

Shankara
Building Products Ltd.

SHANKARA
Buidpro
Building Materials and more

Investor Presentation

Q2 & H1 FY2024

November 9, 2023





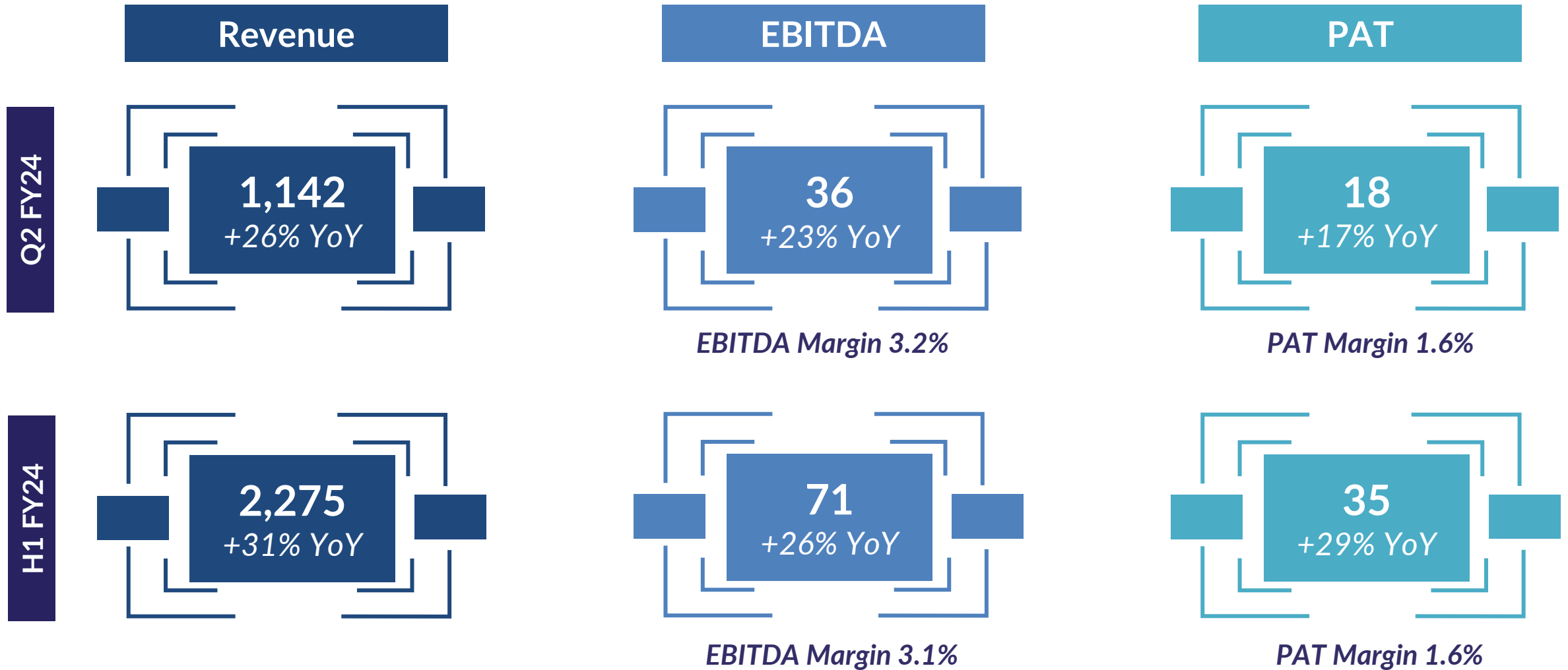
The statements contained in this document speak only as at the date as of which they are made and certain statements made in this presentation relating to the Company's objectives, projections, outlook, expectations, estimates, among others may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties and actual results may differ from such expectations, projections etc., whether express or implied. These forward-looking statements are based on various assumptions, expectations and other factors which are not limited to, risk and uncertainties regarding fluctuations in earnings, competitive intensity, pricing environment in the market, economic conditions affecting demand and supply, change in input costs, ability to maintain and manage key customer relationships and supply chain sources, new or changed priorities of trade, significant changes in political stability in India and globally, government regulations and taxation, climatic conditions, natural calamity, commodity price fluctuations, currency rate fluctuations, litigation among others over which the Company does not have any direct control. These factors may affect our ability to successfully implement our business strategy. The Company, may alter, amend, modify or make necessary corrective changes in any manner to any such forward looking statement contained herein and the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any statements contained herein to reflect any change in events, conditions or circumstances on which any such statements are based. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of the management of the Company on future events.



Mr. Sukumar Srinivas
Managing Director

“ We are delighted to report another quarter of resilient performance. Our revenues have surged by 31% YoY in H1 FY2024, with a 23% same-store sales increase, demonstrating a steady momentum, driven by our focus on customer experience, inventory management, customer engagement and digital integration. As part of Shankara 2.0, we have strategically introduced our private label, Fotia Ceramica catering to a diverse range of customers’ need in the tile segment. We are also evaluating opportunities for strategic collaborations in the digital landscape to enhance our existing omni-channel strategy and transforming our ecosystem with technology and innovation. Recently, we have received the balance payment towards warrant conversion by APL Apollo, further strengthening our enduring partnership for future growth. This equity infusion will be allocated towards debt reduction and operational requirements, bolstering the company's financial stability. ”

