

Date: 10th May, 2019

To
The Department of Corporate services
Bombay Stock Exchange Limited
P.J Towers, Dalal Street
Mumbai-400001

To
National Stock Exchange of India Limited
5th 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





Q4 & FY19
Result
Presentation

May 2019

Safe Harbor

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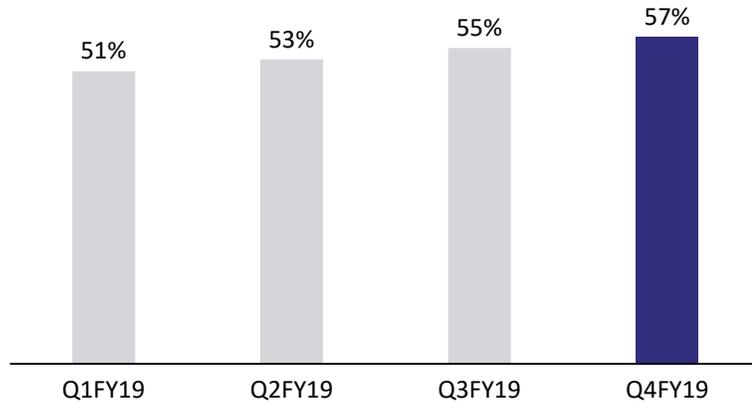
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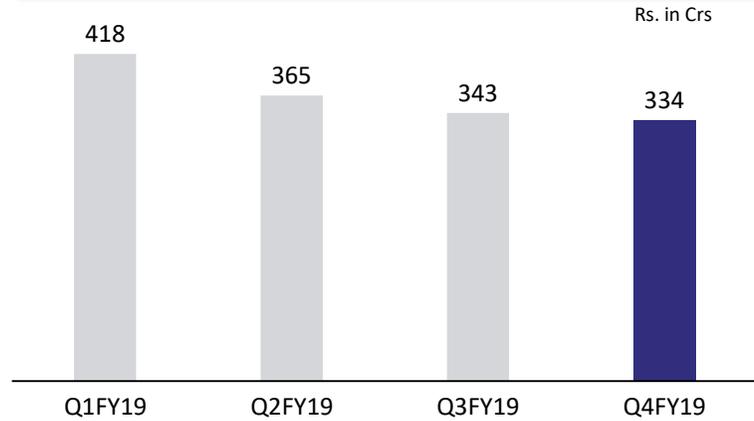
Delivery on our Current Focus Areas



