



Date: May 24, 2025

To  
Department of Corporate services  
**BSE Limited**  
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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**

Dear Sir/Madam,

**Subject: Transcript- Q4FY25 Earnings Conference Call**

Please find enclosed the transcripts of the Q4FY25 Earnings Conference Call held on May 19, 2025.

Kindly take the above information on record and acknowledge.

**For Shankara Building Products Limited**

Digitally signed by ereena vikram  
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## **Shankara Building Products Limited**

**Q4 & FY25**

**May 19, 2025**

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**MR. C RAVIKUMAR**

**DIRECTOR**

**MR. DHANANJAY MIRLAY SRINIVAS**

**VICE PRESIDENT**

**MR. ALEX VARGHESE**

**CHIEF FINANCIAL OFFICER**

**Shankara Building Products Limited**  
**Q4 and H2 FY25 Earnings Conference Call**  
**May 19, 2025**

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**Moderator:** Ladies and gentlemen, good day and welcome to Shankara Building Products Limited Q4 and FY25 earnings call hosted by TIL Advisors. As a reminder, all participant lines will be in the listen only mode and there would 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. Please note that this conference is being recorded. I now hand the conference over to Mr. Sayam Pokharna from TIL advisors. Thank you and over to you Sir.

**Sayam Pokharna:** Thank you, Aviraj. Good morning, everyone, and thank you for taking out the time to join us in this Q4 and FY25 earnings conference call for Shankara Building Products Limited. The investor presentation has already been uploaded on the Stock Exchange and on the company website. If you wish to be added to our mailing list, please feel free to write to us.

To take us through today's results, we have with us from the management team, Mr. Sukumar Srinivas - Managing Director, Mr. C Ravikumar - Director, Mr. Dhananjay Miralay Srinivas - Vice President and Mr. Alex Varghese - Chief Financial Officer.

We will begin with a brief overview of the quarter in the full financial year from Mr. Dhananjay Miralay Srinivas followed by your Q&A. Please note that any forward-looking statement made during this call should be considered in conjunction with the risk and uncertainties that we face. These risks and uncertainties have been detailed in our annual report. With that, I would now like to hand over the call to Mr. Srinivas. Over to you, Sir.

**Dhananjay Miralay Srinivas:** Good morning, dear investors. Welcome to the Q4 FY25 earnings call of Shankara Building Products. I will start with a comprehensive overview of our performance, highlight key developments and offer some perspective on the macro and business environment shaping our industry.

Let me begin by addressing the broader context in which we have operated this year, particularly the developments in the steel industry. As many of you are aware, the steel sector has faced significant headwinds throughout the year. Realizations have declined meaningfully, which has posed a challenge for our top line growth and weighed on our margins. Despite these challenges, Shankara has shown its resilience and recorded a strong 30% volume growth in FY25. Structural steel tubes and pipes in particular has continued to demonstrate healthy demand and we have been able to capture this opportunity and deliver healthy volume growth in our business.

In Q4, our steel volume stood at 2.58 lakh tons, representing a 33% year on year growth. For the full year, we surpassed our 8-lakh ton annual volume target achieving 8.43 lakh tons for notable 29% increase over the last year. This volume growth stands out as one of the key achievements of FY25 and is a result of our marketplace model, distribution network and strong market positioning.

Our expansion into new geographies has also yielded encouraging results. We are seeing strong traction in Western and Central India, particularly in Maharashtra, Gujarat and Madhya Pradesh. At the same time, we have maintained our leadership position in South India both in retail and non-retail verticals. The ability to grow in new markets while consolidating our presence in the established ones is a reflection of our operational strength in the business. However, while our volume growth has been impressive, an approximate 11% decline in steel HRC prices over the past year has inevitably weighed down on our revenue growth.

Revenue from our steel division was up 19% year on year in Q4 and 17% for the full year. With the difference between volume and value growth directly attributable to lower steel prices.

This pricing environment has been a headwind, but our ability to drive volumes has helped to offset some of the impact.

