

Shankara
Building Products Ltd.

SHANKARA
Bulldpro
Building Materials and more

Investor Presentation

Q4 & FY2024

May 20, 2024



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Financial Highlights

- Highest-ever annual revenues and profits
- Healthy RoCE of 18%
- Board recommends dividend of Rs. 3 per share

Business Highlights

- Steel volume growth at 27% during the year; Value added steel volumes grew by 43%
- Non-steel revenue growth at 30% YoY; Fotia Ceramica revenue at Rs. 116 crore (+50% YoY)
- Retail ticket size at ~Rs. 52k (+17% YoY) for the year; Rs. 58k in Q4 FY2024



Other Business Updates

- Awaiting SEBI approval on demerger; expect to complete process by Q4 FY2025
- Plan to inaugurate tile display centre in Morbi in Jun-24, aimed at expanding Fotia's presence pan India and explore other opportunities in the coming years
- Expanded significantly in West (+46% YoY), with 11% revenue contribution in FY2024

FY24

Revenue

4,828
+20% YoY

Steel Volume +27% YoY
Non-Steel Revenue +30% YoY

EBITDA

156
+25% YoY

EBITDA Margin 3.24%

PAT

81
+29% YoY

PAT Margin 1.68%

Q4 FY24

1,377
+14% YoY
+17% QoQ

EBITDA Margin 3.30%

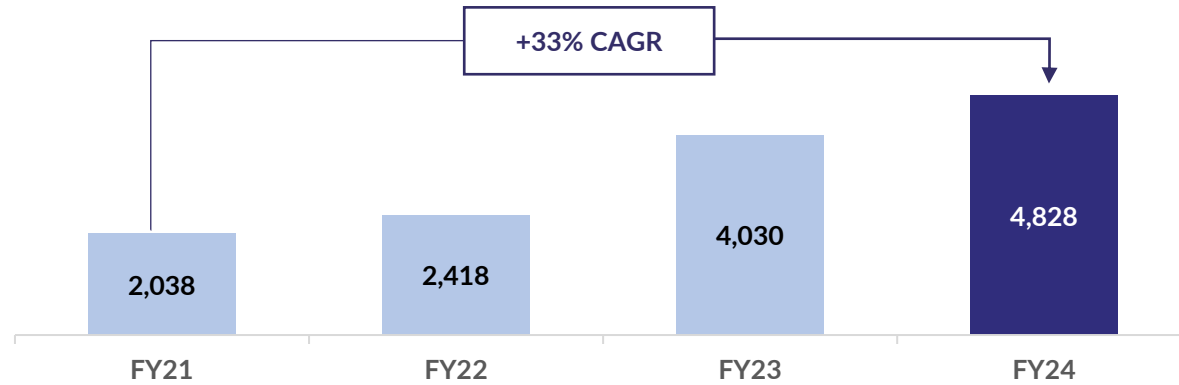
45
+24% YoY
+13% QoQ

PAT Margin 1.76%

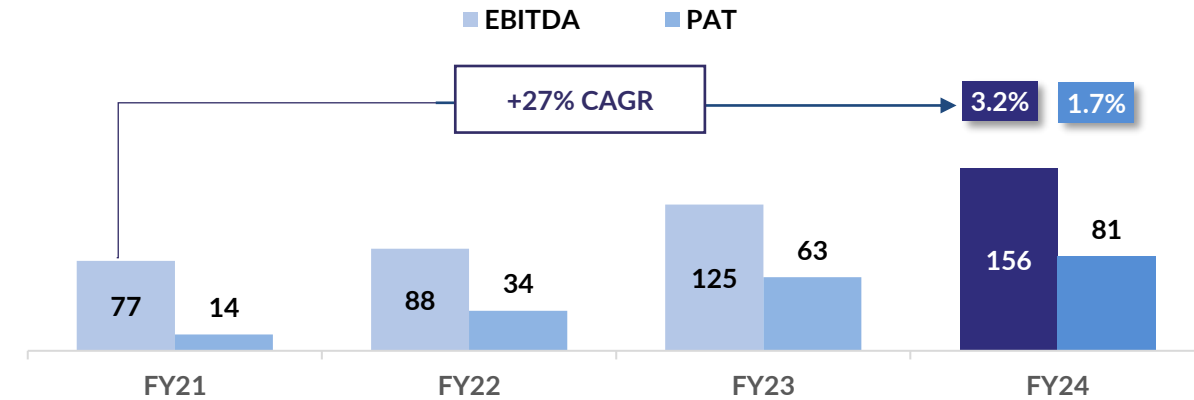
24
+27% YoY
+13% QoQ

Record revenues and profits during the year, while consciously building a diversified business model