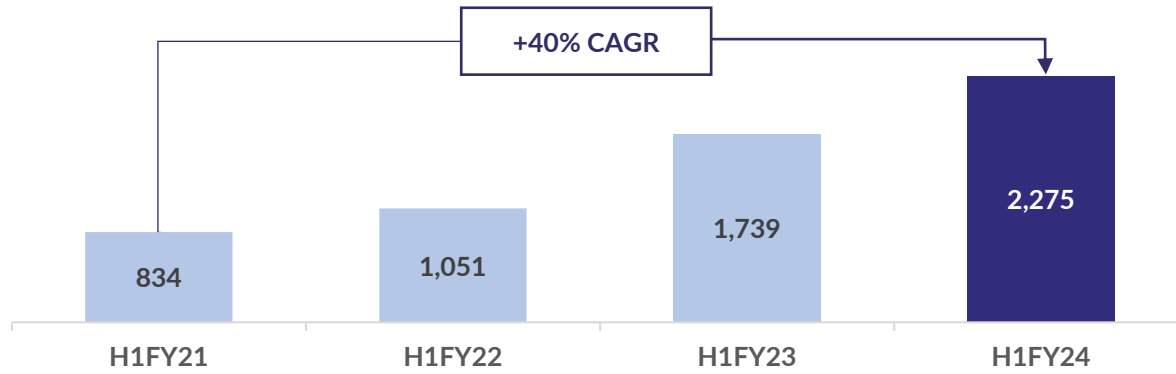
Q2 & H1 FY2024 HIGHLIGHTS



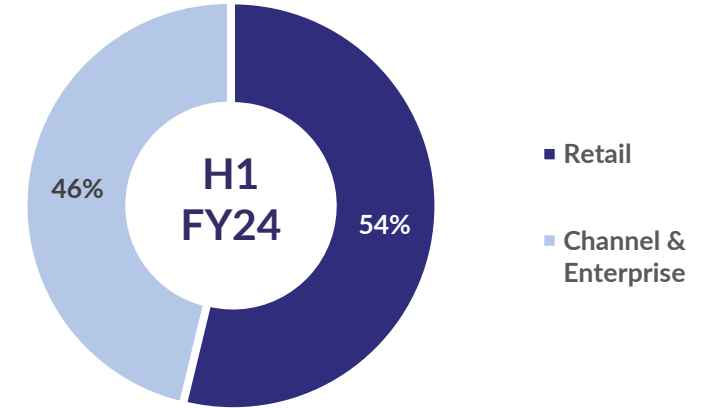
Figures in Rs. Crore

STRONG BUSINESS MOMENTUM CONTINUES

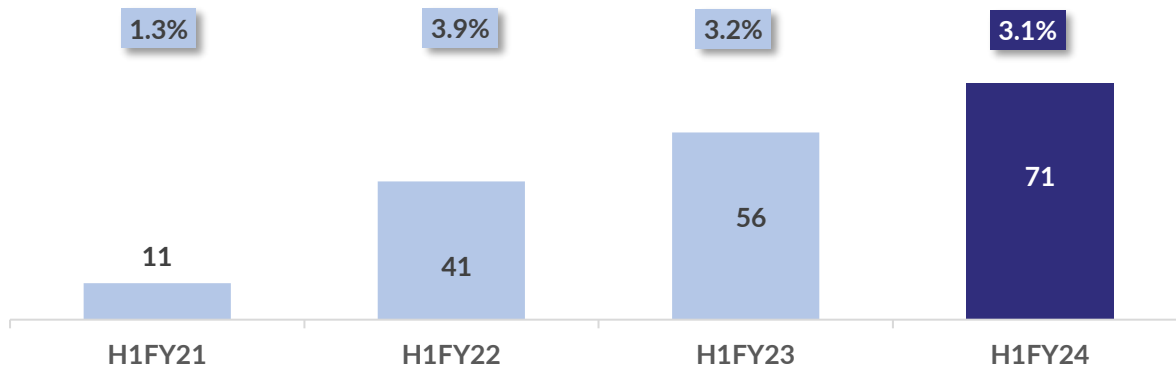
Revenue (Rs. Crore)



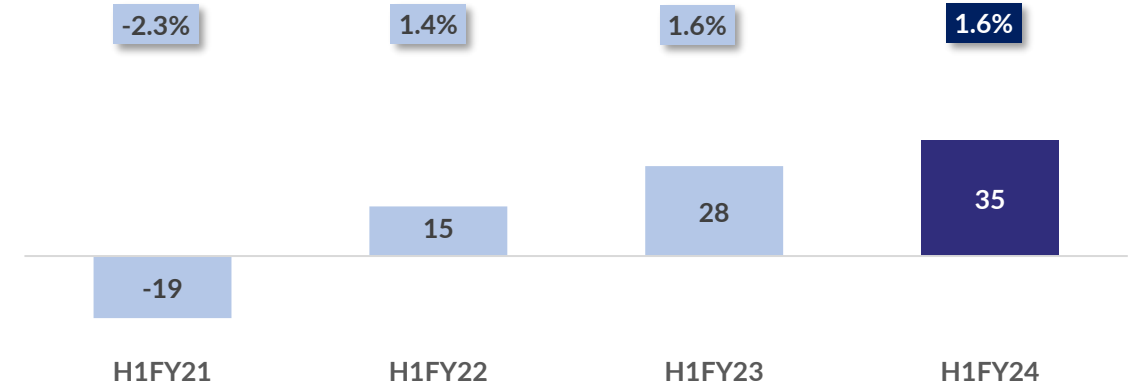
Revenue Mix (%)



EBITDA (Rs. Crore & Margin %)

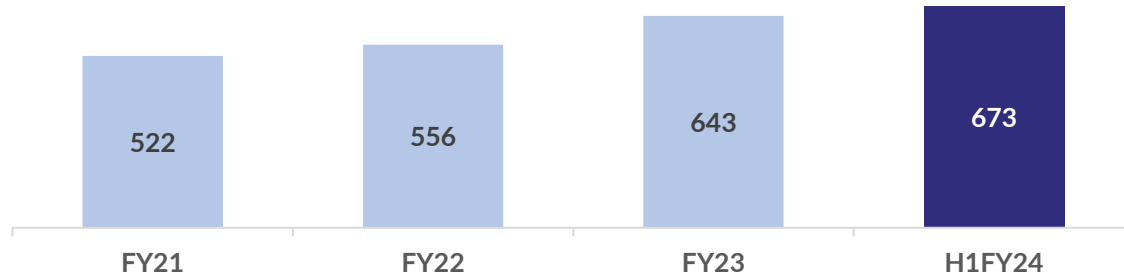


PAT (Rs. Crore & Margin %)

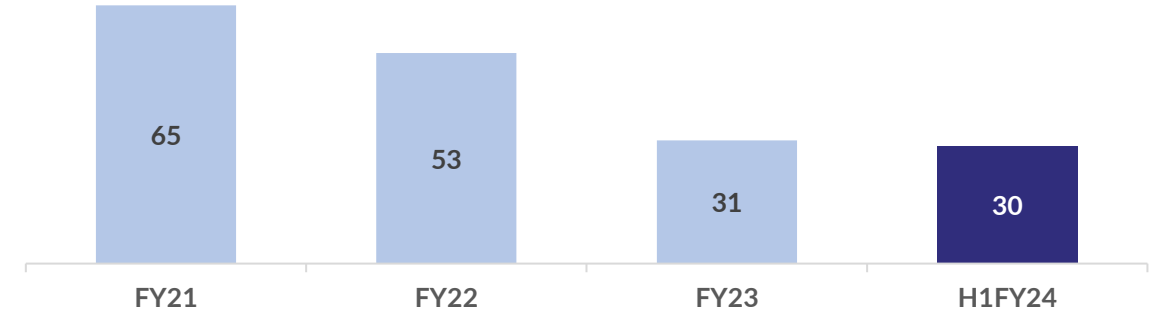


BALANCE SHEET REMAINS STRENGTHENED

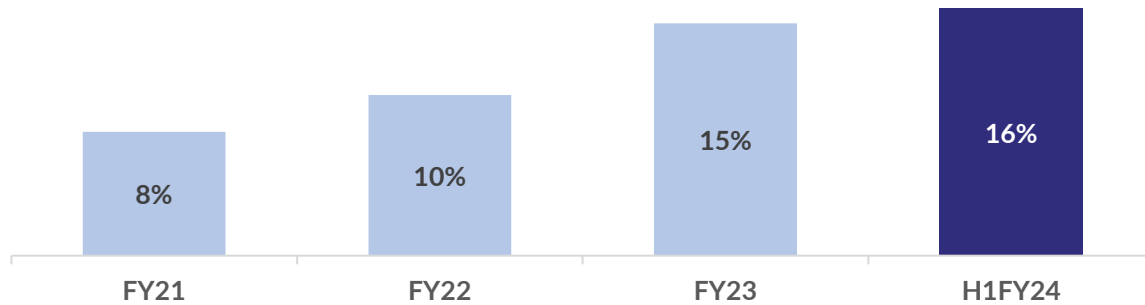
Net Worth (Rs. Crore)



