Shankara Buildpro Limited

Date: November 12, 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- Q2 & H1 FY27 Earnings Conference Call

Please find enclosed the transcripts of the Q2 & H1 FY27 Earnings Conference Call held on November 6, 2026.

Kindly take the above information on record and acknowledge.

For **Shankara Buildpro Limited**

ereena vikram
Digitally signed by ereena vikram
Date: 2026.11.12 20:18:50 +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 I 080-29910709

Email :- info@shankarabuildpro.com I CIN: L24311KA2023PLC179791 I Website : www.shankarabuildpro.com

“Shankara Buildpro Limited

Q2 & H1 FY27 Earnings Conference Call”

November 06, 2026

MANAGEMENT: **MR. DHANANJAY MIRLAY SRINIVAS - MANAGING DIRECTOR**
MR. C RAVIKUMAR - EXECUTIVE DIRECTOR
MR. ALEX VARGHESE - CHIEF FINANCIAL OFFICER (CFO)

MODERATOR: **MR. SAYAM POKHARNA – TIL ADVISORS PRIVATE LIMITED**

Shankara Buildpro Limited
Q2 & H1 FY27 Earnings Conference Call
November 06, 2026

Moderator: Ladies and gentlemen, good day and welcome to the Shankara Buildpro Limited Q2 & H1 FY27 Earnings Conference Call hosted by TIL Advisors.

As a reminder, all participant lines will win 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. Saym Pokharna from TIL Advisors. Thank you and over to you, Sayam.

Saym Pokharna: Thank you Dhanish. Good afternoon, ladies and gentlemen. Thank you for taking out the time today to join us in the Q2 & H1 FY27 Earnings Conference Call of Shankara Buildpro Limited.

The latest earnings presentation and press release for Quarter 2 and H1 FY27 results has 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. Dhananjay Mirlay Srinivas – Managing Director, Mr. C. Ravi Kumar – Executive Director and Mr. Alex Varghese – Chief Financial Officer.

We will begin with a brief overview of the quarter and half year 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 management 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. Over to you, sir.

Dhananjay Mirlay Srinivas: Thank you Saym. Good afternoon, everyone and thank you for joining us for Shankara Buildpro's Earnings Call for the 2nd Quarter of FY27.

Before I turn to the company's performance, I would like to begin by acknowledging the profound loss that we have suffered as an organization. On October 30th, we lost Mr. Sukumar Srinivas – the Founder and Managing Director of the Shankara Group. He was much more than

a founder and a leader. He was a mentor, a guiding force and a source of strength, wisdom and inspiration to everyone who had the privilege of knowing and working with him.

His legacy goes far beyond the business he built. It lives on in the people he mentored, the relationships he nurtured, the values he instilled and the institutions he created. Over the past 40 years, he built Shankara from the ground up into India's leading building materials and home improvement marketplace and the country's largest distributor and retailer of steel tubes and pipes.

He transformed an unorganized sector by introducing scale, systems, professional management and visionary thinking. At the heart of the company he built are values that he lived by, integrity, customer trust and operational discipline. These principles are deeply embedded in every aspect of the business and set the standards that continue to define who we are as an organization.

On behalf of the board, the management team and every member of the Shankara Parivar, I would like to express our sincere gratitude for the many messages of condolence, affection and support that we have received over the past few days. They have been a great source of comfort and strength to my family and to the entire company. While his loss is deeply personal and irreplaceable, the institution he built, the values he championed and the legacy he leaves will continue to guide us in the years ahead.

On November 1st, 2026, the board on the recommendation of the nomination and remuneration committee appointed me as Managing Director of the company. I joined the Shankara group in January 2020 and have been on the board of the Shankara Buildpro since its inception in October ‘23. For more than six years, I worked alongside Mr. Sukumar Srinivas first in building our non-steel marketplace and then in the steel marketplace along with our Director Mr. C. Ravi Kumar and other senior managers. Mr. Sukumar Srinivas also made sure that he built Shankara Buildpro to be an institution larger than any one individual including himself. The company has a capable leadership team, a clear strategic roadmap and driven professional managers in every function of the business.

Mr. Ravi Kumar, our Executive Director and Mr. Alex Varghese, our Chief Financial Officer, are with me on this call and together with our senior management team bring decades of experience to the table. Our commitment is to execute the roadmap set by our late Managing Director with the same discipline and dedication to take Shankara Buildpro to greater heights. In Q2 FY27, we delivered Buildpro’s highest ever quarterly revenue, EBITDA and PAT.

