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*In this presentation, the financial information of the Company for Fiscals 2018 and 2017 are derived from the Company's audited financial statements prepared in accordance with Ind AS ("**Ind AS Financial Information**"), and the financial information of the Company for Fiscal 2016 is derived from the Company's audited financial statements prepared in accordance with Indian GAAP ("**IGAAP Financial Information**"). The Ind AS Financial Information may not be comparable with the historical IGAAP Financial Information, included in this presentation.*

One of India's largest retailers of home improvement and building materials

Stores

131*

Products

75+

SKUs

30,000+

States / UT

9 / 1



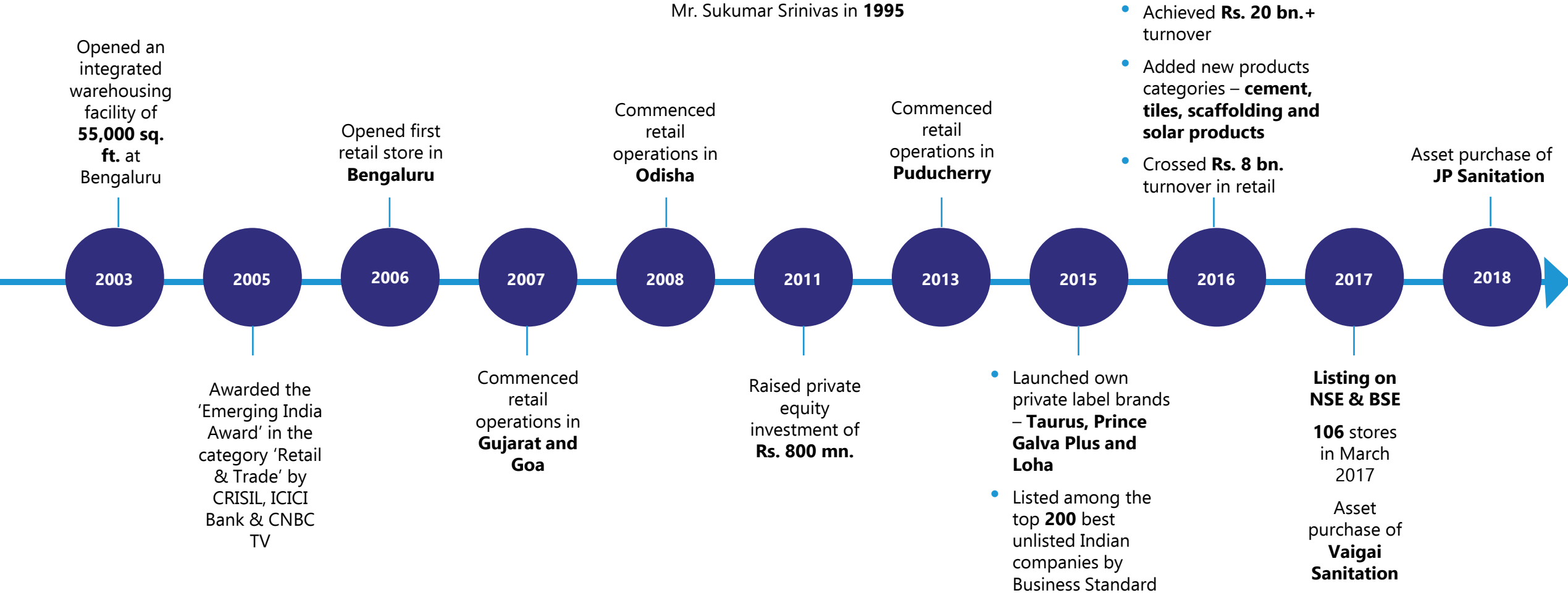
Retail store space

0.51 mn sqft

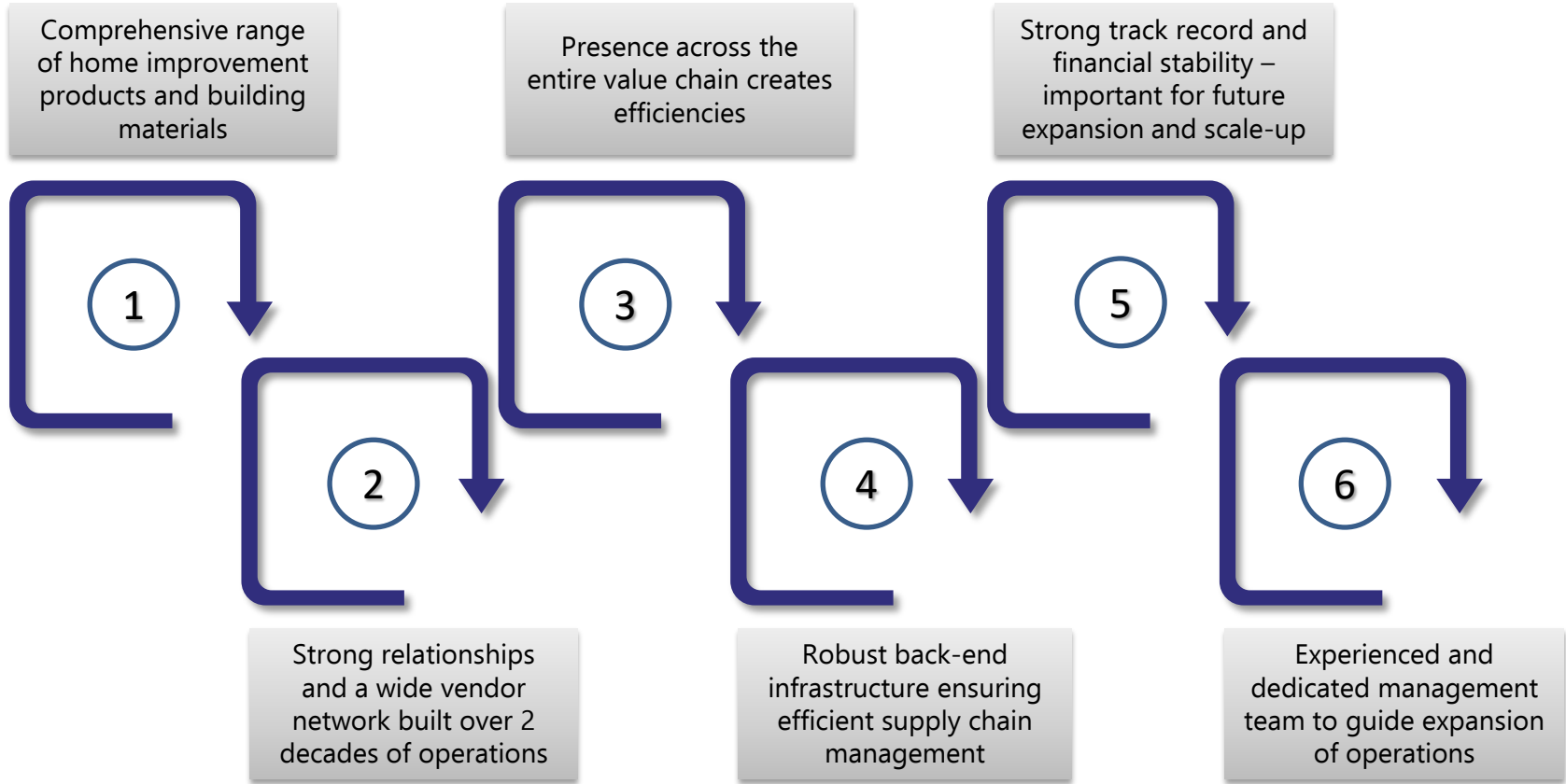
Key Milestones in the Shankara story

Incorporation of
Shankara
Building Products Ltd.

by **IIM Ahmedabad alumnus, first generation entrepreneur**
Mr. Sukumar Srinivas in **1995**



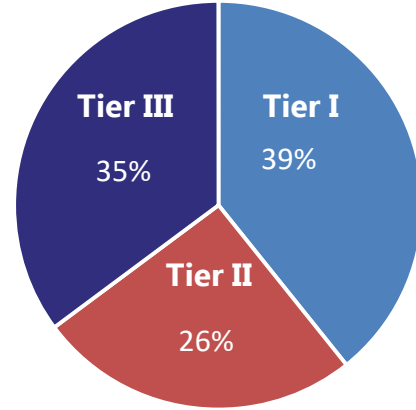
A leading organised retailer of home improvement & building products



