

Date: 2nd February, 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: - Corporate Investor's presentation

Dear Sir/Madam,

Please find enclosed Corporate 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**

Company Secretary & Compliance Officer



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

Stores

128

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



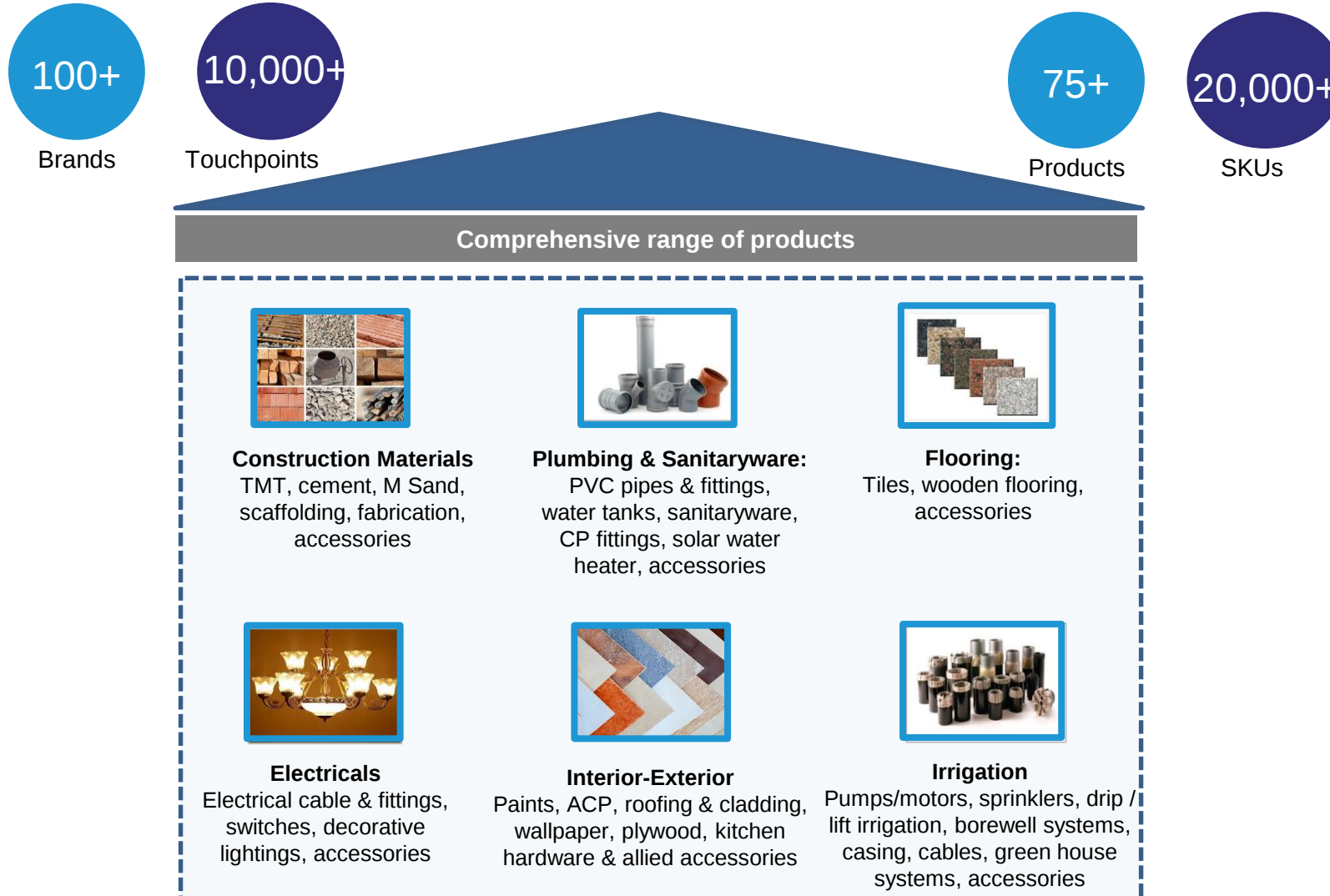
Home Owners



Professional Customers
(Architects & Contractors)



Small Enterprises



- Offering 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



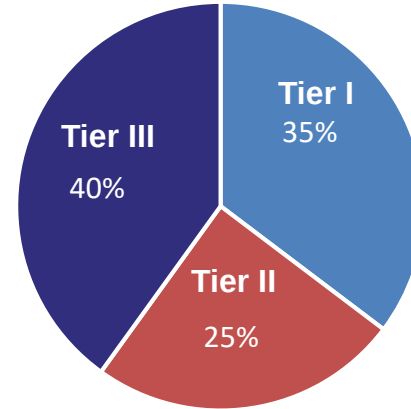
Irrigation



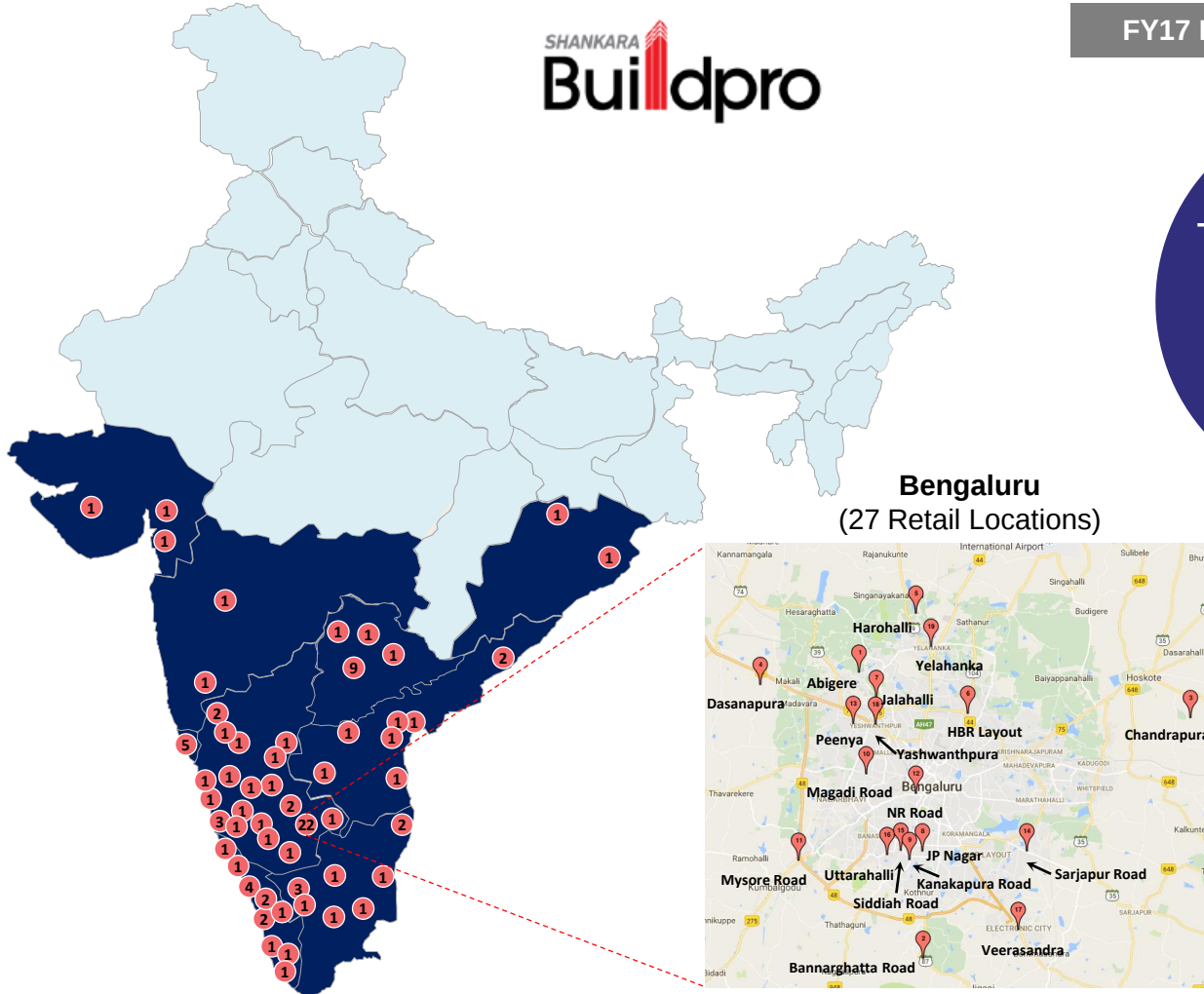
...across 128 Shankara Buildpro Retail Stores...



