Shankara Buildpro Limited

Date: August 11, 2026

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

Symbol: 544517

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

Scrip Code: BUILDPRO

Dear Sir/Madam,

Subject: Transcripts- Q1 & FY27 Earnings Conference Call

Please find enclosed the transcripts of the Q1 & FY27 Earnings Conference Call held on August 7, 2026.

Kindly take the above information on record and acknowledge.

For **Shankara Buildpro Limited**

ereena vikram

Digitally signed by ereena vikram
Date: 2026.08.11 10:35:30 +05'30'

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

Shankara Buildpro Limited
Q1 FY27 Earnings Conference Call
August 07. 2026

Moderator: Ladies and gentlemen, good day and welcome to the Shankara Buildpro Ltd Q1 FY 2027 Earnings Conference Call hosted by TIL Advisors.

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 touchtone phone.

Please note, 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, Steve. Good afternoon, ladies and gentlemen. And thank you for taking out the time to join us today in the Q1 FY 2027 Earnings Conference Call of Shankara Buildpro Ltd.

The latest Earnings Presentation and Press Release for Q1 Results have been published on the Stock Exchange Website 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 Mirlai Srinivas – Executive Director, and Mr. Alex Varghese – Chief Financial Officer.

We will begin with a brief overview of the quarter from Mr. Dhananjay Mirlay 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 certain beliefs, opinions, and expectations of the company as on date of these calls. 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.

Dhananjay Mirlay Srinivas: Thank you, Sayam. Good afternoon, everyone and thank you for joining us today as we discuss Shankara Buildpro's performance for the 1st Quarter of FY27.

I am pleased to share that Buildpro has started the new financial year on a strong footing. Total revenue from operations stood at Rs. 1,890 crore, up 21% year-on-year, led by continued volume growth in our steel marketplace and complemented by a healthy recovery in the non-steel marketplace. PAT for the quarter stood at Rs. 35.8 crore, up 12% year-on-year.

What makes this performance particularly satisfying is the operating background against which it has been delivered, and I will spend some time on that.

Steel remains the core of our growth engine. Our steel marketplace delivers 2.5 lakh tons of volume in Q1 FY27, a growth of 10% year-on-year, marking a good start to the year. Steel revenue grew 21% year-on-year to Rs. 1725 crore compared to Q1 FY26. Core categories of pipes, tubes, flats, and roofing all recorded good volume growth and we saw a healthy traction across both retail and non-retail channels.

This growth needs to be seen in the context of the quarter the steel industry has had. Q1 FY27 was a soft quarter for structural and tubular steel demand across the country. Geopolitical tensions arising from the West Asia conflict, the resulting energy inflation, and a challenging macro environment weighed on market sentiment and on construction activities through April and May.

There was a softening of prices by end April and May which resulted in cautious purchase behavior of customers. Things have improved through June and July. It is in that context that Buildpro has delivered 10% volume growth in a quarter where the industry has broadly either remained flattish or struggled, which speaks to the strength of our marketplace model.

Our multi-brand sourcing, deep last mile fulfillment network, and a wide customer spectrum allow us to keep serving demand across customer categories even when the broader environment turns cautious. Sequentially, volumes moderated 13% from a seasonally strong Q4 in line with the usual 1st Quarter pattern. Importantly, industry activity in the past month points to a recovery in steel demand from Q2 and with prices now stabilizing, the operating backdrop for the remainder of FY27 looks distinctly better.

We remain on course for our 1.2-million-ton steel volume target for FY27. The non-steel marketplace has seen a healthy improvement in Q1 FY27 as compared to FY26. We have been witnessing macro headwinds for the past two years which kept the building material environment tepid.

Non-steel revenues stood at Rs. 165 crores in Q1 FY27, up 15% year-on-year and 2% sequentially. In our last call, we have spoken of an expected resurgence in non-steel through FY27 and the 1st Quarter is an early validation of that recovery.

Our performance for the quarter was driven by a 32% growth in fittings and sanitary ware, our largest product category. Accessories and electricals grew by about 40%, albeit on a smaller base. The West Asia crisis and subsequent energy deficit hit the tile industry the most.

