

Date: 18th December, 2023

To
Department of Corporate services
BSE Limited
1st Floor, New Trading Ring,
Rotunda Building, Phiroze Jeejeebhoy
Towers, Dalal Street, Fort,
Mumbai-400001
Scrip Code: - 540425

To
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-1,
G Block, Bandra Kurla Complex,
Bandra (E)
Mumbai- 400051
Symbol- SHANKARA

Sub: - Investor's presentation-Demerger update

Dear Sir/Madam,

Please find enclosed Investor's Presentation for Demerger update pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015.

You are requested to take note of the same.

Thanking You.

Yours faithfully
For **Shankara Building Products Limited**

Digitally signed by EREENA VIKRAM
DN: cn=EREENA VIKRAM c=IN
o=PERSONAL
Date: 2023-12-18 18:38+05:30

Ereena Vikram
Company Secretary & Compliance Officer

Investor Presentation Demerger Update

Creating two distinct focused entities

December 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.

Over these years, Shankara has evolved from a steel distributor to a leading omnichannel marketplace for all building materials.....



1995
Shankara

Incorporated as **Steel Distributor** by **Mr. Sukumar Srinivas**

Integrated **warehousing** facility of 55,000 sq. ft. at Bengaluru
ISO 9001:2008 certification



2008
Shankara 1.0

Retail Operations were started with first store in **Bengaluru**

Acquisitions: Vishal Precision, Centurywells Roofing, Vaigai Sanitation, JP Sanitation
Brands: Ganga, Ganga Gold, Century Roofing, Taurus, Prince Galva Plus & Loha
Publicly Listed in 2017



2022
Shankara 2.0

Omni-channel Marketplace – Launch of “BuildPro” app
1,00,000+ SKUs across building products life cycle

Expansion of product portfolio to lighting, paints, cladding & exterior, UPVC window doors, hardware, modular kitchen & wardrobes
Added **Luxury brands** in our product portfolio
Launched **inhouse tiles brand** – **Fotia Ceramica**
Achieved Rs. 4,000+ Cr turnover

