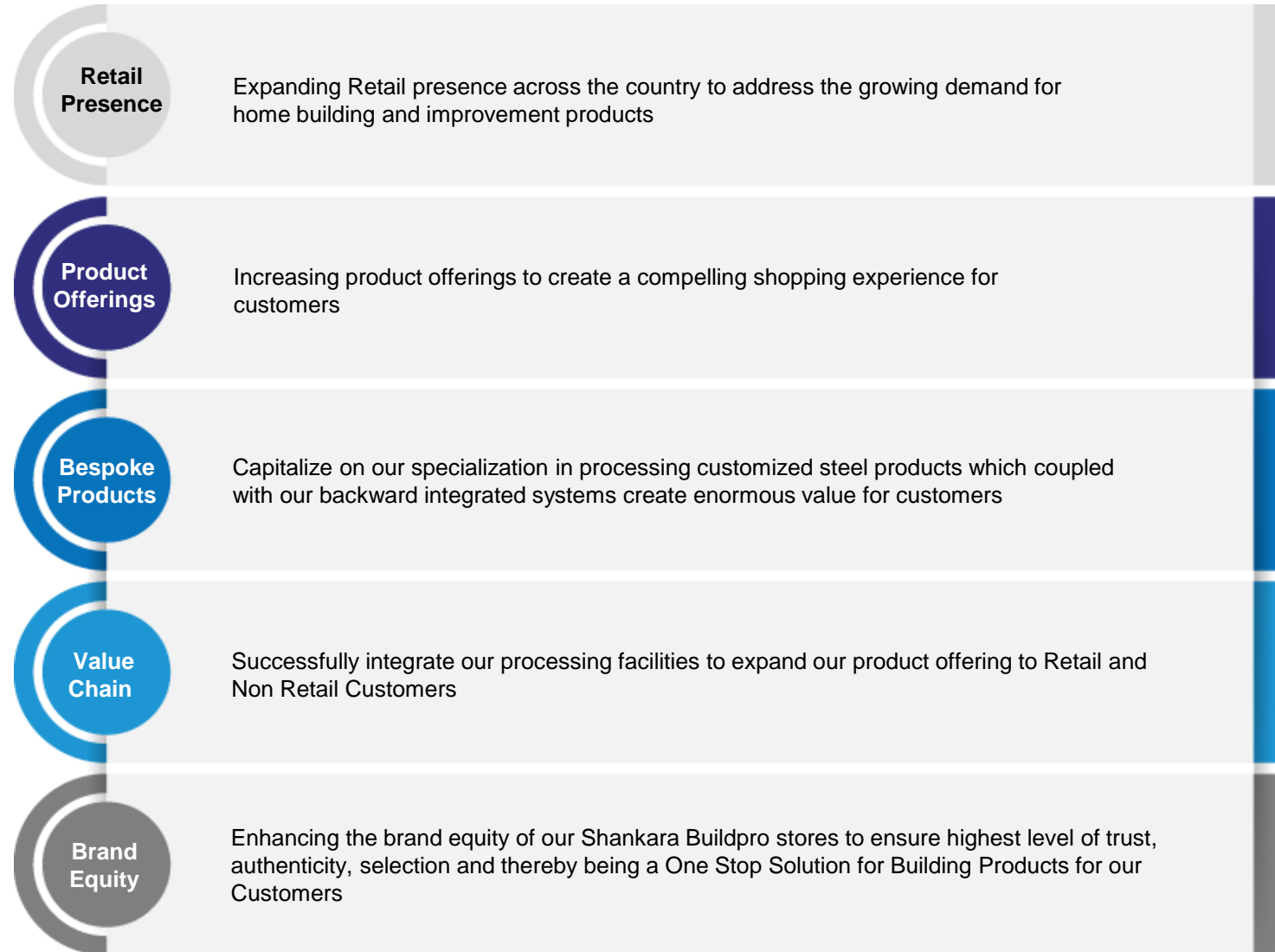
**Retail Sales**  
Since 2006

- Backed by In-house Supply Chain management comprising of Fleet of Trucks, ERP Systems and MIS Controls
- Ensures timely Delivery and acts as one of the key enablers for customers buying decision
- Helps in cost efficiency thus improving margin profile for each segment
- Providing Installation and fitting services

# Our Key to Success



# Our Strategy to enhance Stakeholder Value





# We have capabilities to Scale Efficiently

## Business scale up

Retail Outlets	55 in FY13	↑	106 in March 2017
Product Categories	Small Base	↑	75+
SKUs	6,806 in FY13	↑	20,000+
Third Party Brands	16 in FY13	↑	100+
Annual Retail transactions	149,947 in FY13	↑	421,926 in FY17
Total transactions	0.51 mn transactions in FY17		
Debt:Equity ratio	1.4 in FY13	↓	0.5 in FY17