Turning to profitability, our EBITDA margins improved to 3.2% in Q4FY25 up from 2.84% of Q3 FY25. Consequently, we posted a 3.02% EBITDA for the full year FY25 as against 2.95 EBITDA in 9MFY25. While the sequential improvement is encouraging, margins remain slightly lower on a year-on-year basis, both for Q4 and for the full year. This is primarily due to the inventory losses we incurred up to nine months FY25, which amounted to approximately rupees 22 crores.

I am pleased to report that we did not witness any material inventory loss or gain in Q4 as steel prices stabilized during the quarter. This stability has provided a firmer footing for our operations as we move forward.

Another positive development has been an ongoing focus on working capital efficiency. Despite the growing scale of operations, we have managed to keep the finance costs under control. In FY25, finance cost peaked in Q1 and has been steadily brought under control since. This disciplined approach has enabled us to support our growth ambitions while maintaining financial prudence. As a result, our net profits improved in Q4 to rupees 28 crores, marking a 17% year on year growth. This is an early indication that our strategies are starting to bear fruit even in a challenging environment.

Now that means shift focused one on steel vertical. The macro environment for the building materials industry has remained subdued through our FY25 as is evident from the larger industry data. The year began with a slowdown related to general elections, accompanied with lower government spending, software retail demand and a heavy monsoon and subdued construction activities. These factors collectively impacted the pace of growth in our non-steel business, especially in the second-half of the year. Despite these headwinds, our non-steel vertical posted a 20% year on year sales growth in Q4 and a 26% increase for the whole year.

Within this segment category such as plumbing, fittings and sanity wear has emerged as our key growth drivers. For the first time, Non-steel contributed more than 10% to our total top line in FY25, standing at 10.6% for the full year. This diversification strategy is priority for us and we are committed to scaling this business further in the years ahead.

We're also happy to report that our e-commerce initiative taken two years ago is beginning to yield positive results. We are registered on popular platforms like Amazon and Flipkart apart from our own e-commerce store [www.buildpro.store](http://www.buildpro.store). Sales has grown substantially in FY25 from the previous year from almost Rs.5 crores in FY24 to Rs. 15 crores in FY25. This figure may seem small as a small percentage in the overall picture. However, we see a huge opportunity in this vertical in the coming years.

In light of the current environment and our growth strategies, we would like to reiterate our volumetric guidance for the next year. We are targeting to surpass the 1 million tons in FY26. We are equally focused on devoting our energies to steel and non-steel business, both in existing categories and through the addition of new product categories and brand partnerships.

I would also like to update you on the progress of our demerger implementation. In Q4, we achieved a significant milestone with the shareholders' approval at the meeting held on 12 February 2025. The next key milestone is the NCLT meeting, scheduled for 26 May 2025, which is expected to be the final NCLT hearing. Subject to regulatory approvals, we anticipate concluding the entire demerger proceeding by the first half of FY26. This development is pivotal for our long-term strategy as it will enable us to unlock greater value for all stakeholders and streamline our operations in both businesses.

To sum up, our strategy remains clearly focused on being omni channel with all efforts directed towards achieving higher volumetric growth across retail, non-retail, steel and non-steel verticals. Our scale has been the cornerstone of success in our industry and Shankara's extensive market presence through 124 stores and fulfillment centers positions are strongly to capture future opportunities. This scale, coupled with a diversified portfolio and a one stop value proposition, is what sets Shankara apart in today's competitive landscape for the building materials, marketplace and distribution industry.

Thank you for your attention. We are now ready to open the floor for any questions you may have.

**Moderator:** Thank you very much. The first question is from the line of Viraj Mehta from Enigma. Please go ahead.

**Viraj Mehta:** Yeah. Hi, Sukumar. Congratulations for good set of numbers. So now my first question is on the inventory side. I'm a little surprised when you say that we did not have any inventory gain this quarter. If you look at numbers of some of I, I wouldn't say direct competitors, but some of the manufacturers for whose product we supply in the market, they all have seen, all the manufacturers are seeing decent inventory gains. So why have we not seen any inventory gains especially in March?

