



Q4 & FY19  
Result  
Presentation

May 2019

# Safe Harbor

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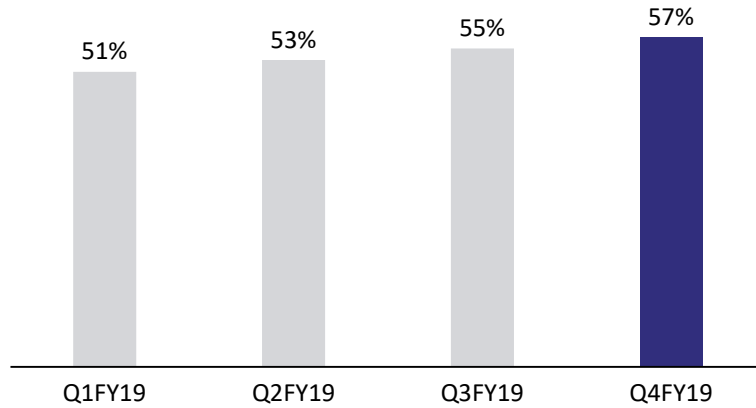
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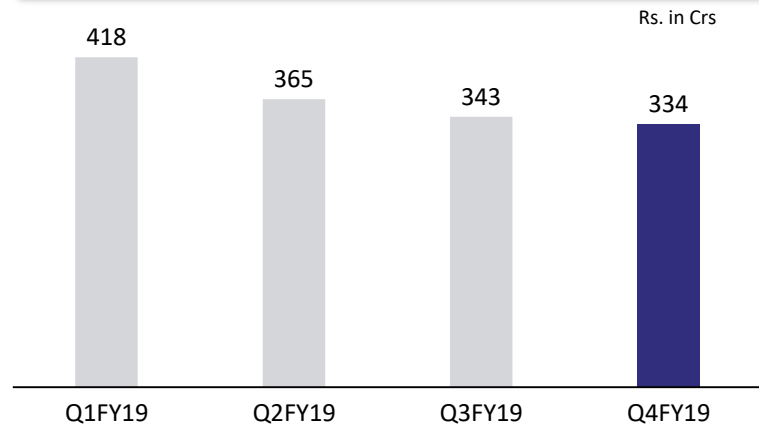
# Delivery on our Current Focus Areas



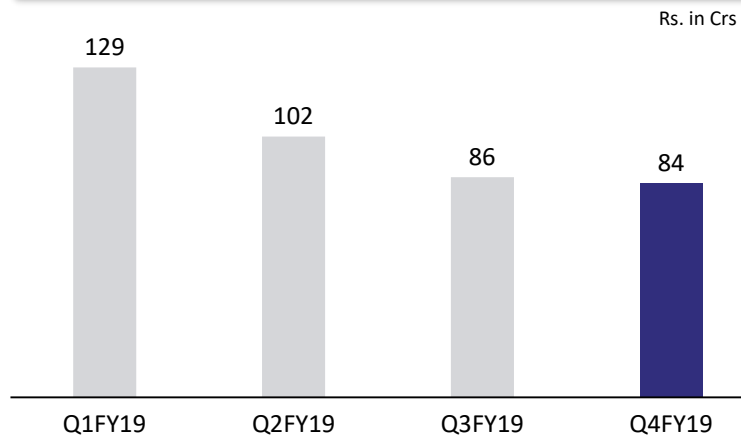
## **INCREASE** in share of *Retail Business*



