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Shankara

Building Products Ltd.

SHANKARA BUILDING PRODUCTS LIMITED

Our Company was originally incorporated as Shankara Pipes India Private Limited on October 13, 1995 at Bengaluru, Karnataka, India as a private limited company under the Companies Act, 1956. Subsequently, our Company was converted to a public limited company and a fresh certificate of incorporation consequent upon conversion to a public limited company was issued by the Registrar of Companies, Bangalore, Karnataka ("RoC") on August 28, 2007 in the name of Shankara Pipes India Limited. The name of our Company was subsequently changed to Shankara Infrastructure Materials Limited and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on March 25, 2011. Thereafter, the name of our Company was changed to Shankara Building Products Limited and a fresh certificate of incorporation consequent upon change of name was issued by the RoC on July 27, 2016. For details of change in the name and Registered Office of our Company, see "History and Certain Corporate Matters" on page 109 of the Red Herring Prospectus dated March 13, 2017 (the "RHP").

Registered and Corporate Office: G2, Farah Winsford, No. 133, Infantry Road, Bengaluru 560 001, Karnataka, India. **Contact Person:** Ereena Vikram, Company Secretary and Compliance Officer. **Tel:** +91 80 4011 7777; **Fax:** +91 80 4111 9317
E-mail: info@shankarabuildpro.com; **Website:** www.shankarabuildpro.com; **Corporate Identity Number:** U26922KA1995PLC018990

OUR PROMOTER: SUKUMAR SRINIVAS

PUBLIC OFFER OF UP TO [x] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF SHANKARA BUILDING PRODUCTS LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹[x] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹[x] PER EQUITY SHARE) AGGREGATING UP TO ₹[x] MILLION ("OFFER") COMPRISING A FRESH ISSUE OF UP TO [x] EQUITY SHARES AGGREGATING UP TO ₹450 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 816,252 EQUITY SHARES BY OUR PROMOTER, SUKUMAR SRINIVAS AND UP TO 5,705,488 EQUITY SHARES BY FAIRWINDS TRUSTEES SERVICES PRIVATE LIMITED ACTING IN THE CAPACITY OF TRUSTEE OF RELIANCE ALTERNATIVE INVESTMENTS FUND – PRIVATE EQUITY SCHEME I (COLLECTIVELY THE "SELLING SHAREHOLDERS") AGGREGATING UP TO ₹[x] MILLION ("OFFER FOR SALE"). THE OFFER WILL CONSTITUTE AT LEAST 25% OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.

Price Band: ₹ 440 to ₹ 460 per Equity Share of Face Value ₹ 10 each.

The Floor Price is 44.0 times the face value and the Cap Price is 46.0 times the face value. Bids can be made for a minimum of 32 Equity Shares and in multiples of 32 Equity Shares thereafter.

Risks to Investors:

- The three (3) BRLMs associated with the Offer have handled four (4) public issues in the past three years out of which two (2) issues closed below the issue price on listing date.
- The average cost of acquisition of Equity Shares for our Promoter, Sukumar Srinivas and Reliance Alternative Investments Fund – Private Equity Scheme I, is ₹ 3.22 and ₹ 92.56, per Equity Share, respectively, and the Offer Price at the higher end of the Price Band is ₹460.
- There are no listed peers engaged in the Company's line of business.
- The Price/Earnings ratio based on Diluted Earnings Per Share for the Financial Year 2016, at the higher end of the Price Band, is as high as 24.34 on consolidated basis and 91.63 on standalone basis, as compared to Price/Earnings ratio of the CNX Nifty 50 Index of 23.20 and BSE SENSEX Index of 22.06 (as on March 10, 2017).

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers ("BRLMs"), on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is 44.0 times the Face Value at the lower end of the Price Band and 46.0 times the Face Value at the higher end of the Price Band. Investors should also refer to "Our Business", "Risk Factors" and "Financial Statements" on pages 90, 15 and 142 of the RHP, respectively, to have an informed view before making an investment decision.

Qualitative Factors: We believe that the following business strengths allow us to successfully compete in the industry:

• Providing our customers a unique experience by offering a comprehensive range of home improvement and building products; • Our strong vendor network and relationship built over two decades; • Our presence across the entire value chain; • Robust back-end infrastructure ensuring efficient supply chain management; • Strong track record and financial stability; and • Experienced and dedicated management team.

For details, see "Our Business – Competitive Strengths" on page 91 of the RHP.

