



BEARDSELL LIMITED

Regd. Office :
47, Greams Road,
CHENNAI - 600 006. (INDIA)
Tel : 2829 32 96, 2829 09 00
GSTIN : 33AAACB1429P2ZP
CIN No. : L65991TN1936PLC001428
E-mail : ho@beardsell.co.in
Website : www.beardsell.co.in

Sec : September : 2017

19th September, 2017

The Listing Manager,
National Stock Exchange of India Limited,
Exchange Plaza
Bandra Kurla Complex, Bandra (E)
Mumbai-400 051
Scrip Code: BEARSELL

The Listing Manager
BSE Limited
Registered Office : Floor 25
P J Towers, Dalal Street,
Mumbai – 400 001
Scrip Code: 539447

Dear Sir

Investor brief received from Citigate Dewe Rogerson Communications Private Limited is enclosed for your information - (Q1 fy-2017-2018 earnings presentation)

Thanking You

Yours faithfully,
For BEARSELL LIMITED

K Murali
Company Secretary





BEARDELL LIMITED



September - 2017

Q1 FY18

Earnings Presentation

Disclaimer



Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward looking statements. Beardsell Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.



**Q1FY18
Performance**

**Growth
Drivers**

**Business
Overview**

**Financial
Overview**

Pre-fab continuing to gain traction

- Government order continues during the quarter, however implementation started in the 2nd quarter
- Delay in orders by our clients due to the implementation of GST
- Quikbuild now approved by CPWD and various state PWDs
- Quikbuild order pipeline in excess of Rs. 100 million
- Launched authorized contractor/licensee program to scale up Quikbuild implementation
- Steel fire-rated/clean room door manufacturing expected to commence by Q3 FY18 from Karad facility
 - Capex already incurred in Q1/Q2 FY18
- Karad facility also to supply steel parts for existing appliance customers

Packaging – steady performance

- Expanding & deepening relationship with leading consumer durable players – Godrej & Boyce, Haier
- Subsidiary unit in Supa, Maharashtra expected to boost profitability starting Q3 FY18, unit volumes expected to increase 50% by Q4FY18. Supa subsidiary profitability should approx. equal all other EPS units combined (post-tax) by Q1 FY19

Entry into new geographies

- J&K project – IIT Jammu (Partition walls); Uttarakhand villas; Madhya Pradesh villas project
- Starting a factory in Delhi to cater to the Quikbuild projects in the North Indian region

MOU signed for sale of land & building

- MOU signed for sale of land and building at MIDC, Patalganga for Rs 80 million.

A1+(SO) rating received from CRISIL for CP issuance

- Propose to issue commercial paper for Rs. 10 cr to reduce interest costs for working capital
- A1+(SO) is top rating for commercial paper – expected yield on issuance ~ 7%
- This will be used to replace existing usage of Cash Credit account

Prefab outlook promising

- **GST:** Prefab is a largely unorganised industry; GST expected to be a positive for an established and organised player like Beardsell; enabling greater market access
 - Affordable housing will be exempt from GST and will therefore be less expensive under the GST regime
 - ITC now available for all our pre-fab products – huge reduction in tax incidence, especially for our corporate customers
- To speed up construction of houses under Pradhan Mantri Awas Yojana, PM has asked Ministry for Urban Development to look at 3D construction technology in 25 major cities
- Large Govt and Private sector enquiries in pipeline

Managing Director's Comments

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

Progressive outlook and a thoroughly professional approach

“We have faced some challenges in the first 5 months of this fiscal owing to delay in order placement. While we believe GST will be a significant positive for the economy in the longer term, lack of clarity also saw some delay in placing orders

In September however we have seen a good uptick in order placement and are optimistic of this momentum continuing through the second half of the year

GST also results in a move to the organised sector which is a big positive for us

We are extremely optimistic of the prospects of both our Prefab and Packaging businesses ”

