

Date: 10th November, 2018

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





Q2 & H1FY19
Result
Presentation

November
2018

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Building **STORES**

Building **CUSTOMERS**

Building **SCALE**



Build With **SHANKARA Buildpro**
Building Materials and more

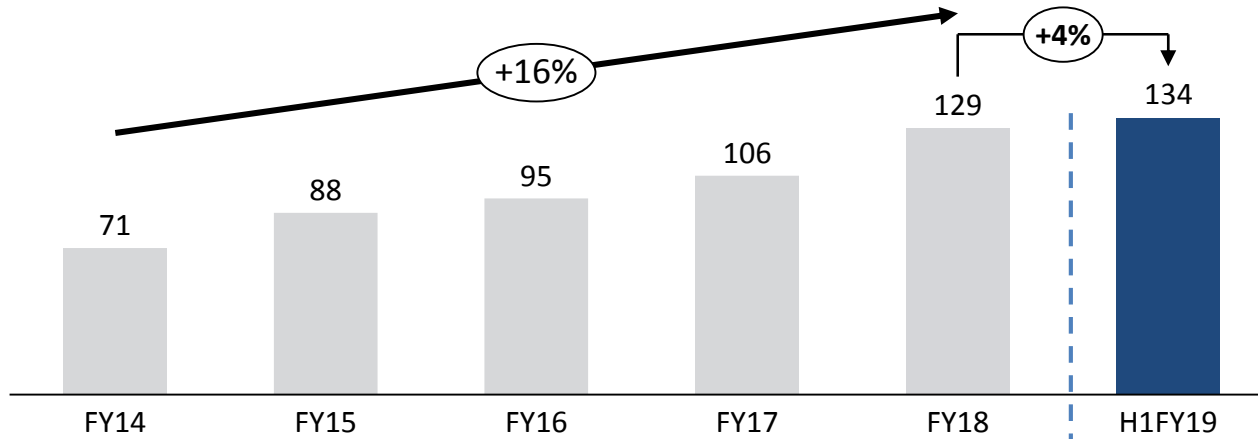


134 STORES across 9 States & 1 Union Territory

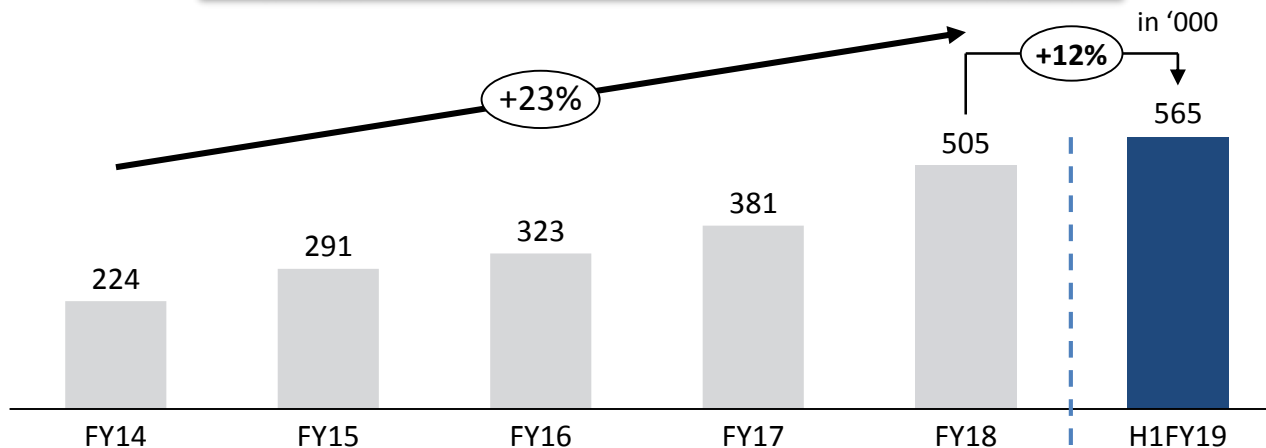
[Store List](#)

Building STORES

Number of Stores



Total Area of Stores (in Sq. Ft)



- ✓ During H1FY19 we have **added 5 stores** taking the total count to 134 stores
- ✓ Our Focus is on Unit Level Growth and **Product Mix**
- ✓ Focus on building strong **Customer Traction** at our store level
- ✓ Focus on lean operations to ensure **Unit Level Profitability**

Building CUSTOMERS

Customer Meets



Training Sessions



"Build with BUILDPRO"

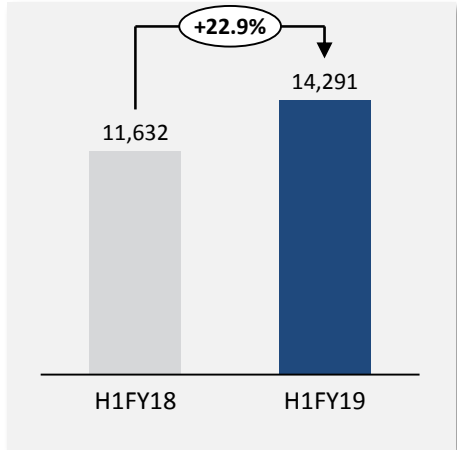


Exhibitions & Events

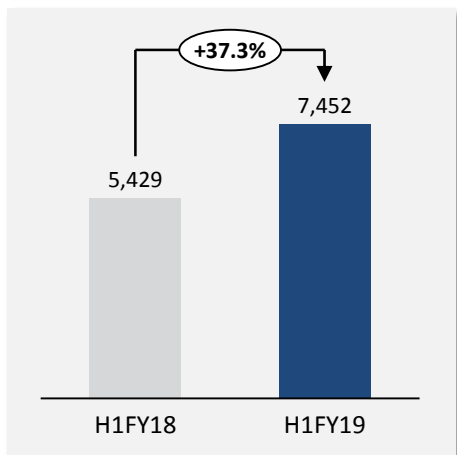


- ✓ **Organizing Customer Meets** across locations to showcase the wide range of product offering
- ✓ Piloting a loyalty scheme **"Build With Buildpro"**, a scheme to attract customers and enhance customer engagement
- ✓ **Product Training Sessions** in collaboration with various brands for better understanding and insights on the products we offer and their usage
- ✓ **Participation in various Industry Exhibitions, Fairs and Events** to engage with customers and to enhance brand visibility.
- ✓ **Co-Sponsored the Construction Architecture Interior Design (CAI)** event held in Chennai which had 6,000+ visitors and industry experts from various field of Architects, Contractors, Plumbers etc.