Quantitative Factors: The information presented below relating to our Company is based on the Restated Standalone Financial Statements and the Restated Consolidated Financial Statements prepared in accordance with Indian GAAP and the Companies Act, 1956 and restated in accordance with the SEBI ICDR Regulations. For details, see "Financial Statements" on page 142 of the RHP.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

A. Basic and Diluted Earnings Per Share ("EPS"), as restated:

On a standalone basis:

Financial Year ended	Basic		Diluted	
	EPS (in ₹)	Weight	EPS (in ₹)	Weight
March 31, 2014	8.84	1	8.84	1
March 31, 2015	1.94	2	1.94	2
March 31, 2016	5.02	3	5.02	3
Weighted Average	4.63		4.63	
For the nine months period ended December 31, 2016*	6.28		6.28	

* Not annualized

On a consolidated basis:

Financial Year ended	Basic		Diluted	
	EPS (in ₹)	Weight	EPS (in ₹)	Weight
March 31, 2014	13.13	1	13.13	1
March 31, 2015	10.32	2	10.32	2
March 31, 2016	18.90	3	18.90	3
Weighted Average	15.08		15.08	
For the nine months period ended December 31, 2016*	19.00		19.00	

* Not annualized

Note: 1. Earnings per share (EPS) calculation is in accordance with Accounting Standard 20 "Earnings per share" prescribed by the Companies (Accounting Standards) Rules, 2006.

2. The ratios have been computed as below: a. Basic earnings per share = Restated profit after tax attributable to equity shareholders for the year/weighted average number of shares outstanding during the year; b. Diluted earnings per share = Restated profit after tax attributable to equity shareholders for the year after adjusting the earnings for potential equity shares/weighted average number of diluted shares outstanding during the year

B. Price/Earning ("P/E") ratio in relation to Price Band of ₹ 440 to ₹ 460 per Equity Share:

Particulars	P/E at the lower end of the Price Band (no. of times)	P/E at the higher end of the Price Band (no. of times)
Based on basic EPS as per the Restated Standalone Financial Statements for the year ended March 31, 2016	87.65	91.63
Based on basic EPS as per the Restated Consolidated Financial Statements for the year ended March 31, 2016	23.28	24.34
Based on diluted EPS as per the Restated Standalone Financial Statements for the year ended March 31, 2016	87.65	91.63
Based on diluted EPS as per the Restated Consolidated Financial Statements for the year ended March 31, 2016	23.28	24.34

For further details, see "Basis for Offer Price" beginning on page 73 of the RHP

C. Industry Peer Group P/E ratio

Not Applicable, as there are no listed entities similar to our line of business and comparable to our scale of operations.

D. Return on Net Worth ("RoNW")

As per Standalone Restated Financial Statements:

Financial Year ended	RoNW (%)	Weight
March 31, 2014	8.89	1
March 31, 2015	1.94	2
March 31, 2016	4.85	3
Weighted Average	4.55	
For the nine months period ended December 31, 2016*	5.72	

* Not annualized

Note:

- Return on net worth (%) = Restated profit after tax attributable to equity shareholders for the year/net worth as at the end of year
- Net worth represents sum of share capital and reserves and surplus (securities premium, capital reserve, general reserve and surplus)

E. Minimum Return on Increased Net Worth after Offer, needed to maintain Pre-Offer EPS for the year ended March 31, 2016

Particulars	At Floor Price	At Cap Price
To maintain pre-Offer basic EPS		
As per Restated Standalone Financial Statements	4.03%	4.02%
As per Restated Consolidated Financial Statements	11.47%	11.45%
To maintain pre-Offer diluted EPS		
As per Restated Standalone Financial Statements	4.03%	4.02%
As per Restated Consolidated Financial Statements	11.47%	11.45%

F. Net Asset Value ("NAV") per Equity Share of face value of ₹ 10 each

Financial year ended	Restated Standalone Financial Statements (₹)	Restated Consolidated Financial Statements (₹)
As on March 31, 2016	103.44	132.87
As on December 31, 2016	109.73	151.87
Offer Price	[x]	[x]
After the Offer	[x]	[x]

Note: 1. Net asset value = Net Worth / Number of equity shares outstanding at the end of the year/period

G. Comparison with Listed Industry Peers

Not applicable, as there are no comparable peer companies similar to our line of business and comparable to our scale of operations.

Relevant market indices:

Market Index	PE ratio as on March 10, 2017
Nifty Full Smallcap 100	80.99
S&P BSE Smallcap	64.44

H. The Offer Price will be [x] times of the face value of the Equity Shares

The Offer Price of ₹[x] has been determined by our Company and the Selling Shareholders in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 15, 90, 150 and 142, respectively of the RHP, to have a more informed view.

The trading price of the Equity Shares could decline due to the factors mentioned in "Risk Factors" beginning on page 15 of the RHP or any other factors that may arise in the future and you may lose all or part of your investments.

BID/OFFER PROGRAMME OPENS ON WEDNESDAY, MARCH 22, 2017⁽¹⁾ CLOSES ON FRIDAY, MARCH 24, 2017

⁽¹⁾ Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.