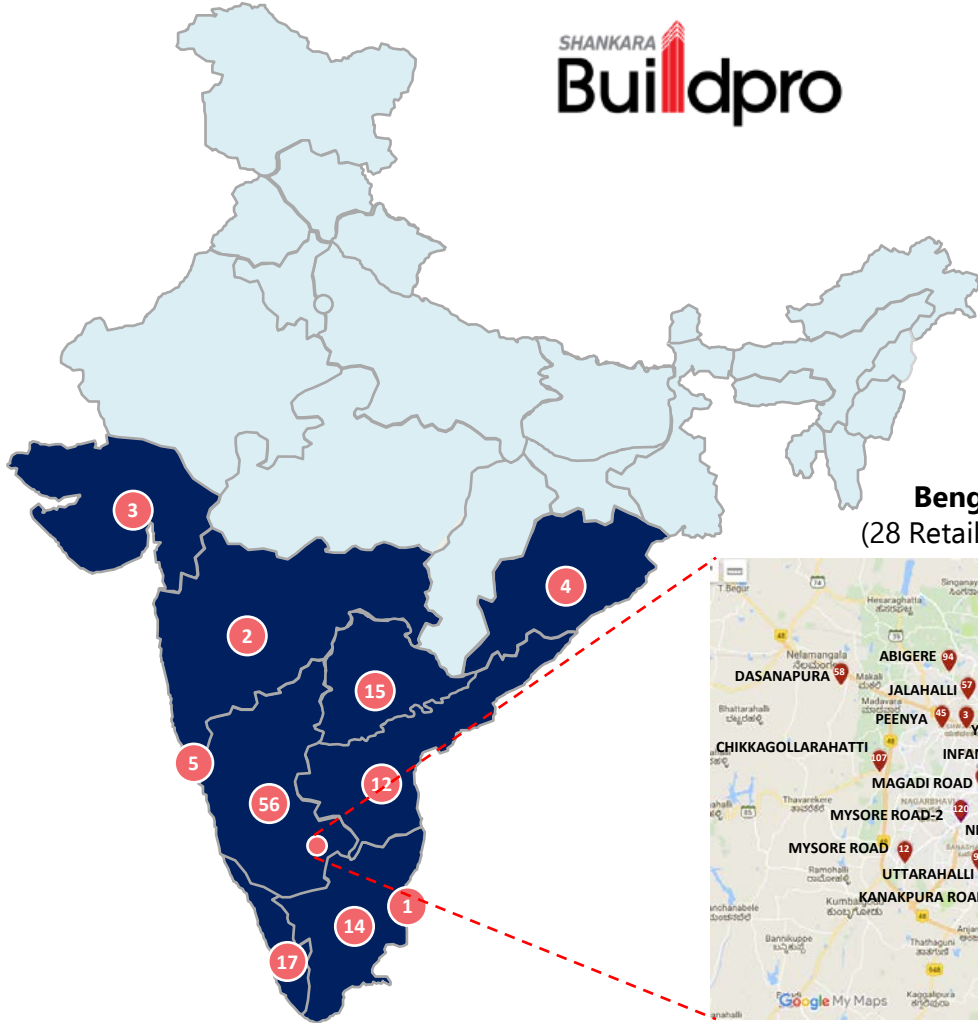
131* Shankara BuildPro retail stores...



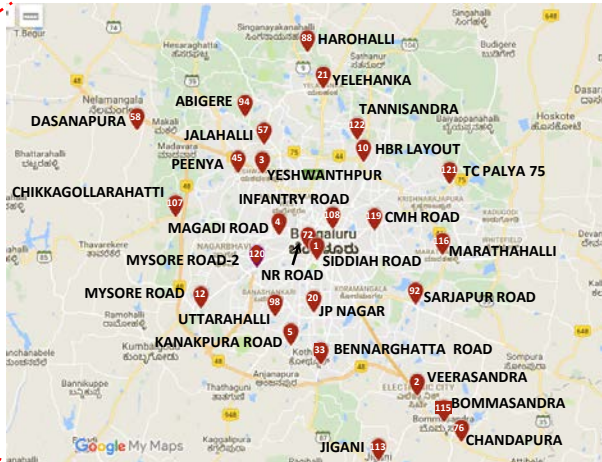
FY18 Revenue mix across Cities



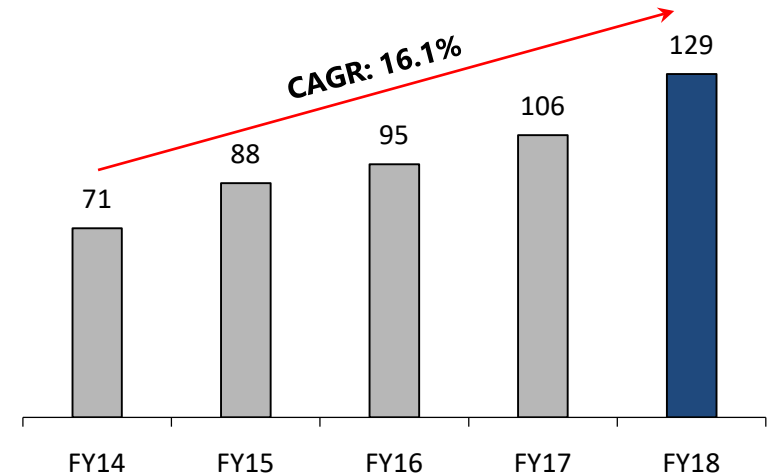
- Retail presence in **9** states & **1** union territory
- **131*** Shankara Buildpro stores
- **0.51** mn sq.ft. of retail store space



Bengaluru¹
(28 Retail Locations)



Retail stores across India (as of 31 March, 2018)



¹ Numbers in markers denote the order in which the stores were opened by the Company; Map not to scale.

* As of 15th May, 2018

...offering a “One-stop-shop” solution...

120+

Brands

30,000+

SKUs

75+

Products

Comprehensive range of products



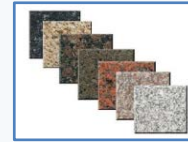
Construction Materials

TMT, cement, m sand, scaffolding, fabrication, accessories



Plumbing & Sanitaryware

PVC pipes & fittings, water tanks, sanitaryware, CP fittings, solar water heater, accessories



Flooring

Tiles, wooden flooring, accessories



Electricals

Electrical cable & fittings, switches, decorative lighting, accessories



Interior-Exterior

Paints, ACP, roofing & cladding, wallpaper, plywood, kitchen hardware and allied accessories



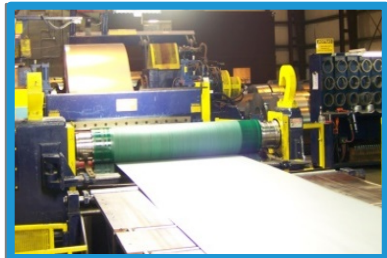
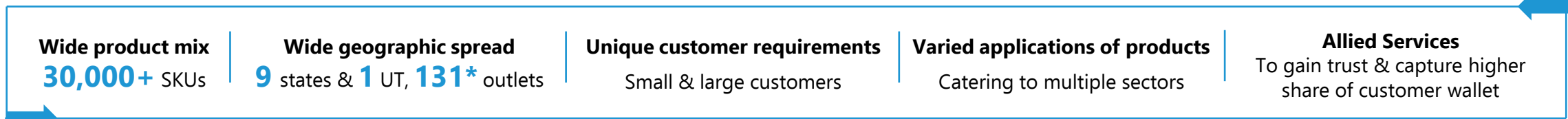
Irrigation

Pumps/motors, sprinklers, drip / lift irrigation, borewell systems, casing, cables, green house systems, accessories

- Offers home improvement & building products and customized solutions
- Huge demand from Tier 2 & Tier 3 cities
- Driven majorly by sectors like residential real estate and infrastructure
- Gives access to a comprehensive range of home improvement and building products under one roof

...for 'End to End' home improvement & building material solutions

Over 575k sale transactions in FY18 ~1,576/day



- **14** processing facilities with own brands

Processing



- **1,700+** dealers
- Contributed 20.6% to overall consolidated revenue in FY18

Channel Sales



- Bespoke product offerings
- Contributed 31.6% to overall consolidated revenue in FY18