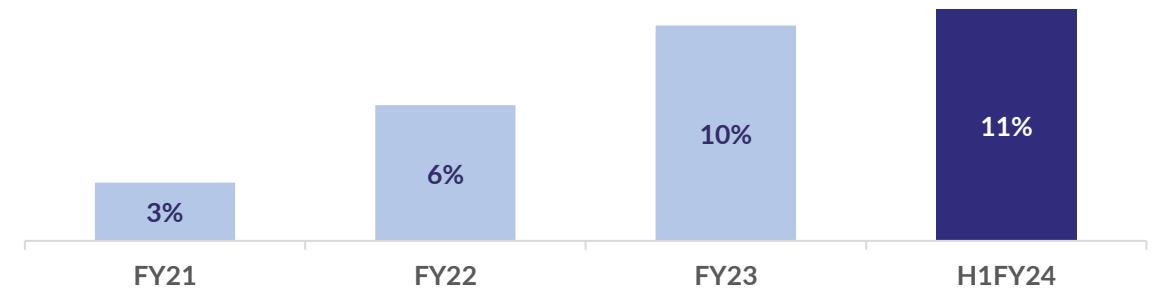
Working Capital Days



Return on Capital Employed



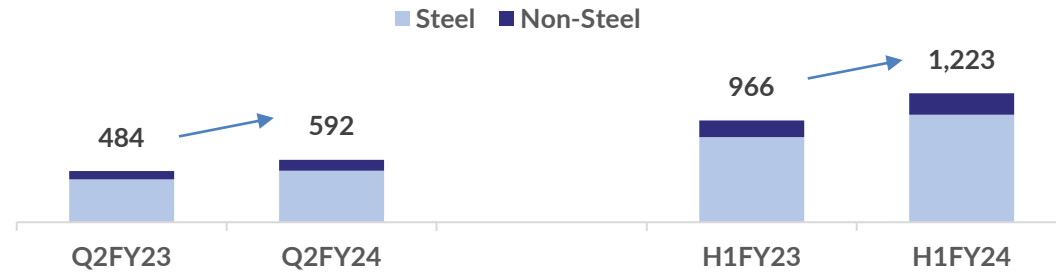
Return on Equity



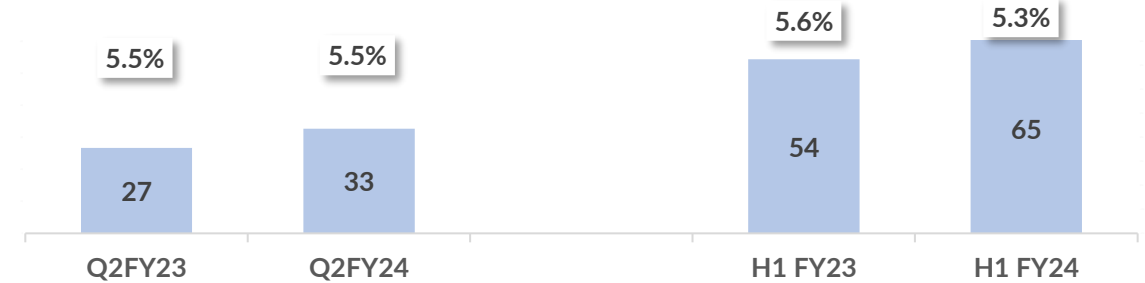
SEGMENTAL UPDATE

Retail

Revenue (Rs. Crore)

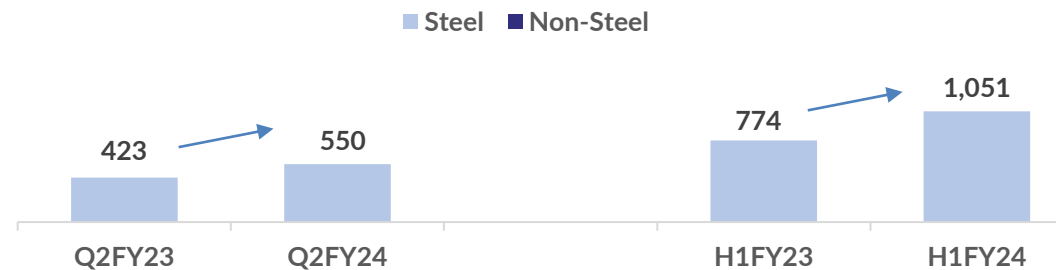


EBITDA (Rs. Crore)



Non-Retail

Revenue (Rs. Crore)



EBITDA (Rs. Crore)



Retail Business: Retail continues to perform well. We are focused to leverage the strength of the brands we deal with and our wide product portfolio to create a customer pull at all our stores. Company has achieved Same-store sales growth of 23% in H1 FY24

Non-retail Business: Channel and Enterprise business continues to be strategic for growth. This segment caters to the requirements of large end users, contractors and OEMs, primarily for their steel-related products presently

CONSOLIDATED PROFIT & LOSS STATEMENT

Particulars (Rs Crore)	Q2 FY24	Q2 FY23	Change YoY	H1 FY24	H1 FY23	Change YoY
Revenue from Operations	1,142	907	26%	2,275	1,739	31%
Other Income	1	3	(80%)	1	3	(68%)
Cost of Materials Consumed	1,076	853	26%	2,145	1,635	31%
Employee Expenses	14	12	13%	27	23	15%
Other Expenses	17	15	10%	33	28	17%
EBITDA	36	30	23%	71	56	26%
EBITDA Margin %	3.2%	3.3%		3.1%	3.2%	
Depreciation	4	4	2%	8	8	(2%)
Finance Cost	8	6	30%	15	12	24%
Profit before Tax	24	20	24%	48	36	34%
Tax	6	4	52%	12	8	49%
Profit after Tax	18	16	17%	35	28	29%
PAT Margin %	1.6%	1.7%		1.6%	1.6%	
Basic EPS (in Rs.)	7.97	6.79	17%	15.53	12.05	29%

CONSOLIDATED BALANCE SHEET

Particulars (Rs Crore)	Sep-23	Mar-23
Shareholders Equity	673	643
Non-current liabilities	31	40
Borrowings	21	27
Lease & Other Financial Liabilities	1	5
Deferred Tax Liabilities (Net)	9	9
Current Liabilities	728	608
Borrowings	101	56
Trade Payables	588	520
Lease & Other Financial Liabilities	15	12
Current Tax Liabilities (Net)	7	6
Other Current Liabilities & Provisions	16	14
Total Liabilities	1,432	1,292