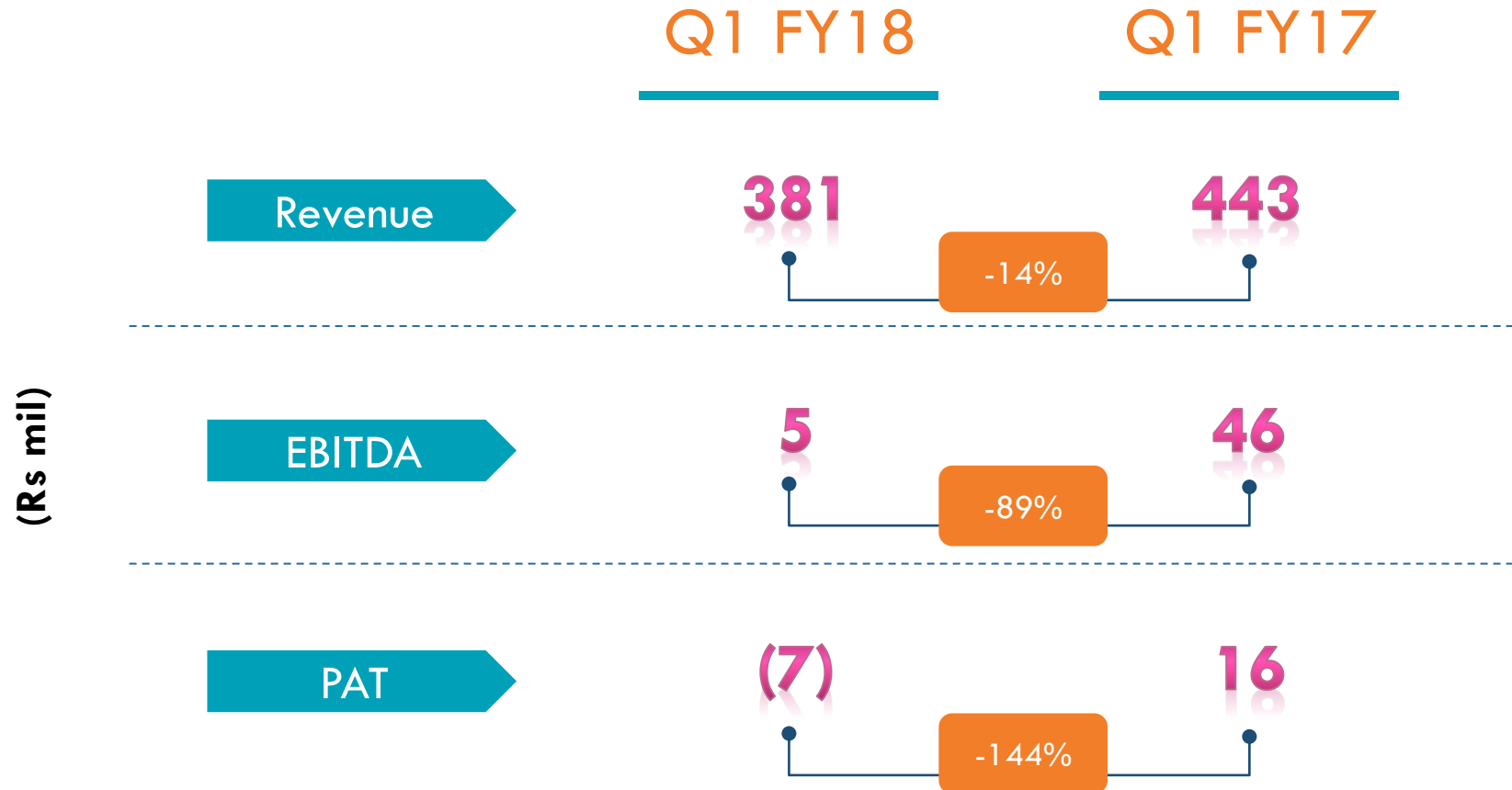
Financial – Q1 FY18 Performance



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P&L Snapshot



- **Topline impacted owing to deferment of capex by customers impacted largely by demonetisation and GST implementation**

Reconciliation between the results reported under previous Generally Accepted Accounting Principles(IGAAP) and Ind AS are summarised below:

Particulars (Rs mn)	Quarter Ended			Year Ended
	30-Jun-17 (Unaudited) Ind AS	31-Mar-17 (Audited)	30-Jun-16 (Unaudited)	31-Mar-17 (Audited)
Revenue from operations	381	394	443	1,904
Profit before tax	(12)	13	27	90
Profit after tax	(7)	4	16	48
Total comprehensive income	14	-	-	-