Enterprise Sales



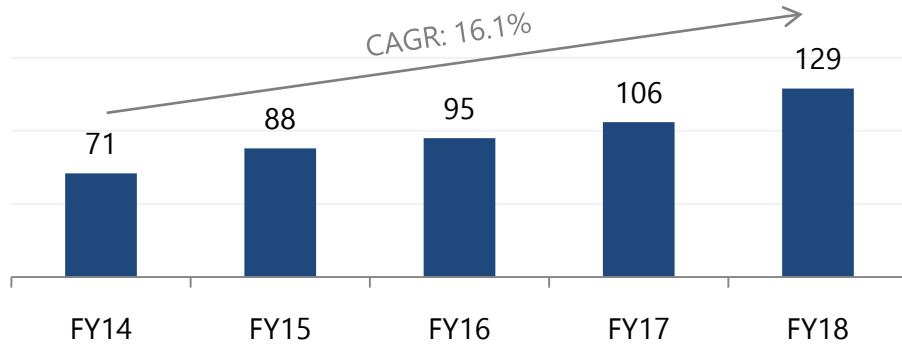
- **131*** Shankara BuildPro stores spread across 9 states & 1 UT
- Contributed 47.9% to Company's overall consolidated revenue in FY18

Retail Sales

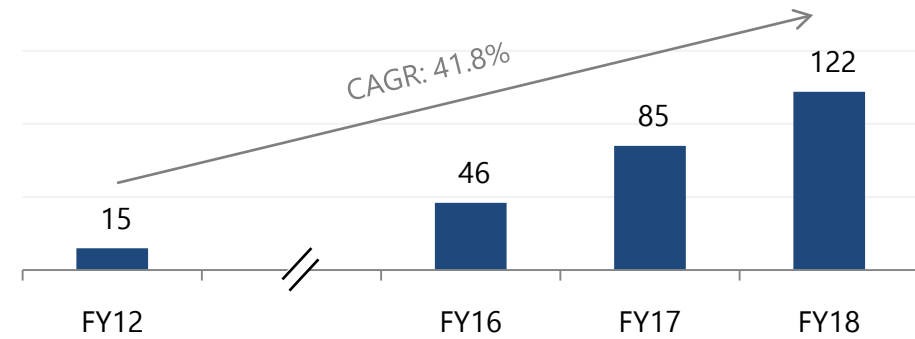
- Backed by in-house supply chain management comprising of a fleet of trucks, ERP systems and MIS controls
- Ensures timely delivery which we believe acts as one of the key enablers for customer's buying decision
- Helps in cost efficiency thus improving margin profile for each segment
- Providing installation and retrofit services

Increased focus on retail operations...

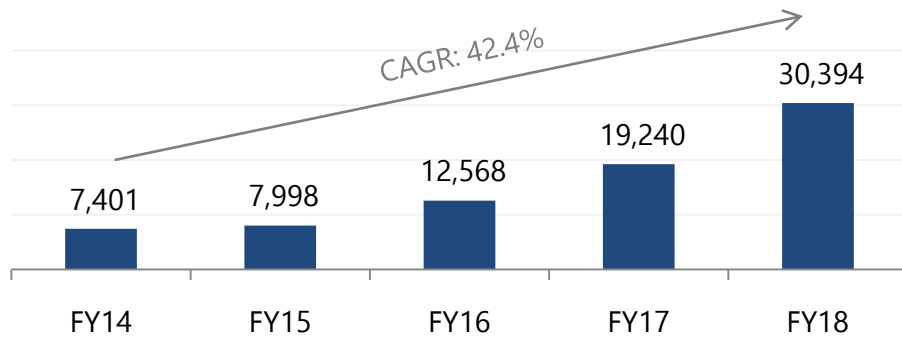
Number of Stores



3rd Party Brands



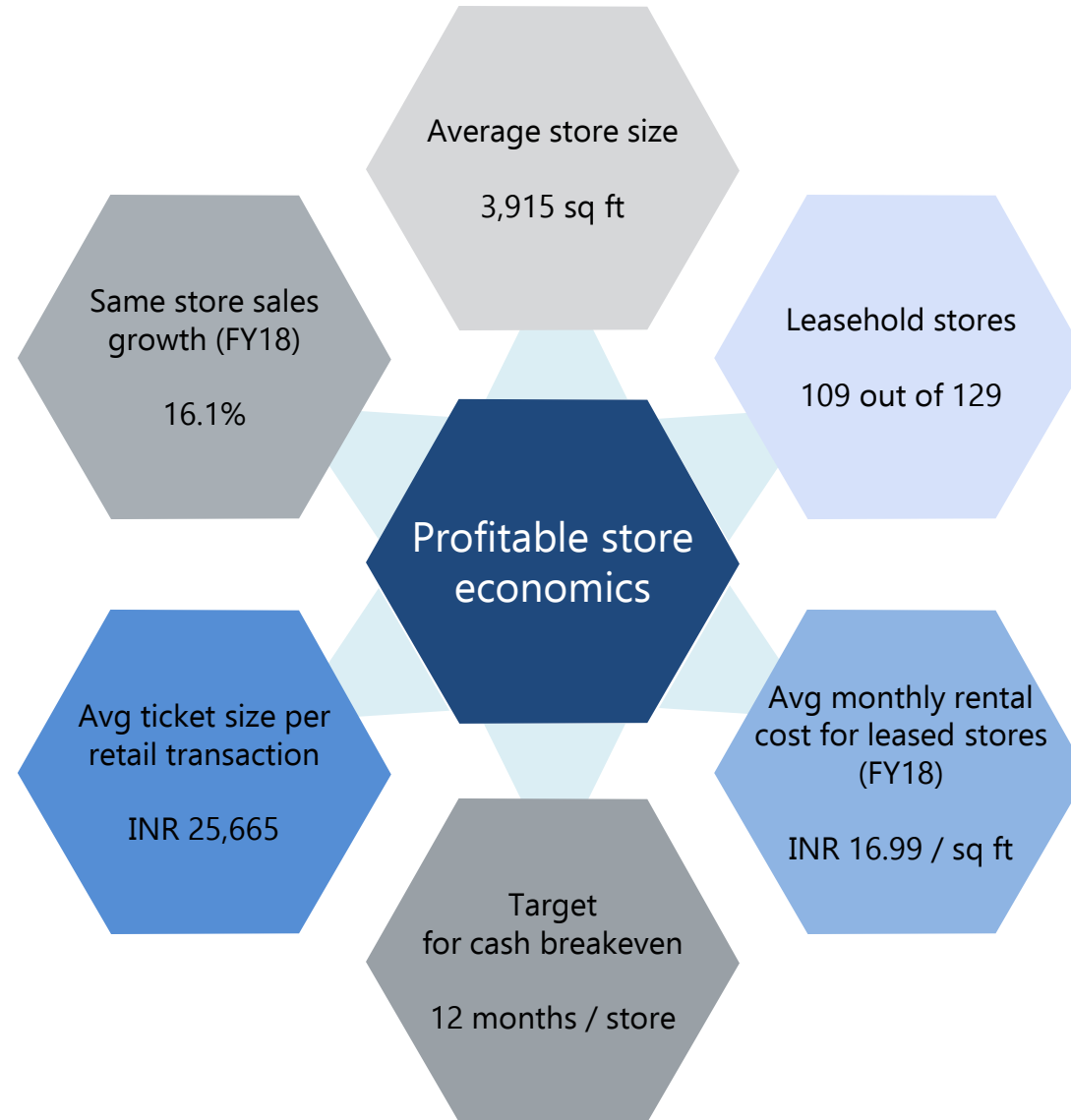
SKUs



Own Brands



...leading to profitable store economics



Targeting a variety of customers...



Home Improvement

Building Material

- Rs. 4.7-5.0 lakh crore addressable opportunity growing at estimated 8.5-9.0% CAGR
- Increasing customer involvement in home solutions makes the model highly scalable

Our Target Audience



Home Owners



Professional Customers
(Architects & Contractors)



Small Enterprises

...to cater to the entire 'Home Improvement' sales model...