Particulars	Sep-23	Mar-23
Non-current assets	307	301
Property, Plant & Equipment (incl. CWIP)	260	256
Investment Property	10	10
Right of use Assets	2	4
Goodwill & Intangible Assets	16	15
Trade Receivables	3	3
Other non-current assets	16	14
Current Assets	1,125	990
Inventories	470	425
Trade Receivables	582	511
Cash and bank balances	19	12
Other financial and current assets	55	42
Total Assets	1,432	1,292

SBPL at a Glance



SHANKARA'S EVOLUTION

Shankara

1995

Incorporated
as Steel Trading
Business by
Mr. Sukumar Srinivas



Integrated
warehousing facility
of 55,000 sq. ft. at
Bengaluru

ISO 9001:2008
certification

Shankara 1.0

2008

Retail Operations
were started with
first store in
Bengaluru



Acquisitions:
Vishal Precision Steel
Tubes & Pipes,
Centurywells Roofing,
Vaigai Sanitation, JP
Sanitation

Brands launched:
Ganga, Ganga Gold,
Century Roofing,
Taurus, Prince Galva
Plus & Loha

Publicly Listed in
2017

Shankara 2.0

2022

Omni-channel
Marketplace

"BuildPro" app,
1,00,000+ SKUs
across building
products life cycle



Expansion of product
portfolio to lighting,
paints, cladding &
exterior UPVC window
doors, plywood, modular
kitchen & wardrobes

Added Luxury brands in
our product portfolio

Launched inhouse brand
- Fotia Ceramica

Achieved Rs. 40+ bn
turnover

SHANKARA 2.0: AN OMNI-CHANNEL MARKETPLACE

Products

Omni-Channel Marketplace

Customers



Suppliers

125+ Brands across
Steel & Non-Steel
Building Materials

Retail Stores (91)



Warehouses (21)



Processing Facilities
(13)



Dealer Network
(2000+)



Customers

Widespread customer base
Smallest homeowner to
large contractors/developers

Our technology and services bring together suppliers and customers

ONE STOP MARKETPLACE FOR ALL BUILDING MATERIALS

Products

Omni-Channel Marketplace

Customers

Presence across the entire home construction and renovation lifecycle



Construction Materials

Steel Tubes, TMT, Cement, M-Sand, Scaffolding, Fabrication, Accessories



Plumbing & Sanitaryware

PVC Pipes & Fittings, Water Tanks, Sanitaryware, CP Fittings, Solar Heater



Flooring

Ceramic Tiles, Vitrified Tiles, Flooring Tiles, Wooden Flooring, Accessories



Electricals

Electrical Cable & Fittings, Switches, Decorative Lights, Fans, Heater



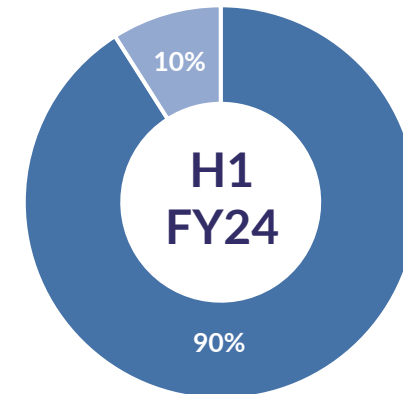
Interior-Exterior

Paints, ACP, Roofing, Cladding, Wallpaper, Plywood, Kitchen



Irrigation

Pumps/Motors, Sprinklers, Drip/Lift Irrigation, Borewell, Casing



Revenue Mix

- Steel Products
- Non-Steel Products

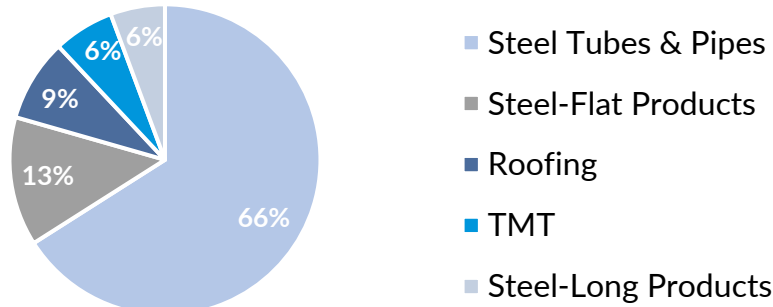
DIVERSE OFFERINGS ACROSS STEEL & NON-STEEL

Products

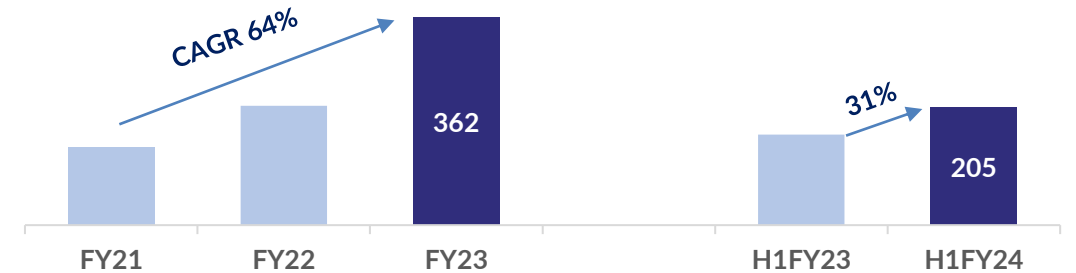
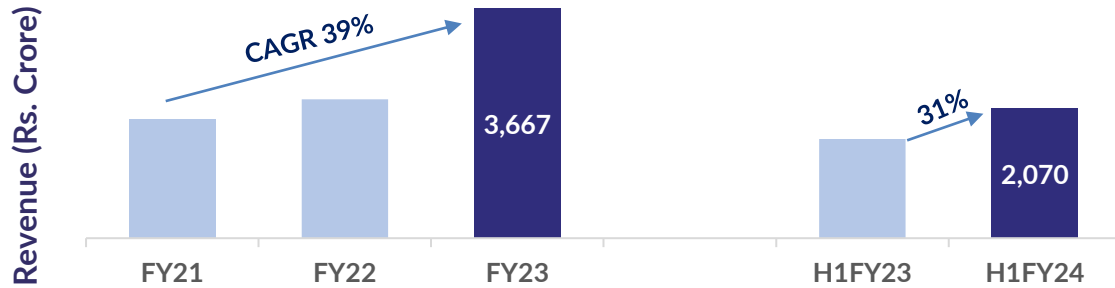
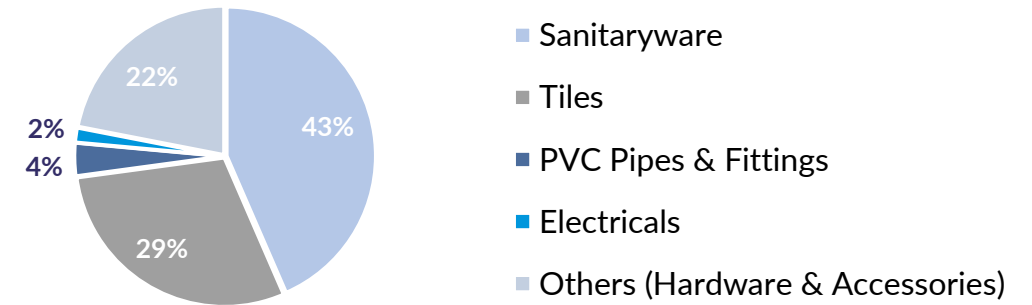
Omni-Channel Marketplace