However, things have stabilized over the last month and we expect renewed growth in this vertical as well. We expect stability in most of our verticals in the non-steel, keeping us on track with the non-steel roadmap we outlined last quarter. On profitability, EBITDA for the quarter stood at Rs. 62 crores, up 17% year-on-year, with EBITDA margin at 3.26%. PAT stood at Rs. 35.9 crore, up 12% year-on-year.

The balance sheet continues to reflect the asset-light character of the business. ROCE for Q1 FY27 stood at 35%. Working capital was held at 27 days, comfortably under the 30-day mark. Finance costs declined to 0.55% of revenue, lower both year-on-year and sequentially, even as steel prices and scale of operations rose. This reflects disciplined working capital management. Same-store sales growth stood at 21% for the quarter, continuing the momentum of 23% of FY26 and validating our strategic approach to store expansion. This quarter, we have added three stores client fulfilment centers Mangalore, Mumbai Thrissur and 34 customer touchpoints across 45 towns and cities in 10 states.

Buildpro is built on an evolving playbook across markets and categories, not a single marketplace model. We have a wide customer spectrum, with ticket sizes ranging from Rs. 500 to Rs. 1.5 crores. The same network of stores and fulfillment centres cater to customers ranging from homeowners, influencers, contractors, dealers, mid-size builders to large institutions. These customers procure materials through various modes like in-person visits, tele calling, online platforms, etc.

This makes Shankara a true omnichannel business. We are a multi-vertical, multi-product, multi-brand marketplace, with over Rs. 2 lakh plus SKUs spread across 25 verticals, covering almost 75 categories and working with over 100 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, 2 and 3 markets. Shankara has built a strong presence across urban, semi-urban and rural India through our network, ensuring grass-root 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 our years of experience of trial and error, has developed a unique operating model that balances centralized control and systems with local autonomy.

This enables us to cater to regional tastes, customer purchase habits and flexibility to compete with local players. Going forward, we are confident of meeting our projections given in the last quarter, 20% growth in steel volumes and 25% in non-steel. We have added three fulfillment centers in Q1 and we have plans to add around five more in the coming quarters.

I would now like to hand over the call to our Managing Director who would like to make a few comments.

Sukumar Srinivas: So, we have also taken another major step forward. This is with a view to encourage wider participation by retail and smaller investors and enhancing the liquidity of the company's equity shares in the capital market.

The management has proposed a subdivision or stock split of existing one equity share of the company having a face value of Rs.10 only, to fully paid up, into five equity shares having a face value of Rs.2, fully paid up. The proposed subdivision will not change, will not result in any change in the aggregate amount of the company's issued, subscribed and paid-up equity share capital. Subdivision is subject to the approval of the members of the company and such statutory, regulatory and other approvals, permissions and sanctions as may be required under applicable laws including the Companies Act 2013, the Security and Exchange Board of India regulations and the Rules and Regulations of Stock Exchanges where applicable. The Board has approved this move and we are awaiting the other approvals which will come in due course.

And I am also happy to summarize whatever my colleague Mr. Dhananjay has said that in Q1 the company has given a clear direction to the company's intent. We have a volume growth of 10% in steel despite the tepid performance by the industry in general. And non-steel has rebounded clocking a 15% growth in spite of substantial macro headwinds.

And we have seen a strong underlying demand in the months of June and July. And we are confident that due to this strong demand momentum, we are confident of achieving another year of strong, profitable, volume-led growth. With this, we open the floor for questions.

Thank you.

Moderator: Thank you. We will now begin with Question-and-Answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Viraj Mehta with Enigma. Please go ahead.

Viraj Mehta: Hello Sukumar ji. Congratulations to the entire team. Sir, my first question is regarding the volume guidance that you have given of 1.2 million tonnes. Sir, if I look at the 1st Quarter, we have done 2.5 lakh tonnes. And in terms of even last year, our second half base was like reasonably high. So, which will mean we will have to do like 25% or 23-24% growth for the rest of the three quarters. So, are we on track of doing let's say 22-23% growth? I mean, are you seeing that green shoots even in this quarter or a large portion is kind of backhanded in the second half? So, can you please throw some light on that?

Sukumar Srinivas: I think we are already seeing very positive volume growth in the month of June. And I think that trend is continuing in this quarter also having gone through July. So, I think we will start seeing a substantial jump even in this quarter.