Balance Sheet Snapshot – As on 30th June. 2017

406



Networth

423



Fixed Assets

69



Cash & Investments

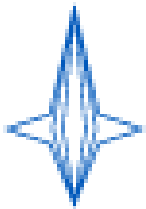
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Net Debt

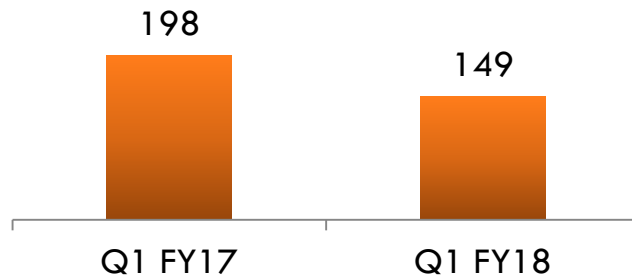
(Rs mil)

Business Overview – Pre-fabricated buildings

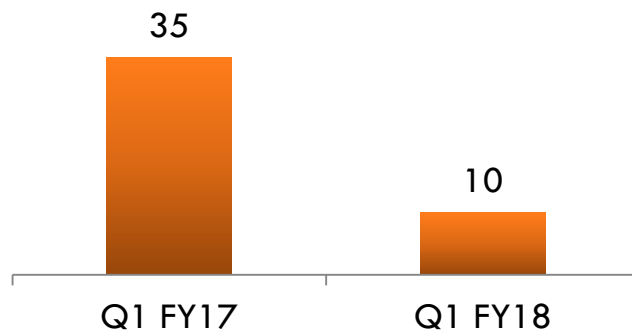


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Revenue



EBIT



(Rs mil)

Comments on performance

- Marginal hit in revenues mainly due to customers postponing orders – no project cancellations though
- Good order flow being seen in September
- RO Cabins (Karnataka) repeat order received and implementation started in Q2 FY18
- Quikbuild order pipeline now in excess of Rs. 100 million as on Sept
- Quikbuild enquiries in negotiation stage for various large projects: Villas, anganwadis, clinics/mortuaries, sanitation blocks – totaling Rs. 1,000 million

Pre-fabricated buildings

- 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
- Strong balance sheet to support strategic acquisitions going forward
- Quikbuild business gaining traction:
 - We expect Quikbuild to maintain its momentum
 - Rs 1,000mn in enquiries being negotiated

Growth Drivers

- Growing awareness of the cost effectiveness of pre-fabricated structures
- Launched franchisee/authorized licensee model for Quikbuild to scale up implementation
- Isobuild projects gaining acceptance in government agencies resulting in follow-on orders
- Emphasis from the PM to use 3D technology to construct affordable homes for the smart cities
- Focusing on clients/projects with assured payment terms and good margins.
- Major focus on southern states