ASBA* | Simple, Safe, Smart way of Application

*Application supported by Blocked Amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, investors can avail the same. For further details, check section on ASBA below.

Mandatory in public issues from January 1, 2016. No cheque will be accepted.

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate.

In terms of Rule 19(2)(b)(1) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), this is an Offer for at least 25% of the post-offer paid-up equity share capital of our Company. The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI ICDR Regulations"), wherein 50% of the Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs") ("QIB Portion"), provided that our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("Anchor Investor Portion") at the Anchor Investor Allocation Price, out of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential investors, other than Anchor Investors, are required to mandatorily use the Application Supported by Blocked Amount ("ASBA") process providing details of their respective bank accounts which will be blocked by the Self-Certified Syndicate Banks ("SCSBs"). For details, see "Offer Procedure" on page 198 of the RHP. In accordance with the FEMA Regulations, participation by Non-Resident investors in the Offer is restricted to (i) FPIs (investing under the portfolio investment scheme in accordance with Schedule 2A of the FEMA Regulations); (ii) FIIs (investing under the portfolio investment scheme in accordance with Schedule 2 of the FEMA Regulations); and (iii) Eligible NRIs (investing on a non-repatriation basis in accordance with Schedule 4 of the FEMA Regulations).





Bidder/Applicant should note that on the basis of PAN, DP ID and Client ID as provided in the Bid cum Application Form, the Bidder/Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Registrar, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to the Offer. Bidder/Applicant is advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidder/Applicant sole risk. Bidder/Applicant should ensure that PAN, DP ID and the Client ID are correctly filled in the Bid cum Application Form. The PAN, DP ID and Client ID provided in the Bid cum Application Form should match with the PAN, DP ID and Client ID available in the depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidder/Applicant should ensure that the beneficiary account provided in the Bid cum Application Form is active.

CONTENTS OF THE MEMORANDUM OF THE COMPANY AS REGARDS ITS OBJECTS: For information on the main objects of the Company, see "History and Certain Corporate Matters" on page 109 of the RHP and Clause III of the Memorandum of Association of the Company. The Memorandum of Association of the Company is a material document for inspection in relation to the Offer. For details, see "Material Contracts and Documents for Inspection" on page 321 of the RHP.

LIABILITY OF THE MEMBERS OF THE COMPANY: Limited by shares

AMOUNT OF SHARE CAPITAL OF THE COMPANY AND CAPITAL STRUCTURE: The authorised, issued, subscribed and paid up share capital of the Company as on the date of the RHP is as follows: The authorised capital of the Company is ₹ 250,000,000 divided into 25,000,000 Equity Shares of ₹ 10 each. The issued, subscribed and paid-up share capital of the Company is ₹ 218,710,370 divided into 21,871,037 Equity Shares of ₹ 10 each. For details, see "Capital Structure" beginning on page 59 of the RHP.

NAMES OF SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM: Given

BOOK RUNNING LEAD MANAGERS (BRLMs) TO THE OFFER		REGISTRAR TO THE OFFER	Company Secretary and Compliance Officer	
 IDFC Bank Limited Naman Chambers, C-32, G Block, Bandra Kurla Complex (East), Mumbai 400 051 Tel: +91 22 6622 2600; Fax: +91 22 6622 2501 E-mail: shankara.ipo@idfcbank.com Investor Grievance E-mail: mb.ig@idfcbank.com Website: www.idfcbank.com Contact Person: Mangesh Ghogle / Mohit Baser SEBI Registration No.: MB/INM000012250	 Equirus Capital Private Limited 12th Floor, C Wing, Marathon Futurex, N.M. Joshi Marg Lower Parel, Mumbai 400 013 Tel: +91 22 4332 0600; Fax: +91 22 4332 0601 E-mail: shankara.ipo@equirus.com Investor Grievance E-mail: investors@equirus.com Website: www.equirus.com Contact Person: Swati Chirania / Gaurav Phadke SEBI Registration No.: INM000011286	 HDFC Bank Limited Investment Banking Group, Unit No 401& 402, 4th floor, Tower B Peninsula Business Park, Lower Parel, Mumbai 400 013 Tel: +91 22 3395 8015; Fax: +91 22 3078 8584 E-mail: shankara.ipo@hdfcbank.com Investor Grievance E-mail: investor.redressal@hdfcbank.com Website: www.hdfcbank.com Contact Person: Keyur Desai / Rishi Tiwari SEBI Registration No.: INM000011252	 Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500 032 Tel: +91 40 6716 2222; Fax: +91 40 2343 1551 E-mail: einward.ris@karvy.com Investor Grievance E-mail: shankara.ipo@karvy.com Website: https://karisma.karvy.com Contact Person: M Murali Krishna SEBI Registration No.: INR000000221	Ereena Vikram G2, Farah Winsford, No. 133, Infantry Road Bengaluru 560 001, Karnataka, India Tel: +91 80 4011 7777; Fax: +91 80 4111 9317 E-mail: cs@shankarabuildpro.com Investors can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-offer or post-offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode etc. For all Offer related queries and for redressal of complaints, investors may also write to the BRLMs.