Retail – Store



FY18 Revenue Share 47.9%

Access to 120+ brands sold through
129 Shankara Buildpro stores

Third Party & own products sold to
end-users

Average size per transaction of
Rs. 25,665/-

Channel Sales



FY18 Revenue Share 20.6%

Leveraging the large network of
multi-brand dealers

Third party & own products sold
through dealers

1,700+ network of dealers

Enterprise Sales



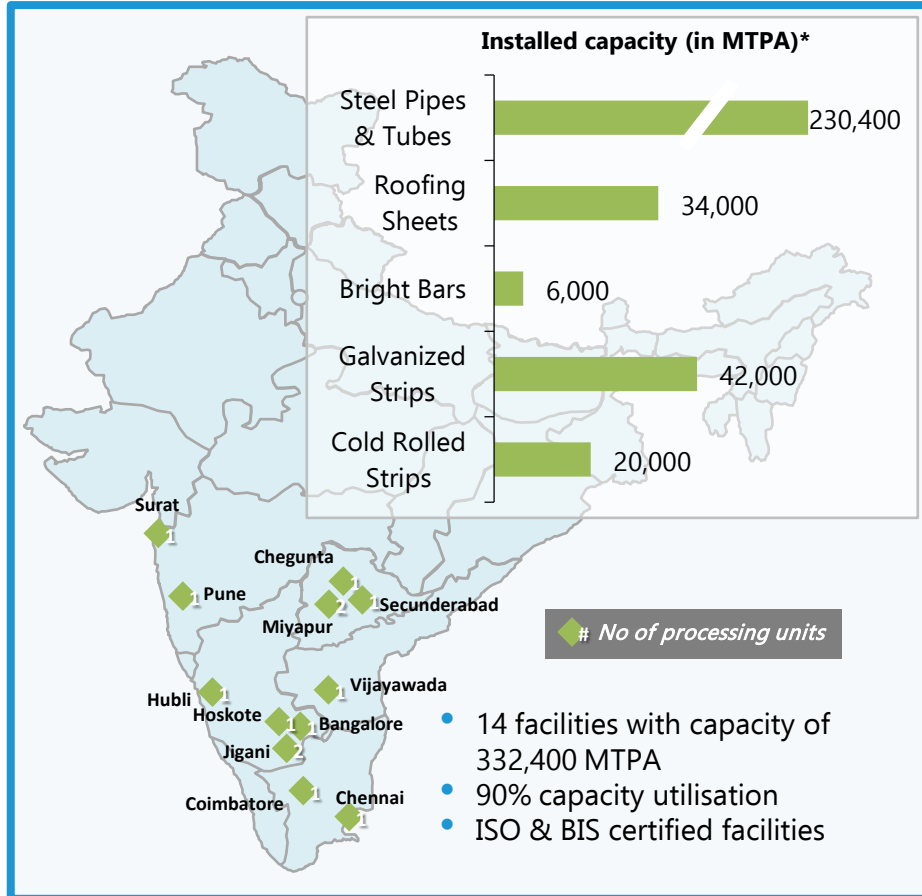
FY18 Revenue Share 31.6%

Ability to customize products

Third party & own branded steel
products sold to enterprises

Top 10 customers contribute ~10%
of enterprise revenue

Backward integrated processing facilities offering bespoke products



In-house supply chain management

 Warehouses with **0.69** mn sq.ft space*

48 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

Scaling up business over the years...

Business scale up				Infrastructure scale up			
	FY16		FY18				
Retail Outlets	95	↑	131*	Inorganic expansion	VPSPL ¹ (FY11) + CRIPL ² (FY14) + JP (FY18) + Vaigai (FY18)		
Product Categories	Small Base	↑	75+	Processing capacity expansion	323,200 tons (FY16)	↑	332,400 tons (FY18)
SKUs	12,568	↑	30,000+	Available area for processing	0.56 mn sq ft covered area (FY18)	+	0.93 mn sq ft uncovered area (FY18)
Third Party Brands	46	↑	120+	ERP, MIS controls	Across the Company		
Annual Retail transactions	~396k	↑	~475k	Large warehousing network	0.69 mn sqft (FY18)	+	Additional 0.36 mn sqft owned land unutilized (FY18)
Total transactions	575k transactions in FY18			Fixed assets	Rs. 2,193 mn (FY16)	↑	Rs. 2,727 mn (FY18)
Net Debt:Equity	0.7x	↓	0.5x				

**Leveraging efficiencies across the network
Quicker scale-up and breakeven of retail stores**

...with the guidance of a marquee Board...

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
- He was the President of The Karnataka Pipe Dealer's Association, and continues to be an office bearer

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 30 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 35 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, both 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.

...and a seasoned management team

16

Siddhartha Mundra
CEO

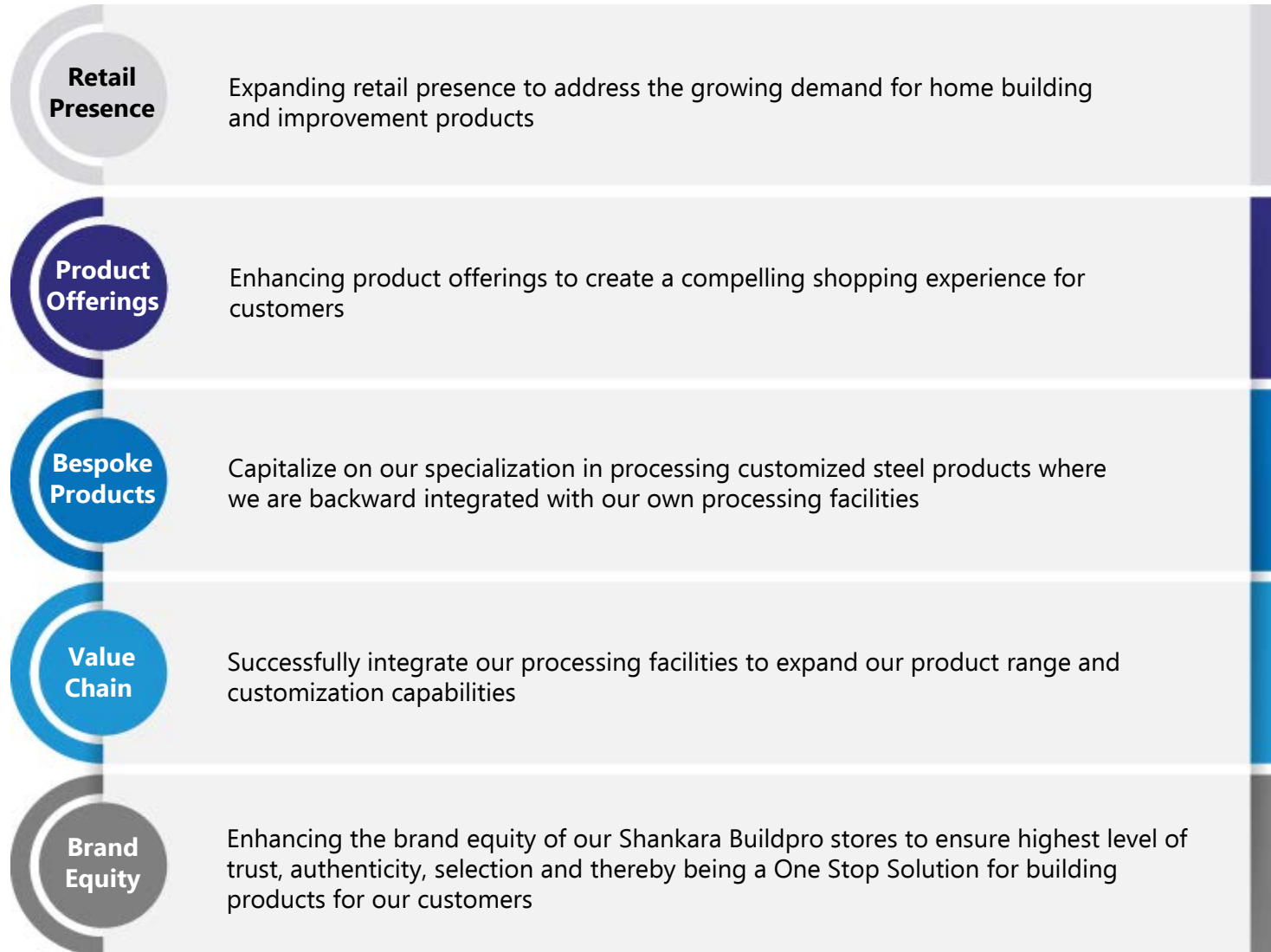
- He holds a bachelor's degree in engineering with a specialisation in computer science from the NIT, Warangal (formerly REC, Warangal) and a PGDBM from the IIM, Ahmedabad
- He was appointed CEO in June 2017 after having served as a nominee director of Fairwinds to the Board of the Company since 2011

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





Industry Overview

Buildings Material Industry estimated to grow at **8.5-9.0%**
CAGR to
Rs. **7.2-7.6** lakh crore by **2021-22** of which **34-38%** is
sold through Retail Network



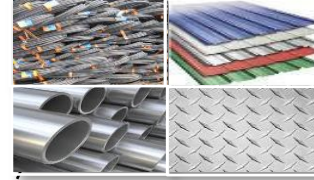
Key building material required for housing unit