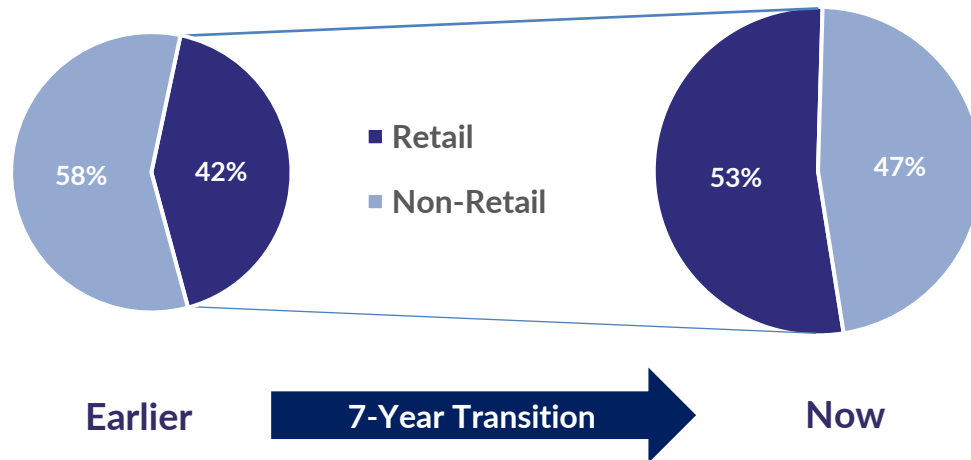
Record Revenue in FY2024



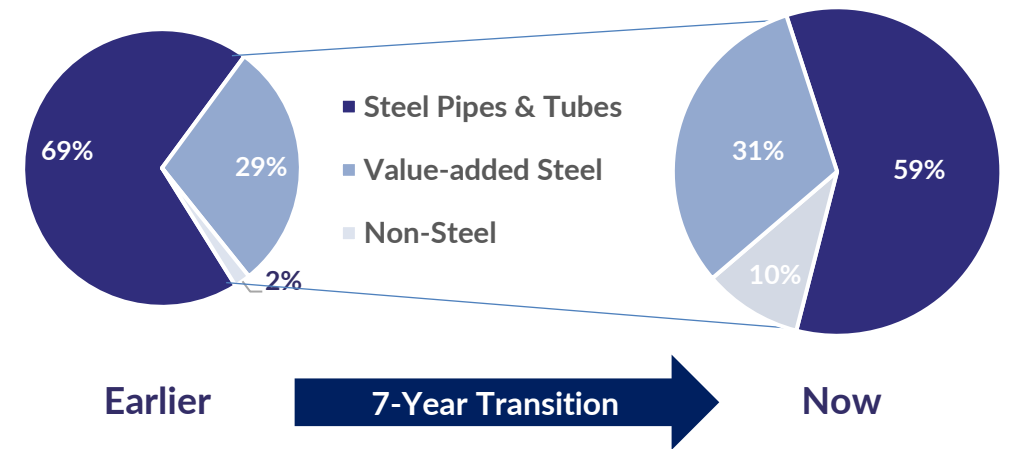
Highest ever Annual PAT



Streamlining Revenue distribution across segments

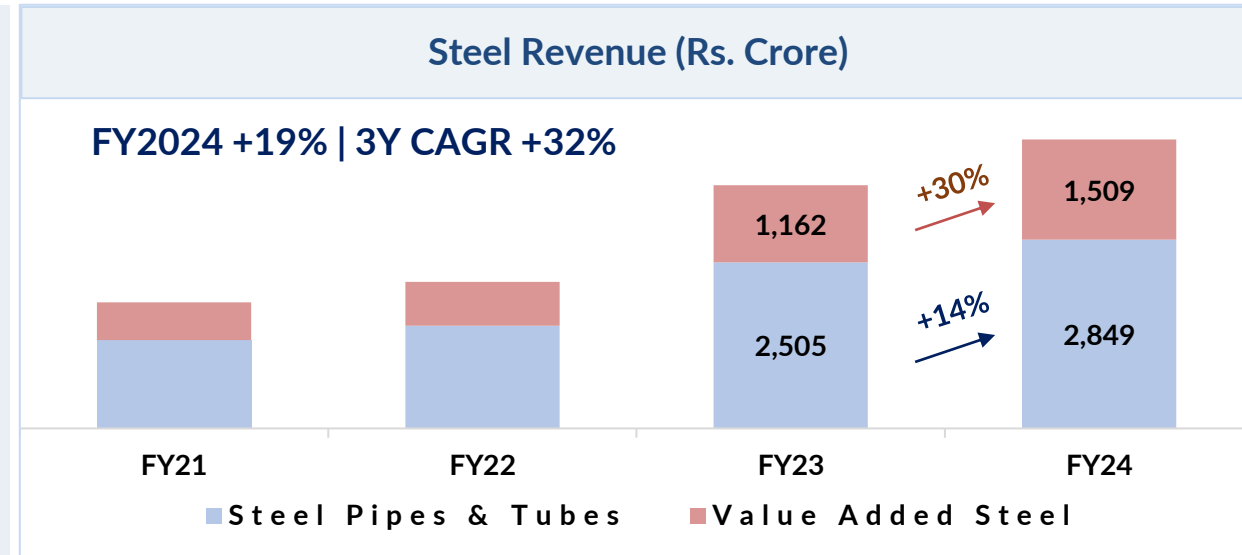
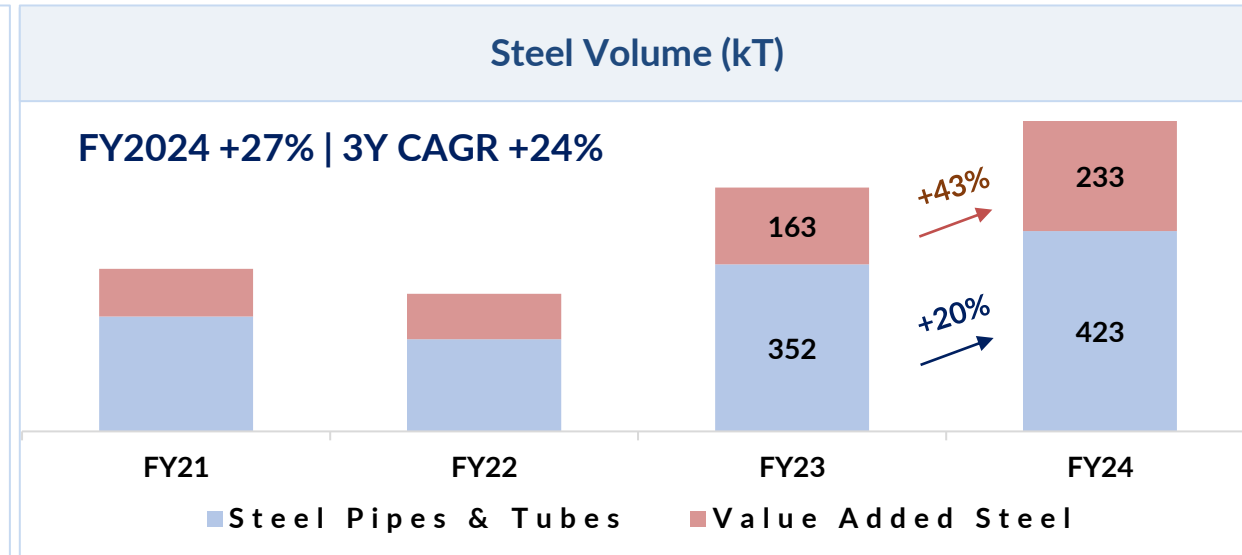
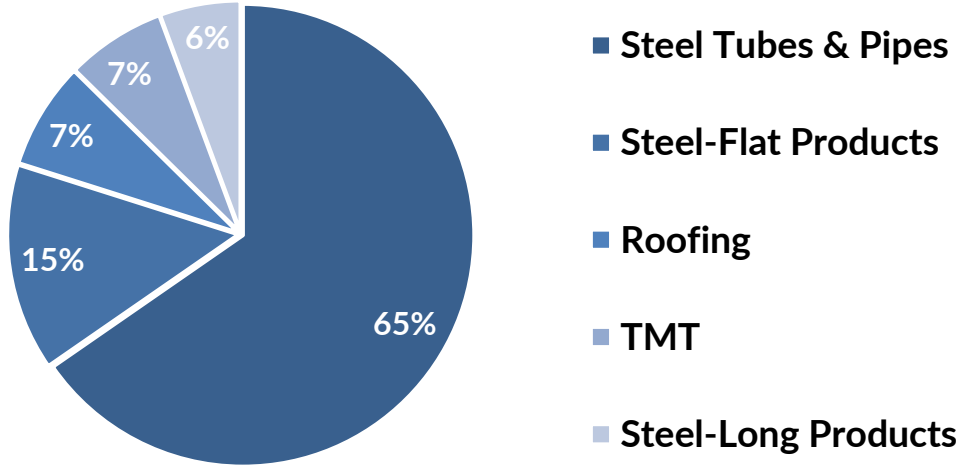