## Infrastructure scale up

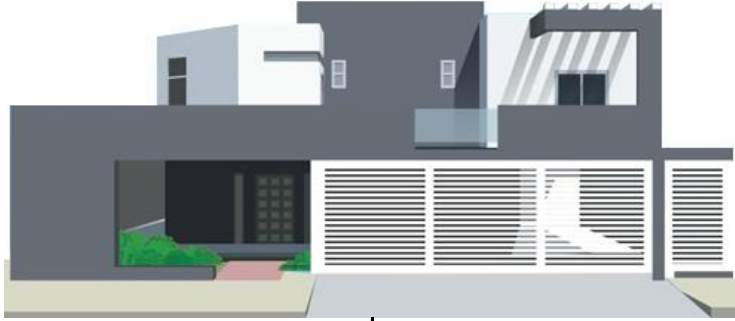
Acquisitions	VP SPL <sup>1</sup> in FY11	+	CRIPL <sup>2</sup> in FY14
Processing capacity expansion	167,800 tons in 2014	↑	324,400 tons in FY17
Available area for processing	1.33 mn sqft	∨	0.36 mn sqft covered area
ERP, MIS controls	Across the Company		
Large warehousing network	0.59 mn sqft	+	Additional 0.45 mn sqft owned land unutilized <sup>3</sup>
Gross block	Rs. 1,515 mn in FY13	↑	Rs. 3,005 mn in FY17

**Leveraging efficiencies across the network  
Quicker scale-up and breakeven of retail stores**

Buildings Material estimated to grow at **8-8.5%** CAGR to Rs. **6.8-7.0** lakh crore by **2020-21** of which **34-38%** is sold through Retail Network



# Key Building Material required for Housing Unit



## Basic Construction Material



TMT & Cement



Fabrication, Sand & Allied items

~40%

## Aggregates



Bricks



Aggregate

~20%

## Finishing Material



Plumbing & Sanitaryware  
6%



Flooring  
6%



























Electricals  
8%



Interior-Exterior  
20%

~40%

# ...with a Strong Growth Potential...

Particulars	Market Size (in Rs.bn) in 2015-16	Growth Forecast for next 5 Years	Share of Organized Vs. Unorganized	Typical levels of Customer involvement in purchase of Products (Home Owners)	Indicative share of sales via retail channels
Cement	1,300-1,400	8.0%-8.5%			
Structural Steel	1,300-1,400	7.0%-8.0%			
Bricks	600-650	8.0%-10.0%			
Paints	385-395	12.0%-14.0%			
Plumbing – PVC Pipes	260-270	10.0%-12.0%			
Ceramics Tiles & Sanitaryware	250-255	10.5%-11.0%			
Plywood & Laminates	245-250	11.0%-11.5%			
Lighting	180-185	11.0%-13.0%			
<b>Total</b>	<b>4,520-4,805</b>				

# ...aided by Government Policies...



Swachh Bharat Abhiyan to provide toilet facilities to all



Atal Mission for Rejuvenation and Urban Transformation with the focus of the urban renewal projects



Smart Cities to focus on upgradation of facilities of sustainable, better and inclusive living



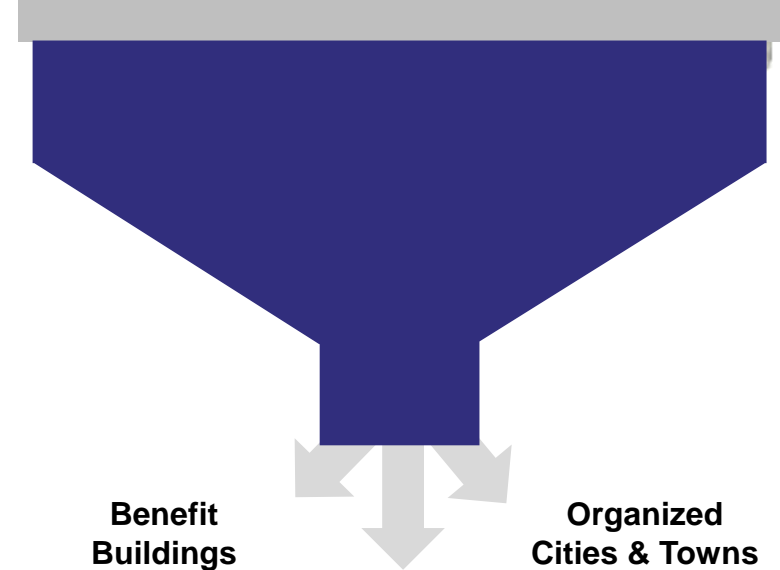
Housing for All by 2022 envisages every family in India to have a pucca house



Interest rate subsidy for middle income groups on housing loans



RERA Bill to bring trust and transparency in Homes Sales fueling Real Estate Sales