Pre-fabricated Product Offerings



- 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

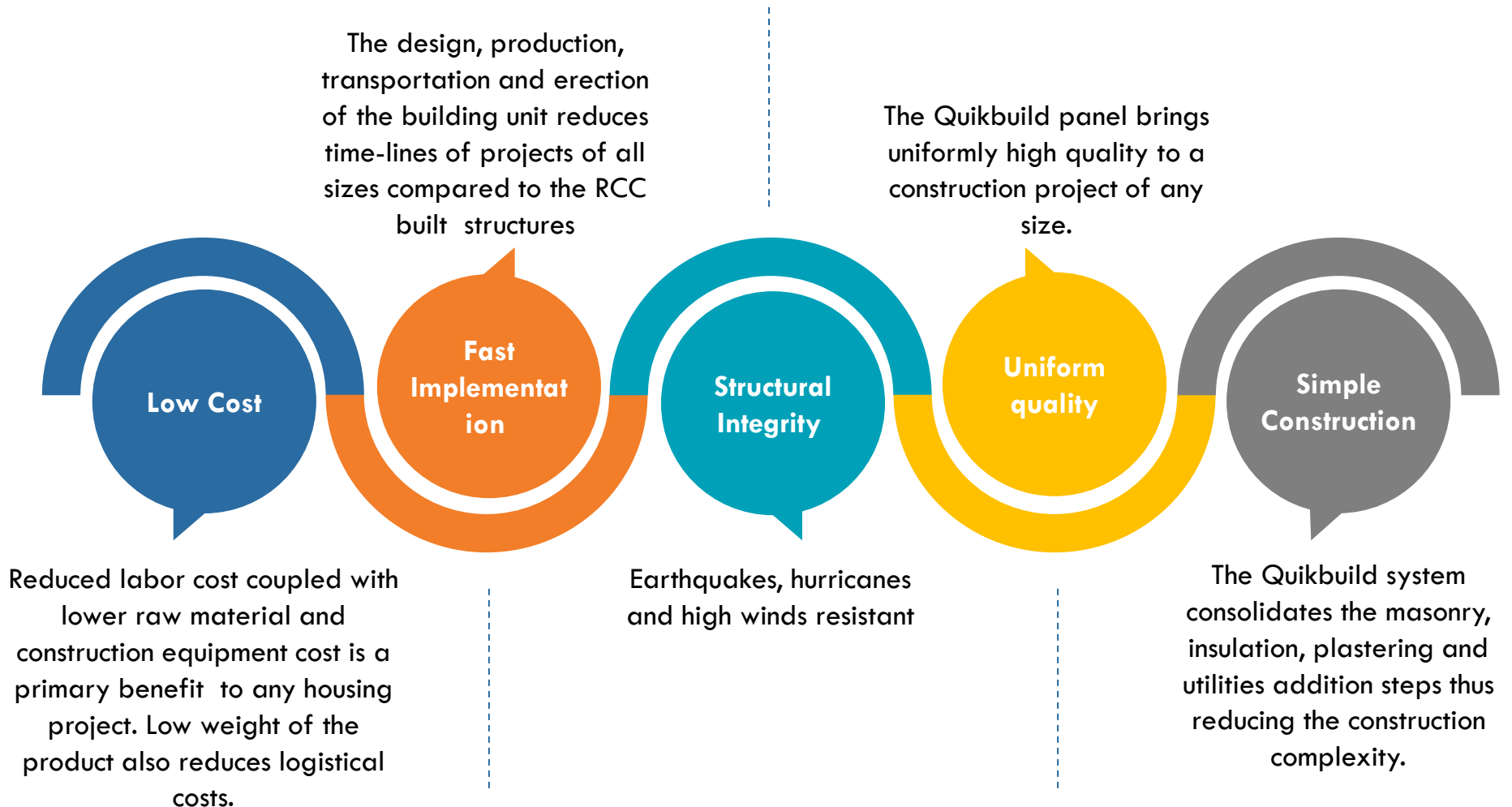


- Student Housing
- Worker housing
- Refugee housing
- Housing for military personnel etc



- 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



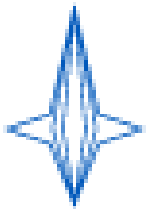
Completed Projects - I



Completed Projects - II



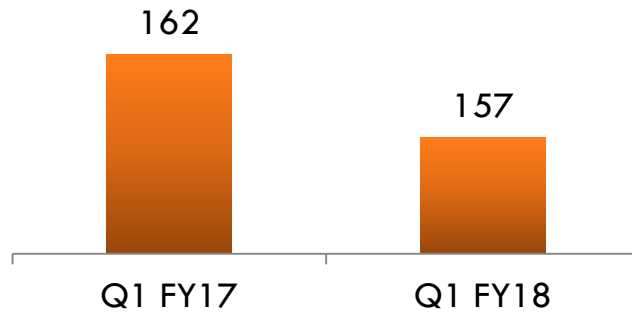
**Business
Overview –
Packaging &
Molded Products
Business
(Consumer
Durables)**



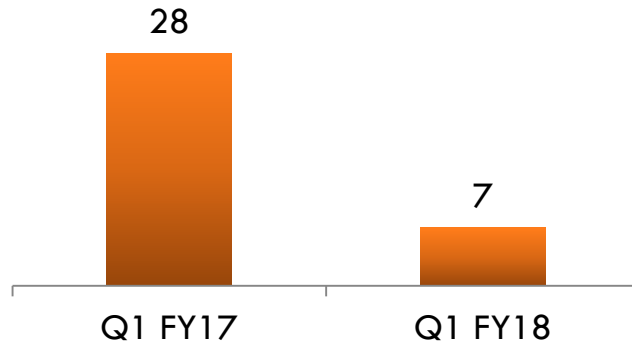
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Packaging & Molded Products Business

Revenue



EBIT



(Rs mil)