And of course, the last second half is always very strong as you mentioned. So, we are very confident that 1.2 million will be achieved. And I mean, unless there are some absolutely unforeseen kinds of headwinds, in the current trend, I do see that we should be able to achieve those volumes.

Viraj Mehta: Sure. And sir, my second question is regarding the EBITDA margins. Sir, we saw some moderation in margins this quarter.

I am assuming some portion came from either fixed contracts or inventory losses. If you can throw some light on that and if we normalize for that, then what would have been the margins for us if we normalize for that? And then if we can talk about the steady state EBITDA margins, I mean, assuming we do not face inventory losses or gains, what can that be for the rest of the year?

Sukumar Srinivas: See, I think, yes, in the 1st Quarter definitely because the prices did go up quite a bit in March-April and then particularly in April and then it immediately started correcting in May and June. So, which, like I said, two things happened because of that. I think there was a substantial up in April. I think there were some contracts which, you know, we had taken, which ran over from March into the current year. So, I think we were also forced to supply in those long-term contracts. Secondly, there was a sharp dip in the prices in May and June. I think that resulted in erosion of around 10 odd crores, which I think if I factored that in, we would have obviously been at a much another 0.5% bps would have probably gone up in the EBITDA, EBITDA, which means we would have been around 3.8 or so. So, I think, yes, in a steady state, if we do not have the fluctuations of, you know, inventory, I think definitely 3.5 plus is very much our target.

Viraj Mehta: Sure, sir. And, sir, my last question is on non-steel. Finally, we have seen non-steel growing. We broke 160 crores. So, maybe like 164, 165 crores. But you have talked about, but that's a 10% growth, 15% growth, but you have talked about 20% in non-steel as well. Do you see the, but I do not see that kind of commentary for a lot of OEMs, like let's say tile manufacturers or faucet guys or even sanitary ware guys. So, where is this optimism in your view, for you is coming from and are we seeing the traction for that in the current quarter as well?

Sukumar Srinivas: See, in the 1st Quarter, if I just look at the sanitary and the CP sanitary itself, we have grown by about 32%. So, that itself and CP sanitary is one of our largest segments in the non-steel part of the business. So, which itself gives us a very positive trend, despite a lot of negatives that we have talked about in the 1st Quarter.

That's step number one. Step, point number two, yes, tile manufacturers, you mentioned, of course, Morbi was one of the sharpest hit in the crisis of gas and energy, particularly in the months of March and April. I think there is a fair amount of rebound over there too.

And we were a little stuck in the tile segment, particularly in the 1st Quarter, because April was almost a non-performing month in that particular segment. But we are seeing a fairly strong comeback in May and June and we are confident that momentum should continue in this quarter. So, I think this is where our optimism really comes forth.

Plus, we are seeing a fairly good uptake on some of the PVC products, particularly PVC roofing, etc., which also we hope will add to our overall momentum.

Viraj Mehta: Thank you so much, sir, for your answers and best of luck.

Sukumar Srinivas: Thank you so much.

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

Deepak Poddar: Thank you very much, sir, for this opportunity. So, just first up, I wanted to just reconfirm. You mentioned that 50 basis points was the impact, right, because of the inventory loss of 10 crores?

Sukumar Srinivas: Yes.

Deepak Poddar: Okay, this quarter. And how is the pricing holding up as we see in 2Q? I mean, 2Q, we expect any kind of inventory gain or loss?

Sukumar Srinivas: Currently, the situation, I think, I mean, my guess is it's stabilizing. It has stabilized over July and this month. So, I am hoping that the stability is good. Sometimes, you know, you don't want constant ups and downs. So, we are keeping our fingers crossed that it will be stable in this quarter.

Deepak Poddar: Okay, stable. So, you don't expect much, I mean, much of inventory gain or loss, right?

Sukumar Srinivas: Ideally, yes. And steady state, we are looking at 3.5% kind of EBITDA margin as we go forward.

Deepak Poddar: And for the non-steel, I mean, we have seen good growth in this quarter, right, about 15%. And still, we are targeting around about 25% in this year?

Sukumar Srinivas: Yes. That is our guidance and our target for the year.

Deepak Poddar: And what will drive that growth? If you can throw some more light.