Total Revenue H1FY19

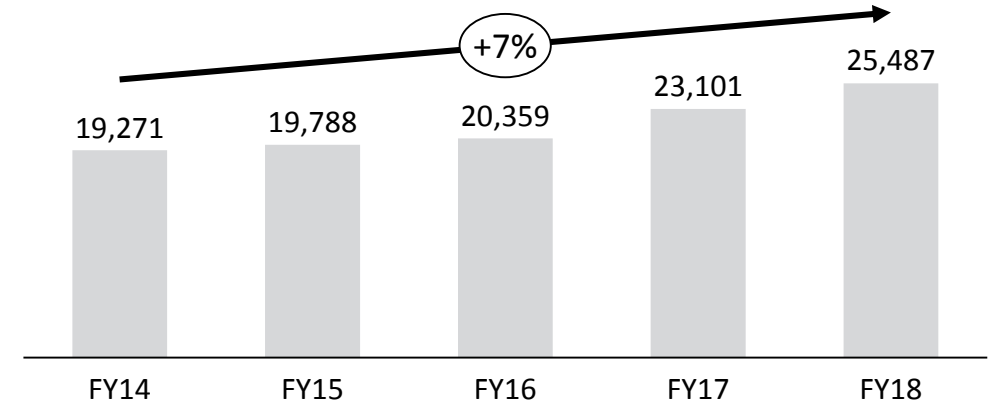


Retail Revenue H1FY19

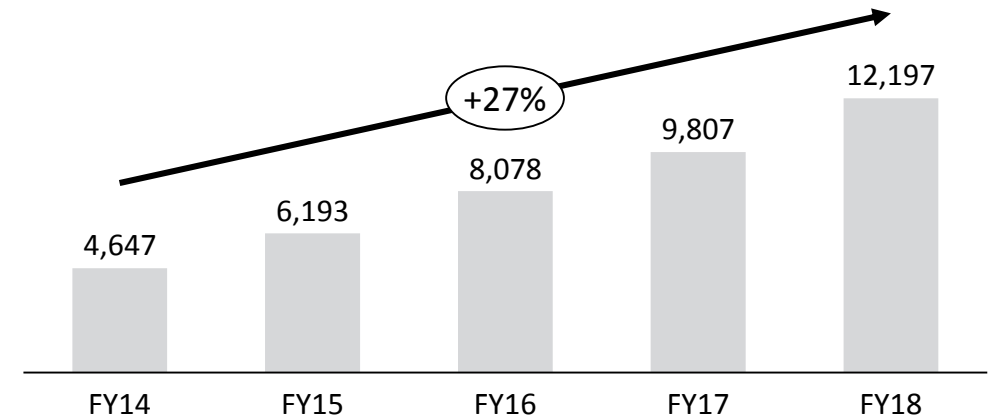


- ✓ Overall revenue growth of **23%** for the Company in H1 FY 19
- ✓ Strong growth in the **Retail** vertical with a growth of **37%**
- ✓ **Retail Segment** now accounts for **52%** of overall Company revenues
- ✓ **Comparable Sales Growth** for the retail segment stood at **18.3%**
- ✓ Sales growth of **Upgraded Stores** (opened on or before 31st March, 2017) stood at **25%**