Flooring 6%-8%



Cement 18%-20%



Steel 18%-20%



Electrical 6%-8%



Sand 6%-8%



Bricks 9%-11%



Door Frame & Shutter 7%-9%



Plumbing 5%-7%



Paint 2%-4%



Aggregate 6%-8%

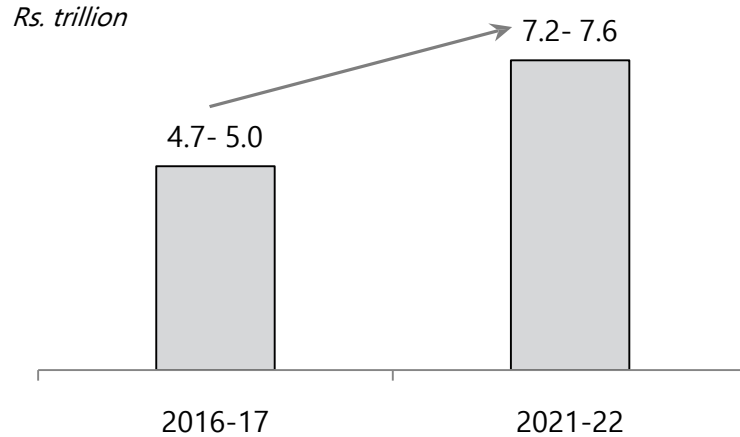


Others 5%-7%



Opportunity for retail of 8 key building materials - Rs. 1.6 – 1.9 lakh crore

Building materials industry for the 8 key segments to grow significantly...



... with different growth models & sectors...

Large corporate builders	Small contractors
<ul style="list-style-type: none"> Typically in metros with ~85-90% share Vertical housing 	<ul style="list-style-type: none"> Peripheral areas of metro cities Tier 2 / 3 cities with ~85-90% share

Growth also driven by sectors including residential, infrastructure, commercial / industrial establishments, automobiles, general engg. etc.

aided by Government initiatives to boost the housing sector

- Real Estate Regulatory Act (RERA)
- Pradhan Mantri Awas Yojana - Urban (PMAY-U)
- Goods and Services Tax (GST)
- Atal Mission for Rejuvenation and Urban Transformation, AMRUT Mission
- Pradhan Mantri Awaas Yojana –Gramin (PMAY-G)
- Smart Cities Mission

~34-38% of these building materials sold through retail channel



Emerging shift from un-organized to organized building material retailing

Strong growth potential across segments

Particulars	Market Size (in Rs.bn) in 2016-17	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	1,325-1,430	6.5%-7.0%			
Structural Steel	1,450-1,550	9.0%-10.0%			
Bricks	640-650	8.0%-9.0%			
Paints	380-400	10.0%-12.0%			
Plumbing – PVC Pipes	240-260	12.0%-13.0%			
Ceramics Tiles & Sanitaryware	245-250	5.0%-7.0%			
Plywood & Laminates	230-240	8.0%-9.0%			
Lighting	205-215	12.0%-14.0%			
Total	4,715-4,995				



Low



Medium



High

Backed by Government policies



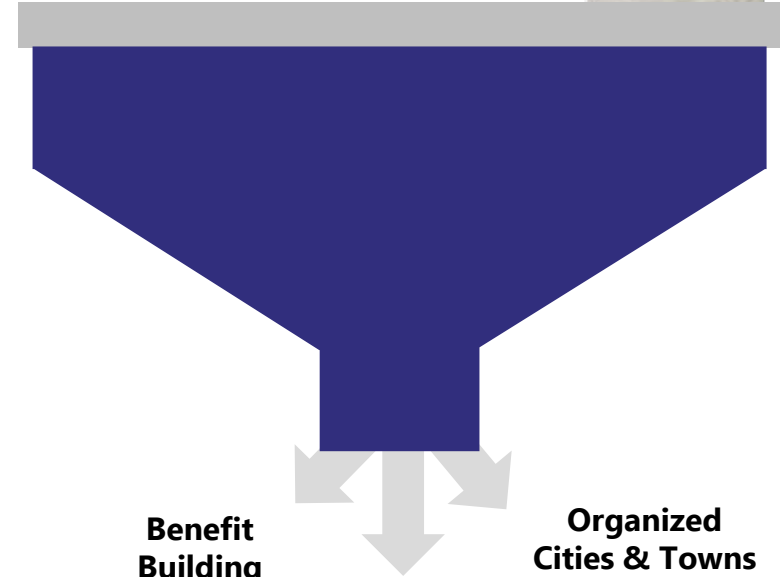
Swachh Bharat Abhiyan to provide toilet facilities to all



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

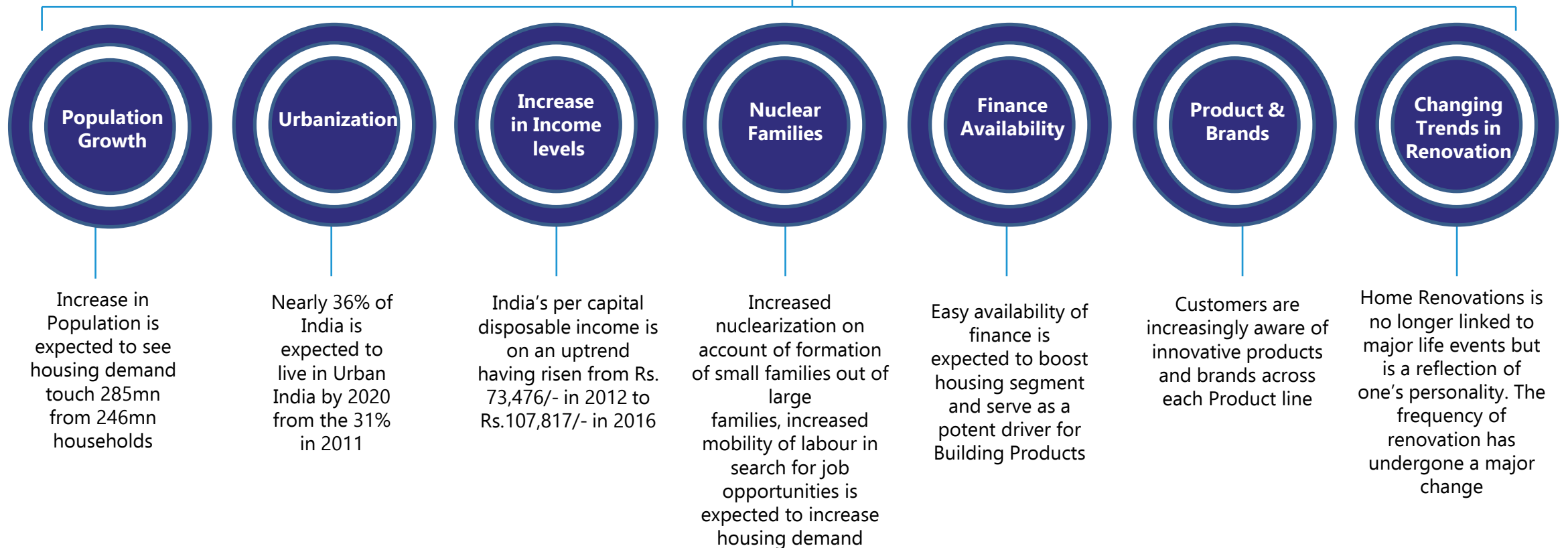


Interest rate subsidy for middle income groups on housing loans



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

Retail Home Improvement Drivers





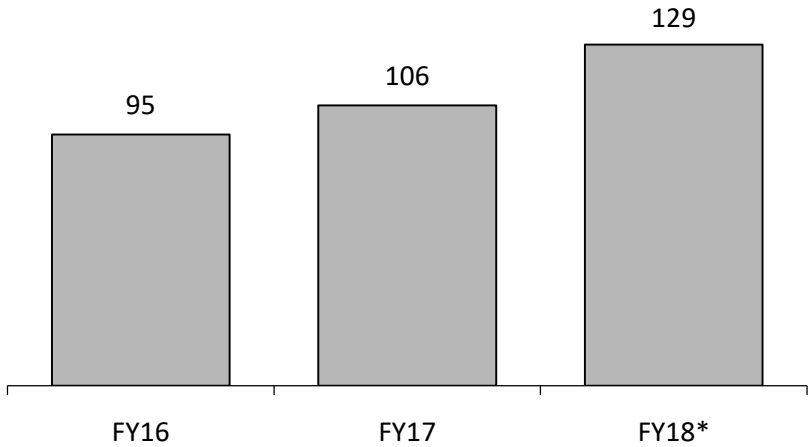
Financial Performance

Particulars	Units	FY16	FY17	FY18*	CAGR FY16-FY18
No of retail stores	Nos.	95	106	129	16.5%
Total Area	Sq. ft	3,23,070	3,81,070	5,05,034	25.0%
Revenue from retail stores (INR mn)	Rs. Mn	8,078	9,807	12,197	22.9%
Same store sales growth	%	28.3%	19.4%	16.1%	-
EBITDA (INR mn)	Rs. Mn	775	972	1,303	29.7%
Margin (%)	%	9.6%	9.9%	10.7%	-
EBITDA per store (INR mn)	Rs. Mn	8.16	9.17	10.10	11.3%
EBITDA per sq ft	Rs.	2,400	2,551	2,580	3.7%

