Q3 & 9M FY17 EARNINGS PRESENTATION

February - 2017

BEARDSELL LIMITED

Disclaimer

BEARDSELL LIMITED

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.

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Business Highlights

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Pre-fab continuing to gain traction

- Quikbuild and Isobuild receiving strong interest from both past & continuing clients
- Orders being won from both private and public sector
- Quikbuild now approved by CPWD and one school project tendered by Delhi Municipal Corporation currently being executed

Packaging – steady performance

- Expanding & deepening relationship with leading consumer durable players
- Exploring more efficient alternatives less susceptible to crude

Entry into new geographies

- Bagged a government project in Bihar to construct police barracks with Quikbuild; Order bagged for supply of Quikbuild materials for a school construction project in Odisha
- Starting a factory in Delhi to cater to the Quikbuild projects in the North Indian region

Improving operational efficiencies

- Partial shifting of the Navi Mumbai facility to SUPA has helped reduce costs
- All 7 plants namely SUPA (2), Karad, Hyderabad, Bangalore, Chennai & Coimbatore

Letter of intent received for purchase of land

- Letter of intent received to purchase land and building at MIDC, Patalganga for Rs 80 million. Transaction expected to be completed next fiscal

Progressive outlook, professional approach

Environment Overview

BEARDSELL LIMITED

Demonetization -

- Effect of demonetization has caused a setback to smaller entities who are hit due to high dependence on cash
- Customers have postponed orders but have not cancelled projects leading to deferment of projects to next quarter
- Has resulted in some smaller companies being unable to execute orders
- Rise in crude puts additional pressure
- Significant opportunity for organized and established players like Beardsell
    - Opportunity to expand presence & customer network

Goods and Services Tax -

- Prefab particularly a largely unorganised industry
- GST expected to be a positive for established player like Beardsell

Managing Director's Comments

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

"We continue to remain confident on the prefab business being the growth driver with Quikbuild and ISO build receiving strong interest from existing and new customers. In our endeavor to deliver better performance we have recently shifted our Navi Mumbai facility to SUPA which will enable better operational efficiencies. Additionally, we plan to start a factory in Delhi to cater to the growing Quikbuild market in the north. A notable factor this quarter was that Beardsell is the only largest and organized player who has bid/won a tender floated by the CPWD to supply them with EPS panels.

Our packaging business continues to show good traction supported by our relationship with the existing consumer durable players. We are also exploring better and efficient alternatives in this space which will reduce our dependency on crude as a raw material.

We strongly support the governments initiative of demonetization and believe it will help give us an edge over our peers. This will create an opportunity for us to expand inorganically as we believe in buying businesses below their intrinsic value.

With GST in place companies likes ours are expected to benefit largely as the unorganised sector will be hit drastically."

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Financial – Q3 & 9MFY17 Performance

P&L Snapshot

BEARDSELL LIMITED

(Rs mil)

	Q3 FY17	Q3 FY16	
Revenue	383.2	414.4	-8%
EBITDA	43.5	26.9	62%
PAT	16.4	4.6	257%

- **Delay in placement of some orders particularly in the prefabricated business has resulted in subdued revenues in Q3 FY17**
- **These orders have since been placed & will be executed in Q4FY17 and Q1FY18**

P&L Snapshot

BEARDSELL LIMITED

(Rs mil)

	9M FY17	9M FY16	
Revenue	1279.9	1,034.9	24%
EBITDA	152.6	79.3	92%
PAT	61.8	20.6	200%

Balance Sheet Snapshot – As on 31st Dec. 2016

BEARDSELL LIMITED

413.2

Networth

415.5

Fixed Assets

62.7

Cash & Investments

65.0

Net Debt

(Rs mil)

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Business Overview – Pre-fabricated buildings

Pre-fabricated Business

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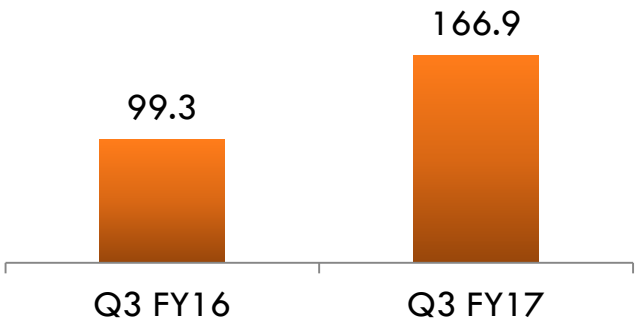
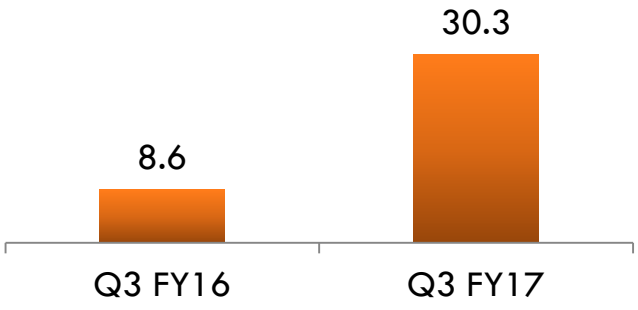
Revenue