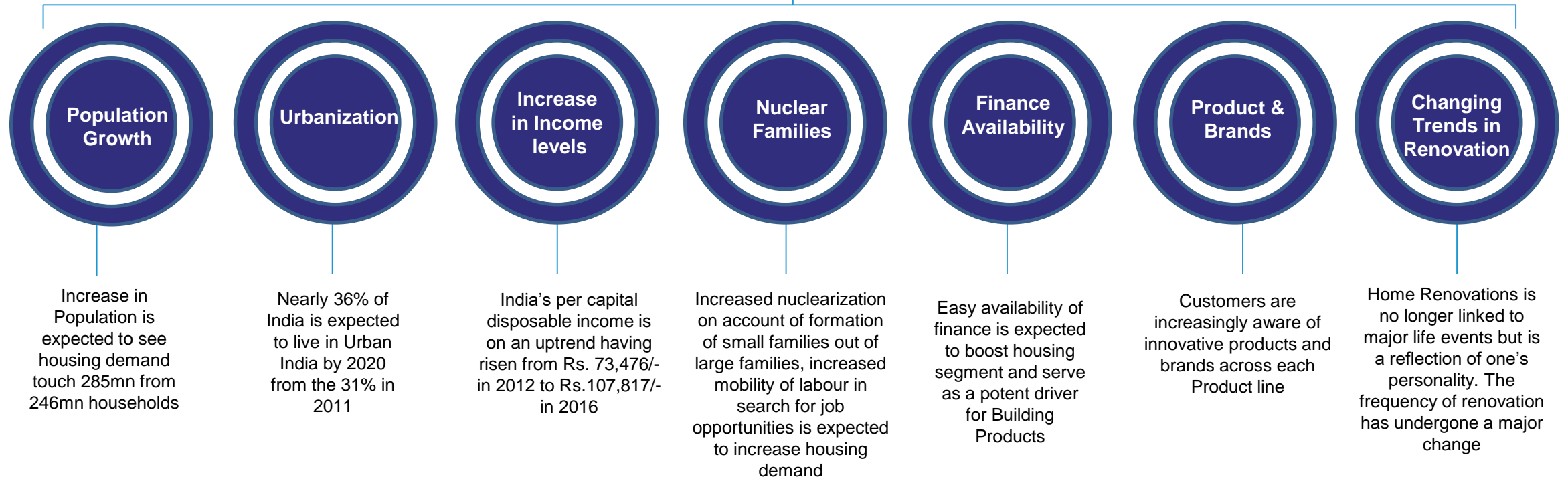


Benefit Buildings Material

Fuel Retail Sales across India

Organized Cities & Towns

### Retail Home Improvement Drivers





**Snapshot**

# Our Company was incorporated over Two Decades back in 1995



Incorporation of **Shankara Building Products Ltd.** by IIM Ahmedabad alumnus, first generation entrepreneur Mr. Sukumar Srinivas in **FY95**

Opened an integrated warehousing facility of **55,000 sq. ft.** at Bengaluru

Opened first retail store in **Bengaluru**

Commenced retail operations in **Odisha**

Commenced retail operations in **Puducherry**

- Achieved **Rs. 20 bn.+** turnover
- Added new products categories – **cement, tiles, scaffolding and solar products**
- Crossed **Rs. 8 bn.** turnover in the retail segment

FY03

FY05

FY06

FY07

FY08

FY11

FY13

FY15

FY16

FY17

'Emerging India Award' in the category 'Retail & Trade' by CRISIL, ICICI Bank & CNBC TV

Commenced retail operations in **Gujarat and Goa**

Raised private equity investment of **Rs. 800 mn**

• Launched own private label brands – **Taurus, Prince Galva Plus and Loha**

• Added new product category of water tanks

• Listed among the top **200** best unlisted Indian companies by Business Standard

**Listing on NSE & BSE**  
**106 stores** in March 2017



**V Ravichandar**  
Chairman & Independent  
Director

- He holds a bachelor's degree in mechanical engineering from BITS, Pilani and a PGDBM from the IIM, Ahmedabad
- He has been associated with the Company since 2007 and has 36 years of experience in the consulting industry
- He is currently the CMD of Feedback Business Consulting Services Private Limited

**Sukumar Srinivas**  
Managing Director

- He holds a bachelor's degree in commerce from Loyola College, Chennai, University of Madras, and a PGDBM from the IIM, Ahmedabad
- He has been associated with the Company since its incorporation and has 33 years of experience in the building products industry

**C. Ravikumar**  
Executive Director

- He holds a bachelor's degree in science from Bangalore University and has been associated with the Company since 1995 and was appointed as a director of the Company in 2001
- He has 29 years of experience in the steel pipes and building products industry

**RSV Siva Prasad**  
Executive Director

- He holds a bachelor's degree in science from Andhra University and a master's degree in science in zoology from Bhopal University and a diploma in business management from Rajendra Prasad Institute of Communication Studies, Bombay
- He has been associated with the company since 1995 and has 34 years experience in the field of sales

**Jayashri Murali**  
Independent Director

- She holds a BA degree in English literature and a bachelor's degree in law, from Madras University
- She is currently enrolled with the Karnataka State Bar Council as an advocate and has over 30 years of experience

**Chandu Nair**  
Independent Director

- He holds a B.Com degree from Madras University and a PGDBM from the IIM, Ahmedabad.
- He has over 33 years of experience in business consultancy, information and media. Previously, he was associated with Business World magazine between 1987-1989 and with Asian Paints between 1983-1987.