Current Presence


**10 states and
1 UT**


**125 Fulfilment
Centres**


**1,00,000+
SKUs**

FY23 Operational metrics


**55:45
Retail/Non-Retail**


**59%
SSSG**


**90:10
Steel/Non-steel**

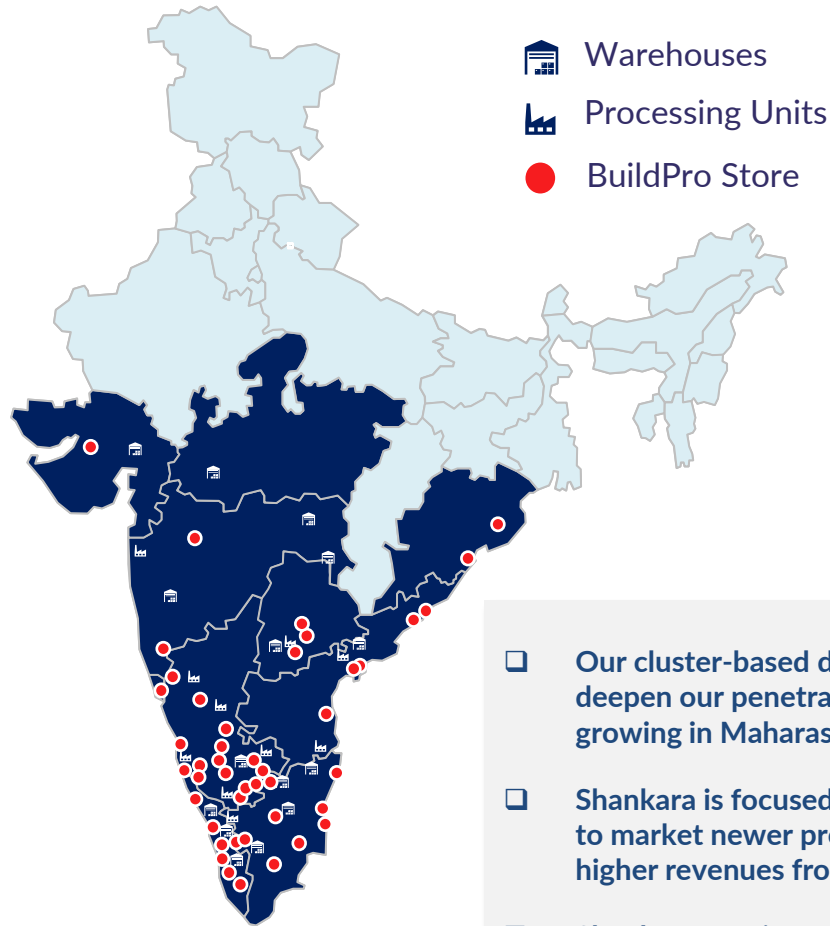
FY23 Financial metrics


**Revenue
INR 4,030 cr**
**67%
YoY Growth**


**PAT: INR 63 cr
(1.6% Margin)**
**84%
YoY Growth**


**Working Capital
31 days**
**15%
RoCE**

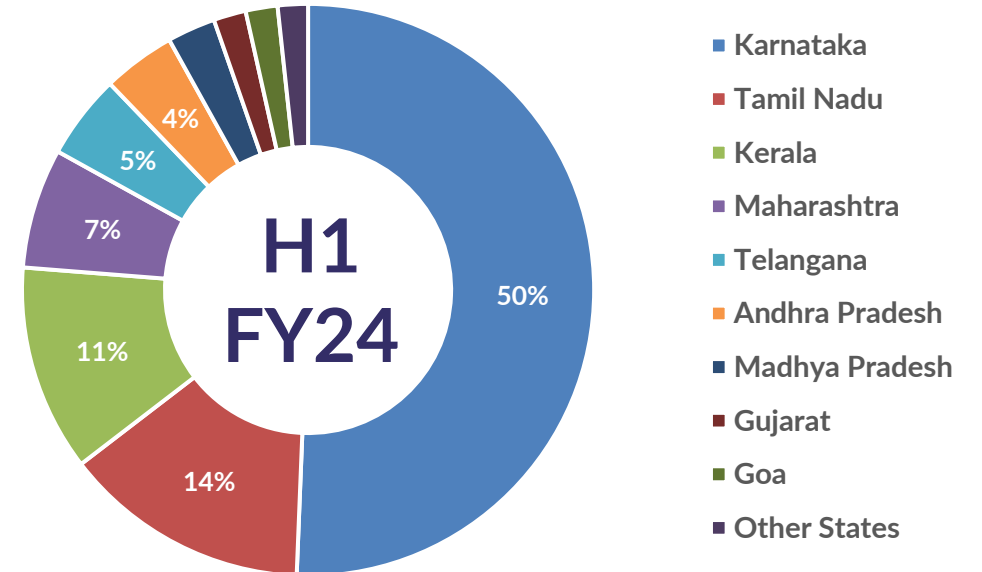
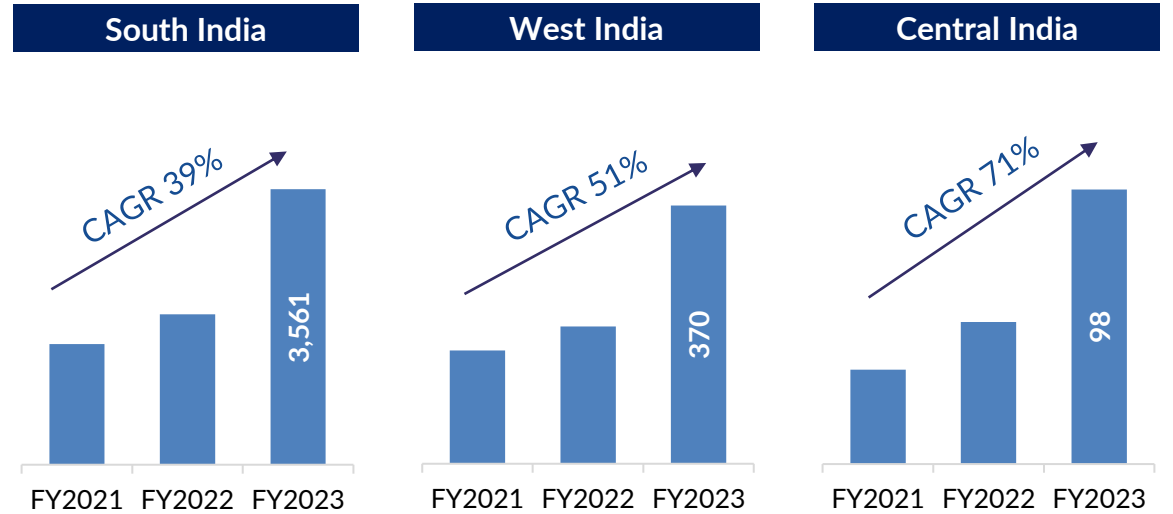
.....with a dominant position in South and expanding presence in other regions