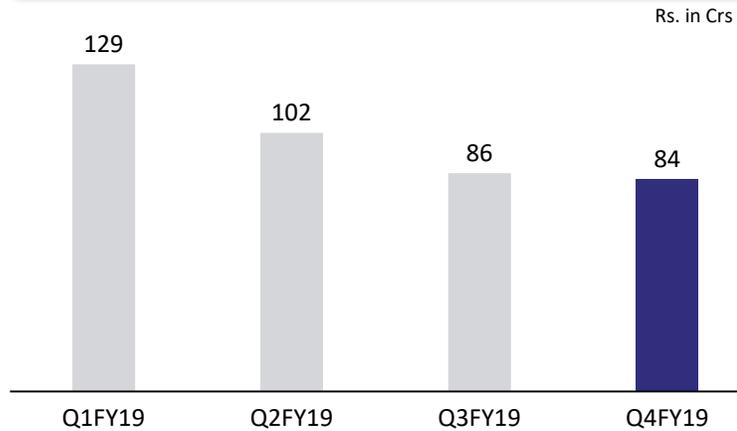
INCREASE in share of *Retail Business*



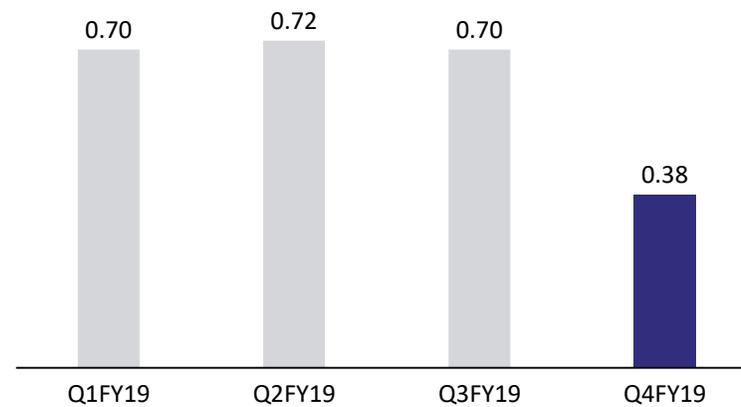
REDUCTION in *Debtors*



Conscious **DEFOCUS** on *Channel Business*



Rationalizing *Debt : Equity Ratio*



**Strong
Operating Cash
Flow**

**FY19 Operating Cash
flow of**

Rs. 171 crs

Further Business Strengthening Measures

Deal Structure

- Proposed sale pertains to a significant asset, part of its wholly owned subsidiary Taurus Value Steel & Pipes Pvt. Ltd., located in Chegunta near Hyderabad (Telangana)*
- Sale value is ~**INR 70 Crores**
- Implied **Release of Working Capital** for the company leading to stronger consolidated balance sheet

Disinvestment Strategy

- To focus on its core business of **Retailing Building Products** which is a superior margin business with a higher return on equity
- Focus area of continuing on the path of Financial prudence and expanding our **Retail presence through Shankara Buildpro stores.**
- Overcome the challenges in terms of achieving scale benefits** which led to sub optimal margins thus dragging down our overall profitability and return ratios
- Proceeds will be utilized for **reduction in overall debt** of the company