**Siddhartha Mundra**  
CEO

- He holds a bachelor's degree in engineering with a specialisation in computer science from the NIT, Warangal (formerly REC, Warangal) and a PGDBM from the IIM, Ahmedabad
- He was appointed CEO in June 2017 after having served as a nominee director of Fairwinds to the Board of the Company since 2011

**Alex Varghese**  
CFO

- He joined the Company on October 13, 1995
- He holds a bachelor's degree in commerce from MG University and has been associated with the Company for over 20 years

**Ereena Vikram**  
CS

- She is the Company Secretary and Compliance Officer of the Company
- She holds a bachelor's degree in commerce and a masters degree in arts (personnel management and industrial relations) from Patna University
- She also holds a bachelor's degree in law (gold medallist) from Patna University and is a member of the Institute of Company Secretaries of India

**V Devanathan**  
Regional Director  
(Tamil Nadu)

- He has been associated with the Company since October 13, 1995
- He completed his Pre-University from Vivekananda College, University of Madras and has been associated with the Company for over 20 years
- He is involved in the marketing and administration of the Company's operations in Tamil Nadu

**C. Jaiaprakash**  
General Manager

- He joined the Company on October 13, 1995
- He holds a bachelor's degree in arts from Bangalore University and has been associated with the Company for over 20 years
- He is involved in logistics and inventory control in the Company's operations in Bengaluru

**M Eswara Rao**  
General Manager

- He joined TVSPPL on July 1, 2013
- He holds a bachelor's degree (mechanical) from Mahatma Gandhi Kashi Vidyapeeth and a diploma in mechanical engineering from the State Board of Technical Education and Training, Hyderabad, Andhra Pradesh
- He is involved in manufacturing operations and administration of the Company's factory in Chegunta

# Our Shankara Buildpro Stores house...



# ...a variety of Product categories & Brands





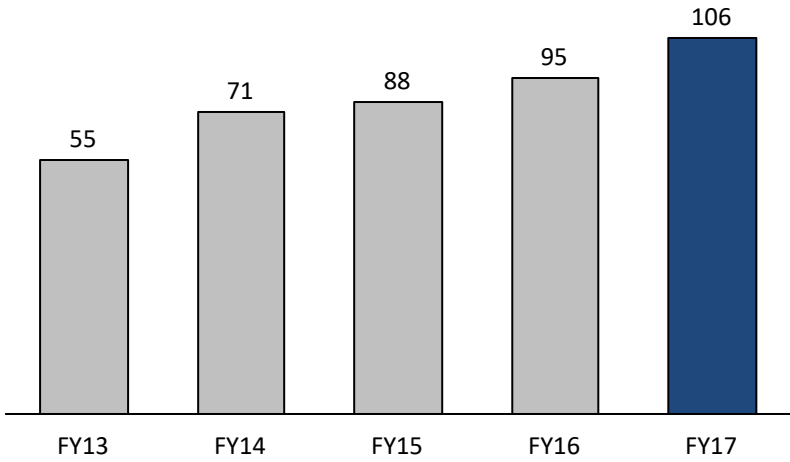
**Financial  
Performance**

Particulars	Units	FY13	FY14	FY15	FY16	FY17	CAGR FY13-FY17
No of retail stores	Nos.	55	71	88	95	106	<b>18%</b>
Total Area	Sq. ft	1,80,298	2,23,869	2,91,139	3,23,070	3,81,070	<b>21%</b>
Revenue from retail stores	Rs. Mn	3,836	4,647	6,193	8,078	9,807	<b>26%</b>
Same store sales growth	%	17%	13%	24%	28%	19%	-
EBITDA	Rs. Mn	129	218	461	775	972	<b>66%</b>
Margin (%)	%	3%	5%	7%	10%	10%	-
EBITDA per store	Rs. Mn	2.35	3.07	5.24	8.14	9.20	<b>41%</b>
EBITDA per sq ft	Rs.	717	975	1,582	2,394	2,551	<b>37%</b>

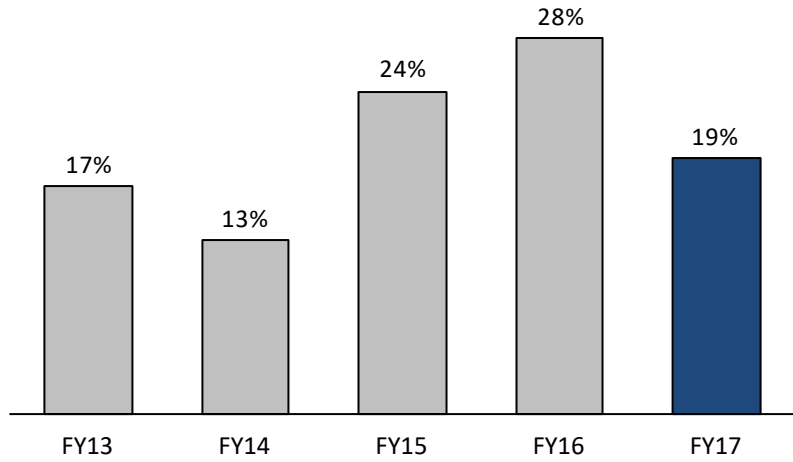
**Low rental cost of ~Rs.16 per sq.ft per month for the leased outlets enhance the profitability of the retail segment and thus retail stores achieve breakeven within a year**