10/1
States/UT

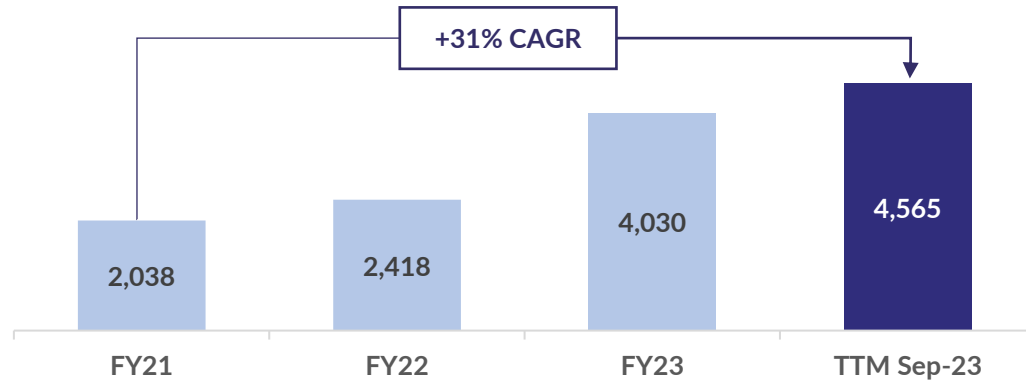
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Cities

- 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
- Shankara continues to build a strong presence in South India as well as expanding to other regions of the country in line with its long-term vision to become a pan India building materials company

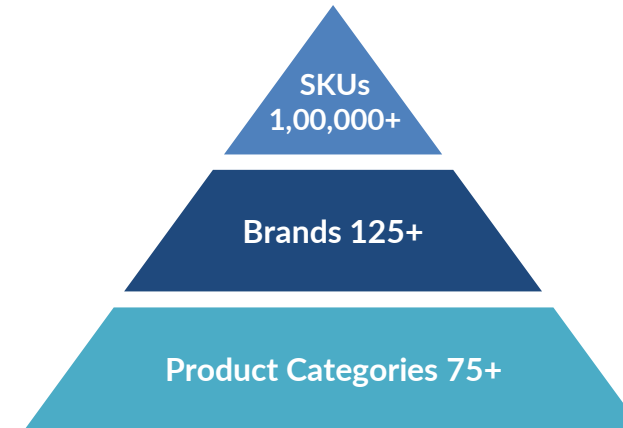


Leading to healthy growth in top-line, while consciously building a diversified business model

