

**Everest Industries Limited**  
**Q3 FY19 Conference Call**  
**Jan 29<sup>th</sup>, 2019**

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**Moderator:** Ladies and gentleman, Good day and Welcome to the Q3FY19 Conference call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing \* then 0 on your touch tone phone. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you Mr. Sonpal.

**Anuj Sonpal:** Thank you Bharat. Good morning everybody and a warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the investor relations of Everest Industries Limited. On behalf of the company and Valorem Advisors I would like to thank you all for participating in the company's earnings conference call. For Q3 FY19.

Before we begin, as always, I would like to mention short cautionary statement. Some of the statements made in today's earnings conference call would be forward looking in nature. Such Forward looking statements are subject to risks and uncertainties. Which could cause actual results differ from those anticipated. Such statements are made management beliefs as well as the assumptions made by the information currently available to the management. Audiences are cautioned not to place undue reliance on these forward-looking statements. In making any investment decision. The purpose of today's conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review. I would like to introduce you to the management participating with us in today's earnings conference call. We have with us Mr. Manish Sanghi – MD, Mr. Nikhil Dujari – CFO. Without much a due I request Mr. Sanghi to give his opening remarks. Thank you and over to you sir.

**Manish Sanghi:** Good morning and thank you Anuj for the introduction. We would like to welcome you to the earnings conference call for Q3 FY19. The company has experienced a robust quarter of performance despite apparent micro headwinds we have continued to witness strong demand especially from rural markets. Normal monsoon and implementation of related domestic guidelines are amongst the various reasons for growth in demand. Inflation while it has increased as remained below the target of the RBI which is implicitly aided demand and sentiment further. The Q2 of last year was underlying by the land mark shift to the GST regime, reflecting on this past year we have witnessed improved performance across business segments. We have seen an increase in market share at cross product segments

through deeper market penetration and improved operating performance. We have stayed true to our philosophy and have been continually introducing unique original value-added products. Better management of inventories seemed this value change management especially in the PEB business has also the performance of the company. On the macro front there have been a lot of development since past quarters have been year marked by depreciating rupee and upper head liquidity crisis amongst other things. We on other hand have not faced any tangible obstacles in our business operations. We had healthy growth in income levels. People our customers are sustaining their purchases as these are low ticket necessary items. A shift from unorganized to organized segment continues and most business have comfortably shifted to new tax compliant ways of doing business and initial GST implementation hiccups are in reality in the rearview mirror.

In our building products segments we have witnessed significant growth volumes. 1.69 lakh tons which represent a growth of over 5% on a YoY basis. Utilization levels have nearly reached optimum levels. In our boards and panels business we have achieved better volumes as compared to Q3 FY18 and Q2 FY19 in domestic markets following the enhanced operational utilization of plants better volumes in both panels' segments have been achieved as compared to Q3 FY18. Raw material prices continue to put pressure on the profitability owing to the exchange rate as well as the general increase in prices. Profitability in the segment declined essentially on account of this. We have been witnessing a continued down turn in export markets on account of poor economic conditions in the middle east.

In the steel building segment in Q3 FY19, we have delivered 13000 metric tons. We are committed to timely had over of projects to customers within the industry benchmark qualities in order to create an maintain brand awareness in customer stickiness. We are experiencing a perception shift. So conventional construction to pre-engineered steel structure used, this is helping convert tier 2 and tier 3 our customers as well. Our order book as of 31<sup>st</sup> December 2018, stands around 25000 metric tons. I would now hand over to Nikhil our CFO for his comments on further financial performance in this quarter.