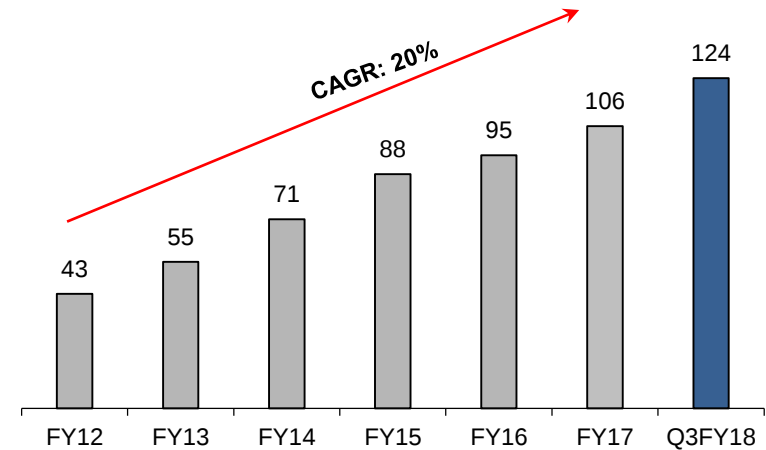
FY17 Revenue mix across Cities



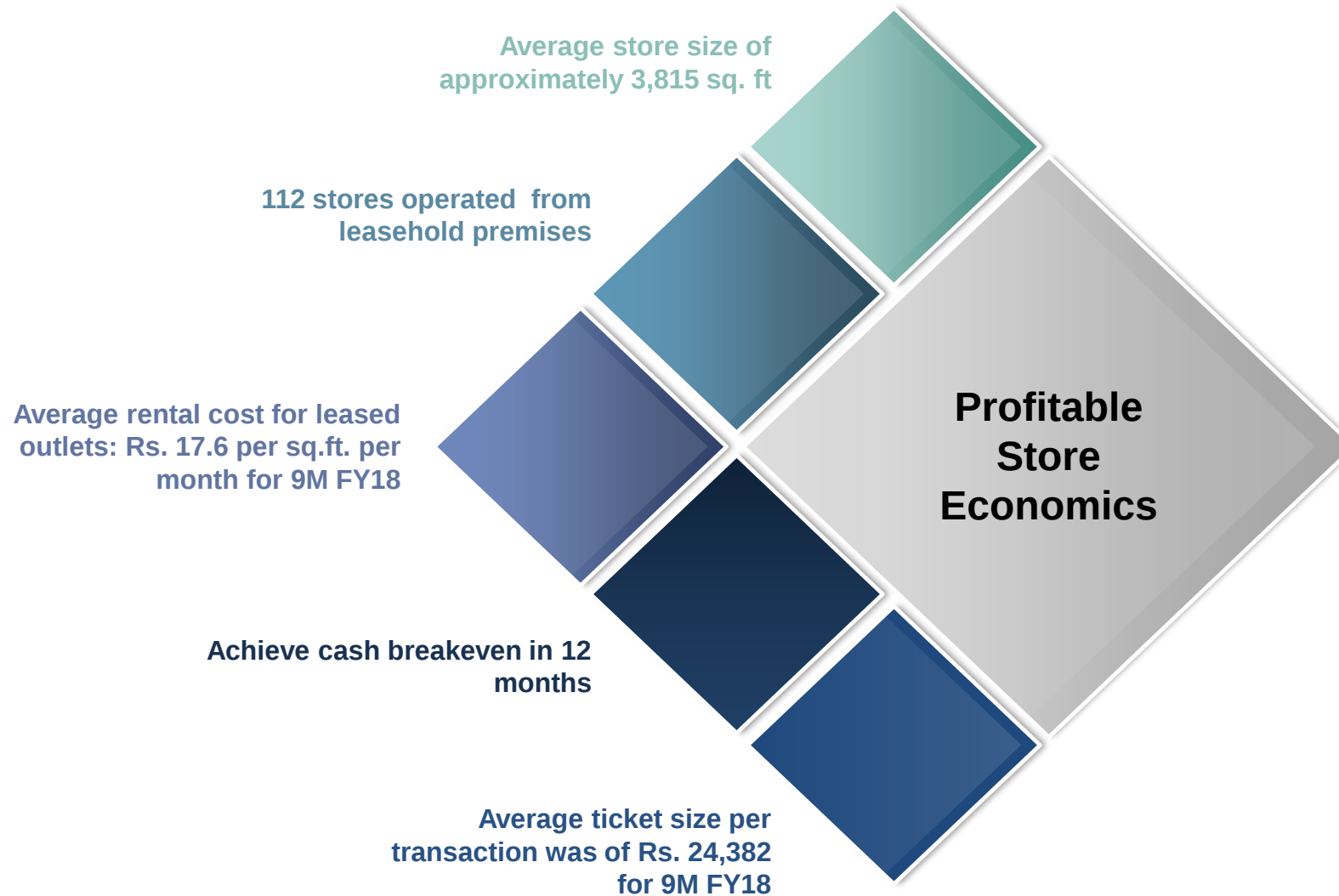
- Retail presence in **9** states & **1** union territory
- **128** Shankara Buildpro stores as on date
- **0.5** mn sq.ft. retail space managed



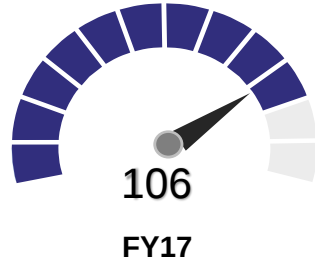
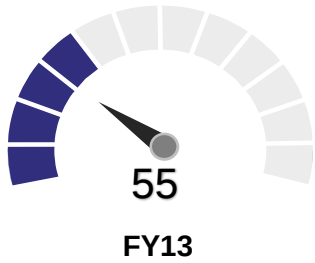
Retail store roll out



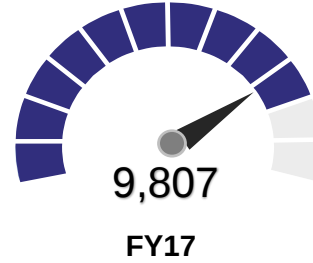
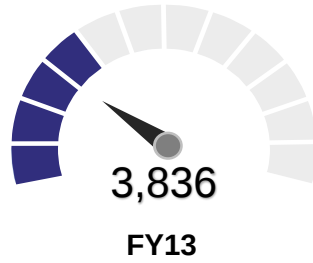
...with Profitable Store Economics...



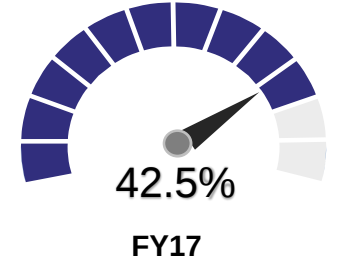
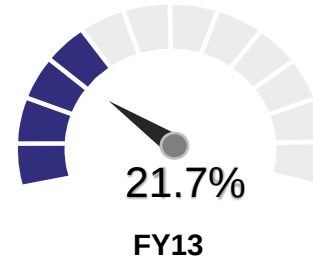
Number of Retail Stores



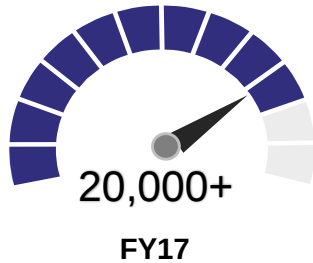
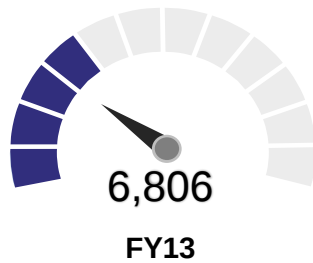
Retail Revenue (Rs. mn.)



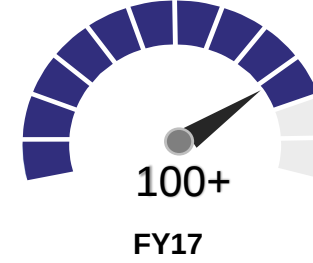
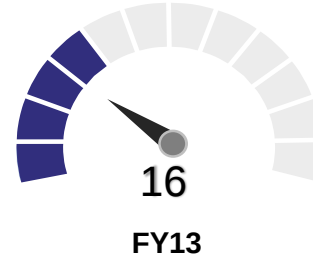
Retail Revenue Share



SKUs



Brands



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

Retail - Store



FY17 Revenue Share 42.45%
(Q3 FY18 – 47.9%)

Access to 100+ Brands sold through
128 Shankara Buildpro Stores

Third Party & Own Products sold to
End Users

Average size per Transaction of
Rs. 24,382/-

Retail - Channel



FY17 Revenue Share 24.67%
(Q3 FY18 – 19.9%)

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%
(Q3 FY18 – 32.2%)

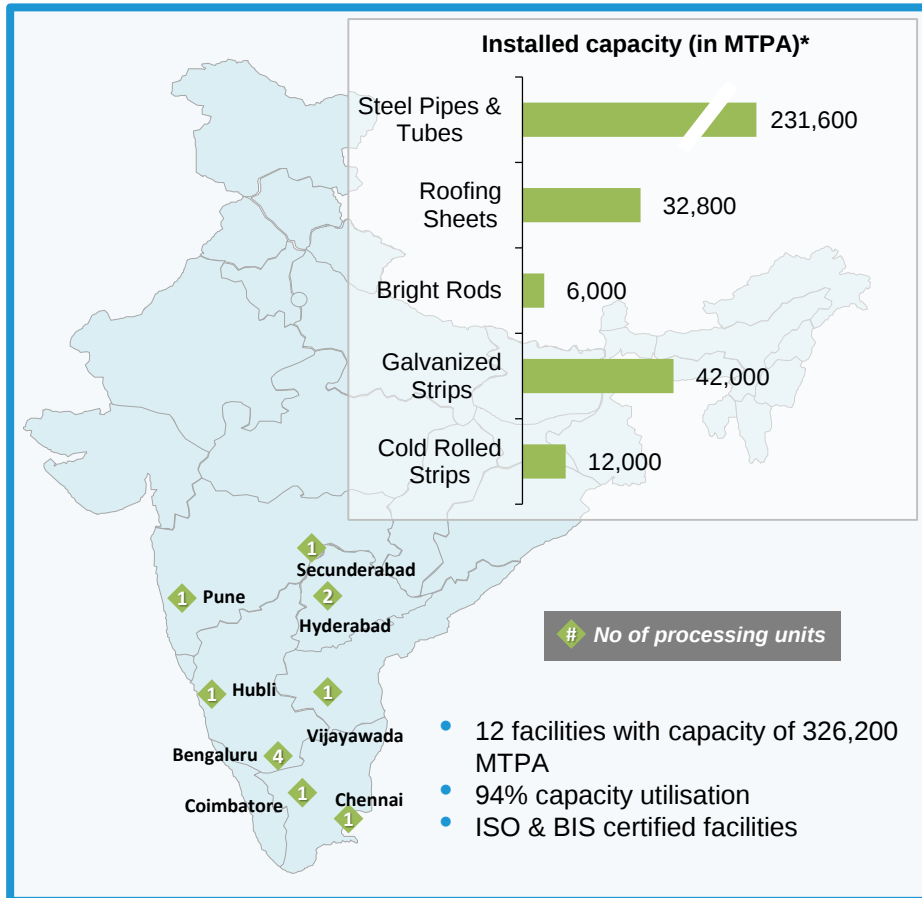
Strong association with Corporates
with ability to customize products