Customers

Steel Products



Non-Steel Products



- ❑ Steel as well as non-steel business witnessing steady improvement in revenues, driven by expansion in product offerings and brand portfolio
- ❑ Steel business momentum continues driven by an improvement in construction activities and continuous infrastructure investment
- ❑ Shankara holds a prominent position in Steel Tubes & Pipes Business and is gradually expanding other products within steel building materials
- ❑ Non-steel business also witnessing strong growth driven by significant surge in home improvement and upgradation demand

LARGEST RETAILER OF LEADING BUILDING PRODUCT BRANDS

Products

Omni-Channel Marketplace

Customers

Strength of multi-brand tie ups

Seller/brand OEMs benefits from Shankara's wide distribution channel, access to larger customer base and ease of transactions

OMNICHANNEL PRESENCE

Products

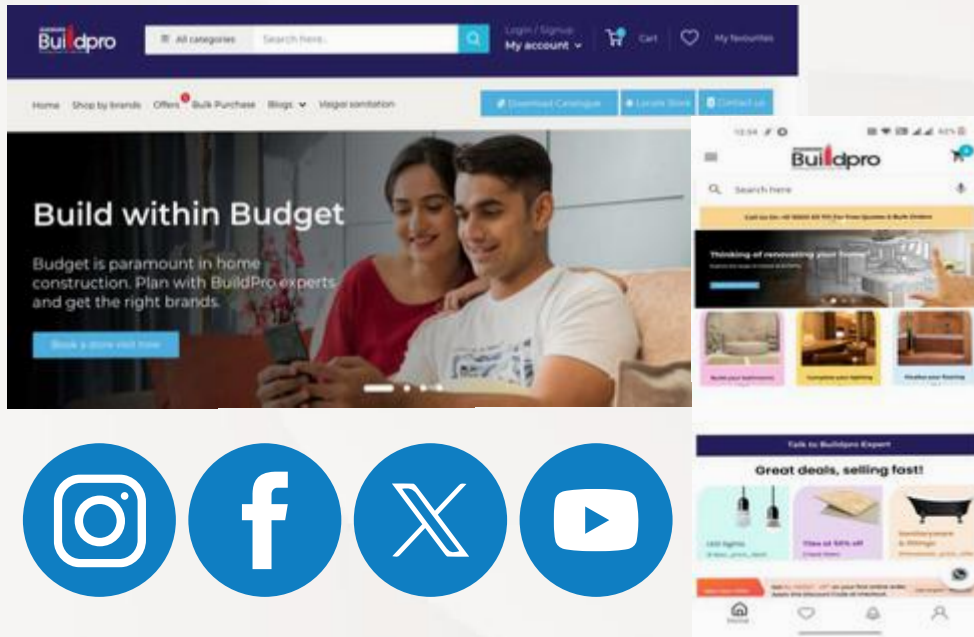
Omni-Channel Marketplace

Customers

Online Discovery of Wide Range of Products
Anytime, Anywhere



Offline Push through our Fulfillment Centers



With launch of “BuildPro” app and website, Shankara has evolved from a traditional marketplace to online marketplace
Ecommerce has enabled an online discovery platform for all building materials, leading to an increased footfalls at our fulfillment centers
Shankara is evaluating opportunities for strategic collaborations in the digital landscape to enhance our existing omni-channel strategy

STRONG NETWORK OF FULFILLMENT CENTERS

Products

Omni-Channel Marketplace

Customers

125

Fulfillment Centers
13.2 lakh sq ft



91

Retail Stores
4.6 lakh sq ft



21

Warehouses
5.0 lakh sq ft



13

Processing Units
3.6 lakh sq ft

Presence across

10/1

States/UT

Owned Fleet

75+

Trucks



Our strong network of fulfillment centers and our supply chain infrastructure supports smooth scaling up of business

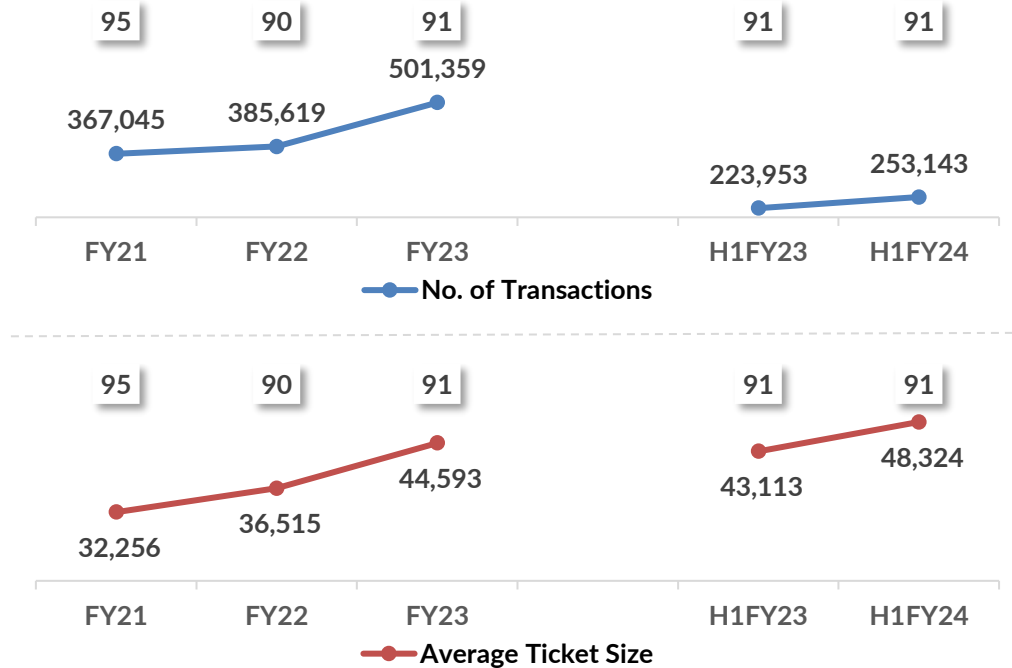
RETAIL: INCREASING THROUGHPUT FROM EXISTING NETWORK

Products

Omni-Channel Marketplace

Customers

Particulars	H1 FY24	H1 FY23	Change YoY
Retail Stores (No.)	91	91	-
Retail Area (lakh sq ft)	4.64	4.58	1%
No. of Transactions	2,53,143	2,23,953	13%
Average Ticket Size (Rs.)	48,324	43,113	12%
Retail Revenue (Rs. Crore)	1,223	966	27%
Retail EBITDA (Rs. Crore)	65	54	20%
Average Rental Cost (per sq ft per month)	16.9	16.3	4%