# Performance of Shankara Buildpro Stores

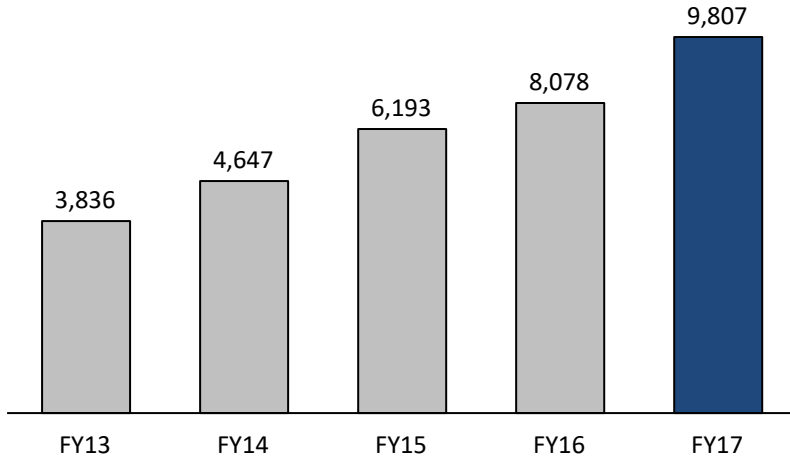
**Growth in number of stores**



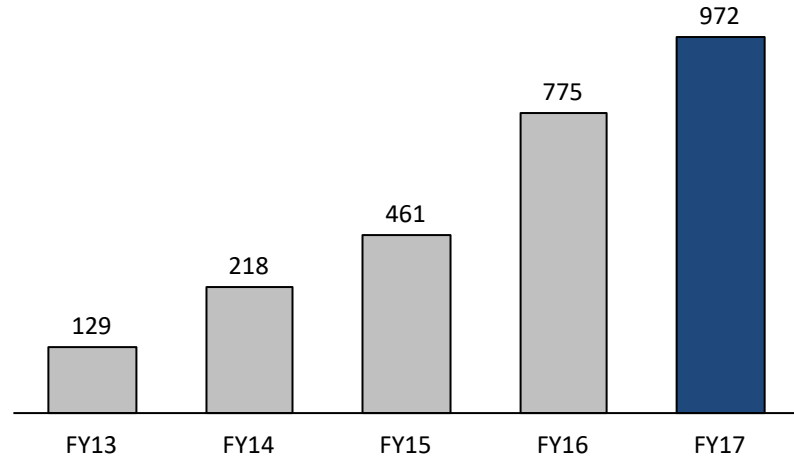
**Same store sales growth (%)**



**Growth in overall retail sales (Rs. mn.)**

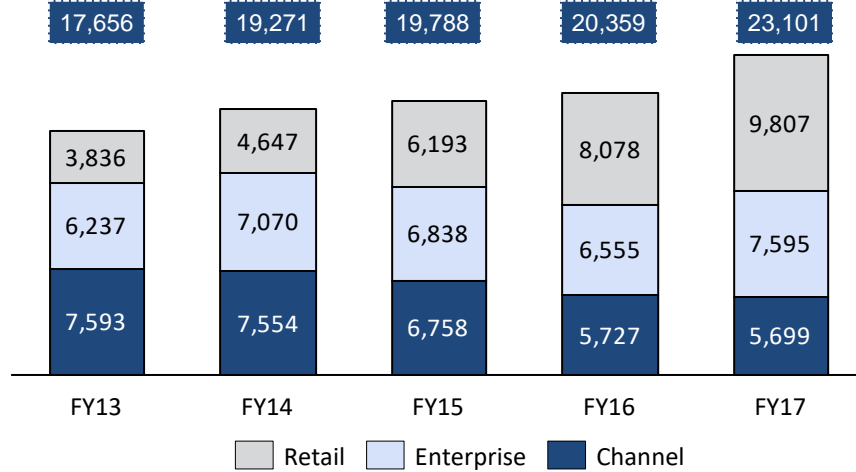


**EBITDA (Rs.mn.)**

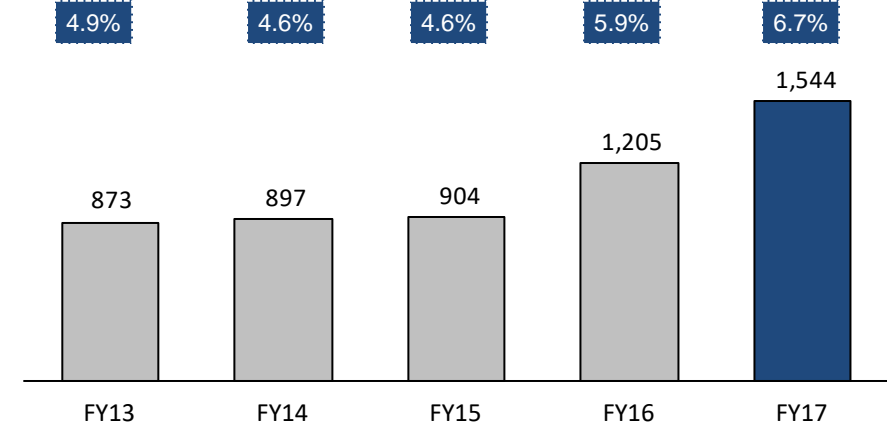


# Key Consolidated Financials

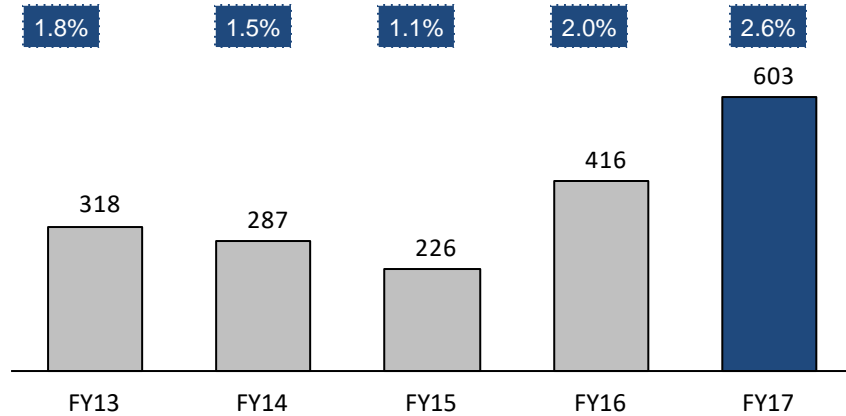
**Segment wise Revenue & Net Revenue from Operations (Rs. mn.)**



