

Shankara Buildpro Limited



Date: May 27, 2026

To
Department of Corporate services
BSE Limited
1st Floor, New Trading Ring,
Rotunda Building, Phiroze Jeejeebhoy
Towers, Dalal Street
Mumbai - 400 001

To
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-1,
Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051

Symbol: 544517

Scrip Code: BUILDPRO

Dear Sir/Madam,

Subject: Transcripts- Q4 & FY26 Earnings Conference Call

Please find enclosed the transcripts of the Q4 & FY26 Earnings Conference Call held on May 21, 2026.

Kindly take the above information on record and acknowledge.

For Shankara Buildpro Limited

ereena
vikram

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by ereena vikram
Date: 2026.05.27
10:51:53 +05'30'

Ereena Vikram
Company Secretary and Compliance Officer
M.No. A33459

Corporate Office:
G2, Farah Winsford, 133 Infantry Road,
Bengaluru-560001. Karnataka
Ph.: +91-080-40117777

Registered Office:
No.21/1 & 35-A-1, Hosur Main Road,
Electronic City, Veerasandra, Bengaluru-560100
Ph.: +91-080-29910702 | 080-29910709

Email :- info@shankarabuildpro.com

I CIN: L24311KA2023PLC179791

I Website : www.shankarabuildpro.com



**“Shankara Buildpro Limited
Q4 & FY 2026 Earnings Conference Call”
May 21, 2026**



MANAGEMENT: **MR. SUKUMAR SRINIVAS**
 MANAGING DIRECTOR

MR. DHANANJAY MIRLAY SRINIVAS
 EXECUTIVE DIRECTOR

MR. ALEX VARGHESE
 CHIEF FINANCIAL OFFICER

Q4 & FY 2026 Earnings Conference Call May 21. 2026

Moderator: Ladies and gentlemen, good day and welcome to Shankara Buildpro Limited Q4 FY26 Earnings Conference Call.

As a reminder, all participants 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 touchtone 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, Yusuf. Good afternoon, ladies and gentlemen, and thank you for taking out the time to join us today in the Q4 and FY26 Earnings Conference Call of Shankara Buildpro Limited.

The latest Earnings Presentation and Press Release for Q4 Results have 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. Dhananjay Miralay Srinivas - Executive Director, and Mr. Alex Varghese - Chief Financial Officer.

We will begin with a brief overview of the quarter and the full financial year from Mr. Dhananjay Miralay Srinivas, followed by a Q&A session.

Please note that this conference may contain certain forward-looking statements about the performance of the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve certain risks and uncertainties.

With that said, I would now like to hand over the call to Mr. Srinivas. Over to you, sir.

Dhananjay Miralay Srinivas: Thank you. Good morning and thank you for joining us as we go through the results and performance of Shankara Buildpro Limited Q4 and FY26.

I have with me Mr. Sukumar Srinivas – Managing Director, and Mr. Alex Varghese – Chief Financial Officer. FY26 marks the first complete year of reporting for Shankara Buildpro Limited

as a separate listed entity following our 1-1 demerger from Shankara Building Products Limited. I would like to begin with our financial performance for FY26. Our revenue for FY26 stood at INR 6,826 crore, an increase of 30% year-on-year. Q4 FY26 revenue stood at INR 1,996 crore, an increase of 28% year-on-year and 20% sequentially.

Our growth was primarily led by our steel marketplace with steel revenues at INR 6,220 crore, an increase of 33% year-on-year, whereas steel volumes grew by 32% year-on-year. We are happy to announce we surpassed our 1 million tonne target for the year and reached a milestone moment of 10.16 lakh tonnes for FY26. In Q4 we delivered 2.89 lakh tonnes of steel volume, an increase of 19% year-on-year and 11% sequentially. Our core categories of steel and pipes, flats and roofing all contributed to this growth. Our non-steel business revenues came in at INR 606 crore for FY26, an increase of 2% year-on-year and INR 161 crore for Q4 FY26. The company's EBITDA stood at INR 228 crore, a jump of 51%, translating to an expansion of 47 basis points to 3.35% for FY26 as compared to 2.87% for FY25. Our Q4 FY26 EBITDA is 3.51% vis-a-vis 3.05% in Q4 FY25 and sequentially up from 3.30% in Q3 FY26. The PAT for FY26 was INR 128 crore, a 64% growth year-on-year. Q4 FY26 PAT stood at INR 42 crore, a 42% year-on-year increase and a 66% increase sequentially.

Our FY26 PAT carries a one-time INR 2.61 crore provisioning related to labor code amendments. Our ROCE for FY26 was 36% and our working capital cycle improved to 25 days.