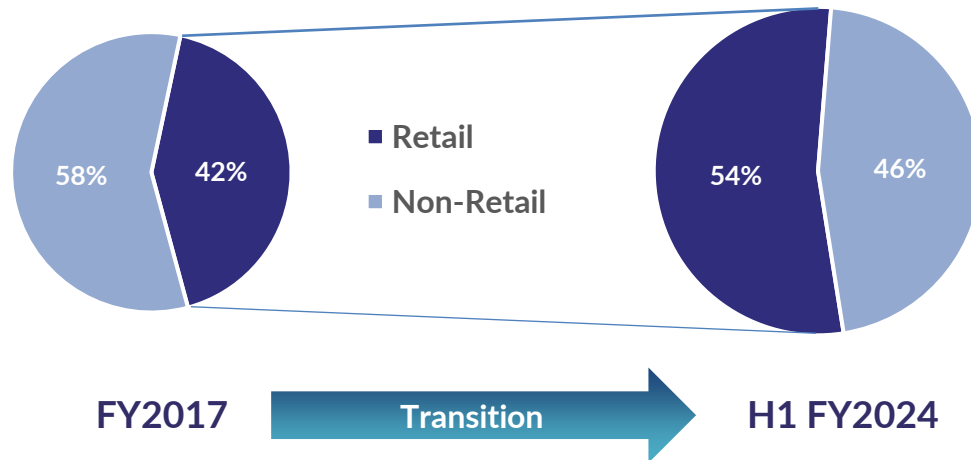
Healthy growth in revenue over these years...



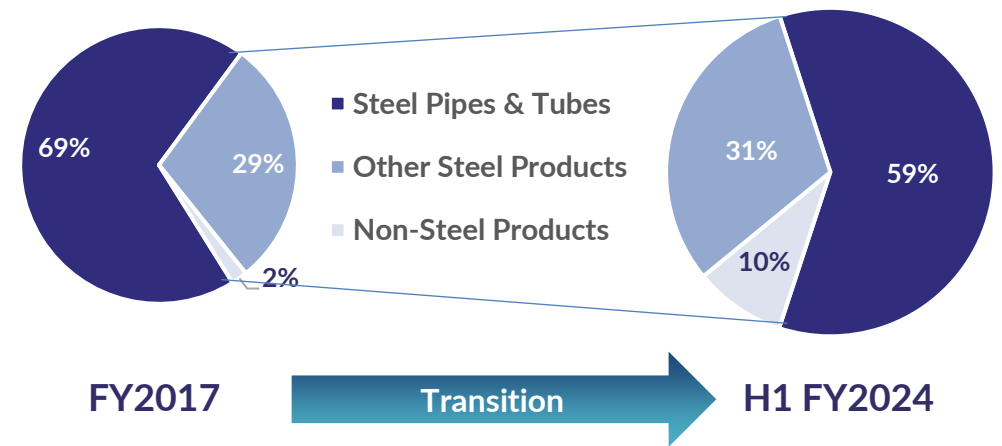
...aided by track record of consistent product addition



Streamlined revenue distribution across segments for broad customer exposure across the construction value chain



Expanding presence in non-steel and value-added steel products for revenue mix optimization



However, lower profitability and high capital employed of manufacturing business has dragged the key performance metrics of the overall business



FY23	Building Materials Marketplace			Manufacturing (Steel & allied products)		Consolidated
	Steel	Non-Steel				
Revenue	~Rs. 2,901 Cr	~Rs. 362 Cr		~Rs. 767 Cr		Rs. 4,030 Cr
EBITDA Margin	3-3.25%	5-5.5%	+	1.7-2.1%	=	3.1%
RoCE	~27-28%			~4-5%		15%

Considering this, Shankara is being demerged 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 will be a focused listed entity for traditional Manufacturing business



Dedicated vertical for the growth of Omnichannel marketplace with focused attention



Efficient management control and pursuing independent growth strategies



Expect to unlock significant value for shareholders

Shareholders get exposure to pure-play building materials marketplace business, with an opportunity to participate in Shankara's omni-channel growth story

Benefits



Enhanced financial
and operational
efficiency



Streamlined
organization and
corporate structure

Impact on Building Materials marketplace

- Agile** and focused business
- Dedicated efforts towards **improving the product mix** towards non-steel and value-added steel

- Asset-light approach** with segregation of the manufacturing business
- Contributing to **better return indicators**

- Enables **better understanding** of each of the listed entity by the analyst and investor community
- Both the companies can have its own set of **likeminded investors**
- The segregation will enable **necessary funding impetus to the long-term growth strategies**

- Focused board and management** aligned with specific interests and goals of their businesses
- Directing resources and **management attention** towards **value-adding growth avenues**
- New generation** to take the **lead** of building materials marketplace