Sukumar Srinivas: Majority of growth will be driven from the CP and sanitary segment, which has done remarkably well for the 1st Quarter. And with the resurgence in tiles and things looking positive in the tile industry, that should also aid and help us in our growth. Also, we feel our UPVC roofing and other products are also gaining a good track hold and traction in put hold. So, that PVC, UPVC, those segments also should grow for us.

Deepak Poddar: I got it. And on the debt part, I mean, we don't have much debt, right?

Alex Varghese: Yes, around 75 Crores of the debt as on end of June.

Deepak Poddar: I mean, still, we have around 10-12 crores of interest cost that we, I mean, kind of spend on a quarterly basis, right? Correct.

Alex Varghese: There are some acceptance in the books, that's around around 500 crores.

Deepak Poddar: So, can you throw some more light? I mean, this interest cost is an account of what factor?

Alex Varghese: Some of the accptenace where we are bearing the interest cost. So, that will come around 500 crores. Altogether, around 575 crores is the total borrowing, including acceptance.

Deepak Poddar: And how much would be the acceptance would be?

Alex Varghese: Acceptance will be around 500 crores.

Deepak Poddar: So, this interest cost majorly is coming from this acceptance, right?

Alex Varghese: Yes.

Deepak Poddar: And what is the nature of this acceptance?

Alex Varghese: We will be opening the LC and we will be discounting it and, we are bearing the interest cost.

Deepak Poddar: Okay, I got it, I got it. That would do it from my side. I would like to wish you all the best. Thank you so much.

Moderator: Thank you. Our next question comes from the line of Apoorva with Whitestone Financial Advisors. Please go ahead.

Approva So, my question is, from the overall point of view, can we expect 20% revenue growth with 3.5% EBITDA margins?

Dhananjay Mirlay Srinivas: Yes, that is our target and that is what we are also aiming and achieving. I think we are on track for 20% volume growth with 3.5% EBITDA

Approva Sir, if you can guide us for the FY28, do we see the margin improvement going forward in FY28?

Dhananjay Mirlay Srinivas: Yes, I think our target would be in the medium term to go to around 4% EBITDA and maintain our 20% volume growth for steel and 25% for non-steel.

Approva Got it, got it. Thank you, sir. Thank you.

Moderator: Thank you. The next question comes from the line of Kiran with Table Tree Capital. Please go ahead.

Kiran Thank you for the opportunity, sir. We have achieved 1 MT of sales in FY26. We are seeing 1.2 MT. To achieve 2 MT of sales, will it take us 3-4 years or would it be faster because we are getting into newer markets? If you could just throw some light. Is it a 20% CAGR kind of thing that we need to assume on our journey to 2 MT or will the growth get accelerated because we are going into new markets, not just south but into north and west?

Dhananjay Mirlay Srinivas: I think this would be too prompt. I think with additions of territories and additions of stores, definitely that would aid our growth. And definitely in the existing territories and increasing our market share and other business, we do feel we can do that. And our target would be around 4 years to achieve the 2 MT target.

Kiran Sir, the other question essentially is in terms of any product adjacencies that we are doing in terms of flat, roll, are there any other new product categories that the management would like to invest? Because we are doing a ROC of 35% which really, I think, I don't know, running the business day in day out. But I guess there is a lot of money that we can put back into the business to grow in new categories, faster growth to aid us beyond the 3–4-year mark. Are there any thoughts from the management apart from expansion in geography to really expand into new categories?

Dhananjay Mirlay Srinivas: So, there are two things we are working on. One is we are working on infrastructure addition where we can focus on value-added products in steel. So, this would be more cut to length and more products which customers would help us increase our customer base with OEMs and other customers. Secondly, also we are focusing a lot of effort on increasing our product labels so that definitely in our retail segment we can increase profitability and push up our own white label products.

Kiran Got it. Understood, sir. Thank you so much.

Moderator: Thank you. The next question comes from the line of Aman Govind, an Individual Investor. Please go ahead.

Aman Govind Hello, sir. Congratulations on a good set of numbers. My question is, steel volumes we have grown 10% in this quarter. We need to accelerate it to hit up to 20% full year growth. Shall we?

Dhananjay Mirlay Srinivas: Yes, as we commented earlier with another speaker after the question, we are confident that we can increase the way the markets are looking and with the same demand momentum continues, we are on track to achieve the 20% overall volume growth for the year.