**Nikhil Dujari:**

Sure. On the company wise basis our revenue for the quarter changed from the last year of 293 crores to this year of 309 crores. Which is YoY increase of 5.5%. On a quarterly basis, EBITDA went up from 21.2 crores to 23.3 crores. Which is in a Q3 an increase of 9.9%. EBITDA margins improved from 7.22 % in the last year to 7.54% in the current year and increase of 32 basis points. The PAT has increased from 22.3% of INR 9.3 crores last year to 11.5 crores for the current year. And PAT margins have increased from 3.2% last year to 3.72% which is increase of 50 basis points compared to last year. In our building products business, our financial performance was again better, in the sense that our turnover rose to 194 crores to 181 crores while the epic level it is a slight decline of about 3 crores. The volumes for the quarter have risen from 161 thousand metric tons to 169 thousand metric tons. Which is an increase of about 5%. The steel building segment our top line grew from 109 crores to 113 crores. EBIT has significantly increased from 0.28 crores to 2.28 crores volumes for the

quarter have slightly decreased from 15000 metric tons to about 13000 metric tons. With this I would like to open the floor to your questions.

**Moderator:** Thank you. We will now begin the question and answer session. Anyone who wishes to ask a question, may press \* and 1 on their touch tone telephone. If you wish to withdraw yourself for the question queue you may press \* and 2. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Shriram R from Sundaram Mutual Funds. Please go ahead.

**Shriram R:** Thank you for the opportunity sir. Sir the other expense for this quarter is it 62 crores or 82 crores?

**Manish Sanghi:** It is 82 crores.

**Shriram R:** And the EBIT number for the last December is about 25 crores. But in the presentation, it is given as 15 crores. Can you confirm for the building products segment?

**Manish Sanghi:** Just a moment. When you look at page number 10, there is this chart where you see Q3 FY18 and FY19 and it is 224 and 259. Where are you referring to on the 15 crores?

**Shriram R:** It is page no. 8, building products. It is 15 crores for Q2 FY18. I am sorry sir, I am seeing the last quarter. I am so sorry.

**Manish Sanghi:** This is the operating profit.

**Shriram R:** Yes, I got it. So basically, just to understand in terms of the roofing segment market, how do we see this for the next couple of quarters at least. Because we are seeing some rural distress. We have been hearing that there could be El-Nino next year. So, all those things how do it play for us sir?

**Manish Sanghi:** Our demand has been driven by multiple factors. Factor 1 was generally a good monsoon. Second was that our products have become more competitive vis-vis steel, because of them being brought on par as far as the GST is concerned. We find that these 2 factors continue to play the part and the so-called farm distress which we keep reading about, we are currently not experiencing that in the market so far. And if you ask me how will the coming few months be? Our expectation is that the growth rate which we have been experiencing as an industry and as a company we should continue experiencing that. The 3<sup>rd</sup> bit is also the political bit. And we find that pre-election is generally good for disbursement of all the subsidies all the loans everything on the schemes from the government point of view. And that helps us in the

market place. So, while we are not a direct supplier to the government in any which way, but the government played various schemes does help us.

**Shriram R:** That's helpful sir. But are you could give some color on how the cycle has been in the previous years like whenever, we see some kind of bad monsoons or there is some distress which has happened obviously before, how do you see that in terms of your product? Because the reason why I am asking is June quarter is quite an important quarter for you right? The best quarter probably. So, just wanted to understand in terms of the cycle prospect to where we are?

**Manish Sanghi:** Sure. Frankly the April May June, always has been restricted by not our ability to sell but our ability to produce. And how much stock we have. Its I think in the last 15 years I have just seen 2 years where we carry one stock at the end of the April may June quarter. The built-up to those quarters was very weak. So, we started seeing door sales as early as November, December January. We are not experiencing that phenomena as of now. So, what we are talking about is something which we are not anticipating as of today.

**Moderator:** Thank you. The next question is from the line of Mr. Praveen Sahe from Edelweiss. Please go ahead.

**Praveen Sahe:** Thank you for taking my question. So, first one is related to, as you had mentioned the market share gain in the building products segment, can you give more details on that, like on the roofing product or in the ports and panels.

**Manish Sanghi:** Yes. We have gained a 1% point on our market share in the roofing segment. And also, in Boards and Panels we have gained about 2% points. So that's why we say that. And market generally is also expanding we have the data available from the industry associations.