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*

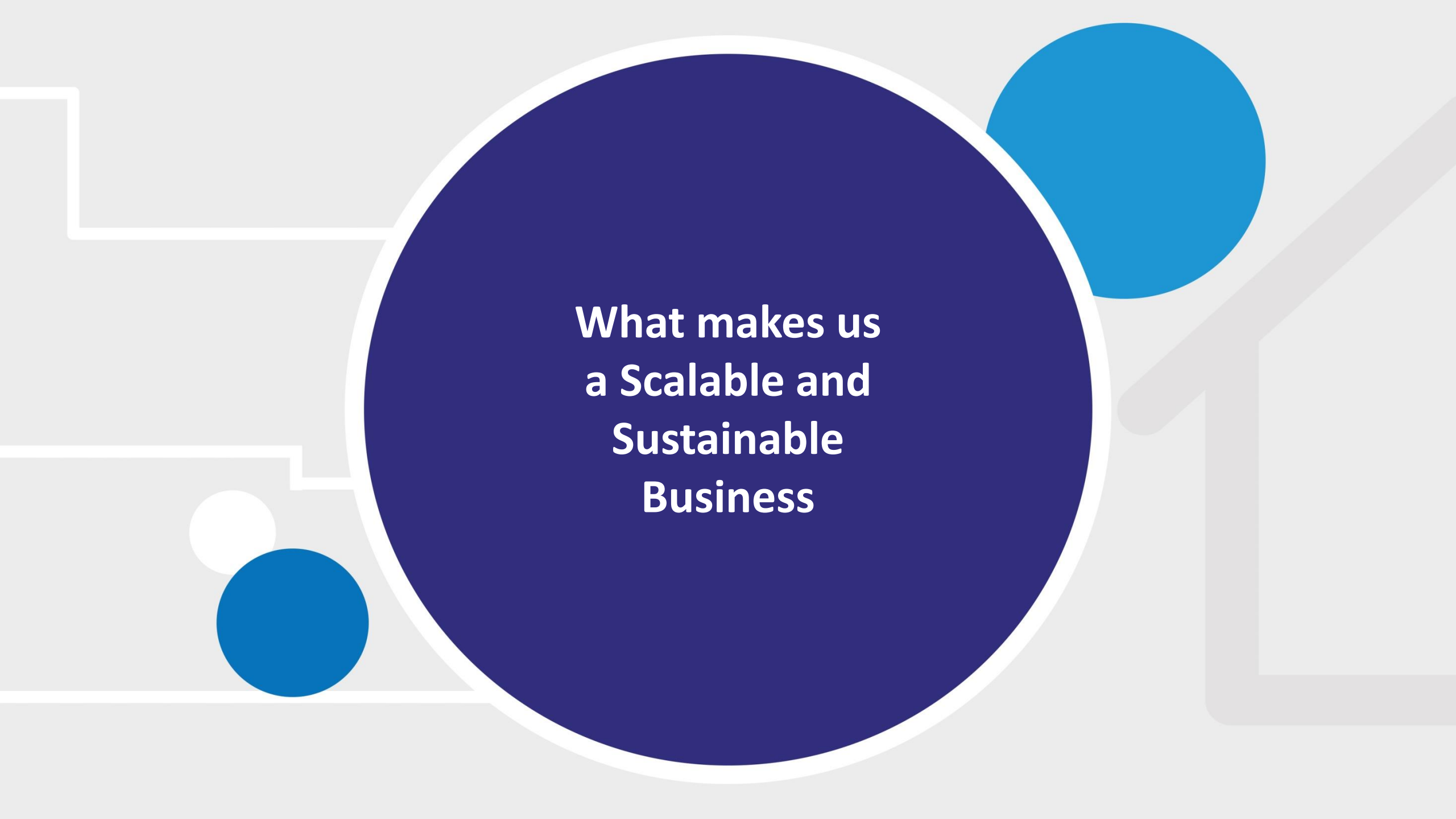


ERP and MIS controls

- 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**

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

Wide product mix
20,000+ SKUs

Wide geographic spread
9 states & 1 UT, 128 outlets

Unique customer requirements
Small & large customers

Varied applications of products
Catering to multiple sectors

Allied Services
To gain trust & capture higher share of customer wallet



- **12** processing facilities with own brands

Processing

Since 2010



- **1,900+** dealers
- Contributed 21.1% to overall consolidated revenue in 9M FY18

Channel Sales

Since 1999



- Bespoke product offerings
- Contributed 31.8% to overall consolidated revenue in 9M FY18

Enterprise Sales

Since 1995



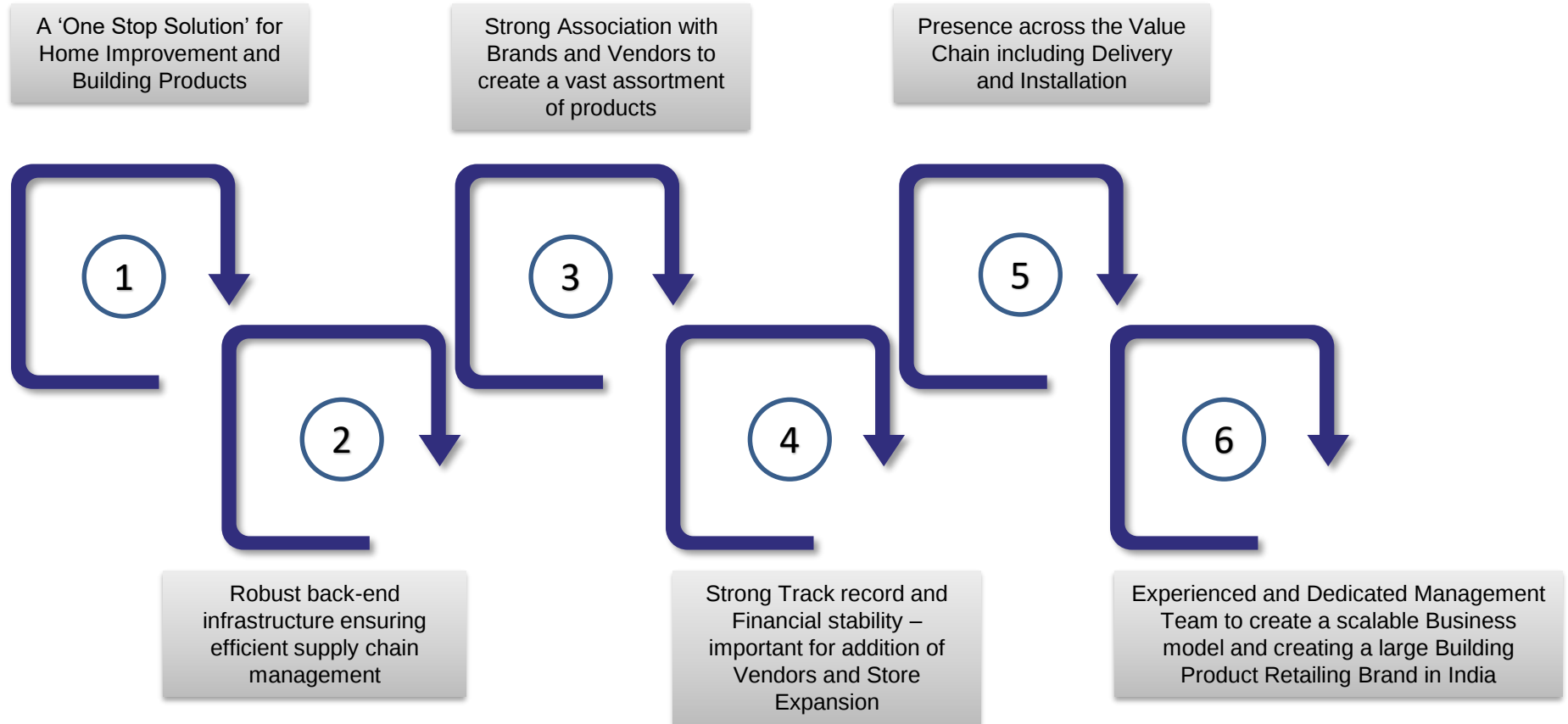
- **128** Shankara BuildPro stores (as on date) spread across 9 states & 1 UT
- Contributed 47.1% in 9M FY18 to Company's overall consolidated revenue