Aman Govind Yes, sir. It is fine. How is the post-demerger transition helping us to win larger marketplace orders?

Sukumar Srinivas: Post-demerger, yes. The manufacturing sector has shifted to another company and the focus is on retail and trading. So, definitely, our momentum since January-February post-demerger has been continuous. Yes, it has rebounded. I think we gave growth of at least 30% last year in volumes. Now in the 1st Quarter, you are saying that there was only 10% in volume. That was largely due to April-May. Now when we see June, there has been 1 lakh MT a lot of rebound in June. The confidence we had at after demerger its going well

Aman Govind Thank you. These are from my side. Thank you.

Moderator: Thank you. The next question comes from the line of Viral Mehta with 361 Capital. Please go ahead.

Viral Mehta Congratulations on the good set of numbers, firstly. This 1Q SSD growth that you have reported of 21%, can you just break or help us understand what would be the volume versus price mix and how would you further break it into the steel and the non-steel part? That is the first part of the question.

Sukumar Srinivas: Okay. Can I get you the detail? I mean, we will probably take it offline. I mean, the sense that yes, price has not played much of a part in this SSD growth in this quarter. The steel price actually was high and softened also. So, it would have probably been largely neutral. So, I think the detail breakup, we will look at it.

Viral Mehta Sure, sir. So, I mean, are we moving towards some value-added product mix in terms of this? And how do we see over the next few quarters in terms of this SSD growth? Because to achieve the 20% overall revenue target, we will need to continue about 20% SSD growth. In a sense that you are just adding 4-5 centers every year. Am I thinking it right or is there any other catch-in?

Dhananjay Mirlay Srinivas: No, I think two ways. I think one is the existing territory in the existing business. We have enough scope to keep maintaining this 20% SSD growth. Plus, as you said, in Q1, we already added 3 stores. We are also guiding for an additional 5 stores fulfillment centers in the coming quarters. So, that takes the number to almost 8 to 9 for this year. So, definitely, I think with a mix of both, we can maintain this SSD momentum.

Sukumar Srinivas: And secondly, we also have 50-55% of the total volume is on retail. So, a lot of the growth is also happening in our other sectors. So, I think that also chips in in the overall growth.

Viral Mehta Sure, sir. That's all. Thank you. And all the best.

Moderator: Thank you. The next question comes from the line of Anshul Sehgal with Sehgal Capital Advisors. Please go ahead.

Anshul Sehgal Good morning. Thanks for taking my question. My question is for Mr. Srinivas. Could you please just, you know, from the commentary, it seems like you're quite positive for the long term in terms of growth patterns, but particularly on steel in volume terms. Could you just throw some light on how the industry is shaping up and what gives you this confidence for the long term?

Sukumar Srinivas: Yes, I think my confidence comes from the sheer fact that if you take the, in the big picture, if you look at the main steel players like JSW, Tata Steel, Steel Authority, AMNS, etc., they are adding large capacities to what is already happening, number one. Number two, today India is at a consumption, overall consumption around, in the region of around 180 million tons per annum. There is a very clear mission from the government as well as from the players, the main steel players, who we are looking at as a country by 2030 to cross the 300 million mark. That means it's quite a substantial growth and a very short timeline of say three and a half, four years that we have. Second, we have been seeing in our own business the last couple of years, there has always been a very strong underlying demand because it is driven by infrastructure. There are a lot of new industries that are coming up. Data centers consume a large amount of steel in the buildings that are coming up. There is also a lot of slow but steady shift into the different styles of construction that is coming about, like particularly in steel building, which started very small a few years ago and I think slow but steadily, the pace is increasing. And I always feel that in some of these kinds of, you know, shifts in building patterns and kinds of newer, you know, usages, I think India starts slow but once the momentum catches up, it's like the velocity thing, you know.

It just suddenly, the momentum really picks up and then we have a tremendous pace of conversion. It's like what has happened in the color-coated industry, for example. Many about 10 years ago, it was very slow to start picking up.

Now in the last five years, we are seeing, even in the last, despite all the, you know, steel issues that were happening in the last three, four month price going up, coming down, so on and so forth, we feel that color, as one industry, color-coated steels and sheets, has been really, really shown phenomenal momentum and even today, we are operating in an environment which seems that there are some short supplies. So, steel itself is broken up into many, many categories and as India is moving slowly but steadily into a more developed economy in terms of applications and usages, I think the demand also for such kind of products, special grades, special usages of steel are increasing.