**Praveen Sahe:** So, this is on account of the pricing, how we are actually stepping up in the market share actually, in the roofing especially.

**Manish Sanghi:** The roofing market is either market which is, so many micro markets within one market calling it one national market is a little difficult. So, each of our factories, and we have 6 of them for roofing caters to an individual market. We have increased our promotions our activity set in these markets and so our market around Calcutta, around Dholakpur around Coimbatore, around Nasik, around Roorkee, all of these places, we gained market shares. Over all it translated into a percentage point increase so our national market share in roofing is now around 30%. It used to be.

**Praveen Sahe:** So, sir, as we had launched in a colored metal sheets, is it more on account of that we are gaining a market share, or is it because of best in roofing? Can you give some color there?

**Manish Sanghi:** We are talking of the market share in the private segment roofing industry only. We do not calculate our market share for the entire roofing segment. I will not have reliable market share available for that.

**Praveen Sahe:** And the second question is, as you had mentioned that there is a price increase in the raw material, whether you are able to pass on those prices to the market in the end product?

**Manish Sanghi:** The price increase is essentially on account of foreign exchange, and to answer that question as of today we have not been able to pass on the increase.

**Praveen Sahe:** So, is it not that the Q4 is seasonally a better quarter for the roofing sales, you have not taken a price hike or it is not absorbed in the market?

**Manish Sanghi:** It is a competitive market and typically Q3 is a time when production is much higher than sales. So, not frankly for this quarter for taking a price increase. We would see how we handle the pricing situation. In the Q4 and Q1 next year. We should be able to because is it a price increase which is really been driven by external practice, not internal factors which are individual to the company. So this should be affecting everybody equally, but then it is competitive market so we will have to see others behave.

**Moderator:** Thank you. The next question is from the line of Ejaz Lathani from Edelweiss Asset Management. Please go ahead.

**Ejaz Lathani:** Thanks for the opportunity. Sir a quick question that if you look at the steel price per kilo basis and the fiber cement board on a per kilo basis, what is the arbitrage today?

**Manish Sanghi:** So first of all, this kilo basis is an absolutely wrong basis.

**Ejaz Lathani:** Okay.

**Manish Sanghi:** The Kilo basis for fiber cement sheet is around 10 to 11 rupees. The metal color metal is around Rs 80/-. So that's not a right comparison at all. So, for the right comparison, metal is significantly thinner it is a .5 mm sheet while the fiber cement sheet is a 6mm. The real comparison should be in terms of surface area. What is the price per square meter, and why the prices of cement sheets retail prices vary across the country from around 160 to 200 rupees? the color metal prices raise start from around Rs. 250 and goes to up to Rs. 400.

**Ejaz Lathani:** And what would the plain steel sheets be in the range of?

**Manish Sanghi:** There are 2 kinds, I think let me just step back a little bit and tell you the metal market what is it made of?

Metal market has 2 very distinct product lines. One is called the GI sheets. These are only Galvanized sheets and they come in various thickness, starting from the thinnest of .2 mm going up to .5mm. As there are a lot of unorganized sector players, and a few organized sector players like Tata steel like, Bhushan, like Jindal. So, that's a segment that's made of huge price difference between the organized sector players and unorganized sector players. So, this is one product line. And please understand that it is marked by variations in brand, variation in thickness of the sheet and variations also in the thickness of the protective layer which is the galvanizing. The second distinct segment is what we call as the color coated sheets. The typical color coated sheets are not so thin and they start from some where typically .35 mm going up to .5 mm. and they come in 2 different avatars. One is called the TPGRA other is called the TPGL. I mean one have aluminum in it and the other doesn't have aluminum in it. That's the basic difference. If go too much into technicality. And their pricing starts anywhere from as I said around 250 and will go up to Rs. 400.

So, when I was talking of the comparison of our sheets, I was essentially comparing with the color coated sheets. The GI part of it is of course there as well. But I was not mentioning that on the points.