Retail Sales

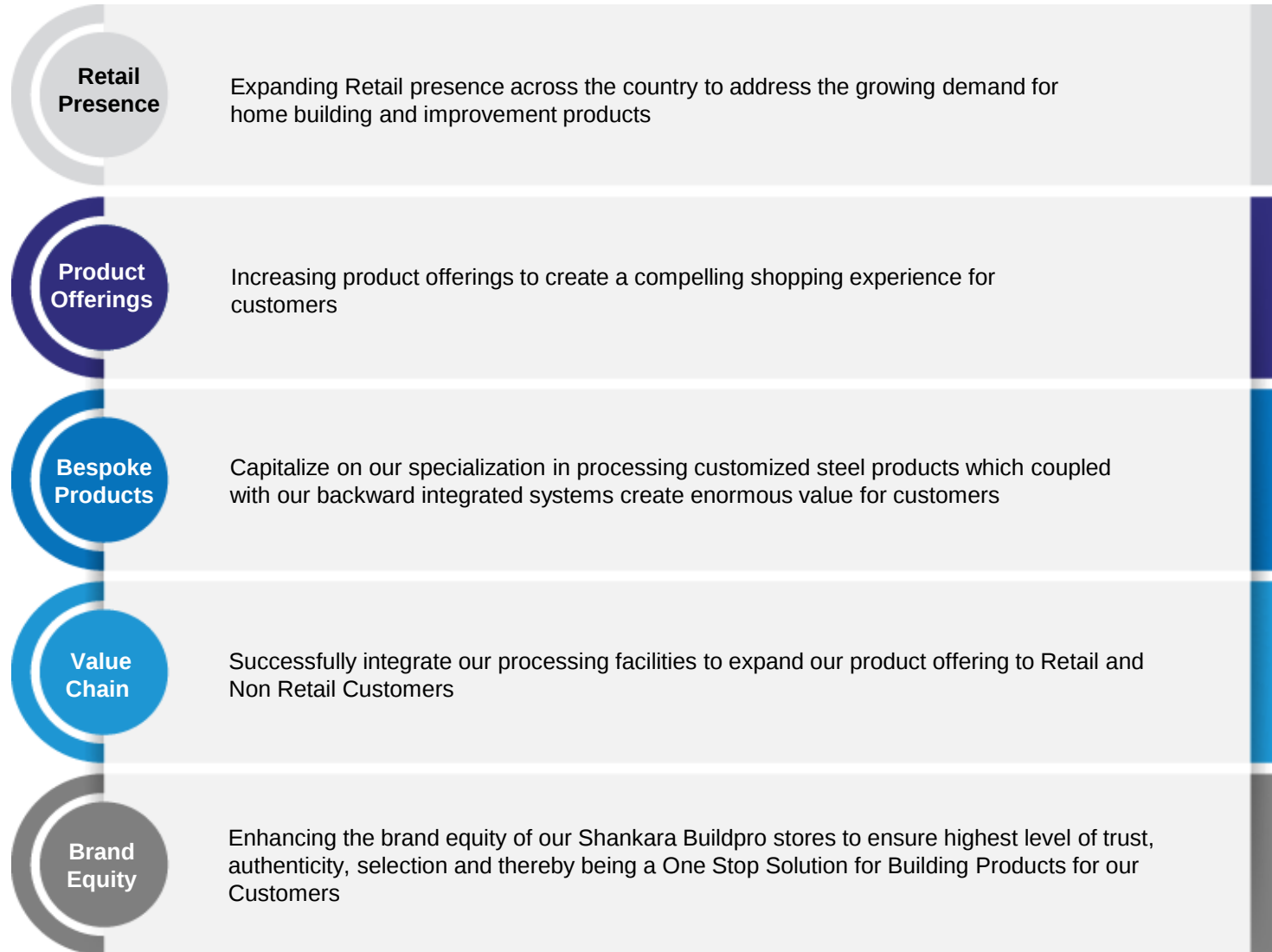
Since 2006

- 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

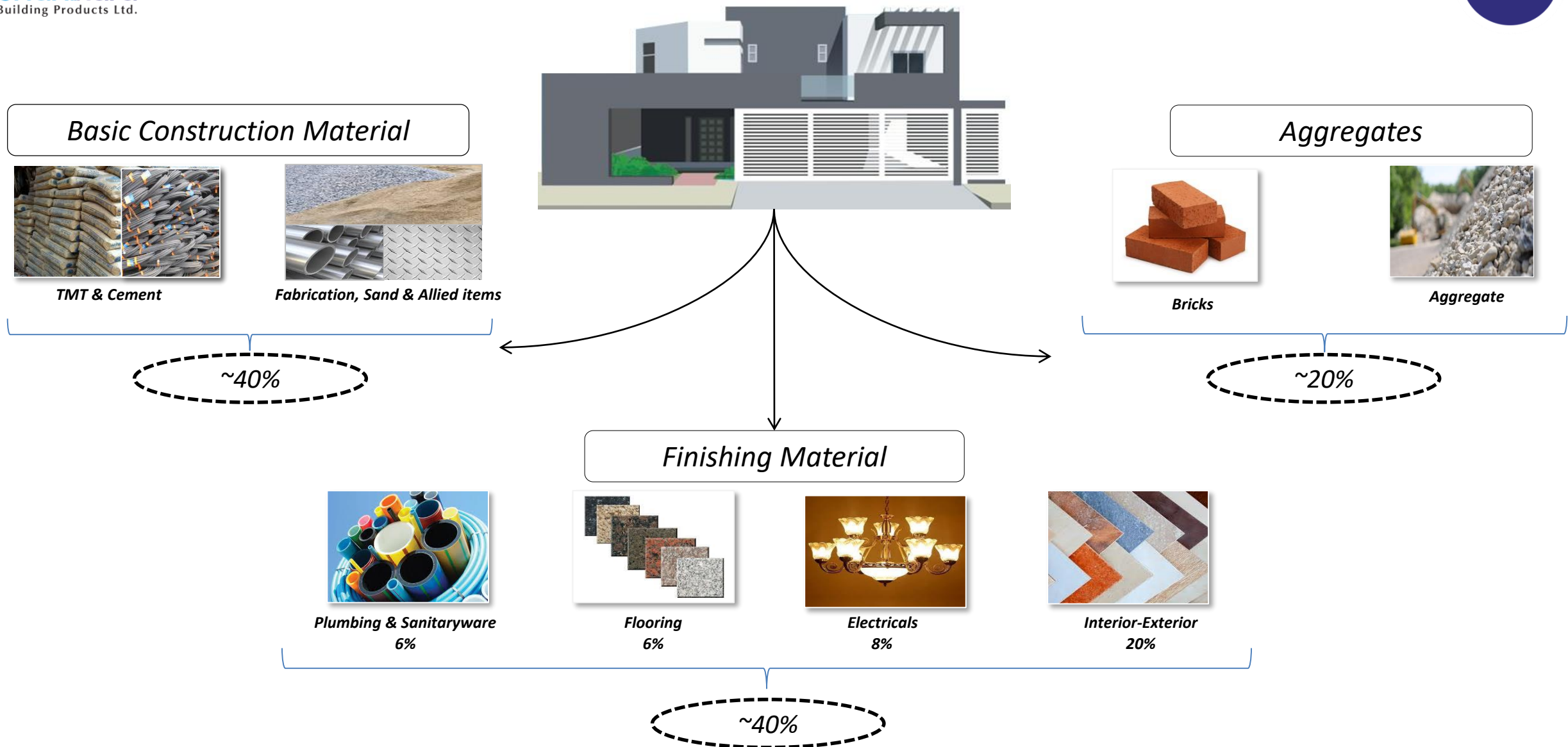
Acquisitions	VP SPL ¹ in FY11	+	CRIPL ² in FY14
Processing capacity expansion	167,800 tons in 2014	↑	324,400 tons in FY17
Available area for processing	1.33 mn sqft	↓	0.36 mn sqft covered area
ERP, MIS controls	Across the Company		
Large warehousing network	0.59 mn sqft	+	Additional 0.45 mn sqft owned land unutilized ³
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



...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%			
Total	4,520-4,805				

...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



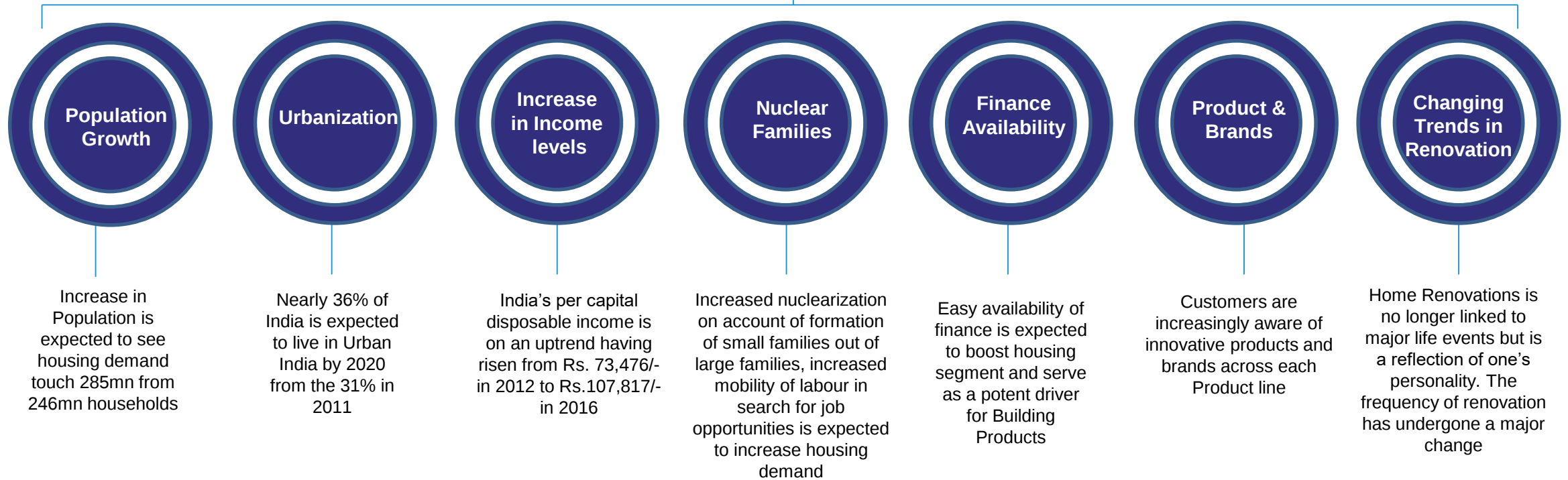
RERA Bill to bring trust and transparency in Homes Sales fueling Real Estate Sales