Optimizing revenue mix to VAS & non-steel



Strategically growing value-added products within steel aggressively

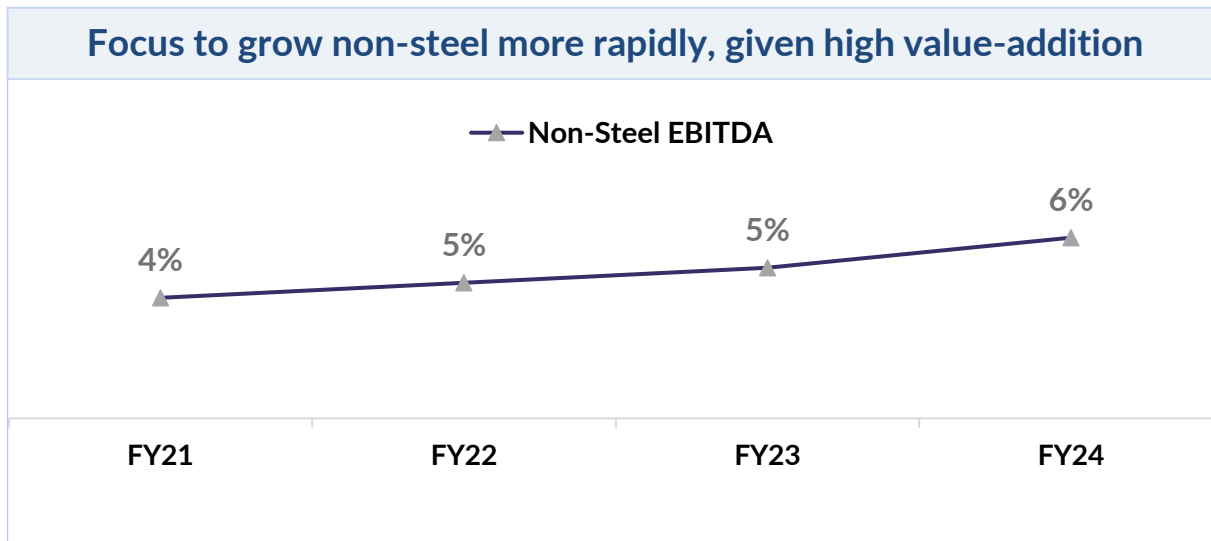
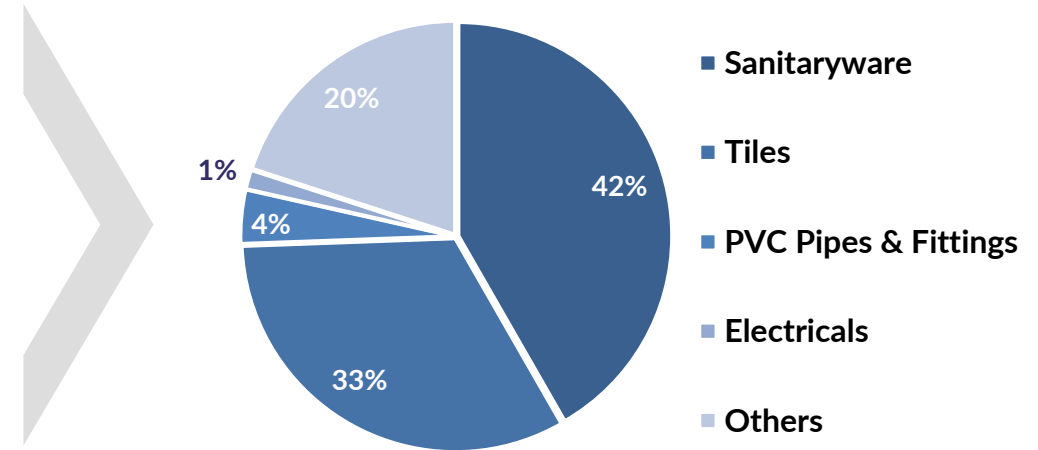
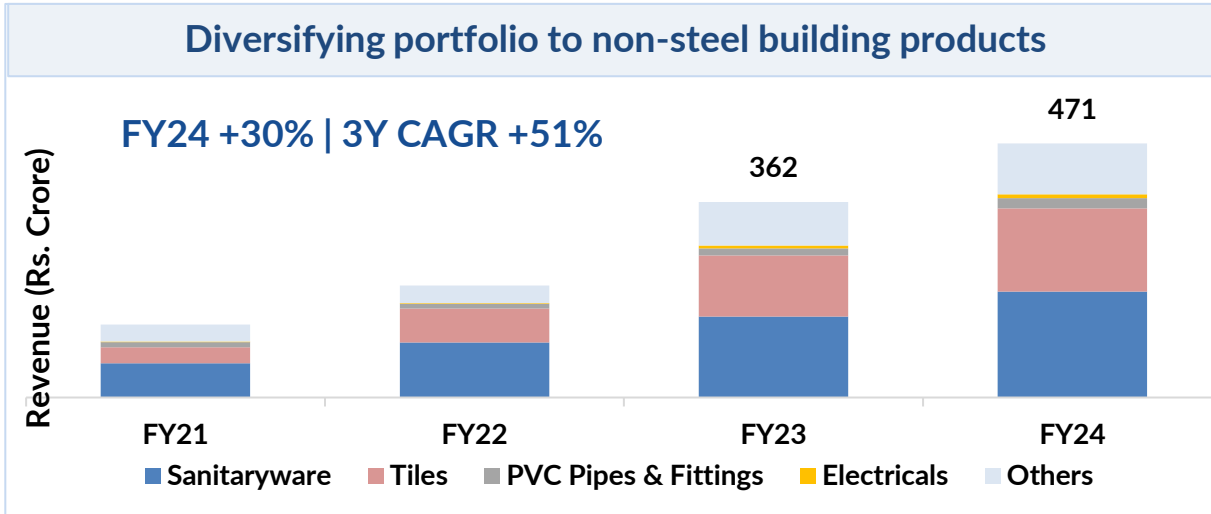
STEEL