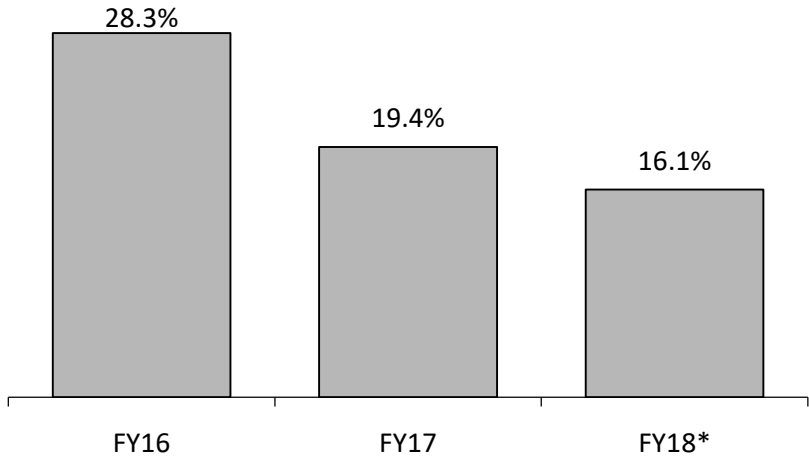
Low rental cost of ~Rs.17 per sq.ft per month for the leased outlets enhance the profitability of the retail segment and thus target to achieve retail store breakeven within a year

...backed by growth in Shankara Buildpro Stores

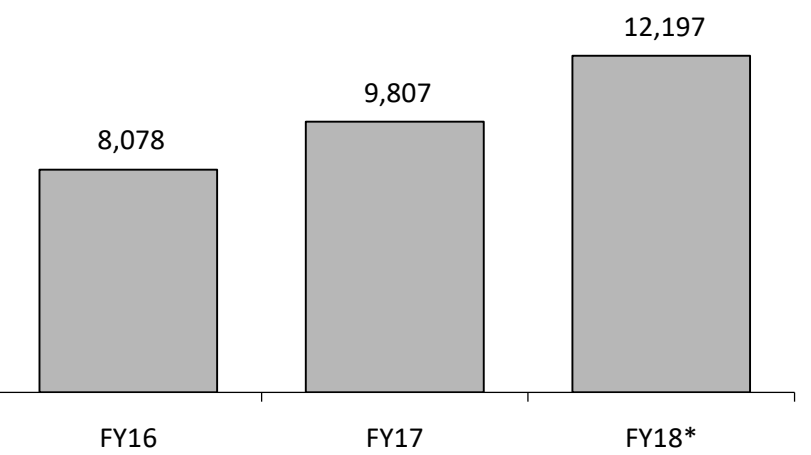
Growth in number of stores



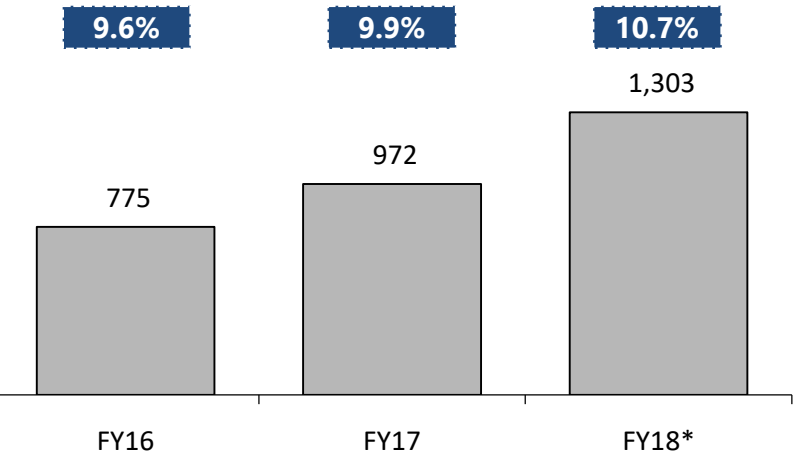
Same store sales growth (%)



Growth in overall retail sales (Rs. mn.)



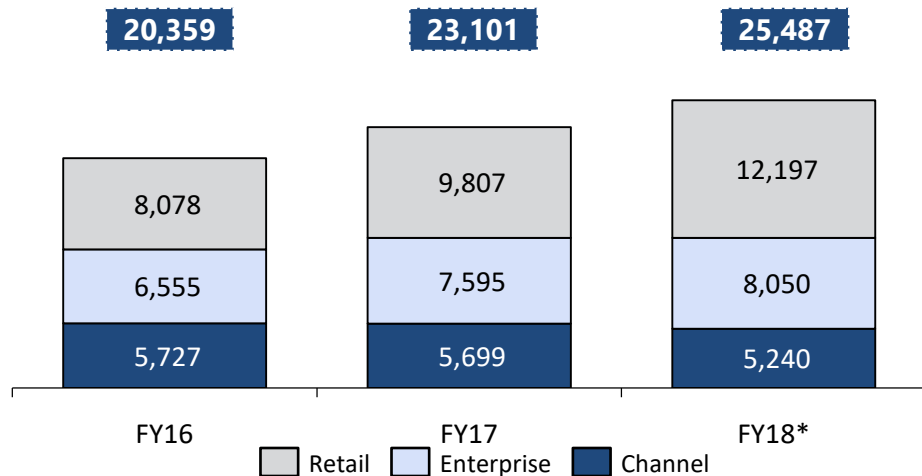
Retail EBITDA (Rs.mn.) and EBITDA Margin (%)



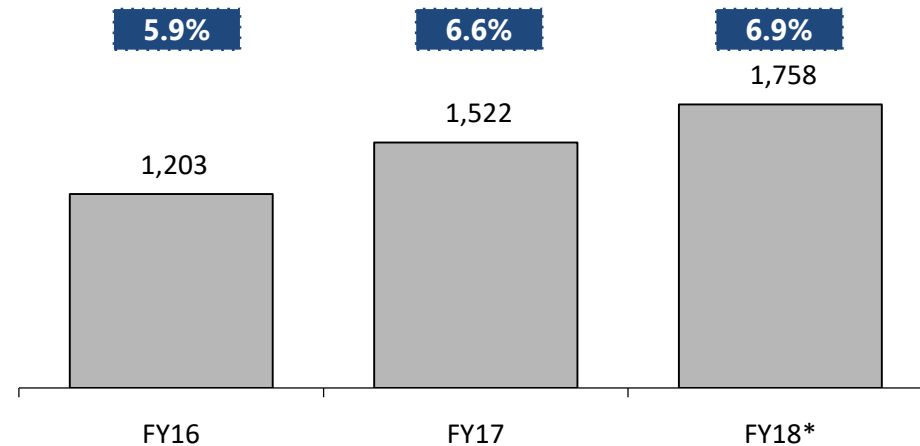
FY16 figures in Indian GAAP, FY17 and FY18 figures in Ind AS
*FY18 and FY17 numbers may not be comparable because of the impact of GST

Consistently improving financials...

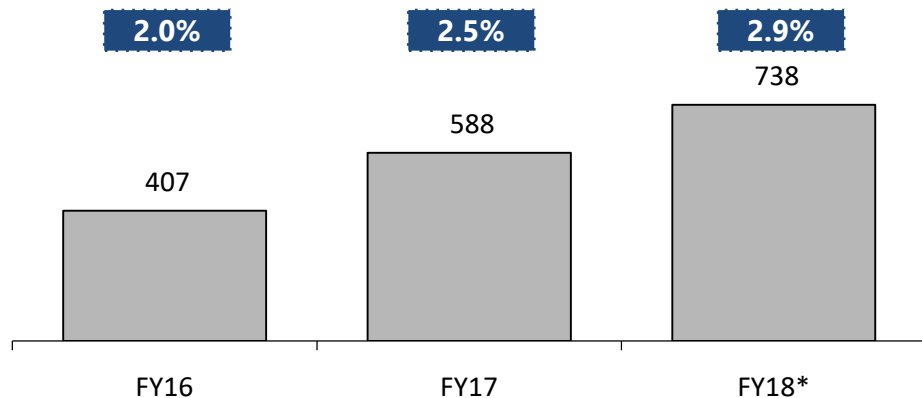
Segment wise Revenue & Net Revenue from Operations (Rs. mn.)