Revenue from operations stood at Rs. 2,280 crores up 43% year-on-year. EBITDA stood at Rs. 77 crores up 53% year-on-year while the EBITDA margin expanded to 3.39%. PAT stood at Rs. 46.2 crores up 57% year-on-year at 2.02%. Q1 was a soft quarter for the industry and yet

Buildpro delivered a 10% volume growth in the 15 challenging market conditions. The outlook was more positive in Q2 and your company's performance has reflected the same.

The steel marketplace remains the core of our growth engine. Steel volume stood at 3.03 lakh tons up 27% year-on-year. Steel revenue stood at Rs. 2,100 crores up 46% year-on-year. We saw growth across all our steel verticals, tubes, flats and roofing and both in the retail and non-retail channels. The H1 steel volumes stood at 5.53 lakh tons up 19% year-on-year. The non-steel marketplace delivered a 2nd consecutive quarter of growth with revenue of Rs. 181 crores up 17% year-on-year and 10% sequentially. Working capital was held at 22 days in Q2 and finance cost held steady at 0.52% while quarterly volumes grew 21% sequentially. ROC for the quarter stood at 43% up from 35% in Q1 and 36% of FY26. Your company is happy to announce that we have added a new state to the Shankara geography with our first fulfillment center in Jaipur, Rajasthan and a new store in Nanded, Maharashtra, strengthening our presence in Western India. Your company now has 134 stores and fulfillment centers.

H1 has seen a total addition of 5 new stores or fulfillment centers and 3 more are in the pipeline for the coming quarters, continuing our strategic expansion plans. The past 2 years, macro headwinds kept the building materials and environment tepid and FY25 and FY26 or subdued years for our non-steel business. Q1 saw an increase in demand and the same continued in Q2, taking our H1 growth to 16%.

This growth was delivered while the industry faced geopolitical and economic challenges that impacted the ceramic industry. Buildpro is built on an evolving playbook across markets and categories. Not a single marketplace model, we have a wide spectrum of customers with ticket sizes ranging from Rs 500 to Rs 1.5 crores. The same network of stores and fulfillment centers catered to customers ranging from homeowners, influencers, contractors, dealers, mid-sized builders and large institutions. They procure materials through various modes like in-person visits, tele-calling, online platforms, etc. This makes Shankara a true omnichannel business.

We are a true multi-vertical, multi-product and multi-brand marketplace with over 2 lakhs plus SKUs spread across 25 plus verticals, covering 75 categories and 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 your 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 sell 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. This enables us to cater to regional tests, customer purchase habits and the flexibility to compete with local players. The operating backdrop remains supportive while underlying demand continues, continuing to be driven by infrastructure and structural shifts towards steel and modern construction.

In non-steel, the growth in the first two quarters is encouraging. We are committed to achieve the targets we set out at the start of the year and continue our goals as would have been expected by our late Managing Director. I thank you for your continued trust in the company. With this, I would now like to open the floors for questions. Thank you.

Moderator: Thank you so much, sir. First question comes from the line of Viraj Mehta with Enigma Investment Partners LLP. Please go ahead.

Viraj Mehta: Yes. Hello, Dhananjay. First of all, my condolences for the event. And I really wish you and the team a lot of strength going forward.

Dhananjay, on the business piece, I just want to understand, in spite of having such volumes in steel business, the margin improvement, which we could have seen, has not come through this quarter. Was it because of entry strategy into new markets, leading to discounts, or can you talk a little bit about that? Because at Rs. 2200 crores class revenue, still not crossing 3.5% margin barrier, just things are literally a strain. So, if you can just answer that one question, please.

Dhananjay Mirlay Srinivas: It's a mix of the competition in the market and entering new markets. To remain competitive, which is usually a subdued quarter of Q2, we had to be a little more aggressive when it came to marketing. That would be the reason that we saw a little bit of contraction in that with us.

Viraj Mehta: Okay. And my last question is regarding the volume growth this year. So, we have done a lot of 500,000 in the first half. And you answered, talked about doing a million and 200,000 for the year. Are we mostly on track to do that this year, or are we seeing some challenges, or do we need to be slightly more competitive in that?

Dhananjay Mirlay Srinivas: No, we are still on track. Our aspiration and our target is to still achieve those numbers. We are working hard to get to that point. Yes, we have had an unfortunate event, but we are still committed to working out the goals and dreams.