Steel pipes & tubes business continues to grow at a steady pace; conscious focus is towards growing value-added steel portfolio aggressively

Higher steel volume growth at 27%; VAS grew at 43%
Steel revenue growth at 19%; VAS grew at 30%

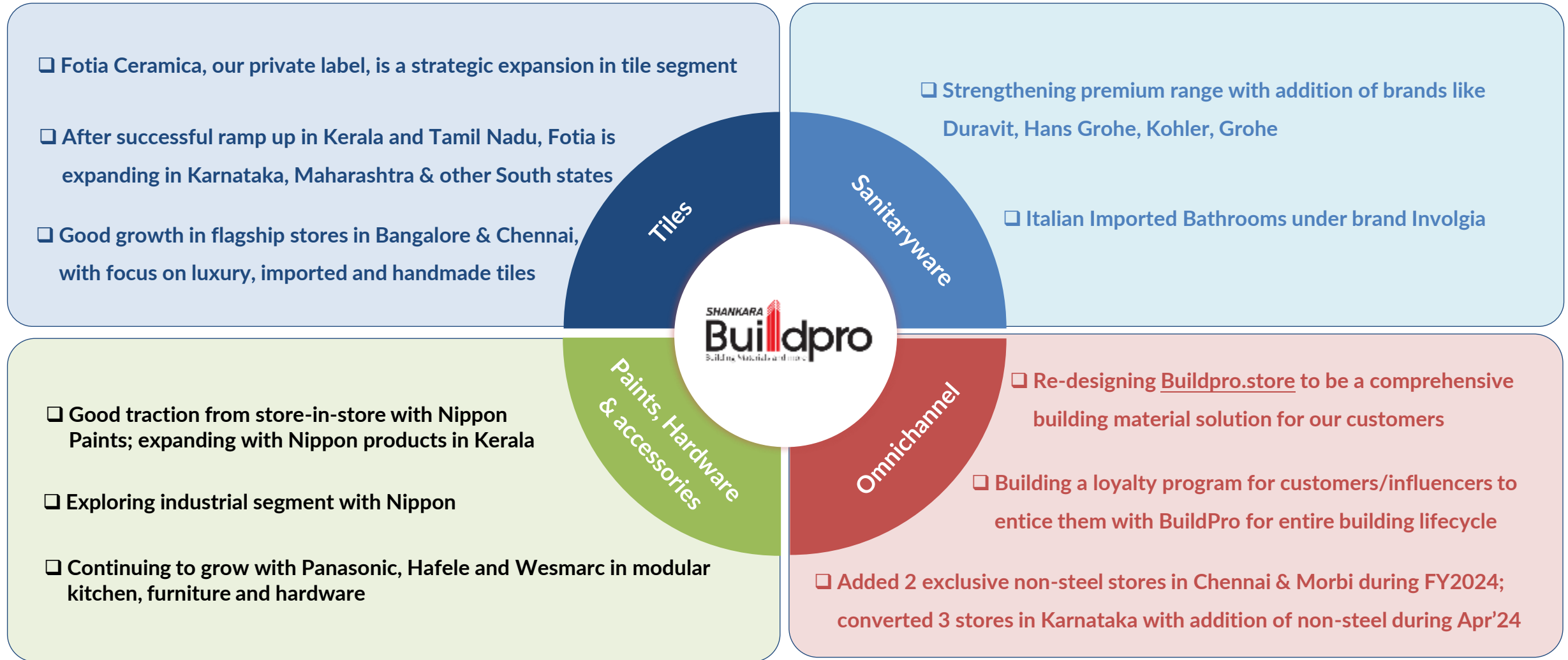
Expanding market share in higher margin non-steel business



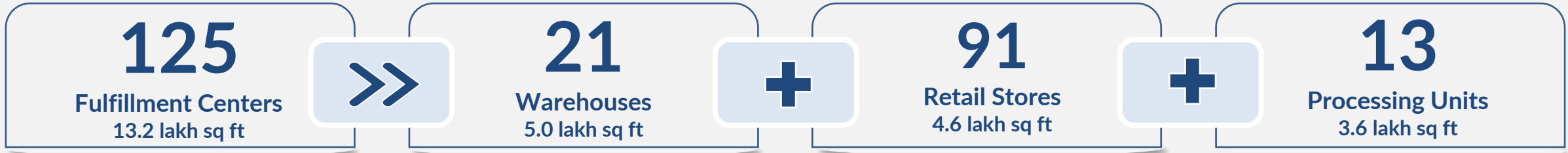
Significant runway to expand market share in all non-steel products