**Sukumar Srinivas:** See actually in March the actual prices of steel started moving up in March itself in that quarter. So, the first two months markets were still quite subdued and pipe demand still was, I mean the pipe prices did not really increase. See a lot of the primary manufacturers had started seeing the increase a little earlier probably from February itself towards the month end. So, our real steel price is started increasing only in the second-half of March. I think that sort of negated whatever, I mean that sort of negated the negativity of the first two months. So therefore, I mean even if we have gained, it's a very insignificant number to really be reporting.

**Viraj Mehta:** OK. So then is it fair to assume that a large part for us, whatever inventory gain we have will happen in Q1?

**Sukumar Srinivas:** Definitely. In Q1, we are seeing the price increase in the month of April, more or less the prices are stabilizing in this month that is in May and we hope that the prices will stabilize going forward.

**Viraj Mehta:** Right, see, the whole reason it's not as if one wants to understand the game part of the quarter. But what we as investors wanted to understand is we were part of the value chain while taking the losses of the inventory. I hope we are part of the value chain when the gains in the inventory also come. That's my only question.

**Sukumar Srinivas:** Definitely. Definitely, definitely.

**Viraj Mehta:** Right, Sir, my second question is on the volume part. You did 8 and a 1/2, I mean 8.43 lakh this year, you're planning only for a million next year, even larger manufacturers are guiding for 20-25% growth. Then we are expanding territories, shouldn't our aspiration be more than at least like some of the very large competitors or manufacturers as such?

**Sukumar Srinivas:** See Viraj, see if I were to give targets internally. Obviously, my targets are much higher, so we have guided for about 20% volume growth, definitely we are aspiring for a much better volume growth than that.

**Viraj Mehta:** Right. And in this you talked about flats being larger portion going forward. What would be flat for this year and what would be your guidance for next year for flats?

**Sukumar Srinivas:** Just a moment, I will.

**Management:** If flats in during the year, we did around 1,40,000 tons, we did. So, we are expecting approximately around 2,00,000 in FY26.

**Viraj Mehta:** Right. And is it fair to assume Sukumar that flats are larger margin or higher margin business, so as proportion of flats increase, the margin in the steel division should improve for us?

**Sukumar Srinivas:** See the first. I mean when we start this very quick growth in flats, it would be marginally better than pipes, but yeah, in the big picture maybe going forward over the next year, definitely the margins will improve as we focus and go deeper into flats. Currently the bulk of the growth in flats is happening in HRC, which is also quite competitive and I think once we move into a lot of you know the value-added products in GP etc, I think we will see a better value accretion or a margin accretion.

**Viraj Mehta:** Right on non-steel, Sir, we have seen growth for this year in 20. So, the non-steel growth has kind of significantly reduced obviously because of higher base. But like where do you think we can be in terms of non-steel and in how many stores like do you want to increase non steel to over next one year and two years respectively?

**Sukumar Srinivas:** So, we did see a dip, as you said in the second-half of the year, I think because of the market conditions and how we saw construction activity going on. For the coming year, we are looking at 25% plus growth in non-steel overall. We are looking at increasing store count probably in Andhra Pradesh, Telangana, we're looking at North Karnataka as well and certain pockets in Kerala and Tamil Nadu. So definitely maybe around 4 to 5 stores is what we're looking at an increase in non-steel for the coming year which should definitely help us achieve our growth ambitions.

**Viraj Mehta:** And what will be your margins in non-steel this year?

**Management:** Sir, in April 25, we did around 10 percentage gross margin.

**Viraj Mehta:** And EBITDA for non-steel?

**Sukumar Srinivas:** EBITDA is coming around 6 percentage.

**Viraj Mehta:** OK, OK. And answer this my last question for Sukumar is Sir when we cross a million tonnes in terms of your aspirational mark, especially for steel division and some non-steel will probably improve a percentage here and there, but it really can't move the needle for us. The needle mover has to be steel. Where do you think the steel margins will stabilize over next year, year and a half from absolute bottom today of like 2 and a 1/2 quarter to 3%?

**Sukumar Srinivas:** We hope to stabilize. We're definitely targeting 3 plus. So, I would say closer to 3 and a half in the year.