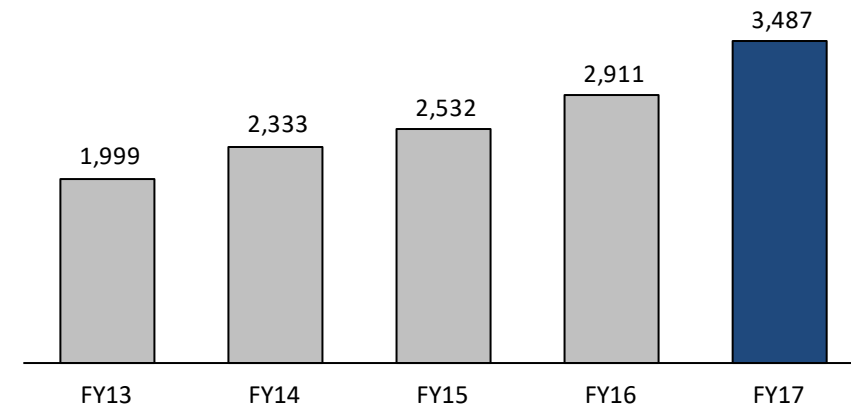
**EBITDA (Rs. mn.) & EBITDA Margin (%)**



**PAT (Rs. mn.) & PAT Margin (%)**



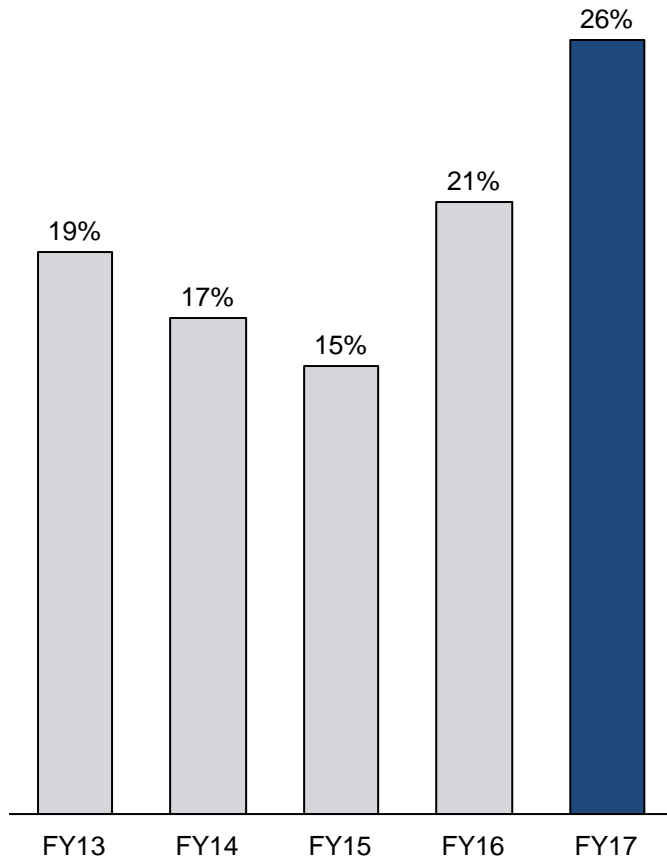
**Net Worth (Rs. mn.)\***



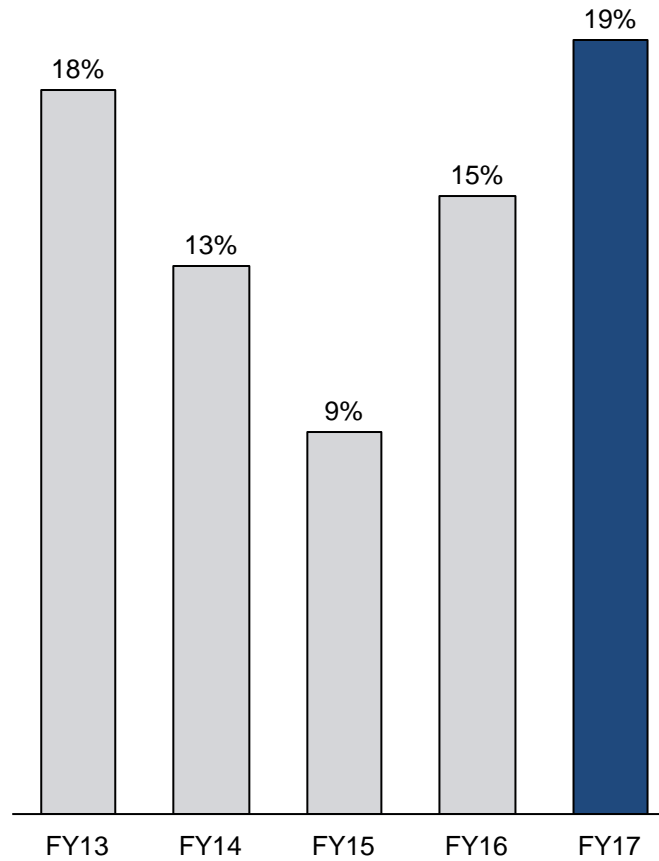
**Shankara has been profitable since inception**