Rs. Crore	TAM	Shankara's Revenue
Sanitaryware & Fittings	~18,000	200
Tiles	~45,000	150
PVC Pipes & Fittings	~40,000	20
Electricals & Lighting	~70,000	7
Paints & Coating	~75,000	7

Strategic initiatives aimed at improving value-added portfolio



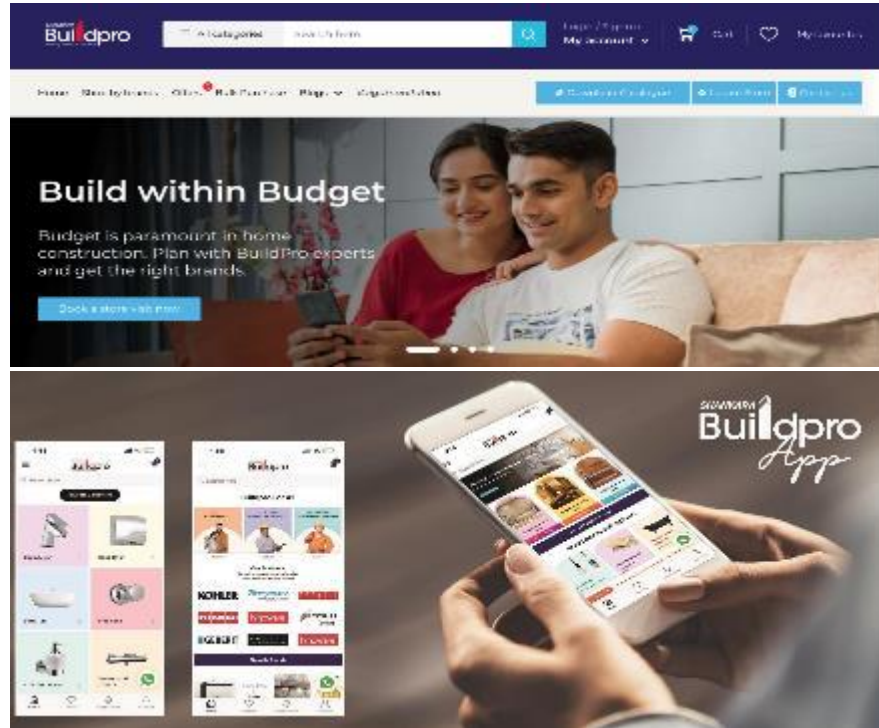
Building an omnichannel marketplace for building materials



Processing Facilities

- Vishal Precision Steel Tubes & Strips**
 - Processing of tube and cold rolled strip
 - Two processing facilities in Bengaluru
- Centurywells Roofing India**
 - Engaged in colour coated roofing products.
 - Ten processing facilities, mainly in Bengaluru, Chennai, Coimbatore
- Taurus Value Steel & Pipes**
 - Tube processing facility at Hyderabad

Online Discovery of wide range of products Anytime, Anywhere



Offline Push through Fulfillment Centers



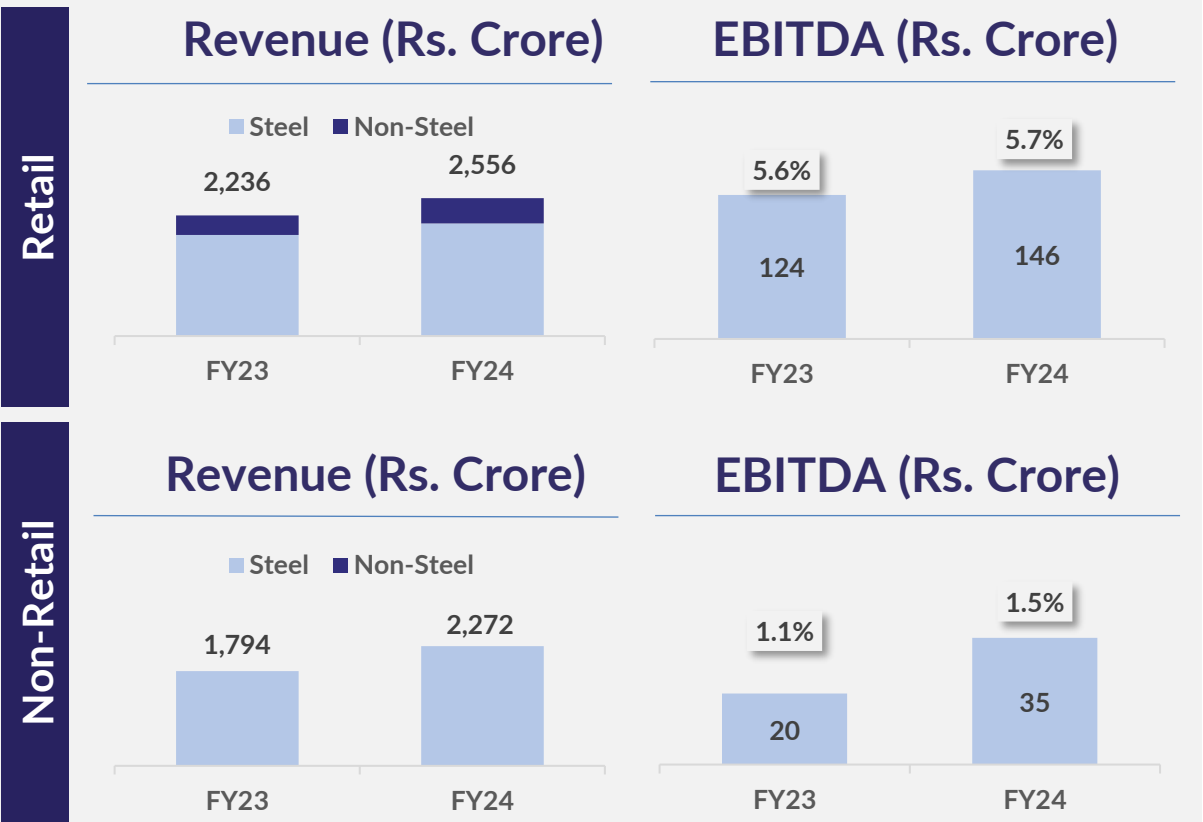
With launch of “BuildPro” app ([Google Play](#) & [App Store](#)) and [website](#):