The finance cost remains under control, coming to 0.63% of the revenue in Q4 FY26 while we continued our robust growth. Our performance validates the rationale of the demerger, where Shankara Build Power is a pure-play leading building materials and home improvement marketplace, delivering volume-led growth, superior ROCE and healthy asset turns. Going forward, I will now talk about the medium to long-term roadmap and business outlook for Shankara Buildpro Ltd.

In FY26, we completed the 1 million tonnes milestone. We are targeting a 1.2 million tonnes total steel volume for FY27 and a 1.4 million tonnes in FY28 steel volumes. And we plan to achieve the 2 million mark by FY31.

Steel tubes and pipes, which is our largest product vertical and Shankara is proud to be the largest distributor and retailer in India. We aspire to grow from 6.9 lakh tonnes in FY26 to 1 million tonnes in the next three years in steel tubes and pipes. Our ambition to grow here is notable given the higher base of this business with almost 7 lakh tonnes of volume in FY26.

Our non-steel business faced headwinds this past financial year. However, we are confident and optimistic to regain our growth momentum. We plan on achieving INR 750 crore in FY27, a 25% increase compared to FY26 and INR 925 crore in FY28. This growth will be sustained by our core categories of plumbing, fitting and sanitary ware, while we expect a gradual recovery in the tile industry.

We are optimistic to scale up our electrical and paint verticals in the coming years as well. Our e-commerce division has witnessed substantial growth in FY26, clocking in at INR 22 crore, an increase of 322% year-on-year.

We are optimistic on scaling up this division and are targeting revenues of INR 35 crore in FY27 and INR 50 crore in FY28.

We plan to add 7 to 10 new fulfilment centers/stores in FY27. We plan to further add 4 to 5 new stores and fulfilment centers each year in high potential micro-markets. Our approach to adding stores will remain strategic.

Our same sales growth of 23% in FY26 reflects this strategy. In the medium to long term, we aspire to take our EBITDA margins to around 4%, up from 3.35% in FY26, driven by gradual product mix improvement, growing share of value-added steel categories and operating leverage as we increase our scale of operations. Shankara Buildpro has delivered a stellar performance in a year we saw continuous global disturbances.

Now, I would like to provide some context on the environment in which this performance has been delivered because it has been anything but easy over the past 12-18 months. The steel side of the industry has been navigating sharp price volatility through the year. Hot-rolled coil prices moved meaningfully, dropping through the 2nd and 3rd Quarter of the year before rising again sharply in Q4.

The implementation of safeguard duties on steel imports has helped domestic prices settle at firmer levels, providing a more conducive operating backdrop entering FY27. Underlying demand has remained supportive, anchored by infrastructure spending across metros, highways, ports and airports, and a structural shift towards structural steel in modern construction. Incremental supply from newer steel capacities in FY27 is also expected to be moderate, which is likely to be absorbed by the nominal growth in domestic steel consumption, thus keeping the market position firm for the rest of the year.

The non-steel landscape has been more challenging. The Indian ceramic tile industry was disrupted through the latter part of FY26 by a sharp rise in natural gas prices and production cuts at the Morbi cluster. This forced manufacturers to take price hikes, which is further expected to weigh on demand.

Tile retail demand has consequently been tepid, and this has been reflected in our own tile category performance. In plastic pipes, the industry has experienced a tough year. The plastic pipe industry in India is estimated to have seen volume de-growth in FY26, driven by a sharp PVC resin price volatility.

Channel inventory cycles got disrupted, and Agri-pipe demand was particularly impacted. The Jal Jeevan spending also moderated, with actual disbursement running at roughly one-third of

the announced budgets over the past two years, thus keeping the overall demand environment muted. Within non-steel, plumbing's fitting their sanitaryware well continue to perform reasonably well for Buildpro.

An emerging category such as electrical lighting and paints has also shown growth in FY26. Our steel business has grown 32% in volume in this environment, and our non-steel business has held positive against an industry that has actively contracted in many sub-segments. Shankara Buildpro was able to surmount these challenges and achieve a record performance.

We believe that we have a unique business model that helps us overcome numerous obstacles and speaks to the strengths of our business. I will now touch upon the structural reasons we believe Shankara Buildpro is positioned differently than other players in the building materials marketplace, including the well-funded new-age startups or large corporates that have entered the building materials distribution conversation in recent years. Buildpro is built on an evolving playbook across markets and categories.

We are not a single marketplace model. We have a wide customer spectrum with ticket sizes ranging from INR 500 to INR 1.5 crores. The same network of stores and footmills cater to customers ranging from homeowners, influencers, contractors, dealers, mid-size builders to large institutions, who procure materials through various modes like in-person visits, telecalling, online platforms, etc. This makes Shankara true omnichannel business.