**Ejaz Lathani:** Fair enough. So, that is a very is a very useful explanation. Thanks so much for that. Just a follow-up sir. You mentioned that you haven't taken a price hike. So, if you look at Q3 FY19 to Q3 FY18, the change is 7%. Then you said the volume is made up of 5%. So, the 2% is one price increase we have taken in previous quarters?

**Manish Sanghi:** No. It is also a combination of the product mix that we sell. Okay typically in our board (21:47 panels) there is a huge variety of SKUs that we sell. And also, in our roofing. We have various categories, so we have the fiber cement sheets that are colored as well. So sometimes our product mix change, results in this kind of a visible change on their this thing. If you compare tons vs total value, it may not be the right comparison.

**Moderator:** Thank you. The next question is from the line of Ashutosh Garud from Avantis wealth management.

**Ashutosh Garud:** Can you share some information. As you can see, first half our volumes grew by 17% to 18%. But in this particular quarter we have grown like 5% to 6%. SO, what has actually brought the growth rate down and what has actually happened on that front and what is the view going ahead on the volume growth as of now?

**Manish Sanghi:** If you ask me, it has more to do with what happened last year. On this particular quarter we saw last year we were the highest growth so we were operating against a higher base. And that what really caused the difference. We are not seeing any major shift in the seasonal pattern of sales which we see. please understand the sales here of particularly for building product for this very seasonal pattern and we are seeing any shift in that. Easy to come to a

conclusion that sales growth is kind of slowing down. I frankly don't believe so. There are few initiatives which we are taking as an organization in all our product line. But let me say in roofing first where in we have launched a new category of product and I think I have shared it in the last few conference calls about the Everest Super on how we are trying to position it as a unique product for the Indian rural market where it offers long term protection for customers from it becoming black from it not absorbing water from it looking exotically beautiful and also it performing some amount of resistance to the customers. SO, they are these 4 unique benefits which we have around this product. We have been grabbing around specific campaigns around it. And we are getting some fabulous response from many different industries and one big industry that I would like to quote is the poultry industry. Right now, it is running a poultry campaign and we are finding that poultry industry is adopting our products all across the country, because it doesn't attract algae so the diseases to the chickens become lesser, their temperature becomes a little lower and that reduce the fertility rate of the chickens. SO, we are working on all such targeted campaigns in specific markets. And we are finding that the market is responding. It is a significantly higher cost product. The product is priced at to the first point of distribution that Rs. 35 per meter first year. At customer end it is varied from Rs. 35 to 45 costlier. So, it is significantly higher price point. Yet the customers are adopting it. It also gives some belief that the market is ready to adopt higher category product if we are willing to offer it to him, and give him a valued position. It is not connected but let me just say that we are continuing on this journey further. Right now, we offer some 3 different colors. We offer red, cream and yellow. And We would be offering at least 3 more options in the next few days. Please understand that this increases my complexity of business, because we have to run to that many more SKUS. But it also puts us one ahead of a lot of our competitors, who have similar product line. But won't be able to offer the same benefits to the customers.

**Ashutosh Garud:** Having said that the base was slightly higher, let's say in last years Q3, we actually saw a very good growth in your volumes in Q1 of FY19 also. I think it was around 17% to 18% of volume growth. So, would it be a case where we will be seeing in this particular Q1 where the growth might not be in sync with what we saw in the H1, cause even there the base has shifted may be?

**Ashutosh Garud:** hello hello

**Moderator:** Ladies and gentlemen, please wait, the line at the management's end is disconnected. Please hold while we reconnect them. Thank you.

**Manish Sanghi:** Yes. Sorry we left the line. Can you repeat the question?

**Ashutosh Garud:** Sure. Having said that the base is higher in Q3 last year, that is one of the reasons why the growth is visibly at 5% to 6% only. So, I was pointing out that growth we had in volume terms in Q1 of FY19, which was around 17% or 18%. So, would there be a case in the coming of Q1

which is the peak season, seasonally the best season for our business. SO, would there be a case where we will again have a flattish kind of or a single digit kind of a growth in it. Because from your commentary the demand seems to be there, pretty much there and we are in the right kind of products. So.