**Viraj Mehta:** OK, Sir. And just one request, Sir. When the demerger happens, I hope we have actually have consultants with whom we are working because in some of the cases, the unlisted entity doesn't get listed for 6-9 months, because this is the main business which will get delisted like in most of the cases, 10% business gets delisted so the investor doesn't really bother too much. But in our case the main business will get delisted. I hope the re-listing is quicker and faster and there are no long delays regarding the same.

**Sukumar Srinivas:** Yeah, we have got a good consultant on board and it's one of the Big Four. And secondly, we are also very aware of this. fact. So once the NCLT order is passed, I think we've done a lot of the background work and keeping it parallel ready. So, I mean we are fully aware of this fact that the listing of demerged entities is taking some time. So, we would we would be moving very, very fast.

**Viraj Mehta:** Thank you so much, Sir. And best of luck.

**Sukumar Srinivas:** Thank you.

**Moderator:** Thank you. The next question is from the line of Jatin Damania from Swan Investments. Please go ahead.

**Jatin Damania:** Good morning, Sir, and thank you for the opportunity. So, majority of the questions has been answered, but just on the bookkeeping, if you can help us in terms of understanding how was the institution and steel retail business for FY25?

**Management:** In FY25, total institutional sale was around 1225 crores, which is contributing to around 22 percentage of the total revenue wherein channel we did around 1528 crores which is contributing 27 Percentage. Balance 2943 is retail, which is around 52 percentage.

**Jatin Damania:** So, if we add probably an institution and the channel, then there is hardly any growth in terms of the institution business. So, in terms of the margin, when we say that probably we want to aspire a 3% margin, what are the things that probably we will be doing differently that we'll probably get a 3% odd margin in the steel business?

**Sukumar Srinivas:** OK, I think the first key thing in the steel business for margins is in our retail itself. So, what you have seen last year is about 58% of the steel business comes in retail in the South. The overall, it looks like 52-53%. So, #1, retail is very, very critical for margins in steel business. #2 is institutional sales. So, I think in institutional sales, the flat products that we are, we have talked about it a little earlier, but that is where one of our key growth drivers would be that which also finds huge traction with the enterprise business. So, all the institutional sales, I think these two would be our key margin drivers in the coming year.

**Jatin Damania:** And the growth that we are aspiring, institution will continue to grow at around 8-10 odd percent for 26-27 and the remaining growth will come from the steel business, is fair to assume that?

**Sukumar Srinivas:** Yes, yes.

**Jatin Damania:** And on the margin, Sir, institution gives us a 1 and a 1/2% margin and the retail gives us 4% margin?

**Sukumar Srinivas:** Hello. Sorry I didn't get your question.

**Jatin Damania:** So, I'm saying on cost on the volume of the revenue front from the institution. This year, we reported almost 8% growth. So going ahead, I mean the growth will be in the lower double digit. Is it fair to assume that?

**Sukumar Srinivas:** Yes, yes.

**Jatin Damania:** On the margin front, how does the margin differ because institution is on the lower end of the margin, so is 1 and a 1/2 percent or 2% is a reasonable margin for an assumption. So, could be a little higher?

**Management:** No institutional, the margins are better than channel when you're seeing, so channel, the margins are very, very less. So, both together we did a gross margin of approximately around 3 percentage in FY25.

**Sukumar Srinivas:** So, I think if we just take institutional apart, the margins are certainly better than the combined margin what is reported as the channel business, sorry as the enterprise business.

**Jatin Damania:** OK. So that on the retail side, we can do assume a 4% EBITDA margin that's it's a sustainable numbers?

**Management:** Yes.

**Jatin Damania:** And Sir, on the working capital side, I mean definitely we are we have around 30 days, but how do we see the movement in the working capital over the next couple of years?

**Management:** So, we would like to retain the same. Around 30 days will be the total networking capital cycle.

**Jatin Damania:** And last on the tile segment, definitely second-half of the last year was not that good. How do you see traction in the month of April? Have you seen any ramp up and going ahead with the non-steel revenue likely to grow at near about 20-25%, what will be the overall contribution coming from the tiles?