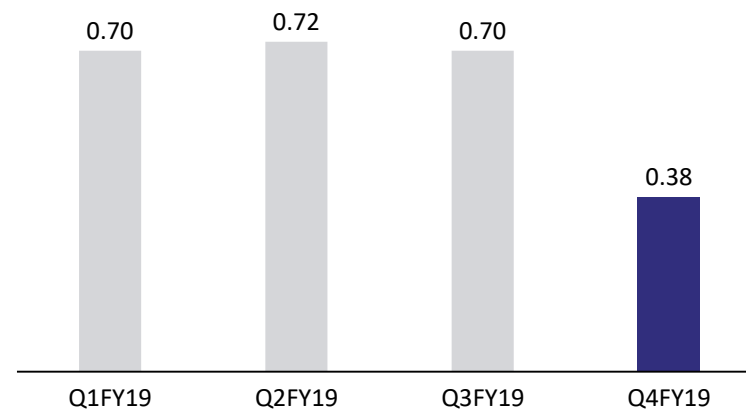
## **REDUCTION** in *Debtors*



## 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

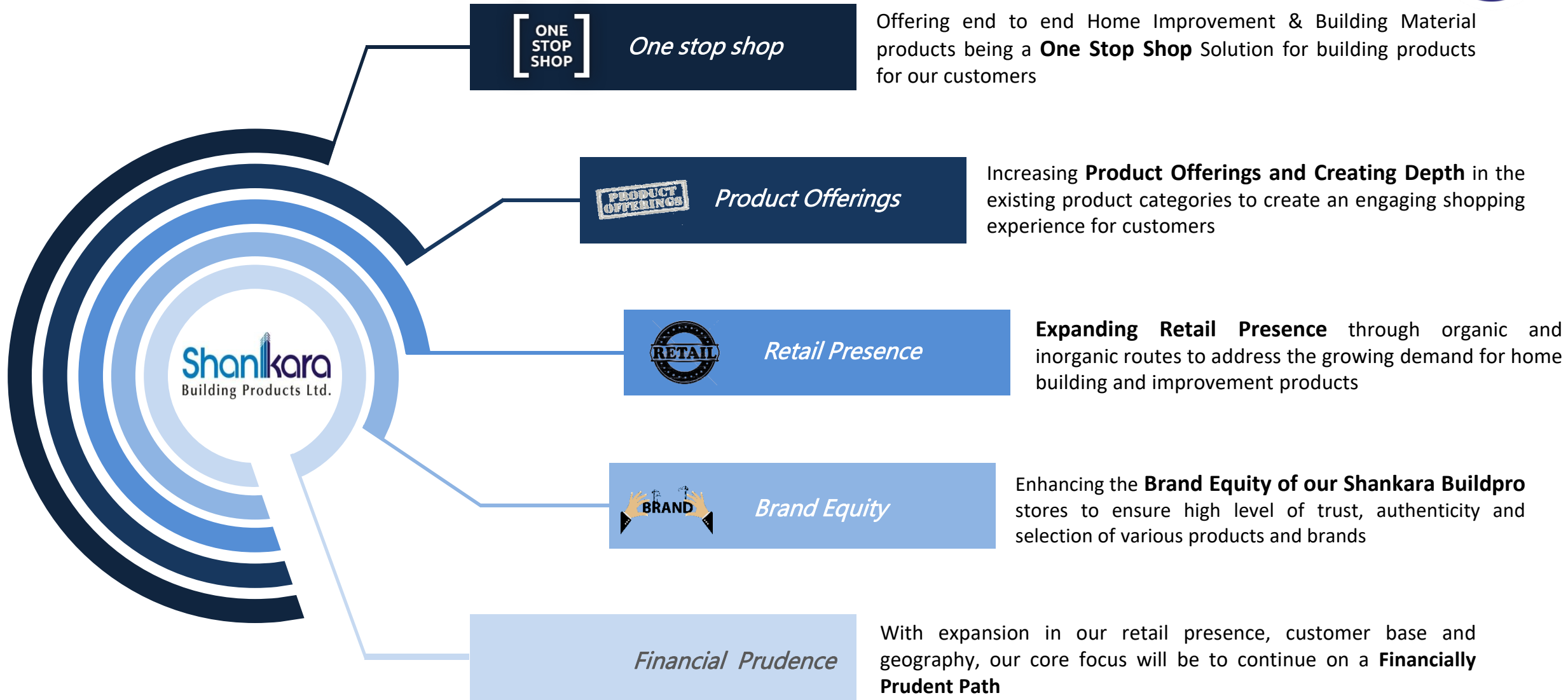
## Market Landscape

- 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
<b>Effect on Margins</b>					
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