So, I think taking all this in perspective is where we are very bullish that the next three to four years, the growth momentum in steel consumption will be maintained. I hope I have given, thrown some light to you.

Anshul Sehgal Very much. Thank you very much. I have a follow-on on this. One is, of course, the industry and the demand patterns for the industry going up. The second is the shift in the segment that we are in. That is, if you are saying that the more value-added product is going to get traction in the market, does it mean that organized players like us will gain more market share over the unorganized one? And in that context, how do you see the market shifting?

Sukumar Srinivas: See, definitely when the applications of the steel is a little more sophisticated, if I can use that word, I think yes, it is an advantage to more organized players because one has to capture and be ahead of the curve in terms of what are these applications that are coming forth and try and be there on the spot. So it does give us some advantage definitely.

Anshul Sehgal And within the breakup of revenues, we have this non-steel segment which we target to be around 25% of revenues in the next, say, three to four years. And what will be the driver of that for us? I mean, how do you look at that business?

Sukumar Srinivas: We have actually guided about 25% growth in the non-steel. But looking at the next four years, I wouldn't say that non-steel would be about 25% of the total business. Because that means non-steel has to grow at a much, much faster pace than what we are.

And we are also guiding for a very rapid growth in steel. So, we would definitely look at about 15% on the total share of the volume at that time for the non-steel, which is, of course, a very challenging task because the gallop in the non-steel has to also be very, very dramatic. The driving force in that part of the business, of course, is construction.

It is the amount of the depth at which we get into in the number of retail stores that we have, the kind of reach that we get into beyond the metros. We have to be… our region has to…

I mean, our geographical coverage has to improve. So, I think it's a multitude of factors that will really get the non-steel part of it to take it on to the next level. And yes, I think that's what we pretty much have to do. It's challenging, but then I think we are up to it.

Anshul Sehgal My final question. If we look at our returns on capital employed as also the growth patterns that we are estimating over the next few years, our business will throw a lot of cash. How do we look at cash utilization in the business in this period?

Sukumar Srinivas: I think one is, as we go forward, we definitely would like to utilize this for our own products, that is, our private labels. So, obviously, some amount of money will then have to be spent for promotion, advertisement, etc. Number two, which probably will be the slightly bigger thing, wherever we need to put in some amount of investment for value addition to our steel products, which will be in warehousing, etc., where, you know, some amount of, you know, cutting, laser cutting, etc., etc. So, some amount will go there. And of course, internally, for our operations, we can further reduce whatever acceptances, etc., that we have. That would be the third area that we'd be looking at.

Anshul Sehgal Acquisitions, are those on the table?

Sukumar Srinivas: Definitely on the table. If we find any suitable acquisitions, definitely it will be there.

Anshul Sehgal Thank you very much. Thanks for answering my questions. Thank you so much. Thank you.

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

Viraj Mehta: Hi, sir. Sir, my only question is regarding the competitive intensity. If we look back a couple of years back, the competitive intensity from some of the larger, I wouldn't say startup, but large guys who have become large by raising a lot of capital, they were extremely competitive, especially in the enterprise segment. Have you seen that competitive intensity kind of falling off and us being able to get slightly higher margin in the enterprise segment, or that's not the case? If you can just elaborate on that one.

Sukumar Srinivas: Yes. See, yes, you're absolutely right. The intensity was very, very intense a couple of years ago, no doubt, because a lot of them, you know, the GMB calculations, etc., were going strong. But this is where I think Shankara is still a very, very unique model because we are really, really at the ground. We are not, you know, we are not really, let's say, a pure online or whatever kind of the marketplace these people had, where they were focused on certain volume base, like, you know, TNT, steel, etc., etc., and going very aggressively with certain builders and projects, etc., throwing the material, large credits, having tie-ups with NBFC, whatever, whatever their model was. But I think our absolutely on-the-ground retail stores, having lots of customers, I think that pays out in the long run. Maybe we did feel that pressure for a couple of years. Even now, I won't say it's 100% off. Here and there, there are issues when it comes to certain, you know, larger projects. And that's why some of the areas like TNT is where most of them are very active, where we are taking a little bit of a backseat and focusing more on flat products, etc. But yes, the competitive intensity has come down in the last couple of quarters for sure.