**Sukumar Srinivas:** So, I think the compute market conditions are continue in the tile business as it was in the second-half of last year. We are taking reasonable and efforts to grow. I think with the current situation everything going on, we have taken a muted growth in tiles but we do see that there will be good growth there. We're looking at adding further product categories in the business as well. In maybe overall non-steel, we're hoping that tile could contribute around 30% in the coming year.

**Jatin Damania:** That's all from my side, thank you and all the best.

**Sukumar Srinivas:** Thank you.

**Moderator:** Thank you. The next question is from the line of Naitik from NV Alpha Fund. Please go ahead.

**Naitik:** Hi Sir, thanks for taking my question. Sir, if I look at our general statement, you know in the last 2-3 years our finance cost has almost doubled, which has you know sort of weighed on our PAT numbers. Now my 2 questions here are, one is why is this so and 2nd, assuming you know our aspirational targets we grow by more than 15% on a topline basis for both next year and next for next year. Then where do you sort of see the finance cost you know stabilizing?

**Sukumar Srinivas:** Yeah. I think one of the key factors of the interest going up in the last year, of course, it did peak up substantially in Q1. We've also taken a lot of efforts to sort of bring it down and then hold steady in the subsequent 3 quarters. I think the primary reason in that was there was a very clear slowdown post the general elections last year and around that period in the first quarter and probably there was over hang in the second quarter as well as even to some extent in the third quarter where overall there was a tendency for government payments to slowed down. So, I think that has definitely improved in Q4. And so, I think that is one of the primary reasons why I think what happened and what happened in terms of our working capital utilization going up #1. #2 the process is to mitigate of course I mean apart from the routine factors that we need to do, we're also looking forward to seeing how much of our receivables we can partly, let's say, outsource in the sense if we can take it out, you know, get some of our customers on board with certain NBFC. We've been working on that for the last three to four months. I hope to see some sort of a concrete fruition happening in the near future. So, I think if that happens, it certainly will also help us considerably in sustaining or even lowering the working capital utilization, primarily the interest costs.

**Naitik:** But Sir, assuming this takes time, or if it does not happen, then our interest cost will also increase in line with our revenue increase?

**Sukumar Srinivas:** We if you look at it even last year compared to H1 to H2, there was a substantial increase in the revenue in the H2 part. Still, we have managed to hold on to our cycle and the interest costs have actually slightly come down over the quarter and quarter. I think we are trying our level best to sustain that and we are working very hard. So, we are quite confident that we can sustain it at the current level.

**Naitik:** Alright, so my second question is, you know, I wanted to just understand what sort of manufacturing capacity does the subsidiaries altogether have?

**Management:** Manufacturing, we are having around 3,00,000 metric ton per annum.

**Naitik:** Is it safe to assume out of the 1 million ton guidance is given, majority of it could be trading and you know very miniscule would be the manufacturing part, right?

**Sukumar Srinivas:** Correct. Approximately around 1 and half lakhs will come from manufacturing and the balance will be from.

**Naitik:** And Sir, my last question. Also give you know what was the margins in the retail steel versus you know enterprise deal?

**Sukumar Srinivas:** So, retail steel approximately we are having a gross margin of around 7 percentage and non-steel we are having around 10 percentage on an average it is coming around 7-7.25.

**Naitik:** Yeah, OK, Sir. And steel for the enterprise segment would be 1.5%.

**Sukumar Srinivas:** Enterprise segment gross margin was around 3 percentage was the gross margin.  
3%.

**Sukumar Srinivas:** Yeah.

**Naitik:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Apoorv Bandi from ISJ Securities Private Limited. Please go ahead.



**Apoorv Bandi:** Hi Sir, thanks for the opportunity. Sir, few questions. So, my first question is on that we have around 92 stores of Buildpro, right. So, do we have receivables in Buildpro as well or all the receivable builds are on the manufacturing side of business because my understanding is that build pro being the store format business, there would be very less or zero receivables, so is it right?