Viraj Mehta: Okay. Thank you. Thank you so much, Dhananjay. And best of luck.

Dhananjay Mirlay Srinivas: Thank you. Next question comes from the line of Rahul Kumar with Vaikarya Fund. Please, go ahead.

Rahul Kumar: Yes, hi. Just one question on the table. So, what are the level of acceptances as of September?

Dhananjay Mirlay Srinivas: As of September, it is way higher than September.

Rahul Kumar: Okay. So, if I look at, we have managed the working capital pretty strongly during this quarter. So, does the higher level of payables also reflect some part of margin pressure because of this?

Management: Can you repeat the question, again?

Dhananjay Mirlay Srinivas: No, our payables were impacting the margin pressure. Usually Q2 works out this way, and September did see it, but the other months were steady or lower, think one is the strength we were lucky to get support from our key suppliers where we were able to keep our payables manageable.

Rahul Kumar: Okay, okay, okay. Understood, understood. Second question which I had was, in this quarter, we also saw a pretty sharp increase in the steel prices during the month of September. So, is there any inventory gain which we have seen in the numbers for this quarter?

Dhananjay Mirlay Srinivas: So, September did see it, but the other months were steady or lower, so it's netted out equally for us. So, we have really not had any gain or loss if inventing this quarter.

Rahul Kumar: Okay, okay. Understood. And then we have delivered exceedingly well on the steel volumes for the past two, three years. I just wanted to understand two top key reasons for this strong growth which we have seen.

Dhananjay Mirlay Srinivas: One is the strength of our network and the spread we have. Second would be that there has been a lot of government spending in infrastructure and a lot more demand for steel structures, steel buildings. There has been a lot more promotion from our side. We have been a lot more aggressive. And then our range of products, increase of our flat products, and roofing sales has also helped us get these numbers.

Rahul Kumar: Okay, okay. So, specifically for this Quarter 2, what would have been the factors which has driven this? Are these the same factors, or we have seen something different as well?

Dhananjay Mirlay Srinivas: More or less the same, and we have also been very aggressively growing in western region and western India, as you have seen.

Rahul Kumar: Okay, okay. And second question, on the non-steel segment, you have mentioned in the presentation also that the macro remains pretty tough, but we have delivered pretty strong numbers on a Y-o-Y basis. So, what has changed, or what are we actually doing different versus the market which has led to this stronger growth?

Dhananjay Mirlay Srinivas: So we have seeded in a few new states and territories in the last few years, and there has been a gradual recovery in terms of the Karnataka market with the macro market. So, along with our increased focus on our key categories, has led us to kind of go against the curve for this.

Rahul Kumar: Okay, okay. The last question, just on the working capital, some of the actions we have taken in managing the working capital in H1 despite the steel price increases, we have seen that the residuals are pretty well managed, etc. So, can you just help us understand that?

Management: No. We have started with this deal financing with some of our customers, where we are getting the payment immediately. So, that will keep on going up. So, that will improve the number of days of receivables.

Dhananjay Mirlay Srinivas: And we have inbuilt in the company ethos is a strong operational efficiency and discipline. So that has ingrained in almost every employee in the organization. So, we make sure that we keep our working capital at bay, making sure inventories and receivables are controlled.

Rahul Kumar: Okay, okay. So, this deal financing what portion of our receivables is covered under this? And does this also imply some margin pressure?

Management: Approximately around Rs. 15 crores has been covered in the dealer financing in the 2nd Quarter.

Dhananjay Mirlay Srinivas: And there is no real impact on the margins.

Rahul Kumar: Okay. Rs. 15 crores. Okay. And the last question, as you mentioned that Q2 being a soft quarter, and therefore, we had been a bit more aggressive in terms of marketing. Let's say, in the H2, the situation, obviously, the macro generally improves. So, do we expect the profitability to improve from here onwards?

Dhananjay Mirlay Srinivas: We are working towards that. October and November are a bit leaner months because of all the festivals coming across the country. So, hopefully, in the remaining half of the year, we can work towards that. We do aspire to improve the margins.

Rahul Kumar: Okay, okay. Thank you.

Dhananjay Mirlay Srinivas: Thank you.

Moderator: Thank you. Next question comes from the line of Kiran D with TableTree Capital, please go ahead.