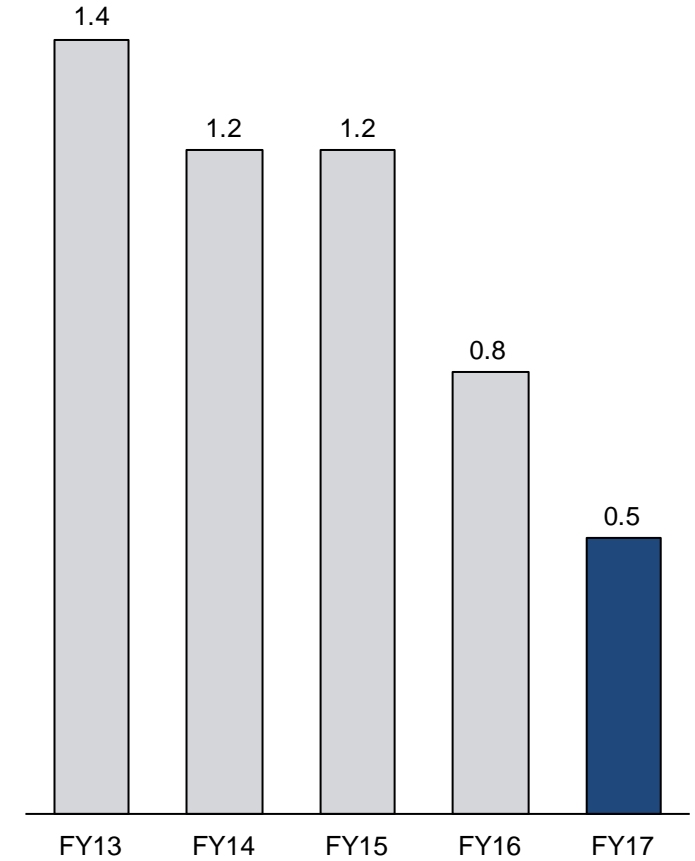
Average Return on Capital Employed\*



Average Return on Equity\*

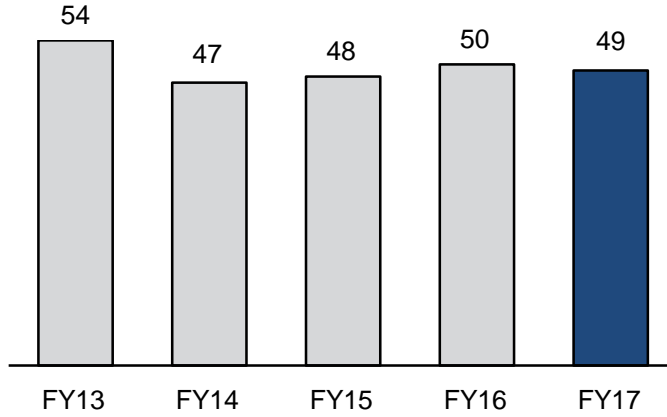


Net Debt : Equity\*

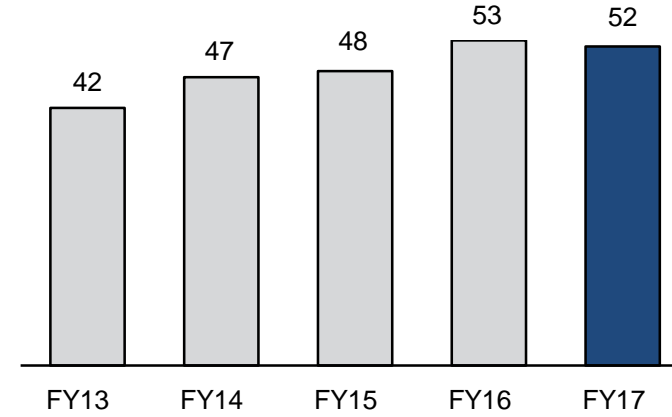


# Maintaining Business efficiency

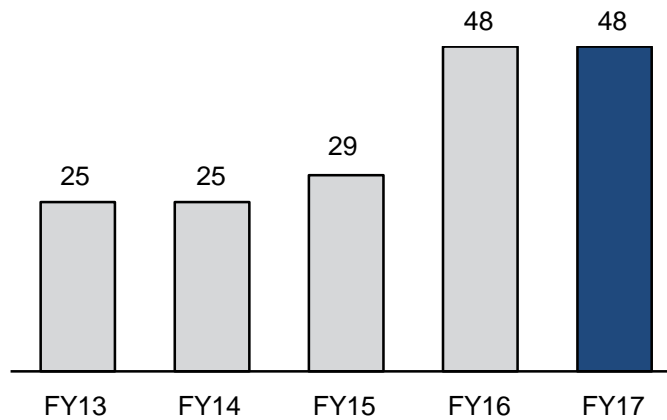
### Receivable Days



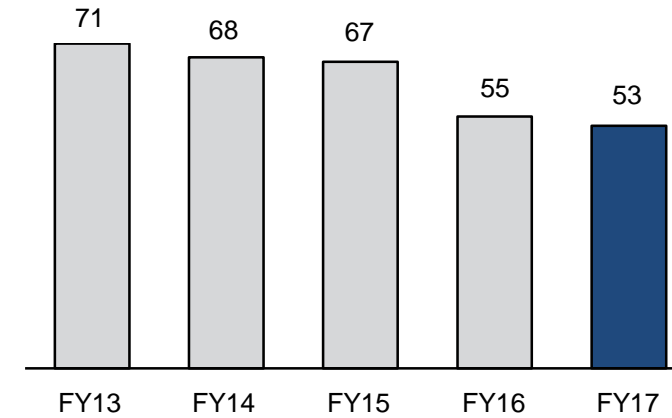
### Inventory Days



### Creditor Days



### Working Capital Days



## 5 years of Profit & Loss Statement

Particulars (Rs. Mn)	FY13	FY14	FY15	FY16	FY17	CAGR
<b>Total Income</b>	<b>17,666</b>	<b>19,271</b>	<b>19,788</b>	<b>20,359</b>	<b>23,101</b>	<b>6.9%</b>
Raw Material	15,920	17,364	17,580	17,672	19,794	
Employee Expenses	212	264	350	413	494	
Other Expenses	664	757	963	1,079	1,270	
<b>EBITDA</b>	<b>869</b>	<b>886</b>	<b>895</b>	<b>1196</b>	<b>1544</b>	<b>15.4%</b>
<b>EBITDA %</b>	<b>4.9%</b>	<b>4.6%</b>	<b>4.5%</b>	<b>5.9%</b>	<b>6.7%</b>	
Other Income	3	8	9	7	3	
Depreciation	46	58	88	95	114	
Finance Cost	349	416	470	460	508	
<b>Profit before Tax &amp; Minority Interest (MI)</b>	<b>478</b>	<b>420</b>	<b>345</b>	<b>648</b>	<b>925</b>	<b>18.0%</b>
Tax	159	133	120	240	322	
<b>Profit after Tax &amp; before MI</b>	<b>318</b>	<b>287</b>	<b>226</b>	<b>407</b>	<b>603</b>	<b>17.3%</b>
Minority Interest	-	-	-	-	-	
<b>Profit after Tax &amp; MI</b>	<b>318</b>	<b>287</b>	<b>226</b>	<b>407</b>	<b>603</b>	<b>17.3%</b>
<b>Cash Profit</b>	<b>365</b>	<b>345</b>	<b>314</b>	<b>503</b>	<b>717</b>	<b>18.4%</b>
<b>EPS</b>	<b>15.03</b>	<b>13.13</b>	<b>10.32</b>	<b>18.90</b>	<b>27.55</b>	