**Manish Sanghi:** We are physically prepared for a significantly higher growth in Q1.

**Ashutosh Garud:** Previously you had mentioned about some 15 odd percent growth in your production to de bottle necking till Q4 FY19. So, are we on track of that, how an what is the current capacity and what capacity will we be having for production in Q4 and Q1 of next year?

**Manish Sanghi:** We had completed the modernization of our factory at Calcutta, and that is now producing to the design capacity. The total capacity for Calcutta works at 11000 and it used to be around 8.5 thousand tons. We have actually postponed the capacity at some other plants because we felt that we cannot shut down the plants at this point in time. For doing that. We were considering our volume target aims. We had postponed to post season. So, the new capacities which were talking really come in force from Q2 of next year, not really now. Because all of these things require the plant to be shut down for some period of time and looking at the sales pattern, we think it is not prudent to do so.

**Ashutosh Garud:** So basically, the building products will remain at 780000 tons and Steel building will remain at 72000 tons you are saying right?

**Manish Sanghi:** In steel building there is absolutely no change, it will be what you mention, and in the case of building products it will go up marginally by around 25000 tons.

**Ashutosh Garud:** So just to understand this, is there a space for the utilization levels going up I these. Because we operated at 80% to 85% in building products and 78% or 80% utilization levels in steel buildings in Q1 of last year. So are you indicating the utilization levels going up significantly for these to achieve the kind of volume growth? So, what happens is, during the peak season, our utilization rate actually shoots up much higher while during the off seasons, we were relatively less utilized.

**Manish Sanghi:** So, to be able to utilize 100% of the capacity, we decided that we will operate our plant, even during the off season. And when we do that it has 2 advantages. The first advantage is that you kind of produce the same quantity and quality on the quality front. Our running plant produces better quality and also on the cost front you are better off.

**Ashutosh Garud:** So just to understand on simplistic terms you can achieve higher utilization levels in peak seasons and you would be producing even before that, just to be ready with the inventory during that time.



**Manish Sanghi:** That's right.

**Ashutosh Garud:** So, basically technically we can go up to 95% kind of utilization levels also you are saying.

**Manish Sanghi:** Absolutely.

**Moderator:** Thank you. The next question is from the line of Mr. Manish Poddar from Reliance alternative investments fund. Please go ahead.

**Manish Poddar:** I had just one question. I believe you all negotiate the crystalize fiber prices at the beginning of the year. What sort of inflation are you witnessing YoY? When you have contracted for this raw material?

**Manish Sanghi:** Even as we speak, these negotiations are actually happening. So, I won't be able to say. But the one thing which I am very sure of is that the exchange rate has moved up, from last year than we were doing at this point in time. It was around Rs. 65, now we are talking Rs.71. SO, 10% increase is there on account of the exchange rate difference. Whether there is change on dollar terms or not we will come to know in the next few days. I won't be able to comment on it right now.

**Moderator:** Thank you. The next question is from the line of Ayush Bhutada from Equitas investment consultants. Please go ahead.

**Ayush Bhutada:** Hello sir, my question is relating to raw material. You said that most of the price increase has been due to exchange rate movement. So, in general other than that how much has the prices gone up, the raw material prices?