Kiran D: Thank you for the question. I have got a couple of business-related questions. First one, sir, if you could speak a little more on the new states that we have entered. Well, not Rajasthan, Rajasthan is just a recent entry, but if you could speak in terms of traction into the west market, I don't know, Gujarat, Maharashtra, Madhya Pradesh or those states you have entered in. And how does it compare in terms of volume to any of our southern states? Is it bigger? Is it smaller? Because it's been a year or a couple of years since we have entered those markets. So, will we

just talk about the newer markets, how the traction has been, in comparison to the south market, because we don't really know what the volume numbers are?

Dhananjay Mirlay Srinivas: Sure. A few years ago, we were around the western region, contributed only around 5% of our total top line. And we are happy to say that in the last quarter, and now the contribution is up to 20%. So, that would be the real traction and growth in the region.

Kiran D: Got it, got it, got it, got it. So, essentially, now that we have established in Gujarat, Maharashtra, Madhya Pradesh, wherever in the west region, so 20% of our revenues, do you think at this point we have now fairly established clear, and therefore, our marketing costs will trend down a little bit and it will probably reach where we are in the south. And obviously, we will start investing in Rajasthan and everything else, but the west that we speak of as of now, do you think the marketing spend is going to tend towards the south market?

Dhananjay Mirlay Srinivas: There is growth, but I still we have a lot more runway over there. So, definitely, we will try to still maintain to be aggressive in those markets and take as much more market share as we can. And that would be in the south anyway, as you said, south will continue at this and south will be more established. Then we still see a few more years before we can become number one in those states.

Kiran D: Got it, sir, got it. Sir, out of 1.2 that we aspire to reach this year, maybe I'm given the strong answer, maybe we will do a little more as well. 1.2, so we are paying 20% of volumes as well from the west.

Dhananjay Mirlay Srinivas: Yes, 20% of volumes as well from the west, too.

Kiran D: Got it. So, 2.5 lakh MT and this has the potential to go to 6 lakhs MT, sir, over the next two years? You are saying that…

Dhananjay Mirlay Srinivas: There is potential, I mean, the markets have a lot of runway.

Kiran D: Got it, got it, got it. Sir, last question from my side, given that we are continuously expanding west and now Rajasthan will probably expand to north as well, not really sure. But, essentially, should we think of our steady-state EBITDA margins to be at 3.5%? Even if we do 1.2 this year, 1.45 next year, should we assume what is the model in our stuff that 3.5% is going to be EBITDA because you have to continuously spend on marketing in Rajasthan and in some other state and some other state? Is that a fair assumption?

Dhananjay Mirlay Srinivas: Yes. 3.5, this is our steady-state is what we are looking to. Obviously, there are aspirations and, obviously, there was pressure from me on our CFO to increase the EBITDAs, but you can take 3.5.

Kiran D: Okay. Sure. Thank you so much and I will get back in the queue.

Dhananjay Mirlay Srinivas: Thank you.

Moderator: Thank you. Next question comes from the line of, Gunit Singh with Counter Cyclical PMS, please go ahead.

Gunit Singh: Thank you for this opportunity. So, firstly, I would like to understand what percentage of sales comes from our direct stores. So, inbound customers to our stores?

Dhananjay Mirlay Srinivas: So, direct stores will give us around 50% of our sales?

Gunit Singh: Got it. So, currently, we have about 99 stores. What is our expansion plan for this? And basically, I want to understand what would be the drivers of growth going forward. And for these stores, if you can help me understand through the keep Express stores, number of stores we want to open in the coming years, FY27, FY28, and the payback period, that would be really cool.

Dhananjay Mirlay Srinivas: So, this year, we have been more aggressive in our store openings. We are looking around 8 this year. But in a steady state, we are looking around 5 every year to add stores. Whereas, when you asked about the reasons for growth in the stores and the growth factors, it would be one, the mix of products we have. We are looking at a strategic expansion rather than blind expansion. We are looking at good markets where we can get a lot more, where we feel there is a presence and there is a feel that we can get some business in there immediately.

Apart from that, around 4 years to 5 years depending on, because we have various types of stores. So, you can take an average payback within 4 years to 5 years.

Gunit Singh: Got it. So, do you distinguish different kinds of stores? So, if a store is more interior-focused, non-steel-focused, steel-focused, is that something like that? Do you segregate stores like that?

Dhananjay Mirlay Srinivas: We do segregate stores. We do have 2 or 3 models. One is between Metro, Tier 1, Tier 2, Tier 3. And then also, we do have steel stores, non-steel stores and hybrid stores.