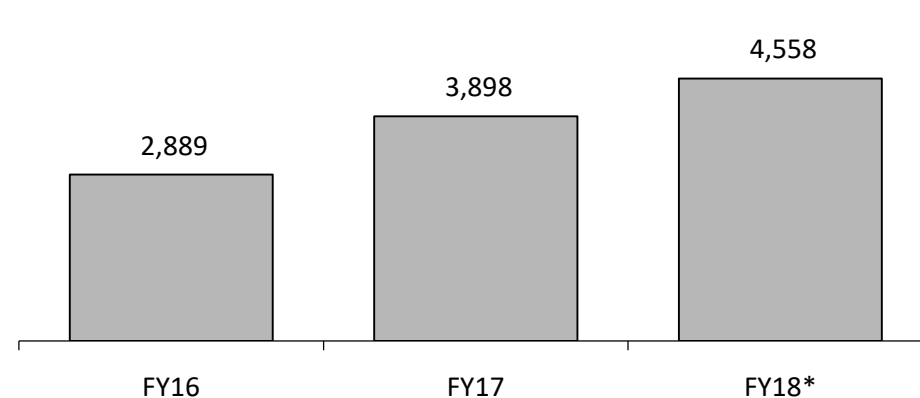
EBITDA (Rs. mn.) & EBITDA Margin (%)



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



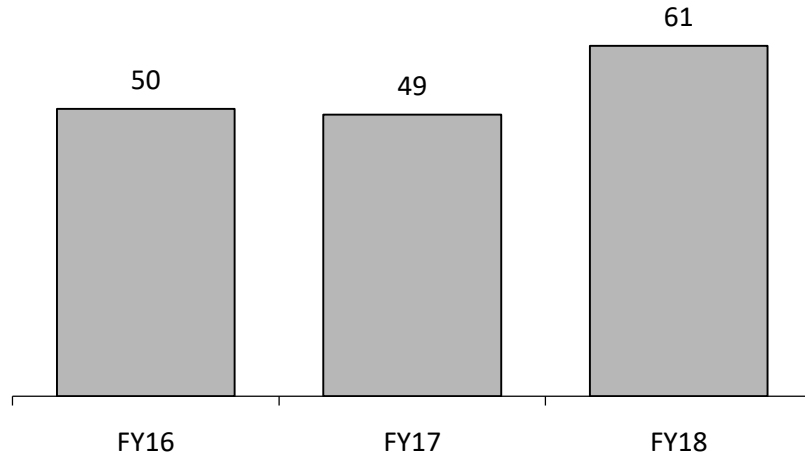
Net Worth (Rs. mn.)



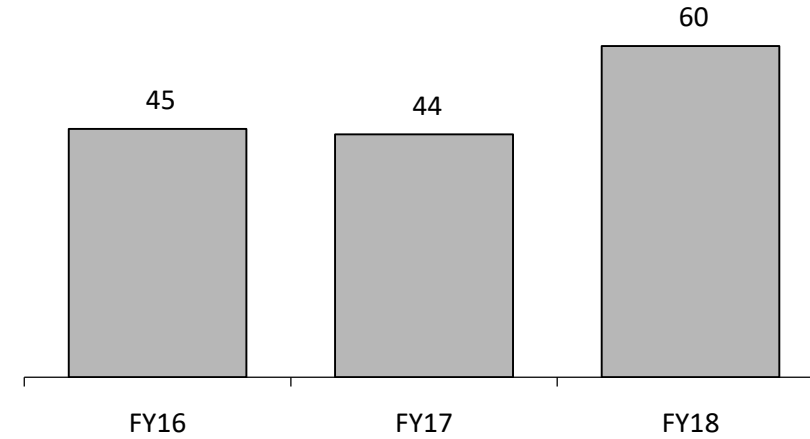
Shankara has been profitable since inception

...and focus on maintaining business efficiency...