Total Revenue Trends



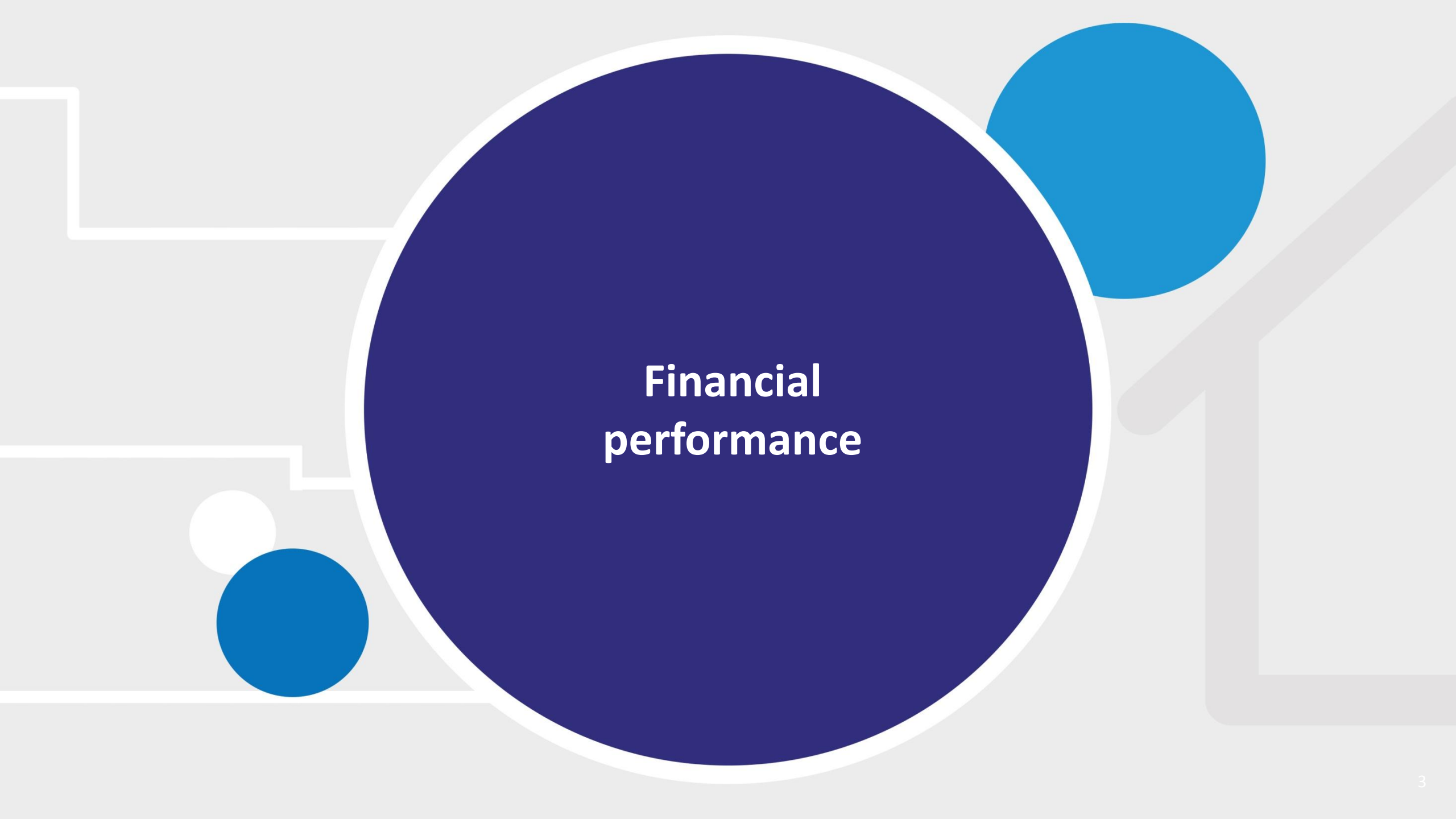
Retail Revenue Trends



Rewards for Outstanding Performances

- ✓ The largest retailer of Kohler products in India in 2017 and was felicitated with the ***“Best Achievers Award”***
- ✓ Awarded by ***Kajaria*** for their excellent performance in achieving their target and stood ***No.2 in South India***
- ✓ Awarded ***“Star Performer – Top Stockiest of Johnson”*** award by ***Johnson*** in 2018
- ✓ ***Largest Dealer for Varmora*** in South India and was rewarded for our accomplishment in customer service

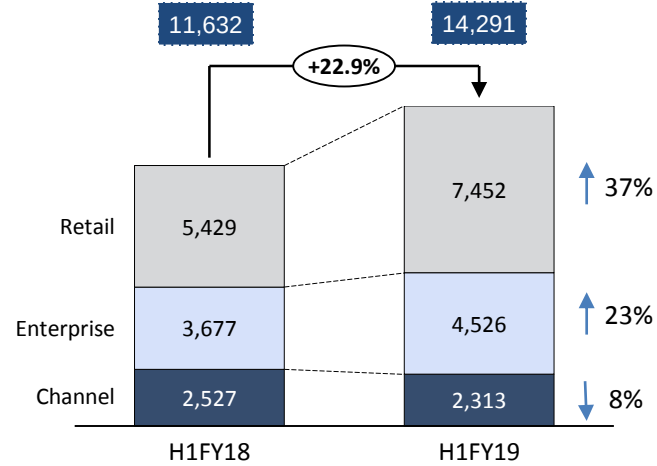


The image features a large, dark blue circle with a white border in the center. To its left, there is a white circle and a smaller blue circle. To its right, there is a larger blue circle. The background is light gray with white geometric lines and shapes, including a large, faint, stylized 'L' shape on the right side.

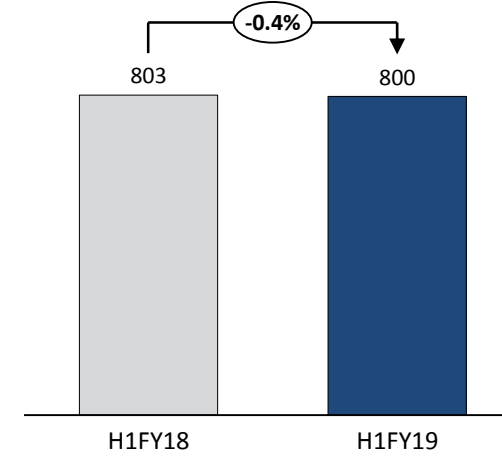
**Financial
performance**

Key Financial Performance

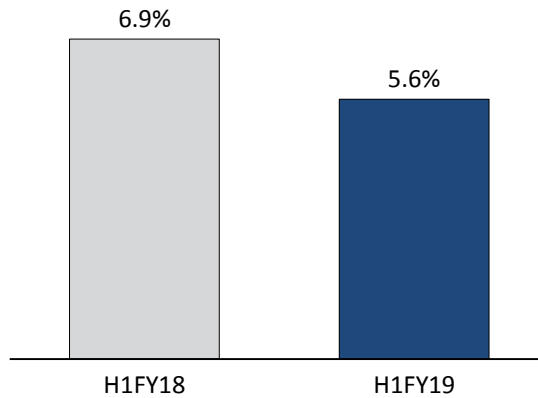
Segment wise Revenue & Net Revenue from Operations (Rs. Mn.)



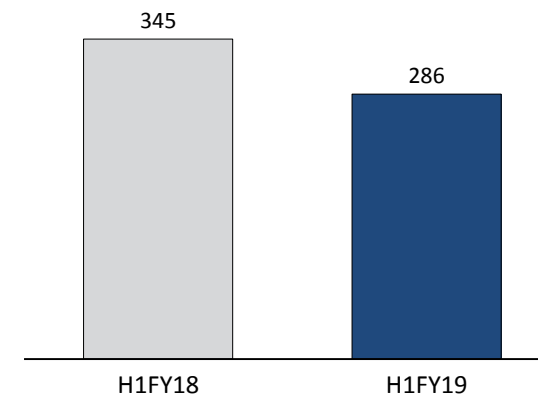
EBITDA (Rs. Mn.)