Gunit Singh: Got it. So, which one would be your focus going forward? Which are the best performing in terms of payback and returns?

Dhananjay Mirlay Srinivas: That is a strategic decision that works state-by-state and region-by-region. So, in some regions we need more non-steel stores, some we need more hybrid and some we need more steel. So, individual decision rather than a blanket decision. And the payback and ROI-wise, all 3 stores are good for us.

Gunit Singh: Got it. And regarding the growth, are we looking at 20% steel and 25% non-steel growth for the rest of the years and coming years? And in terms of…

Dhananjay Mirlay Srinivas: Yes. Sorry to cut you. We are looking at what we mentioned around the 20% volume growth in steel and around 20%-25% value growth in non-steel. That would still be what we are getting towards and what we are working towards. And margins, we are hoping to improve it. But anywhere around steady-state between now to 3.5% is where we expect it to be.

Gunit Singh: Got it. That answers most of my questions. I have just one remark. So, our shares have fallen by about 30%-35% from the top. So, I just request you to consider doing share buybacks instead of paying out dividends because for long-term investors like us, share buybacks extinguishes shares outstanding permanently and increases the earnings per share for each share held by us. So, it is also tax beneficial for the minority shareholders.

Dhananjay Mirlay Srinivas: Yes, thank you for the suggestion and we will work on it. We will have a discussion with our board and we will see if we can work on the slides. Thank you.

Gunit Singh: Perfect. Thank you very much.

Moderator: Thank you. Our next question comes from the line of Yog Rajini with Omega Portfolio Advisors. Please go ahead.

Yog Rajani: Hi, thank you for taking my question. First, I would like to express my condolences.

Dhananjay Mirlay Srinivas: Thank you.

Yog Rajani: So, my first question is regarding the growth that we have achieved. Our volume growth is 27% for steel, which is much higher than our largest supplier by a huge margin. So, could you give us more details into whether we are growing through other pipe manufacturers? Are we growing? Is there excess growth through other flat products or long products?

Dhananjay Mirlay Srinivas: Most of the growth has come from flats and longs, and across the board, a mix of the steel products has been helping us.

Yog Rajani: Could you give us an understanding of what the mix in steel is, like tubes, flat and long?

Dhananjay Mirlay Srinivas: So, tubes would be around 25% and then flats around 50% and the remaining is mixed between longs, CMTs and roofing.

Yog Rajani: Okay, thank you. And my next question is regarding our stores. So, our stores are doing very high sales growth rates of around 40%. Could you give us more details into how are we able to grow the SSSG at such a high rate?

Dhananjay Mirlay Srinivas: We still have the mix of products definitely helps us the reach and our teams are continuously hungry for business and marketing. So, each store has big territories they cover and that's kind of helping us.

Yog Rajani: Okay, and how are we able to get the working capital so low because we targeted 30 and now, we are 22. Are we planning to get it lower than this or are we happy at this level?

Dhananjay Mirlay Srinivas: Yes, we would still guide to 30. This quarter our finance team did a remarkable job at keeping it down. But 30 would be where we would be and what would be a steady state.

Yog Rajani: Okay, all right. Thank you.

Dhananjay Mirlay Srinivas: Thank you.

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

Deepak Pudar: Am I audible, sir?

Moderator: Yes, I can hear you. Deepak, I'm sorry, but your voice is very low and there is some background.

Deepak Pudar: It's better now?

Dhananjay Mirlay Srinivas: Yes.

Deepak Pudar: First of all, I wanted to extend my deepest condolence.

Dhananjay Mirlay Srinivas: Thank you.

Deepak Pudar: I wanted to understand in terms of your margins, you said steady state at 3.5% rate. I mean, but as you scale up, I mean, next 2 years, maybe. So, what sort of margin aspiration we might be having?

Dhananjay Mirlay Srinivas: So, I mean, aspiration is around 4%, but we are looking at how we can balance it out with marketing expense, volume and new territory expansion.

Deepak Pudar: Okay. Okay. And this is by what timeline?

Dhananjay Mirlay Srinivas: Maybe 2 years to 3 years?

Deepak Pudar: 2 years to 3 years.

Dhananjay Mirlay Srinivas: Yes.

Deepak Pudar: And this is half a percent improvement. So, can you cite a few factors which will help you achieve this half a percent improvement that you are talking about in the 2 years-3 years?