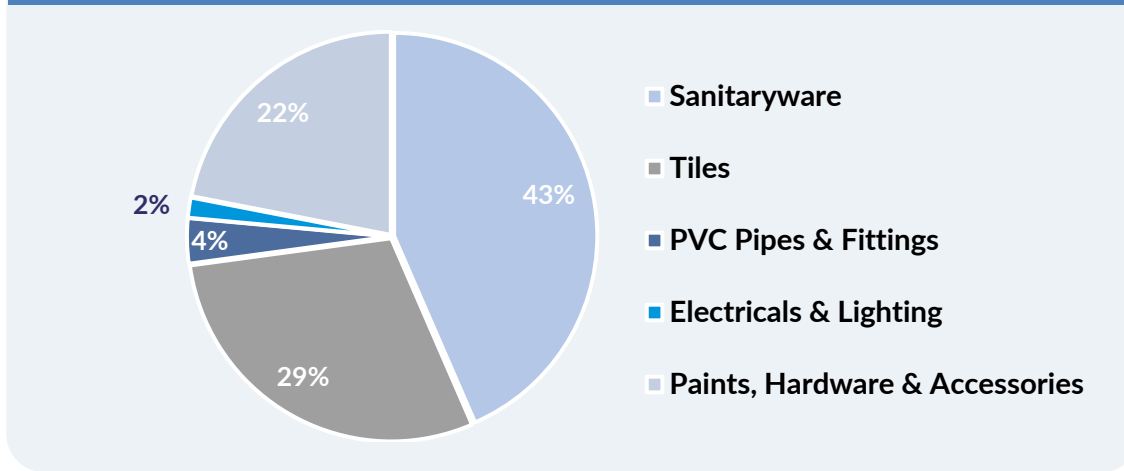
Impact on Manufacturing entity

- Optimization of utilization/monetization** of its existing facilities
- Chart strategic growth trajectory independently

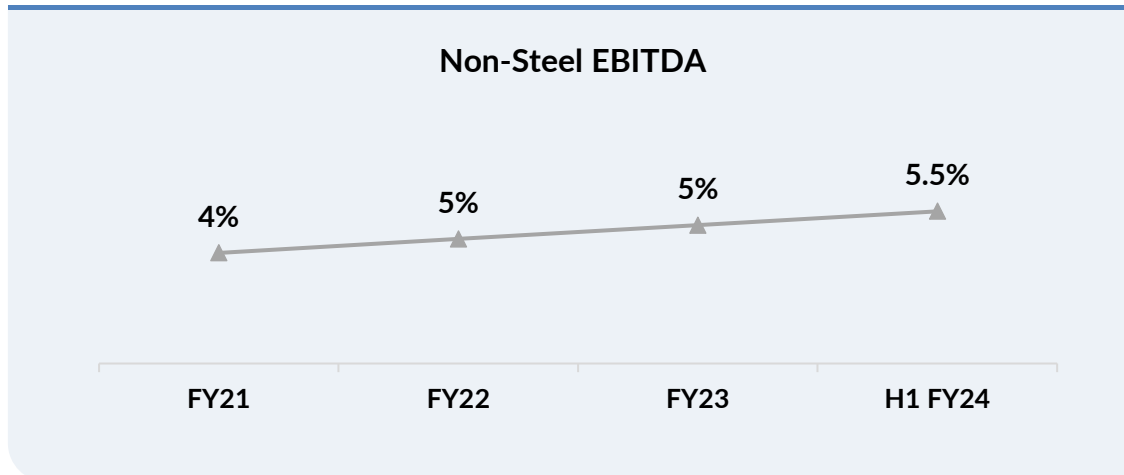
- Streamlining manufacturing cost structure**
- Faster turnarounds**, to boost overall operational efficiency

With segregation, the Building Materials marketplace to strategically focus towards growth of non-steel business in the coming years

Expanding our non-steel portfolio, with addition of new products...