EBITDA Margin (%)

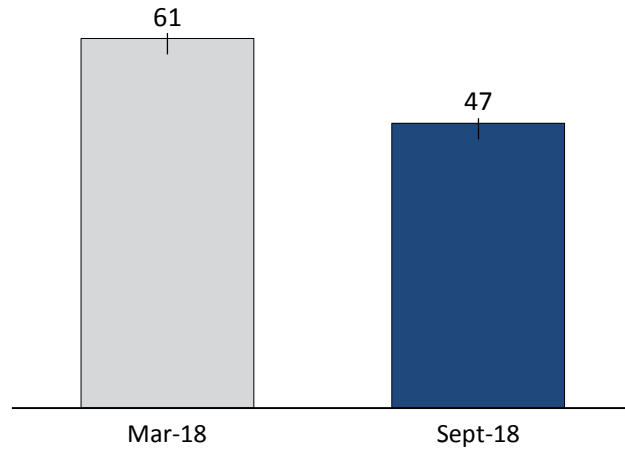


PAT (Rs. Mn)

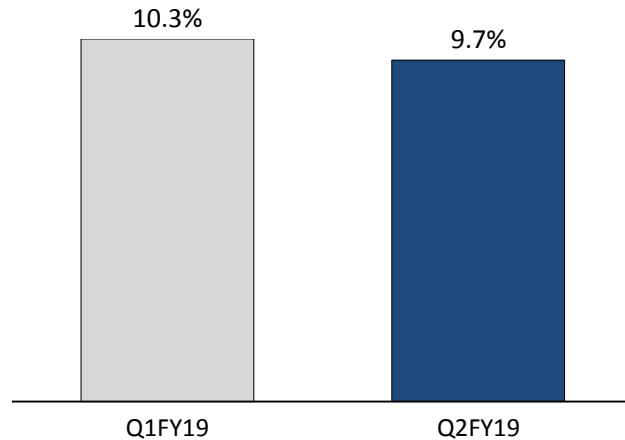


Key events in Q2 FY 19

Debtors Days



Retail EBIDTA (%)

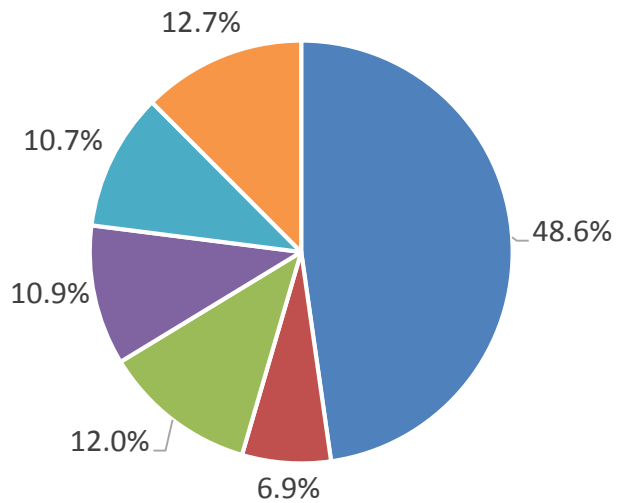


- ✓ **Offering best pricing** as an added value proposition to our retail customers
- ✓ **Lower credit sales** has decreased the debtor days from **61 days** as on Mar-18 to **47 days** as on Sept-18
 - ✓ Overall debtors has reduced by Rs. 588 Mn from Mar-18 to Sept-18
- ✓ Increased inventory levels due to **new product category** additions across locations
- ✓ Retail segment EBIDTA margins for Q2FY19 stood at **9.7%**

- ✓ **Floods and heavy rains**, especially in Kerala & South Karnataka, have impacted performance
 - ✓ Kerala revenues were down **40% Q-o-Q and 15% Y-o-Y**
 - ✓ Inventory worth Rs. 31.4 Mn was damaged. Net loss, post realization, on account of inventory is **Rs. 18.3 Mn**
- ✓ **Lower processing margins** of 4.1% have impacted consolidated gross margins
- ✓ **Goodwill amortization** of Rs. 8.7 Mn on account of acquired brand

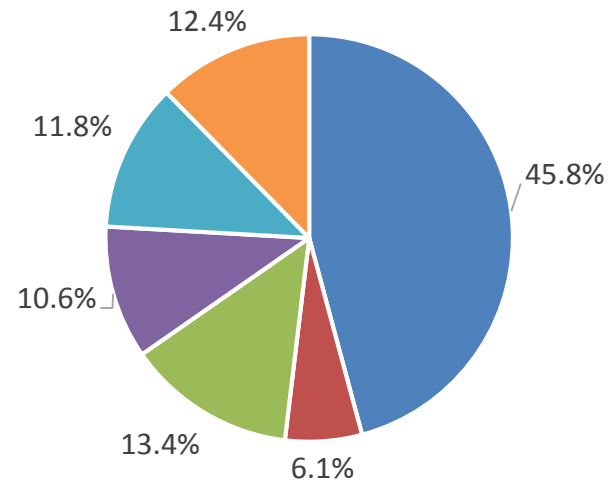
Revenue Break up

H1FY18
Revenue mix across States



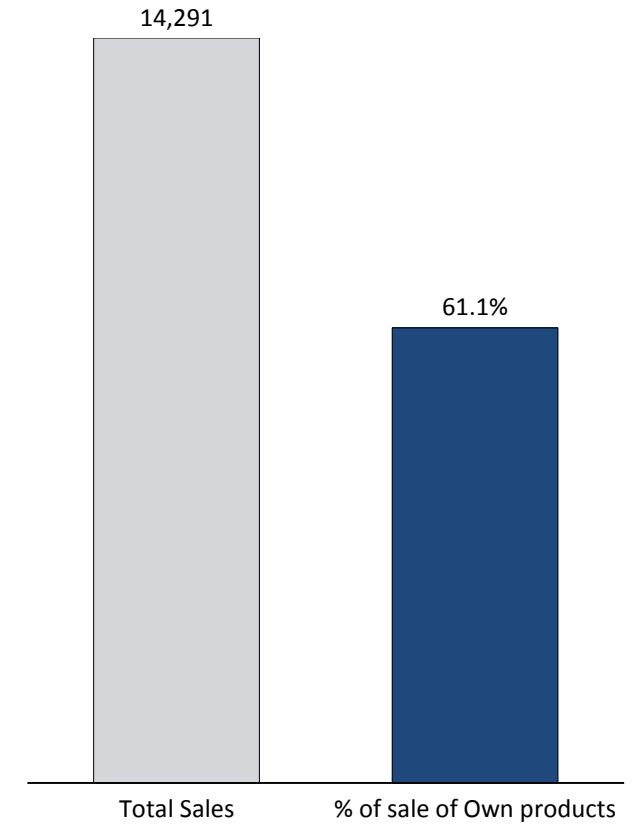
- Karnataka
- Andhra Pradesh
- Telengana
- Kerala
- Tamil Nadu
- Other States