Dhananjay Mirlay Srinivas: Better mix of products, more volumes, like you said, these would be the two things. And also, growth in the non-steel segment.

Deepak Pudar: Yes. Okay. So that product mix, better product mix you are talking about steel segment?

Dhananjay Mirlay Srinivas: I'm talking about steel segment for better product mix and I'm talking about the vertical of non-steel also contributing more substantially.

Deepak Pudar: And non-steel currently forms only about maybe less than 10% rate. So how should we look at non-steel? What share it can see in next 2 years, 3 years?

Dhananjay Mirlay Srinivas: So, our aspiration percentage wise, share would be difficult because steel is also going rapidly, but definitely the value wise it will increase. So, we are looking at how we can ramp up our non-steel to maybe around 12%, 12%-15% of the total revenue?

Deepak Pudar: In 2 years to 3 years?

Dhananjay Mirlay Srinivas: In around 2 years to 3 years.

Deepak Pudar: And what's the margin differential between steel and non-steel?

Dhananjay Mirlay Srinivas: So non-steel currently is around a 5% EBITDA for us, whereas steel is around 2.5% to 3%.

Deepak Pudar: 2.5% to 3%, right?

Dhananjay Mirlay Srinivas: Yes.

Deepak Pudar: That's it from my side and it was very helpful. Yes. Thank you. All the very best to you. Yes.

Dhananjay Mirlay Srinivas: Thank you.

Moderator: Thank you. Next question comes from the line of Kunal Tokas with FVC, please go ahead.

Kunal Tokas: Hello, am I audible?

Moderator: Hello. Yes, we can hear you.

Kunal Tokas: Okay. Thank you, very much and good afternoon. My first question is more strategic. I wanted to understand your strategy when you are entering the new market, especially with respect to the huge amount of SKUs in categories that you carry. So, when you enter a new market, do you enter with the full buffet and do you start serving the entire spectrum of customers from the get-go? And also, how do you decide on what product category is steel or non-steel to start the market with?

Dhananjay Mirlay Srinivas: So, we always start with steel tubes because that is our core business and that is what we are the most in. And that would be the first start. And as the region matures, we add in other steel products and then eventually non-steel.

Kunal Tokas: Okay. And can you dive into the unit economics of a store in terms of the CAPEX and working capital that you have to start with? We already talked about the pay-loss area for the prices. If you can help us with the CAPEX and working capital, we can keep it as capital.

Dhananjay Mirlay Srinivas: So, I mean, because we have different versions of stores and types of stores, CAPEX varies. But you can take an average of CAPEX around Rs. 2.5 crores to Rs. 3 crores for around 4,000 to 5,000 square feet space.

Kunal Tokas: Okay. And compared to the ordinary sector, when you enter a new market, are you cost competitive from the get-go?

Dhananjay Mirlay Srinivas: Yes, we are cost competitive. Most of the margin hit is more on marketing and all of that rather than on the product

Kunal Tokas: Okay. And just the last question on costs. You said that an important strategy is to maintain cost-receiving employees to keep your working capital and other costs low. Can you talk about some decisions or concrete steps that help you do that in terms of employees and strangers?

Dhananjay Mirlay Srinivas: I mean that's just in the ethos of the company now. It's been what has been educated and we are lucky to have employees with us for the last 25 years, 30 years. So, it just comes out. And I believe that all of them do think of themselves as owners. The ownership model is what really helps us work on this.

Kunal Tokas: Wonderful. That was all for my sake. Thank you and have a very good day.

Dhananjay Mirlay Srinivas: Thank you.

Moderator: Thank you. Next question comes from the line of Riddesh Ram Gandhi with Discover Capital. Please go ahead.

Riddesh Ram Gandhi: Yes. Hi, sir. So, just wanted to understand the unit economics at a store level, just to get a sense on typically what is the CAPEX, which goes in by when do you like ramp up to steady state. And if we look at some of your historical stores, obviously, a blended EBITDA is slightly low because you have got new stores potentially making slightly lower margin. So just want to know as stores reach towards steady state, what sort of margin do we see there.

Dhananjay Mirlay Srinivas: So, as we have already said, CAPEX is around Rs. 2.5 crores to Rs. 3 crores for under 4, 000 to 5, 000 square feet store on average. And we do get a payback in 4 years to 5 years. And I would

say that a mature store, like you said, we are probably bringing around 4% EBITDA to the table. And breaking would be around 1.5 years to 2 years.