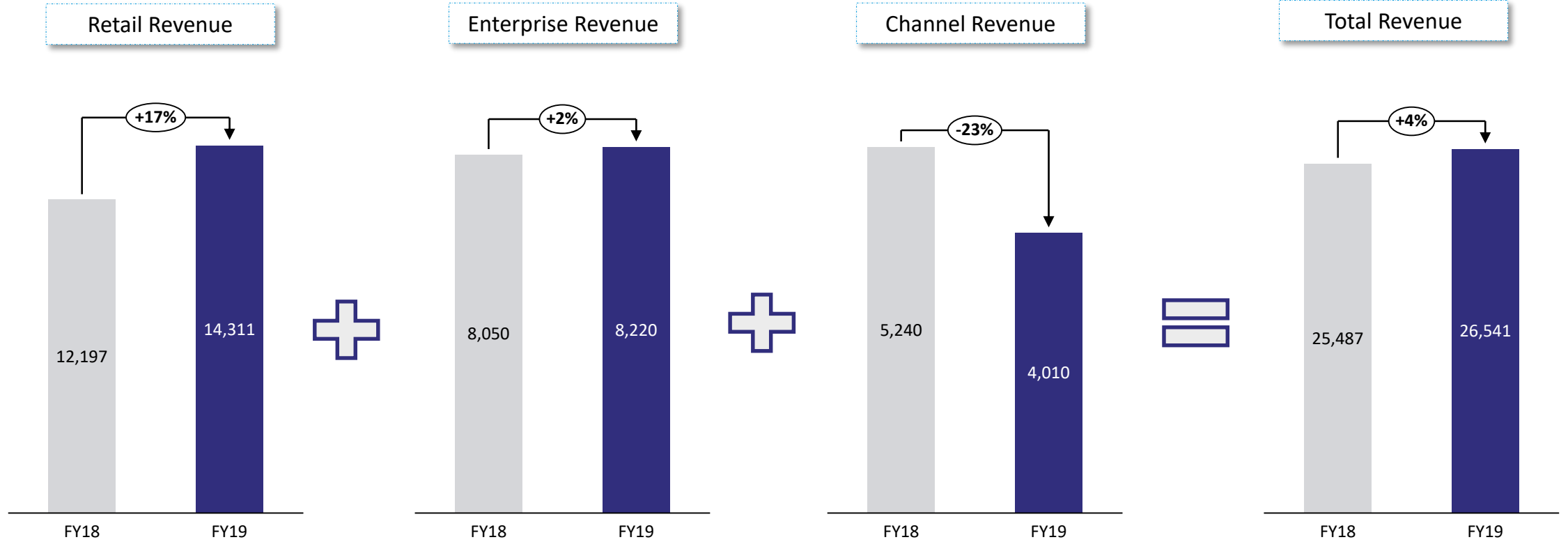


## Orientation sessions



- ✓ 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

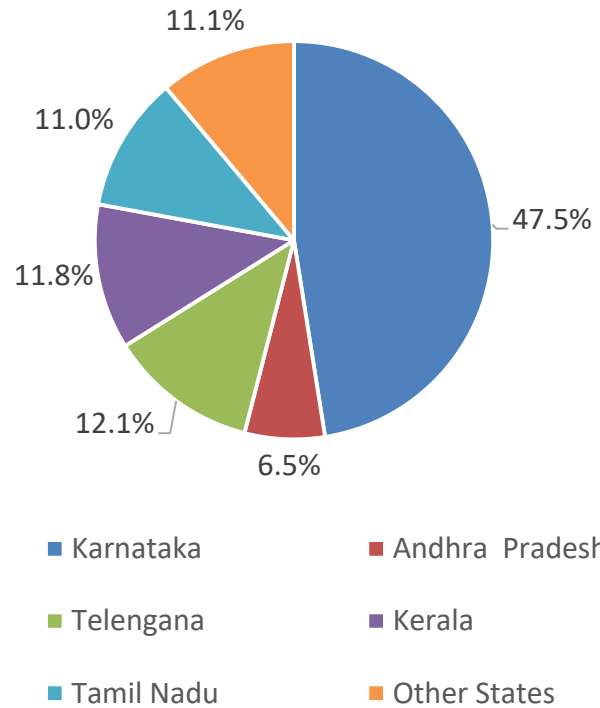
# Revenue Break up FY19



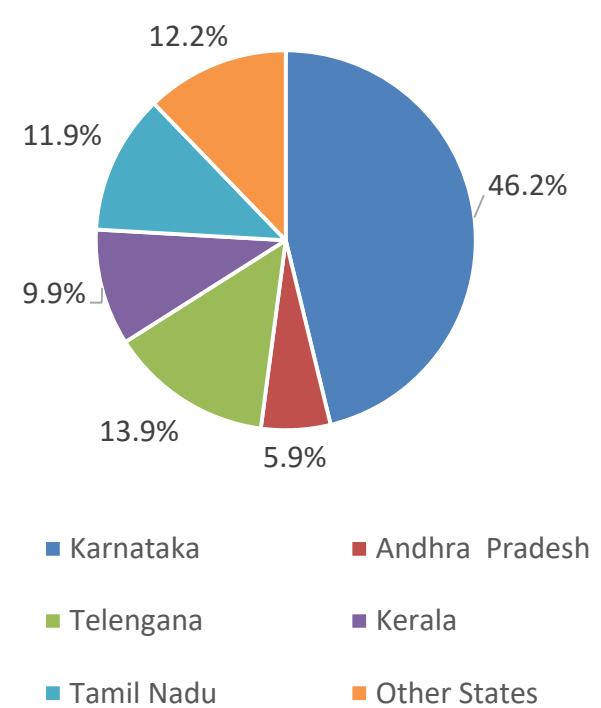
- ✓ Overall company revenues grew by 4% for FY19
- ✓ Retail segment is a strong focus area for the Company and grew by 17% in FY19
- ✓ Channel business is being consciously shrunk and has declined by 23%

# 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.	<b>134</b>	129	<b>4%</b>
Total Area	Sq. Ft	<b>5,67,202</b>	5,05,034	<b>12%</b>
Average store size	Sq. Ft	<b>4,233</b>	3,915	<b>8%</b>
Average ticket size	Rs.	<b>28,003</b>	25,665	<b>9%</b>
Revenue from retail stores	Rs. Mn	<b>14311</b>	12,197	<b>17%</b>
EBITDA	Rs. Mn	<b>1,265</b>	1,303	<b>-3%</b>
Margin (%)	%	<b>8.8%</b>	10.7%	<b>-190 bps</b>
EBITDA per store	Rs. Mn	<b>94.43</b>	101.01	<b>-7%</b>
Average rental cost per Sq. Ft. per month	Rs.	<b>19.10</b>	16.99	<b>12%</b>

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

# Q4 & FY19 Income Statement\*

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

- ✓ 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
<b>Total Equity</b>	<b>4,791</b>	<b>4,558</b>
Equity Share Capital	228	228
Other Equity	4,562	4,329
Non-Controlling Interest	1	1
<b>Non-current liabilities</b>	<b>235</b>	<b>181</b>
Financial Liabilities		
(i) Borrowings	24	9
(ii) Other Financial Liabilities	-	-
Provisions	3	3
Deferred Tax Liabilities (Net)	206	169
<b>Current liabilities</b>	<b>6,094</b>	<b>7,389</b>
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
<b>Total Liabilities</b>	<b>11,120</b>	<b>12,128</b>

Particulars (Rs. Mn)	Mar-19	Mar-18
<b>Non-current assets</b>	<b>2,773</b>	<b>3,208</b>
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
<b>Current assets</b>	<b>8,346</b>	<b>8,919</b>
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	-
<b>Total Assets</b>	<b>11,120</b>	<b>12,128</b>