We are a true multi-vertical, multi-product and multi-brand marketplace with over 2 lakh plus SKUs spread across 25 verticals covering 75 categories and we are working with 100 plus leading brands. Shankara Buildpro is able to service customers with a complete range of steel items, building materials and home improvement products. A true one-stop destination for all building material needs.

Our multi-territory and strong supply chain spread allows genuine penetration across metro, Tier-1, Tier-2 and Tier-3 markets. Shankara has built a strong presence across urban, semi-urban and rural India through our network ensuring grassroots coverage beyond top cities enabling true last mile serviceability. The Buildpro advantage is reflected in our ability to cater to complex needs of the building material industry.

Every vertical sells differently in India which changes expectations and customer experiences. Buildpro through years of experience and trial and error has developed a unique operating model that balances central control and systems with local autonomy and flexibility. This enables us to cater to regional tastes, customer purchase habits and the flexibility to compete with local players We have closed FY26 with a record performance that has laid a strong foundation for the coming years. With our updated medium-term roadmap in improving margin trajectory and lean balance sheet, Shankara Buildpro is well-positioned to deliver another year of strong, profitable and volume-led growth in FY27 and beyond. With this, I would now like to open the floor for questions.

Thank you very much.

Moderator: First question is from the line of Sneha Talreja from Nuvama. Please go ahead.

Sneha Talreja: Congratulations on the strong set of numbers. A couple of questions from my end. Firstly, on the demand front, given that in the month of March we have seen a substantial increase in prices across the board, across the building material categories, be it tiles, be it pipes, what is the kind of an impact that we are seeing on demand because you cater to the entire gamut of products? Are we seeing any resistance in terms of buying or could you actually help us with how April would have been for you or how May is faring out from that angle?

Sukumar Srinivas: Yes, definitely the kind of sharp increases of prices across the board in whether it's tiles, whether it's partly in steel, whether it's other products is definitely impacting demand to a small extent. Probably, it would impact April, May and June as well. But I do see that some prices are correcting and I think there has been some resistance. People expect that this is a short-term flip. So, I think there's some amount of postponement of purchases that are happening. But if I look at the year as such, I think it should normalize and we should see a fairly normal year.

Sneha Talreja: Also, in extension to this, any category where you are seeing availability is a challenge like we heard of Morbi being shut for this entire of two months and now they're coming back. Any procurement issues that you have given that you do a lot of working with such players?

Sukumar Srinivas: Yes, definitely Morbi has been a challenge in the tile industry which we mentioned in our opening remarks. From I would say probably March itself, it has been badly impacted. But steadily, things are improving and we expect that probably by June itself, things will start normalizing, albeit at certain higher pricing, which is okay, which is healthy for the industry because it had gone down to very low levels prior to the last quarter. So, I think it will come back to a fair amount of normalcy in June onwards. There has also been in steel in certain special categories like coated products, etc., where there have been shortages witnessed partly in March and April and May. I think even that is slowly normalizing now.

Sneha Talreja: Understood. Also, on your guidance, you also are targeting around 1.2 tonnes of steel tubes or volumes. But if I just look at the current scenario, I think one of your largest suppliers also hinted for some amount of slowness in the market. How do you plan to achieve this? Do you think it will be more like second half lead because what we are understanding is in the quarter one, the demand seems to be a bit on the slower run rate. Would you actually help us with that?

Sukumar Srinivas: Just a correction Sneha, it's not 1.2 million tonnes of steel tubes, it's of overall steel. Out of that, currently about 7 lakh tonnes is steel tubes. So, yes, there has been some slowdown as I mentioned earlier. But I think we are quite optimistic, as I mentioned, that we definitely feel that there is no substantial slowdown in demand in the real demanding industries like if it is

infrastructure, if it is various other projects, it is steel tubes, the auto industry is still doing pretty well. So, I think in terms of steel tubes, like I said, it's a temporary bit. Definitely, I would say the 1st Quarter may be slightly slow. But I am actually hoping for recovery in June itself. And I do see that quarter two onwards, maybe the monsoon season hits in the quarter two. But generally, we find that July and August are also fairly strong months for us. It's generally the September-October period that is the latter half of the monsoon and the festival season that drives our demand a little bit. So, I do see that, yes, it would be probably a greater quarter two-led demand to achieve our targets.

Sneha Talreja: Understood. And lastly, on your product mix, of course, we have been hearing of non-steel increasing at a stronger run rate versus steel and that's the margin expansion that you've been aiming for. Any guidance that you would want to give over a period of next three to five years, where could this non-steel ratio stand?