- Same Store Sales Growth (SSSG) of 23% in H1 FY24
- Average ticket size has grown by 12% YoY with newer products/categories at existing stores

WIDESPREAD CUSTOMER BASE

Products

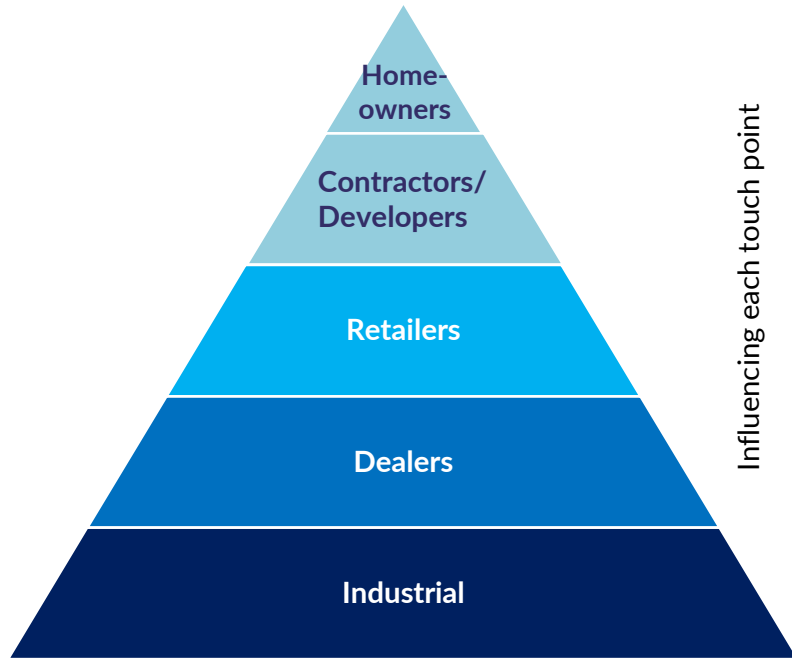
Omni-Channel Marketplace

Customers

Widespread customer base and reach across all touchpoints in a construction lifecycle

Small

Large



Influencing each touch point

Fabricator
Plumber
Architect
Engineer
Painter
Electrician



MARKETING INITIATIVES

Products

Omni-Channel Marketplace

Customers

Influencer Meets



Exhibitions



Conferences & Events



Build with BuildPro



Products

Omni-Channel Marketplace

Customers

OUR VALUED CLIENTS



Prestige Group



Brigade Group



Sobha Developers



L&T



Casa Grand



Murugappa Group



KEC



Shapoorji Pallonji



Appaswamy



Pennar Industries



NCC



Johnson



HNI India



Kempegowda



Tata Motors



Nilkamal



Total Environment



Spacewood



Expansion of Non-Steel Business

- ✓ Business aspirations to make this **25% of total revenue** in next 4-5 years

01

Leveraging Distribution Channel

- ✓ Cross sell opportunities at existing fulfillment centers and penetration further in existing as well as newer geographies

02

Transforming Ecosystem with Technology and Innovation

- ✓ Greater Online Presence & **Tech Driven Customer Acquisition** and Retention

03

Strengthening Balance Sheet

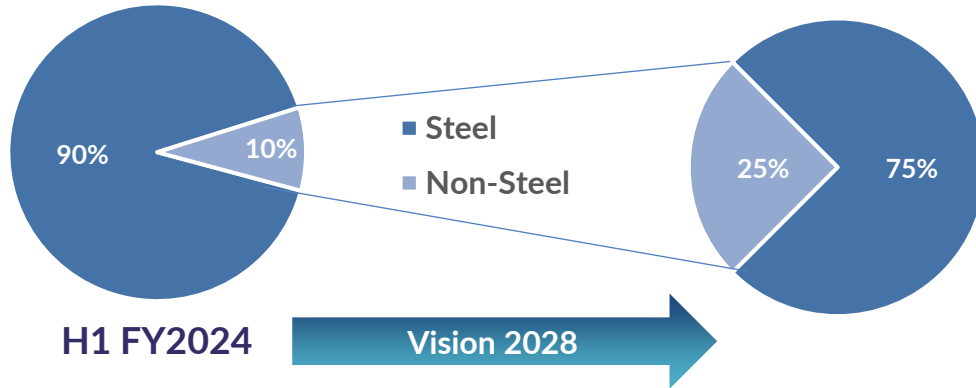
- ✓ **Capital efficient business model** to drive improvement in the return indicators

04

CORE
STRATEGIES
FOR THE
FUTURE

EXPANSION OF NON-STEEL BUSINESS

High margin non-steel business to drive EBITDA margins



- ❖ Shankara is scaling up presence in fast growing and value-added non-steel business, with increase in product categories and brands
- ❖ Aimed to increased cross selling opportunities at existing fulfillment centers and leveraging existing customer relationships to sell our expanded range of products
- ❖ Fotia Ceramica, our private label, is a strategic expansion catering to diverse range of customers' building needs in the tile segment
- ❖ Next generation is driving the growth in this segment
- ❖ Non-steel business expansion to drive blended EBITDA margin improvement in the coming years

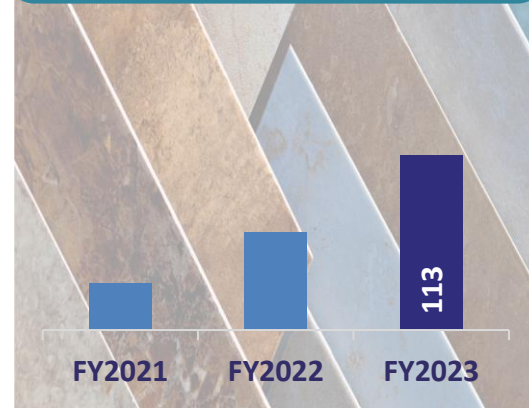
TAM

Shankara's Share
(Rs. Crore)