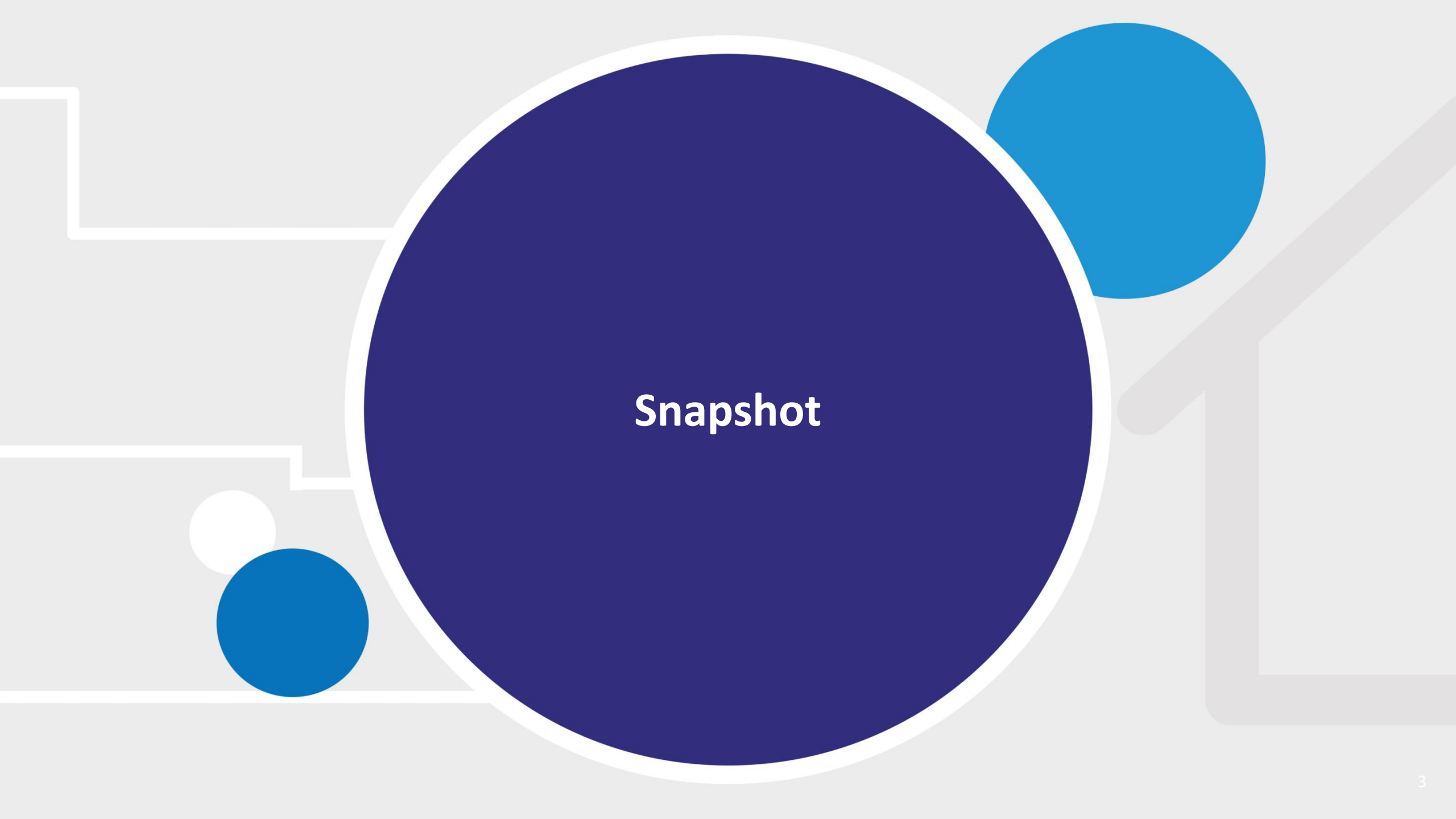
Benefit Buildings Material

Organized Cities & Towns

Fuel Retail Sales across India

Retail Home Improvement Drivers



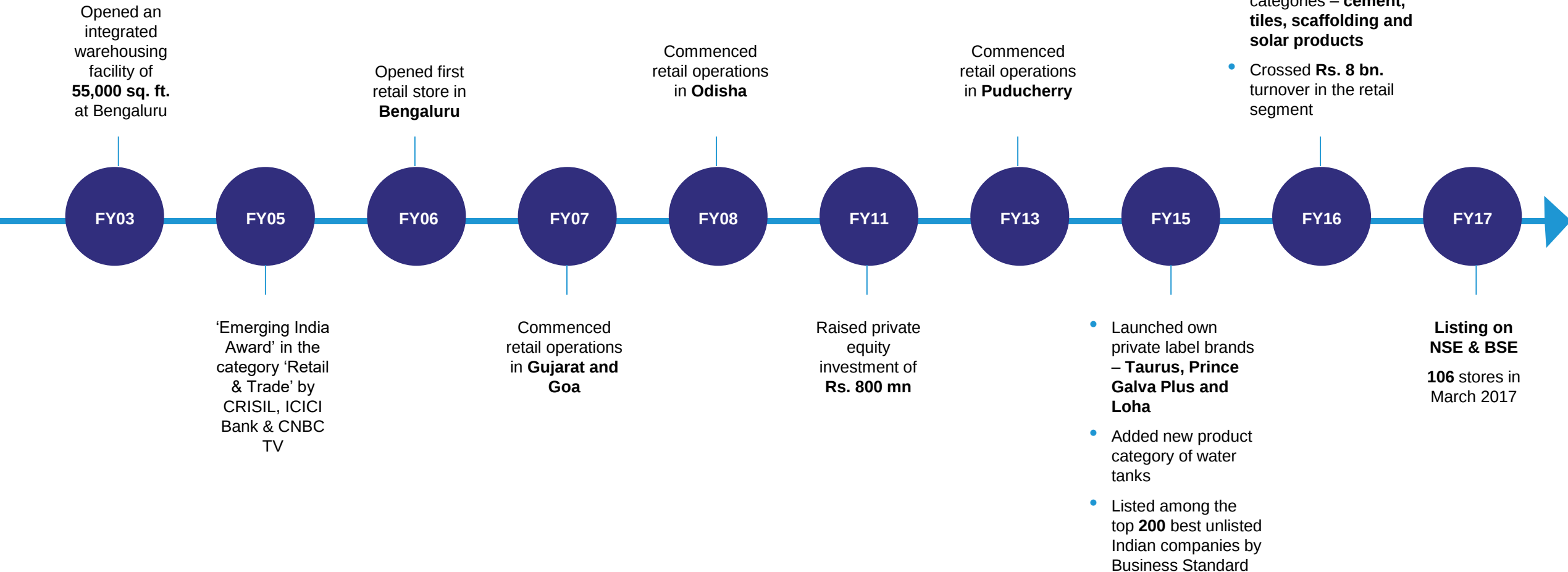
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Snapshot

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



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



The background features a light gray field with white stepped lines on the left and a large, faint gray arrow pointing towards the top right. Three solid circles are present: a large blue one in the upper right, a medium blue one in the lower left, and a small white one just above the medium blue circle. The central focus is a large dark blue circle with a white border.

*Recent
Development*

Strategic Expansion to strengthen Product categories and Geographic reach

Taken over
operations -

3 stores of JP
Sanitation,
Bengaluru

+

3 stores of
Vaigai
Sanitation,
Chennai

- ✓ **Taken over operations of 3 stores of JP Sanitation in Bengaluru**, thereby increasing our total stores count to 27 in the Bengaluru region
- ✓ JP Sanitation is an established brand within Bengaluru region and has been in existence for more than 30 years



- ✓ **Taken over 3 stores of leading tiles and sanitary ware retailer, Vaigai Sanitation**, thereby increasing our reach to 5 stores in Chennai
- ✓ Vaigai Sanitation is also a strong brand in Chennai and has been in existence for more than 30 years



- ✓ Both these takeover will **strengthen our presence in new product categories** of plumbing, sanitary ware and tiles and further **increase our geographic penetration** in South India
- ✓ We will look to cross sell our wide range of building product categories across their customer segments