Comments on performance

- Strong relationships built over years with several leading consumer durable players
- Increased revenues from existing large customers – Haier & Godrej
- Started flexible foam business – seat cushions, other custom flexible PU products

- 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

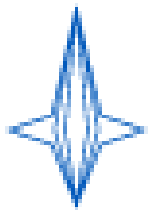
- Institutional customers are expected to expand their production capacities over the next 3 years – Beardsell expected to pick up a major share of their increased EPS requirements
- New client addition from sectors untapped earlier will be another key driver for growth
- Consistently increasing volumes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

Packaging & Molded Products Business

- 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



Growth Drivers



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Driving Organizational Growth

Pre-fabricated buildings

- 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

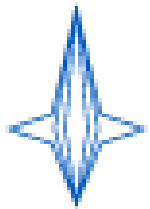
Packaging

- 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.

Pharma, Electronics & Specialty

- Rising government requirements to drive Isobuild (steel sandwich panel) business

Financial Overview



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Financials – Income Statement

Particulars (Rs mn)	FY14	FY15	FY16	FY17
Net Sales	1,061.2	1,418.2	1,608.4	1,904.3
EBITDA	57.1	73.4	123.2	178.1
EBITDA Margin	5.4%	5.2%	7.7%	9.4%
EBIT	34.8	38.1	85.7	124.6
Interest	23.8	50.7	58.0	55.9
Tax Expense	7.3	0.5	18.5	42.1
Net Profit	12.9	(1.0)	31.4	48.1
Earnings Per Share (Rs.)	2.8	(0.2)	6.7	10.3

Figures for FY15, FY16 & FY17 are consolidated

Financials – Balance Sheet Performance

Particulars (Rs mn)	FY14	FY15	FY16	FY17
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUND:				
(a) Share Capital	46.8	46.8	46.8	46.8
(b) Reserves and Surplus	285.7	282.8	307.4	347.7
Shareholders fund	332.5	329.6	354.2	394.5
NON-CURRENT LIABILITIES				
(a) Long-term borrowings	125.6	154.4	190.0	169.7
(b) Deferred tax liability (net)	18.4	18.6	21.5	22.4
(c) Other long term liabilities	0.9	0.3	1.4	1.9
(d) Long-term provisions	11.6	12.8	14.0	8.3
Non current Liabilities	156.5	186.1	227.0	202.3
CURRENT LIABILITIES				
(a) Short-term borrowings	117.7	174.0	146.6	155.2
(b) Trade Payables	186.8	263.9	343.3	349.4
(c) Others current liabilities	37.1	65.5	79.1	80.4
(d) Short-term Provisions	9.4	7.5	1.7	28.0
Current liabilities	350.9	511.1	570.7	613.0
TOTAL	839.9	1027.0	1152.1	1209.8

Particulars (Rs mn)	FY14	FY15	FY16	FY17
ASSETS				
NON-CURRENT ASSETS:				
(a) Tangible Assets	399.5	433.1	508.6	514.6
(b) Work In Progress	18.9	33.9	19.9	13.4
(c) Intangible Assets	-	-	-	-
(d) Goodwill on consolidation	-	22.1	24.2	24.2
(d) Non-current investments	2.6	2.6	2.6	2.6
(e) Long term loans and advances	34.5	34.2	24.5	16.1
(f) Other non-current assets	-	-	-	-
Non current Assets	455.5	526.0	579.9	570.9
CURRENT ASSETS:				
(a) Inventories	80.3	122.7	137.9	118.8
(b) Trade receivable	208.3	264.4	288.9	362.1
(c) Cash and cash equivalents	68.3	53.1	52.6	48.0
(d) Short term loans & advances	27.5	60.1	80.8	73.7
(e) Other current assets	0.1	0.6	11.9	36.3
Current Assets	384.5	501.0	572.1	638.9
TOTAL	839.9	1,027.0	1,152.1	1209.8

Figures for FY15, FY16 & FY17 are consolidated

Contact Details

For more information contact:

Gavin Desa / Rabindra Basu

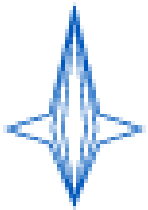
CDR India

Tel: +91 22 6645 1237 / 1248

Fax: +91 22 6645 1213

E-mail: gavin@cdr-india.com / rabindra@cdr-india.com

Thank you



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