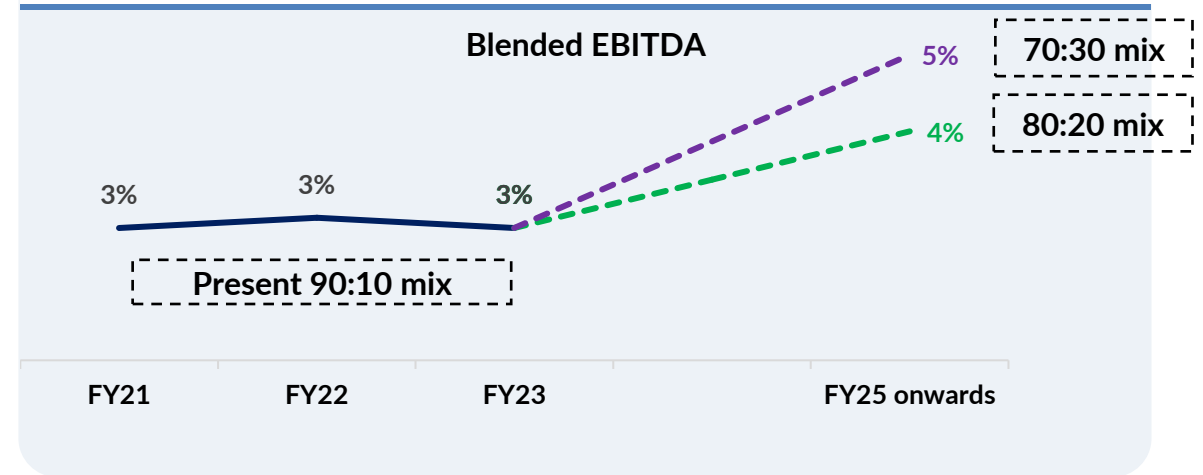
Hence, focus is to grow the non-steel business more rapidly in the coming years, given the high value-adding nature of this segment



...significant runaway to expand our market share in all our product categories

Product Category	TAM (Rs. Crore)	Shankara's Revenue* (FY23)
Sanitaryware & Fittings	~18,000	150
Tiles	~45,000	113
PVC Pipes & Fittings	~40,000	13
Electricals & Lighting	~70,000	5
Paints & Coatings	~75,000	4

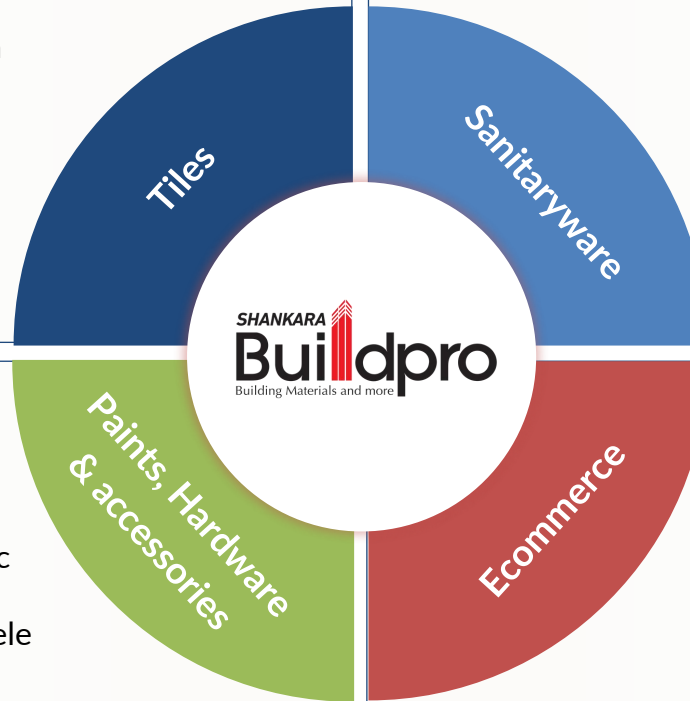
At various scenarios, our blended EBITDA margins, assuming status quo margins for steel & non-steel could potentially look as below



Strategic initiatives aimed at improving value-added product mix

- ❑ Fotia Ceramica, our private label, is a strategic expansion in the tile segment
- ❑ After successful ramp up in Kerala, Fotia is expanding in Karnataka, Tamil Nadu, Maharashtra & other Southern regions
- ❑ Focus on flagship stores in Bangalore and Chennai to display luxury, imported and handmade tiles