**Manish Sanghi:** You see top of fiber typically there are yearly contract that hasn't changes other than because of the mix size change. The other big raw material for us is steel. And if you look at the steel, price trend, it all depends upon from where am I looking at. We are seeing around a 4% to 5% increase in the price of steel from Q2 to Q3. I should also say that subsequent to Q3. That is in the first few weeks of January. So, they steel prices have dipped they have actually, dipped close to 7% to 8%. I am really commenting upon what has happened from Q2 to Q3. So that's the bit on steel. On the cement bit again, cement prices are very regional in nature. But if I where to look at a national picture, the prices haven't really changed much. They are kind of steady. The last bit which is there is the pulp. We use the pulp for our boards business primarily. Pulp has been on an upfront continuously from last more than a year and in terms of dollars, because this is imported item which is purchased in dollars terms it went up from 830 dollars to 875 dollars. But please also keep in mind that it used to be around 650 just a year and a half or so ago. The starting point of it was around 600 to around 875 dollars. And we are not seeing any signs of it really coming down. It is going to be remaining at this level for the time being.

**Ayush Bhutada:** Currently there is around 875 that is?

**Manish Sanghi:** Yes, it's around 875. Again, over here also there are various suppliers but I am telling you a ballpark number to work with.

**Ayush Bhutada:** Sir you have mentioned in our steel buildings we also have a lot of old contracts which are at lower margins. So, are they complete now, or still our order book includes certain old contracts?

**Manish Sanghi:** No, we have kind of exhausted most of our contracts.

**Ayush Bhutada:** Okay. So next quarter there should be a margin improvement in steel building?

**Manish Sanghi:** We should expect that yes.

**Ayush Bhutada:** And our order book has not really increased in steel building right? It is almost at the same level right, compared to last quarter?

**Manish Sanghi:** I haven't seen much and frankly it cannot change. It cannot change unless I increase my capacity. Because having a huge order book and not being able to service is not really an option.

**Ayush Bhutada:** Correct.

**Manish Sanghi:** So, unless we decide that we change this is the order book.

**Ayush Bhutada:** And last question is, other than debottlenecking do we have any future capex plans in building products because we are at optimum utilizations right?

**Manish Sanghi:** We are considering some options and I will be able to announce as and when they get finalized.

**Moderator:** Thank you. The next question is from the line of Siddharth Raj purohit from JHP securities. Please go ahead.

**Siddharth Raj purohit:** Congratulations for a steady set of numbers. Sir, in the boards and panels I want to understand from a bit long term perspective, can you give me some examples in terms of changing trends of increased acceptance of the products and the relative question is that, currently the product is more of been taken as a commodity. So, do you see a band also playing in the coming years?

**Manish Sanghi:** You have actually a whole field for me to answer. I can answer this question for very long. But let me try to make it concise. Let me tell you some incidents that happened with me few days

back. I can't let the new year to go like many people do. I was having lunch at a place called 'W' in North goa. And they had a whole lot of villas made over there. I went and had a closer look at those villas. And I found that each of those villas was made with Everest products. Incidentally the cost of staying in those villas was 75000 per night. So, what I considered a commodity, a low value product was being used for very high-end utilization for making very fancy villas for people to stay. They were using it as the front and the façade of those villas. It was not something hidden in the backdrop. It was right up front, it was the most aesthetic art of that particular building. So, what I am seeing in transformation, and I think that is the point that I was wanting to say, is the movement from being a hidden product to a highly visible product. Second part of it which I am saying a trend happening slowly but surely is that as we are going higher and higher up in construction, so that we are making in Bombay, they make like 50 story and 60 story building as a metro of course, each kg becomes that much more critical and crucial because we have to carry it to such high distance and then you need to go that much deeper down for the foundation. So, if you can reduce the weight of the building in some way or the other that always helps. And that means a dry construction is becoming virtually the norm and I expect this, so the first moment happens from bricks to blocks, as per me the second change which is going to happen from blocks to panels, and these panels can be made with our boards, and it will reduce the weight increase the speed of construction very significantly. So, these are 2 very definite trends which I am noticing and that also answers the subsequent part of your question if branding play a part. Yes, Branding plays a huge part in this. Especially when they start entering the field of aesthetics, what color what finishes, what patterns, what designs you offer in the market place, what kind of relationships you develop with architect with interior designers with builders, I think they are going to define the product category itself, the way a company would perform. So, I hope I answered some part of your question.