Riddesh Ram Gandhi: Got it. And just to understand, all the stores which you have opened -- if you have them typically unsuccessful and then you have to close them down or do they sometimes take longer, do sometimes happen earlier. How do we sort of evaluate and look at that?

Dhananjay Mirlay Srinivas: In every business, in every retail business, there would be ups and downs in stores…

Riddesh Ram Gandhi: Yes, yes. Of course.

Dhananjay Mirlay Srinivas: But we would have seen if you look historically at our data that during COVID and postcode, we didn't shut down a lot of stores that we felt were inefficient or capturing similar territories. So, we are already through that learning curve. Now that's why we call it a strategic expansion. We have no blind ambition to open stores unless we are quite fairly certain that those stores will perform.

Riddesh Ram Gandhi: Got it. Sir, and with regards to, obviously, we saw a reasonable amount of firming up of steel prices in the quarter. So how much of the impact on a margin was driven by this sort of appreciation in steel prices effectively? Call it retailing margin, if you will.

Dhananjay Mirlay Srinivas: We don't really get the complete benefit because of the way our business operates. In certain areas like consumer markets, we have fixed pricing, which works quarterly. So, we really can't pass on the benefit immediately or gain the benefits. So, because of the mix of the products and mix of the channels, we usually stay at a steady state.

Riddesh Ram Gandhi: So is this an actual steady state numbers and even if we see a quarter where, let's say, steel prices are reduced. Because a few quarters ago, we saw steel prices go down and that impacted our margins. I just want to understand that, how neutral are we to steel price movements?

Dhananjay Mirlay Srinivas: So, this quarter, we were a bit more shielded because we had a plus and minus, so we came out of the steady state. But if you notice in Q1, because steel prices were steadily on the downturn, we did have almost a 10-pro hit on our inventory.

Riddesh Ram Gandhi: Yes. Are we taking a hit on the way down but on the up, we aren't able to capture it?

Dhananjay Mirlay Srinivas: No, it's the same. We do capture it enough as well. It's just that this quarter balanced it out because of how things were going. But last year, there were quarters where we did get a benefit and we did get a bonus…

Riddesh Ram Gandhi: Okay. And then as we think about the business as a whole, should we be thinking about this more as a sort of... Because the difference is actually, whether we should be looking at this actually as a retailer or as actually just a little distributor, right? And ultimately, that sort of

impacts, multiples ultimately, that the business would also get. I just want to understand which aspects of this are more like retail looking as opposed to distributor looking? And how do you guys look at it? How should we look at it?

Dhananjay Mirlay Srinivas: You should look at it as more of a marketplace because we have multiple channels. We have multiple averages of sales. And our stores do work out as both retail centers and retail. And because we are in a commodity business, you could say, retail is a commodity business. But I would say we could not classify the typical distributor because we do have a very expansive retail network. We are able to give last-mile serviceability. We have a complete range of products and mix of products. And I would say, the complete basket for a customer. So, we do get customers ranging from homeowners to contractors to dealers to projects to institutions. So, we do really cover the whole aspect of the industry.

Riddesh Ram Gandhi: Sir, and our growth, which we are projecting, is reasonably higher than what the industry is growing at. So, are we gaining market share from smaller, unorganized players, or how should we be looking at that?

Dhananjay Mirlay Srinivas: Definitely, yes, we will be gaining market share from smaller, unorganized players. And overall, the markets are also growing. I mean, with the GDP and infrastructure growth that is happening in India, that is also helping to us capture that.

Riddesh Ram Gandhi: Got it. All right, sir. Thank you and all the repairs and condolences.

Dhananjay Mirlay Srinivas: Thank you.

Moderator: Thank you. Next question comes from the line of Yog Rajani with Omega Portfolio Advisors. Please go ahead.

Yog Rajani: Hi, thank you. I had a few more questions. So, my first question is, why did we enter the Rajasthan market instead of increasing our territory in Madhya Pradesh, Gujarat and Maharashtra, which are some states that we recently entered and still not fully penetrated?

Dhananjay Mirlay Srinivas: So, our model works on. We work on our ownership model, we work on having good teams, and we found a good manager who is willing to take up that state, and we felt that it is good for us to expand our Geographical footprint. And this is a strategic decision to increase our foothold in the western region. Definitely, we will penetrate further into the other western states, but Rajasthan was a very strategic and an important state for us to start.