Sukumar Srinivas: Yes. Currently, we are at a little under 10%. Definitely, our internal target is to take it up to the 15% to 20% is our target. So, that is what we would aspire to in the next four to five years. And then, of course, steel is also expanding in a fairly large way. So, that could pair it. But then, non-steel growing at a much faster pace is what we are targeting at. So, it would come probably and settle in the next three to five years around 15%-16%.

Sneha Talreja: Understood, sir. Thanks a lot, sir. I will get back in the queue.

Moderator: Thank you. Thank you. Next question is from the line of Viraj from Enigma. Please go ahead.

Viraj: Hi, sir. Congratulations for a good set of numbers. Sir, my question is on your non-steel piece. You sounded very confident on 750 crores for this year. And this has been a backdrop where this year, FY26 has not been great. We haven't grown. And the macro environment hasn't still really improved. So, what gives you that confidence? Are you opening new stores or why do you think we will be able to grow 25% in non-steel this year?

Sukumar Srinivas: I think number one; we have been looking at in non-steel what are our larger verticals or where we probably have not focused adequately in the last many years. So, one of the areas which we have identified, though it is competitive, we are fairly confident that we can make a fairly strong headway in the CPVC and the PVC segment itself. So, we have got a substantial – we are very small in that particular space. So, we see that there's adequate headroom for us to grow in that area, which is pretty small as of now. So, I think that is one area where we are very confident of adding at least a fairly substantial chunk in this growth of about 150 crores. Second area is in the roofing products itself. We have been exploring more and more products which are aligning with what is the growing demand in India. There has been a substantial demand increase in UPVC roofing. So, this is another area which we are looking at very aggressively in the demand. We have already started importing material from China, which we are branding with our own brand of Ganga. We have also expanded our supply source in this area. The third, we also see a recovery in the plumbing in our traditional segments of CP and sanitary, which I

think we are much more bullish that we do see some amount of rebound. And also, the early shoots I do see of the tile industry also recovering, which looked pretty bad over the whole of last year, I would say, in spite of the last couple of months being probably worse off than the whole year. But I do see that there are green shoots, and we are quite optimistic that this area will also grow well for us.

Viraj: And you are seeing green shoots at an institutional level or at the retail buying level? Is the builder project side reviving or the retail side reviving?

Sukumar Srinivas: We are seeing at the retail level it is reviving definitely. And we are also going a little more aggressively in our own brand for distribution and trade. So, that means it will largely be in the retail level.

Viraj: Sure. And sir, the second question is on steel. Would it be fair to assume, sir, that when you talk about 20% growth, your pipes and tubes will grow slower than your flats and longs? Is that a fair understanding?

Sukumar Srinivas: No. Sorry for that. Please finish.

Viraj: So, sir, our understanding from the outside is that your margins in flats and longs are higher. So, when you scale that business faster than your pipes and tubes, there will be some margin improvement at a product-wise level just in steel, and you will also have operating leverage. So, is that a fair understanding then?

Sukumar Srinivas: A fair assumption, but we have also given a guidance in steel tubes that we are looking at a fairly rapid growth to reach our 1 million tons in the next three years. That means we are also looking at something like 18 to 20% growth in the coming year. So, I would say yes, the flat products would grow at a slightly faster pace, but steel tubes will not be way behind.

Viraj: Right. And when you talk about 4% operating margin as a strategic objective or as an ambition that you kind of have, if you can just put a timeline, is it like a couple of years or way out than that? Just some ballpark understanding of that.

Sukumar Srinivas: Definitely, in the two to three years time frame, so sort of a medium-term outlook.

Viraj: Sure. So, probably FY28 or worst-case FY29?

Sukumar Srinivas: Yes, I think you would look at 29 would be safer, Viraj, because I don't want it to come back to me next year itself saying that, why has it not happened?

Viraj: Sir, that anyway we will. So, no problem, sir. Best of luck and thanks once again.

Moderator: Thank you so much. Thank you. Next question is from the line of Shlok Bhartiya from Swan Investments. Please go ahead.

Shlok Bhartiya: Good afternoon, sir, and thank you for the opportunity. On the volume front, now we are almost close to 1 million tonnes. So, just wanted to understand, the volumes are largely driven by the demand or we have gained some sort of market share from the other players?

Sukumar Srinivas: I think it's a mix of both. Definitely, demand has been quite buoyant. If you look at the steel industry as a whole, the broad micro statistics talks about 10-plus growth. And so, obviously, when we have been growing at 30%, there's still a gap. So, I would say it is, one, we have grown in our existing territories because we have expanded our reach in the existing southern territories. We have also grown in our newer areas like Gujarat, MP, etc. So, I think it's a mix of both.

Shlok Bhartiya: Okay. And in terms of the steel business, can you help us understand the bifurcation in the retail and non-retail on the steel front? And how do we see that both the segments growing?