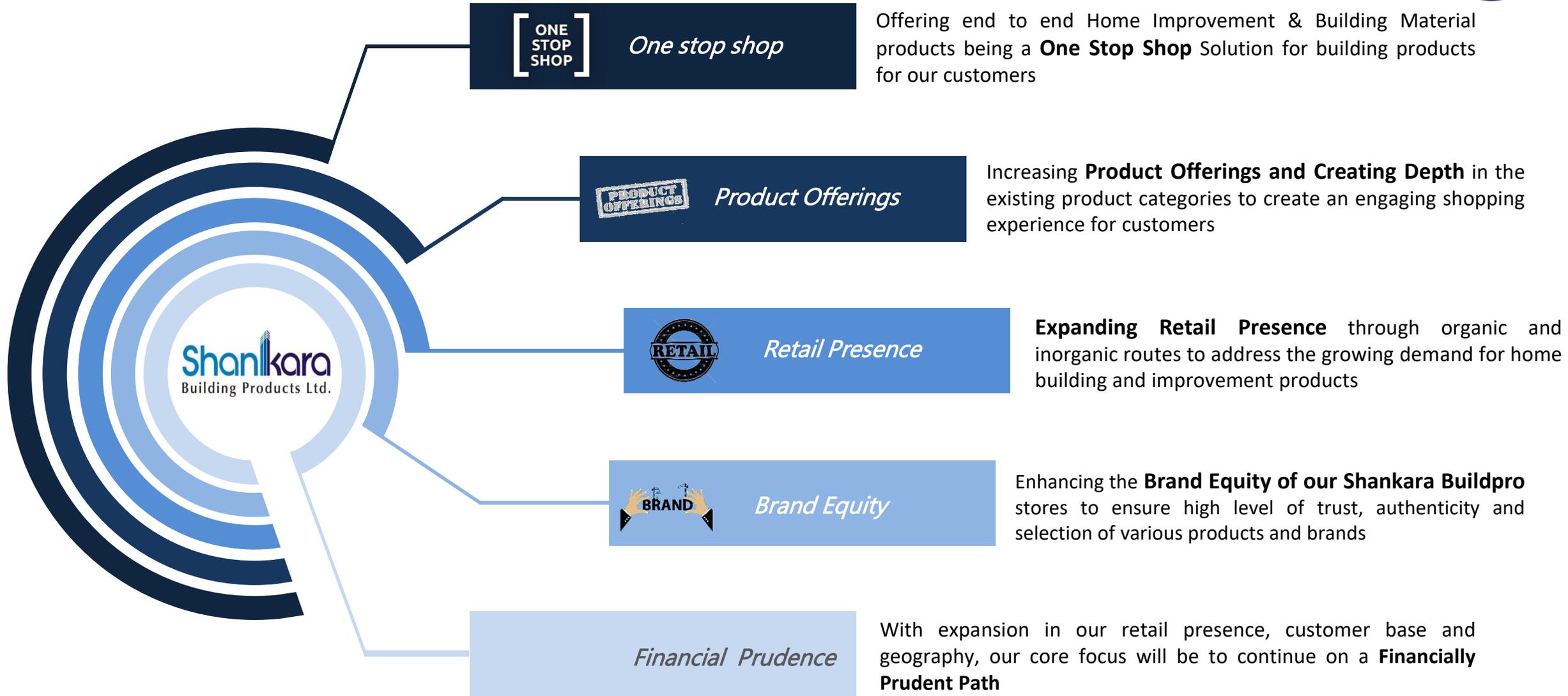
Market Landscape

- Volatility in the steel price** which has an impact on the processing margins is being mitigated
- The **loss of revenue** by way sale of these assets **will be recouped by undertaking trading activities** in standardized products available in the market.

Processing Margins Highlights

Processing Business	Q1FY19	Q2FY19	Q3FY19	Q4FY19	FY19
Effect on Margins					
Processing Margins (%)	4.9%	4.1%	2.3%	2.5%	3.6%
Retail Segment Margins (in %) (Impact of lower processing margins on retail business)	10.3%	9.7%	7.9%	7.3%	8.8%