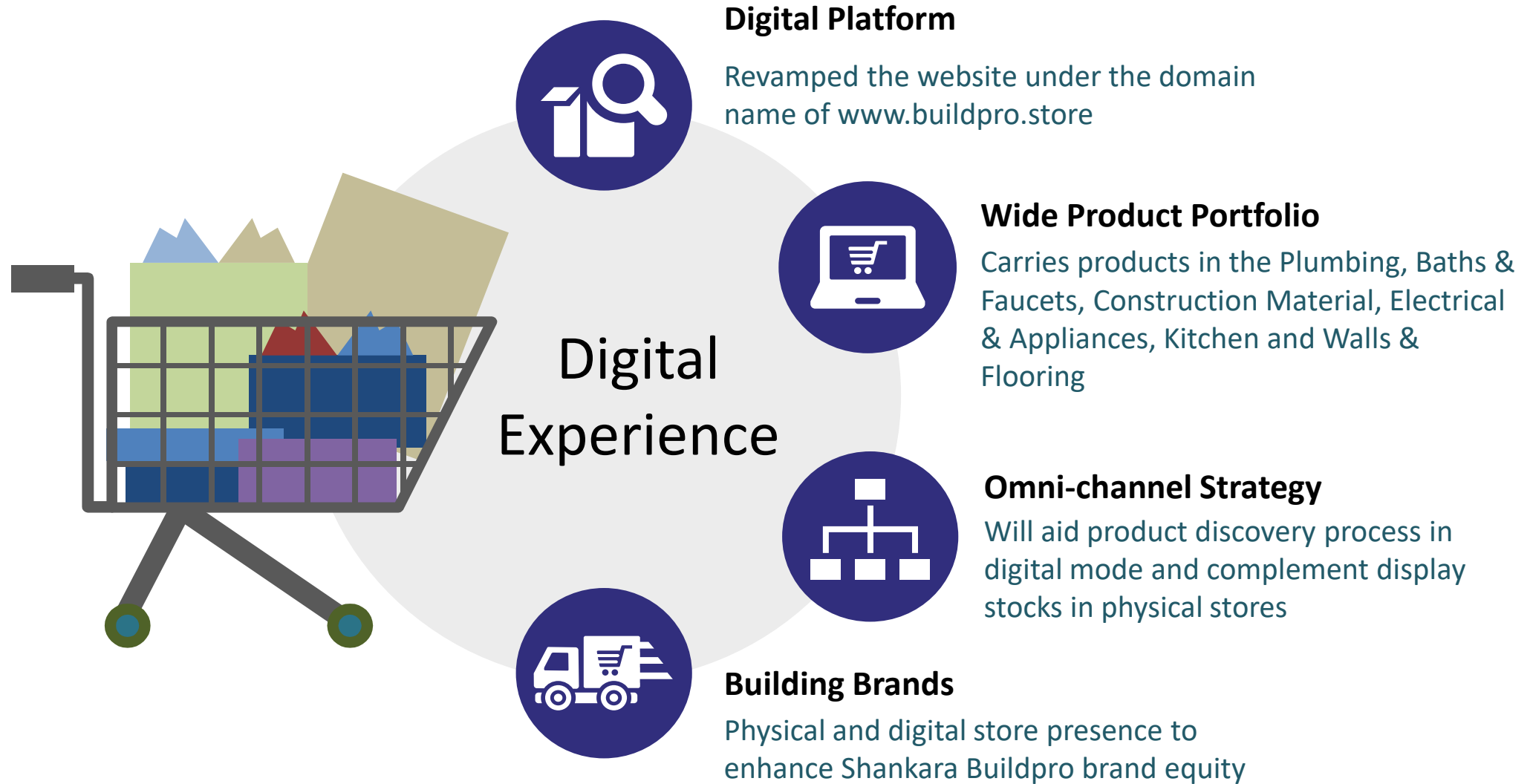


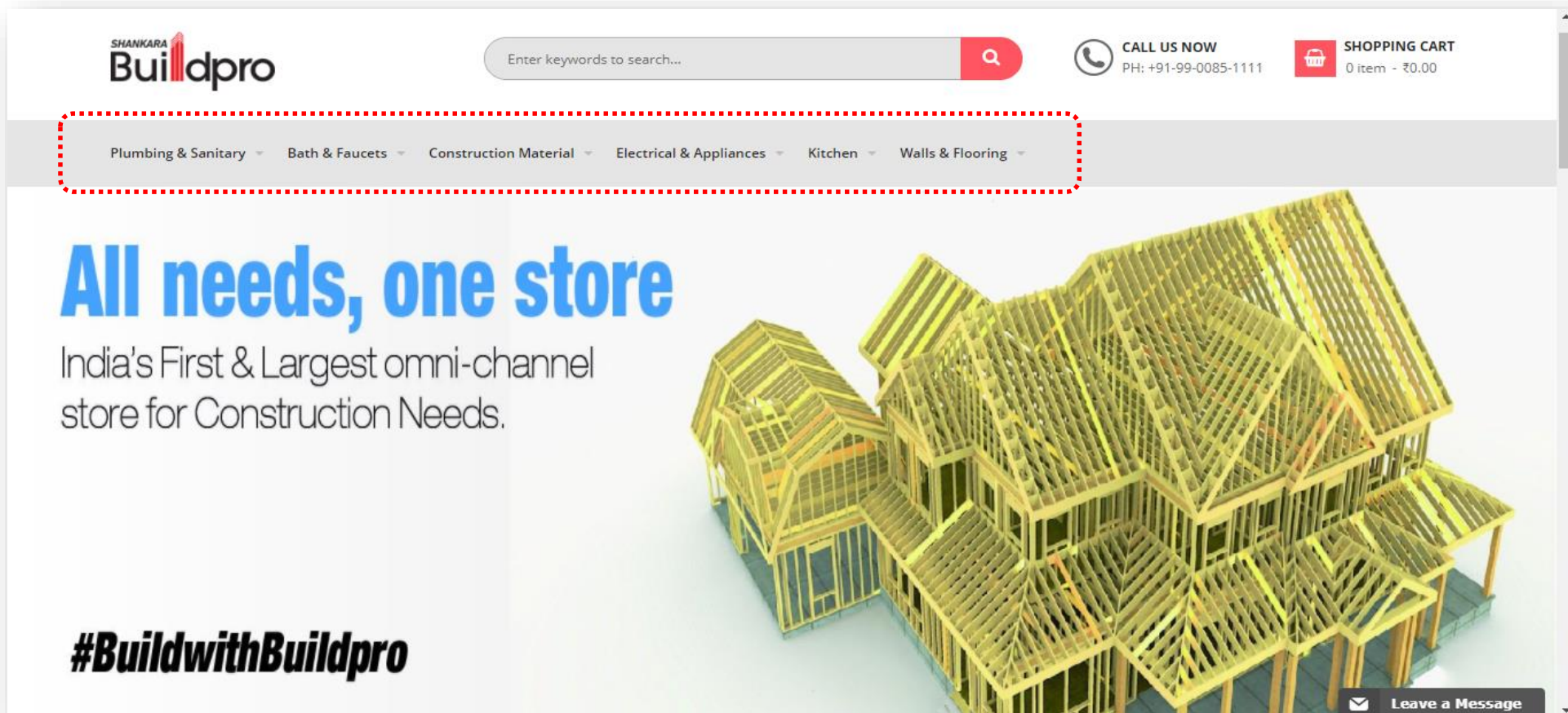
Current Vaigai (Chennai) stores



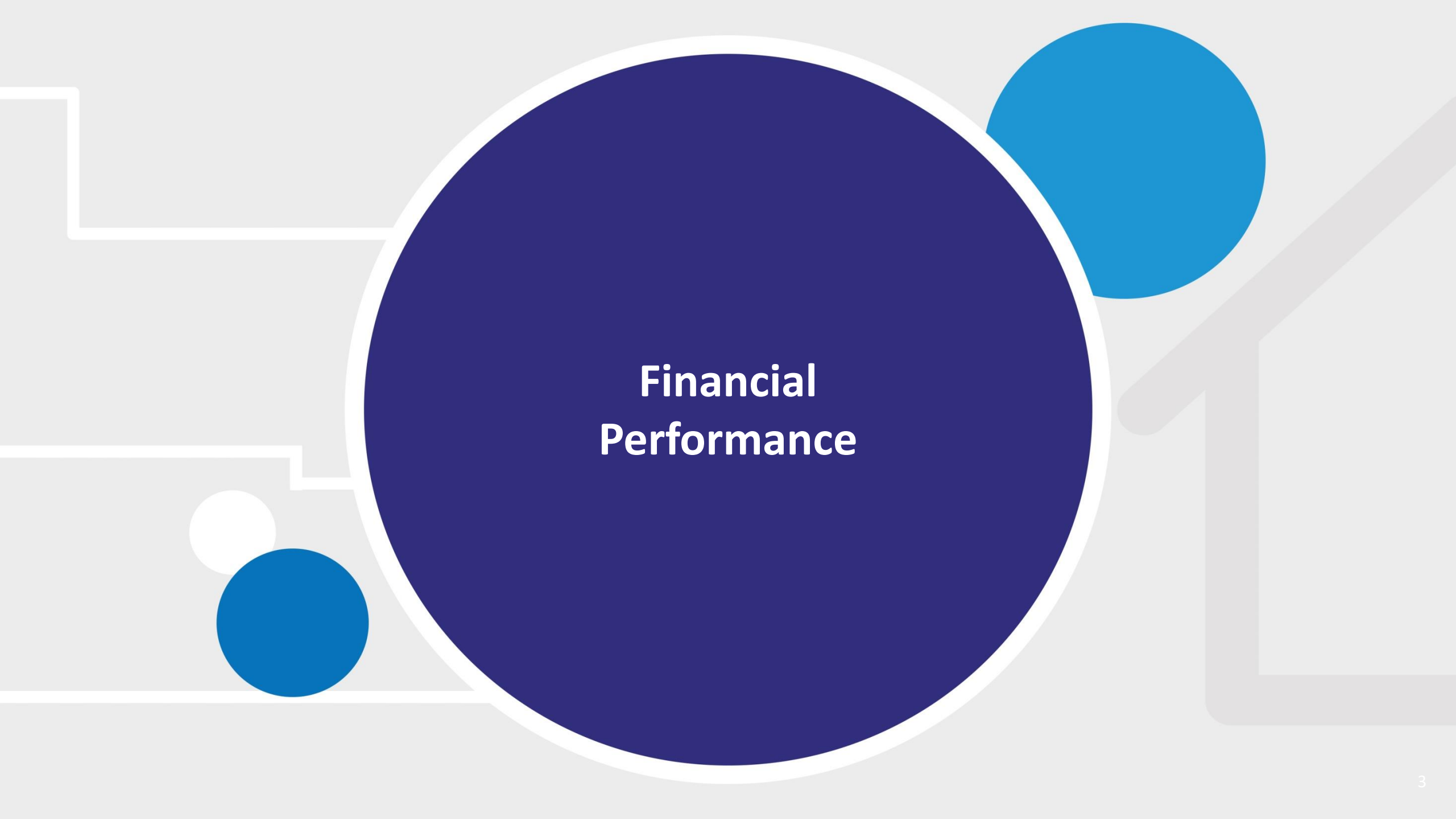
New Product Additions







[Click Here](#)

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Financial Performance

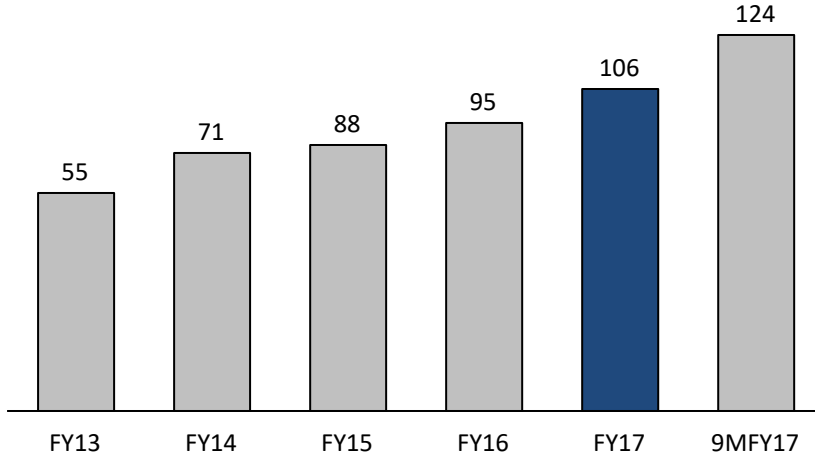
Consistent Retail Performance

Particulars	Units	FY13	FY14	FY15	FY16	FY17	CAGR FY13-FY17	9M FY18
No of retail stores	Nos.	55	71	88	95	106	18%	124
Total Area	Sq. ft	1,80,298	2,23,869	2,91,139	3,23,070	3,81,070	21%	4,73,034
Revenue from retail stores	Rs. Mn	3,836	4,647	6,193	8,078	9,807	26%	8,419
Same store sales growth	%	17%	13%	24%	28%	19%	-	21%
EBITDA	Rs. Mn	129	218	461	775	972	66%	897
Margin (%)	%	3%	5%	7%	10%	10%	-	11%
EBITDA per store	Rs. Mn	2.35	3.07	5.24	8.14	9.20	41%	7.23
EBITDA per sq ft	Rs.	717	975	1,582	2,394	2,551	37%	1,896

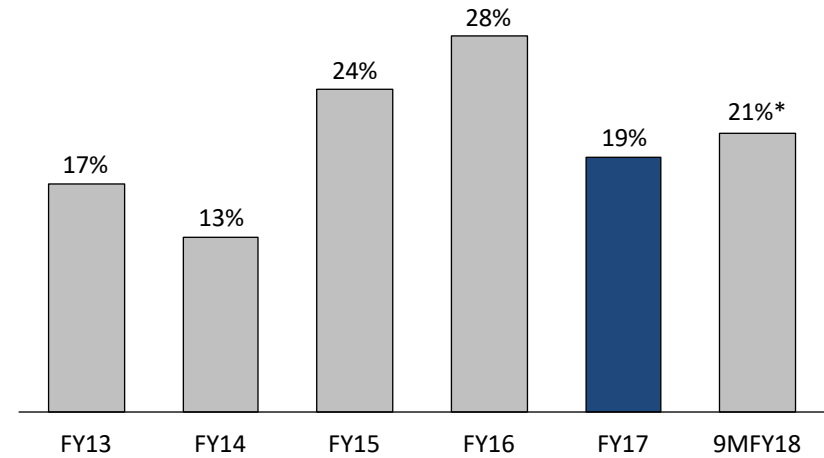
Low rental cost of ~Rs.17.6 per sq.ft per month for the leased outlets enhance the profitability of the retail segment and thus retail stores achieve breakeven within a year