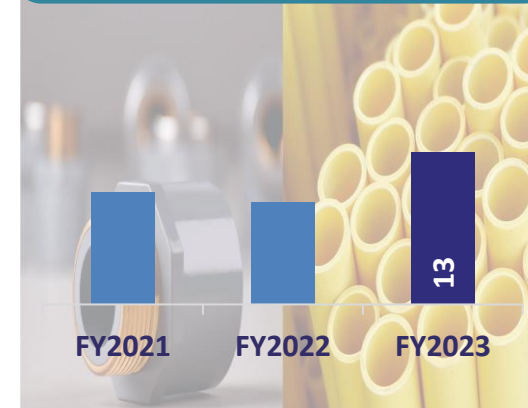
Sanitaryware
~Rs. 18,000 Crore



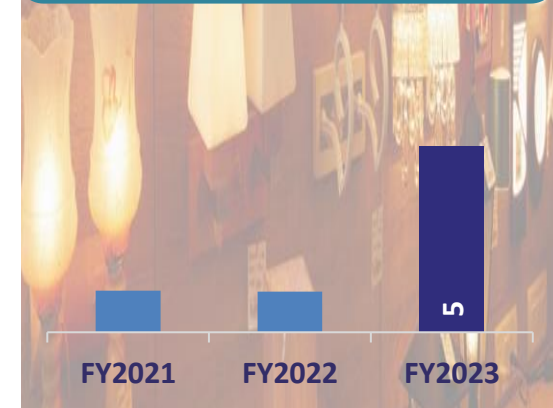
Tiles
~Rs. 45,000 Crore



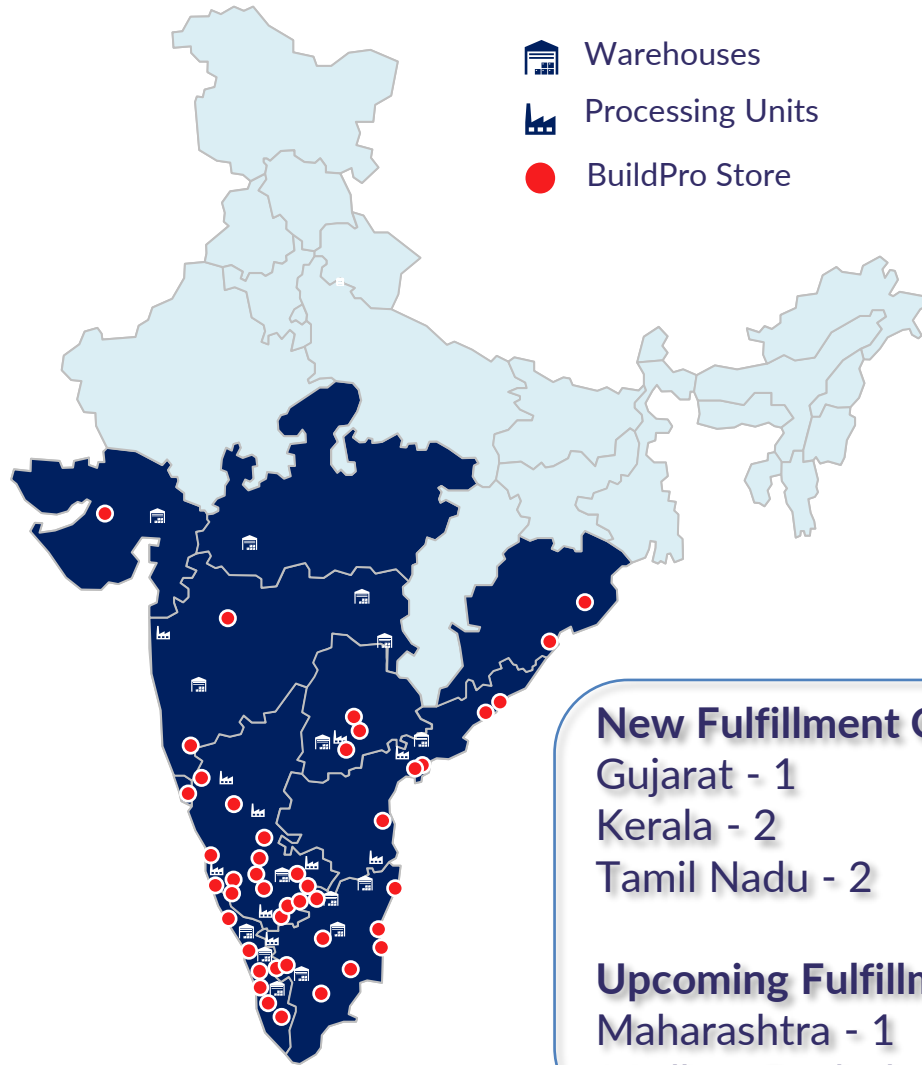
PVC Pipes & Fittings
~Rs. 40,000 Crore



Electricals
~Rs. 70,000 Crore



LEVERAGING DISTRIBUTION CHANNEL

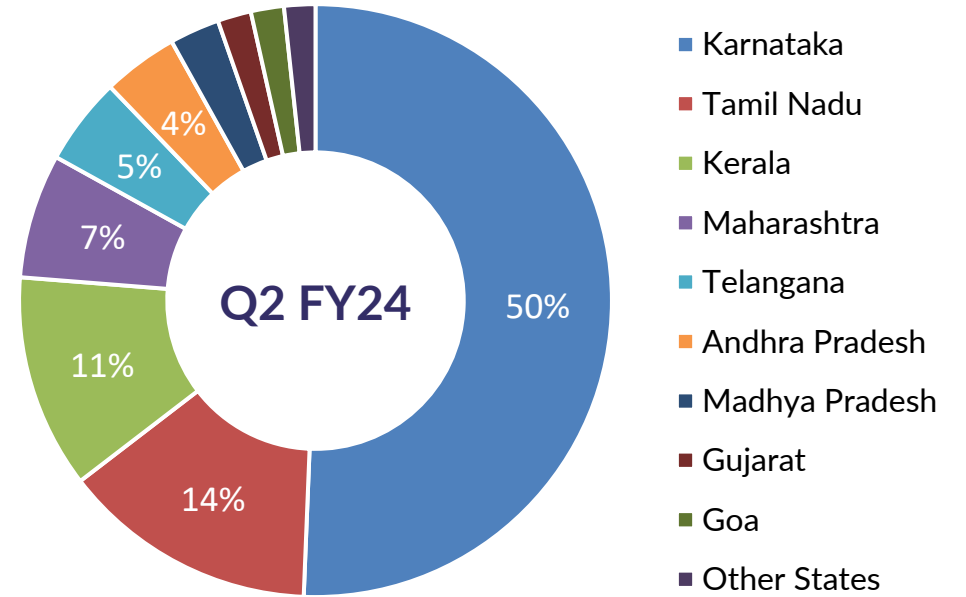


10/1
States/UT

45
Cities

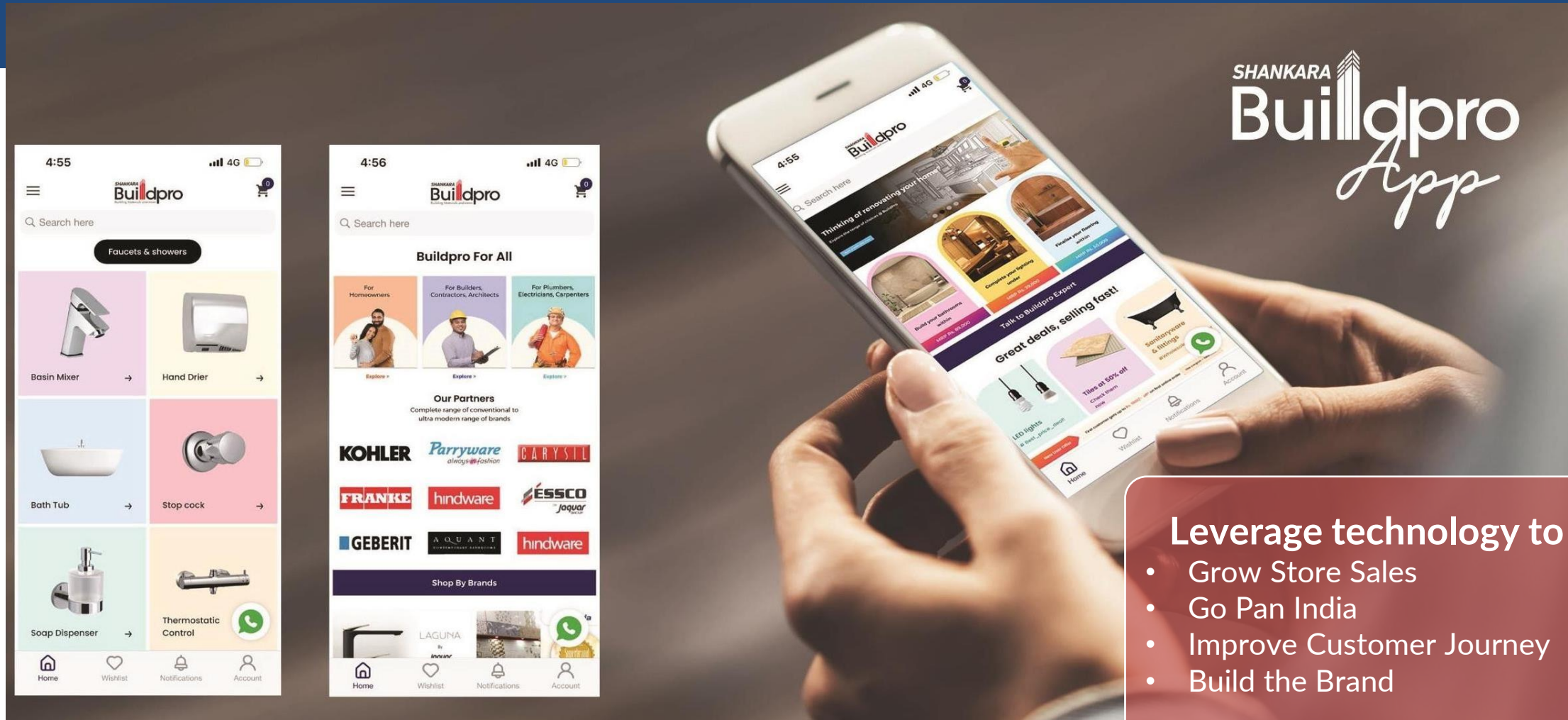
New Fulfillment Centers in H1
 Gujarat - 1
 Kerala - 2
 Tamil Nadu - 2

Upcoming Fulfillment Centers
 Maharashtra - 1
 Madhya Pradesh - 1



- ❖ Our cluster-based distribution network has helped deepen our penetration in Southern states, while also growing in Maharashtra and Madhya Pradesh
- ❖ Shankara is focused at harnessing its distribution network to market newer products and categories, to enable higher revenues from our existing fulfillment centers

TRANSFORMING ECOSYSTEM WITH TECHNOLOGY AND INNOVATION



Leverage technology to

- Grow Store Sales
- Go Pan India
- Improve Customer Journey
- Build the Brand

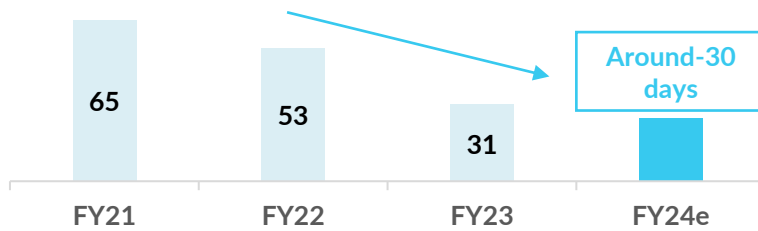
- Focus on technology & digital marketing, with Shankara BuildPro app ([Google Play](#) & [App Store](#)) and [website](#)
- Move towards greater online presence & focus on tech driven customer acquisition and retention
- Technology will be a key enabler for Pan India expansion in the coming years