Our Long Term Focus



Customer Outreach Activities Strengthened

Customer meets



Customer outreach

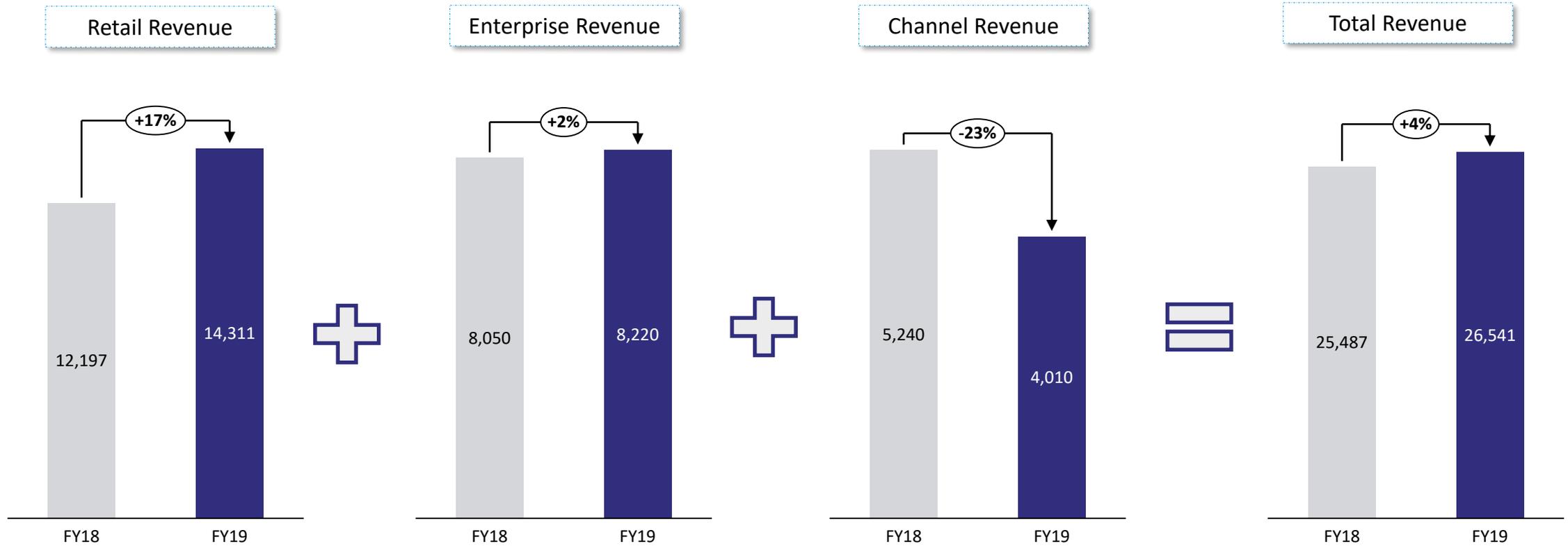


Orientation sessions



- ✓ Organizing customer meets across locations to showcase the wide range of product offerings
- ✓ Over 150+ influencer meets held over in the last
- ✓ Most of the meets held in collaboration with partner brands
- ✓ Localized marketing efforts – newspaper inserts, pamphlet distribution, direct outreach to construction sites etc.
- ✓ Product training sessions in collaboration with various brands for better understanding and insights on the products we offer and their usage

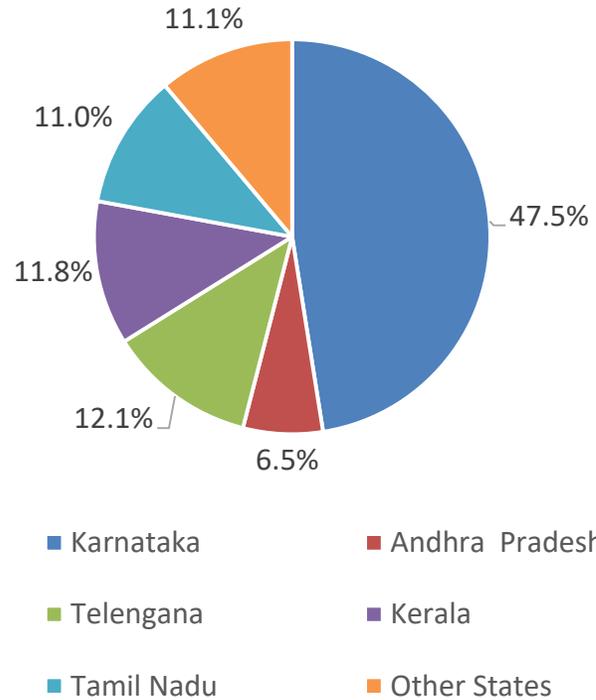
Revenue Break up FY19



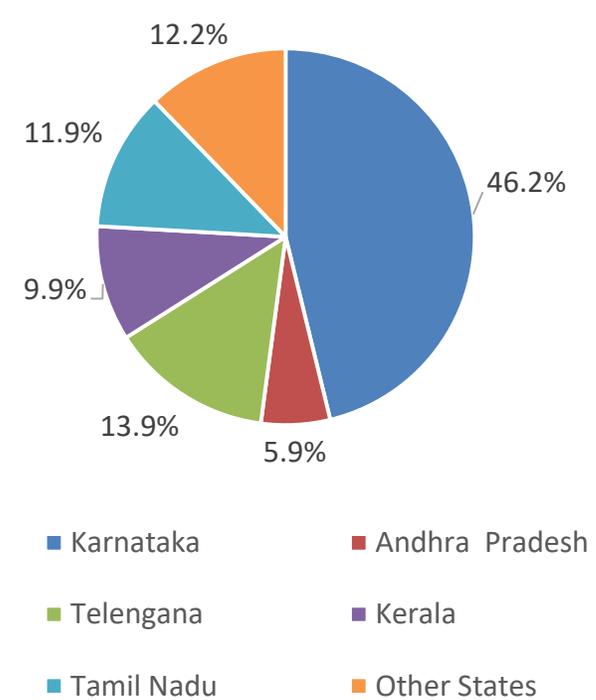
- ✓ Overall company revenues grew by 4% for FY19
- ✓ Retail segment is a strong focus area for the Company and grew by 17% in FY19
- ✓ Channel business is being consciously shrunk and has declined by 23%