AVAILABILITY OF RHP: Investors are advised to refer to the RHP and the Risk Factors, contained therein before applying in the Offer. Full copy of the RHP is available at websites of SEBI at www.sebi.gov.in, BSE at www.bseindia.com, NSE at www.nseindia.com and at the websites of the BRLMs, i.e. www.idfcbank.com, www.equirus.com and www.hdfcbank.com, respectively.

AVAILABILITY OF BID CUM APPLICATION FORMS: Bid-cum-Application Forms can be obtained from the Registered Office of SHANKARA BUILDING PRODUCTS LIMITED, BRLMs: IDFC Bank Limited, Tel: +91 22 6622 2600, Fax: +91 22 6622 2501; Equirus Capital Private Limited, Tel: +91 22 4332 0600, Fax: +91 22 4332 0601; HDFC Bank Limited, Tel: +91 22 3395 8015, Fax: +91 22 3078 8584 and Syndicate Members: HDFC Securities Limited, Tel: +91 22 3075 0269, Fax: +91 22 6748 1899; Equirus Securities Private Limited, Tel: +91 79 6190 9595, Fax: +91 79 6190 9560 and at the selected locations of the Sub-syndicate Members (as given below), SCSBs, Registered Brokers, RTAs and CDPs participating in the Offer. Bid-cum-Application Forms will also be available on the websites of BSE and NSE and the Designated Branches of SCSBs, the list of which is available at websites of the Stock Exchanges and SEBI.

Sub-Syndicate members: Almondz Global Securities Ltd, Ambit Securities Broking Pvt Ltd, Am Jassani Financial Services Pvt Ltd, Anand Rathi Share & Stock Brokers Ltd, Asit C Mehta Investment Intermediates Ltd, Axis Capital Ltd, Bonanza Portfolio Ltd, Centrum Broking Ltd, Edelweiss Securities Ltd, Eureka Stock & Share Broking Services Ltd, Hitesh Shah, ICICI Securities Ltd, IDBI Capital Markets & Securities Ltd, India Infoline Ltd, JM Financial Services Ltd, Kaushik N Shah, Keynote Capitals Ltd, KJMC Capital Market Services Ltd, Kotak Securities Ltd, LKP Securities Ltd, Monarch Network Capital Ltd, Motilal Oswal Securities Ltd, Network Wealth Solutions Ltd, Nirmal Bang Securities Pvt Ltd, Prabhudas Lilladher Pvt Ltd, Pravin Rattal Share And Stock Brokers Ltd, R R Equity Brokers Pvt Ltd, Religare Securities Ltd, RRR Equity Brokers Pvt Ltd, SBICAP Securities Ltd, Sharekhan Ltd, SMC Global Securities Ltd, Viren M Shah.

APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (ASBA): Investors have to apply through the ASBA process. ASBA has to be availed by all the investors except Anchor Investors. For details on the ASBA process, please refer to the details given in ASBA Form and Abridged Prospectus and also please refer to the section "Offer Procedure" beginning on page 198 of the RHP. ASBA Forms can also be downloaded from the websites of BSE and NSE. ASBA form can be obtained from the list of banks that is available on the website of SEBI at www.sebi.gov.in. ASBA Form can be obtained from Members of the Syndicate, SCSBs, Registered Brokers, RTAs and CDPs, the list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries.

ESCROW COLLECTION BANK, REFUND BANK AND PUBLIC ISSUE ACCOUNT BANK: HDFC Bank Limited

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the RHP.

For SHANKARA BUILDING PRODUCTS LIMITED

On behalf of the Board of Directors

Sd/-

Ereena Vikram

Company Secretary and Compliance Officer

Place : Bengaluru

Date : March 14, 2017

SHANKARA BUILDING PRODUCTS LIMITED is proposing, subject to applicable statutory and regulatory requirement, receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its Equity Shares and has filed the RHP with the RoC. The RHP is available on the website of SEBI at www.sebi.gov.in, as well as on the websites of the BRLMs, IDFC Bank Limited at www.idfcbank.com, Equirus Capital Private Limited at www.equirus.com and HDFC Bank Limited at www.hdfcbank.com and the websites of the stock exchanges at BSE at www.bseindia.com and NSE at www.nseindia.com. Potential investors should note that investment in Equity Shares involves a high degree of risk, and for details relating to such risks, potential investors should refer to the section titled "Risk Factors" beginning on page 15 of the RHP.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States, and unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable U.S. state securities laws. The Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdiction where such offers and sales occur.