Performance of Shankara Buildpro Stores

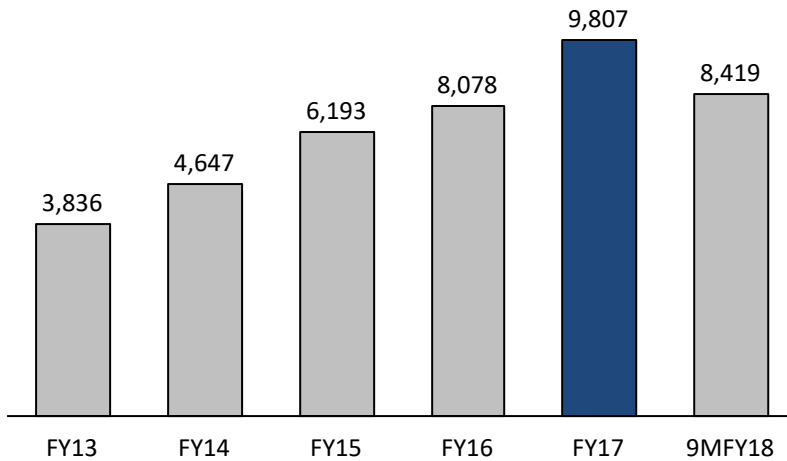
Growth in number of stores



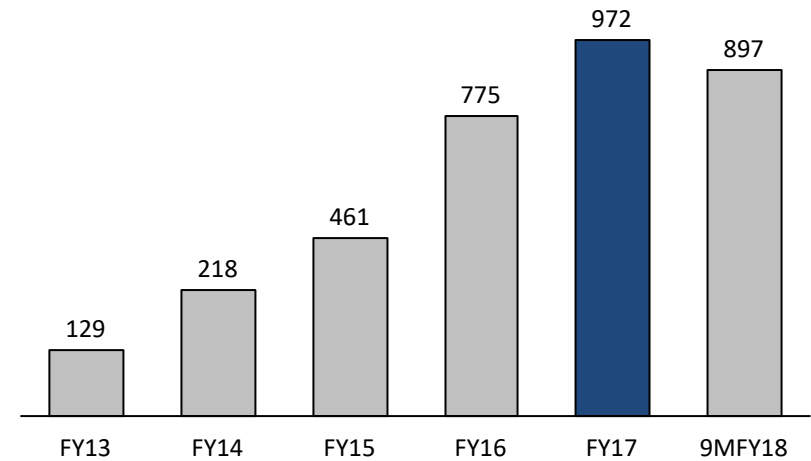
Same store sales growth (%)



Growth in overall retail sales (Rs. mn.)



EBITDA (Rs.mn.)

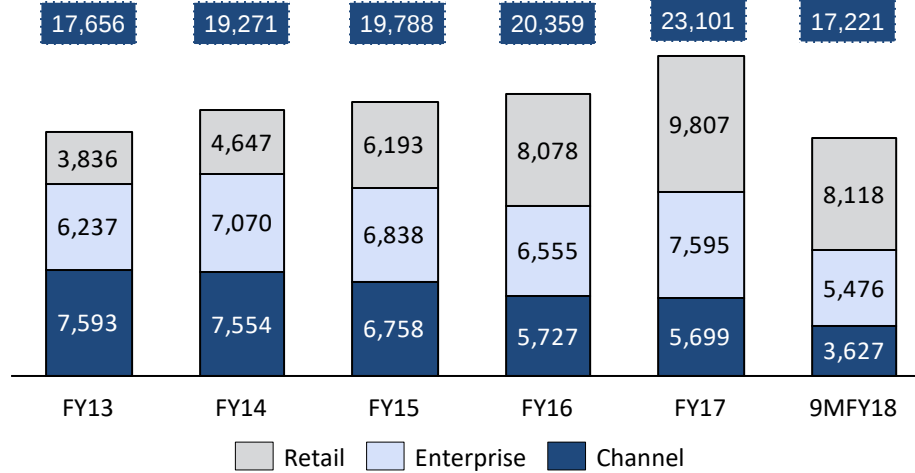


Q3&9M FY18 Income Statement (as per IND-AS)

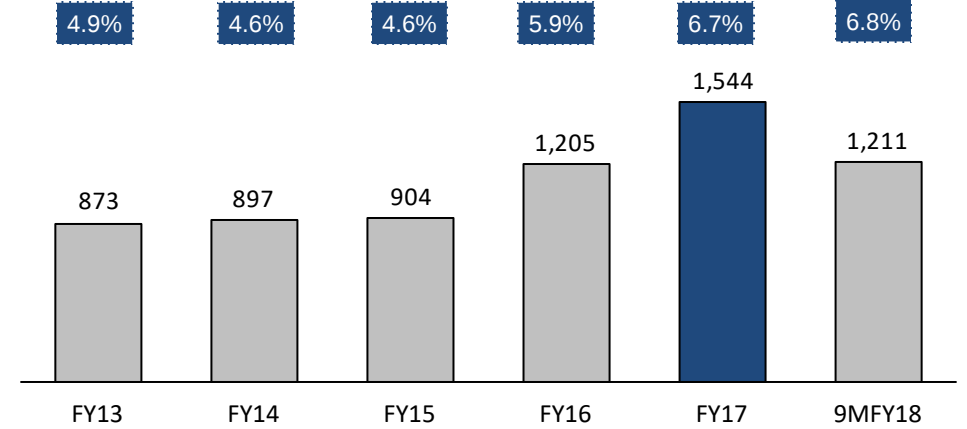
Particulars (Rs. Mn)	Q3 FY18	Q3 FY17	YoY	9M FY18	9M FY17	YoY
Total Income	6,246.2	5,407.5	15.5%	17,878.6	17,097.5	4.6%
Raw Material	5,364.1	4,573.4		15,223.5	14,715.3	
Employee Expenses	160.6	123.0		438.2	367.6	
Other Expenses	313.2	349.3		1,005.9	948.3	
EBITDA	408.3	361.7	12.9%	1,211.1	1,066.3	13.6%
EBITDA %	6.5%	6.7%		6.8%	6.2%	
Other Income	2.3	1.2		5.1	4.6	
Depreciation	33.0	28.3		92.8	85.0	
Finance Cost	110.0	131.1		326.1	378.6	
Profit before Tax	267.7	203.5	31.6%	797.3	607.3	31.3%
Tax	91.2	66.6		275.3	205.4	
Profit after Tax	176.5	136.9	28.9%	521.9	401.9	29.9%
Cash Profit	209.5	165.2	26.8%	614.7	486.9	26.2%
EPS	7.73	6.25		22.85	18.37	

Key Consolidated Financials

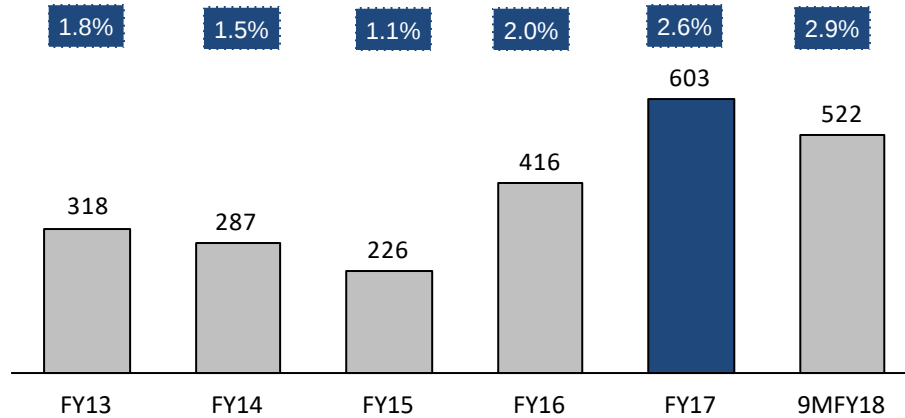
Segment wise Revenue & Net Revenue from Operations (Rs. mn.)



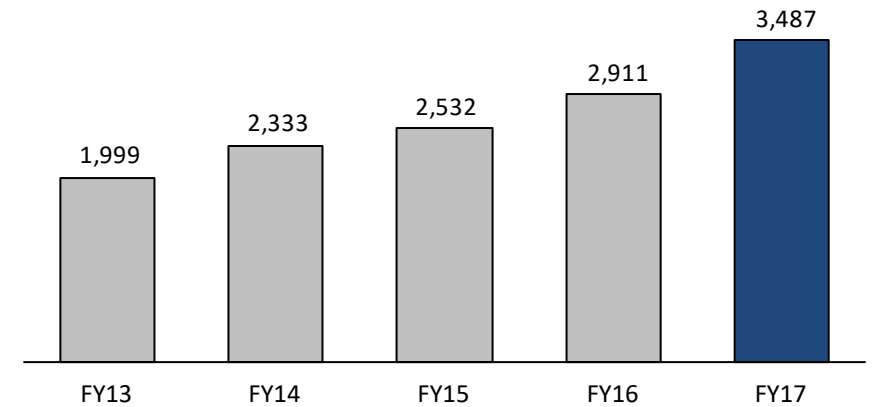
EBITDA (Rs. mn.) & EBITDA Margin (%)