Yog Rajani: Okay. And are there any plans to enter more states over the next year or 2 years, or do we want to expand our holdings in these particular states currently?

Dhananjay Mirlay Srinivas: We are looking currently to expand our holdings in the current states. Maybe after 3 years we will look at maybe newer states and different markets of the country.

Yog Rajani: All right. Yes. Thank you.

Dhananjay Mirlay Srinivas: Thank you.

Moderator: Thank you. Next question comes from the line of Viraj Mehta from Enigma Investment Partners. Please go ahead.

Viraj Mehta: Yes. Hi, Dhananjay. Just one question on the non-steel piece.

Dhananjay Mirlay Srinivas: Please.

Viraj Mehta: With the non-steel piece with our current store network, what kind of top line do you think we can do technology this year? In general, can we do Rs. 1,000 crores and then do we need to expand or just your thought process on the non-steel piece as well?

Dhananjay Mirlay Srinivas: With the current existing stores and networks we do have, we can definitely get Rs. 1,000 crores. And after that we would maybe need to look at new territories or maybe new stores in those existing territories.

Viraj Mehta: Okay, okay. But that would be like a year away right now, right? We are not expanding anything non-steel as of now.

Dhananjay Mirlay Srinivas: Actually, we are not. We are actually converting one store into a hybrid store in Kerala and that would be the expansion for non-steel for the current year.

Viraj Mehta: Okay, okay. Thank you so much, Dhananjay, and best of luck.

Dhananjay Mirlay Srinivas: Thank you.

Moderator: Thank you. Next question comes from the line of Kunal Tokas with FVC. Please go ahead.

Kunal Tokas: Yes. Thank you, again. You just talked about when explaining why you entered the Rajasthan that you worked on our own list of modeling to found a good manager. Can you explain that a bit more?

Dhananjay Mirlay Srinivas: So, we had an existing manager who was with us and who was trained by **(Inaudible) 41:47** and by the late Managing Director. So, it was his dream to enter Rajasthan and that's why we did it.

Kunal Tokas: And how is your organization, structure, make, is it regional managers and who have their financial incentives tied to the performance of the region?

Dhananjay Mirlay Srinivas: So, we have a very bottomed up and we don't have one organization structure. We have a mix of structures. We do have a lot of centralized control for a lot of things, but we also give our regional teams and states the local flexibility and autonomy to operate in their markets.

Kunal Tokas: Okay, okay. I just said you have taken a very wide spectrum of customers. Would you ask the data as to how much homeowners or what we call direct consumers contribute to sales?

Dhananjay Mirlay Srinivas: We do have the data, but we are not really confident in giving out that much of comprehensive data out in the public forum.

Kunal Tokas: Okay. Okay, no problem. Thank you.

Dhananjay Mirlay Srinivas: Thank you.

Moderator: Thank you. Next question comes from the line of Rahul Kumar with Vaikarya Fund. Please go ahead.

Rahul Kumar: Yes. Hi, just one question. Earlier, we used to give a split of the retail and non-retail sales. Can we share that?

Dhananjay Mirlay Srinivas: So now we have, after the demerger and with the new company, we have moved into a more of a vertical-wise reporting with steel and non-steel as a split.

Rahul Kumar: Okay, okay. But ballpark, I mean, broadly, if you look at the business versus retail versus enterprise, what will be the split and how it has changed? I mean, broadly.

Dhananjay Mirlay Srinivas: You can take retail, non-retail as 50-50 currently. And it's very hard to give you that data because we do look at our units as social centers. And now in the evolving marketplace and evolving businesses of the country, marketplace models are very hybrid, if you say. So, it's very hard for us to really pull out those data in terms of buying habits of customers.

Rahul Kumar: Yes. Okay. Understood. Thank you.

Dhananjay Mirlay Srinivas: Thank you

Moderator: Thank you. As there no further question from the participant, I will now hand over the conference over to the management for the closing remarks. Thank you, and over to you, team.

Dhananjay Mirlay Srinivas: Thank you, everyone, for taking the time out today to attend this earnings call. I know the circumstances are not ideal, but we want to show you that the company is moving forward. The company is ambitious and we do achieve and we will achieve our commitments and goals, which was set forward by our late Managing Director. Thank you.

Management: Thank you. Thank you so much.

Moderator: Thank you so much, team. Ladies and gentlemen, on behalf of Shankara Buildpro Limited, that concludes today's call. Thank you for joining us and you may now disconnect your lines.