Sukumar Srinivas: Yes. So, the retail part is about 50-53-54. You can say it broadly is 50-50-mix.

Shlok Bhartiya: 50-50-mix. Okay. In the previous participant question, articulated that from the sub-10% of the non-steel revenue, we are targeting 15-20% over the next three to four years. So, is it fair to assume that even the margin target from 3.3% to 4% will take that longer or probably will be achieving that on the faster rate?

Sukumar Srinivas: See, we are guiding for about, see, non-steel, anyway, we are talking, yes, you are right, we are talking about 20-25% kind of a growth. We have actually targeted straightaway 25% this year. So, proportionately, yes, the margins will also, I mean, we hope to, like I said earlier, with the earlier participants, that the 4% aspiration is ASAP. But I would say probably, you know, the next three years or so, we should hit that mark.

Shlok Bhartiya: In terms of the bifurcation, can you help us, what will be the margin at the steel level and the non-steel level?

Alex Varghese: So, EBITDA margin for non-steel level is around 6.5% and steel will be around 3%.

Shlok Bhartiya: And in terms of the fulfilment centre that we have opened over the last, definitely, we have seen a significant SSG on the return side as well. But how do we see the contribution of the fulfilment center going ahead and number of centres that will be opening over the next two to three years?

Sukumar Srinivas: Yes, I think in this year itself, we are targeting about seven to ten fulfilment centers. Out of which three have already been opened. And in the subsequent years, we are looking at around four to five.

Shlok Bhartiya: Okay. And for the three that we have already opened, in which area or which state that we have opened it?

Sukumar Srinivas: One, we have opened one in Vasai, outside of Bombay and Maharashtra, which is only, as of now, only for steel tubes. So, this is one. Then we have opened one near Trichur in Kerala. And one fulfilment center near Bangalore. So, the Bangalore one is purely non-steel. The other two, as of now, are related to steel.

Shlok Bhartiya: And lastly, on the non-steel, definitely, we have seen the impact on the tile space, on our manufacturing as well as the overall volume. But what sort of, I mean, cost impact that we have seen in the last quarter or probably because of this war. I mean, is it possible to quantify the impact because of the ongoing war of the cost impact on the tile front?

Sukumar Srinivas: Sorry? The impact of the war on the tile industry?

Shlok Bhartiya: Yes.

Sukumar Srinivas: Yes. I think the first impact, particularly when this started in the end of February, when the war and the shocks to the system happened, I think March was like, I think, literally, we lost, failed dramatically because there was literally no supply. A lot of the Morbi units just shut down because there was no gas. They were the first people to get impacted. So, I think that was number one. So, there was a virtual shutdown in many, many of the factories in March. February, by March end, by February, people started opening at a much higher pricing. So, there was a much higher pricing. It went up by about 10% to 15% was the kind of increase in the pricing at that point of time. But it's been a little unsteady because they have been opening, shutting. Some of them are talking of 50% production. Some are talking of 60%, some shut down. So, there has been a sort of an uncertainty as far as the tile operations itself in Morbi the last two to one and a half months now. And I think now they're all talking about opening up and because they are at a much higher price because the gas has, of course, increased. So, they are talking about much more steady kind of supplies starting currently.

Shlok Bhartiya: Sure, sir. That's a good thing to hear about. Thank you, sir. That's also my side and all the best.

Moderator: Thank you. Before we move to the next question, a reminder to the participants, to ask a question, you may press star and one. Next question is from the line of Utkarsh Somaya from ICO Quantum Solution. Please go ahead.

Utkarsh Somaya: Thank you for the opportunity. Can you please tell me your inventory gain in this quarter and the corresponding quarter last year and Q3 FY26?

Sukumar Srinivas: Inventory gain in Q4 was close to around INR 15 crores, number one. Number two, we also had certain one time and in the previous quarter, there was virtually no gain at all. In fact, the previous three quarters, we would have had about, I think, what was the inventory loss in the previous three quarters. So, it was around INR 8 crores, INR 9 crores in the previous three quarters, number one. Number two, in the 4th Quarter, we have also had certain exceptional expenses where we had about, I will just give you the details.

Alex Varghese: In Q4, we had around INR 16 crores of additional cost due to a demerger cost, additional rental expense. There are some bad debt provisions were there. So, these are the impacts in Q4 which has happened.

Utkarsh Somaya: So, both are set off. They set off each other. The inventory gain, it is one time and the 16 crore cost is also one time.

Alex Varghese: Correct.

Utkarsh Somaya: And my question was on your operating leverage. Given that your business model is a B2B marketplace, how come we are not seeing operating leverage? Because your revenue, if you see on a year-on-year basis, has grown by almost 400 odd crores and quarter-on-quarter basis, INR 300 odd crores. So, can you just explain to me how your business model works? Because I assume that there will be a lot more operating leverage than you had.