**Siddharth Raj purohit:** Definitely. A related question sir. If you know of this incident, recent that happened with a Mumbai very large builder who is facing an issue for using a wrong product for making the wall. I don't know if you know this issue.

**Manish Sanghi:** I think the video kind of went viral

**Siddharth Raj purohit:** So, what are we doing to educate the market, because I think that is a gypsum board, the particle board that they have used. So, what are we doing to educate? Such a big builder has done a mistake. I don't know if it's a mistake, you can tell me better. But what are we doing to educate the market and increasing the acceptance of the production?

**Manish Sanghi:** So, if you ask me, frankly, its not a mistake at all. That's the way the houses are built. And its ha been done with a mal intension is what I feel; by somebody against that builder. This is what my view is. But we Indians have a particular distaste towards the so-called hollow walls because they feel it is not safe, because they feel it will transfer sound from one place to another, and we may not be able to hang things or put things up there. So, these are the 3

basic reasons why the so-called dry wall construction can be a little tricky. There are very easy and simple ways to work not hat. As we are entering into a high-rise segment, we are not educating just the architects and builders, we feel that training also needs to be give to the user, the person lining in the house and to the maintenance department of those buildings. If I where to give a small example, if I were to give you a small example if you want to put a book shelf on a dry wall, you will have to put your screws on the metal section which are behind that. And in a specific equipment called stuck finders and so on, which are required to do that. If you don't do it, then there is a problem. But this is accepted and is the standard way of doing it across the world. So, my training, my teaching people at the 3 levels; first to the architect, to tell of the concept, second is, to the maintenance department of such buildings when you complete you need to train them on how to handle the walls, which are being done. And 3<sup>rd</sup> is to the user himself, that what he should do and what he should not do. In many ways these walls are better than brick walls. Your dry wall, is far better insulated so that the transmission of sound is one part but transmission of heat in our case in of India heat from outside to inside. Is much better. So, your AC loads go down very significantly. And you're AC becomes more effective. You actually live in more comfort. Your Gypsum boards actually, the quality of sound within the space become better, against fire, there are whole lot of positives which are there. So, we need to educate them a bit more.

**Siddharth Raj purohit:**

But that is not a particle board. That is some other material.

**Manish Sanghi:**

What is better than gypsum board. As far as I know it's a gypsum board. So, typically what happens is that dry walling inside the house a lot gypsum board is used and in wait areas, like kitchens and bath rooms you end up using the fiber cement boards. This is a typical distribution in the world. Our effort is that, with the kind of solutions which we have, we want to do the dry walling even in the bed rooms and the drawing rooms and so on. Not restrict our selves to the kitchen and the bath rooms only.

**Siddharth Raj purohit:**

Can you give me a price comparison to a kyphotic wall to a gypsum wall to a board wall? Estimate?

**Manish Sanghi:**

See this price vary a lot. So, take it with bit of a margin. A typical block rock wall would cost around Rs. 140 to Rs. 160 per sq. Ft., the gypsum wall I am frankly not very sure, but I think it is around Rs. 180. And a fiber cement wall would be of the kind which I would offer, would be around Rs. 200.

**Siddharth Raj purohit:**

In this steel building division, in the quarter we have faced steel prices falling down. But the margin has been impacted sir.

**Manish Sanghi:**

Its actually the other way around. During the quarter, steel prices have risen while after the end of the quarter the prices have slightly fallen.

**Siddharth Raj purohit:** Sir will it benefit us in this quarter?

**Manish Sanghi:** It will benefit us to the extend of the order which are old with us. The new orders which you are negotiating would be based on the new price.

**Siddharth Raj purohit:** Okay. And sir the UAE plant that we were mothballing to India, any update on that sir?

**Manish Sanghi:** I think I mentioned it earlier, we are finalizing the plants for putting it up as soon as I announce it to the stock exchange, I will be able to share it. Yea!