**Sukumar Srinivas:** No Buildpro, there will be some receivables will be there because most of our customers are influencers like fabricator, plumber and small builders where we are giving some credit, we will be giving to those customers. This is a normal map.

**Apoorv Bandi:** Sir, can you please quantify that how much receivable on Buildpro and on manufacturing business?

**Sukumar Srinivas:** I can come back to you on that.

**Apoorv Bandi:** OK. And so, when we say retail and non-retail, right, so what exactly do we mean like does that mean in retail we mean by the walk-in customers and non-retailers in the builders or like maybe if you can explain that part.

**Management:** So non-retail would typically be our channel, our enterprise, large time builders and developers and the trade business. Retail would classify as an influencer like contractors, fabricators, plumbers, walk-in customers, architects, all of that will break up with retail and non-retail.

**Sukumar Srinivas:** And that is why, slowly but steadily, we are, you know, the defined definition of the business is going more towards the marketplace model and we are trying to break that up into a steel and a non-steel.

**Apoorv Bandi:** OK. OK, Sir, like, do you have any numbers on this plate of the business? How much part is retail and how much is non-retail in Buildpro?

**Sukumar Srinivas:** Percent, I think 52% overall is retail and the balance is non retail.

**Apoorv Bandi:** OK, OK. And so, my next question is on the how do we mitigate these steel price risk because given the margins are very thin around 3% of kind of that, right, so and the fluctuation can be very much high. So how do we mitigate that part?

**Sukumar Srinivas:** See number one, obviously your inventory management is very critical. #2 there is a section of steel products which are not that sensitive at the marketplace to quick volatility in pricing which is some of our value-added tubes, some of our special categories where of course it's still a small percentage of the overall business, but that is something which we need to focus on more to mitigate steel valuations. The third thing would be is a retail business. In fact, even last year, whatever we have been able to mitigate, largely because the retail business in steel where the any price reductions are not instantly passed on. We do have a lead time or a lag time before it gets it gets passed on to the customer. So, these are broadly the areas which we keep working to keep to mitigate the steel price.

**Apoorv Bandi:** OK, OK. And then my last question is on the in the FY25 and the finance cost was around 52 crores and the depreciation was around 17 crores. So, can you please split it into how much was from building products and how much was from Buildpro?

**Management:** How much from building products and build pro. So that I will come back to you. I don't have to break up at present with me.

**Apoorv Bandi:** OK. OK. Thank you. Thank you, Sir.

**Moderator:** Thank you. The next question is from the line of Dixit Doshi from Whitestone Financial Advisors Private limited. Please go ahead.

**Dixit Doshi:** Yeah, most of my questions have been answered. Just wanted to understand one thing. So, you were saying that in terms of price fluctuation in steel business, the retail business may happen with some lag and in the institutional and channel partner business, how does it work

because there the very EBITDA margin itself is hardly one and a half, 2%. So, I mean fluctuation in the prices can be more than 5% also monthly basis. So how does that work or is it some back-to-back arrangement with the institutional and channel partner business?

**Management:** Yeah. For institutional sales this year onwards, we are planning to buy back-to-back. We are trying to fix up the price with our supplier and hopefully these things will help us to mitigate this price fluctuations.

**Sukumar Srinivas:** And quite often, even with the suppliers, when there is, I mean, if there's a dramatic fall, I think to some extent we get some what is called a price fall clause. We do have certain arrangements with some of our key suppliers where we are, you know we get a sort of a cushion on excessive faults.

**Dixit Doshi:** OK. And in terms of receivables, this around 800 crore of receivable, I assume that you did mention that you do give some credit period to the retail part also. But will it be predominantly institutional and channel business?

**Sukumar Srinivas:** Yes.

**Dixit Doshi:** OK. And in terms of inventory, it will be predominantly our retail stores at where we are holding the inventory?

**Sukumar Srinivas:** Yes, retail and to certain extent for channel.

**Dixit Doshi:** OK and these 92 stores, all of those are, I mean Coco or there are franchises as well?

**Sukumar Srinivas:** Company.

**Dixit Doshi:** Company. OK, OK, that's it from my side. Thank you.

**Sukumar Srinivas:** Thank you.

**Moderator:** Thank you. The next question is from the line of Nishant Bhatt from Equity Works Limited. Please go ahead.