- Shankara has evolved from a traditional marketplace to online marketplace
- Has enabled an online discovery platform for all building materials, leading to an increased footfalls at fulfillment centers

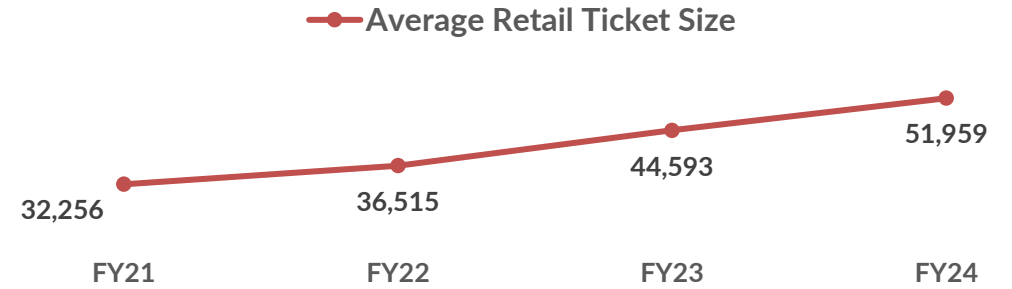
- Focus on technology & digital marketing
- Move towards greater online presence & focus on tech driven customer acquisition and retention

- Technology will be a key enabler for Pan India expansion in the coming years
- Evaluating opportunities for strategic collaborations in the digital landscape to enhance existing omni-channel strategy

Retail model remains resilient, while steadily growing non-retail business

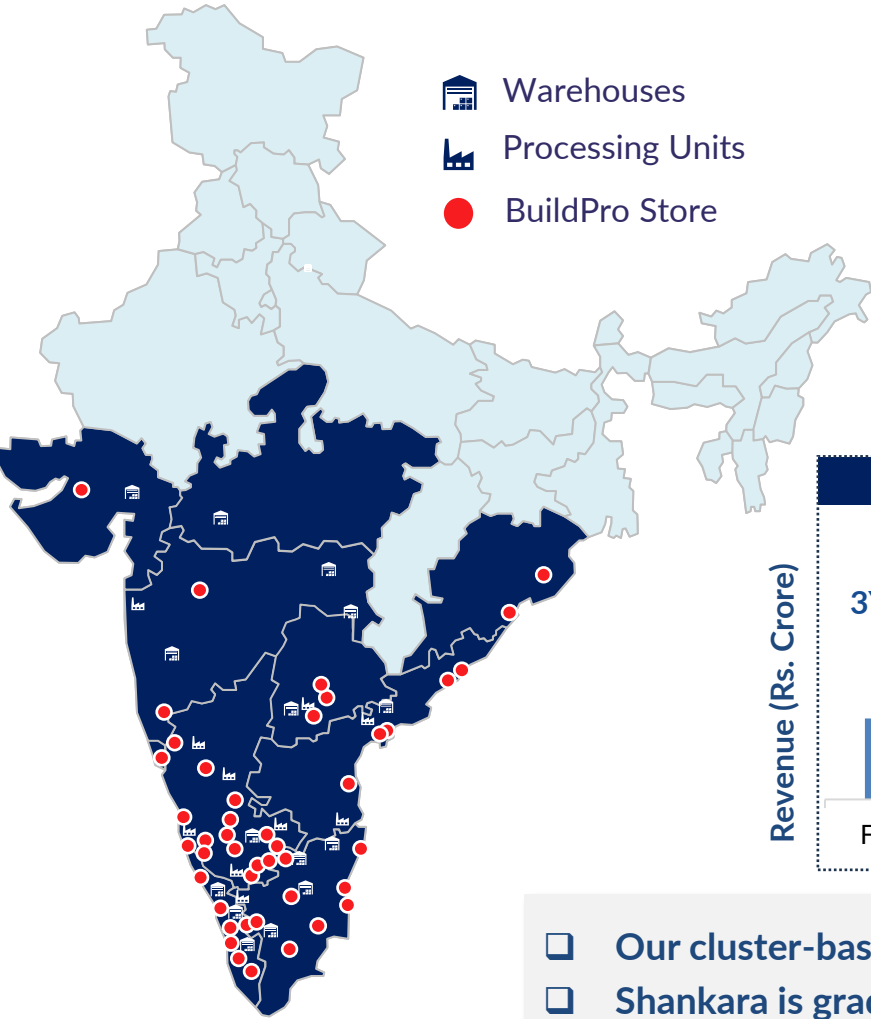


Retail Parameters	FY24	FY23	Change YoY
Retail Stores (No.)	91	91	-
Retail Area (lakh sq ft)	4.64	4.58	1%
No. of Transactions	491,991	501,359	-2%
Average Ticket Size (Rs.)	51,959	44,593	17%
Retail Revenue	2,556	2,236	14%
Retail EBITDA	146	124	17%
Average Rental Cost (per sq ft per month)	17.2	16.4	5%

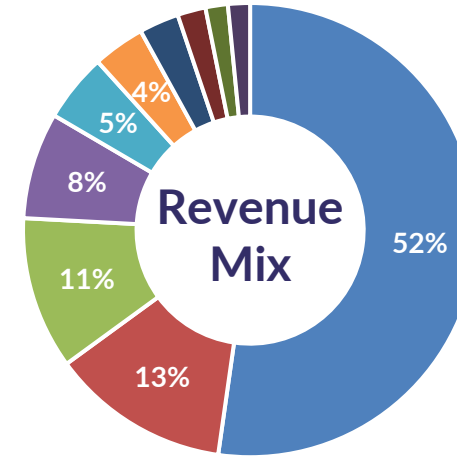


- Retail continues to leverage strength of brands and wide product portfolio to create customer pull at all stores
- Average ticket size at retail was Rs. 58,500 in Q4 FY2024, with increased product offerings in VAS & non-steel at stores
- Channel and Enterprise continues to be strategic for growth; focus on VAS has resulted in revenue & profitability expansion in non-retail segment