Viraj Mehta: Sure, sir. And so, if I look at some of the unorganized guys who were probably doing, even for unorganized guys, they were doing turnover of 300 crores, 500 crores, and they were rotating capital at like very, very low percentages. Our ground feedback is that some of those guys have also kind of taken a little bit of backseat because a lot of them have suffered inventory losses, especially in last quarter. And even last year, they saw some inventory losses. So, is that the case or that's also more like case specific and more like hearsay?

Sukumar Srinivas: No, I didn't. I mean, can you just give me the gist of the question again? Sorry.

Viraj Mehta: So, some of the smaller guys who used to do, let's say, 20-30 crores a month turnover in Steels, and they were working with basically a percentage point, especially in the enterprise segment, they took inventory losses last year and even this quarter, which is why they are not giving aggressive credits. And the market has become slightly better for existing players. Is that correct?

Sukumar Srinivas: I think it is correct. And smaller players trying to rotate at that kind of low margin, ultimately, when it goes to enterprise market, there's a lot of credit that one has to give. And guys who are playing at 1% and 2% kind of turnover related kind of business, it cannot survive for too long in that kind of a space. Because how long and where are they going to get the money from? They need to be funding for their working capital. So, I think there are issues and definitely some of these smaller players have taken and are taking a backseat.

Viraj Mehta: Sure. Thank you so much and best of luck, sir.

Sukumar Srinivas: Thank you.

Moderator: Thank you. Ladies and gentlemen, this will be the last question for today. It is from the line of Rahul Kumar with Vakaria Fund. Please go ahead.

Rahul Kumar Just one question on the margins. You mentioned about 10 crores of inventory loss. So, if I adjust that, then we are actually at a EBIDTA margin of 3.8% versus your natural guidance of 3.5%. So, is there something which I am missing?

Sukumar Srinivas: I don't think you're missing anything. I think sometimes management, we also have to take the path of caution. Because supposing there's again, I mean, there's inventory in steel is something that, you know, goes up and down, which is not in our control. So, I think it's always prudent to be cautious. Because if I want to guide more than you will ask me the next time, why was it lower? So, I think it's always safer to be prudent.

Rahul Kumar Okay, understood. And what was the inventory gain for the Q4 of last year?

Sukumar Srinivas: I think we had a gain of around 15 crores.

Rahul Kumar Okay, understood. The second question, which I think you briefly discussed on this, but on the non-steel, you know, growth part, I think you're getting pretty strong numbers after some two years of slowdown. And while we are not here, really strong commentary from the building materials guys. I know our base is a bit small, but what gives you this confidence of, you know, 20% plus kind of growth in a not so good environment?

Dhananjay Mirlay Srinivas: I think the last two years was a bit tepid with the macro headwinds and everything that was going on. But we have been seeing a resurgence from the second half of Q1 and continuing to Q2. And we are seeing that demand is going up. And we are focusing on additional territories, additional products, and focusing on our core business in non-steel, which is again, fitting the sanitaryware. So, I think we are able to deliver this volume and value growth. And I think we are quite confident that what we are seeing in the market is optimistic.

Rahul Kumar Okay, understood. The third question, which I have is on the steel business profitability. So, I think since our introduction of flat products, which are relatively higher margin products, so how has our profitability on a per ton basis trended over the last, let's say, year or so? How do you see this going forward?

Sukumar Srinivas: No, you're asking me about the profitability of the steel business in general, or is it specific to one or two products?

Rahul Kumar No, in general, at least.

Sukumar Srinivas: In general, I think three. The non-steel is still at such a low base of 8 to 10%. So, what you see in the EBITDA, maybe a couple of percentage points would be lower for the steel business broadly. So, we are trending above three.

Rahul Kumar Okay. And do we expect this contribution of flat products to our overall business to continue to improve?

Sukumar Srinivas: Yes, that is the focus that we need to diversify into multiple steel products. Yes, it should help us overall grow the EBITDA.

Rahul Kumar: Okay, understood. Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Sukumar Srinivas: We thank you very much for all the people who have taken their time out to attend this on a working day. So, thank you so much. Bye-bye.

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