H1FY19
Revenue mix across States



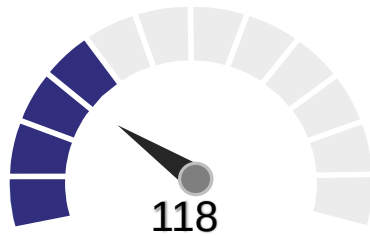
- Karnataka
- Andhra Pradesh
- Telengana
- Kerala
- Tamil Nadu
- Other States

Overall Sales Mix

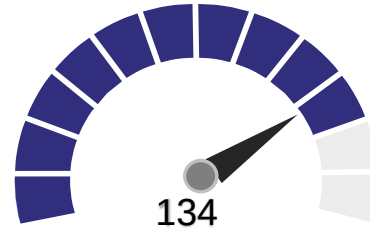


Key Highlights – Retail Business

Number of Stores

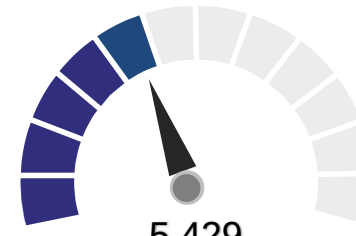


H1FY18

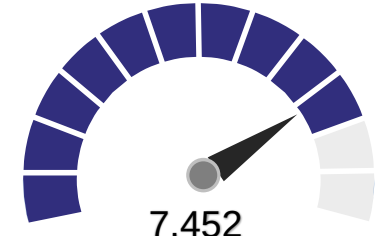


H1FY19

Revenue (Rs. Mn.)

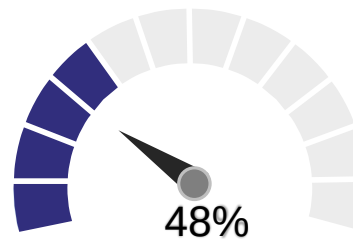


H1FY18

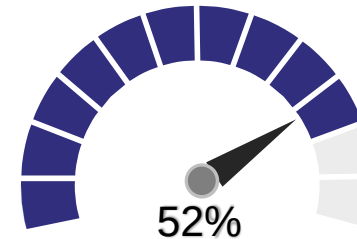


H1FY19

Retail Share



H1FY18



H1FY19

Key Highlights – Retail Business

Particulars	Units	H1FY19	H1FY18	Y-o-Y
No of retail stores	Nos.	134	118	13.6%
Total Area	Sq. Ft	5,65,202	4,41,103	28.1%
Average store size	Sq. Ft	4,218	3,738	12.8%
Average ticket size	Rs.	29,286	23,969	22.2%
Revenue from retail stores	Rs. Mn	7,452	5,429	37.3%
EBITDA	Rs. Mn	747	587	27.2%
Margin (%)	%	10.0%	10.8%	
EBITDA per store	Rs. Mn	5.57	4.97	12.2%
Average rental cost per Sq. Ft. per month	Rs.	18.4	16.6	11.1%

Computations of retail store revenue growth as per the Two Metrics

The computations of the SSSG as per the Two Metrics for H1FY19 & previous 3 Financial Years are in the table below.

Period	Same Store Sales Growth (Method 1: Old)	Comparable Sales Growth (Method 2: Revised)
H1FY19	24.2%	18.3%
FY18*	27.4%	23.4%
FY17	19.4%	15.7%
FY16	28.3%	18.4%