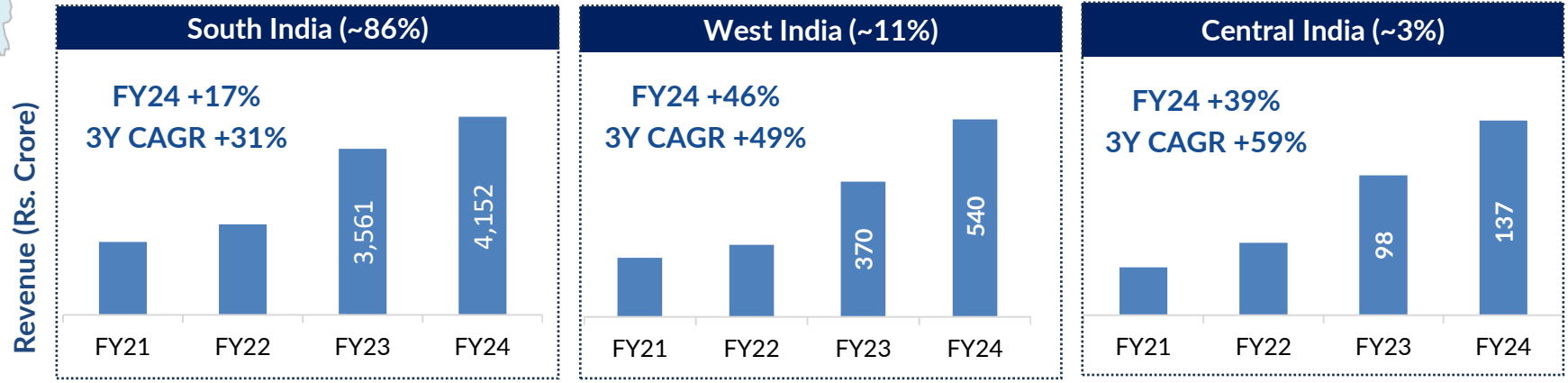
Built a strong position in South, and expanding presence in other regions



10/1
States/UT
45
Cities



- Karnataka
- Tamil Nadu
- Kerala
- Maharashtra
- Telangana
- Andhra Pradesh
- Madhya Pradesh
- Gujarat
- Goa
- Other States

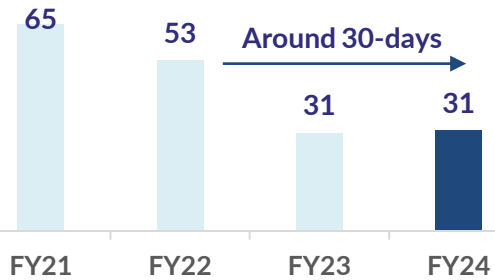


- Our cluster-based distribution network has helped deepen our penetration in the Southern states
- Shankara is gradually expanding to West and Central India, with long-term vision to go pan India

Driving growth, while keeping balance sheet efficient



EFFICIENT WORKING CAPITAL MANAGEMENT

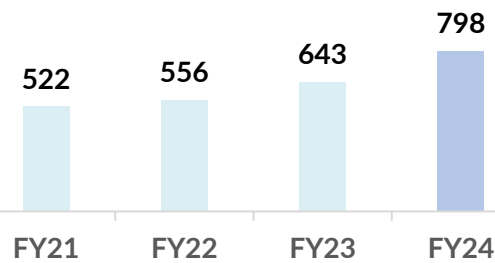


Working Capital

- Strengthened relationship with key suppliers, and robust supply chain ensures optimised inventory levels
- Aimed to efficiently maintain working capital at around 30 days



STRENGTHENED EQUITY BASE

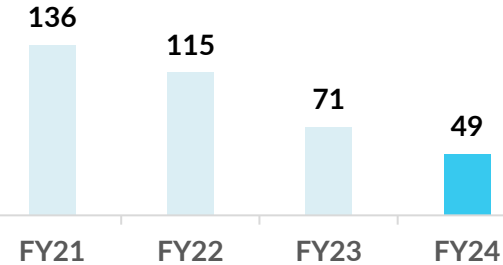


Equity Base

- Equity infusion and steady accretion of profits have expanded company's liquidity and equity capital base



SUSTAINED DEBT REDUCTION

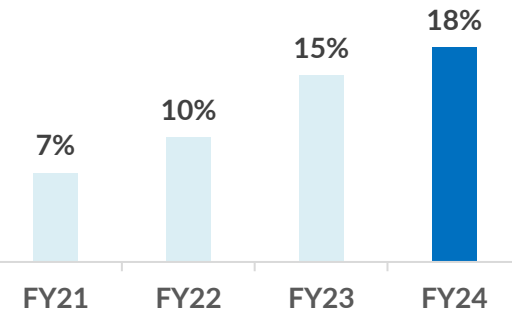


Net Debt

- Consistently deleveraging the balance sheet, with reduction in net debt levels
- As on Mar'24, cash & bank balances stood at Rs. 34 crore



ASSET OPTIMIZED BUSINESS MODEL



RoCE

- Retail expansion through leased outlets, and efficient working capital management have resulted in asset light business model and thus, improved return indicators

Consolidated Profit & Loss Statement

Particulars (Rs. Crore)	Q4 FY24	Q4 FY23	Change YoY	FY24	FY23	Change YoY
Revenue from Operations	1,377	1,210	14%	4,828	4,030	20%
Other Income	2	1	184%	5	8	(32%)
Cost of Materials Consumed	1,298	1,146	13%	4,552	3,806	20%
Employee Expenses	14	13	14%	55	48	14%
Other Expenses	21	15	33%	70	58	21%
EBITDA	45	37	24%	156	125	25%
EBITDA Margin %	3.3%	3.0%	26 bps	3.2%	3.1%	12 bps
Depreciation	4	4	(6%)	16	16	(3%)
Finance Cost	9	7	41%	32	25	31%
Profit before Tax	32	26	24%	108	84	28%
Tax	8	7	17%	27	21	26%
Profit after Tax	24	19	27%	81	63	29%
PAT Margin %	1.8%	1.6%	18 bps	1.7%	1.6%	12 bps
Basic EPS (in Rs.)	10.0	8.4	19%	34.7	27.6	26%