# FY19 Consolidated Cash Flow\*

Particulars (Rs. Mn)	FY19
<b>Operating profit before working capital changes</b>	<b>1,195</b>
(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
<b>Cash Flow from Operations</b>	<b>1,893</b>
Income Tax Paid	(179)
<b>Net Cash generate from Operating Activities (A)</b>	<b>1,715</b>
<b>Cash flow from Investing Activities</b>	
Increase in property, plant & equipment	(453)
Bank deposit bot considered as cash	(35)
Interest Received	6
<b>Net Cash from Investing Activities (B)</b>	<b>(482)</b>
<b>Cash flow from Financing Activities</b>	
Repayment of non-current borrowings	(12)
Proceeds from current borrowings	(493)
Interest paid	(559)
Dividend paid	(89)
<b>Net Cash from Financing Activities (C)</b>	<b>(1,153)</b>
<b>Net increase in cash and cash equivalents(A+B+C)</b>	<b>79</b>

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

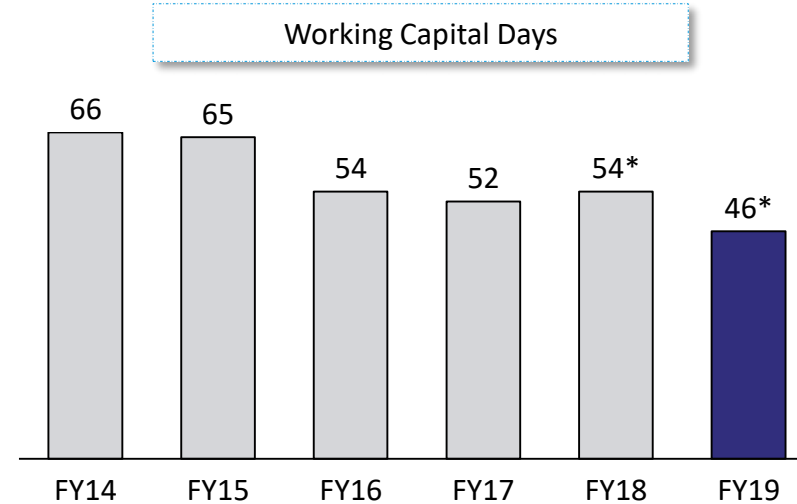
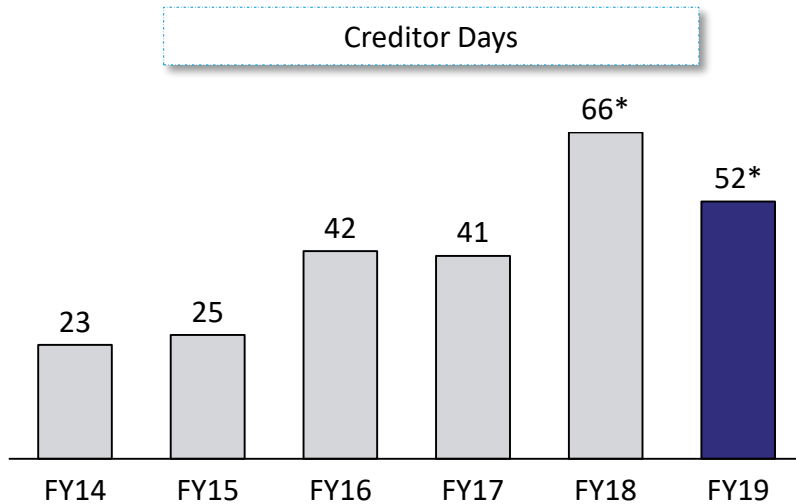
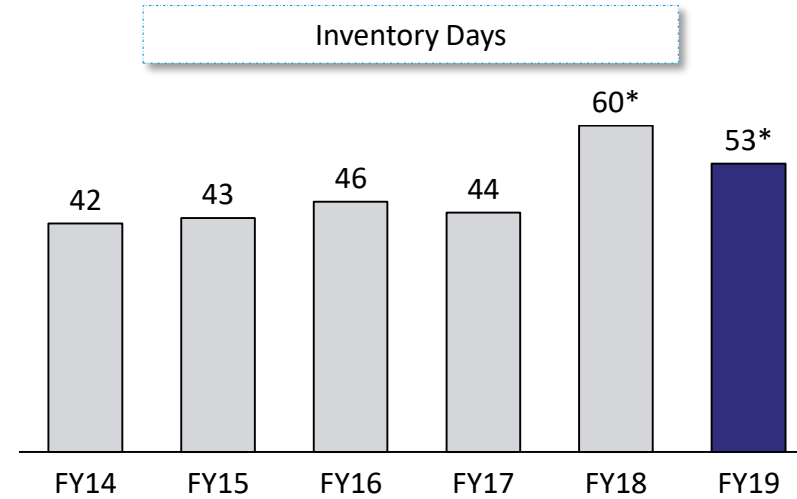
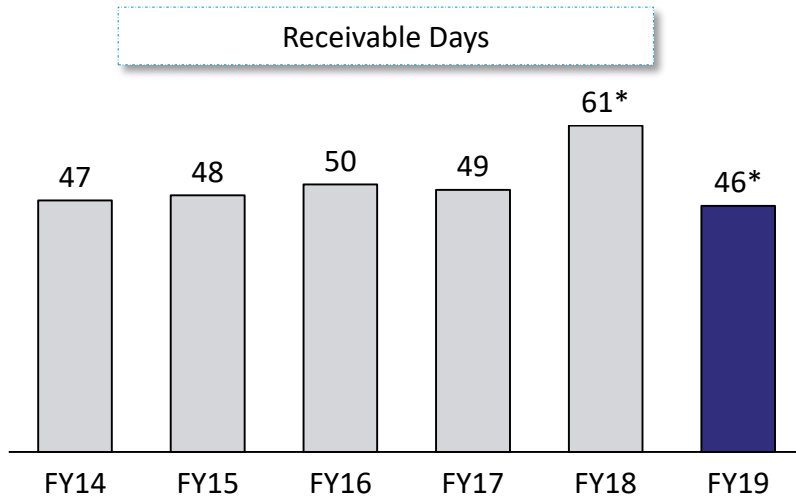
**Rs. 1,715 Mn for FY19**