**Nishant Bhatt:** OK, first of all, thank you for giving me this opportunity. And I would like to congratulate the team for a you know, good set of numbers. Clearly you know the organization is very resilient at these subdue times. 1, you know, point, I wanted to ask is regarding the same store sale growth. You reported around 14% same store sales growth in FY25 in I think it's in your investor presentation. Could you share how gross profit per you know store grew in the same cohort. Has the gross margin per square feet improved and to what extent is that driven by product mix versus pricing?

**Sukumar Srinivas:** See broadly the gross margin last year in the non-steel at the store level was around 10%. So there has been substantial growth in the stores, but I think so that is broadly I mean what is the second part of your question please?

**Nishant Bhatt:** My question was regarding your same store sales growth, right? It is somewhere around 14% as of now. The contribution, has it come from the product mix or the pricing? Like you know, is it driven by the product tools or the pricing as of now because that is as I've been seeing that your you know ticket size has been increasing that is the trend which has been happening since the past 3 quarters, right?

**Sukumar Srinivas:** Yes, there should be a mix of both. There would be an increase because of product mix and because of pricing.

**Nishant Bhatt:** Ok thank you. That's from my side, yeah.

**Moderator:** Thank you. The next question is from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

**Deepak Poddar:** Thank you very much, Sir, for this opportunity. So just wanted to understand First, you mentioned that we have seen some increase in steel prices in the month or so what's the

extent we have increased, we have seen the increase after 11% decline. You mentioned we have seen last year, right?

**Management:** Last couple of months, especially in March only it went for around 4% up.

**Deepak Poddar:** And what about the April?

**Management:** April, as of now, April it went by around 3% and May looks flat.

**Deepak Poddar:** And May looks flat. OK. OK, that's great. And Sir is there any kind of matrix or any kind of sensitivity so that we can understand how will steel prices impact your inventory loss and gain, I mean a 1% steel prices gain increase can impact how much in your inventory gain? Some kind of metrics would be quite helpful. I mean to help us understand how your inventory loss or gain can behave going forward, yeah.

**Sukumar Srinivas:** We can work that out, but as you see it's difficult in this industry because it's varying sizes and varying material and it's very inconsistent, but we can definitely work out something.

**Deepak Poddar:** No, no. Come again. I didn't get, Sir. So, what's the sensitivity you're mentioning?

**Sukumar Srinivas:** We don't have one yet. We will work on the matrix for you because of the current complications of the industry, I think this would be a first of its kind.

**Deepak Poddar:** Fair enough. And this year we are looking at 3 and a 1/2 percent, kind of a EBITDA margin at a company level. That's what you mentioned, because majority still only rate for us as of now.

**Sukumar Srinivas:** Yes, we are working on that.

**Deepak Poddar:** OK. And what would be the order ultimate aspiration for this margin? I mean, it's four, 4% aspiration.

**Sukumar Srinivas:** 3 and a 1/2 for sure and as the mix of the non-steel gain space, we will definitely maybe in a couple of years look at 4.

**Deepak Poddar:** Couple of years 4 and this year 3 and a 1/2, closer to three and a half?

**Sukumar Srinivas:** Yeah.

OK, OK, OK, OK. That would be from my side. All the very best to you. Thank you so much.

**Sukumar Srinivas:** Thank you.

**Moderator:** Thank you. The next question is from the line of Utkarsh Somaiya from Eco Quantum Solutions. Please go ahead.

**Utkarsh Somaiya:** Thank you for the opportunity. Can you please give me a break up of the interest cost and the depreciation between the two-businesses?

**Sukumar Srinivas:** Interest cost now when you're seeing both the business, retail and channel enterprise, you are asking for steel and not steel or retail and?

**Utkarsh Somaiya:** Retail and the marketplace business.

**Management:** For marketplace, the total interest cost for the year was approximately around 42 crores whereas in manufacturing was around 10 crores. That is the break above for manufacturing and the marketplace breakup of the finance cost. And the depreciation that you're seeing marketplace is around 8 crores and manufacturing is around 8.7% almost 9 crores.