- ❑ Launch of store-in-store with Nippon Paints
- ❑ Added Modular Kitchens and Wardrobes with Panasonic
- ❑ Added Appliances with Faber, Carysil, Siemens and Hafele
- ❑ Added German Engineered Wooden Doors with Wesmarc
- ❑ Added Hardware with Hafele & other reputed brands



- ❑ Strengthening our premium range with addition of brands like Duravit, Hans Grohe, Kohler & Grohe
- ❑ Focus on Italian Imported Bathrooms under brand, Involgia

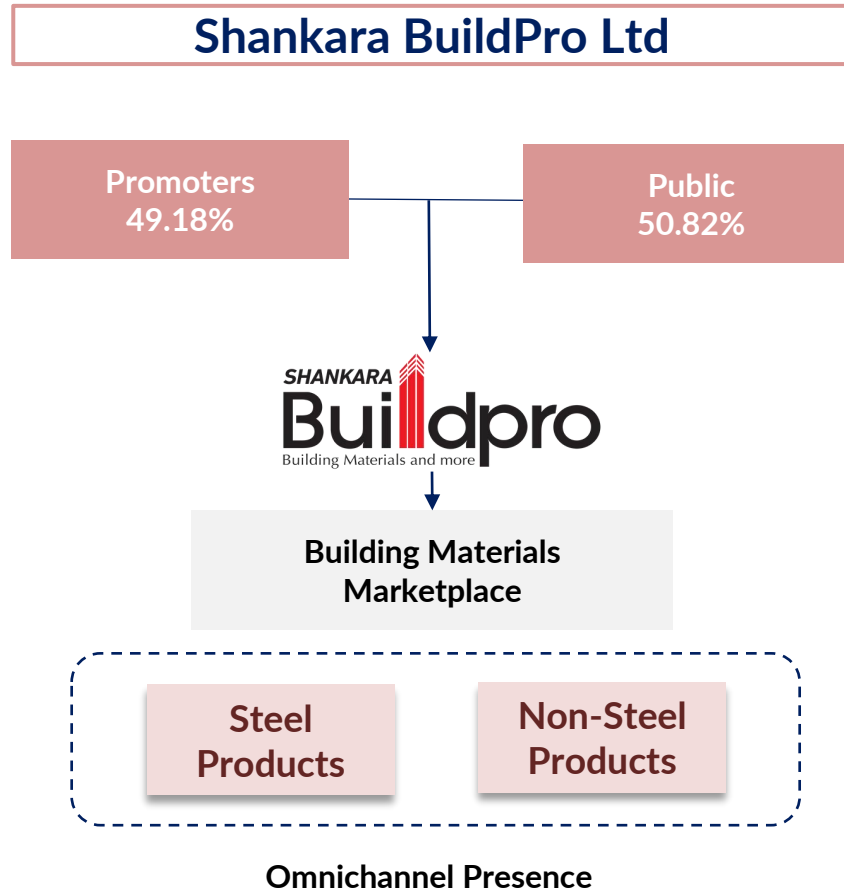
- ❑ Re-designing Buildpro.store to be a comprehensive building material solution for our customers
- ❑ Creating a marketplace to bring customers, services & products together
- ❑ Working on a loyalty program for customers and influencers to entice them to remain with BuildPro for their entire building lifecycle

.....allowing for potential value unlocking of building materials marketplace

Better performance across key metrics post-segregation, will enable a potential re-rating of the building materials marketplace

Financial Metrics	Pre-segregation (FY2023) (Building Materials Marketplace + Manufacturing)	Post-segregation (Building Materials Marketplace)	
Revenue Mix	Steel - 90% & Non-Steel - 10%	Steel - 80% & Non-Steel - 20%	✓
EBITDA Margins	3.1%	3.6-4.0%	✓
PAT Margin	1.6%	2.0-2.5%	✓
Working Capital	31 days	Around 30 days	✓
RoCE	15%	30%+	✓
ROE	10%	25%+	✓
	FY2023	FY2025e	