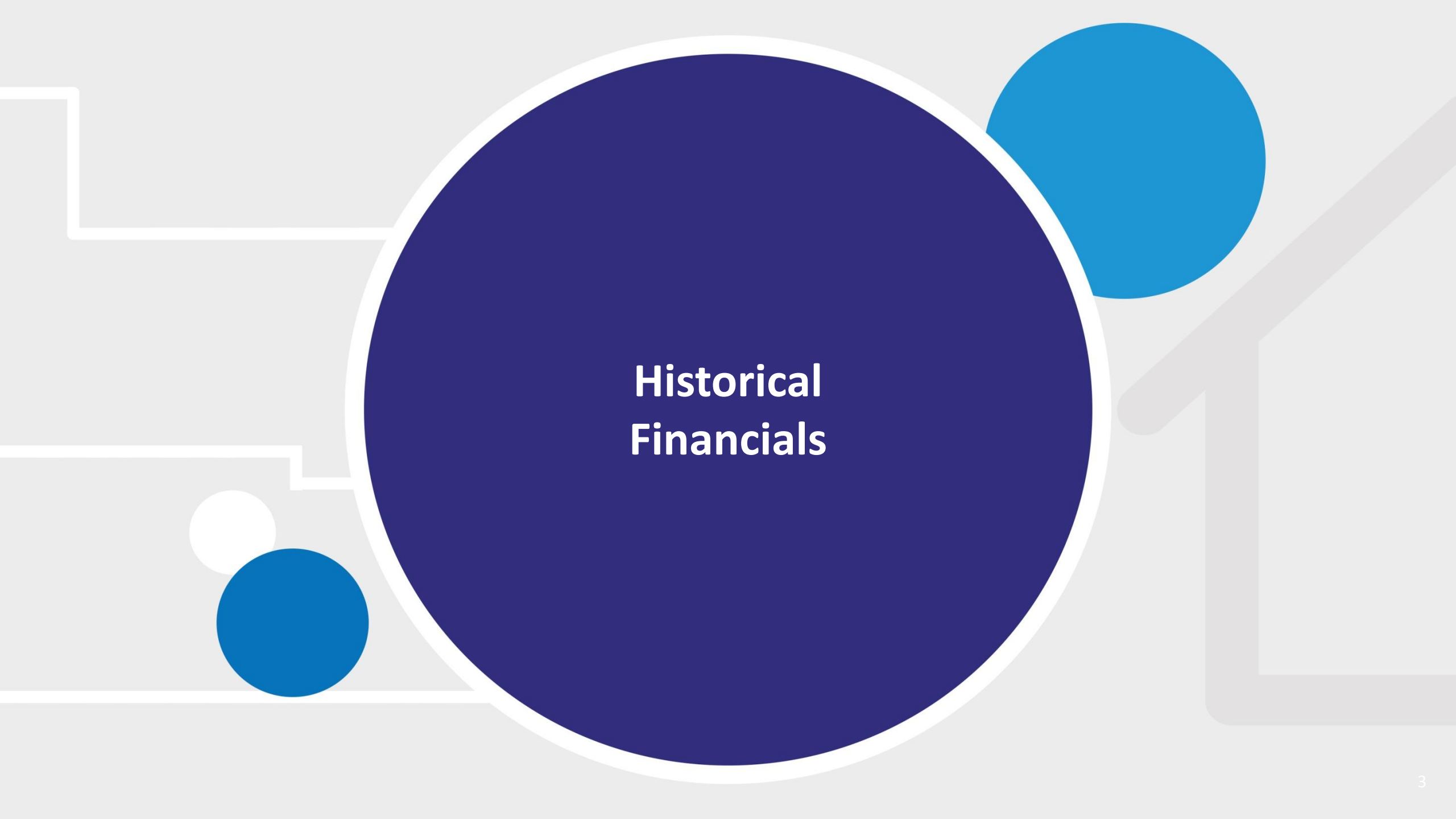
Q2 & H1FY19 Income Statement

Particulars (Rs. Mn)	Q2 FY19	Q2 FY18	Y-o-Y	Q1 FY19	Q-o-Q	H1 FY19	H1 FY18	Y-o-Y	FY18
Total Income	6,439	5,716	12.6%	7,852	-18.0%	14,291	11,632	22.9%	25,487
Raw Material	5,669	4,870		6,901		12,570	9,994		21,986
Employee Expenses	171	149		175		346	278		592
Other Expenses	287	285		288		575	558		1,157
EBITDA	311	411	-24.3%	488	-36.2%	800	803	-0.4%	1,752
EBITDA %	4.8%	7.2%		6.2%		5.6%	6.9%		6.9%
Other Income	16	2		2		18	3		6
Depreciation	46	31		45		91	60		136
Finance Cost	152	118		139		291	216		463
Profit before Tax	129	264	-51.2%	307	-58.0%	435	530	-17.8%	1,159
Tax	37	91		112		149	184		421
Profit after Tax	91	173	-47.3%	195	-53.1%	286	345	-17.2%	738
Cash Profit	138	204		240		377	405		874
EPS	3.99	8.52		7.58		12.51	15.12		32.3

H1FY19 Consolidated Balance Sheet*

Particulars (Rs. Mn)	Sept-18	Mar-18
Total Equity	4,749	4,558
Equity Share Capital	228	228
Other Equity	4,520	4,329
Non-Controlling Interest	1	1
Non-current liabilities	218	184
Financial Liabilities		
(i) Borrowings	19	9
(ii) Other Financial Liabilities	-	-
Provisions	4	6
Deferred Tax Liabilities (Net)	195	169
Current liabilities	6,566	7,386
Financial Liabilities		
(i) Borrowings	3,357	2,420
(ii) Trade Payables	2,738	4,612
(iii) Other Financial Liabilities	191	181
Provisions	23	7
Current Tax Liabilities (Net)	158	81
Other Current Liabilities	99	85
Total Liabilities	11,533	12,128

Particulars (Rs. Mn)	Sept-18	Mar-18
Non-current assets	3,289	3,206
Property, Plant and Equipment	2,772	2,726
Investment Property	1	1
Capital Work in Progress	83	-
Intangible Assets	85	104
Goodwill on Consolidation	140	140
Financial Assets		
(i) Trade Receivables	28	31
(ii) Loans	164	180
Other non-current assets	16	25
Current assets	8,244	8,921
Inventories	4,242	4,157
Financial Assets		
(i) Trade receivables	3,653	4,241
(ii) Cash and cash equivalents	12	12
(iii) Bank balances other than above	52	48
(iv) Others financial assets	10	12
Other Current Assets	274	451
Total Assets	11,533	12,128



Historical Financials

5 years of Consolidated Profit & Loss Statement*

Particulars (Rs. Mn)	FY14	FY15	FY16	FY17*	FY18*	CAGR
Total Income	19,271	19,788	20,359	23,101	25,487	7.2%
Raw Material	17,364	17,580	17,672	19,794	21,738	
Employee Expenses	264	350	413	492	592	
Other Expenses	757	963	1,079	1,300	1,404	
EBITDA	886	895	1196	1,522	1,758	18.7%
EBITDA %	4.6%	4.5%	5.9%	6.6%	6.9%	
Other Income	8	9	7	7	6	
Depreciation	58	88	95	114	136	
Finance Cost	416	470	460	506	463	
Profit before Tax & Minority Interest (MI)	420	345	648	902	1,159	28.9%
Tax	133	120	240	314	421	
Profit after Tax & before MI	287	226	407	586	739	26.7%
Minority Interest	-	-	-	-	-	
Profit after Tax & MI	287	226	407	586	739	26.7%
Cash Profit	345	314	503	701	875	
EPS	13.13	10.32	18.90	26.81	32.34	

Consolidated Balance Sheet*

Particulars (Rs. Mn)	Mar-18	Mar-17
Total Equity	4,558	3,898
Equity Share Capital	228	228
Other Equity	4,329	3,669
Non-Controlling Interest	1	0
Non-current liabilities	184	207
Financial Liabilities		
(i) Borrowings	9	58
(ii) Other Financial Liabilities	0	0
Provisions	6	8
Deferred Tax Liabilities (Net)	169	141
Current liabilities	7,386	5,315
Financial Liabilities		
(i) Borrowings	2,420	2,101
(ii) Trade Payables	4,612	2,610
(iii) Other Financial Liabilities	181	229
Provisions	7	4
Current Tax Liabilities (Net)	81	182
Other Current Liabilities	85	189
Total Liabilities	12,128	9,420

Particulars (Rs. Mn)	Mar-18	Mar-17
Non-current assets	3,206	2,739
Property, Plant and Equipment	2,726	2,448
Investment Property	1	1
Intangible Assets	104	-
Goodwill on Consolidation	140	140
Financial Assets		
(i) Trade Receivables	31	23
(ii) Loans	180	103
Other non-current assets	25	23
Current assets	8,921	6,681
Inventories	4,157	2,795
Financial Assets		
(i) Trade receivables	4,241	3,084
(ii) Cash and cash equivalents	12	18
(iii) Bank balances other than above	48	644
(iv) Others financial assets	12	14
Other Current Assets	451	126
Total Assets	12,128	9,420