Revenue Break up FY19

FY18
Revenue mix across States



FY19
Revenue mix across States



Telengana and Tamil Nadu have recorded strong growth

Key Highlights – Retail Business

Particulars	Units	FY19	FY18	Y-o-Y
No of retail stores	Nos.	134	129	4%
Total Area	Sq. Ft	5,67,202	5,05,034	12%
Average store size	Sq. Ft	4,233	3,915	8%
Average ticket size	Rs.	28,003	25,665	9%
Revenue from retail stores	Rs. Mn	14311	12,197	17%
EBITDA	Rs. Mn	1,265	1,303	-3%
Margin (%)	%	8.8%	10.7%	-190 bps
EBITDA per store	Rs. Mn	94.43	101.01	-7%
Average rental cost per Sq. Ft. per month	Rs.	19.10	16.99	12%

Comparable sales growth stood at **5%** for FY 19

Q4 & FY19 Income Statement*

Particulars (Rs. Mn)	Q4 FY19	Q4 FY18	FY19	FY18
Total Income	6,197	7,608	26,541	25,487
Raw Material	5,627	6,585	23,594	21,986
Employee Expenses	151	147	642	559
Other Expenses	253	335	1,109	1,189
EBITDA	164	541	1,197	1,752
EBITDA %	2.7%	7.1%	4.5%	6.9%
Other Income	22	1	42	6
Depreciation	46	43	186	136
Finance Cost	124	137	567	463
Profit before Tax	16	362	485	1,159
Tax	0	146	158	421
Profit after Tax	16	216	327	738
Cash Profit	63	259	514	874
EPS	0.71	1.11	14.33	32.30

- ✓ Low Revenue growth was on account of consolidation of our business and degrowth in our channel business while concentrating on our core strength of retail business.
- ✓ Low margins for the year were due to increase in Raw Material cost over the last year. However, we have been focusing on consolidating our stores and reducing the other expenses which is evident by decrease of other expenses in Q4FY19 by 24% YoY to Rs. 253 Mn.
- ✓ Increase in other income was on account of receipt of insurance claim up to the tune of Rs. 18.3 Mn in Q4FY19 and disposal of property in Q3FY19.
- ✓ Increase in depreciation was on account of amortization of goodwill from our acquisitions of Vaigai & JP Sanitation and capitalisation of assets for upgrading the existing stores.
- ✓ Finance cost has reduced to Rs. 124 Mn a decrease of ~23% QoQ; further reduction is targeted in coming quarters.

FY19 Consolidated Balance Sheet*

Particulars (Rs. Mn)	Mar-19	Mar-18
Total Equity	4,791	4,558
Equity Share Capital	228	228
Other Equity	4,562	4,329
Non-Controlling Interest	1	1
Non-current liabilities	235	181
Financial Liabilities		
(i) Borrowings	24	9
(ii) Other Financial Liabilities	-	-
Provisions	3	3
Deferred Tax Liabilities (Net)	206	169
Current liabilities	6,094	7,389
Financial Liabilities		
(i) Borrowings	1,927	2,420
(ii) Trade Payables	3,814	4,605
(iii) Other Financial Liabilities	167	189
Provisions	20	10
Current Tax Liabilities (Net)	23	81
Other Current Liabilities	143	85
Total Liabilities	11,120	12,128

Particulars (Rs. Mn)	Mar-19	Mar-18
Non-current assets	2,773	3,208
Property, Plant and Equipment	2,252	2,726
Investment Property	71	1
Capital Work in Progress	43	-
Intangible Assets	66	104
Goodwill on Consolidation	140	140
Financial Assets		
(i) Trade Receivables	40	31
(ii) Loans	148	180
Other non-current assets	14	26
Current assets	8,346	8,919
Inventories	3,829	4,157
Financial Assets		
(i) Trade receivables	3,336	4,241
(ii) Cash and cash equivalents	92	12
(iii) Bank balances other than above	83	48
(iv) Others financial assets	13	12
Other Current Assets	296	450
Current Assets Net	7	-
Non Current Assets held for sale	691	-
Total Assets	11,120	12,128