**Moderator:** Thank you. The next question is from the line of Vikrant Kashyap from Kaiya securities. Please go ahead.

**Vikrant Kashyap:** Sir Good morning. Please give the industry growth numbers for the quarter and also our markets share.

**Manish Sanghi:** Our market share is 17%, the industry growth rate in roofing has come down to around I think it's a 5%. I don't have the industry growth numbers. Ruchi can you get it from Bela for me?

I have asked some body to get the numbers and I can share them with you.

**Vikrant Kashyap:** Also, the market share in boards and panels?

**Manish Sanghi:** Our board, the market share is around 20%, plus or minus 1%.

**Vikrant Kashyap:** So, even in last year same quarter it would be like 18%.

**Manish Sanghi:** So, we are talking of a domestic market share.

**Vikrant Kashyap:** Yes, I got it. Also, in the steel building segment, we have seen volume degrowth, despite we being better off in margins. So, what impacted that and how we see in Q4?

**Manish Sanghi:** We saw a trend in which we found that the customers where not listing their material. So, while we produced our factory has got clogged with AC, and the final lifting did not happen form the customers and the listing is linked to the payments, so essentially, the payments did not come through. I would guess that the payments were affected in some way by the liquidity in the market place.

**Vikrant Kashyap:** So, there is not any kind of distresses. Just a temporary set back that could have been.

**Manish Sanghi:** That's how I would see it, and we talking to various experts across, they said that the liquidity affected the temporary and would change from the first week of January is what most people I talk to mention and we are seeing things back to normal now.

**Vikrant Kashyap:** So, my last question. Since you have talked about significant higher volume growth for the Q1 of FY20, where do we see the Q4? I am not talking for a number, if you could give some guidance.

**Manish Sanghi:** We believe that Q4 we will do better than last year, for sure. The question is only whether we will be able to grow by 5% or 15% that is the thing which we have to see. We are targeting the 15% mark, but let's see.

**Moderator:** Thank you. The next question is from the line of Darshan Mehta from UBS financial Service. Please go ahead.

**Darshan Mehta:** Sir my question was, who can be considered as our peers especially in the board and panels, apart from the 2 other listed players. Visaka and HIL, who all are the other players in this segment?

**Manish Sanghi:** So, there are few people who make fibre cement boards in the country. Visaka as you rightly mentioned is one of them. Ramco industries is the second one. Sayadri industries is the 3<sup>rd</sup>, and I would consider NCL with a brand name Baisan, they would be the other one. And there would be Thai companies which are importing into India, called Mahaphant, that would be the other one.

**Darshan Mehta:** And sir, what would be the approximate market size of the total, more than panels and how much do other organized players contribute in that?

**Manish Sanghi:** There is no unorganized sector in this at all. All the companies are listed entities. They are there on the stock exchange you can get their data.

**Darshan Mehta:** and sir, do we have any approximate market size for boards and panels. Like what would be a domestic market size?

**Manish Sanghi:** Roughly it would be around 5 to 6 lakhs per annum.

**Moderator:** Thank you. Ladies and gentle men that was the last question. I now hand the conference over to Mr. Manish Sanghi from Everest Industries limited for closing comments.

**Manish Sanghi:** We have had a good year so far and we believe that we will be able to continue the trend in the last quarter and going forward from there. The major factors for plural demand, major factors for capacity additions, the fact that income some cities and towns the real estate industry is starting to show some signs of revival all for the well for us. Within the company we have taken pains to go deeper into the market. Be closer to the customers, and to offer him bouquet of unique products which enhance his choice set from the current one. We believe this is a major change which is happening in Everest and its owing to redefine how Everest is perceived and looked at in times to come. I hope that when we meet in the month

of April, that we are there with better numbers and we are able to talk of further growth story for Everest. Thank you all for joining and thanks for all your probing questions. Helps us keep alert, helps us know what to focus on, and have a good day and thanks.

**Moderator:**

On behalf of Everest Industries Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.