**Utkarsh Somaiya:** OK. And also, if possible, can you share the operating cash flow of the two businesses?

**Management:** Operating cash flow of that two business. I'll let you know. Overall is around 90 crores is the overall operating cash flow. So, the break up, I will give it to you later. I don't have the final figure with me right now.

**Utkarsh Somaiya:** OK, if possible, please share on this call and this just one last thing that also the breaker of steel and non-steel in the marketplace business.

**Management:** OK. Yeah.

**Sukumar Srinivas:** We'll get back to you on these two details through TIL.

**Utkarsh Somaiya:** Thank you so much.

**Sukumar Srinivas:** Thank you.

**Moderator:** Thank you. The next question is from the line of Naitik from NV Alpha Fund. Please go ahead.

**Naitik:** Hi Sir, thanks for the follow up opportunity. So, my question is, you know what percentage of our revenue is still dependent on APL? And second question, on the same line says is it safe to assume most of the revenue dependent on APL comes from the channel and enterprise segment?

**Sukumar Srinivas:** APL will come approximately around 42 percentages as APL. The bulk of it comes from channel and enterprise and rest from retail.

**Naitik:** Right, my second question is if you could give us the figure of bill discounting for the full year 25?

**Sukumar Srinivas:** Sorry, that wasn't clear. Could you please repeat?

**Naitik:** Is the bill discounting done in 25?

**Sukumar Srinivas:** Yeah, in March, we are around 400 crores was the total bill discounting and borrowing was approximately around 72 crores, around 470 crores is the total borrowing as on end of March.

**Naitik:** Then just one clarification, you mentioned earlier that you're working with NBFC's on you know dealer financing to. If you can just explain, how would this, you know what will it will help us reduce our interest cost on discounting or it will give the you know give the option for people to borrow directly from the NBFC without us being involved?

**Sukumar Srinivas:** Yes, yes. So, what will happen is this particular limit will go to our dealer where they will be bearing the interest cost. So, my overall debtors will start reducing it.

**Naitik:** Got it, Sir. That's all. Thank you.

**Moderator:** Thank. Thank you. The next question is from the line of Viraj Mehta from Enigma. Please go ahead.

**Viraj Mehta:** So just one last question. Sir, we saw APL group selling significant stake, which they held in our firm which they bought through preferential allotment couple of years back recently, as recently as Friday. In your view, does it change any relationship that we have with them because we sell a large proportion of the products as you answered in the last question.

**Sukumar Srinivas:** Now let me just quickly trace back as to why they took these this preferential allotment about 3 years ago. So, I think the primary objective of that was to bind ourselves together better. We have in these three years, our offtake from APL itself has grown by more than three times or almost close to four times. And today we are also the largest MOU holder or we have signed the largest MOU holder for the year of 25-26. So objective number one was to cement our businesses further so that we have a greater volume understanding with each other and a better participation understanding with each other. I think the objective has been very clearly fulfilled and demonstrated. Second, I think at that time there was also a need to infuse some working capital into Shankara. This is just the post, the COVID period. So, I think the 100 odd crores that came from APL at that time of preferential allotment also you know was very useful for Shankara. I think as these objectives have been met, I think we don't see any significant change in their divesting of their holding in Shankara.

**Viraj Mehta:** So that does not change anything in the relationship pricing, nothing?

**Sukumar Srinivas:** Nothing at all.

**Viraj Mehta:** OK. Thank you so much. Thank you so much.

**Moderator:** Thank you. As there are no further questions, I would now like to hand the conference over to Mr. Sukumar Srinivas. Thank you and over to you, Sir.

**Sukumar Srinivas:** My sincere thanks to all the participants who took time off on a Monday morning and a busy working day and thank you all very much for participating. I hope you've been able to answer your question satisfactorily. In case you have any further doubts, etcetera, please reach us through the TIL and we'll be happy to clarify any doubts that you have. Thank you so much.

**Moderator:** Thank you. On behalf of TIL Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your line.