Sukumar Srinivas: I mean, if you look at the interest cost, it has more or less remained the same or marginally come down. If you look at the people, we have grown 30% this year. So, you see, much of the expenses have not grown by more than 7% to 8%. So, I think there's a fair amount of leverage that is coming. If you look at last year, our gross margins were in the region of, I mean, the PAT EBITDA was around 2.37, this year it's about 3.35. So, I think there is a fair amount of leverage here. Okay.

Utkarsh Somaya: Understood.

Moderator: Thank you. 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, I just wanted to understand, first of clarification, you mentioned INR 16 crores of additional cost was due to demerger, right?

Dhananjay Miralay Srinivas: So, the cost was around INR 2.5 crores because of a demerger. There was an additional rent of INR 2.5 crores. We also had a bad debt provisioning of around INR 11 crores.

Deepak Poddar: Okay. Bad debt provisioning was around INR 11 crores?

Dhananjay Miralay Srinivas: Yes.

Deepak Poddar: And where it's factored, I mean, these costs, I mean, which line item?

Dhananjay Miralay Srinivas: All these things are shown in the other expenses. All these things are shown in other expenses.

Deepak Poddar: But your other expenses has increased only from INR 23 crores to INR 34 crores. So, ideally, quarter and quarter has increased only by about close to INR 11 crores, right?

Dhananjay Miralay Srinivas: There are some other expenses. It was less because the previous quarter, we had that labor code 2.61 effect was there, which has not affected in this quarter. That has got reduced. And apart from that, the rental expense was there additionally.

Deepak Poddar: I understood that. And in terms of, I mean, we are targeting around 7 to 8 stores or fulfilment centres in this FY27?

Dhananjay Miralay Srinivas: We are targeting 7 to 10.

Deepak Poddar: 7 to 10. And what would be the CAPEX involved there, total?

Alex Varghese: We are looking at around INR 15 crores to INR 20 crores. So, CAPEX will be involved.

Deepak Poddar: But per annum, in general, we have spoken about 4 to 5, right? Only this year, we are targeting 7 to 8.

Dhananjay Miralay Srinivas: Yes. This year, we are going a bit more aggressive in strategic micro-markets. And then from next year onwards, we are still guiding at that 4 to 5 per year.

Deepak Poddar: From FY28 onwards, maybe.

Dhananjay Miralay Srinivas: From FY28 onwards.

Deepak Poddar: And given the commodity prices are higher, we expect inventory gain in 1st Quarter as well?

Sukumar Srinivas: The 1st Quarter, I am not very sure. It is too early to comment because the price have already started sort of plateauing out in May and June. So, we will have to see how June pans out. So, it might just square off. April gains may square off in these two months. Okay.

Deepak Poddar: So, we do not expect much, I mean, in terms of...

Sukumar Srinivas: Yes.

Deepak Poddar: Yes. Okay. And you did mention on the demand side, there is some slowdown that we have seen in 1st Quarter this April, May, June. So, is there any extent you can highlight, I mean, on how much is the slowdown or, I mean, this annual growth if you are targeting, let us say, 20% on the volume? So, first half would be lower and then second half you expect to pick up?

Sukumar Srinivas: I will not hazard a guess for the 2nd Quarter because I hope 2nd Quarter will be much better than the 1st Quarter. But as it is, the way the current trend, we are like 50% through in the 1st Quarter. So, our personal, if I compare it to 1st Quarter of last year, we are still at about 10% to 15% above last quarter. I am talking about Q1 of FY26.

Viraj: 10% to 15% is what I mean. That is pretty good, I mean, given the scenario. I think, yes, that would be it from my side. Wish you all the best. Thank you so much.

Moderator: Thank you. Next question is from the line of Apoorva from Whitestone Financial Advisors. Please go ahead.

Apruva: Thank you, sir, for the opportunity. And congratulations on the good set of numbers. So, I have two questions. First one is, how do we hedge ourselves from the volatility of the steel prices?

Sukumar Srinivas: Okay. See, we have been seeing steel volatility over the years. I mean, this is nothing new to us. So, over the years, the very key thing, one is how astute are you in your inventory management, the kind of cycle that we are able to turn. Number two is our Shankara's existing robust models, because we do have a fairly large amount of retail in the steel segment too. So, where steel prices are not passed on very immediately whenever it goes down, and when it goes up also, you pass it on based on your customer relations. Secondly, we also have a fairly robust end-OE customer. Normally, end-user customers, the pricing is a quarterly kind of a base. So, when the prices go down within a quarter, let us say, normally, what's fixed up in the first of the quarter would be the price that continues for the whole quarter. So, these are broadly the three ways that we pair our inventory losses to the large extent. It does have some impact even on inventory gains, because when the prices do suddenly shoot up when we have OE customers, the converse also applies, where you do not probably get the whole advantage of a price gain because you have to maintain the prices for a quarter. But I think in the long run, it proves quite beneficial to have. So, I think our model itself is fairly robust in terms of managing inventory losses or gains.