Consolidated Balance Sheet

Particulars (Rs. Crore)	Mar-24	Mar-23
Shareholders Equity	798	643
Non-current liabilities	25	40
Borrowings	14	27
Lease & Other Financial Liabilities	2	5
Deferred Tax Liabilities (Net)	9	9
Current Liabilities	763	608
Borrowings	69	56
Trade Payables	650	520
Lease & Other Financial Liabilities	14	12
Current Tax Liabilities (Net)	5	6
Other Current Liabilities & Provisions	25	14
Total Liabilities	1,586	1,292

Particulars	Mar-24	Mar-23
Non-current assets	315	301
Property, Plant & Equipment (incl. CWIP)	268	256
Investment Property	8	10
Right of use Assets	3	4
Goodwill & Intangible Assets	17	15
Trade Receivables	3	3
Other financial & non-current assets	16	14
Current Assets	1,271	990
Inventories	485	425
Trade Receivables	686	511
Cash and bank balances	34	12
Other financial & current assets	66	42
Total Assets	1,586	1,292

Demerger Update

Creating two distinct focused entities



Demerger to create two separate entities, focused on building materials marketplace and manufacturing respectively



Building Materials Marketplace
(with its omnichannel presence) will be separated to create Shankara BuildPro Limited



Post segregation, Shankara Building Products Ltd will be a focused listed entity for traditional Manufacturing business

Building Materials Marketplace

Rs. 3,836 Cr

~3.3-3.5%

~1.8-2.0%

~30 days

~27-28%

FY24 Revenue

EBITDA Margin (%)

PAT Margin (%)

Working Capital

RoCE

Manufacturing

Rs. 993 Cr

~2.0-2.2%

~0.8-1.0%

~40 days

~5-6%

Balance Sheet split (as of March 31, 2024)

	Current	Post-demerger*	
	Overall	Building Materials Marketplace	Manufacturing
Total Equity	798	400	398
Total Debt	83	75	8
Capital Employed ¹	855	441	414
Trade Payables	650	585	103
Other Liabilities	54	40	18

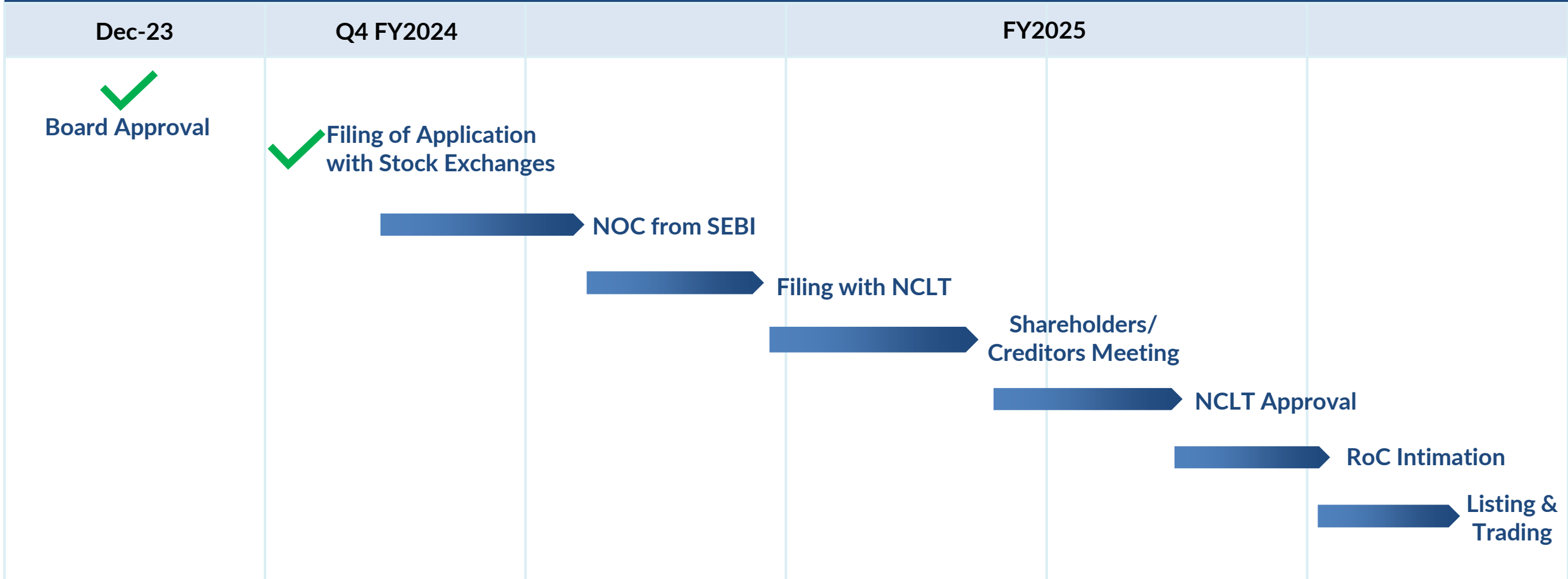
	Current	Post-demerger*	
	Overall	Building Materials Marketplace	Manufacturing
Net Block	296	43	253
Trade Receivables	686	634	91
Inventory	485	348	137
Cash & Cash Equivalents	34	29	5
Other Assets	85	46	42

Figures in Rs. Crore ; * represents indicative split of consolidated financials into Building Materials Marketplace and Manufacturing business

¹ Capital Employed = Equity + Debt - Cash & Bank Balances + Deferred Tax Liability (net)

Implementation timeline

Estimated timeline for the demerger: 10-14 months from Board Approval date



Appointed date for the scheme implementation is April 1, 2024, subject to necessary approvals

Thank You

Shankara Building Products Limited

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