which has been utilized for debt servicing and repayment

# Improving Business Efficiency

Working Capital Days are calculated on the basis of revenue

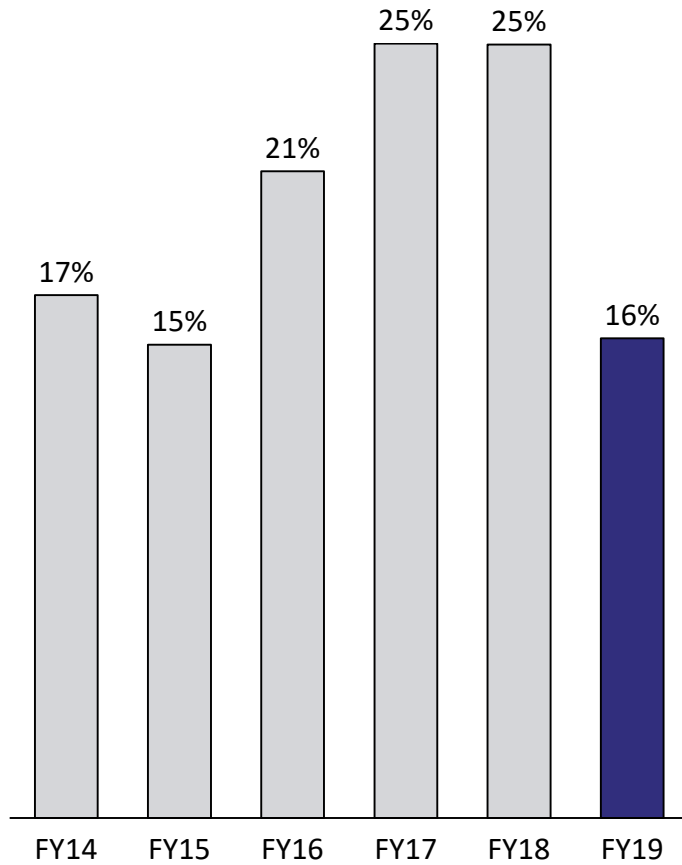
\*FY18 and FY19 days are not comparable to earlier periods due to GST impact on revenue