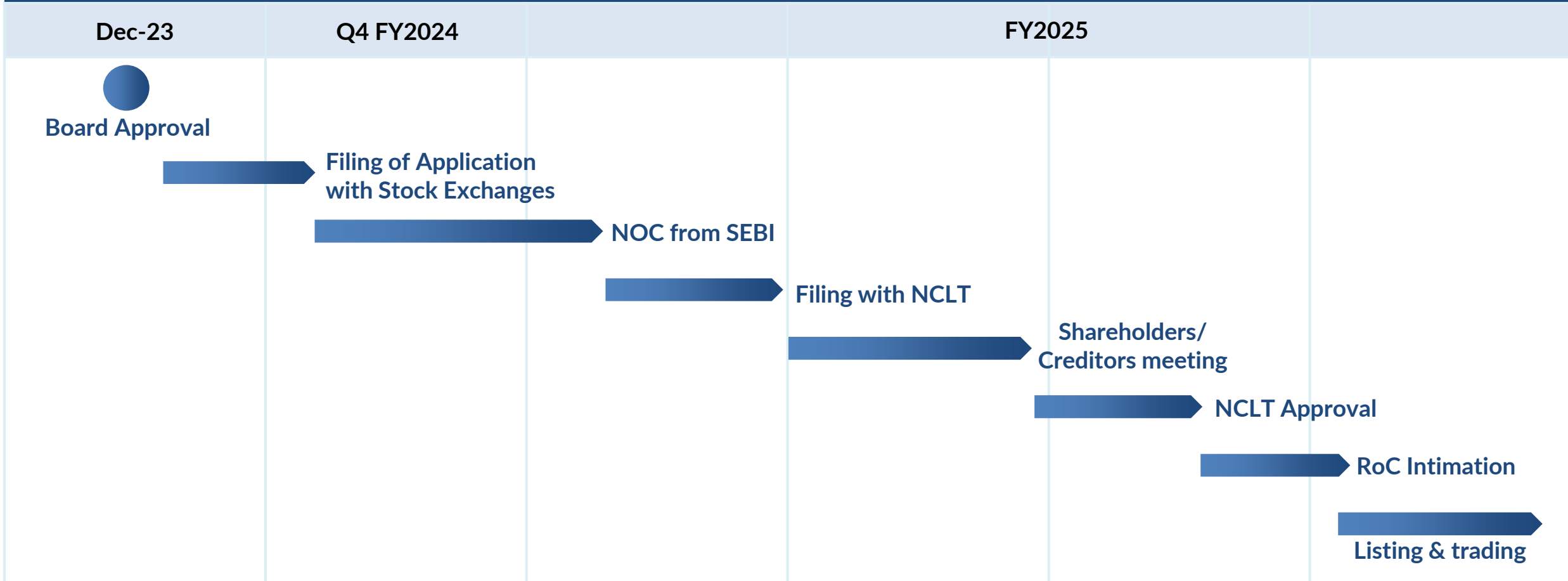
Post-Segregation Structure



Shankara Building Products shareholders' get one share of Shankara BuildPro for each share held in SBPL
Upon completion of demerger, the shares of Shankara BuildPro will be listed on the NSE & BSE
Thus, resulting in no change in shareholding due to demerger

Implementation Timeline

Estimated Timeline for the demerger: 10-14 months after Board Approval



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

Vision to create a leading ecosystem for all building materials



Strengthening the return indicators

Segregation of manufacturing business, to result in asset light approach for business materials marketplace



Thrust towards value adding business

Building materials marketplace to strategically focus towards growing non-steel business more aggressively than steel business



Building a Pan India presence in the long run

Technology to be a key enabler of Pan India expansion in the coming years, with a focus on tech driven customer acquisition and retention



Focused Management Team

Allowing independent decision-making to chart growth roadmaps independently, with dedicated business and vertical heads for each segments



Optimization of manufacturing business

Committed team to independently chart strategic growth trajectory via turnaround, optimal utilization and monetization of existing facilities

Thank You

Shankara Building Products Limited

CIN: L26922KA1995PLC018990

Mr. Alex Varghese, Chief Financial Officer

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