FY19 Consolidated Cash Flow*

Particulars (Rs. Mn)	FY19
Operating profit before working capital changes	1,195
(Increase) / Decrease in inventories	328
(Increase) / Decrease in trade receivable	920
Decrease / (Increase) in Other Assets	182
(Decrease) / Increase in trade payables	(790)
(Decrease) / Increase in other liabilities	56
(Decrease) / Increase in provisions	4
Cash Flow from Operations	1,893
Income Tax Paid	(179)
Net Cash generate from Operating Activities (A)	1,715
Cash flow from Investing Activities	
Increase in property, plant & equipment	(453)
Bank deposit bot considered as cash	(35)
Interest Received	6
Net Cash from Investing Activities (B)	(482)
Cash flow from Financing Activities	
Repayment of non-current borrowings	(12)
Proceeds from current borrowings	(493)
Interest paid	(559)
Dividend paid	(89)
Net Cash from Financing Activities (C)	(1,153)
Net increase in cash and cash equivalents(A+B+C)	79

Our constant focus on better Inventory and Debtor management by encouraging cash sales has substantially increased our operating cash flows to

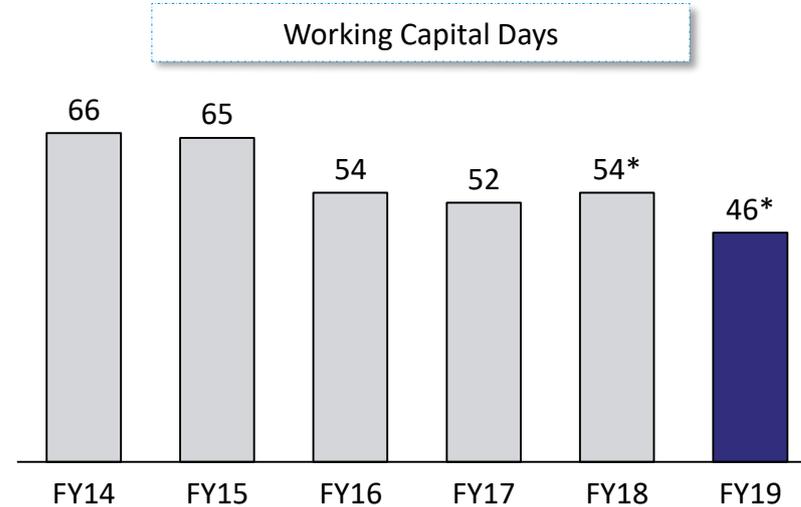
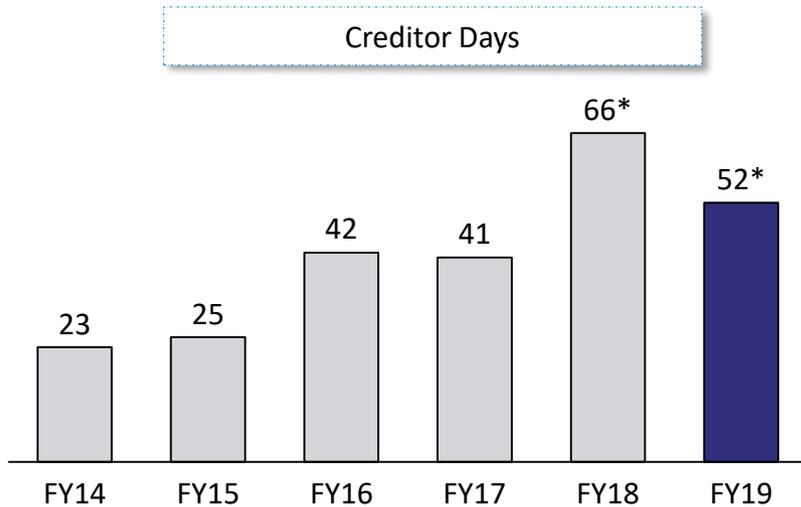
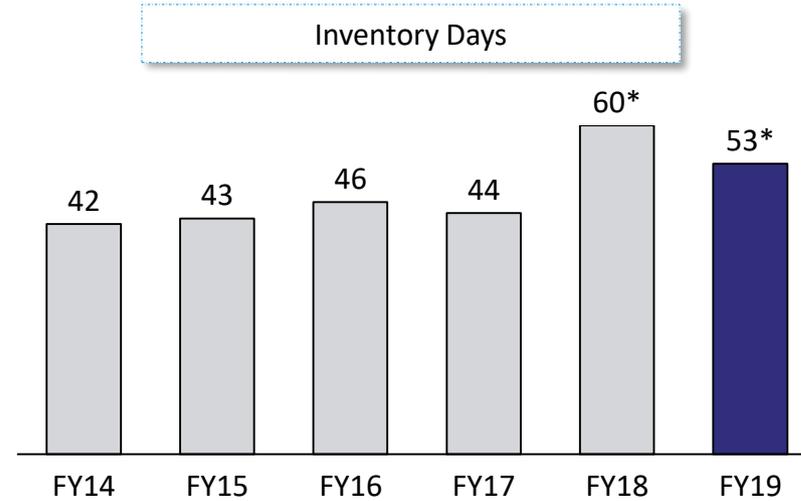
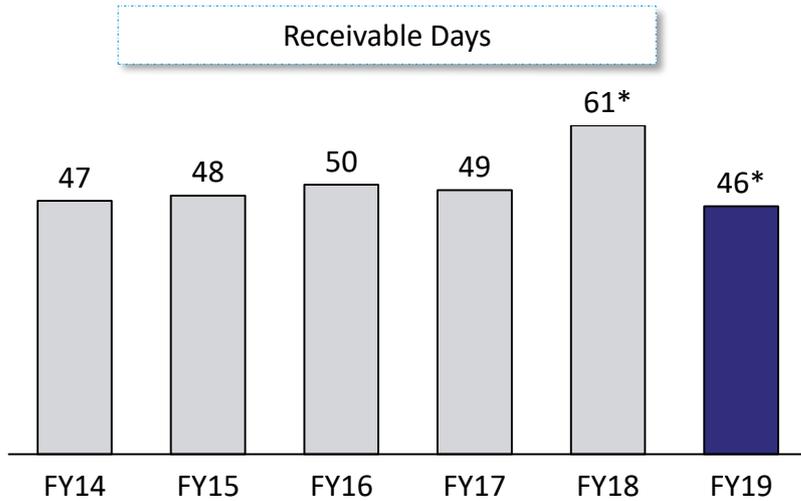
Rs. 1,715 Mn for FY19