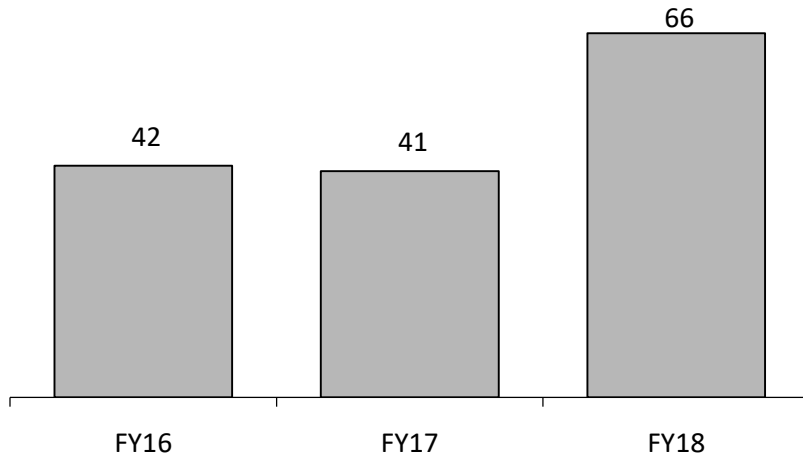
Debtor Days*



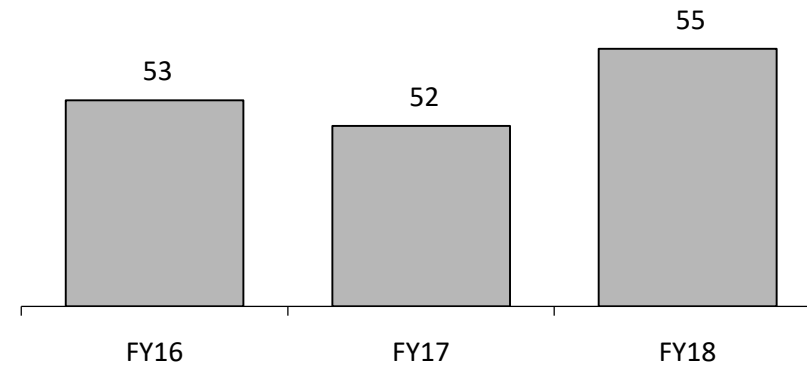
Inventory Days*



Creditor Days*

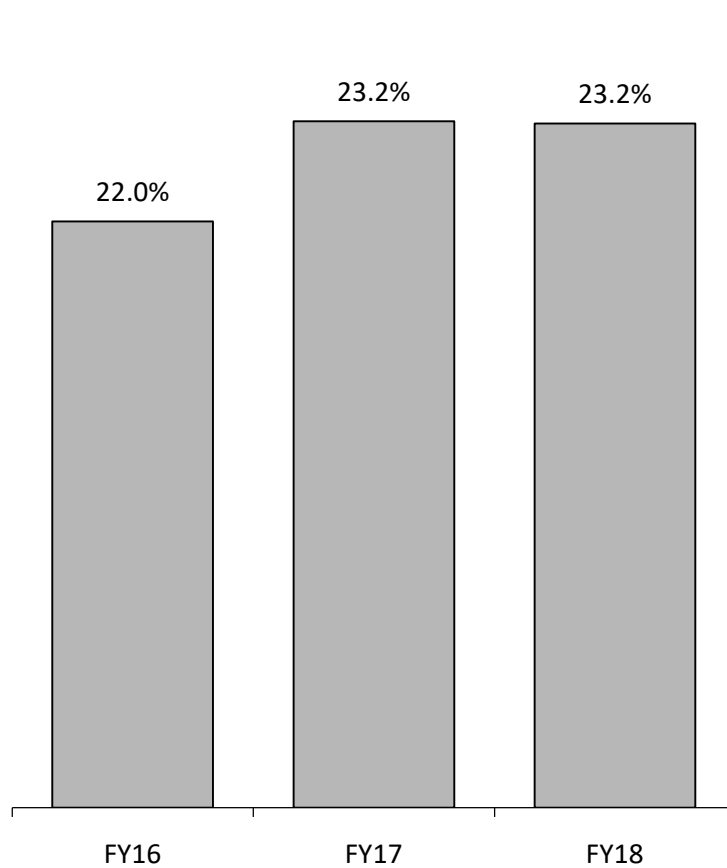


Net Working Capital Days*

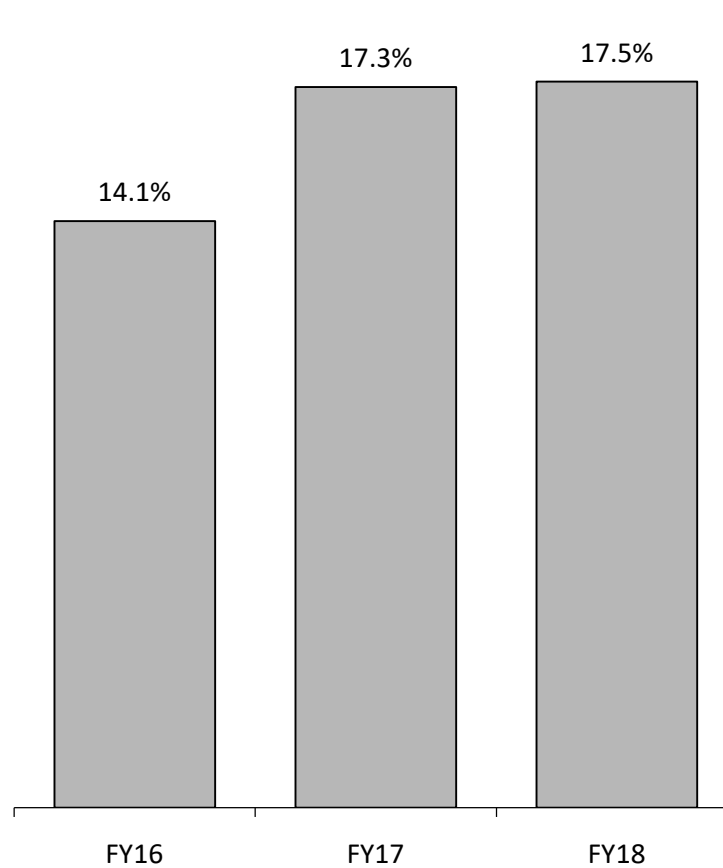


...leading to shareholder value creation

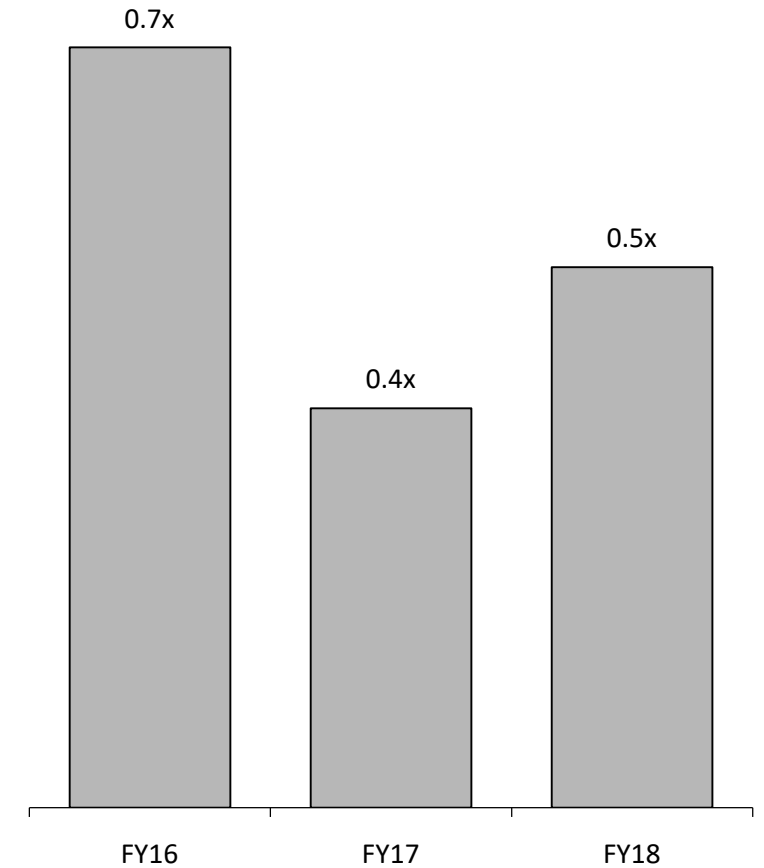
Return on Capital Employed



Return on Equity



Net Debt : Equity



Consolidated Profit & Loss

Particulars (Rs. Mn)	FY16	FY17	FY18	CAGR (FY16-FY18)
Revenue from Operations	20,359	23,101	25,487	11.9%
Raw Material	17,672	19,794	21,738	
Employee Expenses	413	492	592	
Other Expenses	1,079	1,300	1,404	
EBITDA	1,203	1,522	1,758	20.9%
<i>EBITDA %</i>	<i>5.9%</i>	<i>6.6%</i>	<i>6.9%</i>	
Depreciation	95	114	136	
Finance Cost	460	506	463	
Profit Before Tax	648	902	1,159	33.8%
Tax	240	314	421	
Profit After Tax	407	588	738	34.6%
EPS	18.62	26.81	32.34	

Consolidated Balance Sheet

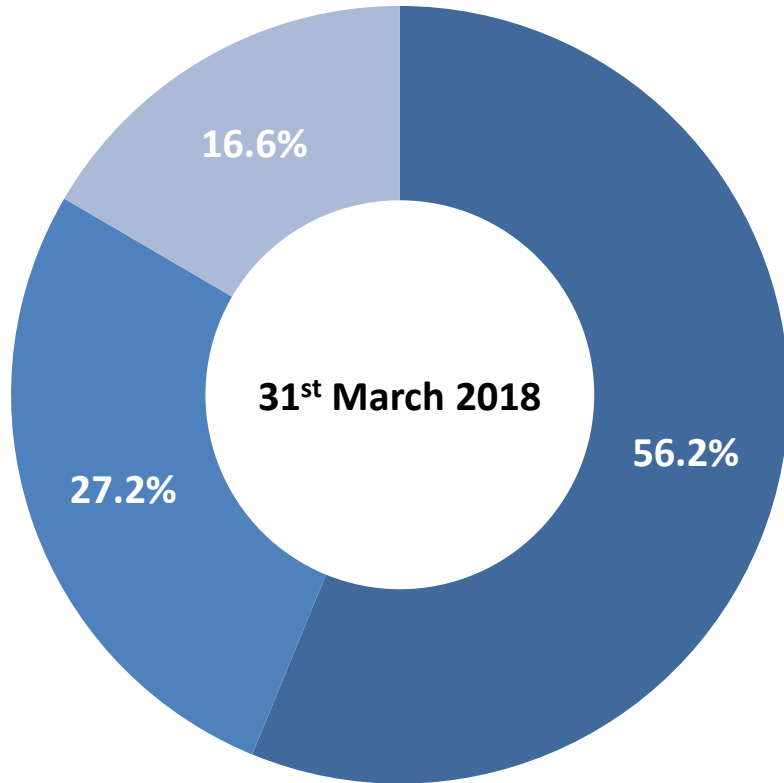
Rs. Mn	FY16	FY17	FY18
Shareholder's Fund	2,889	3,898	4,558
Share Capital	219	228	228
Reserves & Surplus	2,670	3,669	4,329
Non-controlling Interest	0	0	1
Non-current liabilities	178	207	184
Long term borrowings	53	58	9
Deferred Tax Liabilities (net)	119	141	169
Other non-current liabilities	0	0	0
Long-term provisions	6	8	6
Current liabilities	4,874	5,315	7,386
Short term borrowings	2,083	2,101	2,420
Trade Payables	2,338	2,610	4,612
Other current liabilities	451	599	347
Short-term provisions	2	4	7
Total Liabilities	7,941	9,420	12,128

Rs. Mn	FY16	FY17	FY18
Non-current assets	2,449	2,739	3,206
Fixed assets	2,193	2,450	2,727
Intangible assets	-	-	104
Goodwill on Consolidation	140	140	140
Long-term loans & advances	72	103	180
Other Non Current Assets	43	46	56
Current assets	5,491	6,681	8,921
Inventories	2,559	2,795	4,157
Trade receivables	2,786	3,084	4,241
Cash and bank balances	24	662	60
Other financial assets	11	14	12
Other current assets	112	126	451
Total Assets	7,941	9,420	12,128



Annexure

Shareholding Pattern



■ Promoters ■ Institutional holding ■ Non-institutional holding

Inorganic expansion



Vaigai Sanitation, a distributor of tiles, wood flooring, CP fittings and sanitary ware in Chennai



JP Sanitation, a distributor of sanitary products, such as sanitary-ware, tiles, and bathroom accessories in Bengaluru

Thank you!