Apruva: Sir, my second question is on what is the EBITDA margin outlook for the current year FY27?

Sukumar Srinivas: We are looking at in the region of the same, around 3.3 to 3.5. Thank you.

Apruva: Thank you sir and all the best.

Moderator: Thank you. The next question is from the line of Darshan Boudhani from Electrum Portfolio Managers Pvt. Ltd.

Darshan Boudhani: Yes. Thank you for giving the opportunity. So, the first question is, out of close to 96 stores which we currently operate, how many are owned by Shankara Building Products and how many from the third party?

Sukumar Srinivas: In Shankara Buildpro, we do not own any stores.

Darshan Boudhani: So, how many like at least from the Shankara Building Products out of this?

Sukumar Srinivas: It is from the other sister concern, the Building Products Limited.

Alex Varghese: So, it is around 16 of the stores are from Shankara Building Products Limited.

Darshan Boudhani: And what is the rent we expected to pay in FY27?

Alex Varghese: Overall, the rent will be around INR 9 crores to INR 10 crores. I am talking about the fulfillment center. Around INR 10 crores will be in FY27.

Sukumar Srinivas: The number is higher. Most of the fulfillment center in the warehousing is owned by Shankara Building Products Limited. Out of the 95 odd retail counters, 16 is owned.

Moderator: Thank you. Next question is from the line of Pawan Kumar from Shed Capital. Please go ahead. Thank you for the opportunity.

Pawan Kumar: So, the question is regarding client concentration.

Sukumar Srinivas: Okay. In the steel sector, is it?

Pawan Kumar: Yes

Sukumar Srinivas: So, steel we have both retail as well as dealer sales as well as actual OE industry sales. So, you can broadly say from our retail counters about 50% of steel goes. So, the client concentration at a retail counter would generally be an end fabricator.

It could be a contractor. So, these are the two large segments and could be some amount of plumbing segment and structural engineers. This would be our client base at the retail area.

When it comes to the, of course, the dealer segment, the channel segment, we give it to others, you know, dealers and retailers. The third, the OE segment is where we supply directly to industries where it is spread across a very, very wide spectrum, starting from general engineering, it can go to chemical industry, it can go to building industry, it can go to automobile. So, it's a very, very wide spectrum that we cater over there.

Pawan Kumar: So, tell us on this, like, some color on like, maybe revenue from say top, top maybe 10 clients, some color on that.

Sukumar Srinivas: Sorry, I didn't get it.

Pawan Kumar: What is the revenue from our top clients? Yes.

Sukumar Srinivas: So, top 10, top 20 clients. Yes. See, here our business is very, very, very widely distributed. Just to give you an example, our top customers will be contributing around 1% of our total top line. we are having, wide range of customers we are having.

Pawan Kumar: And so, second question, like, you are like expanding now, are you expanding the same geographies or looking for new geographies?

Sukumar Srinivas: Right now, the plan is within the existing geographies only. We are not, as of now, contemplating on moving out of the existing geographies.

Moderator: Thank you very much. Thank you. Next question is from the line of Manish Kaila, an individual investor. Please go ahead. Thank you.

Manish Kaila: So, sir, I have a question with respect to your other company, which is Shankara Building Products. So, just wanted to check if I can proceed with my question.

Dhananjay Miralay Srinivas: No, we can't. We can't take up that, unfortunately, in this call, but we can take it up separately if you have a question. I will send out an email.

Moderator: Thank you. Thank you. Next question is from the line of Viraj from Enigma. Please go ahead.

Viraj: Yes. Hi, sir. Just a quick follow-up. Sir, you said that your margin will be 3.3 to 3.5% this year. Did I hear that right?

Sukumar Srinivas: Yes. 3.5, yes.

Viraj: But, sir, then we are essentially saying that there will be very little margin improvement this year, in spite of 20% volume growth, in spite of non-steel growing 25%, and on top of that, operating leverage coming. I mean, what are we missing? And not having any inventory loss also. So, like, not able to understand this part.

Sukumar Srinivas: Yes, Viraj. I mean, I know we are giving a slightly conservative scope, but definitely, yes. I mean, the aspiration is very much to take it much better. So, you can take it to the upper side of that number.

Moderator: Thank you. Next question is from the line of Ajit Sethi from ICO Quantum Solution. Please go ahead.