EBIT



(Rs mil)

Comments on performance

- Marginal hit in the revenue mainly due to customers postponing orders but have not cancelled projects
- Significant opportunity from government and non-government entities during the quarter, however demonetization affect has caused a temporary slowdown leading to orders being deferred
- Some new orders from earlier untapped geographies, have spilt over into Q4
- Cost optimization led to better operating efficiencies (shifting of the Navi Mumbai plant to SUPA)

Pre-fabricated buildings

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- 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:
  - Quikbuild now approved by CPWD and one school project tendered by Delhi Municipal Corporation currently being executed. Other government projects include construction of police barracks with Quikbuild in Bihar and supply of Quikbuild materials for a school construction project in Odisha

Growth Drivers

- Growing awareness of the cost effectiveness of pre-fabricated structures
- Better resilience then 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

Pre-fabricated Product Offerings

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- 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

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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 I

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Completed Projects II

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

Packaging & Molded Products Business

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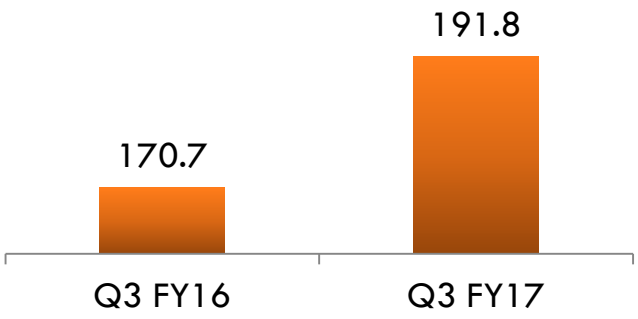
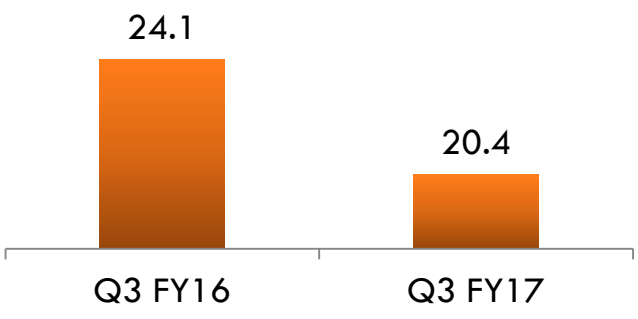
Revenue



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

Packaging & Molded Products Business

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- 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

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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

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Growth Drivers

Driving Organizational Growth

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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

- 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

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Financial Overview

Financials – Income Statement

BEARDSELL LIMITED

Particulars (Rs mn)	FY14	FY15	FY16
Net Sales	**1,061.2**	**1,418.2**	**1,608.4**
EBITDA	57.1	73.4	123.2
EBITDA Margin	**5.4%**	**5.2%**	**7.7%**
EBIT	**34.8**	**38.1**	**85.7**
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

BEARDSELL LIMITED

Particulars (Rs mn)	FY14	FY15	FY16
EQUITY AND LIABIALITIES			
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	1.4
(d) Long-term provisions	11.6	12.8	14.0
Non current Liabilities	**156.5**	**186.1**	**227.0**
CURRENT LIABILITIES			
(a) Short-term borrowings	117.7	174.0	146.6
(b) Trade Payables	186.8	263.9	343.3
(c) Others current liabilities	37.1	65.5	79.1
(d) Short-term Provisions	9.4	7.5	1.7
Current liabilities	**350.9**	**511.1**	**570.7**
TOTAL	**839.9**	**1027.0**	**1152.1**

Particulars (Rs mn)	FY14	FY15	FY16
ASSETS			
NON-CURRENT ASSETS:			
(a) Tangible Assets	399.5	433.1	508.6
(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	122.7	137.9
(b) Trade receivable	208.3	264.4	288.9
(c) Cash and cash equivalents	68.3	53.1	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	**839.9**	**1,027.0**	**1,152.1**

Figures for FY15 & FY16 are consolidated

Contact Details

BEARDSELL LIMITED

For more information contact:

Gavin Desa / Snighter Albuquerque

CDR India

Tel: +91 22 6645 1237 / 1250

Fax: +91 22 6645 1213

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

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Thank you