- Evaluating opportunities for strategic collaborations in the digital landscape to enhance our existing omni-channel strategy

STRENGTHENING BALANCE SHEET



EFFICIENT WORKING CAPITAL MANAGEMENT

- Strengthen relationship with key suppliers to ensure credit availability from suppliers, and build a robust supply chain to ensure efficient and faster delivery, optimizing inventory levels; all aimed to efficiently maintain its working capital at ~30 days

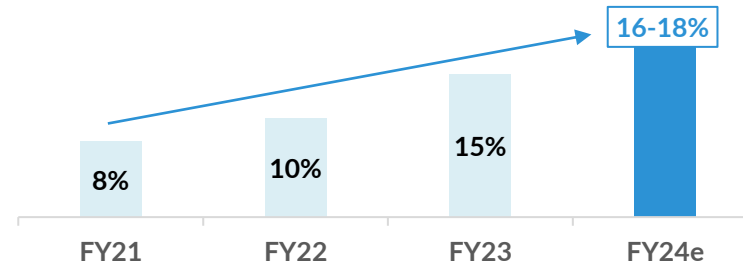


Working Capital Days



ASSET-OPTIMIZED BUSINESS MODEL

- Retail expansion through leased outlets, resulting in asset light operations and improved return indicators
- Company is committed to unlock value of non-core assets by optimizing utilization, monetization and strategic growth

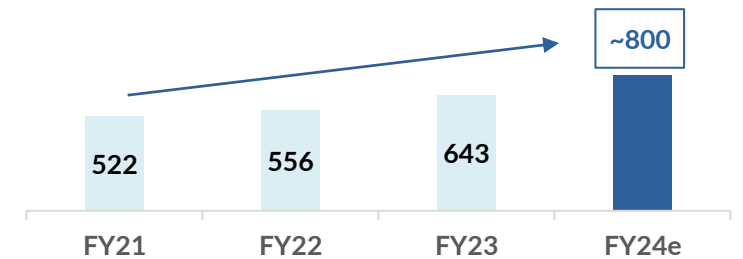


RoCE Expansion



EQUITY INFUSION

- On November 2, 2023, APL Apollo subscribed to the balance 75% of the warrants, with payment of Rs. 78.75 crore, reinforcing the company's liquidity and capital base



Strengthening of Capital Base

Thank You

Shankara Building Products Limited

CIN: L26922KA1995PLC018990

Mr. Alex Varghese, Chief Financial Officer

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www.shankarabuildpro.com

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