Ajit Sethi: Yes. Thank you for the opportunity. Sir, with quick commerce and hyperlocal delivery platforms entering the building material segment, so how does the company see the competitive impact on its business model?

Dhananjay Miralay Srinivas: I don't think there'll be an impact. If anything, we will look at if we can leverage hyperlocal and quick commerce for our products as well. So, I think it's more of something we can look at and something new to add in the future. So, I don't think it's a competition. It's more of a new vertical in the future.

Moderator: Thank you. Next question is from the line of Apoorva from Whitestone Financial Advisors. Please go ahead.

Apoorva: So, my question was how much revenue growth will we see for the year?

Dhananjay Mirlay Srinivas: Revenue growth for the year, I think that depends on finally the...

Sukumar Srinivas: Yes, it will be in the range of around 20%.

Moderator: Thank you. Next question is from the line of Kiran D from TableTree. Please go ahead.

Kiran D.: Thank you for the opportunity, sir. I have just one question. How are you seeing the competitive landscape shape out given the demand has been tepid and obviously multiple situations going on? I mean, we had one large OP business who wants to come for an IPO with a very cut-throat pricing that you spoke about a year, year and a half ago. And then there is something else started by one of our largest customers as well. So, just wanted to understand how is the competitive landscape shaping up, especially in the steel business? Of course, non-steel, I guess the competition is very large. If you could just give some landscape, are you seeing random pricing or has the pricing kind of stabilized? Has the rationality returned? And so on and so forth.

Sukumar Srinivas: I think, you know, the larger the player, like you mentioned, what we see that we explained in our opening commentary that our entire approach to the market is very, let's say, very micro. We have penetration into multi-layers of the market, whether it's urban, today about 50% of our business comes from metros and the like, and the rest of it comes from the Tier-2, Tier-3, Tier-4, the smaller towns and rural areas. So, I think our decentralization, our ability to have a retail model that is very robust, I think, keeps us relatively shielded from the competition from these larger players because their model, their approach itself is very, very different. So, I think, yes, we did talk about it. Yes, they do have some, you know, concern. We do have in the larger metros where they, you know, dump to larger dealer distributor kind of approach. But I think we have seen it now for the last three to four years and we have been able to successfully maneuver around these larger players. Got it, sir. Thank you so much for the clarity.

Moderator: Thank you. Next question is from the line of Anchal Thakkar from Lucky Securities. Please go ahead.

Anchal Thakkar: Yes. Hi, gentlemen. Just more of a, you know, question to understand the business models. At the beginning of the call, you mentioned that the business is largely dependent on, you know, home buyer, homeowners, retailers, influencers, and B2B. Trying to understand if there is a significant difference in business models or metrics across all of these, just to understand the granularity of the business and the earnings.

Sukumar Srinivas: Yes. So, I think that part of the commentary was largely related to the building the non-steel portion and to some part of the steel part of the business. So, there are two clear segments.

We have one in the steel and the non-steel. In the steel, there is some amount of, you know, construction steel that goes in, which goes to this sector that, you know, the homeowners, the retail counters, which are specialized in the building materials only. The second part of our steel segment, the second steel part, we also have a very, we have a retail model, which goes to, again, could be, you know, related to construction, contractor, fabricator, etc. We also have a fairly large industrial sector, which we call the enterprise segment. And we also have a dealer segment. So, it's broken up into four parts in our entire customer profile.

Anchal Thakkar: And the range of business metrics differs significantly across these four?

Sukumar Srinivas: Of course, it does.

Moderator: Thank you. Next question is from the line of Charchit Malu from Genuity Capital. Please go ahead.

Charchit Malu: Hi, sir. Thanks a lot for the opportunity. I might have missed, but what kind of guidance you gave for the volume in the steel and non-steel going forward in FY27 and FY28?

Sukumar Srinivas: Yes, we gave a guidance in the non-steel to go up to around 25%. So, we have to hit the 750 mark. That was the guidance given in non-steel. And in steel, we talked about around 20% volume growth.

Charchit Malu: In next year and in FY28 as well?

Sukumar Srinivas: Sorry?

Charchit Malu: In FY28 as well?

Sukumar Srinivas: FY28 also, a very similar kind of a guidance.

Charchit Malu: And more or less the same kind of realization, sir?

Sukumar Srinivas: Yes. I mean, steel is always a little bit up in the air, but yes, broadly, yes.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Sukumar Srinivas for his closing remarks. Over to you, sir.

Sukumar Srinivas: Yes. Thank you very much for all the participants who have taken their time out to be part of our Conference Call. Thank you so much.

Moderator: Thank you, sir. On behalf of Shankara Buildpro Limited, that concludes this conference. Thank you all for joining us. And you may now disconnect your lines. Thank you.