# Consolidated Balance Sheet

Rs. Mn	Mar-17	Mar-16
<b>Shareholder's Fund</b>	<b>3,937</b>	<b>2,911</b>
Share Capital	229	219
Reserves & Surplus	3,708	2,692
<b>Minority Interest</b>	<b>1</b>	<b>0</b>
<b>Non-current liabilities</b>	<b>229</b>	<b>190</b>
Long term borrowings	59	53
Deferred Tax Liabilities (net)	161	131
Other non-current liabilities	0	0
Long-term provisions	8	6
<b>Current liabilities</b>	<b>14,796</b>	<b>12,883</b>
Short term borrowings	2,101	2,083
Trade Payables	2,610	2,338
Other current liabilities	418	319
Short-term provisions	186	151
<b>Total Liabilities</b>	<b>9,481</b>	<b>7,992</b>

Rs. Mn	Mar-17	Mar-16
<b>Non-current assets</b>	<b>2,771</b>	<b>2,483</b>
Fixed assets	2,450	2,193
Goodwill on Consolidation	140	140
Long-term loans & advances	139	127
Other Non Current Assets	42	23
<b>Current assets</b>	<b>6,710</b>	<b>5,508</b>
Inventories	2,795	2,559
Trade receivables	3,123	2,810
Cash and bank balances	662	24
Short-term loans & advances	129	115
Other current assets	1	1
<b>Total Assets</b>	<b>9,481</b>	<b>7,992</b>

For further information, please contact:

**Company :**

Shankara Building Products Ltd.  
CIN - U26922KA1995PLC018990  
Mr. Alex Varghese – CFO  
[www.shankarabuildpro.com](http://www.shankarabuildpro.com)

**Investor Relations Advisors :**

Strategic Growth Advisors Pvt. Ltd.  
CIN - U74140MH2010PTC204285  
Mr. Shogun Jain /Ms. Sanghamitra Karak  
[shogun.jain@sgapl.net](mailto:shogun.jain@sgapl.net) / [sanghamitra.karak@sgapl.net](mailto:sanghamitra.karak@sgapl.net)  
+91 7738377756 / +91 9833692935  
[www.sgapl.net](http://www.sgapl.net)