which has been utilized for debt servicing and repayment

Improving Business Efficiency

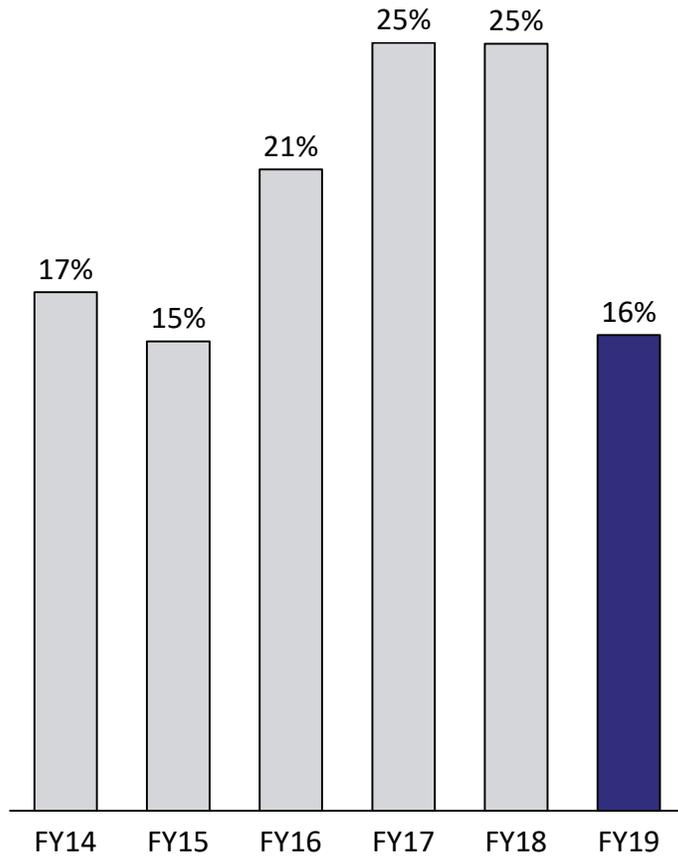
Working Capital Days are calculated on the basis of revenue

*FY18 and FY19 days are not comparable to earlier periods due to GST impact on revenue