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

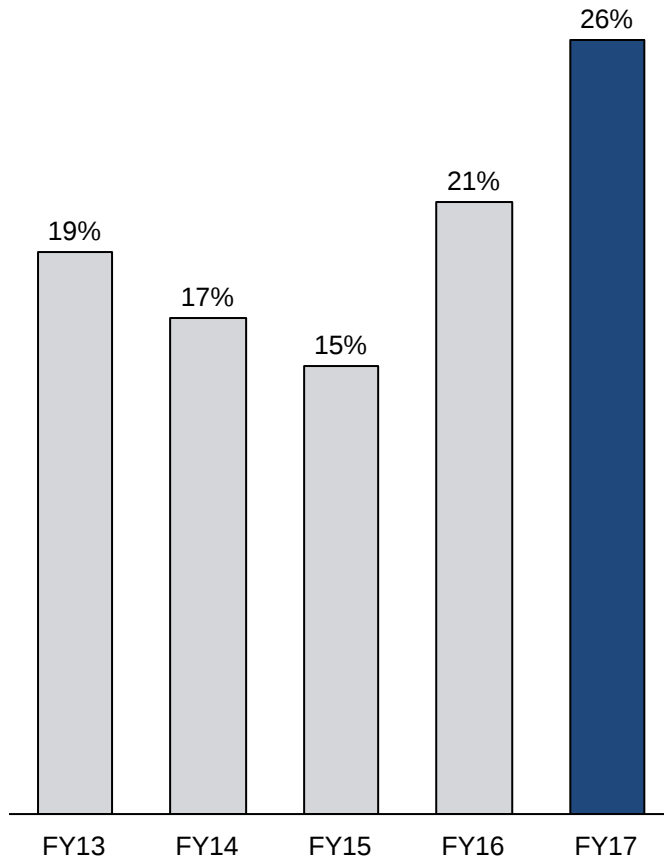


Net Worth (Rs. mn.)*

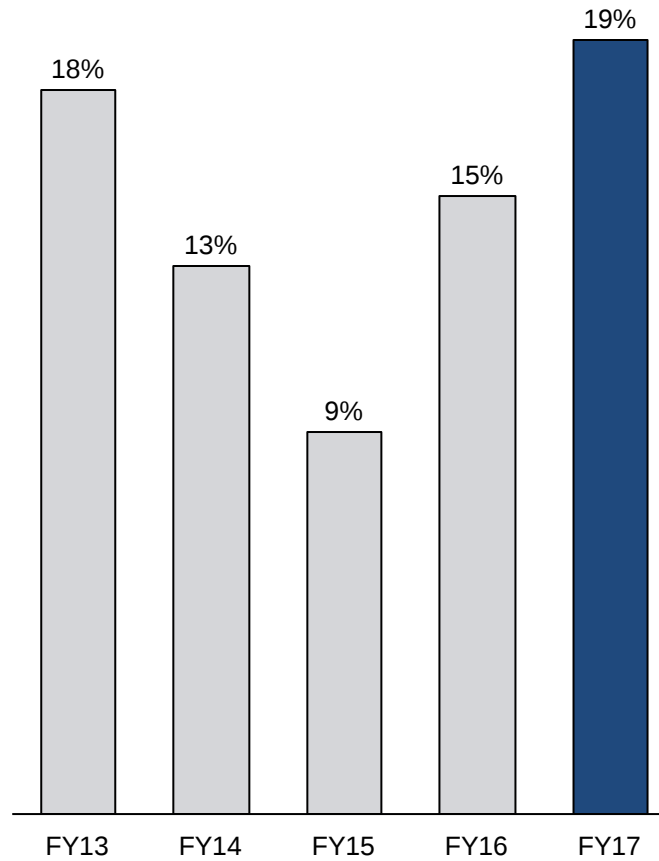


Shankara has been profitable since inception

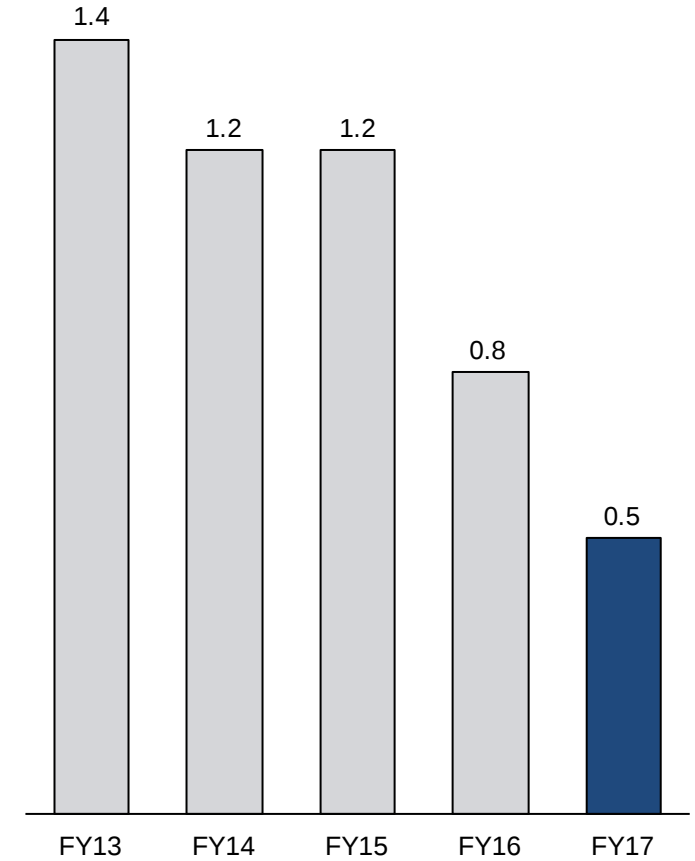
Average Return on Capital Employed*



Average Return on Equity*

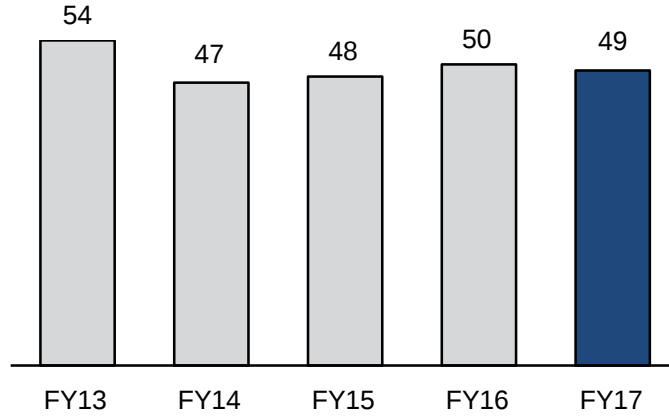


Net Debt : Equity*

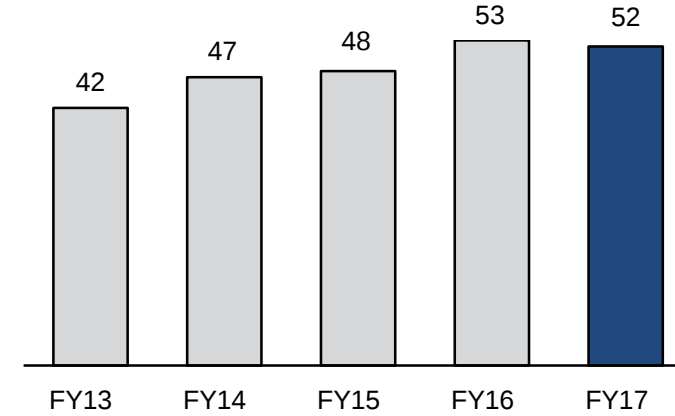


Maintaining Business efficiency

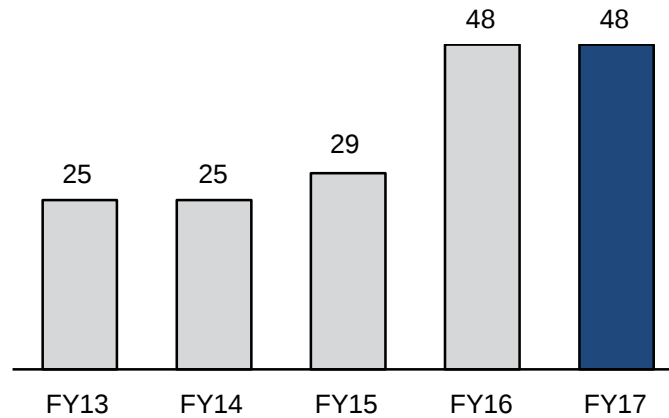
Receivable Days



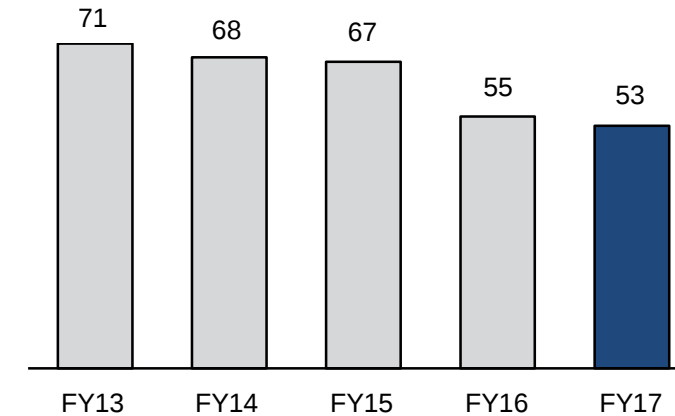
Inventory Days



Creditor Days



Working Capital Days



5 years of Profit & Loss Statement

Particulars (Rs. Mn)	FY13	FY14	FY15	FY16	FY17	CAGR
Total Income	17,666	19,271	19,788	20,359	23,101	6.9%
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	
EBITDA	869	886	895	1196	1544	15.4%
EBITDA %	4.9%	4.6%	4.5%	5.9%	6.7%	
Other Income	3	8	9	7	3	
Depreciation	46	58	88	95	114	
Finance Cost	349	416	470	460	508	
Profit before Tax & Minority Interest (MI)	478	420	345	648	925	18.0%
Tax	159	133	120	240	322	
Profit after Tax & before MI	318	287	226	407	603	17.3%
Minority Interest	-	-	-	-	-	
Profit after Tax & MI	318	287	226	407	603	17.3%
Cash Profit	365	345	314	503	717	18.4%
EPS	15.03	13.13	10.32	18.90	27.55	

Consolidated Balance Sheet

Rs. Mn	Mar-17	Mar-16
Shareholder's Fund	3,937	2,911
Share Capital	229	219
Reserves & Surplus	3,708	2,692
Minority Interest	1	0
Non-current liabilities	229	190
Long term borrowings	59	53
Deferred Tax Liabilities (net)	161	131
Other non-current liabilities	0	0
Long-term provisions	8	6
Current liabilities	5,315	4,891
Short term borrowings	2,101	2,083
Trade Payables	2,610	2,338
Other current liabilities	418	319
Short-term provisions	186	151
Total Liabilities	9,481	7,992

Rs. Mn	Mar-17	Mar-16
Non-current assets	2,771	2,483
Fixed assets	2,450	2,193
Goodwill on Consolidation	140	140
Long-term loans & advances	139	127
Other Non Current Assets	42	23
Current assets	6,710	5,508
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
Total Assets	9,481	7,992

For further information, please contact:

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