Outperformance of retail segment*

Particulars	Units	FY14	FY15	FY16	FY17	FY18	CAGR FY14-FY18
No of retail stores	Nos.	71	88	95	106	129	16%
Total Area	Sq. Ft	2,23,869	2,91,139	3,23,070	3,81,070	5,05,034	23%
Revenue from retail stores	Rs. Mn	4,647	6,193	8,078	9,807	12,197	27%
EBITDA	Rs. Mn	218	461	775	972	1,303	56%
EBIDTA Margin	%	4.7%	7.4%	9.6%	9.9%	10.7%	-
EBITDA per Store	Rs. Mn	3.07	5.24	8.16	9.17	10.10	35%

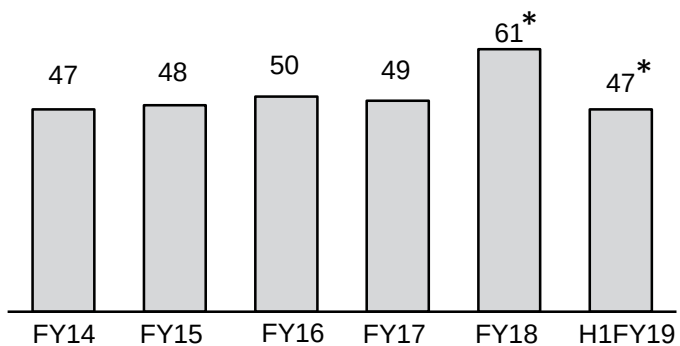
Low rental cost of ~Rs.19 per Sq. Ft per month for the leased outlets enhance the profitability of the retail segment and thus target to achieve retail store breakeven within a year

Key Ratios

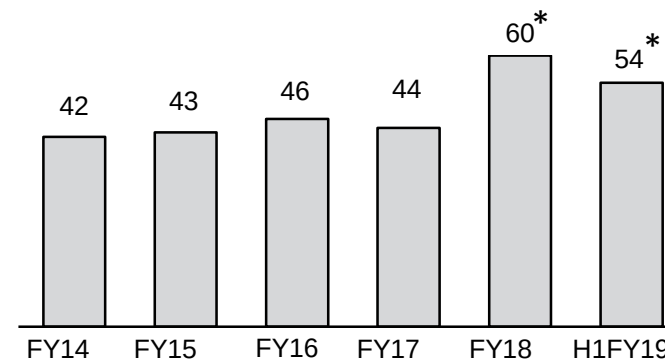
Working Capital Days are calculated on the basis of revenue

*FY18 and H1 FY19 days are not comparable to earlier periods due to GST impact on revenue