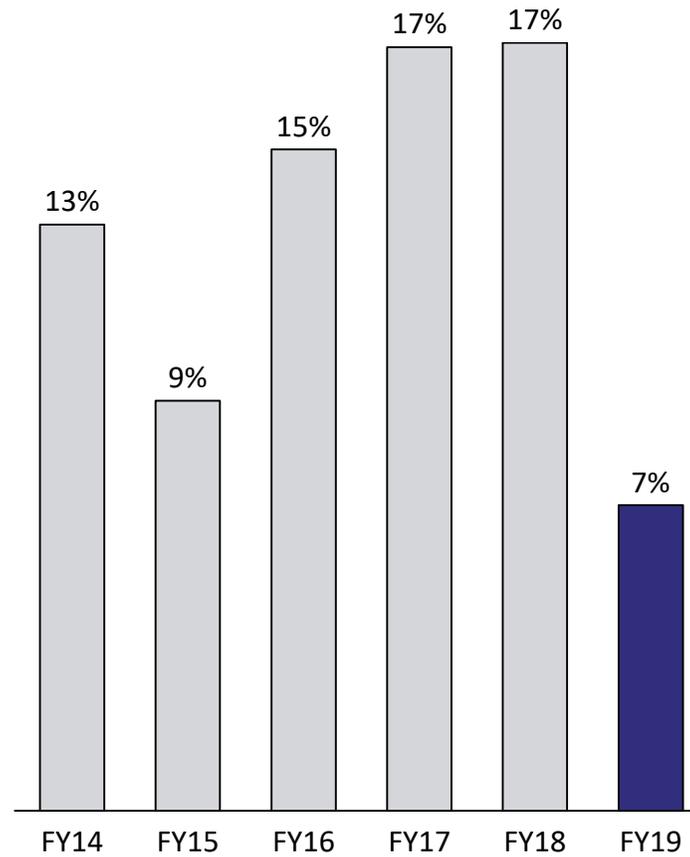


Key Ratios

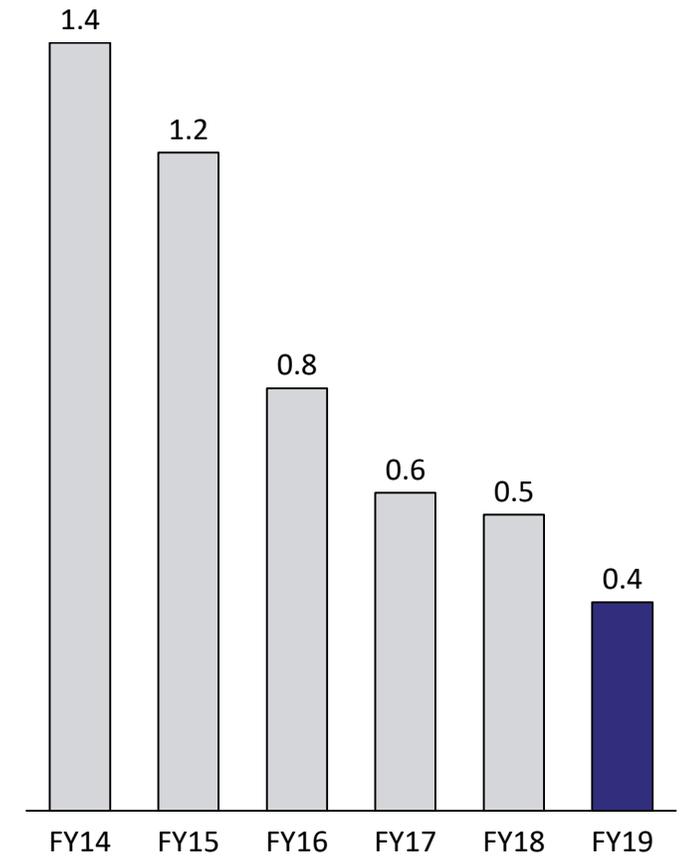
Average Return on Capital Employed



Average Return on Equity



Net Debt : Equity



For further information, please contact:

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CIN - U26922KA1995PLC018990

Mr. Alex Varghese – CFO

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