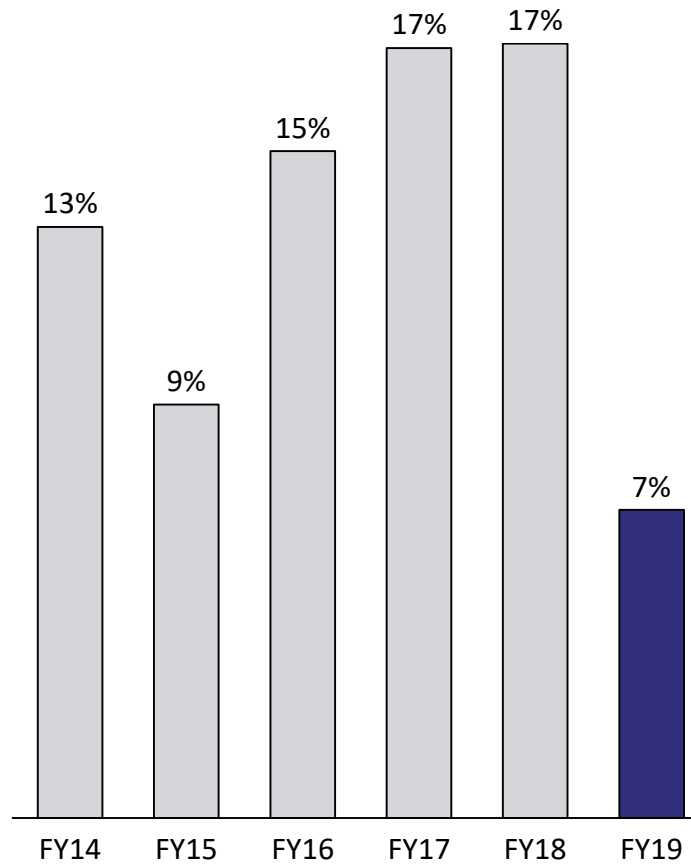


# Key Ratios

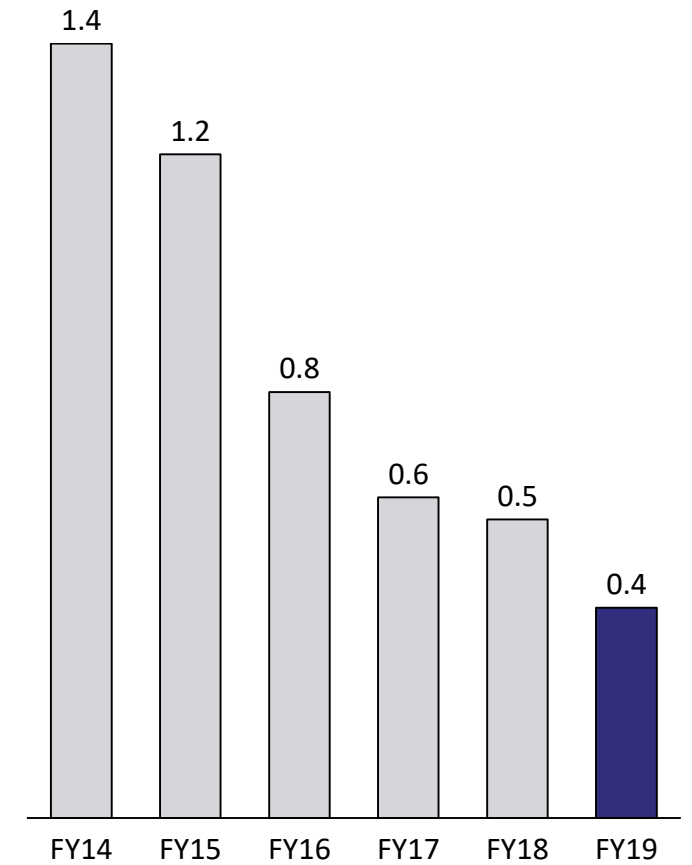
### Average Return on Capital Employed



### Average Return on Equity



### Net Debt : Equity



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