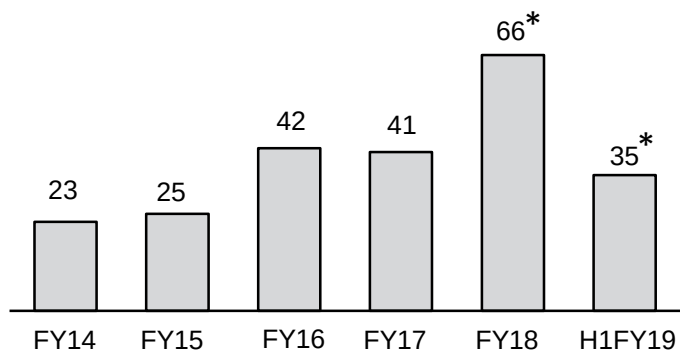
Receivable Days



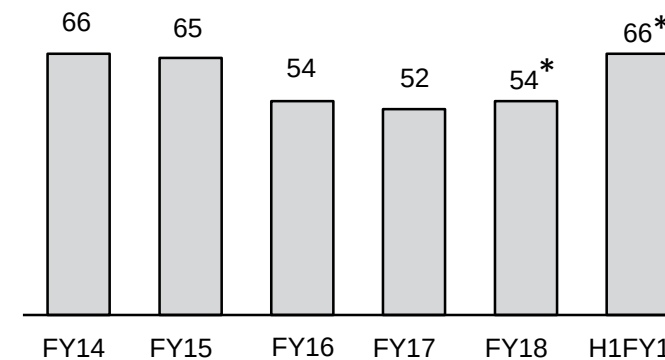
Inventory Days



Creditor Days

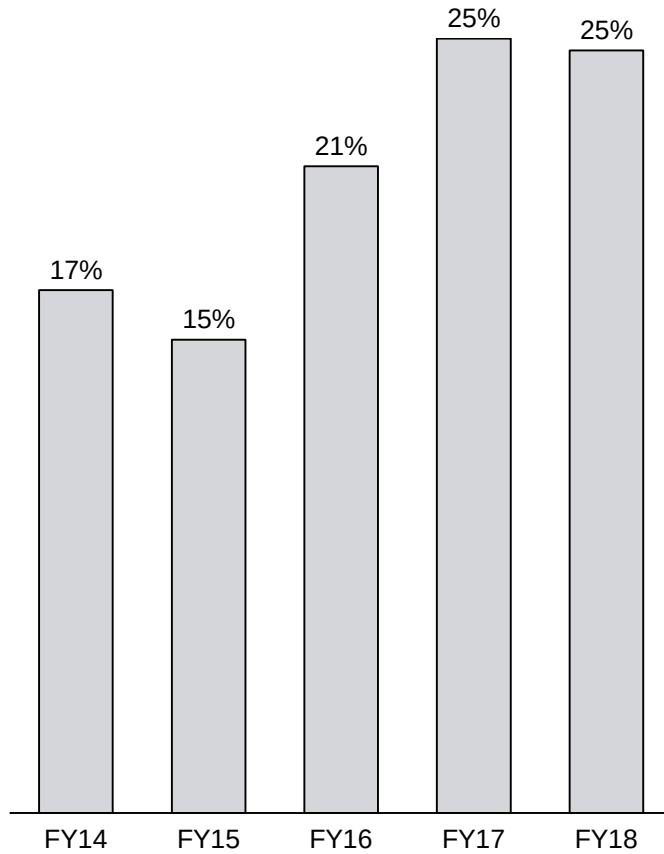


Working Capital Days

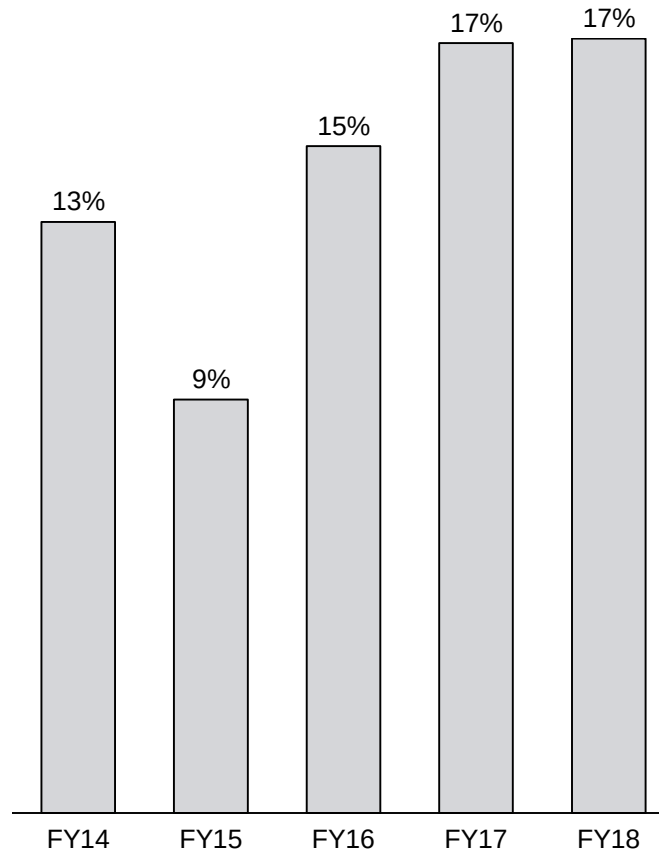


Key Ratios

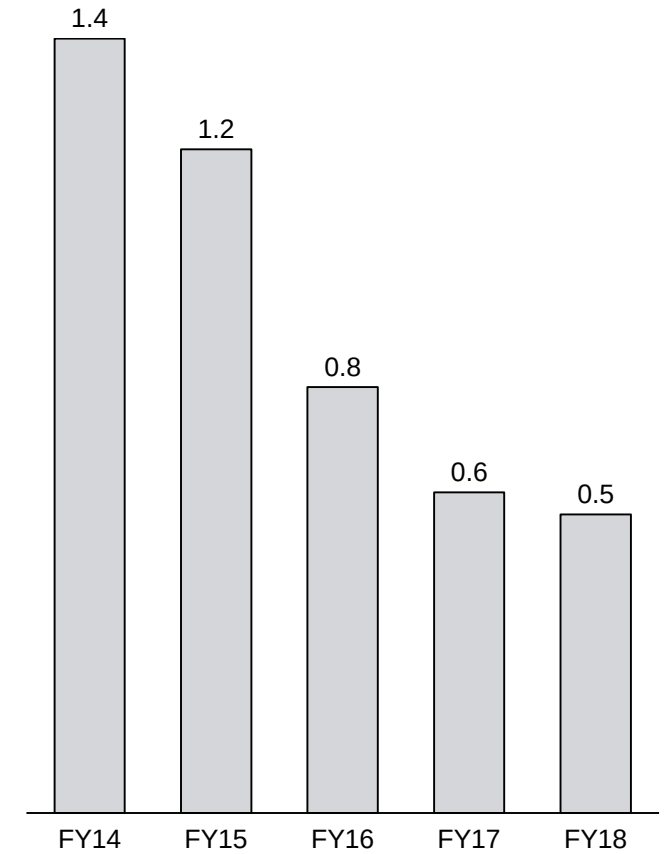
Average Return on Capital Employed



Average Return on Equity



Net Debt : Equity



Annexure 1: Calculation Methodology for SSSG

Same store sales growth

H1 FY19: 24.2%

Basis of Calculation: The definition of SSSG (Same Store Sales Growth) considers stores that were in operation for at least 12 months at the end of the period.

For example, for H1 FY19, the SSSG considers stores in operation at the end of H1 FY18. The growth in revenues generated from these stores in H1 FY18 and H1 FY19 represents the SSSG. H1 FY19 SSSG computation is as follows

Stores considered for SSSG	Revenue considered for H1 FY18	Revenue considered for H1 FY19
xxx stores at end of H1 FY18	Revenues of these xxx stores in H1 FY18	Revenues of these xxx stores in H1 FY19
Total	Sum total of above = [A]	Sum total of above = [B]

Same Store Sales Growth calculation: $([B] - [A]) / [A]$

Comparable sales growth

H1 FY19: 18.3%

Basis of Calculation: The definition of comparable sales method considers stores that have completed at least 12 months of operations. Revenues from these stores become comparable in the immediate following month after their 12th month of operation.

For example, for H1 FY19, the comparable sales consider all stores operational at the end of FY16. In addition, for stores opened during H1 FY17, the comparable period of sales in H1 FY18 and H1 FY19 is also considered after they complete 12 months of operations. Store closures, if any in the period, will be removed from both the base and the subsequent year revenue computations. H1 FY19 comparable sales computation is as follows

Stores considered for Comparable Sales	Revenue considered for H1 FY18	Revenue considered for H1 FY19
xx stores operational at end of FY16	Revenues of these xx stores in H1 FY18, net of closures if any	Revenues of these xx stores in H1 FY19, net of closures if any
For stores opened in Q1 FY17 & still operational		
<i>Store no. xx, say, opened in April 2016</i>	<i>Store no. xx revenue from May 2017 to September 2017</i>	<i>Store no. xx revenue from May 2018 to September 2018</i>
<i>Store no. xx, say, opened in May 2016</i>	<i>Store no. xx revenue for September 2017</i>	<i>Store no. xx revenue for September 2018</i>
Total	Sum total of above = [C]	Sum total of above = [D]

Comparable Sales Calculation: $([D] - [C]) / [C]$

For further information, please contact:

Company :

Investor Relations Advisors :



CIN - U26922KA1995PLC018990

Mr. Alex Varghese – CFO

www.shankarabuildpro.com



CIN - U74140MH2010PTC204285

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